



U.S. Department of Housing and Urban Development
Community Planning and Development

Special Attention of:

Notice CPD-12-004

All Regional Directors
All Field Office Directors
All CPD Division Directors
All States
All Entitlement Jurisdictions

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Supersedes Notice CPD-98-03, expired March 25, 1998

SUBJECT: Closeout Instructions for Community Development Block Grant (CDBG) Programs Grants

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I. Purpose

The purpose of this Notice is to provide policy guidance and procedural instructions for CPD Field Offices and State/Entitlement grantees, Insular Areas and Non-Entitlement counties in Hawaii on how to close out the following grants only: State Community Development Block Grant (CDBG), Disaster Recovery (DR), and Community Development Block Grant-Recovery (CDBG-R). Please note: these instructions do not apply to the regular CDBG program for entitlement communities, Insulars and the Nonentitlement Counties in Hawaii. Closeout instructions for NSP1, NSP2 and NSP 3 will be provided at a later date.

The regulatory requirement at section 24 CFR 570.509 applies to all entitlements, Nonentitlement counties in Hawaii and insular areas grantees unless it has been superseded by the Federal Register Notice for the CDBG-R or disaster grant.



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The closeout of a grant is a process in which HUD determines that all applicable administrative and program requirements of the applicable Grant Agreement between HUD and the grantee have been completed. Once the HUD field office determines that all of the funds are expended and the activities are completed, or if the grantee requests initiation of the closeout process, the field office should proceed with the grant closeout procedures. In general, a project is ready for close-out when the following conditions are met:

- 1) All activities are eligible, have been completed and met a national objective,
- 2) All grant funds are expended in full or all remaining funds are to be returned to HUD,
- 3) All reporting requirements completed and submitted,
- 4) All audit and monitoring issues are resolved

By signing the Grant Agreement, the grantee agreed to the general and special conditions of the contract and to cooperate with any reviews, including making available records requested by HUD or any other duly authorized representatives (e.g., the Government Accountability Office and the Office of the Inspector General).

*To close out a grant, the following actions
must have occurred:*

- ✓ *All Eligible Activities Completed and Met a National Objective,*
- ✓ *All Grant Funds Expended in FULL or Unexpended Funds to be Returned to HUD,*
- ✓ *All Reporting Requirements in Federal Reporting, RAMPS, DRGR and IDIS Completed and Submitted, as Required by the Grant Program,*
- ✓ *Special Conditions Met*
- ✓ *Monitoring Findings Closed*
- ✓ *Audits closed, if applicable*

The reporting submission requirement may vary by program when determining eligibility for closeout. It should be noted that indicating that a grant is complete in the Integrated Disbursement and Information System (IDIS) and/or Federal Reporting.gov does not mean that the grant is officially closed. Grantees must still continue to report accomplishments in IDIS and Federal Reporting.gov until the HUD field office officially closes out the grant. To officially close out the grant, State CDBG, CDBG-R and Disaster grantees must send the completed and signed copy of the closeout agreement/certification and other required documentation requested by HUD to their local field office. **Please Note: This Notice also contain an updated version of the HUD 7082 form (dated 04/1993); as modified, the form include the submission of the grantee's DUNS Number.**

The instructions outline and explain the general criteria for closeout procedures to determine compliance with the requirements for each program. Additional information regarding the compliance requirements for each specific program is provided in separate sections of the Notice. It should be noted: Grantees and the CPD Field Office staff must review the applicable *Federal Register* Notices and any other waivers to determine the procedures and requirements (i.e., administrative, planning, public service, affordable rental housing or other limitation or set- asides) which apply to the specific grant. Rather than repeat the basic program rules of the



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CDBG program such as activity eligibility, national objective and audit requirements for each of the specific programs contained in this Notice, they are provided in this section:

A. Activity Eligibility and National Objective Requirement

All activities undertaken must be eligible and meet one of the CDBG program national objectives, i.e., benefit low-and moderate-income (LMI) persons, prevent or eliminate slums or blight, or meet community development needs having a particular urgency (Section 105(a) of the Housing and Community Development Act (HCDA), 24 CFR 570.482(a) and 570.483 - State, 24 CFR 570.201 - 570.208 - Entitlement). In addition, not less than 70% of the funds must be expended on activities that benefit low-and moderate-income persons for State, Disaster and CDBG-R. The eligible activities and national objectives have been modified for CDBG-R and Disaster grants by waivers and alternative requirements.

B. Audits and Monitoring

States, local government and nonprofit organizations are required to comply with OMB Circular A-133 "Audits of States, Local Governments and Non-profit Organizations". CDBG grantees and subrecipients that expend \$500,000 or more in a year in Federal awards must have an audit conducted in accordance with OMB Circular A-133. If a grantee or subrecipient expends less than \$500,000 a year in federal awards, it is exempt from the A-133 audit requirements for that year; however, it is recommended to perform a "self audit" and your records must be available for review or audit by appropriate officials of the federal agency, pass-through entity and the Government Accountability Office (GAO).

Please note the following: 1) A grantee that has open monitoring or audit findings cannot close out its grant until all monitoring or audit findings have been resolved and 2) Any costs paid with CDBG funds which were not audited previously shall be subject to coverage in the recipient's next single audit performed in accordance with OMB Circular A-133. The recipient may be required to repay HUD any disallowed costs based on a) the results of the audit, and/or b) additional HUD monitoring reviews conducted per the closeout agreement.

Grantees should contact their respective Field Offices for further advice and guidance in closing out grants. Field Offices should contact the appropriate Division (Entitlement Communities or State and Small Cities) in the Office of Block Grant Assistance to discuss closeouts.



State Community Development Block Grant Closeout Procedures

I. Overview

The instructions in this section consist of a verification process for State CDBG program grants that have been closed out and procedures for closing out open grants. National reports indicate that there are many open State CDBG program grants even though some CPD Field Offices have stated that their records show that the grants are closed out. These instructions will enable CPD field Offices and States to verify and ascertain that they maintain identical records on State CDBG program grants that have been closed out.

The closeout process is a series of procedures to verify that State CDBG funds have been properly spent and that the grantee has completed the requirements of its program in a timely and acceptable manner. Closing out grants eliminates the burden of grantees having to submit annual performance and evaluation reports; and helps states to properly account for CDBG funds expended and to determine the applicable dates for record retention purposes. The instructions in this section replace instruction regarding State CDBG program grants close out in Notice CPD- 98-03, dated March 25, 1998.

II. Criteria for Closeout

CPD Field Office and State CDBG staff must make the necessary reviews and audits to ascertain that State CDBG statutory and regulatory requirements have been met prior to closing out a grant. A State CDBG grant can be closed out when the following criteria have been met:

1. The state has disbursed to units of general local governments (UGLGs) and the UGLGs have expended all CDBG funds included in the Method of Distribution (MOD) for the fiscal year in which grants are to be closed out, except funds remaining for state administrative and technical assistance expenses and audit;
2. As part of the financial review, CPD Field Office must confirm that the 15% public services cap and 20% planning and administration cap are not exceeded; and that administrative costs and technical assistance (TA) do not exceed the 3% combined threshold for CDBG funds received after January 23, 2004 (or the regulatory amounts for administration for grants, prior to January 23, 2004) and that the state has met the required match for administration;
3. The audit(s) of the state covers all funds in the allocation to be closed; there should be no outstanding monitoring and/or audit findings. Where costs have been incurred since the most recent audit, the state must enter into a written agreement which will require the state to submit to HUD the amount of any costs not allowed by subsequent audits or HUD's CPD reviews.

III. Closeout Actions

1. Verification of all grants closed out: In order to reconcile the records and provide accurate information on the status of State CDBG grants, HUD is requesting CPD Field Offices to assist with a one-time verification process to assure that the proper status of each grant is recorded. The verification process for



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State CDBG program grants closed out starts at the CPD Field Office. The CPD Field Office will compile a list of grants that have been closed out and send the list to the State and Small Cities Division (SSCD) for verification and confirmation. Headquarters will verify the list to ensure each grant has zero balances remaining at the commitment and obligation level in LOCCS. See **Appendix 1, Attachment A** for a sample format. If there are any discrepancies, Headquarters will notify the CPD Field Office for correction, otherwise, no further action is required and the CPD Field Office can assume that closeout records are identical.

2. Closing out State CDBG program grants: The procedures described in this section facilitate the process of closing out a State CDBG program grant by providing a format to close out multiple years with one form. See **Appendix 1, Attachment B** for a sample format. To close-out a State CDBG program grant, Headquarters, States, CPD Field Offices, and FWAC, undertake the following responsibilities:

(A) CPD Headquarters

SSCD will conduct an annual review to determine if there are any grants that may be eligible to be closed out. An alert notice will be sent to local field offices to 1) verify the status of their State CDBG grant and 2) proceed with the grant closeout process, if necessary.

