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CHAPTER 3. CLOSEOUT PROCEDURES

3-1 INITIATION OF GRANT CLOSEOUT

- A. Initiation by Field Office. Initiation of grant closeout shall be undertaken when the Field Office, in consultation with the Recipient, determines that the benchmarks enumerated in Chapter 1 paragraph 1-4 O have been or will be met within 60 days.

The decision on whether these benchmarks have been met shall be based on reviews of:

1. The most recent Semi-Annual Progress Report;
  2. The most recent monitoring report by the Field Office staff. If no monitoring visit has been carried out during the preceding 12 months, a visit shall be completed prior to proceeding with grant closeout. The staff should also assess whether there is a need for an amendment to the Grant Agreement prior to closeout and whether there are any items which should be reserved in the Closeout Agreement for on-going HUD monitoring, beyond those which are reserved for all projects;
  3. The latest submission of the Recipient's audit, either performed by the OIG or by an independent auditor pursuant to OMB Circular A-128;
  4. Compliance reports of other HUD Field Office divisions (e.g., FH&EO, Acquisition and Relocation); and
  5. Project completion schedules by the Field Office staff.
- B. Initiation by Recipient. A Recipient may request initiation of grant closeout of a project by notifying the Field Office staff in writing that the grant closeout benchmarks of Paragraph 1-4 O have been or will be completed within 60 days.
- C. Action by Field Office. Upon determination that a project will be ready for initiation of grant closeout within 60 days, the Field Office shall:
1. Prepare a letter, signed by the Field Office Manager or his or her designee, addressed to the Recipient authorizing the Recipient to proceed with the grant closeout. The letter shall require the Recipient to notify all

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Participating Parties to the Grant Agreement in writing of the intent to close out the project. The letter shall be sent to the Recipient within 30 days of the determination that the project is ready to close out. A copy of the letter shall be sent to the Office of Economic Development in Headquarters.

2. Send the Recipient copies of OMB Circular A-128, and the Grant Closeout Status Report and Financial Status Report along with instructions for completion. If the Field Office has not already sent the Recipient a copy of requirements contained in 24 CFR Part 85 referred to as "Administrative Requirements for Grants and Cooperative Agreements to State Local and Federally Recognized Indian Tribal Governments," (hereinafter referred to as the "Common Rule"), the Field Office shall send a copy of that document as well.
3. Inform the Regional Administrator of the progress in achieving grant closeouts and project completions.
4. Review the Recipient's system for tracking and managing repayment funds.

#### 3-2 GRANT CLOSEOUT PROCESS.

- A. Submission of Grant Closeout Documents. Within 30 days of receipt of the notification to proceed with grant closeout, the Recipient shall submit the completed Financial Status Report and Grant Closeout Status Report to the Field Office.
- B. Audit. The Recipient must also meet the requirements of OMB Circular A-128. Generally, this means that any costs paid with UDAG funds shall be subject to coverage in the Recipient's single audit performed in accordance with A-128. For a more detailed explanation of the requirements, see HUD Handbook 2000.6, Revision 2. It is unlikely that all the single audits covering the years in which costs were paid with UDAG funds will be available to the Field Office at the time of closeout. Therefore, it may be necessary to close out subject to receipt of an audit.
- C. Review of All Project Documents. Upon receipt of the grant closeout documents, Field Office staff shall, within 30 days, complete the following tasks:

1. The Grant Closeout Status Report shall be reviewed for accuracy and consistency with the following: Field Office monitoring reports, Semi-Annual Progress Reports, the Grant Agreement and amendments and other appropriate documents, including reviews by FH&EO, Acquisition and Relocation, etc.;
  2. The Financial Status Report shall be compared for accuracy and consistency with the following: the UDAG budget in the Grant Agreement and amendments thereto, records of drawdowns, Field Office monitoring reports, the latest submission of the Recipient's audit either performed by the OIG or an independent auditor pursuant to OMB A-128, and other financial statements and documents as available; and
  3. Prepare a Grant Closeout Agreement if the documents listed above are acceptable.
- D. Impediments to Closeout. In its review of the closeout documents, the Field Office staff may find that the project is not ready for closeout. This can occur for several reasons, for example:
1. The project may not have been carried out in a manner which is consistent with the terms of the Grant Agreement. For example, the UDAG may have been awarded to construct 120 single family homes, yet the closeout documents indicate that the Developer built only 110;
  2. The project may not have been carried out in a manner which is consistent with the appropriate statutes or regulations. For example, the developer may have failed to pay Davis-Bacon wages to persons working on the project. Similarly, the project may not have complied with the Uniform Relocation Act or 24 CFR Part 58 environmental procedures; and
  3. The HUD Inspector General may have done an audit of the project and there may still be findings which have not yet been cleared.
- E. Dealing With the Impediments. If the Field Office staff determines that an impediment has occurred, they should take appropriate steps to deal with the situation. In some cases, the Recipient can take unilateral action to address the problem. This would be the case in remedying Davis-Bacon, relocation and environmental problems. In other cases, an action by HUD, such as amending the Grant Agreement, may be required.

