**GRANT AGREEMENT**

This section of the CDBG Manual provides guidance on the steps that must be fulfilled before a funded project is implemented and an overview of the requirements a grantee has as a result of signing a CDBG Grant Agreement.

## Caution:

* Prior to seeking any professional services or contractors, a Grantee must understand and follow

the procurement processes required of CDBG funded projects. See Procurement Chapter.

* Prior to contracting for non‐general administrative services, a Grantee must receive a Notice of Release of Funds from AEDC.

## GRANT AGREEMENT AND SPECIAL CONDITIONS LETTER

A letter announcing the award and presenting the grant agreement is sent or delivered to each successful CDBG program applicant. The letter specifies the amount of the award and the activity or activities funded. The amount of the award may be smaller than the requested amount. An approved applicant is required to designate an employee of the local governmental entity to have principal day‐to‐day responsibility for the administration of this grant. In addition, an AEDC Approved Grant Administrator must be employed or contracted by the grantee to oversee the administration of the grant. The Grant Administrator may be the designated employee responsible for day‐to‐day administration or a contracted professional, in either case the Certified Administrator must be recognized by AEDC as being an approved Grant Administrator.

The award letter cautions the grantee about incurring costs. Non‐administrative costs incurred prior to receiving a Notice of Release of Funds cannot be reimbursed with CDBG funds unless an incur cost approval letter is executed. Only a very limited number of costs may be incurred prior to receiving a Notice of Release of Funds. Only costs associated with the general administration of a grant are allowable such as contracting for administrative services or hiring staff to administer the grant. Administrative costs include the related costs necessary for completing the Special Conditions requirements of the CDBG Contract, and this includes the environmental review. Contracts for general administration services must be executed after the Notice of Approval date. All expenses incurred prior to the Notice of Approval cannot be reimbursed by CDBG funds, unless there is an incur cost approval.

A grantee will also find in the Notice of Approval the contact information for the Grants Manager. This is the AEDC staff person who is the principal contact for all matters concerning this grant.

## CDBG CONTRACT

**Note**: As a result of the Office of Management and Budget’s release of the Super Circular and the U.S. Department of Housing and Urban Development’s Notice of Transition to 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Final Guidance*, AEDC has made several changes and additions to the CDBG Contracts. Grantees are strongly encouraged to thoroughly review the CDBG contracts prior to execution.

The grantee will receive two copies of the CDBG Contract in conjunction with the Notice of Approval. This is the contract between AEDC and the grantee. The grantee should thoroughly review the terms and conditions of the contract with its attorney, if available.

The Chief Elected Official is the only individual recognized by AEDC authorized to sign and execute CDBG contractual documents and official correspondence. This applies to any contract extensions and amendments involving changes in terms, conditions and amounts. At the time of application, the grantee should have passed a resolution authorizing the Chief Elected Official to sign such documents.

The grantee has 30 days to sign both copies of the CDBG Contract and send one copy to the following address:

Grants Division

Attn: \_\_\_\_\_\_\_\_\_\_\_\_\_\_ (name), Grants Manager

Arkansas Economic Development Commission

900 W. Capitol, Ste. 400

Little Rock, AR 72201

### Terms

The CDBG Contract contains a project description, time of performance, sources and uses of funds,

conditions governing the use of CDBG funds and the special conditions for release of funds. In most cases, the special conditions of the contract must be satisfied within three months and the project completed within two years.

Each grantee is responsible for adhering to all the terms of their CDBG Contract. A substantial number of regulations, acts, and statutes apply to the grant. It is a good idea to understand all the requirements of the contract.

## SPECIAL CONDITIONS FOR RELEASE OF FUNDS

Recipients of CDBG funds are advised to carefully review their CDBG Contract before implementing the

funded project. Contained within the contract is a section entitled Special Conditions for Release of Funds. The section begins by stating that “Funding of the amount stipulated in §1.01 will not be released to the Recipient by AEDC until the following Special Conditions for Release of Funds are met.” These Special Conditions must be satisfactorily completed by the identified date, or the Grantor reserves the right to cancel the contract if these special conditions are not met within this specified time frame.

**Note:** Project costs cannot be obligated or incurred prior to AEDC issuing a written Notice of Release of Funds to the Grantee.

### Typical Special Conditions for Release of Funds

* **Grantee Information Sheet**

Documentation is required that the Grantee has completed and returned this form to the

AEDC. This form should be resubmitted to the Grants Manager of the project anytime a representative identified on the form has changed.

## Environmental Review

Documentation is required by AEDC evidencing the Grantee’s completion of its responsibilities for environmental review and decision making pertaining to the project, and its compliance with the National Environmental Policy Act of 1969 (NEPA), and other provisions of Federal law as specified in 24 C.F.R. Part 58, which furthers the purposes of NEPA. (See Environmental Review Chapter)

## Language Assistance Plan

Documentation is required by AEDC evidencing the grantee’s completion of its responsibilities regarding Limited English Proficiency (LEP) persons, assignment of an LEP Representative, a Four Factor Analysis, and a description of the actions grantee will take to fulfill the requirements to provide meaningful access to LEP persons.

## Request for Payment Signature Card and Financial Forms

Documentation is required that the Grantee has completed and returned this form to AEDC. This form should be resubmitted to AEDC anytime a representative identified on the form has changed.

## Financial Management

Documentation is required evidencing completion of all financial management system requirements and execution of the financial management certification form prescribed by AEDC.

## Procurement Standards and Code of Conduct

Documentation is required evidencing adoption of Procurement Standards and Code of Conduct equivalent to those established in 24 C.F.R. Part 85 and 24 C.F.R. Part 570.

## Excessive Force Certification

Documentation is required that the Grantee has adopted a policy to prohibit the use of

excessive force by law enforcement agencies against any individual engaged in nonviolent civil rights demonstrations.

## Fair Housing

Documentation is required that the Grantee has specifically provided a description of the actions it will take during the course of the grant to fulfill the requirements to affirmatively further fair housing. (See later in this chapter for more guidance on fair housing)

## Project Schedule

Documentation that the grantee has completed and submitted this form to AEDC.

## CDBG Grant Administrator

Documentation is required that the grantee has selected an AEDC Approved Grant Administrator.

**Disclaimer:** The above list represents a list of typical standard special conditions, however all CDBG Contracts are tailored to a specific project with unique standard conditions. The Special Conditions for Release of Funds in the CDBG Contract must be satisfied before the Notice of Release of Funds will be issued for that project. Forms and samples to assist in completing special condition requirements are available at the Grants Division’s AEDC website, at www.arkansasedc.com/grants.

### Federal and State Requirements

In SECTION V: SPECIAL REQUIREMENTS AND ASSURANCES the grantee agrees to comply with: the

Administrative Requirements of the program; those applicable items in the current Consolidated Plan; Title I of the Housing and Community Development Act of 1974; and 24 CFR Part 570; as well as other laws and regulations, both federal and state, as they are applicable to the approved Project.

The grantee must gain understanding of all the requirements that they are agreeing to comply with. The following is meant as a summary of some of the requirements and not a complete coverage of the responsibilities of CDBG grantees.

### Civil Rights and Equal Opportunity Provisions

* **Title VI of the Civil Rights Act of 1964**

Provides that no person shall be excluded from participation in, denied program benefits of, or subject to discrimination based on race, color and/or national origin under any program or activity receiving federal financial assistance.

## Section 109 of the Housing and Community Development Act of 1974

Provides that no person shall be excluded from participation in (including employment), defined program benefits of, or subject to discrimination on the basis of race, color, national origin, or sex under any program or activity funded in whole or in part under Title I (Community Development) of the Act.

## Age Discrimination Act of 1975

Provides that no person shall be excluded from participation in, denied program benefits of, or

subject to discrimination on the basis of age under any program or activity receiving federal funding assistance.

## Section 504 of the Rehabilitation Act of 1973

Provides that no otherwise qualified individual shall; solely by reason of his or her handicap, be excluded from participation in (including employment), denied program benefits of, or subjected to discrimination under any program or activity receiving federal funding assistance.

## Americans with Disability Act

Extends civil rights to those with disabilities in the following areas: employment, public

accommodations, state and local government services, and telecommunications. Discrimination could occur if facilities are designed or constructed (built for initial occupancy after January 26, 1993) and are not accessible or usable by those with disabilities. The ADA also mandates that structurally‐based architectural and communications barriers be removed, provided that the removal be readily achievable, easily accomplished and capable of being accomplished with little difficulty or expense.

## Executive Order 11246

Applies to all federally‐assisted construction contracts and subcontracts. It provides that no person shall be discriminated against on the basis of race, color, religion, sex or national origin in any phase of employment during the performance of a federal or federally‐assisted construction contract in excess of $10,000. Grantees must include the applicable equal opportunity language in the bid specifications and contract documents.

