

RHS, RBS, RUS, FSA, USDA

termination procedures have been initiated in accordance with the grant agreement.

§ 1944.550 [Reserved]

EXHIBIT A TO SUBPART K OF PART 1944— GRANT AGREEMENT—TECHNICAL AND SUPERVISORY ASSISTANCE

This Agreement dated _____ is between _____ (name),
_____ (address), (Grantee) and the United States of America acting through the Farmers Home Administration (Grantor or FmHA) or its successor agency under Public Law 103-354. The Grantor agrees to grant to Grantee a sum not to exceed \$_____ subject to the terms and conditions established by the Grantor: *Provided, however,* That the proportionate share of any grant funds actually advanced and not needed for grant purposes shall be returned immediately to the Grantor. The Grantor may terminate the grant in whole, or in part, at any time before the date of completion, whenever it is determined that the Grantee has failed to comply with the conditions of the grant. The grantee may appeal this decision in accordance with the FmHA or its successor agency under Public Law 103-354 Appeal Procedure contained in subpart B of part 1900 of this chapter. In consideration of said grant by Grantor to Grantee, to be made pursuant to Section 525(a) of the Housing Act of 1949 for the purpose of providing funds to eligible nonprofit applicants (grantees) to pay part or all of the cost of developing, conducting, administering, or coordinating comprehensive programs of technical and supervisory assistance (TSA) which will aid needy low-income individuals and families in benefiting from Federal, State and local housing programs in rural areas, the Grantee will provide such a program in accordance with the terms of this agreement and applicable Farmers Home Administration (FmHA) or its successor agency under Public Law 103-354 regulations.

PART A—DEFINITIONS:

1. *Beginning date* means the date when work under this grant will commence. Such date is set forth in paragraph 2 of part B of this Agreement.

2. *Ending date* means the date when all work under this agreement is scheduled to be completed. It is also the latest date grant funds will be provided under this agreement, without an approved extension. Such date is set forth in paragraph 2 of part B of this Agreement.

3. *Disallowed costs* are those charges to a grant which the FmHA or its successor agency under Public Law 103-354 determines cannot be authorized in accordance with appli-

Pt. 1944, Subpt. K, Exh. A

cable Federal costs principles or other conditions contained in this Agreement.

4. *Grant closeout* is the process by which the grant operation is concluded at the expiration of the grant period or following a decision to terminate the grant.

5. *Termination* of a grant means the cancellation of Federal assistance, in whole or in part, under a grant at any time before the date of completion.

PART B—TERMS OF AGREEMENT:

Grantor and grantee agree:

1. This agreement shall be effective when executed by both parties.

2. The TSA activities approved by FmHA or its successor agency under Public Law 103-354 shall commence not later than _____, and shall be completed by _____, unless earlier terminated under paragraph B 18 below, or extended.

3. Grantee shall carry out the TSA activities described in the application docket which is made a part of this Agreement. Grantee will be bound by the conditions set forth in the docket and the further conditions set forth in this Agreement. If any of the conditions in the docket are inconsistent with those in the Agreement, the latter will govern. A change of any conditions must be in writing and must be signed by an authorized representative of FmHA or its successor agency under Public Law 103-354.

4. Grantee shall use grant funds only for the purpose and activities specified in FmHA or its successor agency under Public Law 103-354 regulations and in the application docket approved by FmHA or its successor agency under Public Law 103-354 including the approved budget. Any uses not provided for in the approved budget must be approved in writing by FmHA or its successor agency under Public Law 103-354 in advance.

5. If the Grantee is a private nonprofit corporation, expenses charged for travel or per diem will not exceed the rates paid FmHA or its successor agency under Public Law 103-354 employees for similar expenses. If the Grantee is a public body, the rates will be those that are allowable under the customary practice in the government of which the grantee is a part; if none are customary, the FmHA or its successor agency under Public Law 103-354 rates will be the maximum allowed.

6. Grant funds will not be used for any of the following:

(a) To pay obligations incurred before the effective date of this Agreement.

(b) To pay obligations incurred after the grant termination or ending date.

(c) Entertainment purposes.

