

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

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ASSOCIATION OF COMMUNITY
ORGANIZATIONS FOR REFORM
NOW, et al

Civil Action No.

Plaintiffs,

versus

UNITED STATES OF AMERICA, et al,

Defendants.

-----X

Plaintiffs List of Exhibits Attached to Complaint

A - OMB Memo October 7, 2009

B- Affidavit of Brennan Griffin (and attachments)

Circular A-110 as amended 9.30.09

September 15, 2006 Texas HUD contract with AI;

May 1, 2007 Michigan HUD contract with AI;

May 1, 2007 Arkansas HUD contract with AI;

May 25, 2007 San Antonio HUD contract with AI;

June 30, 2008 Cleveland HUD contract with AI;

September 16, 2008 San Antonio HUD contract with AI;

October 2, 2009 email from Catherine Patterson (DHS) advising ACORN to
discontinue activity;

October 9, 2009 letter from EPA advising ACORN Institute they are not eligible
for funding and their grant proposal would not be reviewed;

C- Bartholow Letter - October 5, 2009 letter from California Association of Food Banks notifying AI that would not renew its contract for food stamp outreach at federal direction;

D- Department of Labor Training and Guidance Letter No 8-09, Guidance on Section 163 of the Continuing Resolution, October 19,2009, Attachment 2 (listing of organizations)

E - Affidavit of Bertha Lewis

F - Affidavit of Isemene Speliotis

EXHIBIT A



THE DIRECTOR

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

October 7, 2009

M-10-02

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM: Peter R. Orszag
Director

SUBJECT: Guidance on section 163 of the Continuing Resolution regarding the Association of Community Organizations for Reform Now (ACORN)

This memorandum provides guidance to Executive Branch agencies regarding the implementation of section 163 of the Continuing Appropriations Resolution, 2010, Division B of Pub. L. No. 111-68 (CR), which states:

SEC. 163. None of the funds made available by this joint resolution or any prior Act may be provided to the Association of Community Organizations for Reform Now (ACORN), or any of its affiliates, subsidiaries, or allied organizations.

Your agency must immediately commence all necessary and appropriate steps to comply with section 163. This includes the following:

- **No future obligations of funds.** No agency or department should obligate or award any Federal funds to ACORN or any of its affiliates, subsidiaries or allied organizations (collectively "affiliates") during the period of the CR. To the extent your agency already has determined that funds should be obligated or awarded to ACORN or its affiliates but has not yet entered into any agreement to provide such funds to ACORN or any of its affiliates, your agency should not provide such funds, or enter into any such agreements to do so. As section 163 makes clear, its prohibition applies not only to the funding that is made available by the CR, but also to the funding that was made available by previously enacted statutes. In addition, the text of section 163 is sufficiently broad to cover funding that was made available for fiscal year (FY) 2009 and prior fiscal years, as well as funding that is or will be made available for FY10.
- **Suspension of grant and contractual payments.** If your agency has an existing contract or grant agreement with ACORN or its affiliates, the agency should: (i) where permissible, immediately suspend performance of any obligations under the contract or agreement, including payment of Federal funds; and (ii) consult promptly with the agency's general counsel and, if necessary, the Office of Management and Budget

(OMB) and the Department of Justice concerning the legal considerations that bear on the performance of such obligations under the existing contract or agreement.

- ***No funding of ACORN and its affiliates through Federal grantees or contractors.***
Your agency should take steps so that no Federal funds are awarded or obligated by your grantees or contractors to ACORN or its affiliates as subgrantees, subcontractors, or other subrecipients. Because section 163 states that “[n]one of the funds . . . may be provided,” this prohibition applies not only to a direct recipient of Federal funds but also to a subrecipient (e.g., a subcontractor, subgrantee, or contractor of a grantee). We recommend that your agency:

- notify all Federal grant and contract recipients of the prohibition contained in section 163, and provide them with a copy of this guidance document; and
- advise all Federal grant and contract recipients (a) not to provide Federal funds to ACORN or its affiliates as subgrantees, subcontractors or other subrecipients, consistent with this guidance, and (b) to notify your agency of any existing subgrants, subcontracts or other subrecipient agreements with ACORN or its affiliates and of how the grantee or contractor is planning to comply with the prohibition with respect to those subgrants, subcontracts or subrecipient agreements.

If you have any questions concerning this memorandum, please contact Preeta D. Bansal, OMB General Counsel and Senior Policy Advisor, at OGC@omb.eop.gov.

EXHIBIT B

Affidavit of Brennan Griffin

Brennan Griffin, being duly sworn, deposes and says:

1. I am the Executive Director of Acorn Institute (AI) and have been in this position since October 2008.
2. Plaintiff ACORN Institute, Inc. (hereafter "AI") is a not-for-profit corporation, incorporated in Louisiana, certified by the Internal Revenue Service as tax-exempt under Section 501(c)(3) of the Internal Revenue Code.
3. AI focuses its work on addressing civil rights, employment, housing, and social service issues in low-income communities. AI applies for federal, state, and local grants, and to foundations for funds which support a wide variety of social service programs, and collaborates with and contracts with ACORN to carry these grants out. AI's offices are located at 2609 Canal Street, New Orleans, Louisiana.
4. AI has a separate corporate existence from ACORN, with a separate board of directors and separate management. There is no overlap between the governing board of directors of AI and ACORN except that one of the members of AI's Board is also an alternate national director of ACORN's board. Only AI's board has the power to hire and fire its Executive Director. In practice, the two

organizations collaborate closely and AI gets many grants in collaboration with ACORN or which it contracts with ACORN to carry out.

5. AI was established as an organization in 2000 and received its Tax Exempt 501c3 status in 2001.
6. AI has over the past 8 years obtained numerous federal grants. For example, in 2009 AI applied for approximately 25 grants involving monies from the federal government, with about 5 successfully received. To my knowledge, no grant which AI has received and administrated has ever even allegedly involved any misconduct, misappropriation, fraud or other illegal conduct. AI has never been indicted nor convicted of any crime, nor to my knowledge has any AI employee ever been indicted or convicted of a crime in conjunction with any work they have done for AI. AI has never been denied any grant from any federal agency due to fraud or other alleged misconduct.
7. The cut off of all federal funds pursuant to Section 163 of the Continuing Resolution in the beginning of October 2009 has decimated our organization. As of September 2009 AI employed 20 employees. As of today, a little over a month later, AI has three employees. We have had to layoff 85% of our employees.
8. As of October 1, 2009 AI had a number of pending applications for federal grants. We were informed in October that we were ineligible for these grants and

that our applications would not be reviewed. We put considerable time and energy into filing these applications, which but for the Continuing Resolution would have been reviewed.

9. One set of these applications was to set up public computer centers in five different cities to train poor people on basic computer skills. The grants were with Department of Commerce and requested approximately 6.2 million dollars over three years. We were informed in early October that our application would not be reviewed. Another of those applications was with the Environmental Protection Agency for a three year \$780,000 grant to outreach to poor communities to raise awareness of and educate about the lung disease asthma. UCLA was to be the project co-ordinator on that project and the work would have been done by ACORN staff. We were informed in early October that our application would not be reviewed. See Letter Attached as Exhibit 1

10. AI also had, as of October 1, 2009 several grant applications for monies that originated with the federal government where we had already been informed by the relevant entity that we were to receive the grant upon the signing of a contract. Nonetheless, because of the Continuing Resolution, we were informed in early October that we would not be permitted to sign the contract to obtain the grant. One of these grants was for a United States Department of Agriculture grant to do work in the state of Washington to outreach to poor people to inform people about their eligibility for food stamps and supplemental nutrition

assistance. For that program, an organization named Reach was the contractor with the government and they subcontracted with AI to do approximately \$90,000 worth of work. AI had been subcontracted to do this work during the past year directly with the State of Washington, and had done the work to the satisfaction of governmental authorities. Reach, when it became the lead agency in King County Washington, had therefore decided to continue to subcontract with AI to continue this work for the coming year. They had sent us a contract for this work in late September or early October 2009 and we were about to sign it. Before we could sign it, however, in early October we were informed by Reach that they would have to cancel their agreement to have AI subcontract to do the work because of the Continuing Resolution. Because of this cancellation we had to lay off the two AI employees in Washington who would have carried out this work.

11. Similarly, we had an agreement in California to do work that amounted to \$150,000 last year on the same type of program. Again, our performance on the grant utilizing ACORN employees was satisfactory and we were poised to sign a contract with the California Association of Food Banks in California to continue that work for the coming year. Nonetheless, in the beginning of October 2009 we received a letter from the organization informing us that it could not subcontract with AI for the upcoming year. See letter from California Association of Food Banks Attached as Exhibit 2

12. In addition, AI had a grant with FEMA to conduct home fire safety assessments in private homes to determine whether the homes were protected, and if not, provide free of charge to poor people living in those homes various devices to ensure that their houses would be safe. Last year we were awarded \$452,000 to do such assessments in five cities. We did the work to the satisfaction of FEMA, who formally awarded AI \$997,000 to continue and expand the work for the coming year. AI's acceptance of the agreement to do such work and entering into a contract with FEMA to do that work would have been completed by its beginning to draw down on the funds made available under that grant. AI had been informed on September 4 that it had been awarded that grant. On October 2, 2009, before AI had a chance to draw down on the funds, we were informed by FEMA that it had suspended the contract and that AI would not be permitted to start the work it agreed to undertake. See Email attached as Exhibit 3 Because of this suspension, AI had to lay off six employees who were engaged in the home fire safety assessments.

13. AI also had a number of grants in which it had an ongoing contract with HUD to perform services for residents of public housing. Those contracts have been suspended or terminated since early October 2009. Specifically, AI had six contracts with HUD, totalling approximately \$40,000--\$60,000 per year. See Contracts Attached as Exhibit 4 The services that we provided for residents of public housing included tax preparation, leadership development, and conducting classes for residents to obtain GED degrees. We had been operating these

programs to the satisfaction of HUD, and no complaints or allegations of misconduct have ever been lodged concerning our work on these contracts. AI obtains reimbursement on these contracts by first doing the work and then drawing down the funds in the grant by accessing an automated system and putting in its password which allows it to obtain funds to pay workers who have done the work.

14. As of the beginning of October, AI was owed approximately eight to nine thousand dollars for work done on these contracts by ACORN employees with whom it had contracted to do this work. As of that time, AI's access to the automated system for reimbursement was terminated and AI was no longer permitted to have access to the grant funds. Therefore, AI is no longer able to do work pursuant to the lawful contract that it already has signed with HUD. Moreover, AI has not been able to recover the \$8,000-\$9,000 that was due it for work already performed. AI paid the employees who conducted the work, but AI has not been reimbursed by HUD for those expenditures, nor is there any means by which AI can be reimbursed unless those grant monies are made available to AI.

15. Because of these actions by HUD, AI and ACORN have had to cancel GED classes in the middle of the class and is unable to do any of the work for the poor residents of these public housing programs that AI had already contracted with HUD to undertake.

16. I have been informed by leaders of other organizations with which AI and ACORN has worked in collaboration or coalition with in the past on the Volunteer Income Tax Assistance program where non-profits assist low-income people with filing their tax returns free of charge, that they were told by IRS officials that if they continue to work in such coalitions with ACORN or AI that they could be rendered ineligible for further work on the VITA program.
17. In addition to AI's losing federal funds for contracts already awarded, or which were to be awarded pending the signing of a contract, and being deemed ineligible for contracts for work to be conducted over the next few years, AI has also been severely harmed by the Continuing Resolution in its ability to raise funds from private foundations. Foundations are leery of awarding grants to an organization which has had all of its federal funds cut off. For example AI has a grant with the Ford Foundation for \$270,000 over two years (\$135,000 per year) to conduct work involving workers rights issues. We collaborate and contract doing that work with ACORN. In June and July this year, when news of the embezzlement of funds by the brother of the former Executive Director of ACORN was publicized in the news media, the Ford Foundation temporarily suspended the grant. By September 2009, we had discussed the situation with Ford Foundation officials and had apparently resolved it to their satisfaction so that all we needed to continue the work on the grant was to do the paperwork to restart the grant. However, in late September,

we were informed by Ford Foundation officials that they could not restart that grant at this time.

