### §1003.501 Applicability of uniform administrative requirements and cost principles.

(a) Grantees and subrecipients shall comply with the requirements and standards of 2 CFR part 200, except for the following sections:

**Prior Administrative Requirements with Exceptions of 24 CFR 1003.501 for ICDBG Recipients**

(1) Paragraph (a) of §200.302, “Financial management.”

(2) Section 200.306, “Cost sharing or matching.”

(3) Section 200.307, “Program income” applies as modified by §1003.503.

(4) Section 200.308, “Revisions of budget and program plans.”

(5) Section 200.311, “Real property,” except as provided in §1003.600.

(6) Section 200.313, “Equipment” applies, except that in all cases in which the equipment is sold, the proceeds shall be program income.

(7) Section 200.314, “Supplies,” applies, except in all cases in which the supplies are sold, the proceeds shall be program income.

(8) Section 200.325, “Bonding requirements” applies. However, there may be circumstances under which the bonding requirements of 2 CFR 200.325 are inconsistent with other responsibilities and obligations of the grantee. In such circumstances, acceptable methods to provide performance and payment assurance may include:

- Deposit with the grantee of a cash escrow of not less than 20 percent of the total contract price, subject to reduction during the warranty period, commensurate with potential risk; or

**Final Administrative Requirements with Exceptions of 24 CFR 1003.501 as published in the Federal Register on December 7, 2015**

(1) Paragraph (a) of §200.302, “Financial management.”

(2) Section 200.306, “Cost sharing or matching.”

(3) Section 200.307, “Program income” applies as modified by §1003.503.

(4) Section 200.308, “Revisions of budget and program plans.”

(5) Section 200.311, “Real property,” except as provided in §1003.600.

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- Deposit with the grantee of a cash escrow of not less than 20 percent of the total contract price, subject to reduction during the warranty period, commensurate with potential risk; or

(9) Section 85.3, “Definitions.”

(10) Section 85.6, “Exceptions.”

(11) Section 85.12, “Special grant or subgrant conditions for ‘high risk’ grantees.”

(12) Section 85.20, “Standards for financial management systems,” except paragraph (a).

(13) Section 85.21, “Payment.”

(14) Section 85.22, “Allowable costs.”

(15) Section 85.25, “Program income,” except as modified by §1003.503.

(16) Section 85.26, “Non-federal audits.”

(17) Section 85.32, “Equipment,” except in all cases in which the equipment is sold, the proceeds shall be program income.

(18) Section 85.33, “Supplies”.

(19) Section 85.34, “Copyrights”.

(20) Section 85.35, “Subawards to debarred and suspended parties”.

(21) Section 85.36, “Procurement,” except paragraphs (a) States, (i)(5) Compliance with the Davis Bacon Act (40 U.S.C. 276a to a-7) and (i)(6) Compliance with sections 103 and 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-330). There may be circumstances under which the bonding requirements of §85.36(h) are inconsistent with other responsibilities and obligations of the grantee. In such circumstances, acceptable methods to provide performance and payment assurance may include:

- Deposit with the grantee of a cash escrow of not less than 20 percent of the total contract price, subject to reduction during the warranty period, commensurate with potential risk; or
### Administrative Requirements Side by Side Comparison Chart

