

## CHAPTER 4. FINAL STATEMENTS

## 4-1 OVERVIEW

In order to receive its annual CDBG entitlement grant, a grantee must submit a final statement that describes the community development objectives it proposes to pursue and the activities it proposes to carry out with the anticipated CDBG funds. The grantee must also certify that it has certain powers and that it has taken or will take certain actions and comply with specific requirements as a condition of receiving CDBG funds.

The Field Office must accept and process the final statement unless it is incomplete, was not submitted within the required timeframes, or if the certifications are not satisfactory to the Secretary.

Reference: 570.304(a)

- 4-2 TIMING. The final statement and certifications should be submitted by the grantee at least 30 days prior to the start of its community development program year. It is generally expected that the grant will be approved within the last 30 days of the grantee's current program year. However, the statement may not be accepted for processing prior to December 1 or later than the first working day in September of the Federal fiscal year for which the grant funds are appropriated.

Reference: 570.302(b)(1).

## 4-3 ACTIONS PRIOR TO SUBMISSIONS FROM GRANTEEES

- A. New Entitlement Grantees. Upon receipt by the Field Office of the name of a city or urban county newly qualified as eligible to receive an entitlement grant, the Field Office shall notify the city or urban county of its eligibility and provide information on the policies and procedures governing the preparation and submission of a Comprehensive Housing Affordability Strategy (CHAS) in accordance with 24 CFR Part 91 and those governing the making of entitlement grants as provided at Subpart D of 24 CFR Part 570, particularly

the presubmission requirements at 570.301. The community should also be provided the name, address and telephone number of the appropriate contact person(s) in the Field Office.

B. Grant Amounts

1. Headquarters will provide information to Field Offices on final grant amounts as soon as possible after funds have been appropriated for the fiscal year and final determinations of urban county status have been made. (See Chapter 10 for further details on determining the qualification of urban counties). The information from Headquarters will advise whether the amounts include reallocated funds or if further information on reallocated funds will be provided separately at a later date. If it appears that information on final grant amounts will not be available before the end of the calendar year, "estimated" entitlement amounts and other information and instructions, as appropriate, will be provided to Field Offices as soon as feasible for planning purposes.
2. Final grant amounts are issued by Headquarters to Regional CPD Offices on form HUD-185, "Regional Fund and Contract Authority". A list of grantees and the amount to which each is entitled is attached to the HUD-185. The Regional CPD Office is to prepare a HUD-185.1, "Regional Fund and Contract Authority Subassignments" and attach a copy of the list of grantees. This package is forwarded to the Regional Accounting Division (RAD) for prevalidation and reservation. The listing must include the following data in order for RAD to process reservations:
  - a. program code
  - b. grantee name
  - c. grant number
  - d. Field Office name
  - e. Field Office number
  - f. amount awarded by grantee
  - g. tax identification number
3. After processing by RAD, each HUD-185.1 is to be forwarded to the appropriate Field Office along

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with the list of grantees and amount reserved for each grantee within the jurisdiction of that office.

- B. Informing Grantees. The Field Office is to provide the following information to each entitlement grantee in its jurisdiction:

1. Grant amount
    - a. Inform each city and county in writing of its final grant amount for the fiscal year immediately upon receipt of final allocations along with any qualifying or explanatory guidance provided by Headquarters. (Check to ensure that the information received from Headquarters is consistent with the HUD-185 and HUD-185.1).
    - b. The grant amount for a joint recipient will be the sum of the amounts allocated for the individual entitlement grantees involved in the joint request. The urban county will be the recipient of this sum.
  2. Submission requirements. If there are no statutory or other changes which require a revision to the processing instructions, the Field Office will be notified in early December to provide each grantee with a copy of the grantee submission instructions, the certifications, and the Final Statement Completeness Checklist for Grantees provided as Exhibits 4-1, 4-2 and 4-3). A copy of Standard Form (SF) 424 (Exhibit 4-4), may also be forwarded. If there are changes from the prior year, Headquarters will provide Field Offices with the final statement submission instructions applicable for the year at approximately the same time the grant amounts are transmitted to the Field. Refer to 570.301 - 570.303.
- C. Early Notification to States under Executive Order 12372. Intergovernmental Review of Federal Programs. Part of HUD's responsibilities under E.O. 12372, includes providing each State's single point of contact (for States that have included the CDBG entitlement program in their review process) with the names of each entitlement grantee and its program year start date. This information is to be provided between October 1 and October 31 of each fiscal year. If your office did

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not transmit this information to the single point of contact during that period, it should do so as soon thereafter as possible. Chapter 5 of this Handbook includes a guideform letter which may be used to provide this information to the State as well as further information about Field Office responsibilities with respect to E.O. 12372.

D. Annual Performance Review

An entitlement grant may not be made to a grantee which has previously received entitlement funding until HUD has reviewed all information available reflecting on the grantee's performance in carrying out its CDBG program in accordance with applicable rules and its certifications.

The Annual Performance Review provides the vehicle for making determinations about performance and describes the basis for recommending full, reduced or conditioned funding for the next entitlement grant. Chapter 9 of this Handbook provides specific instructions for conducting and documenting Annual Performance Reviews.

#### 4-4 SPECIAL GRANT CONDITIONS

- A. Generally, the determination to impose a special grant condition(s) should be reached before the grantee submits its final statement, based on the conclusions in the Annual Performance Summary. The imposition of special grant conditions is authorized under the special circumstances described in 570.304(d).
- B. The Assistant Secretary for CPD has not redelegated authority to reduce grants or impose special conditions, except in the case of standard conditions authorized on a blanket basis (e.g. on compliance with E.O. 12372 and on statutory changes not yet reflected in regulations). The Assistant Secretary must authorize in writing all special conditions other than such standard conditions.
- C. Chapter 8 of this Handbook provides the specific procedures to be followed when requesting Headquarters approval of special conditions and grant reductions. Under current policy, the Assistant Secretary will only approve the use of a special condition in cases where the grantee's performance has been such (or may be

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expected to be) as to support a grant reduction if the special conditions are not satisfied.