(B) The State Grantee Responsibilities

- (a) Establishes requirements for timely closeout of grants to UGLGs and ensures the timely close-out of such grants [pursuant to 24 CFR 570.489(i)]. The State makes the required reviews and audits to determine whether the recipient has completed all activities and expended all funds; and satisfied performance criteria in Section 104(e)(2) of the HCDA.
- (b) Reviews open grants on a yearly basis to determine those that are eligible for closeout and makes sure that conditions for closeout are met. Note that a zero account balance alone is not sufficient to meet the criteria for grant closeout.
- (c) The State should use the closeout checklist to certify that all requirements of the grant have been completed. See **Appendix 1, Attachment D – State Closeout Checklist**.
- (d) Provides financial information about the grants to the CPD Field Office either using the Federal Financial Report form, **HUD SF-425**, or any form that meets the criteria stipulated at 24 CFR 570.489(d). 24 CFR 570.489(d) allows states to use fiscal and administrative requirements applicable to the use of its own funds; adopt new fiscal and administrative requirements; or apply the provisions of 24 CFR Part 85 (Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments). A copy of **HUD SF-425** is located in **Appendix 3 – Disaster Recovery Grants**.

A state may submit its own financial status report as long as the report contains the following:

- (i) A block for signature by the certifying official that the report is accurate.



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- (ii) Information to enable HUD to assure that the total grant allocation is consistent with the grant agreement amount.
 - (iii) Program income is accounted for in accordance with 24 CFR 570.489(e), as modified by Section 105(j) of the Housing and Community Development Act.
 - (iv) The total amount expended is documented.
 - (v) The state has estimated an amount for any third-party claims.
 - (vi) The total amount of any grant funds to be cancelled is shown.

CPD Field Office

- (a) Reviews the criteria for closeout and determines whether the State grant is eligible for closeout. If the grantee has not submitted all of the required documentation to complete the closeout, the field office should notify the grantee in writing requesting the necessary documentation to officially closeout the grant.
- (b) Reviews the financial information submitted by the State and information contained in the Line of Credit Control System (LOCCS) to verify any outstanding balances. Steps to review financial information in LOCCS:
 - Log into Line of Credit Control System (LOCCS),
 - Click on "Grant Detail", then choose PAS Project Details under "Actions",
 - Choose GRD Summary tab to see cumulative/obligation/disbursed amounts and available for each PAS increment.
- (c) Prepares a certification for the FWAC indicating that the grant is being closed out. **Attachment B in Appendix 1** contains a sample certification. The Field Office should delay informing the state of the official closeout date for 10 days to give FWAC enough time to record a recapture, if recapture is necessary. Field Office personnel should validate any recaptures in LOCCS within the 10 day time frame. The Field Office should use the date of the Field Office Director on **Appendix 1, Attachment B** for record retention purposes. The sample (optional) closeout agreement shown in **Appendix 1, Attachment C** is the mutual agreement between HUD and the State certifying that all obligations (statutory, regulatory, and project requirements) have been met and that the grant is officially closed out.

FWAC

- (a) Verifies amounts recorded on **Appendix 1, Attachment B** under the heading of "*Balance of Grant Funds Remaining to be Recaptured*" are in agreement with LOCCS and then records the recapture where it ultimately gets returned to Treasury. The date used to record the recapture by FWAC is the Field Office Director's signature date on **Appendix 1, Attachment B**.



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- (b) Refers any discrepancies related to (a) above to the CPD Field Office for resolution.

State CDBG regulations for recordkeeping responsibilities at 24 CFR 570.490(d) require states and UGLGs to retain records for 3 years from the time of closeout of HUD's grant to the State or for the period stipulated by CDBG regulations at 24 CFR 570.487 (other applicable laws and program requirements) and 24 CFR 570.488 (displacement, relocation, etc.), whichever may be longer. Records involving acquisition and improvement of real property must be kept for 5 years after closeout, as stated in 570.489(j)(2). Records that are the subject of investigation, audit or review should be retained until the reviews are completed in order to allow HUD to complete its oversight functions. Ultimately, this means that:

- (a) States and UGLGs are required to maintain records and make them accessible to auditors and HUD officials.
- (b) Other applicable laws may require certain types of records to be retained longer than the 3 years after closeout requirement of the State CDBG program.



Community Development Block Grant – Recovery (CDBG-R) Program Grant Closeout Instruction

I. Overview

The policy guidance and instructions in this Notice apply to the closeout process of CDBG-R grant projects authorized under the American Recovery and Reinvestment Act of 2009 (Recovery Act), which was enacted on February 17, 2009. The statutory and regulatory provisions governing the CDBG program, including those at 24 CFR Part 570 subpart I for states and those at 24 CFR part 570 subparts A, C, D, E, F, J, K, and O for CDBG entitlement communities, as appropriate, shall apply to the use of CDBG-R funds to determine closeout, except for those alternative requirements and waivers granted in the *Federal Register* Notice issued on May 4, 2009 for the CDBG-R program. Note: The regulatory closeout requirement at 24 CFR 570.509 for entitlements applies to Insular Areas and Non-entitlement counties in Hawaii.

Before a grantee can proceed to closeout, all CDBG-R funds must be drawn down, activities should have met the national objective requirements and been physically completed by the September 30, 2012 deadline. It should be noted that the completion of an activity that's only partially funded with CDBG-R funds may have slightly different implications. If CDBG-R funds are going exclusively for one discrete segment of a larger project (e.g. paying only for engineering work for a sewer project), construction of the entire project may not necessarily have to be physically completed. On the other hand, if CDBG-R funds are paying for a percentage of the entire project and a grantee is expending CDBG-R funds on a pro-rata basis based on the completion percentage of the entire project, the grantee may not be able to make its final disbursement of CDBG-R funds until the entire project is physically complete which may delay the closeout process.

If a grantee fails to withdraw any funds remaining in its CDBG-R grant by midnight Eastern Standard Time (EST) September 30, 2012, the Line of Credit Control System (LOCCS) will automatically withdraw the funds and return those funds to the Treasury Department. In practical terms, this means that, by September 30, 2012 all costs to be paid with CDBG-R funds must be incurred and either be expended or be ready for disbursement upon receipt of the final draw of funds. **Note: If a Grantee has remaining funds in its line of credit before the September 30th deadline and want to make a final draw, all program office approvals (if needed) and drawdown requests must be submitted in LOCCS before 8:00pm (EST) on September 28, 2012.**

Although a grantee may obligate and make its final draw of funds late into the grant period, HUD would expect that grantee to comply with the following conditions to ensure timely closeout of their CDBG-R grant:

- All CDBG-R grant projects should be ready for grant closeout no later than six months after the expenditure deadline or March 31, 2013. The Department is determined not to repeat its experience with the CDBG emergency "Jobs Bill" funding in the 1980s, when completion and closeout of Jobs Bill grants dragged on for years.



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- Grantees will need to submit its final report to FederalReporting.gov before it can proceed to closeout. For grantees that do not make their final draw of funds until July-September 2012, their final report is likely to be submitted during the October 2012 reporting cycle. The FederalReporting.gov portal will remain operative well after October 1, 2012, as some other Recovery Act programs have different expenditure deadlines. Even if a grantee fails to draw down all of its funds prior to 09/30/12 and has funds recaptured from its Line of Credit, it will still need to submit a final report. (Of course, the sooner a Grantee completes all of its CDBG-R activities, the sooner it can be done with the quarterly reporting requirement).
 - A CDBG-R grant cannot be closed out until all activities comply with national objective requirements. Grantees should ensure that all activities will have met national objective criteria by March 31, 2013. This may be of particular importance for housing activities and activities designed to create jobs. In many situations, jobs will not be created, or housing units will not be occupied for some time after the activity is physically completed and all funds have been expended. Grantees should keep these timelines in mind as they draft language for agreements with recipients of funding concerning how long the recipient has to demonstrate that job creation/retention or housing occupancy requirements are met. Some grantees' normal policy for economic development activities is to allow up to 18, 24 or even 36 months for a business to create the promised jobs. It is recommended that Grantees that are still obligating funds to individual activities late in 2011 and on into 2012 may need to shorten their national objective compliance deadlines on recipients, to ensure timely closeout of their CDBG-R grant. A recipient will indicate a "Y" in the final report data field in FederalReporting.gov if its report is considered final and there will be no future reports submitted. Indication of a final Section 1512 report does not replace any other closeout procedures required by the recipient or Federal agency.

II. Criteria for Closeout

A grant will be closed out when HUD determines, in consultation with the recipient, that the following criteria have been met:

A. Entitlement CDBG-R Program Grant (24 CFR 570.509)

- 1) All CDBG-R funds have been expended on eligible activities, with the exception of funds required to pay closeout costs (e.g., audit costs) and costs resulting from contingent liabilities described in the closeout agreement. Any undisbursed funds remaining from activities, the grantee reported as finished by the deadline (September 30, 2012), will be recaptured by HUD and returned to the U.S. Treasury.
- 2) The recipient has completed all eligible activities included in the Substantial Amendment of the 2008 Action Plan.
- 3) The grantee did not expend more than: a) 10% of its grant on eligible planning and general administrative activities; b) 15% of its grant on public services. In addition, not less than 70% of the



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funds must be expended on activities that benefit low- and moderate-income persons. If a grantee exceeded the general administrative/planning and public services caps, then repayment of grant funds must have been satisfactorily resolved.