18. AI is now currently examining its options for the survival of the organization. Unless the total ban on federal funds is immediately ended, AI is likely to either dissolve or declare itself bankrupt.

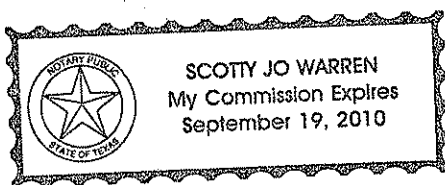
Further Affiant sayeth naught.


BRENNAN GRIFFIN

Subscribed and sworn to before me this 10th
day of November, 2009.


Notary Public

TRAVIS County, State of TEXAS
My Commission Expires: 9/19/2010



CIRCULAR A-110

REVISED 11/19/93

As Further Amended 9/30/99

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Uniform Administrative Requirements for Grants and
Agreements With Institutions of Higher Education, Hospitals,
and Other Non-Profit Organizations

1. Purpose. This Circular sets forth standards for obtaining consistency and uniformity among Federal agencies in the administration of grants to and agreements with institutions of higher education, hospitals, and other non-profit organizations.

2. Authority. Circular A-110 is issued under the authority of 31 U.S.C. 503 (the Chief Financial Officers Act), 31 U.S.C. 1111, 41 U.S.C. 405 (the Office of Federal Procurement Policy Act), Reorganization Plan No. 2 of 1970, and E.O. 11541 ("Prescribing the Duties of the Office of Management and Budget and the Domestic Policy Council in the Executive Office of the President").

3. Policy. Except as provided herein, the standards set forth in this Circular are applicable to all Federal agencies. If any statute specifically prescribes policies or specific requirements that differ from the standards provided herein, the provisions of the statute shall govern.

The provisions of the sections of this Circular shall be applied by Federal agencies to recipients. Recipients shall apply the provisions of this Circular to subrecipients performing substantive work under grants and agreements that are passed through or awarded by the primary recipient, if such subrecipients are organizations described in paragraph 1.

This Circular does not apply to grants, contracts, or other agreements between the Federal Government and units of State or local governments covered by OMB Circular A-102, "Grants and Cooperative Agreements with State and Local Governments," and the Federal agencies' grants management common rule which standardized and codified the administrative requirements Federal agencies impose on State and local grantees. In addition, subawards and contracts to State or local governments are not covered by this Circular. However, this Circular applies to subawards made by State and local governments to organizations covered by this Circular. Federal agencies may apply the provisions of this Circular to commercial organizations, foreign governments, organizations under the jurisdiction of foreign governments, and international organizations.

4. Definitions. Definitions of key terms used in this Circular are contained in Section _____.2 in the Attachment.

5. Required Action. The specific requirements and responsibilities of Federal agencies and institutions of higher education, hospitals, and other non-profit organizations are set forth in this Circular. Federal agencies responsible for awarding and administering grants to and other agreements with organizations described in paragraph 1 shall adopt the language in the Circular unless different provisions are required by Federal statute or are approved by OMB.

6. OMB Responsibilities. OMB will review agency regulations and implementation of this Circular, and will provide interpretations of policy requirements and assistance to insure effective and efficient implementation. Any exceptions will be subject to approval by OMB, as indicated in Section _____.4 in the Attachment. Exceptions will only be made in particular cases where adequate justification is presented.

7. Information Contact. Further information concerning this Circular may be obtained by contacting the Office of Federal Financial Management, Office of Management and Budget, Washington, DC 20503, telephone (202) 395-3993.

8. Termination Review Date. This Circular will have a policy review three years from date of issuance.

9. Effective Date. The standards set forth in this Circular which affect Federal agencies will be effective 30 days after publication of the final revision in the **Federal Register**. Those standards which Federal agencies impose on grantees will be adopted by agencies in codified regulations within six months after publication in the **Federal Register**. Earlier implementation is encouraged.

Attachment

Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations

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SUBPART A - General

____.1 Purpose. This Circular establishes uniform administrative requirements for Federal grants and agreements awarded to institutions of higher education, hospitals, and other non-profit organizations. Federal awarding agencies shall not impose additional or inconsistent requirements, except as provided in Sections ____4, and ____14 or unless specifically required by Federal statute or executive order. Non-profit organizations that implement Federal programs for the States are also subject to State requirements.

____.2 Definitions.

(a) **Accrued expenditures** means the charges incurred by the recipient during a given period requiring the provision of funds for: (1) goods and other tangible property received; (2) services performed by employees, contractors, subrecipients, and other payees; and, (3) other amounts becoming owed under programs for which no current services or performance is required.

(b) **Accrued income** means the sum of: (1) earnings during a given period from (i) services performed by the recipient, and (ii) goods and other tangible property delivered to purchasers, and (2) amounts becoming owed to the recipient for which no current services or performance is required by the recipient.

(c) **Acquisition cost of equipment** means the net invoice price of the equipment, including the cost of modifications, attachments, accessories, or auxiliary apparatus necessary to make the property usable for the purpose for which it was acquired. Other charges, such as the cost of installation, transportation, taxes, duty or protective in-transit

insurance, shall be included or excluded from the unit acquisition cost in accordance with the recipient's regular accounting practices.

(d) **Advance** means a payment made by Treasury check or other appropriate payment mechanism to a recipient upon its request either before outlays are made by the recipient or through the use of predetermined payment schedules.

(e) **Award** means financial assistance that provides support or stimulation to accomplish a public purpose. Awards include grants and other agreements in the form of money or property in lieu of money, by the Federal Government to an eligible recipient. The term does not include: technical assistance, which provides services instead of money; other assistance in the form of loans, loan guarantees, interest subsidies, or insurance; direct payments of any kind to individuals; and, contracts which are required to be entered into and administered under procurement laws and regulations.

(f) **Cash contributions** means the recipient's cash outlay, including the outlay of money contributed to the recipient by third parties.

(g) **Closeout** means the process by which a Federal awarding agency determines that all applicable administrative actions and all required work of the award have been completed by the recipient and Federal awarding agency.

(h) **Contract** means a procurement contract under an award or subaward, and a procurement subcontract under a recipient's or subrecipient's contract.

(i) **Cost sharing or matching** means that portion of project or program costs not borne by the Federal Government.

(j) **Date of completion** means the date on which all work under an award is completed or the date on the award document, or any supplement or amendment thereto, on which Federal sponsorship ends.

(k) **Disallowed costs** means those charges to an award that the Federal awarding agency determines to be unallowable, in accordance with the applicable Federal cost principles or other terms and conditions contained in the award.

(l) **Equipment** means tangible nonexpendable personal property including exempt property charged directly to the award having a useful life of more than one year and an acquisition cost of \$5000 or more per unit. However, consistent with recipient policy, lower limits may be established.

(m) **Excess property** means property under the control of any Federal awarding agency that, as determined by the head thereof, is no longer required for its needs or the discharge of its responsibilities.

(n) **Exempt property** means tangible personal property acquired in whole or in part with Federal funds, where the Federal awarding agency has statutory authority to vest title in the recipient without further obligation to the Federal Government. An example of exempt property authority is contained in the Federal Grant and Cooperative Agreement Act (31 U.S.C. 6306), for property acquired under an award to conduct basic or applied research by a non-profit institution of higher education or non-profit organization whose principal purpose is conducting scientific research.

(o) **Federal awarding agency** means the Federal agency that provides an award to the recipient.

(p) **Federal funds authorized** means the total amount of Federal funds obligated by the Federal Government for use by the recipient. This amount may include any authorized carryover of unobligated funds from prior funding periods when permitted by agency regulations or agency implementing instructions.

(q) **Federal share** of real property, equipment, or supplies means that percentage of the property's acquisition costs and any improvement expenditures paid with Federal funds.

(r) **Funding period** means the period of time when Federal funding is available for obligation by the recipient.

(s) **Intangible property and debt instruments** means, but is not limited to, trademarks, copyrights, patents and patent applications and such property as loans, notes and other debt instruments, lease agreements, stock and other instruments of property ownership, whether considered tangible or intangible.

(t) **Obligations** means the amounts of orders placed, contracts and grants awarded, services received and similar transactions during a given period that require payment by the recipient during the same or a future period.

(u) **Outlays or expenditures** means charges made to the project or program. They may be reported on a cash or accrual basis. For reports prepared on a cash basis, outlays are the sum of cash disbursements for direct charges for goods and services, the amount of indirect expense charged, the value of third party in-kind contributions applied and the amount of cash advances and payments made to subrecipients. For reports prepared on an accrual basis, outlays are the sum of cash disbursements for direct charges for goods and services, the amount of indirect expense incurred, the value of in-kind contributions applied, and the net increase (or decrease) in the amounts owed by the recipient for goods and other property received, for services performed by employees, contractors, subrecipients and other payees and other amounts becoming owed under programs for which no current services or performance are required.

(v) **Personal property** means property of any kind except real property. It may be tangible, having physical existence, or intangible, having no physical existence, such as copyrights, patents, or securities.

(w) **Prior approval** means written approval by an authorized official evidencing prior consent.

(x) **Program income** means gross income earned by the recipient that is directly generated by a supported activity or earned as a result of the award (see exclusions in paragraphs ____ .24 (e) and (h)). Program income includes, but is not limited to, income from fees for services performed, the use or rental of real or personal property acquired under federally-funded projects, the sale of commodities or items fabricated under an award, license fees and royalties on patents and copyrights, and interest on loans made with award funds. Interest earned on advances of Federal funds is not program income. Except as otherwise provided in Federal awarding agency regulations or the terms and conditions of the award, program income does not include the receipt of principal on loans, rebates, credits, discounts, etc., or interest earned on any of them.

(y) **Project costs** means all allowable costs, as set forth in the applicable Federal cost principles, incurred by a recipient and the value of the contributions made by third parties in accomplishing the objectives of the award during the project period.

(z) **Project period** means the period established in the award document during which Federal sponsorship begins and ends.

(aa) **Property** means, unless otherwise stated, real property, equipment, intangible property and debt instruments.

(bb) **Real property** means land, including land improvements, structures and appurtenances thereto, but excludes movable machinery and equipment.

(cc) **Recipient** means an organization receiving financial assistance directly from Federal awarding agencies to carry out a project or program. The term includes public and private institutions of higher education, public and private hospitals, and other quasi-public and private non-profit organizations such as, but not limited to, community action agencies, research institutes, educational associations, and health centers. The term may include commercial organizations, foreign or international organizations (such as agencies of the United Nations) which are recipients, subrecipients, or contractors or subcontractors of recipients or subrecipients at the discretion of the Federal awarding agency. The term does not include government-owned contractor-operated facilities or research centers providing continued support for mission-oriented, large-scale programs that are _____ government-owned or controlled, or are designated as federally-funded research and development centers.

(dd) **Research and development** means all research activities, both basic and applied, and all development activities that are supported at universities, colleges, and other non-profit institutions. "Research" is defined as a systematic study directed toward fuller scientific knowledge or understanding of the subject studied. "Development" is the systematic use of knowledge and understanding gained from research directed toward the production of useful materials, devices, systems, or methods, including design and

development of prototypes and processes. The term research also includes activities involving the training of individuals in research techniques where such activities utilize the same facilities as other research and development activities and where such activities are not included in the instruction function.