1. Deviations from the Grant Agreement. The Field Office staff shall consult with Headquarters to determine whether an amendment to the Grant Agreement should be requested by the Recipient in cases where there are deviations from the Grant Agreement. Generally, the Recipient should request a formal amendment in situations where the deviations from the Grant Agreement meet the threshold for a significant amendment as defined in Chapter 1 of this Handbook and as set forth in Section 570.463(b) of the UDAG regulations.

If there have been deviations from the Grant Agreement which do not meet the threshold for a significant amendment, the Field Office should document the file to reflect what actually transpired in the project. This documentation will assure that the documents relating to the project are consistent with the project as it was actually implemented.

If the Field Office and Headquarters staff determine that an amendment is appropriate, the Field Office should direct the Recipient to forward a written amendment request to the Field Office and Headquarters outlining the specific changes that should be made to the Grant Agreement and supporting documentation for these changes.

The amendment should be processed and approved by HUD and executed by both HUD and the Recipient before a Closeout Agreement is prepared by the Field Office staff.

2. Deviations from a Statute or Regulations. In cases where the project was carried out in a manner which was not consistent with a statute or regulations, the Recipient must take some action to remedy the situation. In these cases, Field Office staff should review the project with Headquarters in order to identify appropriate remedial action. If, for example, the Developer failed to pay Davis-Bacon wage rates, Recipient or Developer funds could be set aside in an escrow account to be made available to persons who were not adequately compensated.

Once appropriate corrective action has been taken, a Closeout Agreement can be prepared by the Field Office. If the corrective action has not been completed, the Closeout Agreement should condition the closeout subject to performance. In this example, performance would mean that the Recipient must assure that the funds in the escrow account are properly disbursed to those persons who worked on the project.

3. Unresolved Audit Findings. Where there is an outstanding audit with findings, these findings must be cleared following the procedures in HUD Handbook 2000.6, Rev. 2, Audits Management System, before a Closeout Agreement can be prepared by HUD. If the findings are cleared on a promised action, the Closeout Agreement should condition the closeout subject to specific performance. All OIG audit findings cleared on a proposed action shall be subject to review and concurrence by the Headquarters or Regional Inspector General, as required by HUD Handbook 2000.6, Rev. 2, prior to proceeding to closeout.

### 3-3 CLOSEOUT AGREEMENT

- A. Purpose. The purpose of the Grant Closeout Agreement is not to amend the terms and conditions of the Grant Agreement, but to provide a vehicle for completion of projects which have been carried out in accordance with the Grant Agreement and any amendments and to continue certain contractual obligations relating to the project.

Upon determining that the Financial Status Report and Grant Closeout Status Report are acceptable, and all required amendments to the Grant Agreement have been duly executed by HUD and the Recipient, the Field Office staff shall prepare a Grant Closeout Agreement. The Grant Closeout Agreement shall be prepared in accordance with the Model Grant Closeout Agreement; see Appendix 3 of this Handbook.

- B. Contents. The Closeout Agreement should specifically enumerate the contractual obligations relating to the project which remain to be satisfied. These shall be included in the term and conditions of the Closeout Agreement (generally in Section(s) A, B and/or F of the Agreement) and shall be in compliance with the closeout criteria set forth in Section 570.509 of the regulations and all other applicable HUD guidelines.

As noted in Section 3-2, there may be obligations relating to remedying violations of statute or regulations or completing promised actions to address audit findings.

In addition, if the Recipient has not established a sufficient system to monitor and track repayment funds, the Closeout Agreement should include a statement requiring the Recipient to implement an adequate system.