## Executive Order 11063, As Amended by Executive Order 12259

Provides that the administration of all federal programs and activities relating to housing and urban development be carried out in a manner to further housing opportunities throughout the United States. Under this executive order, if HUD (or in this case, the state) concludes that any person or entity applying for or participating in, or supervised or regulated under, a program or activity relating to housing and urban development has not complied with this order or any

applicable rule, regulations, or procedures issued or adopted pursuant to this order, they shall endeavor to remedy such violation by informal means, including conference, conciliation and persuasion. In the event of failure of such informal means, sanctions may be imposed.

## Title VIII of the Civil Rights Act of 1968, As Amended by the Fair Housing Amendments Act of 1988

This law, seeking fair housing practices throughout the United States, prohibits any person from discriminating in activities associated with housing, because of race, color, national origin, religion, sex, handicap, or familial status. The grantee must also administer programs and activities relating to housing and urban development in a manner that affirmatively promotes fair housing and furthers the purposes of Title VIII.

### Environmental Standards and Provisions

For more information on environmental requirements refer to Chapter 6 – Environmental Review

## Title IV of the Lead‐Based Paint Poisoning Prevention Act and regulations at 24 C.F.R. Part 35

**National Environmental Policy Act of 1969 and regulations at 24 C.F.R. Part 58** Environmental review procedures, including completing a checklist and determining and publishing a Finding of Significance or of No Significant Impact for a project, are a necessary part of this process. Pursuant to these provisions, the grantee must also submit environmental certifications to AEDC when requesting that funds be released for the project.

The grantee must certify that the proposed project will not significantly impact the environment and that the grantee has complied with environmental regulations and fulfilled its obligations to give public notice of the funding request, environmental findings and compliance performance.

## EPA List of Violating Facilities

The grantee will ensure that the facilities under its ownership, lease, or supervision which will be utilized in the accomplishment of the program are not listed on the U.S. Environmental Protection Agency's (EPA) List of Violating Facilities.

## Flood Insurance

The grantee will comply with the flood insurance purchase requirement of §102(a) of the Flood Disaster Protection Act of 1973. §102(a) requires, on and after March 2, 1974, the purchase of flood insurance in communities where such insurance is available as a condition for the receipt of any federal financial assistance for construction or acquisition purposes for use in any area that has been identified by the Federal Emergency Management Agency as an area having special flood hazards.

## Historic Preservation

The grantee will, in connection with its performance of environmental assessments under the National Environmental Policy Act of 1969, comply with Section 106 of the National Historic Preservation Act of 1966 (16 U.S.C. §470), Executive Order 11593, and the Preservation of Archaeological and Historical Data Act of 1966 (16 U.S.C. §469 a‐1, et. seq.) by:

* + Consulting with the state Historical Preservation Officer to identify properties listed in or eligible for inclusion in the National Register of Historic Places that are subject to adverse effects (see 36 C.F.R. Part 800.0) by the proposed activity; and,
	+ Complying with all requirements established by the state to avoid or mitigate adverse effects upon such properties.

### Labor Standards and Provisions

For more information on labor standards requirements refer to Chapter 9 – Construction & Labor Standards

* Davis‐Bacon Act
* Section 2 of the June 13, 1934 Act Popularly Known as The Copeland Anti‐Kickback Act Contract Work
* Hours and Safety Standards Act
* Section 3 of the Housing and Urban Development Act of 1968
* Fair Labor Standards Act of 1938

## AFFIRMATIVELY FURTHERING FAIR HOUSING

All CDBG grantees, regardless of the type of CDBG project, must certify that they will affirmatively further fair housing in the community (Title VIII of the Civil Rights Act of 1968). This requirement dictates some form of action to be taken by the grantee, not just passive compliance with existing laws and ordinances. The requirement is not limited to those grantees with a housing activity, but must be undertaken by all CDBG grantees each time a grant is awarded.

Fair housing choice is the ability of persons of similar income levels to have available to them a like range of housing choices regardless of race, color, national origin, religion, sex, familial status, or disability. Local governments, because of their influence and power, are in the most effective position to promote fair housing. CDBG grantees make a commitment to Affirmatively Further Fair Housing in the community as a recipient of CDBG funds. Although AEDC has a specific action requirement, it is important for grantees to be aware that this is a commitment to understand every individual’s fair housing rights and ensure all local policies and practices do not hinder fair housing and when appropriate actively further fair housing.

## Grantees, as a Special Conditions requirement must:

* Identify a local contact, preferably an employee or elected official of the local government, as

the community Fair Housing representative that will actively promote fair housing and ensure potential fair housing violations are reported to the appropriate agencies. AEDC does not expect, or recommend, that the community Fair Housing representative take on the responsibility of deciding whether specific complaints are legitimate violations of the Fair Housing Act. Instead the Fair Housing representative needs to make individuals aware of the agencies that can assist them with investigating and resolving a complaint that is potentially a violation of the Act.

* Inform AEDC of a specific action they will undertake to further fair housing and clearly document the action that was taken in the project file. Documentation of the Fair Housing Action can include newspaper articles, meeting and board minutes, contracts and agreements with workshop presenters, sign‐in sheets, web‐sites, and video files.

Standard, minimal actions that may be undertaken without additional actions only by a grantee village that it is a first‐time recipient of CDBG funds and with permission from AEDC program representative:

* Add the Equal Opportunity Fair Housing logo to official letterhead.
* Prominently display posters, logo, and informational material on fair housing in the village office and community meeting places.
* Pass a Fair Housing Resolution with a commitment to fair housing and measurable action steps to promote fair housing.

## Acceptable Fair Housing Actions for purposes of meeting the Special Conditions requirement that Affirmatively Further Fair Housing:

* Undertake a review of existing fair housing ordinances, zoning and land use practices for discriminatory policies and practices. Document the review and make it available to the public. Develop a Fair Housing Plan with corresponding action steps to address discriminatory policies and practices.
* Take an action step identified in your Fair Housing Plan that has not been previously taken.
* Develop a community Fair Housing web‐page which

prominently displays the community’s commitment to Further Fair Housing on the community web‐site including links to fair housing enforcement and education agencies such as the Nebraska Equal Opportunity Commission, the Fair Housing Center of Nebraska‐Iowa, and HUD.

When promoting fair housing it is sometimes more effective to refer to the injustice of “housing discrimination” in materials for the public as most people are familiar with the concept of discrimination.

* Enhance the community’s Fair Housing Web‐page with additional resource and education

materials.

* Print a notice or advertisement that appears in a prominent location of the local newspaper that states that the grantee is an active supporter of fair housing laws. The notice or advertisement must include the contact information for the community Fair Housing representative.
* Support and participate in an educational program coordinated with local realtors, home

builders, and/or mortgage lenders designed to provide information on fair housing rights.

* Provide a housing referral and counseling services session with fair housing advocates to assist minorities, women, and persons with disabilities seeking housing within the grantee’s jurisdiction.
* Host an informational fair housing session for local employers to encourage cooperation in

efforts to find housing for their employees and to promote equal housing choices within the community.

* Speak to an elementary school class about the Fair Housing rights of the children and their families.
* Request assistance from the Nebraska Equal Opportunity Commission or other advocacy groups

to host a fair housing informational or technical assistance seminar in your community or region.

* Sponsor a billboard that informs citizens of their basic fair housing rights and contacts if they feel they have experienced discrimination.
* Invite the Nebraska Equal Opportunity Commission (NEOC) or other Fair Housing advocacy

organization to have a discussion with a group of lenders or rental property owners and managers about their fair housing responsibilities.

* Host a Fair Housing Month (April) event such as a Fair Housing poster contest or Housing information event that includes Fair Housing advocates.
* Other actions approved in advance by AEDC on a per grant basis.

### Basic Facts about Individual Rights and Other Components in the Fair Housing Act

* **What Housing Is Covered?**

The Fair Housing Act covers most housing. In some circumstances, the Act exempts owner‐ occupied buildings with no more than four units, single‐family housing sold or rented without the use of a broker, and housing operated by organizations and private clubs that limit occupancy to members.

## What Is Prohibited?

*In the Sale and Rental of Housing:*

No one may take any of the following actions based on race, color, national origin, religion, sex, familial status or handicap:

* + Refuse to rent or sell housing o Refuse to negotiate for housing o Make housing unavailable
	+ Deny a dwelling
	+ Set different terms, conditions or privileges for sale or rental of a dwelling
	+ Provide different housing services or facilities
	+ Falsely deny that housing is available for inspection, sale, or rental
	+ For profit, persuade owners to sell or rent (blockbusting) or
	+ Deny anyone access to or membership in a facility or service (such as a multiple listing

service) related to the sale or rental of housing.