(ee) **Small awards** means a grant or cooperative agreement not exceeding the small purchase threshold fixed at 41 U.S.C. 403(11) (currently \$25,000).

(ff) **Subaward** means an award of financial assistance in the form of money, or property in lieu of money, made under an award by a recipient to an eligible subrecipient or by a subrecipient to a lower tier subrecipient. The term includes financial assistance when provided by any legal agreement, even if the agreement is called a contract, but does not include procurement of goods and services nor does it include any form of assistance which is excluded from the definition of "award" in paragraph (e).

(gg) **Subrecipient** means the legal entity to which a subaward is made and which is accountable to the recipient for the use of the funds provided. The term may include foreign or international organizations (such as agencies of the United Nations) at the discretion of the Federal awarding agency.

(hh) **Supplies** means all personal property excluding equipment, intangible property, and debt instruments as defined in this section, and inventions of a contractor conceived or first actually reduced to practice in the performance of work under a funding agreement ("subject inventions"), as defined in 37 CFR part 401, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts, and Cooperative Agreements."

(ii) **Suspension** means an action by a Federal awarding agency that temporarily withdraws Federal sponsorship under an award, pending corrective action by the recipient or pending a decision to terminate the award by the Federal awarding agency. Suspension of an award is a separate action from suspension under Federal agency regulations implementing E.O.s 12549 and 12689, "Debarment and Suspension."

(jj) **Termination** means the cancellation of Federal sponsorship, in whole or in part, under an agreement at any time prior to the date of completion.

(kk) **Third party in-kind contributions** means the value of non-cash contributions provided by non-Federal third parties. Third party in-kind contributions may be in the form of real property, equipment, supplies and other expendable property, and the value of goods and services directly benefiting and specifically identifiable to the project or program.

(ll) **Unliquidated obligations**, for financial reports prepared on a cash basis, means the amount of obligations incurred by the recipient that have not been paid. For reports prepared on an accrued expenditure basis, they represent the amount of obligations incurred by the recipient for which an outlay has not been recorded.

(mm) **Unobligated balance** means the portion of the funds authorized by the Federal awarding agency that has not been obligated by the recipient and is determined by deducting the cumulative obligations from the cumulative funds authorized.

(nn) **Unrecovered indirect cost** means the difference between the amount awarded and the amount which could have been awarded under the recipient's approved negotiated indirect cost rate.

(oo) **Working capital advance** means a procedure where by funds are advanced to the recipient to cover its estimated disbursement needs for a given initial period.

____.3 Effect on other issuances. For awards subject to this Circular, all administrative requirements of codified program regulations, program manuals, handbooks and other nonregulatory materials which are inconsistent with the requirements of this Circular shall be superseded, except to the extent they are required by statute, or authorized in accordance with the deviations provision in Section ____4.

____.4 Deviations. The Office of Management and Budget (OMB) may grant exceptions for classes of grants or recipients subject to the requirements of this Circular when exceptions are not prohibited by statute. However, in the interest of maximum uniformity, exceptions from the requirements of this Circular shall be permitted only in unusual circumstances. Federal awarding agencies may apply more restrictive requirements to a class of recipients when approved by OMB. Federal awarding agencies may apply less restrictive requirements when awarding small awards, except for those requirements which are statutory. Exceptions on a case-by-case basis may also be made by Federal awarding agencies.

____.5 Subawards. Unless sections of this Circular specifically exclude subrecipients from coverage, the provisions of this Circular shall be applied to subrecipients performing work under awards if such subrecipients are institutions of higher education, hospitals or other non-profit organizations. State and local government subrecipients are subject to the provisions of regulations implementing the grants management common rule, "Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments," published at 53 FR 8034 (3/11/88).

SUBPART B - Pre-Award Requirements

____.10 Purpose. Sections ____11 through ____17 prescribes forms and instructions and other pre-award matters to be used in applying for Federal awards.

____.11 Pre-award policies.

(a) Use of Grants and Cooperative Agreements, and Contracts. In each instance, the Federal awarding agency shall decide on the appropriate award instrument (i.e., grant, cooperative agreement, or contract). The Federal Grant and Cooperative Agreement Act (31 U.S.C. 6301-08) governs the use of grants, cooperative agreements and contracts. A

grant or cooperative agreement shall be used only when the principal purpose of a transaction is to accomplish a public purpose of support or stimulation authorized by Federal statute. The statutory criterion for choosing between grants and cooperative agreements is that for the latter, "substantial involvement is expected between the executive agency and the State, local government, or other recipient when carrying out the activity contemplated in the agreement." Contracts shall be used when the principal purpose is acquisition of property or services for the direct benefit or use of the Federal Government.

(b) Public Notice and Priority Setting. Federal awarding agencies shall notify the public of its intended funding priorities for discretionary grant programs, unless funding priorities are established by Federal statute.

.12 Forms for applying for Federal assistance.

(a) Federal awarding agencies shall comply with the applicable report clearance requirements of 5 CFR part 1320, "Controlling Paperwork Burdens on the Public," with regard to all forms used by the Federal awarding agency in place of or as a supplement to the Standard Form 424 (SF-424) series.

(b) Applicants shall use the SF-424 series or those forms and instructions prescribed by the Federal awarding agency.

(c) For Federal programs covered by E.O. 12372, "Intergovernmental Review of Federal Programs," the applicant shall complete the appropriate sections of the SF-424 (Application for Federal Assistance) indicating whether the application was subject to review by the State Single Point of Contact (SPOC). The name and address of the SPOC for a particular State can be obtained from the Federal awarding agency or the **Catalog of Federal Domestic Assistance**. The SPOC shall advise the applicant whether the program for which application is made has been selected by that State for review.

(d) Federal awarding agencies that do not use the SF-424 form should indicate whether the application is subject to review by the State under E.O. 12372.

.13 Debarment and suspension. Federal awarding agencies and recipients shall comply with the nonprocurement debarment and suspension common rule implementing E.O.s 12549 and 12689, "Debarment and Suspension." This common rule restricts subawards and contracts with certain parties that are debarred, suspended or otherwise excluded from or ineligible for participation in Federal assistance programs or activities.

.14 Special award conditions. If an applicant or recipient: (a) has a history of poor performance, (b) is not financially stable, (c) has a management system that does not meet the standards prescribed in this Circular, (d) has not conformed to the terms and conditions of a previous award, or (e) is not otherwise responsible, Federal awarding agencies may impose additional requirements as needed, provided that such applicant or recipient is notified in writing as to: the nature of the additional requirements, the reason

why the additional requirements are being imposed, the nature of the corrective action needed, the time allowed for completing the corrective actions, and the method for requesting reconsideration of the additional requirements imposed. Any special conditions shall be promptly removed once the conditions that prompted them have been corrected.

____.15 Metric system of measurement. The Metric Conversion Act, as amended by the Omnibus Trade and Competitiveness Act (15 U.S.C. 205) declares that the metric system is the preferred measurement system for U.S. trade and commerce. The Act requires each Federal agency to establish a date or dates in consultation with the Secretary of Commerce, when the metric system of measurement will be used in the agency's procurements, grants, and other business-related activities. Metric implementation may take longer where the use of the system is initially impractical or likely to cause significant inefficiencies in the accomplishment of federally-funded activities. Federal awarding agencies shall follow the provisions of E.O. 12770, "Metric Usage in Federal Government Programs."

____.16 Resource Conservation and Recovery Act (RCRA) (Pub. L. 94-580 codified at 42 U.S.C. 6962). Under the Act, any State agency or agency of a political subdivision of a State which is using appropriated Federal funds must comply with Section 6002. Section 6002 requires that preference be given in procurement programs to the purchase of specific products containing recycled materials identified in guidelines developed by the Environmental Protection Agency (EPA) (40 CFR parts 247-254). Accordingly, State and local institutions of higher education, hospitals, and non-profit organizations that receive direct Federal awards or other Federal funds shall give preference in their procurement programs funded with Federal funds to the purchase of recycled products pursuant to the EPA guidelines.

____.17 Certifications and representations. Unless prohibited by statute or codified regulation, each Federal awarding agency is authorized and encouraged to allow recipients to submit certifications and representations required by statute, executive order, or regulation on an annual basis, if the recipients have ongoing and continuing relationships with the agency. Annual certifications and representations shall be signed by responsible officials with the authority to ensure recipients' compliance with the pertinent requirements.

SUBPART C - Post-Award Requirements

Financial and Program Management

____.20 Purpose of financial and program management. Sections _____.21 through _____.28 prescribe standards for financial management systems, methods for making payments and rules for: satisfying cost sharing and matching requirements, accounting for program income, budget revision approvals, making audits, determining allowability of cost, and establishing fund availability.

____.21 Standards for financial management systems.

(a) Federal awarding agencies shall require recipients to relate financial data to performance data and develop unit cost information whenever practical.

(b) Recipients' financial management systems shall provide for the following.

(1) Accurate, current and complete disclosure of the financial results of each federally-sponsored project or program in accordance with the reporting requirements set forth in Section _____.52. If a Federal awarding agency requires reporting on an accrual basis from a recipient that maintains its records on other than an accrual basis, the recipient shall not be required to establish an accrual accounting system. These recipients may develop such accrual data for its reports on the basis of an analysis of the documentation on hand.

(2) Records that identify adequately the source and application of funds for federally-sponsored activities. These records shall contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, outlays, income and interest.

(3) Effective control over and accountability for all funds, property and other assets. Recipients shall adequately safeguard all such assets and assure they are used solely for authorized purposes.

(4) Comparison of outlays with budget amounts for each award. Whenever appropriate, financial information should be related to performance and unit cost data.

(5) Written procedures to minimize the time elapsing between the transfer of funds to the recipient from the U.S. Treasury and the issuance or redemption of checks, warrants or payments by other means for program purposes by the recipient. To the extent that the provisions of the Cash Management Improvement Act (CMIA) (Pub. L. 101-453) govern, payment methods of State agencies, instrumentalities, and fiscal agents shall be consistent with CMIA Treasury-State Agreements or the CMIA default procedures codified at 31 CFR part 205, "Withdrawal of Cash from the Treasury for Advances under Federal Grant and Other Programs."

(6) Written procedures for determining the reasonableness, allocability and allowability of costs in accordance with the provisions of the applicable Federal cost principles and the terms and conditions of the award.

(7) Accounting records including cost accounting records that are supported by source documentation.

(c) Where the Federal Government guarantees or insures the repayment of money borrowed by the recipient, the Federal awarding agency, at its discretion, may require

adequate bonding and insurance if the bonding and insurance requirements of the recipient are not deemed adequate to protect the interest of the Federal Government.

(d) The Federal awarding agency may require adequate fidelity bond coverage where the recipient lacks sufficient coverage to protect the Federal Government's interest.

(e) Where bonds are required in the situations described above, the bonds shall be obtained from companies holding certificates of authority as acceptable sureties, as prescribed in 31 CFR part 223, "Surety Companies Doing Business with the United States."

____.22 Payment.

(a) Payment methods shall minimize the time elapsing between the transfer of funds from the United States Treasury and the issuance or redemption of checks, warrants, or payment by other means by the recipients. Payment methods of State agencies or instrumentalities shall be consistent with Treasury-State CMIA agreements or default procedures codified at 31 CFR part 205.

(b) Recipients are to be paid in advance, provided they maintain or demonstrate the willingness to maintain: (1) written procedures that minimize the time elapsing between the transfer of funds and disbursement by the recipient, and (2) financial management systems that meet the standards for fund control and accountability as established in Section _____.21. Cash advances to a recipient organization shall be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the recipient organization in carrying out the purpose of the approved program or project. The timing and amount of cash advances shall be as close as is administratively feasible to the actual disbursements by the recipient organization for direct program or project costs and the proportionate share of any allowable indirect costs.