(d) To pay for capital assets, the purchase of real estate or vehicles, improvement or renovation of space, or repair or maintenance of privately owned vehicles.

Pt. 1944, Subpt. K, Exh. A

(e) Any other purpose specified in 7 CFR 1944.520.

7. Grant funds shall not be used to replace any financial support previously provided or assured from any other source.

8. Disbursal of grants will be governed as follows:

(a) In accordance with Treasury Circular 1075 (fourth revision) Part 205, Chapter II of title 31 of the Code of Federal Regulations, grant funds will be provided by Rural Development as cash advances on an as needed basis not to exceed one advance every 30 days. The advance will be made by direct Treasury check to the Grantee. The financial management system of the recipient organization shall provide for effective control over and accountability for all Federal funds as stated in 2 CFR part 200 as adopted by USDA through 2 CFR part 400 for State and local governments and 2 CFR part 200 as adopted by USDA through 2 CFR part 400 for non-profit organizations.

(b) Cash advances to the Grantee shall be limited to the minimum amounts needed and shall be timed to be in accord only with the actual, immediate cash requirements of the Grantee in carrying out the purpose of the planned project.

(c) Grant funds should be promptly refunded to the FmHA or its successor agency under Public Law 103-354 and redrawn when needed if the funds are erroneously drawn in excess of immediate disbursement needs. The only exceptions to the requirement for prompt refunding are when the funds involved:

(i) Will be disbursed by the recipient organization within seven calendar days from the date of the Treasury check, or

(ii) Are less than \$10,000 and will be disbursed within 30 calendar days from the date of the Treasury check.

(d) Grantee shall provide satisfactory evidence to FmHA or its successor agency under Public Law 103-354 that all officers of the Grantee organization authorized to receive and/or disburse Federal funds are covered by satisfactory fidelity bonds sufficient to protect the Grantor's interests.

(e) Grant funds will be placed in the Grantee's bank account(s) until disbursed.

9. The Grantee will submit Performance and Financial reports as indicated below to the appropriate FmHA or its successor agency under Public Law 103-354 District Office:

(a) As needed, but not more frequently than once every 30 days, an original and 2 copies of Standard Form 270, "Request for Advance or Reimbursement."

(b) Quarterly, (not later than January 15, April 15, July 15, and October 15 of each year) an original and 2 copies of Standard Form 269, "Financial Status Report," and a Project Performance report in accordance with §1944.541 of this subpart.

7 CFR Ch. XVIII (1-1-21 Edition)

(c) Within forty-five (45) days after the termination or expiration of the grant agreement, an original and 2 copies of Standard Form 269, and a final Project Performance report which will include a summary of the project's accomplishments, problems, and planned future activities of the Grantee for TSA. Final reports may serve as the last quarterly report.

(d) FmHA or its successor agency under Public Law 103-354 may require performance reports more frequently if it deems necessary.

10. In accordance with FMC 74-4, Attachment B, compensation for employees will be considered reasonable to the extent that such compensation is consistent with that paid for similar work in other activities of the State or local government.

11. If the grant exceeds \$100,000, transfers among direct cost budget categories totaling more than 5 percent of the total budget must have prior written approval by the appropriate District Director.

12. Results of the program assisted by grant funds may be published by the grantee without prior review by FmHA or its successor agency under Public Law 103-354, provided that such publications acknowledge the support provided by funds pursuant to the provisions of Title V of the Housing Act of 1949 and that five copies of each such publication are furnished to the District Director.

13. Grantee certifies that no person or organization has been employed or retained to solicit or secure this grant for a commission, percentage, brokerage, or contingent fee.

14. No person in the United States shall, on the grounds of race, creed, color, sex, marital status, age, national origin, or mental or physical handicap, be excluded from participating in, be denied the proceeds of, or be subject to discrimination in connection with the use of grant funds. Grantee will comply with pertinent nondiscrimination regulations of FmHA or its successor agency under Public Law 103-354.