- 4) Other responsibilities of the recipient under the grant agreement and applicable laws and regulations have been carried out satisfactorily (such as the reporting requirement) or there is no further federal interest in keeping the grant agreement open for the purpose of securing performance.

B. State CDBG-R Program Grant

As required by Section 104 (e) of the (HCDA) of 1974, and outlined in Subpart I of the CDBG regulation, HUD and State staff must review and audit the CDBG-R program to ensure that statutory and regulatory requirements governing CDBG-R grants have been satisfied prior to closing a State CDBG-R allocation. A State CDBG-R grant can be closed out when the following criteria have been met:

- 1) The State has disbursed to recipient units of general local government all CDBG-R funds included in the Substantial Amendment of the Action Plan. All CDBG-R grantees must expend their entire grant of CDBG-R funds by September 30, 2012. Any funds remaining from activities the grantee reported as finished or not expended by the deadline will be recaptured by HUD and returned to the U.S. Treasury.
- 2) The grantee has: a) completed all activities and expended all grant funds and b) the State has made the required reviews and audits to determine whether recipients have satisfied the performance criteria in the Recovery Act. Section 1512 of the Recovery Act states that funding recipients are required to report information per subsection (c)(4) of the Recovery Act.
- 3) The grantee did not exceed the combined 10% planning and general administrative cap for expenditures of the State and units of general local governments or the 15% cap for public service expenditures. The 10% limitation includes any funds the State expends for technical assistance to units of general local government and nonprofit organizations pursuant to 42 USC 5306(d)(5). In addition, not less than 70% of the funds must be expended on activities that benefit low- and moderate-income persons. **Please note: If the State has violated these requirements, a grant can be closed out only if the issue has been satisfactorily resolved.**
- 4) The audit(s) of the State covers all funds in the grant to be closed and there are no open outstanding monitoring and audit findings. When costs have been incurred since the most recent audit that HUD deems ineligible through subsequent audits and field office reviews, the State may be required to enter into a written agreement to repay HUD.
- 5) Other responsibilities of the recipient under the grant agreement and applicable laws and regulations have been carried out satisfactorily or there is no further Federal interest in keeping the grant agreement open for the purpose of securing performance.

III. Closeout Action

- A. Within 90 days of the date the State/Entitlement grantee and assigned HUD staff jointly determine that the criteria for closeout have been met, the grantee shall submit to the CPD Field Office a copy of its



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completed final report in FederalReporting.gov, and the CDBG-R Closeout Checklist (see **Appendix 2, Attachment E**). It is recommended that State grantees submit Federal Financial Report - Standard Form 425.

Documents to be submitted by the grantee to the field office:

- **Federal Reporting - Final Report Only**
- **Federal Financial Report Form 425** (In the Appendix 3)-Required for Entitlement/Insular/Hawaii
- **Grant Closeout Agreement** (Sample in Appendix 2)
- **Grantee Closeout Certification** (In the Appendix 2)
- **CDBG-R Closeout Checklist** (In the Appendix 2)

If the grantee has not submitted all of the required documentation to complete the closeout, the field office should notify the grantee in writing requesting the necessary documentation to officially closeout the award. See sample closeout letter for use in **Appendix 2, Attachment A**. The closeout notification should identify:

- The grant being closed,
- Any unused grant funds to be recaptured by HUD,
- A general statement that program income generated from the use of CDBG-R funds will be treated as program income of the regular CDBG program, not as program income of the CDBG-R program,
- A list of required documents to be submitted for review,
- Provisions related to any special circumstance of the grant closeout, to include monitoring by HUD,
- A general statement that signed copies of closeout certification and other listed documents are required to be sent to the HUD Field Office,
- If applicable, include items as results of any corrective actions to be taken by the subrecipient.

To ensure that the documents submitted by the grantee meet the program requirements of the CDBG-R and other applicable HUD policies and procedures, the field office should perform the following reviews of the following documents and systems within 30 days after receipt of the documents to determine whether the grantee's program goals were met:

- a. Federal Reporting (Final Performance Report)** - The final report must reflect completion of the program. Verify that the grantee submitted all quarterly reports.
- b. Line of Credit Control System (LOCCS)** – Check if the grantee has any remaining funds in the line of credit.
- c. Audit Reports and Monitoring Letters** – Evaluate compliance with CDBG and other federal requirements and organizational and project performance. Review files to determine if there were any unresolved monitoring, audit findings and citizen complaints.
- d. Documentation of Compliance with Other applicable laws** (e.g., Davis Bacon, Section 3 and Uniform Relocation Act) - Verify that there is no outstanding noncompliance with all required certifications.



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In the event that an acceptable report is not submitted, the field office should contact the grantee to resolve this issue before continuing with the closeout process.

B. Closeout Documents

Based on the satisfactory information provided in the final report and other relevant information, HUD will prepare a closeout agreement and certification executed by the grantee and the CPD Director to be forwarded to the Fort Worth Accounting Center (FWAC). HUD will cancel, recapture and return to the U.S. Treasury any unused portion of the awarded grant, as shown in the signed grant closeout agreement. The agreement will identify the grant being closed out and include the following provisions (24 CFR 570.509 for entitlements): See **Appendix 2, Attachments F** for sample grant closeout agreements.

- Identification of any closeout cost or contingent liabilities subject to payment with CDBG funds after the closeout agreement is signed;
- Identification of any unused grant funds to be canceled by HUD; (If determined, prepare the HUD Form 7082 in **Appendix 2, Attachment G** and send to FWAC for processing)
- Description of the grantee's responsibility after closeout for compliance with program requirements, certifications and assurances in implementing program as described in the Federal Register.

IV. Record Keeping Requirement

To ensure transparency and accountability in the implementation of the Recovery Act, the applicant must maintain records on the applicable requirements set forth in the regulations such as eligibility, national objective compliance, financial management, citizen participation, relocation, acquisition, housing assistance to units and households, environmental impact, and labor standards. Per 24 CFR 570.490(d) records for the State and units of general local government, including supporting documentation, shall be retained for the greater of 3 years from closeout of the grant to the state, or the period required by other applicable laws and regulations. Recipients and subrecipients in entitlement communities shall comply with the 4 year record retention requirement, as described in 24 CFR 570.502 (a)(16).



Disaster Recovery Program - Grant Closeout Instructions

I. Overview

This Notice applies to recipients of a Community Development Block Grant (CDBG) disaster recovery award. As of February 2012, all open CDBG disaster recovery state grants must be closed in accordance with the instructions below. Entitlement communities should continue to follow the requirements 24 CFR 570.509 supplemented by the guidance contained in this Notice.

Grantees may have received CDBG disaster recovery funds if the President has declared a major disaster and Congress has provided a supplemental appropriation to the CDBG disaster recovery program encompassing the grantees' state or jurisdiction. Generally, the appropriations contain a timeframe and/or location for which funds are to be provided. In allocating disaster recovery CDBG funds, the Department analyzes available data from the Federal Emergency Management Agency, the Small Business Administration, and other sources to determine the: (1) estimated costs of unmet recovery needs and (2) final award amounts.

Most awards have been provided to state governments to administer the funds. However, some appropriations also allow units of general local government to receive a direct award. In both scenarios, the funds are subject to most of the regulations applicable to the regular CDBG program at 24 CFR Parts 570. Program waivers and alternative requirements are often granted to recipients via the appropriation law, and publications in the *Federal Register*. For example, under the regular program, 70% of funds must benefit persons of low- and moderate-income; generally this threshold is reduced to 50% for disaster recovery grantees. Nevertheless, like the regular program, all CDBG disaster recovery activities must meet a national objective.

To ensure compliance with the program and the applicable appropriation law(s), all CDBG disaster recovery grantees must report their progress quarterly via the Disaster Recovery Grant Reporting (DRGR) system.

Pre-closeout Review of Grants

Prior to closeout, assigned staff should ensure the grant has been reviewed and is in compliance with all programmatic requirements. To this end, HUD should verify the following:

A. Administrative, Planning, and Public Services Costs

Each CDBG disaster recovery grant probably has statutory (and regulatory) waivers or alternative requirements regarding the percentage of funds allowed for general administration and planning. However, CDBG disaster recovery grants are still subject to the 15% public services cap, unless a disaster recovery waiver has been granted. It should be noted that grantees and the CPD Field Office staff must review the applicable *Federal Register* Notices and any other waivers to determine the administrative, planning, public service, affordable rental housing or other limitations or set-asides that apply to the specific grant.



HUD must verify that all expenditures are properly reported, and do not exceed the amounts permitted by the law, applicable *Federal Register* Notices, or regulations.

B. Program Income

Program income waivers and alternative requirements may vary by appropriation; therefore, grantees should consult the *Federal Register* Notice program income guidance for the specific grant. The use of program income is often subject to the original disaster recovery grant's alternative requirements and waivers until grant closeout. Upon closeout, any program income on hand or received subsequently generally becomes program income of the grantee's annual CDBG program. HUD should ensure that each grantee maintains an inventory of acquired real property and equipment during the duration of the grant, and properly reports program income in DRGR.