(c) Whenever possible, advances shall be consolidated to cover anticipated cash needs for all awards made by the Federal awarding agency to the recipient.

(1) Advance payment mechanisms include, but are not limited to, Treasury check and electronic funds transfer.

(2) Advance payment mechanisms are subject to 31 CFR part 205.

(3) Recipients shall be authorized to submit requests for advances and reimbursements at least monthly when electronic fund transfers are not used.

(d) Requests for Treasury check advance payment shall be submitted on SF-270, "Request for Advance or Reimbursement," or other forms as may be authorized by OMB. This form is not to be used when Treasury check advance payments are made to the

recipient automatically through the use of a predetermined payment schedule or if precluded by special Federal awarding agency instructions for electronic funds transfer.

(e) Reimbursement is the preferred method when the requirements in paragraph (b) cannot be met. Federal awarding agencies may also use this method on any construction agreement, or if the major portion of the construction project is accomplished through private market financing or Federal loans, and the Federal assistance constitutes a minor portion of the project.

(1) When the reimbursement method is used, the Federal awarding agency shall make payment within 30 days after receipt of the billing, unless the billing is improper.

(2) Recipients shall be authorized to submit request for reimbursement at least monthly when electronic funds transfers are not used.

(f) If a recipient cannot meet the criteria for advance payments and the Federal awarding agency has determined that reimbursement is not feasible because the recipient lacks sufficient working capital, the Federal awarding agency may provide cash on a working capital advance basis. Under this procedure, the Federal awarding agency shall advance cash to the recipient to cover its estimated disbursement needs for an initial period generally geared to the awardee's disbursing cycle. Thereafter, the Federal awarding agency shall reimburse the recipient for its actual cash disbursements. The working capital advance method of payment shall not be used for recipients unwilling or unable to provide timely advances to their subrecipient to meet the subrecipient's actual cash disbursements.

(g) To the extent available, recipients shall disburse funds available from repayments to and interest earned on a revolving fund, program income, rebates, refunds, contract settlements, audit recoveries and interest earned on such funds before requesting additional cash payments.

(h) Unless otherwise required by statute, Federal awarding agencies shall not withhold payments for proper charges made by recipients at any time during the project period unless (1) or (2) apply.

(1) A recipient has failed to comply with the project objectives, the terms and conditions of the award, or Federal reporting requirements.

(2) The recipient or subrecipient is delinquent in a debt to the United States as defined in OMB Circular A-129, "Managing Federal Credit Programs." Under such conditions, the Federal awarding agency may, upon reasonable notice, inform the recipient that payments shall not be made for obligations incurred after a specified date until the conditions are corrected or the indebtedness to the Federal Government is liquidated.

(i) Standards governing the use of banks and other institutions as depositories of funds advanced under awards are as follows.

(1) Except for situations described in paragraph (i)(2), Federal awarding agencies shall not require separate depository accounts for funds provided to a recipient or establish any eligibility requirements for depositories for funds provided to a recipient. However, recipients must be able to account for the receipt, obligation and expenditure of funds.

(2) Advances of Federal funds shall be deposited and maintained in insured accounts whenever possible.

(j) Consistent with the national goal of expanding the opportunities for women-owned and minority-owned business enterprises, recipients shall be encouraged to use women-owned and minority-owned banks (a bank which is owned at least 50 percent by women or minority group members).

(k) Recipients shall maintain advances of Federal funds in interest bearing accounts, unless (1), (2) or (3) apply.

(1) The recipient receives less than \$120,000 in Federal awards per year.

(2) The best reasonably available interest bearing account would not be expected to earn interest in excess of \$250 per year on Federal cash balances.

(3) The depository would require an average or minimum balance so high that it would not be feasible within the expected Federal and non-Federal cash resources.

(l) For those entities where CMIA and its implementing regulations do not apply, interest earned on Federal advances deposited in interest bearing accounts shall be remitted annually to Department of Health and Human Services, Payment Management System, Rockville, MD 20852. Interest amounts up to \$250 per year may be retained by the recipient for administrative expense. State universities and hospitals shall comply with CMIA, as it pertains to interest. If an entity subject to CMIA uses its own funds to pay pre-award costs for discretionary awards without prior written approval from the Federal awarding agency, it waives its right to recover the interest under CMIA.

(m) Except as noted elsewhere in this Circular, only the following forms shall be authorized for the recipients in requesting advances and reimbursements. Federal agencies shall not require more than an original and two copies of these forms.

(1) SF-270, Request for Advance or Reimbursement. Each Federal awarding agency shall adopt the SF-270 as a standard form for all nonconstruction programs when electronic funds transfer or predetermined advance methods are not used. Federal awarding agencies, however, have the option of using this form for construction programs in lieu of the SF-271, "Outlay Report and Request for Reimbursement for Construction Programs."

(2) SF-271, Outlay Report and Request for Reimbursement for Construction Programs. Each Federal awarding agency shall adopt the SF-271 as the standard form to be used for requesting reimbursement for construction programs. However, a Federal awarding agency may substitute the SF-270 when the Federal awarding agency determines that it provides adequate information to meet Federal needs.

.23 Cost sharing or matching.

(a) All contributions, including cash and third party in-kind, shall be accepted as part of the recipient's cost sharing or matching when such contributions meet all of the following criteria.

(1) Are verifiable from the recipient's records.

(2) Are not included as contributions for any other federally-assisted project or program.

(3) Are necessary and reasonable for proper and efficient accomplishment of project or program objectives.

(4) Are allowable under the applicable cost principles.

(5) Are not paid by the Federal Government under another award, except where authorized by Federal statute to be used for cost sharing or matching.

(6) Are provided for in the approved budget when required by the Federal awarding agency.

(7) Conform to other provisions of this Circular, as applicable.

(b) Unrecovered indirect costs may be included as part of cost sharing or matching only with the prior approval of the Federal awarding agency.

(c) Values for recipient contributions of services and property shall be established in accordance with the applicable cost principles. If a Federal awarding agency authorizes recipients to donate buildings or land for construction/facilities acquisition projects or long-term use, the value of the donated property for cost sharing or matching shall be the lesser of (1) or (2).

(1) The certified value of the remaining life of the property recorded in the recipient's accounting records at the time of donation.

(2) The current fair market value. However, when there is sufficient justification, the Federal awarding agency may approve the use of the current fair market value of the donated property, even if it exceeds the certified value at the time of donation to the project.

(d) Volunteer services furnished by professional and technical personnel, consultants, and other skilled and unskilled labor may be counted as cost sharing or matching if the service is an integral and necessary part of an approved project or program. Rates for volunteer services shall be consistent with those paid for similar work in the recipient's organization. In those instances in which the required skills are not found in the recipient organization, rates shall be consistent with those paid for similar work in the labor market in which the recipient competes for the kind of services involved. In either case, paid fringe benefits that are reasonable, allowable, and allocable may be included in the valuation.

(e) When an employer other than the recipient furnishes the services of an employee, these services shall be valued at the employee's regular rate of pay (plus an amount of fringe benefits that are reasonable, allowable, and allocable, but exclusive of overhead costs), provided these services are in the same skill for which the employee is normally paid.

(f) Donated supplies may include such items as expendable equipment, office supplies, laboratory supplies or workshop and classroom supplies. Value assessed to donated supplies included in the cost sharing or matching share shall be reasonable and shall not exceed the fair market value of the property at the time of the donation.

(g) The method used for determining cost sharing or matching for donated equipment, buildings and land for which title passes to the recipient may differ according to the purpose of the award, if (1) or (2) apply.

(1) If the purpose of the award is to assist the recipient in the acquisition of equipment, buildings or land, the total value of the donated property may be claimed as cost sharing or matching.

(2) If the purpose of the award is to support activities that require the use of equipment, buildings or land, normally only depreciation or use charges for equipment and buildings may be made. However, the full value of equipment or other capital assets and fair rental charges for land may be allowed, provided that the Federal awarding agency has approved the charges.

(h) The value of donated property shall be determined in accordance with the usual accounting policies of the recipient, with the following qualifications.

(1) The value of donated land and buildings shall not exceed its fair market value at the time of donation to the recipient as established by an independent appraiser (e.g., certified real property appraiser or General Services Administration representative) and certified by a responsible official of the recipient.

(2) The value of donated equipment shall not exceed the fair market value of equipment of the same age and condition at the time of donation.

(3) The value of donated space shall not exceed the fair rental value of comparable space as established by an independent appraisal of comparable space and facilities in a privately-owned building in the same locality.

(4) The value of loaned equipment shall not exceed its fair rental value.

(5) The following requirements pertain to the recipient's supporting records for in-kind contributions from third parties.

(i) Volunteer services shall be documented and, to the extent feasible, supported by the same methods used by the recipient for its own employees.

(ii) The basis for determining the valuation for personal service, material, equipment, buildings and land shall be documented.

.24 Program income.

(a) Federal awarding agencies shall apply the standards set forth in this section in requiring recipient organizations to account for program income related to projects financed in whole or in part with Federal funds.

(b) Except as provided in paragraph (h) below, program income earned during the project period shall be retained by the recipient and, in accordance with Federal awarding agency regulations or the terms and conditions of the award, shall be used in one or more of the ways listed in the following.

(1) Added to funds committed to the project by the Federal awarding agency and recipient and used to further eligible project or program objectives.

(2) Used to finance the non-Federal share of the project or program.

(3) Deducted from the total project or program allowable cost in determining the net allowable costs on which the Federal share of costs is based.

(c) When an agency authorizes the disposition of program income as described in paragraphs (b)(1) or (b)(2), program income in excess of any limits stipulated shall be used in accordance with paragraph (b)(3).

(d) In the event that the Federal awarding agency does not specify in its regulations or the terms and conditions of the award how program income is to be used, paragraph (b)(3) shall apply automatically to all projects or programs except research. For awards that support research, paragraph (b)(1) shall apply automatically unless the awarding agency indicates in the terms and conditions another alternative on the award or the recipient is subject to special award conditions, as indicated in Section _____.14.

(e) Unless Federal awarding agency regulations or the terms and conditions of the award provide otherwise, recipients shall have no obligation to the Federal Government regarding program income earned after the end of the project period.

(f) If authorized by Federal awarding agency regulations or the terms and conditions of the award, costs incident to the generation of program income may be deducted from gross income to determine program income, provided these costs have not been charged to the award.

(g) Proceeds from the sale of property shall be handled in accordance with the requirements of the Property Standards (See Sections _____.30 through _____.37).

(h) Unless Federal awarding agency regulations or the terms and condition of the award provide otherwise, recipients shall have no obligation to the Federal Government with respect to program income earned from license fees and royalties for copyrighted material, patents, patent applications, trademarks, and inventions produced under an award. However, Patent and Trademark Amendments (35 U.S.C. 18) apply to inventions made under an experimental, developmental, or research award.

_____.25 Revision of budget and program plans.

(a) The budget plan is the financial expression of the project or program as approved during the award process. It may include either the Federal and non-Federal share, or only the Federal share, depending upon Federal awarding agency requirements. It shall be related to performance for program evaluation purposes whenever appropriate.

(b) Recipients are required to report deviations from budget and program plans, and request prior approvals for budget and program plan revisions, in accordance with this section.

(c) For nonconstruction awards, recipients shall request prior approvals from Federal awarding agencies for one or more of the following program or budget related reasons.

(1) Change in the scope or the objective of the project or program (even if there is no associated budget revision requiring prior written approval).

(2) Change in a key person specified in the application or award document.

(3) The absence for more than three months, or a 25 percent reduction in time devoted to the project, by the approved project director or principal investigator.

(4) The need for additional Federal funding.

(5) The transfer of amounts budgeted for indirect costs to absorb increases in direct costs, or vice versa, if approval is required by the Federal awarding agency.