#### 4-5 ACCEPTANCE OF FINAL STATEMENTS

- A. Receipt. Date stamp and log-in according to Field Office administrative procedures. Forward the final statement to the CPD Division. Each statement should be numbered in accordance with the instructions in Exhibit 4-5.
- B. Review for completeness. Complete and sign the Field

Office Completeness Checklist (Exhibit 4-6) to determine if the final statement meets the requirements of 570.301(c)(2) and otherwise is acceptable for processing.

1. If the submission meets all regulatory requirements and is acceptable for processing, send a letter to the grantee acknowledging receipt. A sample letter to acknowledge receipt of the final statement is included as Exhibit 4-7.
2. If the submission is not acceptable for processing, notify the grantee in writing of the actions required to make the final statement acceptable. Retain one copy for the official files and return the original and second copy to the grantee. When the final statement is resubmitted, begin the processing procedure over again.

C. Reviews

1. It is not required that a detailed review of the final statement be conducted for eligibility or national objectives compliance issues. However, the statement should be reviewed in terms of whether it includes all required information, certifications and provides information in sufficient detail for citizens to be able to determine the degree to which they may be affected. A Final Statement that is clearly lacking in this regard should be returned to the grantee for revision before processing the submission.
2. However, a cursory review of the final statement should be conducted to detect any serious or

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problematic deficiencies such as questionable eligibility of activities or whether a national objective is not likely to be achieved. In such cases, the grantee should be so notified immediately or as part of the grant award letter. All questionable activities should be duly noted and reviewed during subsequent remote and on-site monitoring.

3. The certifications must be identical to those provided to the grantee in the presubmission instructions. The certification period should be checked for consistency with prior final

statements. The grantee cannot change its certification period prior to the end of that period without a waiver from the Assistant Secretary for Community Planning and Development.

- 4-6 REVIEW OF ADDITIONAL INFORMATION OR ASSURANCES. Additional assurances should only be requested when the Field Office has determined that it cannot accept the grantee's certifications based on documented non-compliance. If the grantee was required to submit additional information or assurances (in addition to the standard certifications) based on the conclusions in the Annual Performance Review, the information must be reviewed to determine whether it is satisfactory. Consult with appropriate staff (e.g. FHEO) in reaching such conclusions. Document in writing all conclusions that the additional information or assurances are satisfactory. If the additional information or assurances are not satisfactory, contact the grantee immediately to discuss the deficiency. Confirm in writing the revisions or additions required. If the additional assurances or information are still not acceptable or are not submitted as requested, Headquarters must be contacted prior to taking further action.
- 4-7 PAYMENT OF SECTION 108 LOANS. Amounts due on Section 108 loans that are to be made from grant funds are no longer deducted from the recipient's annual CDBG entitlement grant. Instead, the recipient will make a cash withdrawal from the U.S. Treasury (via the Department's Voice Response Payment system) and remit the payment due on its Section 108 loan(s) in accordance with instructions provided separately by the Financial Management Division, CPD Headquarters.

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4-8 GRANT TRANSMITTAL LETTER

- A. Standard provisions. Prepare the grant transmittal letter using the guideform provided as exhibit 4-8. The special procedures provided in Chapter 5 should be followed where E.O. 12372 is applicable due to the inclusion of a water or sewer project in the final statement.
- B. Special Grant Conditions
1. Include the special grant condition for compliance with E.O. 12372 in every Grant Agreement and Funding Approval even if there are no water or sewer projects in the final statement. This will provide for compliance with the E.O. in the event the grantee adds any applicable activity not previously reviewed. The requirement to obtain Headquarters approval prior to imposing special

contract conditions does not apply to the special grant condition for E.O. 12372. A copy of the language to be used is attached as Exhibit 4-9.

2. Where Headquarters has authorized the inclusion of additional special grant condition(s), include in the transmittal letter a summary of the basis for the special condition(s), the action(s) the grantee must take to meet the terms of the condition(s), and the deadline for taking such action(s).
  - C. Grant reduction. Where a grant reduction has been authorized by Headquarters, include in the transmittal letter an explanation of the amount of and the basis for the reduction.
  - D. Matters of advice. Where the record indicates findings or concerns about performance which the Field Office has concluded do not warrant referral to Headquarters, the transmittal letter may include reference to such findings or concerns as a matter of advice. Matters of advice may also include mention of obvious questions that may have been noted about information in the final statement concerning eligibility, compliance with one of the broad national objectives, or other program requirements.
- 4-9 ADMINISTRATIVE RECORD AND GRANT DOCUMENTS. The administrative record and grant documents constitute the documentation required to support the final decision of the

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authorized official concerning each grant. The following documents should be assembled for this purpose:

- A. Grant transmittal letter;
- B. Grant Agreement and Funding Approval (HUD-7082) (exhibit 4-10) in accordance with instructions provided with the form (5 copies). Include special grant conditions relating to performance, if approved by Headquarters;
- C. Evidence of receipt of the Regional Fund and Grant Authority Sub-Assignment (HUD-185.1) providing funds for the grantee in the amount shown in the Grant Agreement and Funding Approval;
- D. The final statement, and certifications, submitted (and, if applicable, resubmitted) by the grantee;
- E. The signed Completeness Checklist;

- F. All correspondence relating to the acceptance of the final statement for processing;
- G. Where applicable, all additional information or assurances submitted by the grantee and documentation of Field Office reviews and conclusions concerning any such submittals;
- H. Where applicable, any comments received from the State (or metropolitan planning agency) under the procedures established by E.O. 12372 and other correspondence relating to E.O. 12372;
- I. Where applicable, a copy of the Field Office referral of significant performance deficiencies to Headquarters and a copy of Headquarters' response;
- J. The cover memorandum prepared as part of the Annual Performance Review for the concurrence of the Field Office Manager or Regional Administrator summarizing relevant issues concerning the grant and a copy of the Annual Performance Summary (form HUD-40013); and
- K. Any information concerning performance or compliance deficiencies received after completion of the Annual Performance Review and any update of the Annual Performance Review based on such information.

