
CHAPTER 7. Amendments to Grant Agreement

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

7-2 AMENDMENTS TO APPROVED PROGRAM. Grantees are required to report deviations from financial plans (approved 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 SF-424A), plan or timetable to the local HUD Office administering the grant (see block 8 of the HUD-1044 grant agreement cover page). These deviations include but are not limited to:

- A. Any reduction in the total amount of funds of this grant or more than a 10% change in any budget activity/line item;
- B. Any change in the scope or the objective of the project or program;
- C. Any significant change in the project or program timetable;
- D. Any extension on the period of availability of funds; and
- E. Changes in the individuals with key responsibilities, where specified in the application or grant agreement, or any changes in subgranting, contracting, or otherwise obtaining the services of a third party to perform activities that are central to the purposes of the grant, except for procurement of equipment, supplies, or general support services.
- F. Other conditions as may be specified in the grant agreement.

NOTE: Relatively minor changes may be approved by letter from the local HUD Office to the grantee where the change does not meet any of the criteria above.

7-3 GRANT AGREEMENT AMENDMENT.

- A. A change to the grant agreement is to be made to reflect HUD approval to a modification to the approved program, including extension to the grant period based on the grantee's justification and need (extensions would ordinarily be for a few months; an

extension shall not exceed any maximum specified in the grant agreement for a particular program). The change is made by amendment to the initial grant agreement or in addition to any previous amendment(s).

Note: Where a modification is not consistent with regulatory requirements, e.g., a grant term extension period, the modification may not be made without a waiver from Headquarters.

- B. A new HUD-1044 would be prepared by the local HUD Office using a successive amendment number (001 first, 002, etc.) that defines the change(s) to be made either in block 16, by reference to a letter/document, or by attaching material defining the change(s) as appropriate. 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. The Regional Contracting Division should be consulted for guidance as needed.
- C. A proposed change to the approved program must be reviewed by the local HUD Office to determine that the change is consistent with regulatory and statutory requirements. If not, the local HUD Office must submit a request for waiver and receive approval from Headquarters before the grant amendment can be executed.

7-4 GRANT PERIOD EXTENSION FOR DRUG ELIMINATION. Grant period extensions for the Public Housing Drug Elimination Program are to be made consistent with the following instructions as issued in PIH Notice 92-39 (HUD), September 14, 1992.

- A. In accordance with 24 CFR Part 961.26, grantees may be granted an extension of the term of grant in response to a written request for an extension stating the need for the extension and indicating the additional time required.
- B. The request must be received by the local HUD Office prior to the termination of the grant, and requires approval by the local HUD Office with jurisdiction over their agency or authority.
- C. The maximum extension allowable for any program period is 6 months. Requests for retroactive extension of program periods will not be considered. Only one extension will be permitted.

Extensions will only be considered if the extension criteria below are met by the grantee at the time the request for the extension of the deadline is submitted for approval.

- D. The following criteria must be met by the grantee when submitting a request to extend the expenditure deadline for a program or set of programs.
1. There must be on file with the local HUD Office, all Financial Status Reports, SF-269As.
 2. There must be on file with the local HUD Office, all Performance Reports.
 3. All grant agreement special conditions/amendments must be satisfied except those conditions that must be fulfilled in the remaining period of the grant. This also includes the performance and resolution of audit findings in a timely manner.
 4. The local HUD Office will complete action on any extension request within 15 working days after receipt of the request. If approved, the extension is implemented by a grant agreement amendment, noting in block 16 of the HUD-1044 form the basis for the extension. If not approved, the grantee must be notified in writing that the extension is not approved and that the grant agreement will be closed out and that any remaining unused funds will not be released. Concurrent with the notification, the local HUD Office must suspend payments using LOCCS Screen M01.

7-5 TERMINATION OF GRANT. HUD may terminate a grant for cause in whole or in part if the grantee is not able to complete the approved program in compliance with applicable terms of the grant agreement, OMB Circulars, regulations, or statutory provisions. Termination for convenience may also be made where the grantee and HUD mutually agree that continuation of the effort will not be beneficial following the same general procedure.

- A. The local HUD Office must make a determination that all appropriate opportunities have been explored to assist the grantee toward completing all activities approved under the grant, including consultations with Regional and Headquarters program staff, and that termination is necessary and in accordance with any default provision(s) of a program grant agreement. A termination action would be implemented by first notifying the grantee in writing of the intent to terminate all or a specific

portion of the grant activities and funds. Suspension of payments must be made using LOCCS Screen M01, consistent with any program suspension procedures in the grant agreement or regulations/program guidelines (pending grant agreement amendment for partial termination).

- B. Full termination is implemented by the local HUD Office 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 HUD-1044 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 in block 16 of the HUD-1044 form advising the grantee of HUD's intent to recover all disallowed costs.
- C. Partial termination is executed by the local HUD Office by grant agreement amendment initiated by HUD, defining the specific activities being terminated and any funding associated with the terminated activities (activities partially completed with some funds expended can not be terminated; only the uncompleted and unexpended funds portion can be terminated). The terminated activities and funds must be defined in block 16 of the HUD-1044 and the funds de-obligated shown in parentheses in the block 15 line, "Obligation by this action", and the balance of the form filled out accordingly. For partial termination, the grantee signature is required first and then HUD executes and dates the amendment.