C. Audit and Monitoring Reports

Closeout may not proceed if there is an outstanding monitoring or Office of the Inspector General (OIG) audit finding. If an OIG audit is scheduled to take place subsequent to closeout, the grantee should delay closeout until the completion of the OIG audit.

II. Criteria for Closeout

Before all funds have been expended, the Department may unilaterally initiate closing of a grant. However, this is a rare occurrence and should only take place in the following circumstances:

- The term of the grant has expired; or
- The Department determines the grantee lacks the capacity to effectively administer the grant; or
- The Department determines there has been fraud, waste, or abuse of the funds.

III. Closeout Action and Documents of Disaster Recovery Grants

To close out a grant, the following steps should be followed:

- A. Once the grantee and HUD determine that the criteria for closeout have been met, the grantee submits its final and complete quarterly progress report (QPR) via DRGR. Entitlement grantees must also submit a SF-425 (**Appendix 3, Attachment A**).
- B. Grantee completes a Closeout Review/Checklist (**Appendix 3, Attachment B**); the grantee signs a Closeout Certification form (**Appendix 3, Attachment C**) and submits a Closeout Agreement (**Appendix 3, Attachment D**).
- C. HUD reviews information from the Line of Credit Control System (LOCCS) and the SF-425 (if necessary). It should be noted that the SF-425 is only required for entitlement grantees.



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- To review the SF-425, HUD verifies that the form contains a signature by the certifying official stating that the report is accurate. HUD also determines whether: (1) the total grant allocation is consistent with the grant agreement amount; (2) all program income is accounted for; (3) the total amount expended is shown; and (4) the total amount of any grant funds to be canceled is shown. Once it is determined that the above information is correct, HUD certifies approval of the SF-425. The letter in **Appendix 3, Attachment A** has been designed to meet this need. If the grant is managed by the HUD Field Office, the certifying HUD official should be the CPD Director or his/her designee. If the grant is managed by HUD Headquarters, the certifying HUD official should be the Director of Disaster Recovery and Special Issues Division, or his/her designee. The letter should be attached to the financial report and forwarded to the Director and the Fort Worth Accounting Center (FWAC). Finally, a copy of the financial report, with the letter attached, must also be returned to the grantee to indicate HUD's approval of the grantee's financial report.
- D. Based on the above information, HUD prepares a closeout agreement (**Appendix 3, Attachment D**). The agreement should identify the grant being closed and should address/identify:
1. Any unused grant funds. (If determined, prepare the HUD form 7082 in **Appendix 2, Attachment G** and send to FWAC for processing;
 2. Any program income on hand or due to the grantee and its subrecipients (if applicable);
 3. The grantee's responsibility (after closeout) for: (a) compliance with all program requirements and certifications and (b) using any current or future program income in compliance with the applicable Federal Register Notice(s).
 4. Any special circumstances particular to the grant, (e.g., a subsequent OIG audit).
- E. HUD and the grantee sign the closeout agreement. If the grant is managed by the HUD Field Office, the certifying HUD official should be the CPD Director or his/her designee. If the grant is managed by HUD Headquarters, the certifying HUD official should be the Director of the Disaster Recovery and Special Issues Division, or his/her designee.
- F. HUD sends the signed closeout agreement, the SF- 425 approval letter (if necessary), and a cover letter to the **CFO National Accounting Center, Department of Housing and Urban Development, 801 Cherry St., Unit #45, Ste. 2500, Fort Worth Texas, 76102**. If the grant is managed by the HUD Field Office, a PDF copy of the closeout package should be sent to the Disaster Recovery and Special Issues Division at Disaster_Recovery@hud.gov. The official date of closeout is when the agreement is executed by the applicable HUD staff.



IV. Closeout in DRGR

The HUD office responsible for the grant should complete the following steps:

- A. Log into the DRGR reporting system.
- B. Click on "Grants," then click "Grant Number" to be closed, and then click "Grant Closeout Checklist."
- C. Enter information, save, and click "submit."

The Disaster Recovery and Special Issues Division will verify that the documentation is complete and in agreement with LOCCS.

V. Recordkeeping

Unless provided otherwise in an applicable *Federal Register* Notice, 24 CFR Section 570.490 will apply to any CDBG disaster recovery state grantee, while 24 CFR 570.506 will apply to any CDBG disaster recovery Entitlement grantee.

Generally, records at the grantee and local level, including supporting documentation, must be retained for three years from grant closeout for states, and four years for other grantees. Like the regular program, each CDBG disaster recovery grantee should maintain files documenting its certifications, the eligibility and national objective classification for each funded activity, and all financial records. Each grantee should also maintain files documenting its compliance with the unique requirements applicable to CDBG disaster recovery supplemental funds.

When managed by the HUD Field Office, the Field Office should maintain all records regarding termination and/or grant closeout in accordance with **HUD Handbook 2225.6, Appendix 69 - Records Disposition Management**. If the grant is managed by HUD Headquarters, this information will be maintained by the Disaster Recovery and Special Issues Division.



Appendices

- Appendix 1. State CDBG Program Grant**
- Appendix 2. Community Development Block Grant-Recovery Program**
- Appendix 3. Disaster Recovery Grants**
- Appendix 4. Federal Financial Report Standard Form 425**



Appendix 1

State Community Development Block Grant





U.S. Department of Housing and Urban Development
Community Planning and Development

Attachment: A

OMB Approval No. 2506-0193 (exp 1/31/2015)

Verification of State CDBG Program Grants
Closed-out

CPD Field Office staff should provide the State CDBG program grant information that will enable the State and Small Cities Division to verify its status based on commitment and obligation amounts in LOCCS. The CPD Director's signature certifies that the information is accurate. Headquarters will verify the status of the State CDBG program grants and enter the closeout dates in the appropriate column of the Table.

Grant Information			Date Closed (Field Office)	Verification of Zero Balance Date (Headquarters)
Year	Grantee Name (State)	Grant Amount		

Certification

Name of CPD Field Office Director (Print)

Signature of CPD Field Office Director

Date

HUD Form 40150 (1/2012)



U.S. Department of Housing and Urban Development
Community Planning and Development

Attachment: B

OMB Approval No. 2506-0193 (exp 1/31/2015)

State CDBG Program Grant Close-out
Certification

Grantee Name: _____

	State CDBG Program			
(Insert) Grant Year				
Grant Number				
Grant Amount Authorized				
Cumulative Grant Funds Disbursed				
Balance of Grant Funds Remaining to be Recaptured				

Certification

The CPD Field Office in _____ has received and reviewed the financial status information and hereby confirms that all of the conditions for close-out have been met.

Name of CPD Field Office Director (Print)

Signature of CPD Field Office Director

Date

HUD Form 40151(1/2012)



Attachment: C

OMB Approval No. 2506-0193 (exp 1/31/2015)

Closeout Agreement Between the State of _____ and HUD

State CDBG Program Grant Number: _____

THIS AGREEMENT entered into by and between the (insert State) (hereinafter referred to as the "Grantee") and the Secretary of Housing and Urban Development (hereinafter referred to as "HUD").

WITNESSETH:

WHEREAS, the Grantee was awarded a grant in the amount of (insert amount) under Title I of the Housing and Community Development Act of 1974, as amended (hereinafter called "Grant").

WHEREAS, the Grant has been completed and the parties hereto desire to effectuate a final settlement.

WHEREAS, the Grantee has incurred Grant costs subsequent to its most recent audit, if applicable.

WHEREAS, the Grantee desires to close out the Grant prior to the submission of a final audit, if applicable.

NOW THEREFORE, in consideration of the mutual covenants, promises and representations contained herein, the parties hereto agree as follows:

Grantee represents that all Grants have been disbursed.

The Grantee agrees as follows:

To secure an audit in accordance with OMB Circular A-133;

To remit to HUD the amount of any cost disallowed by a subsequent audit and or HUD monitoring sustained by HUD;

To use program income received subsequent to the closeout in accordance with CDBG requirements and the Method of Distribution that covers the program income received after closeout; and

HUD Form 40152 (1/2012)



U.S. Department of Housing and Urban Development
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OMB Approval No. 2506-0193 (exp 1/31/2015)

To submit to HUD a Federal Financial Report using either Standard Form 425 or in acceptable format for any change to Grant costs as a result of the completion and resolution of the final audit.

THIS AGREEMENT is hereby executed and delivered by the parties hereto on the dates set forth below their respective signatures.

(Signature of CPD Field Office Director) Date: _____

Name of Field Office

(Signature of State CDBG Program Director) Date: _____

Name of State

HUD Form 40152 (1/2012)



U.S. Department of Housing and Urban Development
Community Planning and Development

Attachment: D

OMB Approval No. 2506-0193 (exp 1/31/2015)

State CDBG Closeout Checklist

For the purposes of expediting the grant closeout process, HUD asks applicants to submit the following checklist.