(6) The inclusion, unless waived by the Federal awarding agency, of costs that require prior approval in accordance with OMB Circular A-21, "Cost Principles for Educational Institutions," OMB Circular A-122, "Cost Principles for Non-Profit Organizations," or 45 CFR part 74 Appendix E, "Principles for Determining Costs Applicable to Research and Development under Grants and Contracts with Hospitals," or 48 CFR part 31, "Contract Cost Principles and Procedures," as applicable.

(7) The transfer of funds allotted for training allowances (direct payment to trainees) to other categories of expense.

(8) Unless described in the application and funded in the approved awards, the subaward, transfer or contracting out of any work under an award. This provision does not apply to the purchase of supplies, material, equipment or general support services.

(d) No other prior approval requirements for specific items may be imposed unless a deviation has been approved by OMB.

(e) Except for requirements listed in paragraphs (c)(1) and (c)(4) of this section, Federal awarding agencies are authorized, at their option, to waive cost-related and administrative prior written approvals required by this Circular and OMB Circulars A-21 and A-122. Such waivers may include authorizing recipients to do any one or more of the following.

(1) Incur pre-award costs 90 calendar days prior to award or more than 90 calendar days with the prior approval of the Federal awarding agency. All pre-award costs are incurred at the recipient's risk (i.e., the Federal awarding agency is under no obligation to reimburse such costs if for any reason the recipient does not receive an award or if the award is less than anticipated and inadequate to cover such costs).

(2) Initiate a one-time extension of the expiration date of the award of up to 12 months unless one or more of the following conditions apply. For one-time extensions, the recipient must notify the Federal awarding agency in writing with the supporting reasons and revised expiration date at least 10 days before the expiration date specified in the award. This one-time extension may not be exercised merely for the purpose of using unobligated balances.

(i) The terms and conditions of award prohibit the extension.

(ii) The extension requires additional Federal funds.

(iii) The extension involves any change in the approved objectives or scope of the project.

(3) Carry forward unobligated balances to subsequent funding periods.

(4) For awards that support research, unless the Federal awarding agency provides otherwise in the award or in the agency's regulations, the prior approval requirements described in paragraph (e) are automatically waived (i.e., recipients need not obtain such prior approvals) unless one of the conditions included in paragraph (e)(2) applies.

(f) The Federal awarding agency may, at its option, restrict the transfer of funds among direct cost categories or programs, functions and activities for awards in which the Federal share of the project exceeds \$100,000 and the cumulative amount of such transfers exceeds or is expected to exceed 10 percent of the total budget as last approved by the Federal awarding agency. No Federal awarding agency shall permit a transfer that would cause any Federal appropriation or part thereof to be used for purposes other than those consistent with the original intent of the appropriation.

(g) All other changes to nonconstruction budgets, except for the changes described in paragraph (j), do not require prior approval.

(h) For construction awards, recipients shall request prior written approval promptly from Federal awarding agencies for budget revisions whenever (1), (2) or (3) apply.

(1) The revision results from changes in the scope or the objective of the project or program.

(2) The need arises for additional Federal funds to complete the project.

(3) A revision is desired which involves specific costs for which prior written approval requirements may be imposed consistent with applicable OMB cost principles listed in Section _____.27.

- (i) No other prior approval requirements for specific items may be imposed unless a deviation has been approved by OMB.
- (j) When a Federal awarding agency makes an award that provides support for both construction and nonconstruction work, the Federal awarding agency may require the recipient to request prior approval from the Federal awarding agency before making any fund or budget transfers between the two types of work supported.
- (k) For both construction and nonconstruction awards, Federal awarding agencies shall require recipients to notify the Federal awarding agency in writing promptly whenever the amount of Federal authorized funds is expected to exceed the needs of the recipient for the project period by more than \$5000 or five percent of the Federal award, whichever is greater. This notification shall not be required if an application for additional funding is submitted for a continuation award.
- (l) When requesting approval for budget revisions, recipients shall use the budget forms that were used in the application unless the Federal awarding agency indicates a letter of request suffices.
- (m) Within 30 calendar days from the date of receipt of the request for budget revisions, Federal awarding agencies shall review the request and notify the recipient whether the budget revisions have been approved. If the revision is still under consideration at the end of 30 calendar days, the Federal awarding agency shall inform the recipient in writing of the date when the recipient may expect the decision.

26 Non-Federal audits.

- (a) Recipients and subrecipients that are institutions of higher education or other non-profit organizations (including hospitals) shall be subject to the audit requirements contained in the Single Audit Act Amendments of 1996 (31 USC 7501-7507) and revised OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."
- (b) State and local governments shall be subject to the audit requirements contained in the Single Audit Act Amendments of 1996 (31 USC 7501-7507) and revised OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."

(c) For-profit hospitals not covered by the audit provisions of revised OMB Circular A-133 shall be subject to the audit requirements of the Federal awarding agencies.

(d) Commercial organizations shall be subject to the audit requirements of the Federal awarding agency or the prime recipient as incorporated into the award document.

.27 Allowable costs. For each kind of recipient, there is a set of Federal principles for determining allowable costs. Allowability of costs shall be determined in accordance with the cost principles applicable to the entity incurring the costs. Thus, allowability of costs incurred by State, local or federally-recognized Indian tribal governments is determined in accordance with the provisions of OMB Circular A-87, "Cost Principles for State, Local, and Indian Tribal Governments." The allowability of costs incurred by non-profit organizations is determined in accordance with the provisions of OMB Circular A-122, "Cost Principles for Non-Profit Organizations." The allowability of costs incurred by institutions of higher education is determined in accordance with the provisions of OMB Circular A-21, "Cost Principles for Educational Institutions." The allowability of costs incurred by hospitals is determined in accordance with the provisions of Appendix E of 45 CFR part 74, "Principles for Determining Costs Applicable to Research and Development Under Grants and Contracts with Hospitals." The allowability of costs incurred by commercial organizations and those non-profit organizations listed in Attachment C to Circular A-122 is determined in accordance with the provisions of the Federal Acquisition Regulation (FAR) at 48 CFR part 31.

.28 Period of availability of funds. Where a funding period is specified, a recipient may charge to the grant only allowable costs resulting from obligations incurred during the funding period and any pre-award costs authorized by the Federal awarding agency.

.29 Conditional exemptions.

(a) OMB authorizes conditional exemption from OMB administrative requirements and cost principles circulars for certain Federal programs with statutorily-authorized consolidated planning and consolidated administrative funding, that are identified by a Federal agency and approved by the head of the Executive department or establishment. A Federal agency shall consult with OMB during its consideration of whether to grant such an exemption.

(b) To promote efficiency in State and local program administration, when Federal non-entitlement programs with common purposes have specific statutorily-authorized

consolidated planning and consolidated administrative funding and where most of the State agency's resources come from non-Federal sources, Federal agencies may exempt these covered State-administered, non-entitlement grant programs from certain OMB grants management requirements. The exemptions would be from all but the allocability of costs provisions of OMB Circulars A-87 (Attachment A, subsection C.3), "Cost Principles for State, Local, and Indian Tribal Governments," A-21 (Section C, subpart 4), "Cost Principles for Educational Institutions," and A-122 (Attachment A, subsection A.4), "Cost Principles for Non-Profit Organizations," and from all of the administrative requirements provisions of OMB Circular A-110, "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations," and the agencies' grants management common rule.

(c) When a Federal agency provides this flexibility, as a prerequisite to a State's exercising this option, a State must adopt its own written fiscal and administrative requirements for expending and accounting for all funds, which are consistent with the provisions of OMB Circular A-87, and extend such policies to all subrecipients. These fiscal and administrative requirements must be sufficiently specific to ensure that: funds are used in compliance with all applicable Federal statutory and regulatory provisions, costs are reasonable and necessary for operating these programs, and funds are not be used for general expenses required to carry out other responsibilities of a State or its subrecipients.

Property Standards

____.30 Purpose of property standards. Sections _____.31 through _____.37 set forth uniform standards governing management and disposition of property furnished by the Federal Government whose cost was charged to a project supported by a Federal award. Federal awarding agencies shall require recipients to observe these standards under awards and shall not impose additional requirements, unless specifically required by Federal statute. The recipient may use its own property management standards and procedures provided it observes the provisions of Sections _____.31 through _____.37.

____.31 Insurance coverage. Recipients shall, at a minimum, provide the equivalent insurance coverage for real property and equipment acquired with Federal funds as provided to property owned by the recipient. Federally-owned property need not be insured unless required by the terms and conditions of the award.

____.32 Real property. Each Federal awarding agency shall prescribe requirements for recipients concerning the use and disposition of real property acquired in whole or in part under awards. Unless otherwise provided by statute, such requirements, at a minimum, shall contain the following.

(a) Title to real property shall vest in the recipient subject to the condition that the recipient shall use the real property for the authorized purpose of the project as long as it is needed and shall not encumber the property without approval of the Federal awarding agency.

(b) The recipient shall obtain written approval by the Federal awarding agency for the use of real property in other federally-sponsored projects when the recipient determines that the property is no longer needed for the purpose of the original project. Use in other projects shall be limited to those under federally-sponsored projects (i.e., awards) or programs that have purposes consistent with those authorized for support by the Federal awarding agency.

(c) When the real property is no longer needed as provided in paragraphs (a) and (b), the recipient shall request disposition instructions from the Federal awarding agency or its successor Federal awarding agency. The Federal awarding agency shall observe one or more of the following disposition instructions.

(1) The recipient may be permitted to retain title without further obligation to the Federal Government after it compensates the Federal Government for that percentage of the current fair market value of the property attributable to the Federal participation in the project.

(2) The recipient may be directed to sell the property under guidelines provided by the Federal awarding agency and pay the Federal Government for that percentage of the current fair market value of the property attributable to the Federal participation in the project (after deducting actual and reasonable selling and fix-up expenses, if any, from the sales proceeds). When the recipient is authorized or required to sell the property, proper sales procedures shall be established that provide for competition to the extent practicable and result in the highest possible return.

(3) The recipient may be directed to transfer title to the property to the Federal Government or to an eligible third party provided that, in such cases, the recipient shall be entitled to compensation for its attributable percentage of the current fair market value of the property.

____.33 Federally-owned and exempt property.

(a) Federally-owned property.

(1) Title to federally-owned property remains vested in the Federal Government. Recipients shall submit annually an inventory listing of federally-owned property in their custody to the Federal awarding agency. Upon completion of the award or when the property is no longer needed, the recipient shall report the property to the Federal awarding agency for further Federal agency utilization.

(2) If the Federal awarding agency has no further need for the property, it shall be declared excess and reported to the General Services Administration, unless the Federal awarding agency has statutory authority to dispose of the property by alternative methods (e.g., the authority provided by the Federal Technology Transfer Act (15 U.S.C. 3710 (I)) to donate research equipment to educational and non-profit organizations in accordance with E.O. 12821, "Improving Mathematics and Science Education in Support of the National Education Goals.") Appropriate instructions shall be issued to the recipient by the Federal awarding agency.

(b) Exempt property. When statutory authority exists, the Federal awarding agency has the option to vest title to property acquired with Federal funds in the recipient without further obligation to the Federal Government and under conditions the Federal awarding agency considers appropriate. Such property is "exempt property." Should a Federal awarding agency not establish conditions, title to exempt property upon acquisition shall vest in the recipient without further obligation to the Federal Government.

____.34 Equipment.

(a) Title to equipment acquired by a recipient with Federal funds shall vest in the recipient, subject to conditions of this section.

(b) The recipient shall not use equipment acquired with Federal funds to provide services to non-Federal outside organizations for a fee that is less than private companies charge for equivalent services, unless specifically authorized by Federal statute, for as long as the Federal Government retains an interest in the equipment.