*In Mortgage Lending:*

No one may take any of the following actions based on race, color, national origin, religion, sex, familial status or handicap (disability):

* + Refuse to make a mortgage loan
	+ Refuse to provide information regarding loans
	+ Impose different terms or conditions on a loan, such as different interest rates, points,

or fees

* + Discriminate in appraising property
	+ Refuse to purchase a loan or
	+ Set different terms or conditions for purchasing a loan.

*In Addition:*

It is illegal for anyone to:

* + - Threaten, coerce, intimidate or interfere with anyone exercising a fair housing right or assisting others who exercise that right
		- Advertise or make any statement that indicates a limitation or preference based on race, color, national origin, religion, sex, familial status, or handicap. This prohibition against discriminatory advertising applies to single‐family and owner‐occupied housing that is otherwise exempt from the Fair Housing Act.
		- Threaten, coerce, intimidate or interfere with anyone exercising a fair housing right or assisting others who exercise that right
		- Advertise or make any statement that indicates a limitation or preference based on race, color, national origin, religion, sex, familial status, or handicap. This prohibition against discriminatory advertising applies to single‐family and owner‐occupied housing that is otherwise exempt from the Fair Housing Act.

## Additional Protection if You Have a Disability

If you or someone associated with you:

* + Have a physical or mental disability (including hearing, mobility and visual impairments, chronic alcoholism, chronic mental illness, AIDS, AIDS Related Complex and mental retardation) that substantially limits one or more major life activities
	+ Have a record of such a disability or
	+ Are regarded as having such a disability

Your landlord **may not:**

* + Refuse to let you make reasonable modifications to your dwelling or common use areas, at your expense, if necessary for the disabled person to use the housing. (Where reasonable, the landlord may permit changes only if you agree to restore the property to its original condition when you move.)
	+ Refuse to make reasonable accommodations in rules, policies, practices or services if necessary for the disabled person to use the housing.

Examples:

* + A building with a "no pets" policy must allow a visually impaired tenant to keep a guide dog.
	+ An apartment complex that offers tenants ample, unassigned parking must honor a request from a mobility‐impaired tenant for a reserved space near her apartment if necessary to assure that she can have access to her apartment.

However, housing need not be made available to a person who is a direct threat to the health or safety of others or who currently uses illegal drugs.

## Requirements for New Buildings

In buildings that are ready for first occupancy after March 13, 1991, and have an elevator and four or more units:

* + Public and common areas must be accessible to persons with disabilities
	+ Doors and hallways must be wide enough for wheelchairs
	+ All units must have:
* An accessible route into and through the unit
* Accessible light switches, electrical outlets, thermostats and other environmental controls
* Reinforced bathroom walls to allow later installation of grab bars and
* Kitchens and bathrooms that can be used by people in wheelchairs.

If a building with four or more units has no elevator and will be ready for first occupancy after March 13, 1991, these standards apply to ground floor units.

These requirements for new buildings do not replace any more stringent standards in State or local law.

## Housing Opportunities for Families

Unless a building or community qualifies as housing for older persons, it may not discriminate based on familial status. That is, it may not discriminate against families in which one or more children under the age of 18 live with:

* + A parent
	+ A person who has legal custody of the child or children or
	+ The designee of the parent or legal custodian, with the parent or custodian's written

permission.

Familial status protection also applies to pregnant women and anyone securing legal custody of a child under 18.

**Exemption:** Housing for older persons is exempt from the prohibition against familial status discrimination if:

* + The HUD Secretary has determined that it is specifically designed for and occupied by elderly persons under a Federal, State or local government program or
	+ It is occupied solely by persons who are 62 or older or
	+ It houses at least one person who is 55 or older in at least 80 percent of the occupied

units, and adheres to a policy that demonstrates an intent to house persons who are 55

or older.

A transition period permits residents on or before September 13, 1988, to continue living in the housing, regardless of their age, without interfering with the exemption.

## If You Think Your Rights Have Been Violated

HUD is ready to help with any problem of housing discrimination. If you think your rights have been violated, the Housing Discrimination Complaint Form is available for you to download, complete and return, or complete online and submit, or you may write HUD a letter, or telephone the HUD Office nearest you. You have one year after an alleged violation to file a complaint with HUD, but you should file it as soon as possible.

What to Tell HUD:

* + Your name and address
	+ The name and address of the person your complaint is against (the respondent)
	+ The address or other identification to the housing involved
	+ A short description to the alleged violation (the event that caused you to believe your

rights were violated)

* + The date(s) to the alleged violation

Where to Write or Call:

Send the Housing Discrimination Complaint Form or a letter to the HUD Office nearest you or

you may call that office directly.

If You Are Disabled: HUD also provides:

* + A toll‐free TTY phone for the hearing impaired: 1‐800‐927‐9275.
	+ Interpreters
	+ Tapes and braille materials
	+ Assistance in reading and completing forms

What Happens when You File a Complaint?

HUD will notify you when it receives your complaint. Normally, HUD also will:

* + Notify the alleged violator of your complaint and permit that person to submit an answer
	+ Investigate your complaint and determine whether there is reasonable cause to believe the Fair Housing Act has been violated
	+ Notify you if it cannot complete an investigation within 100 days of receiving your complaint

## RELEASE OF FUNDS

After receiving a Notice of Release of Funds and incurring eligible costs, the grantee may request CDBG funds from AEDC. The grantee must complete and send to the Grants Division a Request for Payment (RFP) form only as funds are needed for the project. CDBG funds will be disbursed electronically to the grantee’s bank account generally within two weeks if the request contains no errors. The grantee has only **three** working days to disburse funds following receipt.

AEDC recommends to grantees, as a sound financial practice, that CDBG funds be drawn after the grantee has incurred and paid the eligible expense. It is an absolute requirement that expenses are incurred prior to drawing CDBG funds. More information on requesting funds is available in the Financial Chapter.

## AMENDMENTS/EXTENSIONS

During the course of administering a project, situations may occur that require a change in the original terms of the CDBG contract. These changes are referred to as contract modifications or amendments.

Grantees must request approval from AEDC for **any** modification or amendment to the CDBG contract. When submitting the request for approval, the grantee must complete and submit the CDBG Contract Amendment Request Form to AEDC along with any attachments required by AEDC.

Common amendment requests include:

* + Changes to the budget
	+ Extensions of the contract end date
	+ Decreases in proposed accomplishments
	+ Amendments to housing program guidelines

*AEDC will review amendment requests using the following factors:*

* + The effect the amendment will have on the points earned in the selection process.
	+ Whether the amendment is appropriate and will enhance the overall impact of the original

project.

* + Grantee’s performance and capacity. (An on‐site visit may be required before a determination can be made).
	+ Any other relevant information.

AEDC will inform grantees in writing as to whether the amendment has been approved. When the amendment is approved, AEDC will provide the Grantee with a formal contract amendment, which will need to be executed by the grantee and AEDC. Grantees should never assume that an amendment has been, or will be approved, and no action should be taken until written approval from AEDC is received by the grantee.

Grantees should be aware that changes to the budget that allocate funds from one activity to another activity may require the Grantee to provide additional matching funds for the project, if matching was required, as the proportion of match to CDBG funds that was approved during the application phase must be maintained when the budget is modified.

Additional items may be required to accompany the submission of the CDBG Contract Amendment Request depending on the type of amendment request. Common types of amendment requests and the items required to accompany the request are detailed on the following page. For other types of

contract amendments, please contact your program representative at AEDC to determine what information will be required to process your request.

Below is a list of the common types of contract amendments and the attachments required to be submitted to AEDC along with the CDBG Contract Amendment Request Form.

### Changes to the Budget

* **Attachment 1:** Letter from the Chief Elected Official including:
1. Certification that the local governing body has approved the budget amendment;
2. Identification and reasons for the proposed budget amendment; including
	1. Changes to the nature of the project requiring the amendment
	2. Steps being taken to avoid any future amendment requests for the same reasons
3. If additional local matching funds are required as a result of this amendment, certification that such funds are available.
4. If the amendment includes a new activity, certification that the activity meets the national objective.
* **Attachment 2:** Minutes from the public hearing held on the proposed amendment (required if reallocating more than 10% of the total original grant amount).
* **Attachment 3:** If the budget amendment will affect major milestones, a revised project schedule

showing when major milestones will be completed for each activity

* **Attachment 4:** Certification of re‐evaluation of the environmental assessment (this form is included in the Environmental Review Chapter)

### Extensions of the Contract End Date

* **Attachment 1:** A letter from the Chief Elected Official stating the following:
1. Certification that the local governing body has approved the extension;
2. Identification and reasons for the proposed amendment; including
	1. Changes to the nature of the project requiring the amendment;
	2. Steps being taken to avoid any future amendment requests for the same reasons
3. If additional local matching funds are required as a result of this extension, certification that such funds are available.
* **Attachment 2:** A revised project schedule showing when major milestones will be completed for each activity

### Decreases in Proposed Accomplishments

* **Attachment 1:** A letter from the Chief Elected Official stating the following:
1. Certification that the local governing body has approved the decrease in proposed accomplishments;
2. Identification and reasons for the proposed amendment; including
	1. Changes to the nature of the project requiring the amendment;
	2. Steps being taken to avoid any future amendment requests for the same reasons
3. If additional local matching funds are required as a result of this decrease, certification that such funds are available.
* **Attachment 2:** A revised project schedule showing when major milestones will be completed for each activity.