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4-10 CLEARANCE AND APPROVAL OF THE ADMINISTRATIVE RECORD AND GRANT DOCUMENTS

- A. The CPD Division shall route the administrative record first to any Field Office organizational unit that recommended a grant reduction, special condition(s), or inclusion of advice in the grant transmittal letter. Such organizational units may concur or provide a written statement of differences for inclusion in the administrative record.
- B. If the Grant Agreement contains special conditions authorized by Headquarters, upon completion of A. above, the Agreement should be routed to Counsel for final review.
- C. The authorized official shall review the administrative record and if in agreement:
  - 1. Sign and date five copies of the Grant Agreement;
  - 2. Sign but not date the grant transmittal letter;  
and

3. Where applicable, sign but not date the appropriate letter(s) pertaining to E.O. 12372.

4-11 CONGRESSIONAL NOTIFICATION. As soon as the transmittal letter has been signed, complete the HUD Notification (HUD-7028), checking carefully that it is completely and properly filled out, including the name and telephone number of the local government contact and the Field Office contact. A sample is provided as exhibit 4-11. FAX a copy of the Notification Form directly to the Office of Congressional and Intergovernmental Relations (CIR). The Field Office should confirm by telephone that the FAX was received and logged. CIR will set a release date and call the Field Office as quickly as possible. (If a release date hasn't been provided within 5 working days, the Entitlement Communities Division should be contacted.) Using the date provided by CIR, date the grant transmittal letter, and where applicable, the letter regarding E.O. 12372. The official date of grantee notification is the release date.

4-12 DISTRIBUTION OF DOCUMENTS - GENERAL

A. Grantee. Transmit the following documents to the grantee on the release date:

1. The grant transmittal letter;

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2. Three original signed copies of the Grant Agreement and Funding Approval (HUD-7082);
3. A copy of the final statement in the event of any revisions or changes received from the grantee during processing, reflecting such changes;
4. Copies of any forms required for release of funds under environmental conditions (optional); and
5. Forms necessary to change the designated depository (SF-1199A), if necessary, and forms necessary to provide user access to the Voice Response System (HUD-27054), if necessary. Grantees new to LOCCS-VRS should be provided with:
  - a. A Direct Deposit Sign-Up Form (SF 1199A);
  - b. Two LOC-VRS Access Authorization Forms (HUD-27054); and
  - c. A supply of Voucher Forms (HUD-27053).

B. Regional Accounting Division (RAD)

1. Send to the RAD:
    - a. One copy, with original signature, of the Grant Agreement and Funding Approval; and
    - b. A copy of the grant transmittal letter.
  2. Upon receipt of the Grant Agreement and Funding Approval the RAD will establish the amount obligated for the grantee. (NOTE: It is important that the HUD-7082 include the Grantee's Tax Identification Number (T.I.N.) so that the reservation can be linked to LOCCS and the Voice Response System.)
- C. State Central Information Agency. Send one copy of Form SF-424 with Sections I and III completed to the State Central Information Agency, as required by Treasury Circular 1082.

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- D. Field Office files. Retain one copy of the administrative record and grant documents specified in paragraph 4-9 above, including the original SF-424 submitted by the grantee and one copy of the Grant Agreement and Funding Approval with original signature.
- E. Regional Office. For grants made by Category A Field Offices, forward a copy of the grant transmittal letter to the Regional Administrator, Attention: Regional Director for CPD.
- F. E.O. 12372. See the E.O. 12372 instructions in Chapter 5 regarding the dispatch of appropriate correspondence to the grantee and the State.
- G. Headquarters. Send a copy of any grant approval letters imposing special conditions authorized by Headquarters and a copy of the Funding Approval and Grant Agreement to the Entitlement Communities Division. (Grant Approvals which include only the preauthorized special conditions related to E.O. 12372 should not be sent.)

4-13 RECEIPT OF SIGNED GRANT AGREEMENT FROM GRANTEE

- A. Upon return by the grantee of the executed Grant Agreement and Funding Approval (two copies with original signatures), place one copy in the grantee file.
- B. Forward to the RAD the second copy of the Grant Agreement and Funding Approval signed by the grantee.

If applicable, also enclose the Direct Deposit Sign-Up Form (SF-1199A) completed by the Grantee, Financial Institution, and the Field Office in accordance with HUD's Instructions.

- C. If the Grantee returns LOCCS-VRS Access Authorization(s) (Form HUD-27054), copies will be made for Field Office files and the original(s) mailed to the Headquarters address on the form.
- D. The RAD will, upon receipt of the SF-1199A, if applicable, and the Grant Agreement and Funding Approvals (HUD-7082), establish the grant amount for the grantee and establish the line of credit. (See also paragraph 4-14 for grants partly reduced.)