For projects with Grant Closeout Agreements executed before October 1, 1990, there were frequently outstanding obligations relating to:

1. The provision of the number of jobs cited in the Grant Agreement. The Closeout Agreement called for these jobs to be attained or for the Recipient to provide evidence that the Recipient and/or Participating Parties had used their "best efforts" to attain the jobs goals;
2. The provision of jobs to JTPA-eligible and minority residents of a Pocket of Poverty, where applicable. The Closeout Agreement called for documentation of the jobs which were provided by the UDAG project;
3. The receipt and acceptance by HUD of a final audit. This meant that the Recipient submitted an audit to HUD which met the requirements of OMB Circular A-128 and covered the last year in which the Recipient drew down funds for the project; and
4. The payment of taxes or PILOTS. The Closeout Agreement included a stipulation that the Developer would pay all taxes and/or PILOTS owed to the Recipient.

All of these outstanding obligations were incorporated into Sections A and B of the Closeout Agreement.

For projects with Grant Closeout Agreements prepared on or after October 1, 1990, the obligations set forth immediately above in 1 through 4 and any obligations related to remedying violations of statute or regulations or completing promised actions to address audit findings shall continue to be included. In addition, in order for HUD to continue to monitor some of the closed out elements of projects, HUD shall specifically reserve the right to approve these completed elements in Closeout Agreements prepared on or after October 1, 1990. Elements of the project completed and reserved for future HUD monitoring shall be inserted in Section F of the Closeout Agreement. These elements include the following:

5. Any changes in the UDAG loan terms or provisions between the Recipient and Developer;
6. Any change in the structure, status or identity of the Developer (i.e., substitution of general partners, change in corporate structure, bankruptcy of Developer);
7. Any contemplated sale or refinancing of the project which is beyond the terms of the Grant Agreement; and

8. Any other issues which would constitute a basis for HUD concern that the Recipient is not receiving its reasonable return or other beneficial interest from the project.

In the event any of the above situations arise after specifically being reserved in the Closeout Agreement, the Recipient shall propose a formal amendment to the Closeout Agreement. The process for seeking approval of the amendment shall parallel the process for seeking approval of an amendment to the Grant Agreement. Specifically, the Recipient shall submit an amendment request and supporting documentation to both the Field and Headquarters. The Field Office shall review the request and make a recommendation to Headquarters to approve or disapprove the request.

If Headquarters approves the request, OED staff will prepare an amendment to the Closeout Agreement. This amendment, like an amendment to a Grant Agreement, must subsequently be executed by both HUD and the Recipient. HUD's primary concern in reviewing amendments to the Closeout Agreement will be to assist the Recipient in receiving a reasonable return or other beneficial interest from the project.

It should be noted that, while the post closeout review process for amendments to the Closeout Agreement is analogous to the review process for amendments to the Grant Agreement, the criteria to be used in evaluating when an amendment to the Closeout Agreement is necessary are different from the amendment criteria set forth in Section 570.463(b) of the UDAG regulations.

Another change to Closeout Agreements executed on or after October 1, 1990 is that they must include specific language dealing with the timely use of miscellaneous revenues. The specific language to be incorporated into these Closeout Agreements follows:

HUD requires you to use, and not accumulate, miscellaneous revenues generated from this project for eligible Title I activities in a timely fashion. However, in the event that you have a specific use for which you are reserving or setting aside some or all of your miscellaneous revenues, provide HUD with a detailed description of how and when you plan to use the funds.

shall be signed by the Field Office Manager. Four (4) of these copies shall be forwarded to Recipient for execution and one copy shall be retained by the Field Office.

The Recipient shall be instructed to execute all four (4) copies of the Grant Closeout Agreement that it receives from the Field Office. The Recipient shall also be instructed to retain one (1) copy of the executed Grant Closeout Agreement and return three (3) copies of the executed Grant Closeout Agreement to the Field Office within 30 days of receipt. The Field Office shall forward the executed Grant Closeout Agreement to the Regional Office and Headquarters pursuant to Chapter 1, paragraph 1-6 A.

D. Reporting and Monitoring.

1. The Recipient shall be responsible for confirming or updating information in its most recent Semi-Annual Progress Report following execution of the Grant Closeout Agreement.
2. The Field Office shall be responsible for monitoring the completion of any requirements set forth in the Grant Closeout Agreement and providing technical assistance to ensure that the outstanding obligations set forth in the Closeout Agreement are satisfactorily completed.