Grantee Name _____	Grant Number _____
Official Contact Name _____	DUNS Number _____
Email Address _____	Fax Number _____
Telephone Number _____	

1. Criteria for Closeout

1. Regarding the grant to be closed out, the State disbursed all funds to UGLGs as stipulated in the MOD
Yes ☐ No ☐ if no, explain:
2. Pursuant to statutory requirements of the HCDA of 1974 (as amended), the State
 - (i) Carried out all of its certifications
Yes ☐ No ☐ if no, explain:
 - (ii) Ensured that all CDBG-funded activities were eligible and met a national objective
Yes ☐ No ☐ if no, explain:
 - (iii) Monitored UGLGs to determine whether applicable performance criteria were met
Yes ☐ No ☐ if no, explain:
3. As part of the financial review, the state confirmed that:
 - (i) 15% public services cap was not exceeded
Yes ☐ No ☐ if no, explain:
 - (ii) 20% planning and administration cap was not exceeded
Yes ☐ No ☐ if no, explain:
 - (iii) Administrative costs and technical assistance do not exceed the 3% combined threshold for CDBG funds received after January 23, 2004 (or regulatory amounts for grants received before January 23, 2004)
Yes ☐ No ☐ if no, explain:
 - (iv) The state has met the required match for administration
Yes ☐ No ☐ if no, explain:
4. With regard to audits and monitoring of the State CDBG program
 - (i) No audit findings are outstanding

HUD Form 40153 (1/2012)



U.S. Department of Housing and Urban Development
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Yes ☐ No ☐ if no, explain:

- (ii) No monitoring findings are outstanding
Yes ☐ No ☐ if no, explain:

2. Closeout Actions

1. Verify Grants closed out to reconcile records and provide accurate information on the status of State CDBG funds

- (i) Reviewed grants to be closed out to ascertain that conditions for closeout are met
Yes ☐ No ☐ if no, explain:

- (ii) Provided financial information about grant to be closed out to the CPD Field Office
Yes ☐ No ☐ if no, explain:

Grantee

By: _____
Authorized Representative's Signature

Date

HUD Form 40153 (1/2012)



Appendix 2

Community Development Block Grant –Recovery





U.S. Department of Housing and Urban Development
Community Planning and Development

Attachment: A

OMB Approval No. 2506-0193 (exp 1/31/2015)

LETTERHEAD

Date _____

Dear _____:

SUBJECT: Entitlement Grant Closeout and Recapture of Unspent Grant Funds
Community Development Block Grant – Recovery
Grant Number: xxxxxxxxx

It appears that the activities are completed and funds have been drawn down and the grant is ready for closeout. In accordance with the U.S. Department of Housing and Urban Development CDBG Closeout Procedures regulation at 24 CFR 570.509 (b) (3), any unspent funds remaining in the account of an expired grant period are to be recaptured. Our records indicate that your CDBG-R grant has a remaining balance of _____.

Program income generated from the use of CDBG-R funds will be treated as program income of the regular CDBG program, not as program income of the CDBG-R program. In order to proceed with this grant closeout and recapture of the remaining funds, the following documentation should be submitted by the grantee.

- Final Report (if not already submitted)
- Federal Financial Report Form 425 (if not already submitted)
- A completed copy of the enclosed “CDBG-R Grantee Closeout Certification” signed by the grantee’s authorized representative
- A completed copy of “CDBG-R Closeout Checklist” signed by the grantee’s authorized representative

The Grantee Closeout Certification has been completed for your review, and your signature confirms the accuracy of the information. HUD retains the right to monitor and follow-up on monitoring and audit findings. In addition, the Department may recover disallowed costs for ineligible activities or to take other appropriate actions identified at 24 CFR 570.910, if HUD determines that the information provided by the grantee was false, erroneous or did not meet statutory or regulatory requirements. Once HUD has approved the certification, an executed copy will be returned to you as evidence that the grant has been closed out.

Please return the signed certification and the other listed documents to our Office within 15 days of the date of this letter. If you have any questions, please contact the CPD Representative.

Sincerely,
CPD Director

Enclosure

HUD Form 40154 (1/2012)



U.S. Department of Housing and Urban Development
Community Planning and Development

Attachment: B

OMB Approval No. 2506-0193 (exp 1/31/2015)

LETTERHEAD

Date _____

Dear _____:

SUBJECT: Grant Closeout and Recapture of Unspent Grant Funds State Community Development Block Grant – Recovery
Grant Number: xxxxxxxxx

It appears that the activities are completed and funds have been drawn down and the grant is ready for closeout. In accordance with the U.S. Department of Housing and Urban Development CDBG Closeout Procedures for States, any unspent funds remaining in the account of an expired grant period are to be recaptured. Our records indicate that your CDBG-R grant has a remaining balance of _____.

Program income generated from the use of CDBG-R funds will be treated as program income of the regular CDBG program, not as program income of the CDBG-R program. In order to proceed with this grant closeout and recapture of the remaining funds, the following documentation should be submitted by the grantee.

- Final Report (if not already submitted)
- Federal Financial Report Form 425 (recommended but not required)
- A completed copy of the enclosed “CDBG-R Grantee Closeout Certification” signed by the state’s authorized representative
- A completed copy of “CDBG-R Closeout Checklist” signed by the state’s authorized representative

The Grantee Closeout Certification has been completed for your review, and your signature confirms the accuracy of the information. HUD retains the right to monitor and follow-up on monitoring and audit findings. In addition, the Department may recover disallowed costs for ineligible activities or to take other appropriate actions identified at 24 CFR 570.496, if HUD determines that the information provided by the grantee was false, erroneous or did not meet statutory or regulatory requirements. Once HUD has approved the certification, an executed copy will be returned to you as evidence that the grant has been closed out.

Please return the signed certification and the other listed documents to our Office within 15 days of the date of this letter. If you have any questions, please contact the CPD Representative.

Sincerely,
CPD Director

Enclosure

HUD Form 40155 (1/2012)



U.S. Department of Housing and Urban Development
Community Planning and Development

Attachment: C

OMB Approval No. 2506-0193 (exp 1/31/2015)

**Community Development Block Grant – Recovery (CDBG-R) Program
Grantee Closeout Certification**

Grantee Name:

Grant Number:

The Grantee hereby certifies that: (1) the grant as described in the approved application has been performed in accordance with the terms and conditions of the executed Grant Agreement and applicable CDBG-R Grant Award and that there are no known outstanding programmatic or financial issues; and (2) all data provided below fairly reflects costs and sources of funds of the CDBG-R grant and are taken from HUD-approved reports and other project-related documents.

1. Grant amount authorized. \$ _____

2. Cumulative grant funds disbursed. \$ _____

(Grantee should draw down amounts for any final audit costs
or unsettled third party claims. Any such amounts not subsequently disbursed
must be immediately reimbursed to HUD.)

3. Grant funds recaptured previously \$ _____

4. Balance of grant funds to be recaptured. \$ _____

(These funds will be recaptured by HUD in order for the funds to be returned to the U.S. Treasury.)

Grantee Authorized Representative's Signature and Date

CPD Division Director Signature and Date

Typed Name of Signatory

Typed Name of Signatory

Title

Title

The above signature by HUD signifies approval of grant closeout.

HUD Form 40156 (1/2012)



U.S. Department of Housing and Urban Development
Community Planning and Development

Attachment: D

OMB Approval No. 2506-0193 (exp 1/31/2015)

CDBG-R Closeout Checklist

For the purposes of expediting the grant closeout process, HUD asks applicants to submit the following checklist.

Grantee Name _____	Grant Number _____
Official Contact Person _____	Telephone Number _____
Email Address _____	Fax Number _____
DUNS NUMBER _____	

1. Program Income

- Is there any program income on-hand at the time the close out agreement is signed? Yes ☐ No ☐
If yes, explain:

2. CDBG-R Activities

- Are any of the activities ineligible under the Recovery Act, including swimming pools, golf courses, zoos, aquariums, and casinos or other gambling establishments? Yes ☐ No ☐ If yes, explain:
- Are any of the activities ineligible under the regular CDBG program or do any of the activities provide insufficient public benefit per 24 CFR 570.209(b)(3) or 24 CFR 570.482(f)(4)?
Yes ☐ No ☐ If no, explain:
- Do any activities contradict with any of the provisions in President Obama's *Ensuring Responsible Spending of Recovery Act Funds* Memo, including the section on *Avoiding Funding of Imprudent Projects*? Yes ☐ No ☐ If no, explain:
- Any unused grant funds cancelled by HUD? Yes ☐ No ☐ If yes, explain:

3. Draw Downs

- Evidence that no more than 10% of the grant amount was spent on administration and planning?
Yes ☐ No ☐ If no, explain:
- Evidence that no more than 15% of the grant amount was spent on public services? Yes ☐ No ☐ If no, explain:
- Evidence that at least 70% of the grant amount principally benefitted persons of low- and moderate-income? Yes ☐ No ☐ If no, explain:
- Did grantee commingle regular CDBG and CDBG-R funds? Yes ☐ No ☐ If yes, explain:
- If applicable, did the activities identified meet the public benefit standard underwriting guidelines as described in 24 CFR 570.209 (a)-for entitlements grantees and 24 CFR 570.482(e) for states
Yes ☐ No ☐ If no, explain:

HUD Form 40157 (1/2012)



U.S. Department of Housing and Urban Development
Community Planning and Development

4. Activity Eligibility and Meet a National Objective

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- Are all activities eligible and does each activity meets a national objective? Yes ☐ No ☐ If no, explain