(c) The recipient shall use the equipment in the project or program for which it was acquired as long as needed, whether or not the project or program continues to be supported by Federal funds and shall not encumber the property without approval of the Federal awarding agency. When no longer needed for the original project or program, the recipient shall use the equipment in connection with its other federally-sponsored activities, in the following order of priority: (i) Activities sponsored by the Federal awarding agency which funded the original project, then (ii) activities sponsored by other Federal awarding agencies.

(d) During the time that equipment is used on the project or program for which it was acquired, the recipient shall make it available for use on other projects or programs if such other use will not interfere with the work on the project or program for which the equipment was originally acquired. First preference for such other use shall be given to other projects or programs sponsored by the Federal awarding agency that financed the equipment; second preference shall be given to projects or programs sponsored by other Federal awarding agencies. If the equipment is owned by the Federal Government, use on other activities not sponsored by the Federal Government shall be permissible if authorized by the Federal awarding agency. User charges shall be treated as program income.

(e) When acquiring replacement equipment, the recipient may use the equipment to be replaced as trade-in or sell the equipment and use the proceeds to offset the costs of the replacement equipment subject to the approval of the Federal awarding agency.

(f) The recipient's property management standards for equipment acquired with Federal funds and federally-owned equipment shall include all of the following.

(1) Equipment records shall be maintained accurately and shall include the following information.

(i) A description of the equipment.

(ii) Manufacturer's serial number, model number, Federal stock number, national stock number, or other identification number.

(iii) Source of the equipment, including the award number.

(iv) Whether title vests in the recipient or the Federal Government.

(v) Acquisition date (or date received, if the equipment was furnished by the Federal Government) and cost.

(vi) Information from which one can calculate the percentage of Federal participation in the cost of the equipment (not applicable to equipment furnished by the Federal Government).

(vii) Location and condition of the equipment and the date the information was reported.

(viii) Unit acquisition cost.

(ix) Ultimate disposition data, including date of disposal and sales price or the method used to determine current fair market value where a recipient compensates the Federal awarding agency for its share.

(2) Equipment owned by the Federal Government shall be identified to indicate Federal ownership.

(3) A physical inventory of equipment shall be taken and the results reconciled with the equipment records at least once every two years. Any differences between quantities determined by the physical inspection and those shown in the accounting records shall be investigated to determine the causes of the difference. The recipient shall, in connection with the inventory, verify the existence, current utilization, and continued need for the equipment.

(4) A control system shall be in effect to insure adequate safeguards to prevent loss, damage, or theft of the equipment. Any loss, damage, or theft of equipment shall be investigated and fully documented; if the equipment was owned by the Federal Government, the recipient shall promptly notify the Federal awarding agency.

(5) Adequate maintenance procedures shall be implemented to keep the equipment in good condition.

(6) Where the recipient is authorized or required to sell the equipment, proper sales procedures shall be established which provide for competition to the extent practicable and result in the highest possible return.

(g) When the recipient no longer needs the equipment, the equipment may be used for other activities in accordance with the following standards. For equipment with a current per unit fair market value of \$5000 or more, the recipient may retain the equipment for other uses provided that compensation is made to the original Federal awarding agency or its successor. The amount of compensation shall be computed by applying the percentage of Federal participation in the cost of the original project or program to the current fair market value of the equipment. If the recipient has no need for the equipment, the recipient shall request disposition instructions from the Federal awarding agency. The Federal awarding agency shall determine whether the equipment can be used to meet the agency's requirements. If no requirement exists within that agency, the availability of the equipment shall be reported to the General Services Administration by the Federal awarding agency to determine whether a requirement for the equipment exists in other Federal agencies. The Federal awarding agency shall issue instructions to the recipient no later than 120 calendar days after the recipient's request and the following procedures shall govern.

(1) If so instructed or if disposition instructions are not issued within 120 calendar days after the recipient's request, the recipient shall sell the equipment and reimburse the Federal awarding agency an amount computed by applying to the sales proceeds the percentage of Federal participation in the cost of the original project or program. However, the recipient shall be permitted to deduct and retain from the Federal share \$500 or ten percent of the proceeds, whichever is less, for the recipient's selling and handling expenses.

(2) If the recipient is instructed to ship the equipment elsewhere, the recipient shall be reimbursed by the Federal Government by an amount which is computed by applying the percentage of the recipient's participation in the cost of the original project or program to the current fair market value of the equipment, plus any reasonable shipping or interim storage costs incurred.

(3) If the recipient is instructed to otherwise dispose of the equipment, the recipient shall be reimbursed by the Federal awarding agency for such costs incurred in its disposition.

(4) The Federal awarding agency may reserve the right to transfer the title to the Federal Government or to a third party named by the Federal Government when such third party is otherwise eligible under existing statutes. Such transfer shall be subject to the following standards.

(i) The equipment shall be appropriately identified in the award or otherwise made known to the recipient in writing.

(ii) The Federal awarding agency shall issue disposition instructions within 120 calendar days after receipt of a final inventory. The final inventory shall list all equipment acquired with grant funds and federally-owned equipment. If the Federal awarding agency fails to issue disposition instructions within the 120 calendar day period, the recipient shall apply the standards of this section, as appropriate.

(iii) When the Federal awarding agency exercises its right to take title, the equipment shall be subject to the provisions for federally-owned equipment.

.35 Supplies and other expendable property.

(a) Title to supplies and other expendable property shall vest in the recipient upon acquisition. If there is a residual inventory of unused supplies exceeding \$5000 in total aggregate value upon termination or completion of the project or program and the supplies are not needed for any other federally-sponsored project or program, the recipient shall retain the supplies for use on non-Federal sponsored activities or sell them,

but shall, in either case, compensate the Federal Government for its share. The amount of compensation shall be computed in the same manner as for equipment.

(b) The recipient shall not use supplies acquired with Federal funds to provide services to non-Federal outside organizations for a fee that is less than private companies charge for equivalent services, unless specifically authorized by Federal statute as long as the Federal Government retains an interest in the supplies.

____.36 Intangible property.

(a) The recipient may copyright any work that is subject to copyright and was developed, or for which ownership was purchased, under an award. The Federal awarding agency(ies) reserve a royalty-free, nonexclusive and irrevocable right to reproduce, publish, or otherwise use the work for Federal purposes, and to authorize others to do so.

(b) Recipients are subject to applicable regulations governing patents and inventions, including government-wide regulations issued by the Department of Commerce at 37 CFR part 401, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements."

(c) The Federal Government has the right to:

(1) obtain, reproduce, publish or otherwise use the data first produced under an award;
and

(2) authorize others to receive, reproduce, publish, or otherwise use such data for Federal purposes.

(d) (1) In addition, in response to a Freedom of Information Act (FOIA) request for research data relating to published research findings produced under an award that were used by the Federal Government in developing an agency action that has the force and effect of law, the Federal awarding agency shall request, and the recipient shall provide,

within a reasonable time, the research data so that they can be made available to the public through the procedures established under the FOIA. If the Federal awarding agency obtains the research data solely in response to a FOIA request, the agency may charge the requester a reasonable fee equaling the full incremental cost of obtaining the research data. This fee should reflect costs incurred by the agency, the recipient, and applicable subrecipients. This fee is in addition to any fees the agency may assess under the FOIA (5 U.S.C. 552(a)(4)(A)).

(2) The following definitions apply for purposes of paragraph (d) of this section:

(i) *Research data* is defined as the recorded factual material commonly accepted in the scientific community as necessary to validate research findings, but not any of the following: preliminary analyses, drafts of scientific papers, plans for future research, peer reviews, or communications with colleagues. This "recorded" material excludes physical objects (e.g., laboratory samples). Research data also do not include:

(A) Trade secrets, commercial information, materials necessary to be held confidential by a researcher until they are published, or similar information which is protected under law; and

(B) Personnel and medical information and similar information the disclosure of which would constitute a clearly unwarranted invasion of personal privacy, such as information that could be used to identify a particular person in a research study.

(ii) *Published* is defined as either when:

(A) Research findings are published in a peer-reviewed scientific or technical journal; or

(B) A Federal agency publicly and officially cites the research findings in support of an agency action that has the force and effect of law.

(iii) *Used by the Federal Government in developing an agency action that has the force and effect of law* is defined as when an agency publicly and officially cites the research findings in support of an agency action that has the force and effect of law.

(e) Title to intangible property and debt instruments acquired under an award or subaward vests upon acquisition in the recipient. The recipient shall use that property for the originally-authorized purpose, and the recipient shall not encumber the property without approval of the Federal awarding agency. When no longer needed for the originally authorized purpose, disposition of the intangible property shall occur in accordance with the provisions of paragraph ____ .34(g).

____ .37 Property trust relationship. Real property, equipment, intangible property and debt instruments that are acquired or improved with Federal funds shall be held in trust by the recipient as trustee for the beneficiaries of the project or program under which the property was acquired or improved. Agencies may require recipients to record liens or other appropriate notices of record to indicate that personal or real property has been acquired or improved with Federal funds and that use and disposition conditions apply to the property.

Procurement Standards

____ .40 Purpose of procurement standards. Sections ____ .41 through ____ .48 set forth standards for use by recipients in establishing procedures for the procurement of supplies and other expendable property, equipment, real property and other services with Federal funds. These standards are furnished to ensure that such materials and services are obtained in an effective manner and in compliance with the provisions of applicable Federal statutes and executive orders. No additional procurement standards or requirements shall be imposed by the Federal awarding agencies upon recipients, unless specifically required by Federal statute or executive order or approved by OMB.

____ .41 Recipient responsibilities. The standards contained in this section do not relieve the recipient of the contractual responsibilities arising under its contract(s). The recipient is the responsible authority, without recourse to the Federal awarding agency, regarding the settlement and satisfaction of all contractual and administrative issues arising out of procurements entered into in support of an award or other agreement. This includes disputes, claims, protests of award, source evaluation or other matters of a contractual nature. Matters concerning violation of statute are to be referred to such Federal, State or local authority as may have proper jurisdiction.

____ .42 Codes of conduct. The recipient shall maintain written standards of conduct governing the performance of its employees engaged in the award and administration of contracts. No employee, officer, or agent shall participate in the selection, award, or administration of a contract supported by Federal funds if a real or apparent conflict of

interest would be involved. Such a conflict would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm selected for an award. The officers, employees, and agents of the recipient shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, or parties to subagreements. However, recipients may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value. The standards of conduct shall provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the recipient.

.43 Competition. All procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, open and free competition. The recipient shall be alert to organizational conflicts of interest as well as noncompetitive practices among contractors that may restrict or eliminate competition or otherwise restrain trade. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, invitations for bids and/or requests for proposals shall be excluded from competing for such procurements. Awards shall be made to the bidder or offeror whose bid or offer is responsive to the solicitation and is most advantageous to the recipient, price, quality and other factors considered. Solicitations shall clearly set forth all requirements that the bidder or offeror shall fulfill in order for the bid or offer to be evaluated by the recipient. Any and all bids or offers may be rejected when it is in the recipient's interest to do so.

.44 Procurement procedures.

(a) All recipients shall establish written procurement procedures. These procedures shall provide for, at a minimum, that (1), (2) and (3) apply.

(1) Recipients avoid purchasing unnecessary items.

(2) Where appropriate, an analysis is made of lease and purchase alternatives to determine which would be the most economical and practical procurement for the Federal Government.

(3) Solicitations for goods and services provide for all of the following.

(i) A clear and accurate description of the technical requirements for the material, product or service to be procured. In competitive procurements, such a description shall not contain features which unduly restrict competition.

(ii) Requirements which the bidder/offeror must fulfill and all other factors to be used in evaluating bids or proposals.

(iii) A description, whenever practicable, of technical requirements in terms of functions to be performed or performance required, including the range of acceptable characteristics or minimum acceptable standards.