**SAMPLE GRANT AGREEMENT**

**Arkansas Community and Economic Development Program**

**GRANT AGREEMENT**

**PART I: SIGNATORY** **SHEET**

|  |  |
| --- | --- |
| **Grantee:** | **Federal Award ID: B-18-DC-05-0001** |
| **Grant Amount:** | **Federal Award Date: September 20, 2018** |
| **Grant Control #:** | **Community Development Block Grants / State’s** **Program and Non-Entitlement Grants in Hawaii****CFDA # 14.228** |
|  |  |
| **GRANTOR:** | **GRANTEE:** |
| **Arkansas Economic Development Commission****900 West Capitol Avenue, Suite 400****Little Rock, AR 72201****Phone: (501) 682-1121** | **Name of Grantee****Address****City, State, Zip Code****County****Phone # ( )****EIN #** |

1. This Agreement is entered into by the Arkansas Economic Development Commission (AEDC), herein referred to as Grantor, and the **Grantee Name;** herein referred to as the Grantee. The Grantor has received funds from the U. S. Department of Housing and Urban Development under the authority of Title I of the Housing and Community Development Act of 1974, as amended, to implement the Arkansas Community and Economic Development Program. The Grantee agrees to implement and complete an Arkansas Community and Economic Development Project in accordance with the provisions of this Agreement. This Agreement consists of this Signatory Sheet (Part I), General Terms and Conditions (Part II), Scope of Work, Special Conditions, Budget and Project Schedule (Part III), and any attachments referenced herein.

2. The parties acknowledge they have read and understand this contract and agree to its provisions and that it will be effective on the date when both parties have signed. This Agreement is considered to be in effect until the Grantor notifies the Grantee in writing that the Agreement is terminated.

|  |  |
| --- | --- |
| **Arkansas Economic Development Commission** | **Grantee Name** |
| Approved by the Grantor | Approved by the Grantee |
| By: | By: |
| Signature | Signature |
| Date | Date |
| **Executive Vice President, Operations** | **Signee** **Title** |

**PART II: GENERAL TERMS AND CONDITIONS**

This contract is entered into between the State of Arkansas Economic Development Commission ("Grantor"), and the (City/County), Arkansas ("Grantee"), upon the date of signature by both parties.

## RECITALS:

1. The Grantor has been designated by the United States Department of Housing and Urban Development ("HUD") to administer; and HUD has awarded the Grantor funds for; the Community Development Block Grant Program ("CDBG").
2. The Grantee has submitted, and the Grantor has approved, Grantee's application ("Application") which will undertake community or economic development activities ("Project") authorized under the Housing and Community Development Act of 1974, as amended ("HCDA" or "Act"), and as authorized under the federal regulations governing CDBG at 24 C.F.R. Part 570.
3. The authorized use of CDBG funds is premised upon, and conditioned on, the Grantee fulfilling a CDBG national objective as a result of the CDBG‐assisted activity. Some of the specified national objectives in the Act (and in the CDBG regulations) are:
	1. *Benefiting low‐to‐moderate income ("LMI") persons*.
		1. Such LMI benefit national objective is usually satisfied by demonstrating the projects serve a primarily residential area having at least 51% LMI residents. This subcategory of LMI benefit is referred to as LMI *Area Benefit*.
		2. Such LMI benefit national objective is sometimes satisfied by demonstrating the projects provide a benefit to a specific group of persons rather than everyone in a general area, and which qualify as benefiting a presumed sufficient LMI group. This subcategory of LMI benefit is referred to as LMC *Limited Clientele*.
		3. Such LMI benefit national objective is sometimes satisfied in the context of creating or retaining permanent jobs, at least 51% of which, on a full time basis, are either held by LMI persons or considered to be available to L/M income persons. This is a subcategory of LMI benefit is referred to as LMIJ or LMJFI.

2) *Activities which aid in the prevention or elimination of slums or blight.* “Blight” has the same meaning as blighted areas as defined in Arkansas Code §14-168-301**,** on an area basis or spot basis. This subcategory of a national objective is referred to (in this contract) as SBA or SBS Slum/Blight.

3) *Activities which address a need of particular urgency which is designed to alleviate existing conditions which are determined as posing a serious threat to the health or welfare of the community, is of recent origin, or the recipient unable to finance activity on their own and other sources are not available to carry out the project, referred to as URG Urgent Need.*

1. As is agreed in §1.03 below, but also being cited here in the Recitals for emphasis, a failure to fulfill the CDBG national objective as a result of the CDBG‐assisted activities will result in the disallowance of CDBG funding for the Project, and the Grantee will be required, under HUD CDBG regulations, to repay all CDBG funds to the Grantor.
2. This Recital provision is to formally memorialize in this contract (as opposed to such data simply being among the various Application materials, or among other administrative file materials, submitted by the Grantee) the national objective to be met, and in the case of an LMI national objective, the proposed LMI beneficiaries data established at the time of the approval of the Project and which is being used by the Grantor in ascertaining that the LMI national objective is proposed to be met by the Project. The national objective being utilized for the Project is:

 LMI *Area Benefit*

 The data for proposed beneficiaries is→**000** persons, of whom **000** (**00.00**%) are LMI persons.

 LMC *Limited Clientele*

 The data for proposed beneficiaries based on this presumptive category is→**000** persons, of whom **000** (**00.00**%) are LMI persons.

 LMJ *Jobs or* LMJFI

The data for proposed beneficiaries is \_\_\_ persons, of whom at least \_\_\_\_ (51%) are LMI persons.

 URG *Urgent Need* – *Immediate Threat to Health and Welfare of the Community*

## AGREEMENT:

Premised on the Recitals above, and in consideration of the mutual promises and understandings of the parties set forth below, the parties agree as follows:

## SECTION I: TERMS AND CONDITIONS.

**§1.01 Amount, Use, and Payment of CDBG Funds.**

The total amount of CDBG funds paid by the Grantor to the Grantee for allowable expenses incurred will not exceed $**000**. Of that amount, approved administrative and audit expenses will not exceed

$**000**.

The grant will be used to fund the Project as detailed in the Application, which generally involves **(description of project**) (see Section A) for **(City/County),** Arkansas.

Section V (Compliance with Applicable Laws and Regulations) of this contract incorporates, as being applicable to this contract, all of the Grantor’s administrative requirements which are contained in the *Arkansas Community and Economic Development Program Administrative Procedures* (“ACEDP Administrative Procedures Manual”). Those administrative requirements contain many restrictions governing the receipt of CDBG funds from the Grantor. Included among those restrictions are limitations on the amount of administration expenses the Grantee is allowed, dependent on the Project's status.

Requests by the Grantee for reimbursement of Project administration expenses will not be paid by the Grantor unless an approved Administrator is identified and available to conduct administration of the Project, at the time of each request for reimbursement of administration expenses, with this requirement applicable at all times through Project completion (including final Project reports). As a cross reference, note that §2.09 requires an Approved Administrator to achieve the initial Request for Payment for the Project.

## To request payment of allowable expenses, the Grantee must submit a request for payment to the Grantor, in the manner and form prescribed from time to time by the Grantor, mailed to the Arkansas Economic Development Commission, Grants Division, 900 West Capitol Avenue, Suite 400, Little Rock, AR 72201.

**§1.02 Timely Performance.**

The Grantee agrees to insure that all of the work performed and completed is consistent with the timeline established in Section D of the Agreement. Failure to meet the Activity Completion Dates listed in the timeline without acceptable justification will result in sanction, penalty and/or de-obligation of funding to Grantee and/or subcontractors. Any extensions must be approved in writing by the Grantor prior to the date contained in Section D. Only under specific situations where the referenced completion date is delayed due to unforeseeable causes beyond the control of either the Administrator or the Engineer will the Grantee reasonably extend the referenced deadline.

The Grantee agrees to see that all work is performed and completed in a manner consistent with the project schedule established at the Grant’s inception. Failure to meet these timelines without acceptable justification may result in sanction and/or deobligation of funding to Grantee and/or Subcontractors.

## §1.03 National Objective Compliance—Failure Requiring Repayment by Grantee.

A failure to fulfill the national objective as a result of the CDBG‐assisted activities will result in the disallowance of CDBG funding for the Project, and the Grantee will be required, under HUD CDBG regulations, to repay all CDBG funds to the Grantor.