15. In all hiring or employment made possible by or resulting from this grant, Grantee: (a) Will not discriminate against any employee or applicant for employment because of race, creed, color, sex, marital status, national origin, age, or mental or physical handicap, and (b) will take affirmative action to insure that employees are treated during employment without regard to their race, creed, color, sex, marital status, national origin, age, or mental or physical handicap. This requirement shall apply to, but not be limited to, the following: Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. In the event Grantee signs a contract related to this grant

RHS, RBS, RUS, FSA, USDA**Pt. 1944, Subpt. K, Exh. A**

which would be covered by any Executive Order, law, or regulation prohibiting discrimination, Grantee shall include in the contract the "Equal Employment Clause" as specified by FmHA or its successor agency under Public Law 103-354.

16. The grantee accepts responsibility for accomplishing the TSA program as submitted and included in the application docket. The Grantee shall also:

(a) Endeavor to coordinate and provide liaison with State and local housing organizations, where they exist.

(b) Provide continuing information to FmHA or its successor agency under Public Law 103-354 on the status of Grantee programs, projects, related activities, and problems.

(c) The Grantee shall inform the Grantor as soon as the following types of conditions become known:

(i) Problems, delays, or adverse conditions which materially affect the ability to attain program objectives, prevent the meeting of time schedules or goals, or preclude the attainment of project work units by established time periods. This disclosure shall be accompanied by a statement of the action taken or contemplated, and any Grantor assistance needed to resolve the situation.

(ii) Favorable developments or events which enable meeting time schedules and goals sooner than anticipated or producing more work units than originally projected.

17. Grant closeout and termination procedures will be as follows:

(a) Promptly after the date of completion or a decision to terminate a grant, grant closeout actions are to be taken to allow the orderly discontinuation of Grantee activity.

(i) The grantee shall immediately refund to FmHA or its successor agency under Public Law 103-354 any uncommitted balance of grant funds.

(ii) The Grantee will furnish to FmHA or its successor agency under Public Law 103-354 within 45 days after the date of completion of the grant a Standard Form 269 and all financial, performance, and other reports required as a condition of the grant.

(iii) The Grantee shall account for any property acquired with TSA grant funds, or otherwise received from FmHA or its successor agency under Public Law 103-354.

(iv) After the grant closeout, FmHA or its successor agency under Public Law 103-354 retains the right to recover any disallowed costs which may be discovered as a result of an audit.

(b) When there is reasonable evidence that the Grantee has failed to comply with the terms of this Agreement, the State Director can, on reasonable notice, terminate the grant pursuant to paragraph (c) below and withhold further payments or prohibit the Grantee from further obligating grant funds. FmHA or its successor agency under Public

Law 103-354 may allow all necessary and proper costs which the Grantee could not reasonably avoid.

(c) Grant termination will be based on the following:

(i) *Termination for cause.* This grant may be terminated in whole, or in part, at any time before the date of completion, whenever FmHA or its successor agency under Public Law 103-354 determines that the Grantee has failed to comply with the terms of the Agreement. The reasons for termination may include, but are not limited to, such problems as:

(A) Failure to make satisfactory progress in attaining grant objectives.

(B) Failure of Grantee to use grant funds only for authorized purposes.

(C) Failure of Grantee to submit adequate and timely reports of its operation.

(D) Violation of any of the provisions of any laws administered by FmHA or its successor agency under Public Law 103-354 or any regulation issued thereunder.

(E) Violation of any nondiscrimination or equal opportunity requirement administered by FmHA or its successor agency under Public Law 103-354 in connection with any FmHA or its successor agency under Public Law 103-354 programs.

(F) Failure to maintain an accounting system acceptable to FmHA or its successor agency under Public Law 103-354.

(ii) *Termination for convenience.* FmHA or its successor agency under Public Law 103-354 or the Grantee may terminate the grant in whole, or in part, when both parties agree that the continuation of the project would not produce beneficial results commensurate with the further expenditure of funds. The two parties shall agree upon the termination conditions, including the effective date and, in case of partial termination, the portion to be terminated.

(d) *Procedure for termination of grant for cause.* FmHA or its successor agency under Public Law 103-354 shall notify the Grantee in writing of the determination and the reasons for and the effective date of the whole or partial termination in accordance with 7 CFR 1900.53.