(iv) The specific features of "brand name or equal" descriptions that bidders are required to meet when such items are included in the solicitation.

(v) The acceptance, to the extent practicable and economically feasible, of products and services dimensioned in the metric system of measurement.

(vi) Preference, to the extent practicable and economically feasible, for products and services that conserve natural resources and protect the environment and are energy efficient.

(b) Positive efforts shall be made by recipients to utilize small businesses, minority-owned firms, and women's business enterprises, whenever possible. Recipients of Federal awards shall take all of the following steps to further this goal.

(1) Ensure that small businesses, minority-owned firms, and women's business enterprises are used to the fullest extent practicable.

(2) Make information on forthcoming opportunities available and arrange time frames for purchases and contracts to encourage and facilitate participation by small businesses, minority-owned firms, and women's business enterprises.

(3) Consider in the contract process whether firms competing for larger contracts intend to subcontract with small businesses, minority-owned firms, and women's business enterprises.

(4) Encourage contracting with consortiums of small businesses, minority-owned firms and women's business enterprises when a contract is too large for one of these firms to handle individually.

(5) Use the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Department of Commerce's Minority Business Development Agency in the solicitation and utilization of small businesses, minority-owned firms and women's business enterprises.

(c) The type of procuring instruments used (e.g., fixed price contracts, cost reimbursable contracts, purchase orders, and incentive contracts) shall be determined by the recipient but shall be appropriate for the particular procurement and for promoting the best interest of the program or project involved. The "cost-plus-a-percentage-of-cost" or "percentage of construction cost" methods of contracting shall not be used.

(d) Contracts shall be made only with responsible contractors who possess the potential ability to perform successfully under the terms and conditions of the proposed procurement. Consideration shall be given to such matters as contractor integrity, record of past performance, financial and technical resources or accessibility to other necessary resources. In certain circumstances, contracts with certain parties are restricted by agencies' implementation of E.O.s 12549 and 12689, "Debarment and Suspension."

(e) Recipients shall, on request, make available for the Federal awarding agency, pre-award review and procurement documents, such as request for proposals or invitations for bids, independent cost estimates, etc., when any of the following conditions apply.

(1) A recipient's procurement procedures or operation fails to comply with the procurement standards in the Federal awarding agency's implementation of this Circular.

(2) The procurement is expected to exceed the small purchase threshold fixed at 41 U.S.C. 403 (11) (currently \$25,000) and is to be awarded without competition or only one bid or offer is received in response to a solicitation.

(3) The procurement, which is expected to exceed the small purchase threshold, specifies a "brand name" product.

(4) The proposed award over the small purchase threshold is to be awarded to other than the apparent low bidder under a sealed bid procurement.

(5) A proposed contract modification changes the scope of a contract or increases the contract amount by more than the amount of the small purchase threshold.

____.45 Cost and price analysis. Some form of cost or price analysis shall be made and documented in the procurement files in connection with every procurement action. Price analysis may be accomplished in various ways, including the comparison of price quotations submitted, market prices and similar indicia, together with discounts. Cost analysis is the review and evaluation of each element of cost to determine reasonableness, allocability and allowability.

____.46 Procurement records. Procurement records and files for purchases in excess of the small purchase threshold shall include the following at a minimum: (a) basis for contractor selection, (b) justification for lack of competition when competitive bids or offers are not obtained, and (c) basis for award cost or price.

____.47 Contract administration. A system for contract administration shall be maintained to ensure contractor conformance with the terms, conditions and specifications of the contract and to ensure adequate and timely follow up of all purchases. Recipients shall evaluate contractor performance and document, as appropriate, whether contractors have met the terms, conditions and specifications of the contract.

____.48 Contract provisions. The recipient shall include, in addition to provisions to define a sound and complete agreement, the following provisions in all contracts. The following provisions shall also be applied to subcontracts.

(a) Contracts in excess of the small purchase threshold shall contain contractual provisions or conditions that allow for administrative, contractual, or legal remedies in instances in which a contractor violates or breaches the contract terms, and provide for such remedial actions as may be appropriate.

(b) All contracts in excess of the small purchase threshold shall contain suitable provisions for termination by the recipient, including the manner by which termination shall be effected and the basis for settlement. In addition, such contracts shall describe conditions under which the contract may be terminated for default as well as conditions where the contract may be terminated because of circumstances beyond the control of the contractor.

(c) Except as otherwise required by statute, an award that requires the contracting (or subcontracting) for construction or facility improvements shall provide for the recipient to follow its own requirements relating to bid guarantees, performance bonds, and payment bonds unless the construction contract or subcontract exceeds \$100,000. For those contracts or subcontracts exceeding \$100,000, the Federal awarding agency may accept the bonding policy and requirements of the recipient, provided the Federal awarding agency has made a determination that the Federal Government's interest is adequately protected. If such a determination has not been made, the minimum requirements shall be as follows.

(1) A bid guarantee from each bidder equivalent to five percent of the bid price. The "bid guarantee" shall consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder shall, upon acceptance of his bid, execute such contractual documents as may be required within the time specified.

(2) A performance bond on the part of the contractor for 100 percent of the contract price. A "performance bond" is one executed in connection with a contract to secure fulfillment of all the contractor's obligations under such contract.

(3) A payment bond on the part of the contractor for 100 percent of the contract price. A "payment bond" is one executed in connection with a contract to assure payment as required by statute of all persons supplying labor and material in the execution of the work provided for in the contract.

(4) Where bonds are required in the situations described herein, the bonds shall be obtained from companies holding certificates of authority as acceptable sureties pursuant to 31 CFR part 223, "Surety Companies Doing Business with the United States."

(d) All negotiated contracts (except those for less than the small purchase threshold) awarded by recipients shall include a provision to the effect that the recipient, the Federal awarding agency, the Comptroller General of the United States, or any of their duly

authorized representatives, shall have access to any books, documents, papers and records of the contractor which are directly pertinent to a specific program for the purpose of making audits, examinations, excerpts and transcriptions.

(e) All contracts, including small purchases, awarded by recipients and their contractors shall contain the procurement provisions of Appendix A to this Circular, as applicable.

Reports and Records

____.50 Purpose of reports and records. Sections _____.51 through _____.53 set forth the procedures for monitoring and reporting on the recipient's financial and program performance and the necessary standard reporting forms. They also set forth record retention requirements.

____.51 Monitoring and reporting program performance.

(a) Recipients are responsible for managing and monitoring each project, program, subaward, function or activity supported by the award. Recipients shall monitor subawards to ensure subrecipients have met the audit requirements as delineated in Section _____.26.

(b) The Federal awarding agency shall prescribe the frequency with which the performance reports shall be submitted. Except as provided in paragraph _____.51(f), performance reports shall not be required more frequently than quarterly or, less frequently than annually. Annual reports shall be due 90 calendar days after the grant year; quarterly or semi-annual reports shall be due 30 days after the reporting period. The Federal awarding agency may require annual reports before the anniversary dates of multiple year awards in lieu of these requirements. The final performance reports are due 90 calendar days after the expiration or termination of the award.

(c) If inappropriate, a final technical or performance report shall not be required after completion of the project.

(d) When required, performance reports shall generally contain, for each award, brief information on each of the following.

(1) A comparison of actual accomplishments with the goals and objectives established for the period, the findings of the investigator, or both. Whenever appropriate and the output of programs or projects can be readily quantified, such quantitative data should be related to cost data for computation of unit costs.

(2) Reasons why established goals were not met, if appropriate.

(3) Other pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs.

(e) Recipients shall not be required to submit more than the original and two copies of performance reports.

(f) Recipients shall immediately notify the Federal awarding agency of developments that have a significant impact on the award-supported activities. Also, notification shall be given in the case of problems, delays, or adverse conditions which materially impair the ability to meet the objectives of the award. This notification shall include a statement of the action taken or contemplated, and any assistance needed to resolve the situation.

(g) Federal awarding agencies may make site visits, as needed.

(h) Federal awarding agencies shall comply with clearance requirements of 5 CFR part 1320 when requesting performance data from recipients.

.52 Financial reporting.

(a) The following forms or such other forms as may be approved by OMB are authorized for obtaining financial information from recipients.

(1) SF-269 or SF-269A, Financial Status Report.

(i) Each Federal awarding agency shall require recipients to use the SF-269 or SF-269A to report the status of funds for all nonconstruction projects or programs. A Federal awarding agency may, however, have the option of not requiring the SF-269 or SF-269A when the SF-270, Request for Advance or Reimbursement, or SF-272, Report of Federal Cash Transactions, is determined to provide adequate information to meet its needs, except that a final SF-269 or SF-269A shall be required at the completion of the project when the SF-270 is used only for advances.

(ii) The Federal awarding agency shall prescribe whether the report shall be on a cash or accrual basis. If the Federal awarding agency requires accrual information and the recipient's accounting records are not normally kept on the accrual basis, the recipient shall not be required to convert its accounting system, but shall develop such accrual information through best estimates based on an analysis of the documentation on hand.

(iii) The Federal awarding agency shall determine the frequency of the Financial Status Report for each project or program, considering the size

and complexity of the particular project or program. However, the report shall not be required more frequently than quarterly or less frequently than annually. A final report shall be required at the completion of the agreement.

(iv) The Federal awarding agency shall require recipients to submit the SF-269 or SF-269A (an original and no more than two copies) no later than 30 days after the end of each specified reporting period for quarterly and semi-annual reports, and 90 calendar days for annual and final reports. Extensions of reporting due dates may be approved by the Federal awarding agency upon request of the recipient.

(2) SF-272, Report of Federal Cash Transactions.

(i) When funds are advanced to recipients the Federal awarding agency shall require each recipient to submit the SF-272 and, when necessary, its continuation sheet, SF-272a. The Federal awarding agency shall use this report to monitor cash advanced to recipients and to obtain disbursement information for each agreement with the recipients.

(ii) Federal awarding agencies may require forecasts of Federal cash requirements in the "Remarks" section of the report.

(iii) When practical and deemed necessary, Federal awarding agencies may require recipients to report in the "Remarks" section the amount of cash advances received in excess of three days. Recipients shall provide short narrative explanations of actions taken to reduce the excess balances.

(iv) Recipients shall be required to submit not more than the original and two copies of the SF-272 15 calendar days following the end of each quarter. The Federal awarding agencies may require a monthly report from those recipients receiving advances totaling \$1 million or more per year.

(v) Federal awarding agencies may waive the requirement for submission of the SF-272 for any one of the following reasons: (1) When monthly advances do not exceed \$25,000 per recipient, provided that such advances are monitored through other forms contained in this section; (2) If, in the Federal awarding agency's opinion, the recipient's accounting controls are adequate to minimize excessive Federal advances; or, (3) When the electronic payment mechanisms provide adequate data.

(b) When the Federal awarding agency needs additional information or more frequent reports, the following shall be observed.

(1) When additional information is needed to comply with legislative requirements, Federal awarding agencies shall issue instructions to require recipients to submit such information under the "Remarks" section of the reports.

(2) When a Federal awarding agency determines that a recipient's accounting system does not meet the standards in Section ___.21, additional pertinent information to further monitor awards may be obtained upon written notice to the recipient until such time as the system is brought up to standard. The Federal awarding agency, in obtaining this information, shall comply with report clearance requirements of 5 CFR part 1320.

(3) Federal awarding agencies are encouraged to shade out any line item on any report if not necessary.

(4) Federal awarding agencies may accept the identical information from the recipients in machine readable format or computer printouts or electronic outputs in lieu of prescribed formats.

(5) Federal awarding agencies may provide computer or electronic outputs to recipients when such expedites or contributes to the accuracy of reporting.

___.53 Retention and access requirements for records.

(a) This section sets forth requirements for record retention and access to records for awards to recipients. Federal awarding agencies shall not impose any other record retention or access requirements upon recipients.

