

CHAPTER 7. AMENDMENTS TO GRANT AGREEMENT

7-1 OBJECTIVE. The objective of this chapter is to describe the procedures for a project changes and grant agreement changes, as well as a project deviation and grant agreement record of deviation, as a means of maintaining documented control of changes to initially approved work plans, schedules, and budgets presented in the project grant application.

7-2 PROJECT DEVIATIONS. Grantees are required to report deviations from financial plans and budget and to request approvals for revisions. The grantee is required to submit for approval, changes to the approved budget (Work Plan and Budget Work Sheet and Form HUD-4123-I, Cost Summary, and Form HUD-4125-I, Implementation Schedule), plan or timetable to the local HUD FONAP administering the grant. These deviations include but are not limited to:

- A. Any decrease in the total amount of funds for this project of more than 25%;
- B. Any change in the number of housing units in or persons assisted by the project; and
- C. Any change in the project timetable. Any change in the project timetable or period of funds availability must be consistent with the requirement in sec. 92.640 that the funds are committed within 24 months and expended within five years.

7-3 EVALUATION OF REQUEST FOR PROJECT CHANGE. The FONAP can approve a change to a project if:

- A. The proposal is a modification to the project--not an entirely different project--e.g., fewer houses constructed under a new construction project--but not a change from new construction to rehabilitation, and
- B. The proposal to amend the project is due to factors beyond the control of the grantee, and
- C. The modified project scores high enough to have been funded in the competition--for an FY 92 grantee, the project would have to score as high as the lowest funded project in that Region during the FY 92 ranking.

7-4 GRANT AGREEMENT CHANGE AND GRANT AGREEMENT RECORD OF DEVIATION. A change to the grant agreement is to be made to reflect FONAP approval to a modification to the project. The change is made by amendment to the

Any amendment is made in triplicate and processed and distributed in the same manner as for the original grant agreement. In the event the change is HUD-initiated and does not require grantee signature (i.e., HUD address change, suspension or termination for cause by HUD, deobligation of funds), the grant agreement amendment is executed in triplicate by HUD and distributed as for any amendment.

7-5 TERM OF GRANT AVAILABILITY. At the time of Indian HOME Program grant, the grantee's proposed project should be well thought out (not a concept) and ready for implementation. In developing the project description and designing the project implementation schedule, the applicant should recognize the limitations on the term of grant availability. Pursuant to 24 CFR 92.640,

"HUD will recapture HOME funds . . . by the amount of. . . .
(b) Any funds that are not expended within five years after the last day of the month in which the funds were deposited. . . ."

At most, the grantee has five years to spend all the funds.

7-6 REDUCING OR TERMINATING A GRANT. Reductions or terminations may only be taken in accordance with requirements and procedures in sections 92.642, 92.650, and 92.651 (see Chapter 8).

- A. Full termination is implemented by the FONAP Administrator executing a grant agreement amendment that reflects the actual funds used (the amount drawn via LOCCS). Full termination is made by unilateral HUD action and does not require grantee signature on the Grant Agreement form executing the amendment. The amount of funds being de-obligated by the amendment are shown in parentheses in the block 15 line, "Obligation by this action," then subtracting that amount from the amount previously obligated to obtain the new total obligation (the amount of funds actually drawn at the time of suspension of payments). When there are disallowed costs, the amount of disallowed costs shall be noted on the Grant Agreement form advising the grantee of the FONAP's intent to recover all disallowed costs.
- B. Partial termination is executed by the FONAP Administrator initiating a grant agreement amendment defining the specific activities being terminated and any funding associated with the terminated activities. The terminated activities and funds must be defined on the Grant Agreement form the funds de-obligated shown on the Grant Agreement form. For partial termination, the grantee signature is required first and then the FONAP executes and dates the amendment.