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4-14 DISTRIBUTION - SPECIAL CASES

- A. When the Assistant Secretary for CPD authorizes reduction of a CDBG Entitlement grant to \$0.00 (zero), the following procedures apply:
  - 1. The Field Office shall notify the grantee in writing of the reduction action and the reasons.
  - 2. The Field Office shall complete a Funding Approval Form HUD-7082, items 1-7, 8.a, 8.b. (enter 0.00), and 8.c and the authorized official shall sign it.
  - 3. Category A Field Office Managers shall forward the original signed Form HUD-7082 and two copies to the Regional Administrator, Attn: CPD, along with a transmittal memorandum and retain one copy for Field Office files.
  - 4. The Regional CPD Office shall forward the original signed Form HUD-7082 to the RAD, send one copy to Entitlement Communities Division (ECD), CPD Headquarters, and retain one copy for Regional CPD files.
  - 5. Distribute the SF-424 in accordance with paragraph 4-12, above.
- B. Regional Office processing of all grant reductions and all grants not made:
  - 1. When the grant reduction occurs in the same Fiscal Year as the allocation or when it is determined prior to the end of a Fiscal Year that HUD will not make the grant, the following procedures apply:

- a. The Regional Director for CPD, upon receipt of any Grant Agreement and Funding Approval that cancels all or a part of an Entitlement grant shall prepare and ensure that a Regional Fund and Contract Authority Sub-Assignment (HUD 185.1) which decreases the fund balance for the applicable Field Office is prevalidated by RAD.
- b. The Regional Administrator shall sign the prevalidated HUD 185.1.

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- c. Send copies of the signed HUD 185.1 to the Budget Division and to Entitlement Communities Division, CPD Headquarters.
2. If the reduction involves funds allocated in the current Fiscal Year and obligated to a recipient, the RAD will return the funds to Headquarters, Office of Finance and Accounting (OFA), on an Inter-Office Transfer Voucher (IOTV).

#### 4-15 SPECIAL PROCEDURES FOR JOINT RECIPIENTS

##### A. General

1. A metropolitan city at least partly located within an urban county may submit a joint request for HUD approval of the inclusion of the metropolitan city as a part of the urban county for purposes of planning and implementing a joint community development and housing program. HUD will consider approving such a joint request only if submitted at the time the county is seeking its qualification as an urban county. An approved joint request must remain effective for the period for which the county qualifies as an urban county.
2. A single final statement covering the urban county and any cooperating metropolitan cities must be submitted by the urban county. The SF-424 and resultant grant agreement must be signed by the county on behalf of all members of the joint recipient.

- B. Fund reservation. When the Regional Office receives the HUD-185, Regional Fund and Contract Authority Assignment, the Regional CPD staff will prepare and provide a HUD-185.1 to the RAD with a list of each Entitlement city that is participating as a joint recipient with an urban county for that Fiscal Year and

the urban county that the city has joined. In reserving funds for such joint recipients, the RAD will reserve for the urban county the sum of the urban county allocation and the allocation for each metropolitan city participating with it as a joint recipient. Do not separately reserve or sub-assign funds for the participating metropolitan city.

- C. Field Office processing. Issue a single Grant Assignment and Funding Approval to the urban county. Do not establish a line of credit for the participating

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metropolitan city. It will receive funds through the urban county's line of credit. Also note that there must be a single Comprehensive Housing Affordability Strategy (CHAS) covering both the urban county and any such participating metropolitan city.

4-16 PREPARING AMENDED FUNDING APPROVALS

The following steps should be followed when the Grant Funding Approval (form HUD-7082) is to be amended.

- A. Complete blocks 1 through 7, as appropriate, including the number of this amendment.
- B. If the grant is to be increased, the amount of the increase is to be reflected in block 8.a. (Amount currently reserved) and 8.b. (Amount now being approved).
- C. If the grant is to be decreased, a minus (-) should be placed in block 8.b. (Amount now being approved) in front of the amount of the reduction. Block 8.c. (Reservation to be canceled) should show the same dollar amount without the minus.

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Exhibit 4-1

GUIDEFORM LETTER  
TO ACCOMPANY GRANTEE INSTRUCTIONS

Dear Community Development Director:

I am pleased to transmit to you instructions regarding the preparation and submission of your Final Statement under the Community Development Block Grant (CDBG) Entitlement Program. The

instructions cover presubmission and submission requirements and procedures for meeting the requirements of Executive Order 12372, where applicable. A copy of the revised grantee certifications dated \_\_\_\_ that must be submitted as part of your Final Statement are provided as Attachment I-A. An updated Final Statement Completeness Checklist is provided as Attachment I-B for your use.

My staff and I are available to provide additional information and guidance to assist you in implementing your FY 199\_\_ program. We look forward to working with you in the coming year.

If you have any questions, please contact (Field Office contact person) at (telephone number).

Very sincerely yours,

CPD Division Director

Attachments

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Exhibit 4-1

ENTITLEMENT GRANTEE INSTRUCTIONS  
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

I. Presubmission Requirements

Before making your submission to HUD for your annual grant, you must:

- A. Fulfill the citizen participation requirements of 570.301(b) and the applicable requirements contained in a citizen participation plan meeting the requirements described in item (d) of the revised CDBG grantee certifications dated \_\_\_\_\_;
- B. Develop a proposed statement of community development objectives and projected use of funds in accordance with the requirements of 570.301(a) of the CDBG regulations;
- C. Prepare a final statement of community development objectives and projected use of funds in accordance with the requirements of 570.301(c); and
- D. Submit and receive approval of your Comprehensive Housing Affordability Strategy (CHAS).

II. Submission Requirements

Provisions describing the content and timing of the submission to HUD for your annual grant are included in 570.302. A copy of the revised CDBG grantee certifications is provided as attachment I-A and a revised final statement completeness checklist as attachment I-B to these instructions.

III. Meeting the Requirements of Executive Order 12372

- A. General. The Department's regulations implementing Executive Order (E.O.) 12372, Intergovernmental Review of Federal Programs, are set forth at 24 CFR Part 52. The E.O. allows each State to establish its own process for reviewing and commenting on proposed Federal financial assistance programs.