#### Exceptions and Changes Implementing the Uniform Guidance for ICDBG Recipients

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>(ii) Letter of credit for 25 percent of the total contract price, unconditionally payable upon demand of the grantee, subject to reduction during the warranty period commensurate with potential risk.</td>
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<td>(9) Paragraphs (b) through (d) and (f) of §200.328, “Monitoring and reporting program performance.”</td>
<td>(14) Section 85.37, “Subgrants”.</td>
</tr>
<tr>
<td>(10) Section 200.333, “Retention requirements for records” applies. However, the retention period referenced in 2 CFR 200.333 pertaining to individual ICDBG activities starts from the date of the submission of the final status and evaluation report as prescribed in §1003.506(a) in which the specific activity is reported.</td>
<td>(15) Section 85.40, “Monitoring and reporting program performance,” except paragraphs (b) through (d) and paragraph (f).</td>
</tr>
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<td>(11) Section 200.343, “Closeout.”</td>
<td>(16) Section 85.41, “Financial reporting,” except paragraphs (a), (b), and (e).</td>
</tr>
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<td>(17) Section 85.42, “Retention and access requirements for records”. The retention period referenced in §85.42(b) pertaining to individual ICDBG activities starts from the date of the submission of the final status and evaluation report as prescribed in §1003.506(a) in which the specific activity is reported.</td>
<td>(18) Section 85.43, “Enforcement”.</td>
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<td>(19) Section 85.44, “Termination for convenience”.</td>
<td>(20) Section 85.51 “Later disallowances and adjustments”.</td>
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<tr>
<td>(21) Section 85.52, “Collection of amounts due”.</td>
<td>(22) Subrecipients, except subrecipients that are governmental entities, shall comply with the requirements and standards of OMB Circular No. A-122, “Cost Principles for Nonprofit Organizations,” or OMB Circular No. A-21, “Cost Principles for Educational Institutions,” as applicable, and OMB Circular A-133, “Audits of Institutions of Higher Education and Other Nonprofit Institutions” (implemented at 24 CFR part 45). Audits shall be conducted annually. Such subrecipients shall also comply with the following provisions of 24 CFR part 84 “Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals and Other Non-Profit Organizations”).</td>
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<td>(1) Subpart A—“General”.</td>
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<td>(2) Subpart B—“Pre-Award Requirements,” except for §84.12, “Forms for Applying for Federal Assistance”.</td>
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### Final Administrative Requirements with Exceptions of 24 CFR 1003.501 as published in the Federal Register on December 7, 2015

- **(8)** Section 84.34(g) “Equipment,” except that in lieu of the disposition provisions of this paragraph:
  - (i) In all cases in which equipment is sold during the grant period as defined in 24 CFR 85.25, the proceeds shall be program income; and
  - (ii) Equipment not needed by the subrecipient for ICDBG activities shall be transferred to the grantee for the ICDBG program or shall be retained after compensating the grantee.

- **(9)** Section 84.51, “Monitoring and Reporting Program Performance.” Only §84.51(a) applies to ICDBG subrecipients.

- **(10)** Section 84.52, “Financial Reporting”.

- **(11)** Section 84.53(b), “Retention and access requirements for records.” The retention period referenced in §84.53(b) pertaining to individual ICDBG activities starts from the date of the submission of the final status and evaluation report as prescribed in §1003.506(a), in which the specific activity is reported.

- **(12)** Section 84.61, “Termination.” In lieu of the provisions of this section, ICDBG subrecipients shall comply with §1003.502 (b)(7) of the ICDBG regulations.

- **(13)** Subpart D—“After-the-Award Requirements,” except for §84.71, “Closeout Procedures”.

#### Cost principles.

**b)** Cost principles. (1) All items of cost listed in 2 CFR part 200, subpart E, which require prior Federal agency approval are allowable without the prior approval of HUD to the extent that they comply with the general policies and principles stated in 2 CFR part 200, subpart E, and are otherwise eligible under subpart C of this part, except for the following:

- (i) Depreciation methods for fixed assets shall not be changed without specific approval of HUD or, if charged through a cost allocation plan, the Federal cognizant agency.

- (ii) Fines and penalties are unallowable costs to the ICDBG program.

- (iii) Costs of housing (e.g., depreciation, maintenance, utilities, furnishings, rent), housing allowances and personal living expenses (goods or services for personal use), regardless of whether reported as taxable income to the employees (2 CFR 200.445), require HUD prior approval.

- (iv) Organization costs (2 CFR 200.455) require HUD prior approval.

**c)** Cost principles. (1) All items of cost listed in Attachment B of OMB Circulars A-21, A-87, or A-123, as applicable, which require prior Federal agency approval are allowable without the prior approval of HUD to the extent that they comply with the general policies and principles stated in Attachment A of such circulars and are otherwise eligible under subpart C of this part, except for the following:

- (i) Depreciation methods for fixed assets shall not be changed without specific approval of HUD or, if charged through a cost allocation plan, the Federal cognizant agency.

- (ii) Fines and penalties are unallowable costs to the ICDBG program.

(Approved by the Office of Management and Budget under control number 2577-0191)