

ATTACHMENT 1

SAMPLE GRANTEE WARNING LETTER

Dear Grantee:

On _____, 1989/90, Notice H 89-28, HUD's Housing Development Grant (HDG) Project Settlement Procedures, an attached sheet of corrections and clarifications, and extra copies of various settlement forms that are appendices to the Notice, were transmitted to you.

The letter transmitting these items also listed _____ (#) HDG projects which were ready to initiate settlement, or which were anticipated to be ready for settlement in Fiscal Year 1990. You have since initiated settlement for _____ (# or name(s)) and have also submitted settlement packages to this office for _____ (# or project name(s)). However, settlement has not been initiated for (list projects).

Moreover, HUD records also indicate that the following projects will be ready for settlement in Fiscal Year 1991.

Name	Reported/Anticipated Completion Date
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In the _____, 1989/90 letter, you were reminded that Section 850.79 of HUD regulations and Article XIII of the Grant Agreement require prompt Grantee initiation of settlement when the project is ready and when directed by HUD. The letter also stated that: "Henceforth, request authorization to initiate settlement immediately when a project achieves the prerequisites."

Please consider this letter as a second warning from HUD which, if disregarded, will result in enforcement action. You must request initiation of settlement for every HDG project within 60 days of the date when the project achieves readiness for settlement. You must request authorization to initiate settlement for the (repeat list of projects from the bottom of second paragraph) within three weeks of your receipt of this letter.

Section I B.4 of Notice H 89-28 also requires submission of a Project Settlement Package within 90 days of a HUD approval or directive to initiate settlement. This Office will henceforth enforce this requirement. You must provide (a) settlement package(s) to HUD for the (list projects for which HUD has approved or directed grantee to initiate settlement prior to July 30 but for which a settlement package has not been provided) within three weeks of your receipt of this letter.

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Grantees who fail to satisfy these requirements will be determined in default of the Grant Agreement. Potential HUD remedies against such default are specified in Article XII and Article XIV of the Grant Agreement. These remedies, which may be judicially enforced, include HUD recapture of the grant. The Department is prepared to take any action within its means to ensure expeditious settlement for all HDG projects in your jurisdiction (or provide a list as appropriate.)

My staff will be contacting you to establish project settlement

schedule(s) for projects listed in this letter.

Sincerely,

Field Office Manager