5. Audits

- Did the grantee have any open audits prior to CDBG-R allocation? Yes ☐ No ☐, if yes explain
- Did the grantee make reviews and audits of subrecipients and/or state recipients? Yes ☐ No ☐, if no explain

6. Monitoring

- Does the grantee have any open monitoring findings? Yes ☐ No ☐, if yes explain

7. Reporting Systems

- Are all quarterly reports current and accurate in Federal Reporting? Yes ☐ No ☐, if no explain
- Did grantee report on the number of jobs created or retained for each activity carried out? Yes ☐ No ☐, if no explain
- Did the grantee report on the name, location, and contact information for the entity that carried out each activity? Yes ☐ No ☐, if no explain
- Does the RAMPS data system indicate that the environmental review is complete? Yes ☐ No ☐, if no explain
- Did the grantee indicate that the grant is complete in Federal Reporting? Yes ☐ No ☐, if no explain

8. Certifications

- Did the grantee adhere to all certifications regarding the applicable provisions of the CDBG-R Notice? For example, Buy American provisions, Affirmatively Furthering Fair Housing, Section 3, Lead-based paint procedures. Yes ☐ No ☐, if no explain

GRANTEE

By:

Grantee Authorized Representative's Signature

Date

HUD Form 40157 (1/2012)



U.S. Department of Housing and Urban Development
Community Planning and Development

Attachment: E

OMB Approval No. 2506-0193 (exp 1/31/2015)

GRANT CLOSEOUT AGREEMENT

For

Entitlement Community Development Block Grant-Recovery Program

Between

**U.S. Department of Housing & Urban Development
(Address)**

AND

Name and address of Grantee

This agreement sets forth the terms and conditions associated with the closeout of HUD CDBG-R Grant (**Number**) dated (**date of grant approval**), and any applicable amendments. The (**name of grantee**) certifies that, to the best of its knowledge:

- All activities as authorized by this grant and any applicable amendments have been completed as described in the grantee's final performance report dated (**date of final report**).
- During the administration of this award, no fraud, waste or mismanagement has occurred in carrying out the approved activities.
- All grant-financed costs associated with these activities have been incurred.
- Proper provisions have been made for the payment of all unpaid costs and unsettled third-party claims.
- The Department of Housing and Urban Development is under no obligation to make any payment to the (**name of grantee**) in excess of the amount identified in the grant agreement.
- Statements and amounts set forth in the Federal Financial Report (SF-425) are true and accurate as of this date.

Further, the (**name of grantee**) hereby acknowledges the remaining obligation(s) under the terms of the grant agreement and agrees as follows:

- All records and documents pertaining to this grant will be maintained for a period of 4 years after execution of this closeout agreement or the period required by other applicable laws and regulations related to *affirmatively furthering fair housing-24 CFR 570.506 (g)(1), Lead-Based Paint-Poisoning Prevention Act-24 CFR 570.608, Architectural Barriers Act and Americans with Disabilities Act—24 CFR 570.614, and the Uniform Relocation Act – 24 CFR 570.606.*

HUD Form 40158 (1/2012)



U.S. Department of Housing and Urban Development
Community Planning and Development

Insert as Applicable

OMB Approval No. 2506-0193 (exp 1/31/2015)

- Any real property within the (name of grantee)'s control which was acquired or improved in whole or part using CDBG funds in excess of \$25,000 is governed by the principles described in 24 CFR 570.505.
- If any rehabilitated property falls within a flood plain, flood insurance coverage must be maintained for the mandatory period for affected property owners.
- Identify any closeout costs or contingent liabilities subject to payment after the closeout agreement is signed.
- Submit to HUD a Federal Financial Report using Standard Form 425 upon the completion of the final audit and resolution of any finding.
- A total of \$ (amount) in grant funds has been previously cancelled and returned to the Department on (date) **OR** A total of \$ (amount) in grant funds will be recaptured by HUD upon execution of this closeout agreement. (Optional)

HUD maintains the right to conduct future monitoring of this grant, either on site or by review of information or copies of documents requested from the (name of grantee). The (name of grantee) acknowledges that a finding of non-compliance resulting from such a review and failure to take appropriate corrective action satisfactory to HUD may be taken into account by HUD as evidence of unsatisfactory performance, in consideration of future grant awards. Further the (name of grantee) may be required to repay HUD any disallowed costs based on the results of a future audit or monitoring finding.

For the (name of grantee),

Name /Title of Authorized Official/Title

Date

Signature

For the Department of Housing and Urban Development:

Typed name of CPD Director

Date

Signature

HUD Form 40158 (1/2012)



U.S. Department of Housing and Urban Development
Community Planning and Development

Attachment F

OMB Approval No. 2506-0193 (exp 1/31/2015)

GRANT CLOSEOUT AGREEMENT
For
State Community Development Block Grant-Recovery Program
Between

U.S. Department of Housing & Urban Development
(Address)

AND

Name and address of the State

This agreement sets forth the terms for final disposition and conditions associated with the closeout of HUD State CDBG-R Grant (**Number**) dated (**date of grant approval**), and any applicable amendments. The (**name of state**) certifies that to the best of its knowledge:

- All activities as authorized by this grant and any applicable amendments have been completed as described in the grantee's final performance report dated (**date of final report**).
- During the administration of this award, no fraud, waste or mismanagement has occurred in carrying out the approved activities.
- All grant-financed costs associated with these activities have been incurred.
- Proper provisions have been made for the payment of all unpaid costs and unsettled third-party claims.
- The Department of Housing and Urban Development is under no obligation to make any payment to the (**name of grantee**) in excess of the amount identified in the grant agreement.

Further, the (**name of grantee**) hereby acknowledges the remaining obligation(s) under the terms of the grant agreement and agrees as follows:

- All records and documents pertaining to this grant will be maintained for a period of 3 years after execution of this close-out agreement or the period required by other applicable laws and regulations related to *affirmatively furthering fair housing, Lead-Based Paint Poisoning Prevention Act, Architectural Barriers Act and Americans with Disabilities Act*.

Insert as Applicable

HUD Form 40159 (1/2012)



U.S. Department of Housing and Urban Development
Community Planning and Development

OMB Approval No. 2506-0193 (exp 1/31/2015)

- Any real property within a State recipient's control which was acquired or improved in whole or part using CDBG funds in excess of \$100,000 is governed by the principles described in 24 CFR 570.489 (j).
- If any rehabilitated property falls within a flood plain, flood insurance coverage must be maintained for the mandatory period for affected property owners.
- **Identify any closeout costs or contingent liabilities subject to payment after the closeout agreement is signed.**
- Submit to HUD a Federal Financial Report using Standard Form 425 or other state form, as a result of the completion of the final audit and resolution of any findings.
- A total of \$ (amount) in grant funds has been previously cancelled and returned to the Department on (date) **OR** A total of \$ (amount) in grant funds will be recaptured by HUD upon execution of this closeout agreement. **(Optional)**

HUD maintains the right to conduct future monitoring of this grant, either on site or by review of information or copies of documents requested from the (name of grantee). The (name of grantee) acknowledges that a finding of non-compliance resulting from such a review and failure to take appropriate corrective action satisfactory to HUD may be taken into account by HUD as evidence of unsatisfactory performance in consideration of future grant awards. Further, the (name of grantee) may be required to repay HUD any disallowed costs based on the results of a future audit or HUD monitoring finding.

For the (name of State),

Name /Title of Authorized Official/Title

Date

Signature

For the Department of Housing and Urban Development:

Type name of CPD Director

Date



U.S. Department of Housing and Urban Development
Community Planning and Development

Attachment G Signature

HUD Form 40159 (1/2012)

Funding Approval/Agreement

Title I of the Housing and Community
Development Act (Public Law 930383)
HI-00515R of 20515R

U.S. Department of Housing and Urban Development

Office of Community Planning and Development
Community Development Block Grant Program

1. Name of Grantee (as shown in item 5 of Standard Form 424)	3a. Grantee's 9-digit Tax ID Number:	3b. Grantee's DUNS Number:	4. Date use of funds may begin (mm/dd/yyyy):
2. Grantee's Complete Address (as shown in item 5 of Standard Form 424)	5a. Project/Grant No. 1	6a. Amount Approved	
	5b. Project/Grant No. 2	6b. Amount Approved	
	5c. Project/Grant No. 3	6c. Amount Approved	

Grant Agreement: This Grant Agreement between the Department of Housing and Urban Development (HUD) and the above named Grantee is made pursuant to the authority of Title I of the Housing and Community Development Act of 1974, as amended, (42 USC 5301 et seq.). The Grantee's submissions for Title I assistance, the HUD regulations at 24 CFR Part 570 (as now in effect and as may be amended from time to time), and this Funding Approval, including any special conditions/addendums, constitute part of the Agreement. Subject to the provisions of this Grant Agreement, HUD will make the funding assistance specified here available to the Grantee upon execution of the Agreement by the parties. The funding assistance specified in the Funding Approval may be used to pay costs incurred after the date specified in item 4 above provided the activities to which such costs are related are carried out in compliance with all applicable requirements. Pre-agreement costs may not be paid with funding assistance specified here unless they are authorized in HUD regulations or approved by waiver and listed in the special conditions to the Funding Approval. The Grantee agrees to assume all of the responsibilities for environmental review, decision making, and actions, as specified and required in regulations issued by the Secretary pursuant to Section 104(g) of Title I and published in 24 CFR Part 58. The Grantee further acknowledges its responsibility for adherence to the Agreement by sub-recipient entities to which it makes funding assistance hereunder available.