3-4 ANNUAL POST GRANT CLOSEOUT REPORT

- A. The Annual Post Grant Closeout Report (see Appendix 5 of this Handbook) shall be completed annually for each UDAG project for which a Grant Closeout Agreement has been executed by HUD and the Recipient.

The requirements for filing the Annual Post Grant Closeout Report differ depending on when the project was funded. For projects funded prior to FY 1989, the Recipient must complete the Annual Post Grant Closeout Report each year after the execution of a Closeout Agreement. After the issuance of a Certificate of Completion, the Recipient must continue to file the Annual Post Grant Closeout Report for five years, but need only complete items 1, 2 and 3 which relate to miscellaneous revenues.

For projects funded in July and September 1989, the requirements which apply to a Recipient after the issuance of the Certificate of Completion have been changed based on a change in the statute.

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For the 85 projects funded in FY 1989, the Recipient must report on the loan repayments (miscellaneous revenues) for the life of the UDAG loan.

- B. By November 1 of each year, Headquarters shall send affected Recipients a copy of the Annual Post Grant Closeout Report for each project for which a report must be filed. Headquarters will continue to provide the Field Office with the means to identify the Recipients which received the reports and the projects involved.
- C. The Recipient shall forward three (3) copies of each Annual Post Grant Closeout Report to the Field Office. These copies are due in the Field Office by November 15 of each year. The Recipient shall update the information in the Report to reflect the status of the project as of September 30 of that year.
- D. The Field Office shall send one copy of the Report to the Headquarters Office of Economic Development; one copy to the Regional CPD Division within 5 days of receipt of the report from the Recipient, pursuant to Paragraph 1-6 B; and retain one copy in the Field Office's project file.

3-5 CERTIFICATE OF COMPLETION

- A. The Certificate of Completion (see Appendix 6 of this Handbook) shall be issued to the Recipient within 30 days after all benchmarks and responsibilities and requirements for project completion as outlined in Paragraph 1-4 BB have been met. The Recipient shall sign the certification that the project is complete and return four (4) executed duplicate originals of the Certificate to the Field Office. Note: The Recipient shall be responsible for confirming or updating the project information on the Annual Post Grant Closeout Report following execution of the Certificate of Completion.
- B. Upon receipt of the four (4) executed duplicate originals of the Certificate of Completion, the Field Office shall execute the four (4) documents and transmit one (1) fully executed duplicate original to the Recipient. Within 15 days of transmission of the document to the Recipient, the Field Office shall send one (1) fully executed duplicate original to Headquarters and one (1) fully executed duplicate original to RAD.

3-6 INITIATION OF GRANT CLOSEOUT IN LIEU OF COMPLETION. There are a handful of UDAG projects in which the closeout benchmarks cited in Paragraph 1-4 O will never be met. These can be projects which are no longer feasible and will not be completed or will not

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become operational. This could be due to such things as the bankruptcy or death of the Developer or a severe downturn in the local

economy or in a particular industry. When both HUD and the Recipient agree that there is no longer any reason to maintain the project in an active status as there is no possibility that it will go forward, a Grant Closeout in Lieu of Completion (CLOC) should be initiated.

Initiation of Grant Closeout in Lieu of Completion (CLOC) shall proceed in those cases where: 1) the project is less than 100% physically constructed and some UDAG funds have been drawn down and expended on eligible activities, but the Developer or other Participating Parties no longer have the financial or other capacity to complete project construction; or 2) the project is 100% physically constructed and all UDAG funds have been drawn down and expended on eligible activities, but the project will not be occupied by an operating entity.

There are several advantages to using the Closeout In Lieu of Completion. This closeout vehicle standardizes what some Field Offices have been doing ad hoc as a means of dealing with problem projects. The CLOC also addresses concerns that some Field Counsels have expressed in trying to use the standard Closeout Agreement approach when dealing with projects which did not develop as they were described in the Grant Agreement. The CLOC provides a way to close out such projects and reflect what actually happened. This mechanism should also provide a clearer record and facilitate any subsequent review of the project by entities such as the HUD Inspector General or General Accounting Office.

The CLOC should also appeal to Recipients because it is non-punitive. It is a way to acknowledge that, despite the best efforts of the Recipient, the project could not be completed as envisioned due to circumstances beyond the Recipient's control.