18. Extension and/or revision of this grant agreement may be approved by FmHA or its successor agency under Public Law 103-354 provided, in its opinion, the extension and/or revision is justified and there is a likelihood that the Grantee can accomplish the goals set out and approved in the application docket during the period of the extension and/or revision as specified in 7 CFR 1944.538.

PART C—GRANTEE AGREES:

(1) To comply with property management standards for expendable and nonexpendable personal property established by Attachment N of OMB Circular A-102 or Attachment N of 2 CFR part 200 as adopted by USDA through

Pt. 1944, Subpt. K, Exh. A

2 CFR part 400 for State and local governments or nonprofit organizations respectively. "Personal property" means property of any kind except real property. It may be tangible—having physical existence—or intangible—having no physical existence, such as patents, inventions, and copyrights. "Nonexpendable personal property" means tangible personal property having a useful life of more than one year and an acquisition cost of \$300 or more per unit. A Grantee may use its own definition of nonexpendable personal property provided that such definition would at least include all tangible personal property as defined above. "Expendable personal property" refers to all tangible personal property other than nonexpendable personal property. When nonexpendable tangible personal property is acquired by a Grantee with project funds, title shall not be taken by the Federal Government but shall vest in the Grantee subject to the following conditions:

(a) Right to transfer title. For items of nonexpendable personal property having a unit acquisition cost of \$1,000 or more, FmHA or its successor agency under Public Law 103-354 may reserve the right to transfer title to the Federal Government or to a third party named by the Federal Government when such third party is otherwise eligible under existing statutes. Such reservation shall be subject to the following standards:

(i) The property shall be appropriately identified in the grant or otherwise made known to the Grantee in writing.

(ii) FmHA or its successor agency under Public Law 103-354 shall issue disposition instructions within 120 calendar days after the end of the Federal support of the project for which it was acquired. If FmHA or its successor agency under Public Law 103-354 fails to issue disposition instructions within the 120 calendar day period, the Grantee shall apply the standards of paragraph 1(c) below.

(iii) When FmHA or its successor agency under Public Law 103-354 exercises its right to take title, the personal property shall be subject to the provisions for federally owned nonexpendable property discussed in paragraph 1(a)(iv) below.

(iv) When title is transferred either to the Federal Government or to a third party and the Grantee is instructed to ship the property elsewhere, the Grantee shall be reimbursed by the benefitting Federal agency with an amount which is computed by applying the percentage of the Grantee participation in the cost of the original grant project or program to the current fair market value of the property, plus any reasonable shipping or interim storage costs incurred.

(b) Use of other tangible nonexpendable property for which the Grantee has title.

(i) The Grantee shall use the property in the project or program for which it was acquired as long as needed, whether or not the

7 CFR Ch. XVIII (1-1-21 Edition)

project or program continues to be supported by Federal funds. When it is no longer needed for the original project or program, the Grantee shall use the property in connection with its other federally sponsored activities, in the following order of priority:

(A) Activities sponsored by FmHA or its successor agency under Public Law 103-354.

(B) Activities sponsored by other Federal agencies.

(ii) Shared use. During the time that nonexpendable personal property is held for use on the project or program for which it was acquired, the Grantee shall make it available for use on other projects or programs if such other use will not interfere with the work on the project or program for which the property was originally acquired. First preference for such other use shall be given to other projects or programs sponsored by FmHA or its successor agency under Public Law 103-354; second preference shall be given to projects or programs sponsored by other Federal agencies. If the property is owned by the Federal Government, use on other activities not sponsored by the Federal Government shall be permissible if authorized by FmHA or its successor agency under Public Law 103-354. User charges should be considered if appropriate.

(c) Disposition of other nonexpendable property. When the Grantee no longer needs the property, the property may be used for other activities in accordance with the following standards:

(i) Nonexpendable property with a unit acquisition cost of less than \$1,000. The Grantee may use the property for other activities without reimbursement to the Federal Government or sell the property and retain the proceeds.