U.S. Department of Housing and Urban Development (By Name)		Grantee Name	
Title		Title	
Signature	Date (mm/dd/yyyy)	Signature	Date (mm/dd/yyyy)
7. Category of Title I Assistance for this Funding Action (check only one) ☐ a. Entitlement, Sec 106(b) ☐ b. State-Administered, Sec 106(d)(1) ☐ c. HUD-Administered Small Cities, Sec 106(d)(2)(B) ☐ d. Indian CDBG Programs, Sec 106(a)(1) ☐ e. Surplus Urban Renewal Funds, Sec 112(b) ☐ f. Special Purpose Grants, Sec 107 ☐ g. Loan Guarantee, Sec 108	8. Special Conditions (check one) ☐ None ☐ Attached	9a. Date HUD Received Submission (mm/dd/yyyy) 9b. Date Grantee Notified (mm/dd/yyyy) 9c. Date of Start of Program Year (mm/dd/yyyy)	
	10. check one ☐ a. Orig. Funding Approval ☐ b. Amendment Amendment Number		
	11. Amount of Community Development Block Grant a. Funds Reserved for this Grantee b. Funds now being Approved c. Reservation to be Cancelled (11a minus 11b)		
	12a. Amount of Loan Guarantee Commitment now being Approved		
	12b. Name and complete Address of Public Agency		
	12c. Name of Authorized Official for Designated Public Agency		
	Title		
Signature			

HUD Accounting use Only

Batch	TAC	Program	Y	A	Reg	Area	Document No.	Project Number	Category	Amount	Effective Date (mm/dd/yyyy)	F
	153											
	176											
			Y					Project Number		Amount		
			Y					Project Number		Amount		
Date Entered PAS (mm/dd/yyyy)		Date Entered LOCCS (mm/dd/yyyy)		Batch Number		Transaction Code		Entered By		Verified By		



Appendix 3

Disaster Recovery Grants





U.S. Department of Housing and Urban Development
Community Planning and Development

Attachment A

OMB Approval No. 2506-0193 (exp 1/31/2015)

Grant Closeout Review/Checklist

Date Open:

Date closed:

GRANTEE:

GRANT #:

Grant Amount:

Method of Distribution:

STATUS OF FUNDS:

	<u>Budgeted</u>	<u>Expended</u>
Total Budget per Grant Agreement	_____	_____
Program Administration	_____	_____
Program Income (if applicable)	_____	_____
Total Unliquidated obligations:	_____	_____

Required Targets

Specified Limit or Minimum

Minimum Overall benefit%: _____ Actual _____

Limit on Public services: _____ Actual _____

Limit on Admin/Planning: _____ Actual _____

Limit on Grantee Admin: _____ Actual _____

SUBMISSION OF QUARTERLY PROGRESS REPORTS:

Has the grantee submitted the final and complete QPR in DRGR? ____ Yes ____ No

Is the final QPR accurate, complete, and consistent with LOCCS, the Action Plan, and/or approved Action Plan amendments? ____ Yes ____ No

STATUS OF MONITORING:

Date of last monitoring visit: _____

HUD Form 40161 (1/2012)



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OMB Approval No. 2506-0193 (exp 1/31/2015)

Were there any findings?

____ Yes ____ No

Have all issued findings been cleared? ____ Yes ____ No

If applicable, what is the status of the A-133 Audit?

Grantee Authorized Representative's Signature

Date

RECOMMENDATION

The Grant is ready to close_____ Not ready to close_____ (explain if not ready to close)

Action recommended:

Prepare and complete the closeout package. Write a standard letter to grantee regarding specific issues or concerns related to the acceptability/completeness of the QPR, forms or portions thereof that need to be submitted, or open findings that need to be addressed prior to completion of grant closeout.

CPD Director

Date

HUD Form 40161 (1/2012)



U.S. Department of Housing and Urban Development
Community Planning and Development

OMB Approval No. 2506-0193 (exp 1/31/2015)

Attachment B

CLOSEOUT CERTIFICATION

Grant # _____

To the best of my knowledge, all activities undertaken, or to be undertaken, with funds provided under this agreement have been carried out, or will be carried out, in accordance with the award agreement; that any fraud, waste, or mismanagement that may have occurred in the administration of this award has been adequately addressed in accordance with the recommendations and concurrence of the HUD Office of the Inspector General; that proper provision has been made for the payment of all unpaid costs and unsettled third-party claims; that the Department of Housing and Urban Development is under no obligation to make any payment to the awardees in excess of the amount identified in the grant agreement; and that every statement and amount set forth in the final quarterly, financial summary and federal cash transaction reports is true and accurate as of this date.

I certify that all program income on hand at the time of closeout shall continue to be used in accordance with the eligibility requirements in *Title 1 of the Housing and Community Development Act of 1974, as amended*, [insert "24 CFR Part 570 subpart C" for Entitlement communities or "24 CFR Part 570 subpart I" for states], the applicable *Federal Register* Notices, and all other applicable authorities including the grant agreement until it is expended. I further certify that income received after closeout shall not be governed by the provisions of this part, except that, 1) if at the time of closeout the recipient has another ongoing CDBG grant received directly from HUD, funds received after closeout shall be treated as program income of the ongoing grant program; or 2) if the recipient does not have another ongoing grant received directly from HUD at the time of closeout, income received after closeout from the disposition of real property or from loans outstanding at the time of closeout shall not be governed by the provisions of this part, except that such income shall be used for activities that meet one of the national objectives in 570.208 (for Entitlement communities) and the eligibility requirements described in section 105 of the Housing and Community Development Act.

Real property acquired with grant funds or program income is listed in the quarterly reports or as an attachment to this certification. At this time, program income received throughout the term of the grant amounts to \$_____ and program income on hand amounts to \$_____. Accounting records will be kept on the use of these funds and any additional program income.

I understand that HUD may monitor compliance with the terms of this agreement at any time. Financial records, supporting documents, statistical records and all other records pertinent to this grant shall be retained for a period of 4 years from the date of submission of the final expenditure report. (Exceptions to this requirement for Entitlement communities are listed at 2 CFR Part 215.)

Name /Title of Authorized Official _____

Signature _____ Date _____

Note: Any false statements knowingly or deliberately made are subject to civil or criminal penalties under Section 1001 of Title 18 of the U.S. Code.

HUD Form 40162 (1/2012)



U.S. Department of Housing and Urban Development
Community Planning and Development

OMB Approval No. 2506-0193 (exp 1/31/2015)

Attachment C

EXAMPLE OF LETTER TO BE ATTACHED TO FINANCIAL REPORT

**SUBJECT: Financial Report
Statement of Grant Costs**

The Community Planning and Development Office received and reviewed the Financial Report submitted by the State of **(Insert Name of State)** for **(Insert Grant Number)**. Our review of the Report and other documents related to the grant agreement indicates that the grant document balances are as follows:

<u>Description</u>	<u>\$ Amount</u>
1. Grant applied to Program Costs	_____
2. *Estimated amount for Unsettled Third Party Claims	_____
3. Subtotal (sum of line 1 and 2)	_____
4. Grant Amount per Grant Agreement	_____
5. Unused Grant to be Recaptured (Line 4 minus line 3)	_____
6. Grant Funds Received	_____
7. Balance of Grant Payable (Line 3 minus line 6)	_____

***Note:** The Grantee should draw down amounts for unsettled third party claims. Any such amounts not subsequently disbursed by the grantee or subgrantee, must comply with procedures to minimize the time elapsing between the transfers of the funds and/or shall be immediately reimbursed to HUD.

The Financial Report is hereby approved. Because the amount on line 5 is zero, no adjustment to the Line of Credit is required at this time. Or, I authorize cancellation of the unused contract commitment and related funds reservations and obligations of \$ _____, less \$ _____ previously authorized for cancellation.