In determining whether to use a CLOC to close out a particular project, the Field Office should consider a number of factors. It should always review the Grant Agreement and any amendments to be sure staff understand exactly what the project was supposed to be and the ways in which the project now falls short. They should flesh out the facts relating to the current status of the project with the Recipient, Headquarters Office of Economic Development staff and Field and Headquarters Office of General Counsel staff. This consultation will help ensure that all aspects of the project are reviewed and all remedies are fully explored. Before proceeding

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with the CLOC the Field staff should consider the age of the project in order to determine whether enough time has passed to be able to conclude that every option for completing the project or making it operational has been fully explored.

- A. Initiation by the Field Office or the Recipient. Either the Field Office or Recipient can initiate a CLOC. If the Field Office takes the first step, it should consult with the Recipient, Participating Parties and Headquarters in making the determination that the benchmarks for closeout as defined in paragraph 1-4 O will not be met and that the project is no longer feasible. Similarly, the Recipient may request initiation of a CLOC by notifying the Field Office and Headquarters in writing that the Grant Closeout benchmarks of Paragraph 1-4 O will not be met and the project is no longer feasible.
- B. Action by the Field Office. After consultation with the Recipient, Participating Parties and Headquarters, and upon determination and agreement by all parties that the project is no longer feasible pursuant to the benchmarks in paragraph 1-4 O, the Field Office shall:
1. Prepare a letter citing the agreement between HUD and the Recipient that the project is no longer feasible. The letter shall instruct the Recipient to proceed with the Grant Closeout in Lieu of Completion and instruct the Recipient to notify all Participating Parties to the Grant Agreement in writing of the intent to close out in lieu of completion. The letter shall be sent within 30 days of the determination to proceed with the CLOC and shall be signed by the Field Office Manager or his or her designee with copies distributed to the Regional Office and to Headquarters Office of Economic Development.
  2. Send the Recipient copies of the Grant Closeout Status Report and the Financial Status Report along with instructions for completion, and copies of OMB Circular A-128 and the "Common Rule," if appropriate.
  3. Inform the Regional Office of the progress in achieving grant closeouts including closeouts in lieu of completions and regular completions.
  4. Review the Recipient's system for tracking and managing repayment funds.

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### 3-7 GRANT CLOSEOUT IN LIEU OF COMPLETION PROCESS

- A. Submission of Grant Closeout Documents. Within 30 days of receipt of the notification to proceed with grant closeout in lieu of completion, the Recipient shall submit the completed Financial Status Report and Grant Closeout Status Report to the Field Office staff.

- B. Audit. The Recipient must meet the same audit requirements for a CLOC as a standard closeout. See Section 3-2 paragraph B for a discussion of applicable audit requirements.
- C. Review of All Project Documents. Within 30 days of receipt of all grant closeout documents, the Field Office shall:
1. Review the Grant Closeout Status Report, as in a standard closeout, for accuracy and consistency with Field Office monitoring reports, Semi-Annual Progress Reports and other appropriate documents, including reviews by FH&EO, Acquisition and Relocation, etc. The Grant Closeout Status Report should also be compared with the Grant Agreement and amendments, although in cases where the project construction has not been completed, there will be discrepancies.
  2. Compare the Financial Status Report for accuracy and consistency with the approved UDAG budget included in the Grant Agreement and amendments thereto, again taking into account discrepancies which occur because the project was not completed. The Financial Status Report should also be compared to records of drawdowns, Field Office monitoring reports, the latest submission of the Recipient's audit either performed by the OIG or an independent auditor pursuant to OMB Circular A-128 and other financial documents.
  3. Prepare a Grant Closeout in Lieu of Completion Agreement if the Grant Closeout Status Report and Financial Status Report are acceptable.
- D. Impediments to Closeout in Lieu of Completion. The CLOC is intended to address situations where the project may or may not be 100% physically constructed or operational, some or all UDAG funds have been expended for eligible activities, but the Developer or other Participating Parties can no longer continue certain contractual obligations relating to the Project, as

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set forth in the Grant Agreement. As in a standard closeout, however, the Field Office review of documents may identify impediments to a closeout in lieu of completion.

1. The project was not carried out in a manner consistent with the terms of the Grant Agreement and amendments.
2. The project was not carried out in a manner consistent

with the statute or regulations.

