§ 585.405 Obligation and deobligation of funds.

(a) Obligation of funds. When HUD and the applicant execute a grant agreement, funds are obligated to carry out approved activities consistent with § 585.205 or 585.305 of this part and in accordance with the grant agreement.

(b) Increases. After the initial obligation of funds, HUD will not make revisions to increase the amount obligated.

(c) Deobligation. (1) HUD may deobligate all or parts of grants if the grant amounts are not expended within the term of the grant or if there is a condition of default as defined in the grant agreement.

(2) HUD may award deobligated funds to applications previously submitted in response to the most recently published NOFA, and in accordance with subpart B of this part.

§ 585.406 Faith-based activities.

(a) Organizations that are religious or faith-based are eligible, on the same basis as any other organization, to participate in the Youthbuild program. Neither the Federal government nor a State or local government receiving funds under Youthbuild programs shall discriminate against an organization on the basis of the organization’s religious character or affiliation.

(b) Organizations that are directly funded under the Youthbuild program may not engage in inherently religious activities, such as worship, religious instruction, or proselytization, as part of the programs or services funded under this part. If an organization conducts such activities, the activities must be offered separately, in time or location, from the programs or services funded under this part, and participation must be voluntary for the beneficiaries of the HUD-funded programs or services.

(c) A religious organization that participates in the Youthbuild Program will retain its independence from Federal, State, and local governments, and may continue to carry out its mission, including the definition, practice, and expression of its religious beliefs, provided that it does not use direct Youthbuild Program funds to support any inherently religious activities, such as worship, religious instruction, or proselytization. Among other things, faith-based organizations may use space in their facilities to provide Youthbuild Program-funded services, without removing religious art, icons, scriptures, or other religious symbols. In addition, a Youthbuild Program-funded religious organization retains its authority over its internal governance, and it may retain religious terms in its organization’s name, select its board members on a religious basis, and include religious references in its organization’s mission statements and other governing documents.

(d) An organization that participates in the Youthbuild program shall not, in providing program assistance, discriminate against a program beneficiary or prospective program beneficiary on the basis of religion or religious belief.

(e) Youthbuild funds may not be used for the acquisition, construction, or rehabilitation of structures to the extent that those structures are used for inherently religious activities. Youthbuild funds may be used for the acquisition, construction, or rehabilitation of structures only to the extent that those structures are used for conducting eligible activities under this part. Where a structure is used for both eligible and inherently religious activities, Youthbuild funds may not exceed the cost of those portions of the acquisition, construction, or rehabilitation that are attributable to eligible activities in accordance with the cost accounting requirements applicable to Youthbuild funds in this part. Sanctuaries, chapels, or other rooms that a Youthbuild-funded religious congregation uses as its principal place of worship, however, are ineligible for Youthbuild-funded improvements. Disposition of real property after the term of the grant, or any change in use of the property during the term of the grant, is subject to government-wide regulations governing real property disposition (see 24 CFR parts 84 and 85).

(f) If a State or local government voluntarily contributes its own funds to supplement federally funded activities, the State or local government has the option to segregate the Federal funds or commingle them. However, if the
funds are commingled, this section applies to all of the commingled funds.

Subpart F—Applicability of Other Federal Requirements

§ 585.501 Application of OMB Circul- 

(a) The policies, guidelines and re- 

quirements of OMB Circular Nos. A–87 

(Cost Principles Applicable to Grants, 

Contracts and other Agreements with 

State and Local Governments) and 24 

CFR part 85 (Administrative Require- 

ments for Grants and Cooperative 

Agreements to State, Local and Feder- 

tally Recognized Indian Tribal Govern- 

ments) apply to the award, acceptance 

and use of assistance under the pro- 

gram by applicable entities, and to the 

remedies for non-compliance, except 

where inconsistent with the provisions 

of NAHA, other Federal statutes or 

this part. 24 CFR part 84 (Grants and 

Cooperative Agreements with Institu-

tions of Higher Education, Hospitals, 

and other Nonprofit Organizations), 

OMB Circular A–122 (Cost Principles 

Applicable to Grants, Contracts and 

other Agreements with Nonprofit Institu-

tions), and, as applicable, OMB Cir-

cular A–21 (Cost Principles for Educa-

tional Institutions) apply to the ac-

ceptance and use of assistance by cov-

ered organizations, except where incon-

sistent with the provisions of NAHA, 

other Federal statutes or this part. Re-

cipients are also subject to the audit 

requirements of 24 CFR part 44 (Audit 

Requirements for State and Local Gov-

ernments) and 24 CFR part 45 (Audit 

Requirements for Institutions of High-

er Education and other Nonprofit Institu-

tions), as applicable. HUD may per-

form or require additional audits as it 

finds necessary or appropriate.

(b) Copies of OMB Circulars may be 

obtained from E.O.P. Publications, 

Room 2200, New Executive Office Build-

ing, Washington, DC 20503, telephone 

(202) 395–7332. (This is not a toll-free 

number.) There is a limit of two free 

copies.

§ 585.502 Certifications.

In addition to the standard assur-

ances of compliance with Federal rules 

and OMB Circulars contained in appli-

cations for Federal grant assistance, 

applicants must also make the fol-

lowing certifications:

(a) Consolidated Plan—(1) Applicants that are States or units of general local government. The applicant must have a HUD-approved Consolidated Plan in accordance with 24 CFR part 91 for the current year and must submit a certificate that the proposed activities are consistent with the HUD-approved Consolidated Plan.

(2) Applicants that are not States or units of general local government. The applicant must submit a certification by the jurisdiction or jurisdictions in which the proposed program will be located that the applicant’s proposed activities are consistent with the jurisdiction’s current HUD-approved Consolidated Plan. A required certification must be made by the unit of general local government if it is required to have, or has, a Consolidated Plan. Otherwise the certification may be made by the State.

(3) The Insular Areas of Guam, the Virgin Islands, American Samoa and the Northern Mariana Islands are not required to have a Consolidated Plan or to make a Consolidate Plan certification. An application by an Indian tribe or other applicant for a Youthbuild program that will be located on a reservation of an Indian tribe does not require a certification by the tribe or State. However, where an Indian tribe or an Indian Housing Authority (IHA) is the applicant for a Youthbuild program that will not be located on a reservation, the requirement for a certification by the jurisdiction or jurisdictions in which the Youthbuild program will be located under the preceding paragraph applies.

(b) Fair housing and equal opportunity. A certification that the applicant is in compliance and will continue to comply with the requirements of the Fair Housing Act, title VI of the Civil Rights Act of 1964, section 504 of the Rehabilitation Act of 1973, and the Age Discrimination Act of 1975, and will affirmatively further fair housing, or, in the case of a Youthbuild application from an Indian tribe or an Indian Housing Authority (IHA), a certification that the applicant will comply with the