



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
COMMUNITY PLANNING AND DEVELOPMENT

Special Attention of:
All Tax Credit Assistance
Program (TCAP) Grantees

Notice: CPD 15-08

Issued: October 16, 2015

Expires: **This NOTICE is effective until it is amended, superseded, or rescinded**

Cross References: 24 CFR Part 85,
Implementation of the Tax Credit Assistance
Program (TCAP) Notice and TCAP Grant
Agreement

Subject: Closeout Instructions for Tax Credit Assistance Program (TCAP) Grants

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I. PURPOSE

The purpose of this Notice is to provide guidance and procedural instructions for Tax Credit Assistance Program (TCAP) grantees on the financial and program closeout process for TCAP grants authorized under the American Recovery and Reinvestment Act of 2009 (Recovery Act). These instructions are for closing out TCAP grants only and do not apply to any other programs funded through the Recovery Act.

II. GRANT CLOSEOUT PROCESS

Responsibility for TCAP closeout is shared between the Office of Affordable Housing Programs (OAHP) and TCAP grantees. Roles and responsibilities for each entity are defined below. The closeout process is a two-step process that involves a financial closeout and a program closeout.

A. Financial Closeout

Pursuant to the Recovery Act, the grantees were required to expend 100 percent of their TCAP grants within three years of the enactment of the Recovery Act, which was February 16, 2012. Grant funds not expended by the end of the three-year period were recaptured by HUD and returned to the United States Treasury.

Immediately after February 16, 2012, HUD blocked all TCAP grants in its Integrated Disbursement and Information System (IDIS) - not allowing the drawdown of TCAP funds from IDIS. HUD initiated the financial closeout of all the TCAP awards following the statutory February 16, 2012 expenditure deadline, including recapturing any unexpended TCAP funds in a grantee's Line of Credit. Per 24 CFR 85.50 and the TCAP grant agreement, grantees were required to submit a Federal Financial Report (SF-425), a financial closeout certification, and an amended grant agreement deobligating any unexpended TCAP funds in the grantee's Line of Credit (if applicable) no later than 90 days after the statutory expenditure deadline. The SF-425 was to include an accurate accounting of the total TCAP grant awarded and expended, and the total TCAP program income (PI) earned, expended, and balance on hand at the time of the submission.

Once the grantee submitted and HUD approved the SF-425, financial closeout certification, and amended grant agreement (if applicable), the financial closeout of the grantee's TCAP award was complete and the grant period ended. HUD returned an executed copy of the financial closeout certification and grant agreement (if applicable) to the grantee as evidence that the grant period ended. NOTE: As of the date of this Notice, all TCAP grants have completed their financial closeout.

Notwithstanding this financial closeout process, HUD may recover disallowed costs for ineligible activities or take appropriate actions identified at 24 CFR Part 85, Subpart D, if HUD determines that the information provided by the grantee was false, erroneous or did not meet statutory or regulatory requirements. In addition, pursuant to 24 CFR Part 85.51, the closeout of a grant does not affect HUD's right to disallow costs and recover funds on the basis of a later audit or other review.

B. Program Closeout

Each TCAP grantee is required to complete the following actions before a grant can be closed programmatically:

1. The grantee must complete and submit final reports in [FederalReporting.gov](https://www.federalreporting.gov), Recovery Act Management Performance System (RAMPS) and IDIS to meet TCAP reporting requirements.
 - The quarterly report submitted to [FederalReporting.gov](https://www.federalreporting.gov) must be marked as “Final”;
 - All environmental review data for TCAP activities must be correctly entered in RAMPS; and,
 - All TCAP activities must be marked “Complete” in IDIS, and all TCAP unit beneficiary data must be entered in IDIS and correct.
2. The grantee must ensure that all Office of Management and Budget (OMB) Circular A-133 audits, HUD monitoring, and Office of Inspector General (OIG) audit findings have been resolved.
3. The grantee must ensure that all programmatic issues with HUD have been resolved.