(ii) Nonexpendable personal property with a unit acquisition cost of \$1,000 or more. The Grantee may retain the property for other use provided that compensation is made to FmHA or its successor agency under Public Law 103-354 or its successor. The amount of compensation shall be computed by applying the percentage of Federal participation in the cost of the original project or program to the current fair market value of the property. If the Grantee has no need for the property and the property has further use value, the Grantee shall request disposition instructions from the original Grantor agency. FmHA or its successor agency under Public Law 103-354 shall determine whether the property can be used to meet the agency's requirements. If no requirement exists within that agency, the availability of the property shall be reported, in accordance with the guidelines of the Federal Property Management Regulations (FPMR) to the General Services Administration by FmHA or its successor agency under Public Law 103-354 to determine whether a requirement for the property exists in other Federal agencies.

RHS, RBS, RUS, FSA, USDA

FmHA or its successor agency under Public Law 103-354 shall issue instructions to the Grantee no later than 120 days after the Grantee request and the following procedures shall govern:

(A) If so instructed or if disposition instructions are not issued within 120 calendar days after the Grantee's request, the Grantee shall sell the property and reimburse FmHA or its successor agency under Public Law 103-354 an amount computed by applying to the sales proceeds the percentage of Federal participation in the cost of the original project or program. However, the Grantee shall be permitted to deduct and retain from the Federal shares \$100 or ten percent of the proceeds, whichever is greater, for the Grantee's selling and handling expenses.

(B) If the Grantee is instructed to dispose of the property other than as described in paragraph 1(a)(iv) above, the Grantee shall be reimbursed by FmHA or its successor agency under Public Law 103-354 for such costs incurred in its disposition.

(C) The Grantee's property management standards for nonexpendable personal property shall include the following procedural requirements:

(1) Property records shall be maintained accurately and shall include:

(a) A description of the property.

(b) Manufacturer's serial number, model number, Federal stock number, national stock number, or other identification number.

(c) Sources of the property including grant or other agreement number.

(d) Whether title vests in the Grantee or the Federal Government.

(e) Acquisition date (or date received, if the property was furnished by the Federal Government) and cost.

(f) Percentage (at the end of the budget year) of Federal participation in the cost of the project or program for which the property was acquired. (Not applicable to property furnished by the Federal Government).

(g) Location, use, and condition of the property and the date the information was reported.

(h) Unit acquisition cost.

(i) Ultimate disposition data, including date of disposal and sales price or the method used to determine current fair market value when a Grantee compensates the Federal agency for its share.

(2) Property owned by the Federal Government must be marked to indicate Federal ownership.

(3) A physical inventory of property shall be taken and the results reconciled with the property records at least once every two years. Any difference between quantities determined by the physical inspection and those shown in the accounting records shall be investigated to determine the causes of the difference. The Grantee shall, in connec-

Pt. 1944, Subpt. K, Exh. A

tion with the inventory, verify the existence, current utilization, and continued need for the property.

(4) A control system shall be in effect to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft of nonexpendable property shall be investigated and fully documented; if the property was owned by the Federal Government, the Grantee shall promptly notify FmHA or its successor agency under Public Law 103-354.

(5) Adequate maintenance procedures shall be implemented to keep the property in good condition.

(6) When the Grantee is authorized or required to sell the property, proper sales procedures shall be established which will provide for competition to the extent practicable and result in the highest possible return.

(7) Expendable personal property shall vest in the Grantee upon acquisition. If there is a residual inventory of such property exceeding \$1,000 in total aggregate fair market value, upon termination or completion of the grant and if the property is not needed for any other federally sponsored project or program, the Grantee shall retain the property for use on nonfederally sponsored activities, or sell it, but must in either case compensate the Federal Government for its share. The amount of compensation shall be computed in the same manner as nonexpendable personal property.

2. To provide a financial management system which will include:

(a) Accurate, current, and complete disclosure of the financial results of each grant. Financial reporting will be on an accrual basis.

(b) Records which identify adequately the source and application of funds for grant-supported activities. Those records shall contain information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays, and income.

(c) Effective control over and accountability for all funds, property, and other assets. Grantee shall adequately safeguard all such assets and shall assure that they are solely for authorized purposes.

(d) Accounting records supported by source documentation.