3. There may be outstanding audit findings.
- E. Dealing With the Impediments. As in a standard closeout, the Field Office staff should take appropriate steps to deal with the impediments they identify.
1. Deviations from the Grant Agreement. The project may require an amendment before preparation of a CLOC Agreement. For example, if UDAG funds were allocated to different line items from the uses approved in the Grant Agreement, an amendment would be necessary.
  2. Deviations from a Statute or Regulations. The provisions of paragraph 3-2 E 2 would also apply to CLOCs.
  3. Audit Findings. The provisions of paragraph 3-2 E 3 would also apply to CLOCs.

#### 3-8 GRANT CLOSEOUT IN LIEU OF COMPLETION AGREEMENT

- A. The purpose of the Grant Closeout in Lieu of Completion Agreement is to provide a vehicle for closing out a project which will not go forward to completion or operation.
- B. Upon reconciling the closeout documents and addressing any impediments which may have arisen, the Field Office shall prepare a Grant Closeout in Lieu of Completion Agreement in accordance with the model Grant Closeout in Lieu of Completion Agreement in Appendix 4 of this Handbook.
- C. Every Grant Closeout in Lieu of Completion Agreement shall include a provision which explains why the project is no longer feasible. The Model Agreement calls for an enumeration of the facts and circumstances leading to the project becoming dormant and incomplete as well as a statement of any final actions which must be completed.

- D. As in a standard Closeout Agreement, the Grant Closeout in Lieu of Completion Agreement should specifically enumerate other contractual obligations relating to the project which remain to be satisfied. These shall be included in the appropriate sections of the Grant Closeout in Lieu of Completion Agreement, generally in Section(s) A and/or F of the Agreement and, as appropriate, shall be in compliance with the closeout criteria set forth in Section 570.509 of the regulations and all other applicable HUD guidelines.

The items to include, as appropriate, are:

1. Obligations relating to remedying violations of statutes or regulations;
2. Obligations relating to completing promised actions to address audit findings;
3. The receipt and acceptance by HUD of the last audit performed under the provisions of OMB Circular A-128, See 3-3, B 3; and
4. The payment of taxes or PILOTs.

The items which must be included are:

5. The four new elements being included in standard Closeout Agreements prepared on or after October 1, 1990, i.e., changes in loan terms or provisions; changes in structure, status, or identity of the Developer; any contemplated sale or refinancing other than specified in the Grant Agreement; other issues that would constitute a basis for HUD concern that the Recipient is not receiving its reasonable return or other beneficial interest from the project (see paragraph 3-3 B 5 through 8); and
  6. The provision related to timely expenditure of miscellaneous revenues.
- E. The Field Office Manager shall sign five (5) duplicate originals of the Grant Closeout in Lieu of Completion Agreement. Four (4) of these copies shall be forwarded to the Recipient for execution and one copy shall be retained by the Field Office. The Field Office shall instruct the Recipient to execute all four (4) copies of the Grant Closeout in Lieu of Completion Agreement. The Field Office shall also instruct the Recipient

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to retain one (1) copy of the executed Grant Closeout in Lieu of Completion Agreement and return three (3) copies of the executed Grant Closeout in Lieu of Completion Agreement to the Field Office within 30 days. The Field Office shall forward the executed Grant Closeout in Lieu of Completion Agreement to the Regional Office and Headquarters.

- F. The Recipient shall confirm or update information in its most recent Semi-Annual Progress Report.

- G. The Field Office has the same responsibility for monitoring the completion of the terms and conditions in the CLOC Agreement as it would for a standard Closeout Agreement.
- H. The requirements relating to the filing of the Annual Post Grant Closeout Report for standard closeouts also apply to CLOCs.

3-9 CERTIFICATE IN LIEU OF PROJECT COMPLETION

For projects which close out in lieu of completion, HUD will issue a Certificate in Lieu of Project Completion. The CLOC Certificate will be a part of the same form as the standard Certificate of Completion. This Certificate will indicate that the Recipient and Non-Recipient activities have been completed to the maximum extent feasible; all items required by the Grant Closeout in Lieu of Completion Agreement have been met; and the U.S. Government is under no obligation to make further payment under the grant. This Certificate will also be the document which triggers the deobligation of funds for the project from the Recipient's Line of Credit.

The procedures for distribution of the CLOC Certificate are the same as those for a standard Completion Certificate as described in paragraph 3-5 A and B.