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- B. Applicability. The E.O. applies to the CDBG Entitlement program only where you propose to use funds for the planning or construction (reconstruction, or installation) of water or sewer facilities. Such facilities include storm sewers and sanitary sewers, but do not include water or sewer lines connecting a structure to the lines in the public right-of-way or easement. If no funds will be used for such activities, the E.O. does not apply. If the E.O. does not apply, specify this fact by checking item 16.b. of the SF-424.
- C. Procedures. As soon as you determine that your final statement will include funds for activities subject to review under the E.O., send your final statement (or other description of applicable activities) to the State single point of contact and to the metropolitan planning organization serving your area. Request the metropolitan planning organization to send its comments to the State contact (with a copy to you) and request the State to provide all comments directly to the HUD Field Office serving your jurisdiction. When you submit your final statement to HUD, specify in item 16.a. of the SF-424 the date you sent your final statement to the State and to the metropolitan planning organization, or check the appropriate box in item 16.b.

In some cases, the State may have chosen not to participate in the process established by the E.O. or may have chosen to exclude the CDBG Entitlement program from its process. If that is the case, send your final statement (or other description of applicable activities) only to the metropolitan planning

organization serving your area. Request the metropolitan planning agency to send any comments directly to the HUD Field Office serving your jurisdiction.

1. The State (or metropolitan planning organization) has 60 days from the date the final statement was transmitted to HUD to provide its comments to HUD. An additional 5 days is allowed for actual receipt of comments.

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2. The Grant Agreement and Funding Approval will include a special condition restricting the obligation or expenditure of funds for any activity subject to the E.O. until completion of the review process. HUD will provide written notice releasing funds from this restriction. Under the terms of the condition, the E.O. requirements also apply to any new or revised activity not previously reviewed that you may propose to undertake at a later date.

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Exhibit 4-2

COMMUNITY DEVELOPMENT BLOCK GRANT  
GRANTEE CERTIFICATIONS

In accordance with the Housing and Community Development Act of 1974, as amended, and with 24 CFR 570.303 of the Community Development Block Grant regulations, the grantee certifies that:

- (a) It possesses legal authority to make a grant submission and to execute a community development and housing program;
- (b) Its governing body has duly adopted or passed as an official act a resolution, motion or similar action authorizing the person identified as the official representative of the grantee to submit the final statement and amendments thereto and all understandings and assurances contained therein, and directing and authorizing the person identified as the official representative of the grantee to act in connection with the submission of the final statement and to provide such additional information as may be required;
- (c) Prior to submission of its final statement to HUD, the grantee has:

1. Met the citizen participation requirements of 570.301(b);
  2. Prepared its final statement of community development objectives and projected use of funds in accordance with 570.301(c) and made the final statement available to the public;
- (d) It is following a detailed citizen participation plan which:
1. Provides for and encourages citizen participation, with particular emphasis on participation by persons of low and moderate income who are residents of slum and blighted areas and of areas in which funds are proposed to be used, and provides for participation of residents in low and moderate income neighborhoods as defined by the local jurisdiction;
  2. Provides citizens with reasonable and timely access to local meetings, information, and records relating to the grantee's proposed use of funds, as required by the

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- regulations of the Secretary, and relating to the actual use of funds under the Act;
3. Provides for technical assistance to groups representative of persons of low and moderate income that request such assistance in developing proposals with the level and type of assistance to be determined by the grantee;
  4. Provides for public hearings to obtain citizen views and to respond to proposals and questions at all stages of the community development program, including at least the development of needs, the review of proposed activities, and review of program performance, which hearings shall be held after adequate notice, at times and locations convenient to potential or actual beneficiaries, and with accommodation for the handicapped;
  5. Provides for a timely written answer to written complaints and grievances, within 15 working days where practicable; and
  6. Identifies how the needs of non-English speaking residents will be met in the case of public hearings where a significant number of non-English speaking residents can be reasonably expected to participate;

- (e) The grant will be conducted and administered in compliance with:
1. Title VI of the Civil Rights Act of 1964 (Public Law 88-352, 42 U.S.C. 2000d et seq.); and
  2. The Fair Housing Act (42 U.S.C. 3601-20);
- (f) It will affirmatively further fair housing;
- (g) It has developed its final statement of projected use of funds so as to give maximum feasible priority to activities which benefit low and moderate income families or aid in the prevention or elimination of slums or blight; (the final statement of projected use of funds may also include activities which the grantee certifies are designed to meet other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community,

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Exhibit 4-2

- and other financial resources are not available); except that the aggregate use of CDBG funds received under section 106 of the Act, and if applicable, under section 108 of the Act, during program year(\$ ) 19\_\_, \_\_\_\_\_(a period specified by the grantee consisting of one, two, or three specific consecutive program years), shall principally benefit persons of low and moderate income in a manner that ensures that not less than 70 percent of such funds are used for activities that benefit such persons during such period;
- (h) It has developed a community development plan, for the period specified in paragraph (g) above, that identifies community development and housing needs and specifies both short and long-term community development objectives that have been developed in accordance with the primary objective and requirements of the Act;
- (i) It is following a current comprehensive housing affordability strategy (CHAS) which has been approved by HUD pursuant to 570.306 and Part 91, and that any housing activities to be assisted with CDBG funds will be consistent with the CHAS;
- (j) It will not attempt to recover any capital costs of public improvements assisted in whole or in part with funds provided under section 106 of the Act or with amounts resulting from a guarantee under section 108 of the Act by assessing any amount against properties owned and occupied by persons of low and moderate income, including any fee

charged or assessment made as a condition of obtaining access to such public improvements, unless:

1. Funds received under section 106 of the Act are used to pay the proportion of such fee or assessment that relates to the capital costs of such public improvements that are financed from revenue sources other than under Title I of the Act; or
2. For purposes of assessing any amount against properties owned and occupied by persons of moderate income, the grantee certifies to the Secretary that it lacks sufficient funds received under section 106 of the Act to comply with the requirements of subparagraph (1) above;

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Exhibit 4-2

- (k) Its notification, inspection, testing and abatement procedures concerning lead-based paint will comply with 570.608;
- (l) It will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, as required under 570.606(b) and Federal implementing regulations; and the requirements in 570.606(c) governing the residential antidisplacement and relocation assistance plan under section 104(d) of the Act (including a certification that the grantee is following such a plan); and the relocation requirements of 570.606(d) governing optional relocation assistance under section 105(a)(11) of the Act;
- (m) It has adopted and is enforcing:
  1. A policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and
  2. A policy of enforcing applicable State and local laws against physically barring entrance to or exit from a facility or location which is the subject of such non-violent civil rights demonstrations within its jurisdiction;
- (n) To the best of its knowledge and belief:
  1. No Federal appropriated funds have been paid or will be paid, by or on behalf of it, to any person for influencing or attempting to influence an officer or

employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement;

2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of

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Exhibit 4-2

any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, it will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions; and

3. It will require that the language of paragraph (n) of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly;
- (o) It will or will continue to provide a drug-free workplace by:
1. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
  2. Establishing an ongoing drug-free awareness program to inform employees about
    - (a) The dangers of drug abuse in the workplace;
    - (b) The grantee's policy of maintaining a drug-free workplace;
    - (c) Any available drug counseling, rehabilitation, and employee assistance programs; and

- (d) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
3. Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph 1;

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4. Notifying the employee in the statement required by paragraph 1 that, as a condition of employment under the grant, the employee will :
- (a) Abide by the terms of the statement; and
  - (b) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;
5. Notifying the agency in writing, within ten calendar days after receiving notice under subparagraph 4(b) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer or other designee on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;
6. Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph 4(b), with respect to any employee who is so convicted :
- (a) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
  - (b) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;
7. Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs 1, 2, 3, 4, 5 and 6.

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8. The grantee may insert in the space provided below the site(s) for the performance of work done in connection with the specific grant:

Place of Performance (Street address, city, county, state, zip code)

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Check \_\_\_\_\_ if there are workplaces on file that are not identified here; and

- (p) It will comply with the other provisions of the Act and with other applicable laws.

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Signature

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Date

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Title

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APPENDIX TO CDBG CERTIFICATIONS

INSTRUCTIONS CONCERNING LOBBYING AND DRUG-FREE WORKPLACE REQUIREMENTS:

A. Lobbying Certification - Paragraph n

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

B. Drug-Free Workplace Certification - Paragraph o

1. By signing and/or submitting this application or grant agreement, the grantee is providing the certification set out in paragraph (o).
2. The certification set out in paragraph (o) is a material representation of fact upon which reliance is placed when the agency awards the grant. If it is later determined that the grantee knowingly rendered a false certification, or otherwise violates the requirements of the Drug-Free Workplace Act, HUD, in addition to any other remedies available to the Federal Government, may take action authorized under the Drug-Free Workplace Act.
3. For grantees other than individuals, Alternate I applies. (This is the information to which entitlement grantees certify).
4. For grantees who are individuals, Alternate II applies. (Not applicable to CDBG Entitlement grantees.)
5. Workplaces under grants, for grantees other than individuals, need not be identified on the certification. If known, they may be identified in the grant application. If the

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Exhibit 4-2

grantee does not identify the workplaces at the time of application, or upon award, if there is no application, the grantee must keep the identity of the workplace(s) on file in its office and make the information available for Federal inspection. Failure to identify all known workplaces constitutes a violation of the grantee's drug-free workplace requirements.

6. Workplace identifications must include the actual address of buildings (or parts of buildings) or other sites where work under the grant takes place. Categorical descriptions may be used (e.g., all vehicles of a mass transit authority or State highway department while in operation, State employees in each local unemployment office, performers in concert halls or radio

stations).

7. If the workplace identified to the agency changes during the performance of the grant, the grantee shall inform the agency of the change(s), if it previously identified the workplaces in question (see paragraph five).
8. Definitions of terms in the Nonprocurement Suspension and Debarment common rule and Drug-Free Workplace common rule apply to this certification. Grantees' attention is called, in particular, to the following definitions from these rules:

"Controlled substance" means a controlled substance in Schedules I through V of the Controlled Substances Act (21 U.S.C.812) and as further defined by regulation (21 CFR 1308.11 through 1308.15);

"Conviction" means a finding of guilt (including a plea of nolo contendere) or imposition of sentence, or both, by any judicial body charged with the responsibility to determine violations of the Federal or State criminal drug statutes;

"Criminal drug statute" means a Federal or non-Federal criminal statute involving the manufacture, distribution, dispensing, use, or possession of any controlled substance;

"Employee" means the employee of a grantee directly engaged in the performance of work under a grant, including: (i) All "direct charge" employees; (ii) all "indirect charge" employees unless their impact or involvement is insignificant to the performance of the grant; and (iii) temporary personnel and consultants who are directly engaged in the performance of work under the grant and who are not on the grantee's payroll. This definition does not include workers not on the payroll of the grantee (e.g., volunteers, even if used to meet a matching requirement; consultants or independent contractors not on the grantee's payroll; or employees of subrecipients or subcontractors in covered workplaces).

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Exhibit 4-3

COMMUNITY DEVELOPMENT BLOCK GRANT  
ENTITLEMENT PROGRAM

GRANTEE'S FINAL STATEMENT COMPLETENESS CHECKLIST

Your Final Statement is complete only if the answer to ALL questions with "\*" is YES.