3. To retain financial records, supporting documents, statistical records, and all other records pertinent to the grant for a period of at least three years after the submission of the final Project Performance report pursuant to paragraph B(9)(c) of this agreement except in the following situations:

(a) If any litigation, claim, or audit is commenced before the expiration of the three year period, the records shall be retained until all litigations, claims, or audit findings involving the records have been resolved.

Pt. 1944, Subpt. K, Exh. A

(b) Records for nonexpandable property acquired with Federal funds shall be retained for three years after final disposition.

(c) When records are transferred to or maintained by FmHA or its successor agency under Public Law 103-354, the three year retention requirement is not applicable.

Microfilm copies may be substituted in lieu of original records. The Grantor and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of the Grantee which are pertinent to the specific grant program for the purpose of making audits, examinations, excerpts, and transcripts.

4. To provide information as requested by the Grantor concerning the Grantee's actions in soliciting citizen participation in the application process, including published notice of public meetings, actual public meetings held, and content of written comments received.

5. Not encumber, transfer, or dispose of the property or any part thereof, furnished by the Grantor or acquired wholly or in part with Grantor funds without the written consent of the Grantor except as provided in part C 1.

6. To provide Grantor with such periodic reports of Grantee operations as may be required by authorized representatives of the Grantor.

7. To execute Form FmHA or its successor agency under Public Law 103-354 400-1, "Equal Opportunity Agreement," and to execute any other agreements required by Grantor to implement the civil rights requirements.

8. To include in all contracts in excess of \$100,000 a provision for compliance with all applicable standards, orders, or regulations issued pursuant to the Federal Clean Air Act as amended. Violations shall be reported to the Grantor and the Regional Office of the Environmental Protection Agency.

9. That, upon any default under its representations or agreements set forth in this instrument, Grantee, at the option and demand of Grantor, will, to the extent legally permissible, repay to the Grantor forthwith the grant funds received with interest at the rate of five percentum per annum from the date of the default. The provisions of this Grant Agreement may be enforced by Grantor, at its option and without regard to prior waivers by it of previous defaults of Grantee, by judicial proceedings to require specific performance of the terms of this Grant Agreement or by such other proceedings in law or equity, in either Federal or State Courts, as may be deemed necessary by Grantor to assure compliance with the provisions of this Grant Agreement and the laws and regulations under which this grant is made.

7 CFR Ch. XVIII (1-1-21 Edition)

10. That no member of Congress shall be admitted to any share or part of this Grant or any benefit that may arise therefrom; but this provision shall not be construed to bar as a contractor under the Grant a publicly held corporation whose ownership might include a member of Congress.

11. That all nonconfidential information resulting from its activities shall be made available to the general public on an equal basis.

12. That the purpose for which this grant is made may complement, but shall not duplicate programs for which monies have been received, are committed, or are applied for from other sources, public and private.

13. That the Grantee shall relinquish any and all copyrights and/or privileges to the materials developed under this grant, such material being the sole property of the Federal Government. In the event anything developed under this grant is published in whole or in part, the material shall contain notice and be identified by language to the following effect: "The material is the result of tax-supported research and as such is not copyrightable. It may be freely reprinted with the customary crediting of the source."

14. That the Grantee shall abide by the policies promulgated in 2 CFR part 200 as adopted by USDA through 2 CFR part 400 which provides standards for use by Grantees in establishing procedures for the procurement of supplies, equipment and other services with Federal grant funds.

15. That it is understood and agreed that any assistance granted under this Agreement will be administered subject to the limitations of Title V of the Housing Act of 1949 as amended, 42 U.S.C. 1471 et. seq., and related regulations, and that rights granted to FmHA or its successor agency under Public Law 103-354 herein or elsewhere may be exercised by it in its sole discretion to carry out the purposes of the assistance, and protect FmHA or its successor agency under Public Law 103-354's financial interest.

16. Standard of Conduct. No employee, officer or agent of Grantee shall participate in the selection, award or administration of a contract in which Federal funds are used where, to the knowledge of such employee, officer or agent, the employee, officer or agent or such person's immediate family members, partners or any organization in which such person or such person's immediate family award or administration of the contract, or (2) when such person is negotiating or has any arrangement concerning future employment. The recipient's officers, employees or agents shall neither solicit nor accept gratuities, favors or anything of monetary value from landlords or developers of rental or ownership housing projects in which the persons receiving TSA assistance may be placed as a result of such assistance.