Date: _____

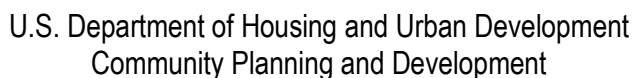
Name/Title of Authorized
HUD Program Official

Signature of Authorized
HUD Official

Name/Title of Authorized
HUD Accounting Official

Signature of Authorized
HUD Accounting Official

HUD Form 40163 (1/2012)



FEDERAL FINANCIAL REPORT

1. Federal Agency and Organizational Element to Which Report is Submitted		2. Federal Grant or Other Identifying Number Assigned by Federal Agency (To report multiple grants, use FFR Attachment)		Page 1 of pages			
3. Recipient Organization (Name and complete address including Zip code)							
4a. DUNS Number	4b. EIN	5. Recipient Account Number or Identifying Number (To report multiple grants, use FFR Attachment)		6. Report Type ☐ Quarterly ☐ Semi-Annual ☐ Annual ☐ Final	7. Basis of Accounting ☐ Cash ☐ Accrual		
8. Project/Grant Period From: (Month, Day, Year)		To: (Month, Day, Year)		9. Reporting Period End Date (Month, Day, Year)			
10. Transactions				Cumulative			
(Use lines a-c for single or multiple grant reporting)							
Federal Cash (To report multiple grants, also use FFR Attachment):							
a. Cash Receipts							
b. Cash Disbursements							
c. Cash on Hand (line a minus b)							
(Use lines d-o for single grant reporting)							
Federal Expenditures and Unobligated Balance:							
d. Total Federal funds authorized							
e. Federal share of expenditures							
f. Federal share of unliquidated obligations							
g. Total Federal share (sum of lines e and f)							
h. Unobligated balance of Federal funds (line d minus g)							
Recipient Share:							
i. Total recipient share required							
j. Recipient share of expenditures							
k. Remaining recipient share to be provided (line i minus j)							
Program Income:							
l. Total Federal program income earned							
m. Program income expended in accordance with the deduction alternative							
n. Program income expended in accordance with the addition alternative							
o. Unexpended program income (line l minus line m or line n)							
11. Indirect Expense	a. Type	b. Rate	c. Period From	Period To	d. Base	e. Amount Charged	f. Federal Share
	g. Totals:						
12. Remarks: Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation:							
13. Certification: By signing this report, I certify that it is true, complete, and accurate to the best of my knowledge. I am aware that any false, fictitious, or fraudulent information may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 18, Section 1001)							
a. Typed or Printed Name and Title of Authorized Certifying Official						c. Telephone (Area code, number and extension)	
						d. Email address	
b. Signature of Authorized Certifying Official						e. Date Report Submitted (Month, Day, Year)	
						14. Agency use only:	

Paperwork Burden Statement

According to the Paperwork Reduction Act, as amended, no persons are required to respond to a collection of information unless it displays a valid OMB Control Number. The valid OMB control number for this information collection is 0348-0061. Public reporting burden for this collection of information is estimated to average 1.5 hours per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0061), Washington, DC 20503.



U.S. Department of Housing and Urban Development
Community Planning and Development

OMB Approval No. 2506-0193 (exp 1/31/2015)

Attachment D

GRANT CLOSEOUT AGREEMENT

For

Community Development Block Grant Disaster Recovery Program

Between

**U.S. Department of Housing & Urban Development
(Address)**

AND

Name and address of the Grantee

This agreement sets forth the terms for final disposition and conditions associated with the closeout of HUD CDBG Disaster Recovery Grant (Number) dated (date of grant approval), and any applicable amendments and waivers. The (name of grantee) certifies that to the best of its knowledge:

- All activities as authorized by this grant and any applicable amendments, Notices, alternative requirements, and waivers have been completed as described in the grantee's final performance report dated (date of final report).
- Any fraud, waste, or mismanagement that may have occurred in the administration of this award has been adequately addressed in accordance with the recommendations and concurrence of the HUD Office of the Inspector General, or the Office of Community Planning and Development.
- All grant-financed costs associated with these activities have been incurred.
- Proper provisions have been made for the payment of all unpaid costs and unsettled third-party claims.
- The Department of Housing and Urban Development is under no obligation to make any payment to the (name of grantee) in excess of the amount identified in the grant agreement.

Further, the (name of grantee) hereby acknowledges the remaining obligation(s) under the terms of the grant agreement and agrees as follows:

- States: All records and documents pertaining to this grant will be maintained for a period of 3 years after execution of this close-out agreement or the period required by other applicable laws and regulations related to *affirmatively furthering fair housing*, *Section 3 of the Housing and Community Development Act of 1968 (24 CFR part 135)*, *Lead-Based Paint Poisoning Prevention Act*, *Architectural Barriers Act*, *Assistance and Real Property Acquisition Policies Act of 1970*, and *Americans with Disabilities Act*-- 24 CFR 570.487 and the *Uniform Relocation Act*--24 CFR 570.488.
- Entitlement Communities: All records and documents pertaining to this grant will be maintained for a period of 4 years after execution of this closeout agreement or the period required by other applicable laws and regulations related to *affirmatively furthering fair housing*-24 CFR 570.506 (g)(1), *Section 3 of the Housing and Community Development Act of 1968 (24 CFR part 135)*Lead-Based Paint-



U.S. Department of Housing and Urban Development
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-
- *Poisoning Prevention Act—24 CFR 570.608, Architectural Barriers Act and Americans with Disabilities Act—24 CFR 570.614, and the Assistance and Real Property Acquisition Policies Act of 1970—24 CFR 570.606.*

Insert as Applicable

- States: Any real property within the (name of grantee)'s or State grantee's control which was acquired or improved in whole or part using CDBG funds in excess of \$100,000 is governed by the principles described in 24 CFR 570.489(j).
- Entitlement Communities: Any real property within the (name of grantee)'s control which was acquired or improved in whole or part using CDBG funds in excess of \$25,000 is governed by the principles described in 24 CFR 570.505.
- Entitlement Communities: If any rehabilitated property falls within a flood plain, flood insurance coverage must be maintained for the mandatory period for affected property owners described in 24 CFR 570.605.
- Identify any closeout costs or contingent liabilities subject to payment after the closeout agreement is signed.
- Submit to HUD a Federal Financial Report using Standard Form 425 (if necessary) or other state form, as a result of the completion of the final audit and resolution of any findings.
- A total of \$ (amount) in grant funds has been previously cancelled and returned to the Department on (date) **OR** A total of \$ (amount) in grant funds will be recaptured by HUD upon execution of this closeout agreement. (Optional)

HUD maintains the right to conduct future monitoring of this grant, either on site or by review of information or copies of documents requested from the (name of grantee). The (name of grantee) acknowledges that a finding of non-compliance resulting from such a review and failure to take appropriate corrective action satisfactory to HUD may be taken into account by HUD as evidence of unsatisfactory performance in consideration of future grant awards. Further, the (name of grantee) may be required to repay HUD any disallowed costs based on the results of a future audit or HUD monitoring.

For the (name of grantee),

Name /Title of Authorized Official/Title

Date

For the Department of Housing and Urban Development:

Type name of CPD Director

Date

HUD Form 40164 (1/2012)



Appendix 4

Federal Financial Report - Standard Form 425



U.S. Department of Housing and Urban Development
Community Planning and Development

FEDERAL FINANCIAL REPORT

(Follow form instructions)

1. Federal Agency and Organizational Element to Which Report is Submitted		2. Federal Grant or Other Identifying Number Assigned by Federal Agency (To report multiple grants, use FFR Attachment)		Page 1	of pages
3. Recipient Organization (Name and complete address including Zip code)					
4a. DUNS Number	4b. EIN	5. Recipient Account Number or Identifying Number (To report multiple grants, use FFR Attachment)		6. Report Type ☐ Quarterly ☐ Semi-Annual ☐ Annual ☐ Final	7. Basis of Accounting ☐ Cash ☐ Accrual
8. Project/Grant Period From: (Month, Day, Year)		To: (Month, Day, Year)		9. Reporting Period End Date (Month, Day, Year)	
10. Transactions				Cumulative	
(Use lines a-c for single or multiple grant reporting)					
Federal Cash (To report multiple grants, also use FFR Attachment):					
a. Cash Receipts					
b. Cash Disbursements					
c. Cash on Hand (line a minus b)					
(Use lines d-o for single grant reporting)					
Federal Expenditures and Unobligated Balance:					
d. Total Federal funds authorized					
e. Federal share of expenditures					
f. Federal share of unliquidated obligations					
g. Total Federal share (sum of lines e and f)					
h. Unobligated balance of Federal funds (line d minus g)					
Recipient Share:					
i. Total recipient share required					
j. Recipient share of expenditures					
k. Remaining recipient share to be provided (line i minus j)					
Program Income:					
l. Total Federal program income earned					
m. Program income expended in accordance with the deduction alternative					
n. Program income expended in accordance with the addition alternative					
o. Unexpended program income (line l minus line m or line n)					
11. Indirect Expense		a. Type	b. Rate	c. Period From	d. Base
				Period To	e. Amount Charged
					f. Federal Share
		g. Totals:			
12. Remarks: Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation:					
13. Certification: By signing this report, I certify that it is true, complete, and accurate to the best of my knowledge. I am aware that any false, fictitious, or fraudulent information may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 18, Section 1001)					
a. Typed or Printed Name and Title of Authorized Certifying Official				c. Telephone (Area code, number and extension)	
				d. Email address	
b. Signature of Authorized Certifying Official				e. Date Report Submitted (Month, Day, Year)	
14. Agency use only:					

Standard Form 428
OMB Approval Number: 0348-0061
Expiration Date: 10/31/2011

Paperwork Burden Statement

According to the Paperwork Reduction Act, as amended, no persons are required to respond to a collection of information unless it displays a valid OMB Control Number. The valid OMB control number for this information collection is 0348-0061. Public reporting burden for this collection of information is estimated to average 1.5 hours per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0060), Washington, DC 20503.