## §1.04 Incorporation of RECITALS Paragraphs as Agreed Terms of Contract.

All provisions of paragraphs A, B, C, D, and E of the Recitals above are incorporated as agreed provisions of the contract.

## SECTION II: SPECIAL CONDITIONS FOR RELEASE OF FUNDS.

Funding of the amount stipulated in §1.01 of this contract will not be released to the Grantee by the Grantor until the following special conditions for release of funds are met. These special conditions must be satisfactorily completed no later than the same day as in the project schedule. The Grantor reserves the right to cancel the contract if these special conditions are not met within this specified time frame.

## §2.01 Grantee Information Sheet.

Completion, and submission to the Grantor, of the Grantor's Grantee Information Sheet.

## §2.02 Environmental Review.

Submission to the Grantor of documentation evidencing the Grantee's completion of its responsibilities for environmental review and decision making pertaining to the Project, and its compliance with the National Environmental Policy Act of 1969 (NEPA), and other provisions of federal law as specified in 24 C.F.R. Part 58 which furthers the purposes of NEPA as now in effect, and as such law may be amended during the term of this contract.

## §2.03 Request for Payment Signature and Financial Forms.

Completion by the appropriate chief elected official of the Grantee, and submission to the Grantor, of the Grantor's Request for Payment Signature form, and all other forms required by Grantee to set up the financial management system.

## §2.04 Financial Management.

Submission to the Grantor of documentation evidencing completion of all financial management system requirements and execution of the financial management certification form prescribed by the Grantor.

The Grantee will establish and/or maintain a financial management and accounting system, which conforms to generally accepted accounting principles and complies with the requirements set forth in the ACEDP Administrative Procedures Manual. The Grantee’s financial management systems should include records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award.

## §2.05 Procurement Standards.

Submission to the Grantor of documentation evidencing adoption of procurement standards in compliance with provisions of State of Arkansas Procurement Laws and Rules as now in effect, and as such law may be amended during the term of this contract, and with federal including 24 C.F.R. §570.489(g). Such procurement standards must include written standards of conduct covering conflicts of interest and governing the actions of Grantee’s employees engaged in the selection, award and administration of contracts.

## §2.06 Excessive Force Certification.

Submission to the Grantor of documentation that the Grantee has adopted a policy to prohibit the use of excessive force by local law enforcement agencies against any individual engaged in nonviolent civil rights demonstrations.

## §2.07 Fair Housing.

Submission to the Grantor of documentation identifying the local fair housing representative for the Grantee, including the representative’s name and contact information. The Grantee must also submit documentation demonstrating the actions that were actually taken to affirmatively further fair housing. The requirement to submit documentation demonstrating the actions that were actually taken need not be submitted within the time frame for completion of the special conditions, but as required in §4.07, such documentation must be submitted prior to closeout of the grant. The Grantor's Administrative Procedures Manual contains additional detail about affirmatively furthering fair housing.

## §2.08 Project Schedule.

Review of, and submission to the Grantor of any revision to requests Project Schedule. The Project Schedule will serve as the schedule for completion of the Project, and may be used by the Grantor to assess Project progress.

## §2.09 AEDC Approved Grant Administrator Required.

Documentation must be submitted to the Grantor identifying the AEDC Approved Grant Administrator the Grantee will use for the Project.

In addition to satisfying this special condition as a prerequisite for receiving a Notice of Release of Funds, Grantee should note as a cross reference the contract provision in §1.01 providing that requests by the Grantee for reimbursement of Project administration expenses will not be paid by the Grantor unless an AEDC Approved Grant Administrator is identified and available to conduct administration of the Project at the time of the initial request for payment.

## §2.10 Limited English Proficiency.

Submission to the Grantor of documentation evidencing completion of responsibilities for ensuring meaningful access to the Project activities and services for persons with Limited English Proficiency (“LEP”), as required by Title VI of the Civil Rights Act of 1964, Executive Order 13166, and HUD's final “Guidance to Federal Financial Assistance Recipients Regarding Title VI Prohibition Against National Origin Discrimination Affecting Limited English Proficient (LEP) Persons,” published in the Federal Register on January 22, 2007, and which became effective on March 7, 2007 (“HUD LEP Guidance”).

Such documentation must include all of the following (1) information identifying the LEP representative for the Grantee, including the representative’s name and contact information; (2) a Four Factor Analysis that is consistent with the HUD LEP Guidance; and (3) a description of the actions the Grantee will take during the course of the grant to fulfill the requirements to provide meaningful access to LEP persons. If deemed necessary as a result of the Four Factor analysis, Grantee will prepare and submit to the Grantor, a Language Access Plan (“LAP”) that includes all elements of an effective LAP as defined by HUD.

The Grantee must also keep records of requests for LEP services, and all LEP services provided by Grantee during the course of the grant. Grantee must submit documentation to the Grantor demonstrating LEP services provided. The requirement to submit documentation demonstrating the LEP services provided need not be submitted within the time frame for completion of the special conditions, but as required in §4.07, such documentation must be submitted prior to close out of the grant.

## SECTION III: SOURCES AND USES OF FUNDS; AND OTHER REQUIREMENTS.

**§3.01 Sources and Uses of Funds.**

The Sources and Uses of Funds table which is included as SECTION VI, Subsection C – Grant Budget, reflects:

* The anticipated total costs of the CDBG‐assisted Project.
* The CDBG‐assisted activities being funded.
* The sources and amounts of other matching leveraged funds for each activity.
* The maximum authorized CDBG funds for each CDBG‐assisted activity.

## SECTION IV: OTHER CONTRACTUAL CONDITIONS.

**§4.01 Program Income.**

Program income is regulated by the provisions of 24 C.F.R. §570.489(e) as now in effect, and as such law may be amended during the term of this contract. The text of this regulation should be consulted for definitions and for other guidance concerning program income.

Program income generally means gross income received by the Grantee, or by a subrecipient of the Grantee, that was generated from the use of CDBG funds. Some exceptions to this general rule are detailed in 24 C.F.R. §570.489(e)(2). Program income includes, but is not limited to, the following:

* Payments of principal and interest on loans made using CDBG funds.
* Proceeds from the disposition (by sale or long‐term lease) of real property purchased or improved with CDBG funds.
* Proceeds from the disposition of equipment purchased with CDBG funds.
* Interest earned on program income pending its disposition.
* Interest earned on CDBG funds held in a revolving loan fund's cash balance interest‐bearing account.

Program income received prior to the completion of the approved grant activities must be applied to those activities prior to requesting additional CDBG funds from the Grantor. Should Grantee receive and retain program income, Grantee agrees to treat it as additional CDBG funds, subject to all requirements applicable to the CDBG Program. Additionally, Grantee agrees to submit regularly occurring reports to the Grantor regarding program income, and agrees, upon the Grantor’s request to maintain a contractual relationship with the Grantor for the duration of the time period in which Grantee maintains program income.

## §4.02 Matching Requirements.

The Grantee agrees to provide matching and other leveraged funds for each approved activity in the

amounts set forth in §3.01 of this contract. Matching and other leveraged funds must be expended during the grant period.

Grantees are required to certify, with each application for CDBG funds, the amount of leveraged or matching funds applied to the Project. Project costs are to be paid from grant and matching funds as specified in §3.01 and in Section VI, Subsections A and C of this contract. The Grantee will be responsible for costs that exceed the total Project costs set forth in the Project Budget.

## §4.03 Legal Authority; and Acceptance of Environmental Review Responsibility.

By signing this contract, the Grantee certifies that it possesses legal authority to accept CDBG funds, and to carry out the Project described in this contract; and that the Grantee's chief elected official:

1. Consents to assume the status of responsible federal official and the responsibilities for environmental review and decision making under the National Environmental Policy Act of 1969 (NEPA) and other provisions of federal law as specified in 24 C.F.R. Part 58 which further the purposes of NEPA as such law is now in effect, and as such law may be amended during the term of this contract; and,
2. Is authorized and consents on behalf of the Grantee that they accept the jurisdiction of the federal courts for the purpose of enforcement of their responsibilities as such responsible federal official.

## §4.04 Designation of Officials to Execute Contract and Amendments.

The Executive Director of the Arkansas Economic Development Commission or their designee is the official authorized to execute this contract and any amendments to this contract, on behalf of the Grantor.

The Chief Elected Official of the Grantee is the official authorized to execute this contract and any amendments to this contract, on behalf of the Grantee.

The Grantee or the Grantor may request amendments to this contract. Amendments will not take effect until mutually agreed to in writing by both parties.