RHS, RBS, RUS, FSA, USDA

Pt. 1944, Subpt. K, Exh. B

PART D—GRANTOR AGREES:

1. That it may assist Grantee, within available appropriations, with such technical and management assistance as needed in planning the project and coordinating the plan with local officials, comprehensive plans, and any State or area plans for improving housing for low-income families in the area in which the project is located.

2. That at its sole discretion, Grantor may at any time give any consent, deferment, subordination, release, satisfaction, or termination of any or all of Grantee's grant obligations, with or without valuable consideration, upon such terms and conditions as Grantor may determine to be (a) advisable to further the purposes of the grant or to protect Grantor's financial interests therein, and (b) consistent with the statutory purposes of the grant and the limitations of the statutory authority under which it is made and Grantor's regulations.

This Agreement is subject to current Grantor regulations and any future regulations not inconsistent with the express terms hereof. Grantee on _____, 19_____, has caused this Agreement to be executed by its duly authorized _____ and attested and its corporate seal affixed by its duly authorized _____.

Attest:

Grantee

By _____
(Title)
By _____
(Title)

Grantor

United States of America
Farmers Home Administration or its successor agency under Public Law 103-354

By _____
(Title)

EXHIBIT B TO SUBPART K OF PART 1944— ADMINISTRATIVE INSTRUCTIONS FOR STATE OFFICES REGARDING THEIR RESPONSIBILITIES IN THE ADMINIS- TRATION OF THE TECHNICAL AND SU- PERVISORY ASSISTANCE GRANT PRO- GRAM

A. The State Office will maintain for distribution to potential applicants, upon request, a supply of preapplication packets consisting of:

1. SF 424.1.
2. Form FmHA or its successor agency under Public Law 103-354 400-1, "Equal Opportunity Agreement."

3. Form FmHA or its successor agency under Public Law 103-354 400-4, "Assurance Agreement."

4. Environmental review documentation in accordance with 7 CFR part 1970.

5. Subpart K of part 1944 of this chapter.

B. The State Office should inform all potential applicants, at the time they pick up forms, that:

1. The preapplication must be submitted to the District Office serving the area in which the applicant proposes to operate the Technical and Supervisory Assistance (TSA) program.

2. The State Office will refer all requests for assistance in completing the preapplication to the appropriate District Office.

C. Beyond the responsibilities of the State Office in the selection of grantees and the administration of the program, and as stated in §1944.502 of this subpart, the TSA program provides an opportunity for the State Director to give priority to applicants serving the rural areas of greatest need as well as use the program cooperatively with other Federal and State agencies in addressing the housing needs of the residents of a proposed TSA service area. Therefore, the State Office should be prepared, before receipt of preapplications, to advise the District Directors, potential applicants and other Federal and State agencies which part(s) of the State has the greatest need for the TSA program. The State Director should identify target areas in a similar manner to the process used by the Administrator pursuant to §1944.525 of this subpart. Proposals which are clearly inappropriate and do not meet the basic priorities of §1944.529 (a) of this subpart should not be encouraged due to the complexity of the preapplication submission.

D. In addition to the instructions of §1944.526 of this subpart, the State Office should follow the procedures outlined below:

1. Review preapplications for completeness and adequacy and make assessments required by §1944.526(c)(1) of this subpart.

2. Request clarifications from the District Office if necessary.

3. Evaluate the proposals in light of §1944.529 of this subpart and select the proposal(s) which best meets the priorities established under the project selection criteria in §1944.529 (a), (b) and (c) of this subpart.

4. The State Office must provide written comments to be attached to the preapplication(s) justifying the selection(s) and addressing the items in §1944.529 of this subpart.

5. The State Office will forward the original SF 424.1 and accompanying documents of the selected preapplication(s) as quickly as possible to the National Office, Attention: Special Authorities Division, Multi-Family Housing. In no case should the State Office forward their selected TSA preapplication(s)