	YES	NO
*1. Original + 2 copies?	_____	_____
*2. SF-424 signed by appropriate official?	_____	_____
3. a. Final Statement includes funds for the planning or construction of water or sewer facilities? (See Part III of the Instructions.)	_____	_____
*b. If yes to a., is item 16a. of the SF-424 checked?	_____	_____
*c. If no to a., is item 16b. of the SF-424 checked?	_____	_____
*4. Final Statement includes community development objectives?	_____	_____
5. *a. Final Statement includes projected use of funds (i.e. activities)?	_____	_____
b. Program income identified/included in funds to be used for activities?	_____	_____
*c. Description of activities includes information on location?	_____	_____

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Exhibit 4-3

6. *a. Certifications --- Latest version?	_____	_____
*b. Is the 1, 2, or 3 year period specified in certification (g) correct (and are the specific		





All entitlement grants are to be numbered in accordance with the following procedures:

I. Initial Letter Identification

B - Community Development Block Grant Program

II. Fiscal Year Identification

The last two digits of the fiscal year of the grant appropriation should be used. The fiscal year identifier must reflect the fiscal year source of funds and not the year in which the grant approval takes place.

III. Identification of Grant Type

MC Metro City  
UC Urban County

IV. State Code

-- Federal Standard two digit numeric code for the state in which the grantee is located.

V. Serial Number

-- The number is assigned sequentially within a state beginning with 0001 for each grant type.

-- States having multiple field offices should be allocated a block of numbers for each area office in the state to prevent duplication of numbers. This allocation should be done by the regional offices prior to the time funds are assigned.

-- The number assigned to a unit of government for an entitlement recipient will normally remain the same for all years. (The fiscal year identifier will separately identify individual grants made for each fiscal year source of funds.)

-- Joint recipients are to be assigned a single urban county number regardless of the number of participants.

For ease of identification, if space permits, a dash should be placed between each of the five sections in the grant number.

-- Establishment of fund reservation based on determination of entitlement (for the following grant types): Metro City (MC); Urban County (UC).

An example of using the above described numbering system is shown below:

A metro city (entitlement) in the state of Connecticut, twelfth grant in Connecticut, funds for fiscal year 1991.

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Exhibit 4-6

FINAL STATEMENT FIELD OFFICE COMPLETENESS CHECKLIST  
CDBG ENTITLEMENT PROGRAM

Grantee: \_\_\_\_\_

Date Next Program Year Begins: \_\_\_\_\_

CDBG Number: (See FORMS/CPD instructions) \_\_\_\_\_

Date Received in Field Office: \_\_\_\_\_

Date Forwarded to CPD Division: \_\_\_\_\_

CPD Reviewer: \_\_\_\_\_

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	YES	NO
*1. Submission has original + 2 copies?	_____	_____
*2. SF-424 signed by appropriate official?	_____	_____
*3. Final Statement, including the SF-424 received no earlier than December 1 and no later than the first workday in September?	_____	_____
4. Is item 16a of the SF-424 completed? (If yes, see Chapter 5 of Handbook 6513.01, paragraph 5-4, for processing instructions on E.O. 12372)	_____	_____
*5. Final statement includes community development objectives?	_____	_____

- 6. \*a. Final statement includes projected use of funds (i.e., activities)? (May be separate or combined with 5 above) \_\_\_\_\_
- b. Did the grantee identify/include program income funds to be used for activities? \_\_\_\_\_

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Exhibit 4-6

- \*c. Description of activities includes information on location? \_\_\_\_\_
- d. Description of activities includes sufficient detail to inform citizens of the degree to which they may be affected? (If no, consider inclusion in grant transmittal letter as a matter of advice.) \_\_\_\_\_
- 7. \*a. Certifications - (Latest version)? \_\_\_\_\_
- \*b. 1, 2, or 3 year period specified? \_\_\_\_\_
- c. If multi-year, is the period consistent with prior final statement(s)? \_\_\_\_\_
- d. Was the locality required to submit additional information or assurances? \_\_\_\_\_  
If yes, date of written notification to grantee \_\_\_\_\_
- \*e. If yes to "c", did the locality submit the required information or assurances? \_\_\_\_\_
- f. Was the Optional Certification submitted for urgent needs? \_\_\_\_\_
- g. If yes, were the urgent need activities identified in the locality's final statement? \_\_\_\_\_
- \*8. Does the grantee have an approved CHAS for the current fiscal year? \_\_\_\_\_  
If yes, date of approval letter \_\_\_\_\_
- 9. Annual Performance Review, completed and

approved by authorized official? \_\_\_\_\_

If yes, enter date \_\_\_\_\_

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Exhibit 4-6

If any item marked with an asterisk (\*) is checked "no," the final statement is not acceptable for processing. Refer to paragraph 4-5.B.2 in Chapter 4 for actions to take if Statement is not acceptable for processing.

I have reviewed this submission; it is

\_\_\_\_\_ complete and acceptable for further processing.

\_\_\_\_\_ not complete; further processing must be deferred.

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Reviewer \_\_\_\_\_ Date \_\_\_\_\_

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Concurred In \_\_\_\_\_ Date \_\_\_\_\_

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Exhibit 4-7

GUIDEFORM LETTER  
RECEIPT OF FINAL STATEMENT

Dear (Mayor/Commissioner/County Executive):

This is to acknowledge receipt of (name of grantee)'s final statement for Community Development Block Grant (CDBG) Entitlement funds for Federal Fiscal Year 19\_\_. We received your final statement on (date).