**§4.05 Grantee Compliance with CDBG Regulations and Uniform Administrative Requirements.**

The Grantee will comply with applicable CDBG Regulations in 24 C.F.R. Part 570 as now in effect, and as such law may be amended during the term of this contract. Grantee will also comply with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements set forth in this contract and in 2

C.F.R. Part 200, (which have been adopted by HUD through 2 C.F.R. Part 2400) as now in effect, and as

such law may be amended during the term of this contract, or any reasonably equivalent procedures and requirements that the Grantor may prescribe.

In particular, Grantee agrees to establish internal controls in order to have reasonable assurance that Grantee is carrying out the Project in compliance with federal statutes, regulations, and terms and conditions of this contract, as required by 2 C.F.R. §200.303, as now in effect, and as such law may be amended during the term of this contract. Grantee also agrees to comply with provisions regarding protection of personally identifiable information as required by 2 C.F.R. §200.303 and 2 C.F.R. §200.512 as now in effect, and as such law may be amended during the term of this contract.

## §4.06 Record Keeping.

The Grantee agrees to keep the following records: (1) records as specified in 24 C.F.R. §570.506, *Records to be Maintained*; (2) adequate documentation to support costs charged to the CDBG Program; (3) records detailing procurement procedures followed by Grantee; (4) as required by 24 C.F.R §570.490, for fair housing and equal opportunity purposes, records that include data on the racial, ethnic, and gender characteristics of persons who are applicants for, participants in, or beneficiaries of the Project; and (5) any other records as the Grantor may reasonably require*.* The Grantee agrees to keep such records so as to allow the Grantor to perform a 24 C.F.R. §570.492, *State’s review and audits*.

All records pertinent to this grant and work undertaken as part of the Project, will be retained by the Grantee for the period required by 2 C.F.R. §200.333, as interpreted by HUD, and applied to the CDBG Program through 24 C.F.R. §570.490. Grantee agrees to transfer records pertinent to this grant and work undertaken as part of the Project to the Grantor, upon request of the Grantor.

Grantee also agrees to comply with the methods for collection, transmission and storage of information as described in 2 C.F.R §200.335.

The Grantor and duly authorized officials of the state and federal government will have full access to, and the right to examine, audit, excerpt and/or transcribe, any of the Grantee's records pertaining to all matters covered by this contract.

## §4.07 Semi-Annual Reports.

The Grantee will submit semi-annual reports to the Grantor, in such form as the Grantor may prescribe, pertaining to the activities undertaken as a result of this contract. All semi-annual reports must be submitted to the Grantor no later than thirty (30) days following the end of the reporting period.

**§4.08 Closeout.**

The Grantor will advise the Grantee to initiate closeout procedures when the Grantor determines, in consultation with the Grantee, that there are no impediments to closeout and that the following criteria have been met or soon will be met:

(a). All costs to be paid with grant funds have been incurred with the exception of closeout costs and any unsettled third party claims against the Grantee. Costs are incurred when goods and services are received and/or contract work is performed;

(b) The last required project status report, as well as all other required reports, have been submitted no later than 90 days after date of final monitoring and closeout documents. The Grantee's failure to submit or update will not preclude the Grantor from effecting closeout if it is deemed to be in the State's interest. Any excess grant amount which may be in the Grantee's possession will be returned in the event of the Grantee's failure to furnish or update the report; and

(c) Other responsibilities of the Grantee under this Agreement and any closeout agreement, and applicable laws and regulations appear to have been carried out satisfactorily or there is no further State interest in keeping the grant open, except for performance of the Audit.

Additionally, as referenced in §2.07, prior to grant closeout, the Grantee must submit documentation demonstrating the actions that were taken to affirmatively further fair housing during the course of the grant, and as referenced in §2.10, the Grantee must submit documentation demonstrating the LEP services provided by Grantee during the course of the grant.

**§4.09 Cost Principles; Audits; and Post‐Closeout Adjustments and Continuing Responsibilities.** Grantee is responsible for the efficient and effective administration of the CDBG funds provided to Grantee under this contract. Grantee agrees to administer the CDBG funds in a manner consistent with this contract, HUD's administrative requirements for the CDBG program, and with the provisions of the Grantor's Administrative Procedures Manual, and with all federal (and state) laws, regulations, and executive orders applicable to the CDBG‐assisted Project.

Audits of this grant will be conducted in accordance with the Single Audit Act of 1984, as amended, and the Uniform Administrative Requirements, Cost Principles, and Audit Requirements in 2 C.F.R. Part 200, (which have been adopted by HUD through 2 C.F.R. Part 2400) as now in effect, and as such law may be amended during the term of this contract. Generally Accepted Government Auditing Standards (GAGAS) must be followed.

Grantee is required by 2 C.F.R §200.512 to submit the required audit reporting package to the Federal Audit Clearinghouse (“FAC”) within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period.

Audit costs are an allowable general administration cost subject to limitations established by the applicable law, and the Grantor.

The closeout of this grant does not affect the right of the Grantor or duly authorized officials of the state and federal government to disallow costs and recover funds from the Grantee on the basis of a later audit or other review. In other words, the obligation of the Grantee to return any funds due as a result of an audit is not affected by closeout of this grant.

## §4.10 Conflict of Interest.

The Grantee will comply with the conflict of interest prohibitions set forth for the CDBG program at 24

C.F.R. §570.489, 2 C.F.R. §200.318, and Grantee’s written standards of conduct covering conflicts of interest submitted to the Grantor, as required by §2.05 of this contract. In the event prohibited conflicts of interest arise, Grantee must inform the Grantor of such conflicts of interest. Exceptions to the prohibition may be granted, on a case‐by‐case basis, by the Grantor.

## §4.11 Applicability to Subrecipients and Contractors.

The provisions of the contract will be made binding on any subrecipient or contractor of the Grantee,

and the Grantee will remain fully obligated under the provisions of this contract.

Any such subrecipient or contractor of the Grantee must be authorized to transact business in the State of Arkansas. All subrecipients and contractors are expected to comply with all Arkansas Secretary of State and Department of Finance and Administration registration requirements, including any registration requirements pertaining to types of business entities (e.g. person, partnership, foreign or domestic limited liability company, association, or foreign or domestic corporation or other type of business entity). Construction contractors are expected to meet all applicable requirements of the Arkansas State Licensing Law for Contractors A.C.A. § 17-25-101 (2011) and provide a current, valid certificate of registration to the Grantee for Grantee’s records.

The Grantee will submit copies of written agreements executed between the Grantee and any subrecipients or contractors relating to the Project.

## §4.12 Funding Source Recognition.

Prior to referring to the Project or Project activities in publications, the Grantee will inform the Grantor, and if requested by the Grantor, include a reference to the CDBG funding made available for the Project.

## §4.13 Religious Activities.

The Grantee agrees that CDBG funds provided under this contract will not be utilized for inherently religious activities prohibited by 24 C.F.R. 570.200(j), such as worship, religious instruction, or proselytization.

## §4.14 Title, Use and Disposition of Property, Supplies and Equipment; Insurance.

Grantee agrees to comply with the provisions of the State of Arkansas Procurement Laws and Rules and2 C.F.R. §§200.311 through 200.316 regarding title, use and disposition of property, supplies, and equipment.

In accordance with 2 C.F.R. §200.310, Grantee agrees to, at a minimum, provide insurance coverage for real property and equipment acquired or improved with CDBG funds that is equivalent to the insurance Grantee provides for Grantee’s other property.

**§4.15 Change of use of real property**.
The standards described in this section apply to real property within the Grantee’s control (including activities undertaken by subrecipients) which was acquired or improved in whole or in part using [CDBG funds](https://www.law.cornell.edu/definitions/index.php?width=840&height=800&iframe=true&def_id=d3bc5d2ee66d745a10b7523cd24888b3&term_occur=41&term_src=Title:24:Subtitle:B:Chapter:V:Subchapter:C:Part:570:Subpart:I:570.489). These standards shall apply from the date [CDBG funds](https://www.law.cornell.edu/definitions/index.php?width=840&height=800&iframe=true&def_id=d3bc5d2ee66d745a10b7523cd24888b3&term_occur=42&term_src=Title:24:Subtitle:B:Chapter:V:Subchapter:C:Part:570:Subpart:I:570.489) are first spent for the property until five years after closeout of the unit of general local government's grant.

1. Grantee may not change the use or planned use of any such property (including the beneficiaries of such use) from that for which the acquisition or improvement was made, unless the Grantee provides affected citizens with reasonable notice of and opportunity to comment on any proposed change, and either:
	1. The new use of the property qualifies as meeting one of the national objectives and is not a building for the general conduct of government; or
	2. The requirements in [paragraph §4.15(b)](https://www.law.cornell.edu/cfr/text/24/570.489#j_2) of this section are met.
2. If the Grantee determines, after consultation with affected citizens, that it is appropriate to change the use of the property to a use which does not qualify under §4.15(a) of this section, it may retain or dispose of the property for the changed use if the Grantor’s State CDBG program is reimbursed, at the discretion of the State. The reimbursement shall be in the amount of the current fair market value of the property, less any portion of the value attributable to expenditures of non-CDBG funds for acquisition of, and improvements to, the property, except that if the change in use occurs after grant closeout but within 5 years of such closeout, the Grantee shall make the reimbursement to the State's CDBG program account.
3. Following the reimbursement of the CDBG program in accordance with §4.15(b) of this section, the property no longer will be subject to any CDBG requirements.

