

§ 1003.504

limitations on planning and administration and public services activities to be paid for with ICDBG funds.

(4) Program income does not include any income received in a single year by the grantee and all its subrecipients if the total amount of such income does not exceed \$25,000.

(5) Examples of other receipts that are not considered program income are proceeds from fundraising activities carried out by subrecipients receiving ICDBG assistance; funds collected through special assessments used to recover the non-ICDBG portion of a public improvement; and proceeds from the disposition of real property acquired or improved with ICDBG funds when the disposition occurs after the applicable time period specified in §1003.502(b)(8) for subrecipient-controlled property, or in §1003.504 for grantee-controlled property.

(6) For purposes of determining the applicability of the program income requirements included in this part and in 2 CFR 200.307, the grant period is the time between the effective date of the grant agreement and the close-out of the grant pursuant to the requirements of §1003.508.

(7) As provided for in 2 CFR 200.307(e)(2), program income received will be added to the funds committed to the grant agreement and shall be used for purposes and under the conditions of the grant agreement.

(8) Recording program income. The receipt and expenditure of program income as defined in §1003.503(b) shall be recorded as part of the financial transactions of the grant program.

(Approved by the Office of Management and Budget under control number 2577-0191)

[62 FR 12349, Mar. 12, 1998, as amended at 80 FR 75945, Dec. 7, 2015]

§ 1003.504 Use of real property.

The standards described in this section apply to real property within the grantee's control which was acquired or improved in whole or in part using ICDBG funds in excess of \$25,000. These standards shall apply from the date ICDBG funds are first spent for the property until five years after the closeout of the grant from which the assistance to the property was provided.

24 CFR Ch. IX (4-1-17 Edition)

(a) A grantee may not change the use or planned use of any such property (including the beneficiaries of such use) from that for which the acquisition or improvement was made unless the grantee provides affected citizens with reasonable notice of, and opportunity to comment on, any proposed change, and either:

(1) The new use of such property qualifies as meeting the primary objective set forth in §1003.208 and is not a building for the general conduct of government; or

(2) The requirements in paragraph (b) of this section are met.

(b) If the grantee determines, after consultation with affected citizens, that it is appropriate to change the use of the property to a use which does not qualify under paragraph (a)(1) of this section, it may retain or dispose of the property for the changed use if the grantee's ICDBG program is reimbursed in the amount of the current fair market value of the property, less any portion of the value attributable to expenditures of non-ICDBG funds for acquisition of, and improvements to, the property.

(c) If the change of use occurs after program closeout, the proceeds from the disposition of the real property shall be used for activities which meet the eligibility requirements set forth in subpart C of this part and the primary objective set forth in §1003.208.

(d) Following the reimbursement of the ICDBG program in accordance with paragraph (b) of this section, the property no longer will be subject to any ICDBG requirements.

§ 1003.505 Records to be maintained.

Each grantee shall establish and maintain sufficient records to enable the Secretary to determine whether the grantee has met the requirements of this part. This includes establishing and maintaining records demonstrating that the recipient has made the determinations required as a condition of eligibility of certain activities, including as prescribed in §1003.209.

[74 FR 1869, Jan. 13, 2009]

§ 1003.506 Reports.

(a) *Status and evaluation report.* Grantees shall submit a status and

evaluation report on previously funded open grants 45 days after the end of the Federal fiscal year and at the time of the grant close-out. The report shall be in a narrative form addressing these areas.

(1) *Progress.* The progress made in completing approved activities should be described. This description should include a listing of work remaining together with a revised implementation schedule, if necessary.

(2) *Expenditure of funds.* A breakdown of funds spent on each major project activity or category should be provided.

(3) *Program performance.* Data on program outputs and outcomes, in a form prescribed by HUD.

(4) *Grantee assessment.* If the project has been completed, an evaluation of the effectiveness of the project in meeting the community development needs of the grantee should be provided.

(b) *Minority business enterprise reports.* Grantees shall submit to HUD, by October 10, a report on contract and sub-contract activity during the fiscal year.

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[61 FR 40090, July 31, 1996. Redesignated at 62 FR 12349, Mar. 12, 1998, as amended at 75 FR 20271, Apr. 19, 2010]

§ 1003.507 Public access to program records.

Notwithstanding the provisions of 2 CFR 200.337, grantees shall provide citizens with reasonable access to records regarding the past use of ICDBG funds, consistent with applicable State and tribal laws regarding privacy and obligations of confidentiality.

[62 FR 12349, Mar. 12, 1998, as amended at 80 FR 75945, Dec. 7, 2015]

§ 1003.508 Grant closeout procedures.

(a) *Criteria for closeout.* A grant will be closed out when the Area ONAP determines, in consultation with the grantee, that the following criteria have been met:

(1) All costs to be paid with ICDBG funds have been incurred, with the exception of closeout costs (e.g., audit costs) and costs resulting from contin-

gent liabilities described in the closeout agreement pursuant to paragraph (c) of this section. Contingent liabilities include, but are not limited to, third-party claims against the grantee, as well as related administrative costs.

(2) With respect to activities which are financed by means of escrow accounts, loan guarantees, or similar mechanisms, the work to be assisted with ICDBG funds has actually been completed.

(3) Other responsibilities of the grantee under the grant agreement and applicable laws and regulations appear to have been carried out satisfactorily or there is no further Federal interest in keeping the grant agreement open for the purpose of securing performance.

(b) *Closeout actions.* (1) Within 90 days of the date it is determined that the criteria for closeout have been met, the grantee shall submit to the Area ONAP a copy of the final status and evaluation report described in §1003.506(a) and a completed Financial Status Report (SF-269). If acceptable reports are not submitted, an audit of the grantee's program activities may be conducted by HUD.

(2) Based on the information provided in the status report and other relevant information, the grantee, in consultation with the Area ONAP, will prepare a closeout agreement in accordance with paragraph (c) of this section.

(3) The Area ONAP will cancel any unused portion of the awarded grant, as shown in the signed grant closeout agreement. Any unused grant funds disbursed from the U.S. Treasury which are in the possession of the grantee shall be refunded to HUD.

(4) Any costs paid with ICDBG funds which were not audited previously shall be subject to coverage in the grantee's next single audit performed in accordance with 2 CFR part 200, subpart F. The grantee may be required to repay HUD any disallowed costs based on the results of the audit, or on additional HUD reviews provided for in the closeout agreement.

(c) *Closeout agreement.* Any obligations remaining as of the date of the closeout shall be covered by the terms of a closeout agreement. The agreement shall be prepared by the grantee