Add the following sentence if the final statement is acceptable for processing

We have reviewed your submission for completeness and found it acceptable for processing. If we have any questions as we proceed, you will be contacted.

If the final statement is NOT acceptable for processing, use the following sentences, explaining the deficiencies and required changes

We have reviewed your submission for completeness and found

that the following deficiencies must be corrected before it can be accepted for processing:

We have enclosed the original and one copy of your submission. We have retained one copy for our records. Please resubmit an original and two copies of your final statement with the changes noted above.

If you have any questions, please contact (Field Office contact person) at (telephone number).

Very sincerely yours,

Manager/Regional Administrator

cc: Local CD Director

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Exhibit 4-8

GUIDEFORM GRANT TRANSMITTAL LETTER

Dear (Mayor/Commissioner/County Executive):

I am pleased to transmit to you the Fiscal Year 19\_\_ Community Development Block Grant (CDBG) for (Name of Grantee) in the amount of \$\_\_\_\_\_. The grant assistance which you are receiving includes your Fiscal Year 19\_\_ entitlement amount of \$\_\_\_\_\_ and \$\_\_\_\_\_ in funds reallocated from Fiscal Year 19\_\_\_. The program year for (Name of Grantee) begins on (date).

Where appropriate, include additional paragraph(s) concerning any grant reduction, special grant condition or other matters of advice.

Enclosed is the Grant Agreement and Funding Approval (three copies of HUD-7082), which constitutes the contract between the Department of Housing and Urban Development and (Name of Grantee). You should note particularly any special conditions included in Item 11 of the Funding Approval. Failure to execute and return the grant agreement within 60 days of the transmittal date may be deemed to constitute rejection of the grant and cause for HUD to determine that the funds are available for reallocation to other grantees.

Use the following paragraph for grantees that have submitted their final statement to the State for E.O. 12372 review.

Your final statement includes funds for the planning or construction of water or sewer facilities which are subject to review under Executive Order 12372, Intergovernmental Review of Federal Programs, and HUD's implementing regulations at 24

CFR Part 52. The Grant Agreement and Funding Approval includes a special condition which restricts the obligation or expenditure of funds for the planning or construction of water or sewer facilities until receipt of written release of funds for such activities. You will receive a separate notification regarding the release of funds for such activities. Note that the special condition also applies to water or sewer activities not previously submitted for E.O. 12372 review that you may add through an amendment or other revision to your final statement.

Use the following paragraph for grantees that have NOT submitted their final statement to the State for E.O. 12372 review.

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The special condition in your Grant Agreement and Funding Approval concerning the review procedures under Executive Order (E.O.) 12372, Intergovernmental Review of Federal Programs and HUD's implementing regulations at 24 CFR Part 52 restricts the obligation or expenditure of funds for the planning or construction of water or sewer facilities until the completion of the review process and receipt of written notification of release of funds from HUD. Since you have not submitted your final statement for review under E.O. 12372, we assume you do not propose to use funds for activities subject to review. However, the condition requires that in the event you amend or otherwise revise your final statement to use funds for the planning or construction of water or sewer facilities, you must receive written release of funds from HUD before obligating or expending funds for such activities.

Use the following two paragraphs for grantees with a line of credit.

In order to establish a Line of Credit for the Fiscal Year 19\_\_ grant, it will be necessary for you to execute and return two copies of the Grant Agreement. In addition, if there is a need to delete or add individuals authorized to access the Voice Response System (VRS), a VRS Security Access Authorization Form (HUD-27054) must be prepared, notarized, and returned to this office with the Grant Agreement. Also, if there is a need to establish or change the depository account to which these grant funds are to be wired, a Direct Deposit Sign-Up Form (SF-1199A) must be completed by you and your financial institution and mailed to this office.

You are reminded that CDBG entitlement funds must be drawn on a first-in-first-out (FIFO) basis. This means that before requesting CDBG entitlement funds from a newly established line-of-credit, you should have first drawn all the funds from the previous years' line(s)-of-credit. Please note that the FIFO

method only applies to CDBG entitlement program funds.

Use the following three paragraphs for grantees that do not have an existing line of credit.

The payment of funds under this program is by electronic funds transfer under the HUD Voice Response System (VRS). To receive payment under this system you must prepare the following documents: (1) a Direct Deposit Sign-Up Form (SF-1199A); and (2) at least two VRS Security Access Authorization Forms (HUD-27054). You should complete Section 1 of the SF-1199A; your financial

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institution must complete Section 3 of the form and mail it to this office, which should be the address shown in Section 2 of the form.

A separate HUD-27054 should be completed for each individual you wish to authorize to request payments through the Voice Response System. You should have at least two persons authorized to access the system and request funds. The HUD-27054's should be returned to this office. Upon receipt of the SF-1199A, the HUD-27054's and two copies of the Grant Agreement executed by you, HUD will establish a Line of Credit in your name.

Use the following paragraphs for ALL grantees.

Upon receipt of the executed Grant Agreement (two copies) and other forms required to establish your Line of Credit, HUD will transmit to you the assigned Voice Response project number for this grant.

You are reminded that certain activities are subject to the provisions of 24 CFR Part 58 (Environmental Review Procedures for the Community Development Block Grant Program). Funds for such activities may not be obligated or expended unless the release of funds has been approved in writing by HUD. A request for the release of funds must be accompanied by an environmental certification. Appropriate forms are enclosed.

You are also reminded that your Grantee Performance Report for the 19\_\_ Program Year is due in this office no later than (date).

If you have any questions or desire assistance in connection with this letter or other items related to the CDBG program, please contact (Field Office representative) of this office at (telephone number).

Sincerely yours,







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\* GRAPHICS MATERIAL IN ORIGINAL DOCUMENT OMITTED \* \* \* \* \*  
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form HUD-7028 (3/89)

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