## §4.16 Anti‐Lobbying.

To the best of the Grantee’s knowledge and belief:

1. No federal appropriated funds have been paid or will be paid, by or on behalf of Grantee, 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; and
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 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, Grantee will complete and submit Standard Form‐LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

## §4.17 Political Activity.

No portion of the funds provided hereunder will be used for any partisan political activity or to further the election or defeat of any candidate for public office or influence the approval or defeat of any ballot issue.

## §4.18 Waivers; and Assignment of Interest.

No conditions or provisions of this contract can be waived unless approved by the Grantor in writing. The Grantee will not assign or transfer any interest in this contract to any other party without the written consent of the Grantor.

## §4.19 Non‐Waiver of Rights.

The Grantor's failure to insist upon the strict performance of any provision of this contract, or failure to exercise any right based upon breach, will not constitute a waiver of any rights under this contract.

## §4.20 Severability.

If any provision of this contract, or its application to any person or circumstances, is held invalid by any court of competent jurisdiction, the invalidity will not affect other provisions of this contract which can be given effect without the invalid provision.

## §4.21 Early Termination.

The Grantor may terminate this contract for any reason upon sixty (60) days written notice to Grantee. This contract may also be terminated in whole or in part, prior to the completion of Project activities, when both parties agree that continuation is not feasible or would not produce beneficial results commensurate with the further expenditure of funds. In the event of mutual termination, the parties must agree on the termination conditions, including effective date and the portion to be terminated.

The Grantee will not incur new obligations for the terminated portion after the effective date, and will cancel as many outstanding obligations as possible. The Grantor will make funds available to the Grantee to pay for allowable expenses incurred before the effective date of termination.

## §4.22 Termination for Cause and Recovery of Grant Funds

In the event of a default or violation of the terms of this contract by the Grantee or failure to use the grant for only those purposes set forth, the Grantor may take the following actions (which are additional to other default remedies specified elsewhere in this contract):

1. Suspension. After notice to the Grantee, suspend the contract and withhold any further payment or prohibit the Grantee from incurring additional obligations of grant funds, pending corrective action by the Grantee or a decision to terminate.
2. Termination. Terminate the contract 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 terms and conditions of the contract. The Grantor will promptly notify the Grantee in writing of the determination and the reasons for the termination, together with the effective date. Payments made to the Grantee or recoveries by the Grantor under contracts terminated for cause will be in accord with the legal rights and liabilities of the parties. Payments and recoveries may include, but are not limited to, payments allowed for costs determined to be in compliance with the terms of this contract up to the date of termination. The Grantee will return to the Grantor all unencumbered funds. Further, any costs previously paid by the Grantor which are subsequently determined to be unallowable through audit and closeout procedures may be recovered from present grant funds or deducted from future grants.

Grantee shall be liable for all attorney fees and other costs incurred by Grantor in pursuing such remedies, except that, in the event of a default or violation by the benefiting company of an economic development project, the Grantee shall be obliged only to assist the Grantor in pursuing any and all legal remedies to recover any grant funds received and expended hereunder by the company. It is expressly understood that the Grantor shall not require any financial remedy by the Grantee for any failure of obligation by the company.

**§4.23 Disputes.**

Except as otherwise provided in this agreement, any dispute concerning a question of fact arising under this agreement which is not disposed of by provision of this Agreement, will be decided by the Grantor which will reduce its decision to writing and mail or otherwise furnish a copy thereof to the Grantee. The decision of the Grantor will be final and conclusive.

This clause does not preclude the consideration of questions of law in connection with decisions provided for in the preceding paragraph; provided that nothing in this Agreement will be construed as making final the decision of any administrative official, representative, or board on a question of law.

**§4.24** **Economic Development Grants.**

Grantee shall be responsible for entering into all necessary and required agreements benefiting company in an economic development project, including, but not limited to necessary loan agreements, promissory notes, mortgages, and other such documents as defined in Section VI, Subsection A, herein. Grantor shall prepare these documents so as to conform to the terms of this agreement.

**§4.25** **Insufficient Existing Infrastructure.**

Should any of the existing infrastructure, which is not now a part of the scope of work of this Grant Agreement, prove insufficient to support this project, the Grantee agrees to undertake and bear the cost of the necessary improvements prior to the release of construction funds. If the inadequacy is discovered after construction begins, all grant supported activities will be stopped until the Grantee has made the necessary improvements, bearing all expenses of the needed improvements. Failure to make required improvements in a timely fashion may constitute grounds for terminating the Grant.

**§4.26** **Acquisition Complete.**

Grantee may not initiate construction bidding procedures until all required property acquisition activities have been completed.

**§4.27** **Deductive Alternates.**

Grantee shall ensure that all construction bid documents contain deductive alternates.

**§4.28** **Obligations Regarding Third Party Relationships.**

None of the work specified in this contract will be subcontracted by the Grantee without prior written approval of the Grantor. The Grantee will remain fully obligated under the provisions of this Agreement notwithstanding its designation of any third party or parties for the undertaking of all or any part of the project described herein. Any subcontractor which is not the Grantee will comply with all lawful requirements of the Grantee necessary to ensure that the project is carried out in accordance with the provisions of this Agreement.

**§4.29**  **Enforcement.**

If the Grantor determines that a Grantee's performance fails to meet the terms and conditions of this Grant Agreement, several courses of action may be pursued in order to resolve the problem. The Grantor may take any of the following actions, severally or in combination:

(a) Request additional information from the Grantee to verify the nature of inadequate performance;

(b) Conduct a site visit to examine pertinent records and recommend remedial courses of action;

(c) Issue a letter of warning, advising the Grantee of the deficiency, recommendations for corrections, date by which performance must be corrected and notice that more serious sanctions may be imposed if the situation continues or is repeated;

(d) Suspend funding for questioned activities until remedies are effected;

(e) Require reimbursement of funds improperly spent, including a demand that Grantee institute all necessary legal proceedings, at its expense, to recover funds improperly spent by any third party performing on behalf of the Grantee (except the benefiting company in an economic development project);

(f) Institute appropriate legal actions against Grantee to recover improperly spent grant funds; and/or

(g) Condition future receipt of ACEDP funds upon assurances of corrective action and special conditions.

## §4.30 Termination Due to Loss of Funds.

This contract will terminate in full or in part, at the discretion of the Grantor, in the event the Grantor suffers a loss of funding or termination of the federal funds which permit it to fund this grant. In the event the Grantor suffers such a loss of funding, the Grantor will give the Grantee written notice which will set forth the effective date of full or partial termination, or if a change in funding is required, setting forth the change in funding.

## §4.31 State of Arkansas Non‐Liability/Hold Harmless.

The Grantee will hold the State of Arkansas and the Grantor harmless from any and all claims, demands, and actions based upon or arising out of any activities or services performed by the Grantee itself, or by their officials, officers, employees, agents, or associates under this contract.

## §4.32 Entire Agreement, Binding Effect, and Counterparts.

This instrument, along with any attachments, the approved Application, and those items incorporated by reference, contain the entire agreement between the parties. Any statements, inducements, or promises not contained therein will not be binding upon the parties.

This agreement will be binding upon, and will inure to the benefit of, the successors, assigns, and legal representatives of the parties.

This agreement, or any amendment of this agreement, may be signed in any number of counterparts, each of which will be an original, but all of which taken together will constitute one agreement (or amendment, as the case may be).

## §4.33 Governing Law.

This agreement shall be governed by; construed according to the laws and regulations of; and subject to the jurisdiction of; the State of Arkansas.

## §4.34 Debarment, Suspension, And Ineligibility; Universal Numbering System and Registration Requirements.

By executing this contract, the Grantee certifies, represents, and warrants that Grantee and all subrecipients or contractors to be used by Grantee in performing this contract are not debarred, suspended, proposed for debarment, placed in ineligibility status, or voluntarily excluded from covered transactions by HUD or any other federal agency under the provisions of Executive Order 12549 “Debarment and Suspension” and 24 C.F.R. Part 24 (government debarment and suspension regulations). Grantee agrees to immediately notify the Grantor if Grantee or any of Grantee’s subrecipients or contractors become sanctioned or debarred. Grantee acknowledges that suspension or debarment of Grantee (and use by Grantee of suspended or debarred subrecipients or contractors) is cause for termination of this contract.