HUD must complete the following actions no later than 90 days after HUD receives the grantee’s request for closeout:

1. Review the grantee’s reports in IDIS, [FederalReporting.gov](https://www.federalreporting.gov), and RAMPS to ensure all reports are marked final and all data is entered correctly;
2. Determine that all audits and monitoring have been completed, and all findings have been resolved;
3. Determine that any programmatic issues with the grantee are resolved;
4. Determine that all administrative actions and all required work of the grantee are completed; and,
5. Send written notice (including a signed copy of the Grant Closeout Agreement) to the grantee that the grant has been closed, and describe the requirements the grantee is still subject to per the TCAP grant agreement and 24 CFR Part 85.

III. PROGRAM INCOME

The TCAP grant agreement and TCAP Notice requires that all program income (PI) earned after the grant period must be used for the development or operation of housing that remains affordable, for a period of not less than 15 years, to households whose annual incomes do not exceed 80 percent of the median family income for the area. These restrictions apply only to the first use of program income earned after the grant period ended. Once PI is expended to develop or operate affordable housing as defined above, any return on this PI is unrestricted. NOTE: All

other Federal grant requirements do not apply to the use of PI received and expended after the grant period ends. The grant period ended on the date HUD approved the grantees financial closeout certification and SF-425.

IV. REPORTING REQUIREMENTS

Per the TCAP Notice and Grant Agreement, grantees must complete all required reports before grant closeout can occur. Note: even if a grantee fails to drawdown all of its funds prior to February 16, 2012, and has funds recaptured from its Line of Credit, the grantee is still required to complete the actions and reports listed in II.B above.

V. AUDITS AND MONITORING

States, local governments, and nonprofit organizations which received Federal awards prior to December 26, 2014, are required to comply with OMB Circular A-133, "Audits of States, Local Governments and Non-profit Organizations." TCAP grantees and subgrantees 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 subgrantee expends less than \$500,000 per year in federal awards, it is exempt from the audit requirements for that year. However, records must be available for review or audit by HUD and the U.S. Government Accountability Office (GAO). NOTE: The deadline for expending TCAP funds was February 16, 2012. All funds unexpended after this date were subsequently recaptured and returned to the United States Treasury. Therefore, all required A-133 audits were completed by September 30, 2013.

Many TCAP grantees and subgrantees have participated in programmatic monitoring reviews conducted by OAHP staff and/or audits conducted by HUD's Office of Inspector General (OIG). In instances where these reviews have resulted in findings, the TCAP grantee is required to complete the corrective measures detailed in the monitoring/audit letter. The grantee must submit a letter to HUD indicating the corrective measures it undertook to address the findings. Once HUD has determined that the grantee has provided a sufficient response to any identified finding, HUD will inform the grantee in writing that the finding is closed. All monitoring and/or audit findings must be fully resolved before the grant can be closed out.

HUD or OIG may monitor or audit a TCAP grant, even after the grant is closed. After grant close-out, HUD retains its right to disallow costs and recover funds based on later audits or reviews. The grantee will remain responsible for returning any funds due as a result of later findings, corrections or other transactions. Regardless of whether a grant is closed, HUD may require repayment by the grantee for any grant funds later determined to be ineligible.

VI. RECORDKEEPING REQUIREMENTS

TCAP grantees must maintain program records in accordance with the record retention and access requirements in 24 CFR 85.42. TCAP subgrantees that are non-profits must comply with the record retention requirements in 24 CFR 84.53. All financial and programmatic records, supporting documents, statistical records, and other records related to the grant must be retained for at least three years from the date the grantee submits its final Federal Financial Report. If any litigation, claim, negotiation, audit or other action involving the records starts prior to the expiration of this 3-year period, the records must be retained until completion of the action and resolution of all issues which arise from it, or until the end of the regular 3-year period, whichever is later.