Grantee agrees to comply with requirements established by the Office of Management and Budget (“OMB”) concerning participation in the Dun and Bradstreet Data Universal Numbering System (“DUNS”), registration with the Federal System for Awards Management (“SAM”), and maintenance of such participation and registration.

## §4.35 Mandatory Disclosures.

As required by 2 C.F.R. §200.113, Grantee must immediately disclose, to the Grantor, or to HUD or other appropriate authorities (with a copy to the Grantor), all violations of federal criminal law involving fraud, bribery or gratuity violations potentially affecting the use of CDBG funds provided under this contract.

## §4.36 Force Majeure.

Neither party shall be liable for any costs or damages resulting from its inability to perform any of its obligations under the contract due to a natural disaster, or other similar event outside the control and not the fault of the affected party (“Force Majeure Event”). A Force Majeure Event shall not constitute a breach of the contract. The party so affected shall immediately give notice to the other party of the Force Majeure Event. The Grantor may grant relief from performance of the contract if the Grantee is prevented from performance by a Force Majeure Event. The burden of proof for the need for such relief shall rest upon the Grantee. To obtain release based on a Force Majeure Event, the Grantee shall file a written request for such relief with the Grantor. Labor disputes with the impacted party’s own employees will not be considered a Force Majeure Event and will not suspend performance requirements under the contract.

## §4.37 Drug Free Workplace.

Grantee certifies that it maintains a drug free workplace environment to ensure worker safety and workplace integrity. Grantee agrees to provide a copy of its drug free workplace policy at any time upon request by the Grantor.

## §4.38 Notices.

Except as otherwise expressly specified herein, all notices, requests, or other communications shall be in writing and shall be deemed to have been given if delivered personally or mailed, by U.S. Mail, postage prepaid, return receipt requested, to the parties at their respective addresses set forth in the Application or in this contract, or at such other addresses as may be specified in writing by either of the parties.

## SECTION V: COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS.

The Grantee agrees to comply with the Grantor's and HUD's administrative requirements for the CDBG program, and with the provisions of the Grantor's Administrative Procedures Manual, and with all federal (and state) laws, regulations, and executive orders applicable to the CDBG‐assisted Project, including, but not limited to:

* + Housing and Community Development Act of 1974, as amended ("HCDA").

  24 C.F.R. Part 570.

* + National Environmental Policy Act of 1969 and regulations at 24 C.F.R. Part 58.
	+ Clean Air Act and Federal Water Pollution Control Act, as amended.
	+ Federal Restrictions on the use of the power of eminent domain.
	+ The Davis‐Bacon Act (and related requirements).
	+ Contract Work Hours and Safety Standards Act (and related requirements).
	+ Copeland “Anti‐Kickback” Act (and related requirements).
	+ Lead‐Based Paint Poisoning Prevention Act, the Residential Lead‐Based Paint Hazard Reduction

Act, and regulations at 24 C.F.R. Part 35.

* + Section 3 of the Housing and Urban Development Act of 1968; and 24 C.F.R. Part 135.
	+ The Architectural Barriers Act of 1968 and the Americans with Disabilities Act.
	+ The requirement in the HCDA to affirmatively further fair housing.
	+ 2 C.F.R. Part 200, The Federal Funding Accountability and Transparency Act, and related federal requirements.
	+ Byrd Anti‐Lobbying Amendment (and related acts and requirements).
	+ The Equal Employment Opportunity Act; The Vietnam Era Veterans’ Readjustment Act of 1974 (revised Jobs for Veterans Act of 2002); The Immigration Reform and Control Act of 1986; and The Americans with Disabilities Act of 1990; the Arkansas Employment Security Law; and related acts and requirements.
	+ Title VI of the Civil Rights Act of 1964, Title VIII of the Civil Rights Act of 1968 (The Fair Housing Act); the Age Discrimination Act of 1975; Section 504 of the Rehabilitation Act of 1973; The Housing for Older Persons Act of 1995; and related acts and requirements.
	+ Arkansas Energy Code for New Building Construction and Supplements and Amendments.

**PART III: SCOPE OF WORK, SPECIAL CONDITIONS, BUDGET, and PROJECT SCHEDULE**

**SECTION A - SCOPE OF WORK**

**Grantee: Amendment: #**

**Grant Control: #**

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The project, described more fully herein, consists of

**Construction**

Construction will consist of

The Grantor will

**Design Services**

The Grantee will secure the services of a design professional to assist with and undertake the following activities:

 1. Prepare project plans and specifications for the project;

 2. Assist the Grantee in securing approvals and permits from state and federal agencies, as required;

 3. Field locate the facility site;

 4. Prepare and distribute contract documents;

 5. Conduct the bid opening and assist the Grantee in selecting the contractor;

 6. Organize and conduct a pre-construction conference;

 7. Review the contract to ensure all required documents are present and properly executed;

 8. Coordinate utility locations;

 9. Supervise and verify that all construction is completed in accordance with contract documents;

10. Verify and issue all payments; and

11. Perform the final inspection, certify completion, provide record documents, and attend the end-of-year warranty inspection.

These services and their maximum costs will be detailed in a contract between the design professional and the Grantee. ACEDP funds in the amount of may be used for these services.

**Grant Administration**

The Grantee is solely responsible for performance of all administrative activities but may secure the services of a qualified administrative consultant consistent with ACEDP policies and procedures to assist with and undertake the following activities:

1. Prepare and maintain Grantee Fair Housing/Equal Opportunity (FH/EO) data and activities to ensure compliance with FH/EO regulations and requirements;

2. Acquisition of all parcels and easements necessary to the completion of the project consistent with the Uniform Act;

3. Set up and maintain the financial management records in compliance with ACEDP requirements;

4. Perform labor standards compliance and monitoring consistent with ACEDP requirements;

5. Perform income verification and develop procedures for verifying family income;

6. Ensure compliance with ACEDP requirements governing contracts and procurements;

7. Coordinate and perform project management activities associated with project monitoring,

procurement, correspondence, reporting and documentation as required by ACEDP regulations; and

8. Perform Closeout activities and prepare the Grant files for audit(s).

These services and their maximum costs will be detailed in a contract between the administrative consultant and the Grantee. Grantor participation in the contract will not exceed $\_\_\_\_\_\_\_\_.

The Grantee may expend up to $ for grant related general administrative activities associated with the project.

ACEDP funds in the amount of $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ have been budgeted to pay a pro-rata share of any required Single Audit of Federal Awards to be performed with regulations and procedures found in the Audit Chapter of the ACEDP Administrative Procedures Manual.

**PART III: SCOPE OF WORK, SPECIAL CONDITIONS, BUDGET, and PROJECT SCHEDULE**

**SECTION B - SPECIAL CONDITIONS**

**Grantee:**

**Grant Control: #**

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1. The Grantee understands that no additional grant funds will be available for this project.

2. Should $750,000 or more, from all sources of Federal funds, be expended by the Grantee during the calendar year, the Grantee is responsible for completing a Single Audit of Federal Awards consistent with regulations and procedures found in the Audit Chapter of the ACEDP Administrative Procedures Manual.

3. The Grantee understands that the plans and specifications for this project must be reviewed and approved by AEDC prior to the project being advertised.

**SECTION III: SCOPE OF WORK, SPECIAL CONDITIONS, BUDGET, and PROJECT SCHEDULE**

**SECTION C - GRANT BUDGET**

 **Grantee: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Amendment: #\_\_**

**Grant Control: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Amendment Date: \_\_\_\_\_\_\_\_\_\_\_\_\_**

**Category:**

Housing Economic Development Community Development Planning

**Activity: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Source and Uses of Funds**

|  |  |  |  |
| --- | --- | --- | --- |
| **Cost Classification Sub-Costs** | **Arkansas Economic Development Commission** | **Local** | **Cost Classification Total** |
|  |  |  |  |
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|  |  |  |  |

**PART III: SCOPE OF WORK, SPECIAL CONDITIONS, BUDGET, and PROJECT SCHEDULE**

**SECTION D – PROJECT SCHEDULE**

**Grantee: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Amendment # \_\_\_**

**Grant Control: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Amendment Date:**

The project is expected to progress consistent with the activity completion dated listed below. Future decisions regarding obligation or deobligation of ACEDP funds to this project may be influenced by the Grantee’s adherence to this schedule.

|  |  |
| --- | --- |
| **Activity** | **Activity Completion Dates** |
| **Grant Signed** |  |
| **Environmental Review Clearance** |  |
| **Release of Funds** |  |
| **Plans and Specs Submitted** |  |
| **Advertisement for Bids** |  |
| **Bid Opening** |  |
| **Contract Awarded** |  |
| **Pre-Construction Conference** |  |
| **Start of Construction/ Project Start Date** |  |
| **Construction Completed/Project Completion** |  |
| **Final Inspection** |  |
| **Closeout Documents Submitted**  |  |