HUD, the Comptroller General of the United States, or any their authorized representatives, shall have the right of access to any pertinent books, documents, papers, or records of grantees and subgrantees which are pertinent to the grant, in order to make audits, examinations, excerpts, and transcripts. This right of access is not limited to the required retention period but shall last as long as the records are retained.

VII. CONTACT INFORMATION

TCAP grantees with questions about this Notice or the closeout process, may contact Danielle Frazier in the Office of Affordable Housing Programs at Danielle.Frazier@hud.gov.

Tax Credit Assistance Program (TCAP) Grant Closeout Checklist

Grantee:	Grant Number:
TCAP Award Amount:	TCAP Award Date:
Director/CEO:	Phone Number:
Contact Name:	Contact Phone Number:
Contact Email Address:	

Financial Closeout

1. Financial Closeout Date - _____
2. Were all TCAP grant funds expended?
 Yes No If No, Amount Recaptured _____ Date Recaptured _____

Reporting

1. Are all of the TCAP activities completed in IDIS?

Yes No If No, please explain:

2. Are all of the TCAP units occupied with beneficiary data entered in IDIS?

Yes No If No, please explain:

3. Were all the TCAP activities entered into RAMPS?

Yes No If No, please explain:

4. Was the final report submitted in FederalReporting.gov ?

Yes Submitted on _____ Reviewed by _____

No If No, please explain:

Monitoring

1. Does the grantee have any open monitoring findings?

Yes No If Yes, please explain:

Audits

1. Does the grantee have any open audit findings?

Yes No If Yes, please explain:

Programmatic

1. Does the grantee have any pending programmatic issues?

Yes No If Yes, please explain:

Completion of Grant Closeout Approved By:

OAHP Staff Signature

OAHP Director Signature

Date

Date

GRANT CLOSEOUT AGREEMENT
For
Tax Credit Assistance Program (TCAP)

Between

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

AND

Name and address of the TCAP Grantee

This agreement sets forth the terms for final disposition and conditions associated with the grant closeout of HUD TCAP Grant **(Number)** provided pursuant to the TCAP grant agreement dated **(date of grant agreement)** and any applicable amendments. **(Name of TCAP Grantee)** certifies that to the best of its knowledge:

- All activities were completed consistent with the grantee's Qualified Action Plan (QAP) and as described in the grantee's reporting in IDIS.
- No fraud, waste or mismanagement has occurred in carrying out the grant. In cases where one or more of these actions have occurred, appropriate action has been taken to address it.

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

- All financial and programmatic records, supporting documents, statistical records, and other records related to this grant will be maintained for a period of 3 years from the date of submission of the final expenditure report. If any litigation, claim, negotiation, audit or other action involving the records starts prior to the expiration of this 3-year period, the records must be retained until completion of the action and resolution of all issues which arise from it, or until the end of the regular 3-year period, whichever is later.
- All TCAP activities must maintain eligible basis and comply with all requirements of Section 42 of the IRC throughout the activities required compliance period.
- Program income received and expended after the end of the grant period must be used for development or operation of housing that remains affordable, for a period of not less than 15 years, to households whose annual incomes do not exceed 80 percent of the median family income for the area.
- Submitted to HUD a Federal Financial Report using Standard Form 425, as part of the financial closeout completion.

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- A total of \$(**Recaptured Amount**) in grant funds has been previously cancelled and returned to the Treasury on (**Recaptured Date**) [if applicable]

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 (**name of TCAP Grantee**). (**Name of TCAP Grantee**) acknowledges that a finding of noncompliance resulting from such a review and failure to take appropriate corrective actions satisfactory to HUD may be taken into account by HUD as evidence of unsatisfactory performance in consideration of future grant awards. Further, (**name of TCAP Grantee**) may be required to repay HUD any disallowed costs based on the results of a future audit or finding.

For (name of TCAP Grantee**):**

Name /Title of Authorized Official

Date

Signature

For the Department of Housing and Urban Development:

Name of OAHP Director

Date

Signature