(b) Financial records, supporting documents, statistical records, and all other records pertinent to an award shall be retained for a period of three years from the date of submission of the final expenditure report or, for awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, as authorized by the Federal awarding agency. The only exceptions are the following.

(1) If any litigation, claim, or audit is started before the expiration of the 3-year period, the records shall be retained until all litigation, claims or audit findings involving the records have been resolved and final action taken.

(2) Records for real property and equipment acquired with Federal funds shall be retained for 3 years after final disposition.

(3) When records are transferred to or maintained by the Federal awarding agency, the 3-year retention requirement is not applicable to the recipient.

(4) Indirect cost rate proposals, cost allocations plans, etc. as specified in paragraph ____ .53(g).

(c) Copies of original records may be substituted for the original records if authorized by the Federal awarding agency.

(d) The Federal awarding agency shall request transfer of certain records to its custody from recipients when it determines that the records possess long term retention value. However, in order to avoid duplicate recordkeeping, a Federal awarding agency may make arrangements for recipients to retain any records that are continuously needed for joint use.

(e) The Federal awarding agency, the Inspector General, Comptroller General of the United States, or any of their duly authorized representatives, have the right of timely and unrestricted access to any books, documents, papers, or other records of recipients that are pertinent to the awards, in order to make audits, examinations, excerpts, transcripts and copies of such documents. This right also includes timely and reasonable access to a recipient's personnel for the purpose of interview and discussion related to such documents. The rights of access in this paragraph are not limited to the required retention period, but shall last as long as records are retained.

(f) Unless required by statute, no Federal awarding agency shall place restrictions on recipients that limit public access to the records of recipients that are pertinent to an award, except when the Federal awarding agency can demonstrate that such records shall be kept confidential and would have been exempted from disclosure pursuant to the Freedom of Information Act (5 U.S.C. 552) if the records had belonged to the Federal awarding agency.

(g) Indirect cost rate proposals, cost allocations plans, etc. Paragraphs (g)(1) and (g)(2) apply to the following types of documents, and their supporting records: indirect cost rate computations or proposals, cost allocation plans, and any similar accounting computations of the rate at which a particular group of costs is chargeable (such as computer usage chargeback rates or composite fringe benefit rates).

(1) If submitted for negotiation. If the recipient submits to the Federal awarding agency or the subrecipient submits to the recipient the proposal, plan, or other computation to

form the basis for negotiation of the rate, then the 3-year retention period for its supporting records starts on the date of such submission.

(2) If not submitted for negotiation. If the recipient is not required to submit to the Federal awarding agency or the subrecipient is not required to submit to the recipient the proposal, plan, or other computation for negotiation purposes, then the 3-year retention period for the proposal, plan, or other computation and its supporting records starts at the end of the fiscal year (or other accounting period) covered by the proposal, plan, or other computation.

Termination and Enforcement

____.60 Purpose of termination and enforcement. Sections _____.61 and _____.62 set forth uniform suspension, termination and enforcement procedures.

____.61 Termination.

(a) Awards may be terminated in whole or in part only if (1), (2) or (3) apply.

(1) By the Federal awarding agency, if a recipient materially fails to comply with the terms and conditions of an award.

(2) By the Federal awarding agency with the consent of the recipient, in which case the two parties shall agree upon the termination conditions, including the effective date and, in the case of partial termination, the portion to be terminated.

(3) By the recipient upon sending to the Federal awarding agency written notification setting forth the reasons for such termination, the effective date, and, in the case of partial termination, the portion to be terminated. However, if the Federal awarding agency determines in the case of partial termination that the reduced or modified portion of the grant will not accomplish the purposes for which the grant was made, it may terminate the grant in its entirety under either paragraphs (a)(1) or (2).

(b) If costs are allowed under an award, the responsibilities of the recipient referred to in paragraph _____.71(a), including those for property management as applicable, shall be considered in the termination of the award, and provision shall be made for continuing responsibilities of the recipient after termination, as appropriate.

____.62 Enforcement.

(a) Remedies for noncompliance. If a recipient materially fails to comply with the terms and conditions of an award, whether stated in a Federal statute, regulation, assurance, application, or notice of award, the Federal awarding agency may, in addition to imposing any of the special conditions outlined in Section ___.14, take one or more of the following actions, as appropriate in the circumstances.

(1) Temporarily withhold cash payments pending correction of the deficiency by the recipient or more severe enforcement action by the Federal awarding agency.

(2) Disallow (that is, deny both use of funds and any applicable matching credit for) all or part of the cost of the activity or action not in compliance.

(3) Wholly or partly suspend or terminate the current award.

(4) Withhold further awards for the project or program.

(5) Take other remedies that may be legally available.

(b) Hearings and appeals. In taking an enforcement action, the awarding agency shall provide the recipient an opportunity for hearing, appeal, or other administrative proceeding to which the recipient is entitled under any statute or regulation applicable to the action involved.

(c) Effects of suspension and termination. Costs of a recipient resulting from obligations incurred by the recipient during a suspension or after termination of an award are not allowable unless the awarding agency expressly authorizes them in the notice of suspension or termination or subsequently. Other recipient costs during suspension or after termination which are necessary and not reasonably avoidable are allowable if (1) and (2) apply.

(1) The costs result from obligations which were properly incurred by the recipient before the effective date of suspension or termination, are not in anticipation of it, and in the case of a termination, are noncancellable. <

(2) The costs would be allowable if the award were not suspended or expired normally at the end of the funding period in which the termination takes effect.

(d) Relationship to debarment and suspension. The enforcement remedies identified in this section, including suspension and termination, do not preclude a recipient from being subject to debarment and suspension under E.O.s 12549 and 12689 and the Federal awarding agency implementing regulations (see Section ___.13).

SUBPART D - After-the-Award Requirements

___.70 Purpose. Sections ___.71 through ___.73 contain closeout procedures and other procedures for subsequent disallowances and adjustments.

____.71 Closeout procedures.

- (a) Recipients shall submit, within 90 calendar days after the date of completion of the award, all financial, performance, and other reports as required by the terms and conditions of the award. The Federal awarding agency may approve extensions when requested by the recipient.
- (b) Unless the Federal awarding agency authorizes an extension, a recipient shall liquidate all obligations incurred under the award not later than 90 calendar days after the funding period or the date of completion as specified in the terms and conditions of the award or in agency implementing instructions.
- (c) The Federal awarding agency shall make prompt payments to a recipient for allowable reimbursable costs under the award being closed out.
- (d) The recipient shall promptly refund any balances of unobligated cash that the Federal awarding agency has advanced or paid and that is not authorized to be retained by the recipient for use in other projects. OMB Circular A-129 governs unreturned amounts that become delinquent debts.
- (e) When authorized by the terms and conditions of the award, the Federal awarding agency shall make a settlement for any upward or downward adjustments to the Federal share of costs after closeout reports are received.
- (f) The recipient shall account for any real and personal property acquired with Federal funds or received from the Federal Government in accordance with Sections _____.31 through _____.37.
- (g) In the event a final audit has not been performed prior to the closeout of an award, the Federal awarding agency shall retain the right to recover an appropriate amount after fully considering the recommendations on disallowed costs resulting from the final audit.

____.72 Subsequent adjustments and continuing responsibilities.

- (a) The closeout of an award does not affect any of the following.
 - (1) The right of the Federal awarding agency to disallow costs and recover funds on the basis of a later audit or other review.
 - (2) The obligation of the recipient to return any funds due as a result of later refunds, corrections, or other transactions.
 - (3) Audit requirements in Section _____.26.
 - (4) Property management requirements in Sections _____.31 through _____.37.

6. Clean Air Act (42 U.S.C. 7401 et seq.) and the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.), as amended - Contracts and subgrants of amounts in excess of \$100,000 shall contain a provision that requires the recipient to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act (42 U.S.C. 7401 et seq.) and the Federal Water Pollution Control Act as amended (33 U.S.C. 1251 et seq.). Violations shall be reported to the Federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).

7. Byrd Anti-Lobbying Amendment (31 U.S.C. 1352) - Contractors who apply or bid for an award of \$100,000 or more shall file the required certification. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. 1352. Each tier shall also disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier up to the recipient.

8. Debarment and Suspension (E.O.s 12549 and 12689) - No contract shall be made to parties listed on the General Services Administration's List of Parties Excluded from Federal Procurement or Nonprocurement Programs in accordance with E.O.s 12549 and 12689, "Debarment and Suspension." This list contains the names of parties debarred, suspended, or otherwise excluded by agencies, and contractors declared ineligible under statutory or regulatory authority other than E.O. 12549. Contractors with awards that exceed the small purchase threshold shall provide the required certification regarding its exclusion status and that of its principal employees.

Assistance Award/Amendment

U.S. Department of Housing
and Urban Development
Office of Administration

1. Assistance Instrument <input type="checkbox"/> Cooperative Agreement <input checked="" type="checkbox"/> Grant		2. Type of Action <input checked="" type="checkbox"/> Award <input type="checkbox"/> Amendment	
3. Instrument Number TX009REF079A005	4. Amendment Number	5. Effective Date of this Action 9/15/06	6. Control Number
7. Name and Address of Recipient Acorn Institute, Inc. 739 8th Street South East Washington, DC 20003		8. HUD Administering Office Texas State Office 801 Cherry Street Fort Worth, Texas 76113	
10. Recipient Project Manager Ms. Pat House, Executive Director		8a. Name of Administrator Charles D. Eldridge	8b. Telephone Number (817) 978-5691
11. Assistance Arrangement <input checked="" type="checkbox"/> Cost Reimbursement <input type="checkbox"/> Cost Sharing <input type="checkbox"/> Fixed Price		12. Payment Method <input type="checkbox"/> Treasury Check Reimbursement <input type="checkbox"/> Advance Check <input checked="" type="checkbox"/> Automated Clearinghouse	
13. HUD Payment Office LOCCS		9. HUD Government Technical Representative	
14. Assistance Amount		15. HUD Accounting and Appropriation Data	
Previous HUD Amount	\$0	15a. Appropriation Number 863/60304	15b. Reservation number
HUD Amount this action	\$362,378	Amount Previously Obligated	\$
Total HUD Amount	\$362,378	Obligation by this action	\$362,378
Recipient Amount	\$0	Total Obligation	\$362,378
Total Instrument Amount	\$362,378		

16. Description

PUBLIC HOUSING RESIDENT OPPORTUNITY SELF SUFFICIENCY PROGRAM – FAMILY

17. <input checked="" type="checkbox"/> Recipient is required to sign and return three (3) copies of this document to the HUD Administering Office		18. <input type="checkbox"/> Recipient is not required to sign this document.	
19. Recipient (By Name) Carolyn Carr DC, Acorn Institute, Inc.		20. HUD (By Name) Mr. Justin Ormsby Public Housing Director	
Signature & Title <i>Carolyn Carr</i> As Contract Administrator	Date (mm/dd/yyyy) 8/28/06	Signature & Title <i>Justin Ormsby</i>	Date (mm/dd/yyyy) 08/15/06

1 FISCAL YEAR 2005 RESIDENT OPPORTUNITIES AND SELF SUFFICIENCY
2 PROGRAM GRANT AGREEMENT

3
4 RESIDENT SERVICE DELIVERY MODELS - FAMILY
5 (Attachment to Form HUD-1044)
6

7
8 **BACKGROUND**
9

10 (Provide a brief introductory Statement about the Grantee, Grantee's proposed grant activity,
11 timelines, goals, and proposed results. Attach additional pages as necessary).
12

13 To increase economic self-sufficiency for public housing residents living in (3) Dallas Housing
14 Authority's Housing Developments. Areas of focus will be life-skills and job training.
15
16
17

18 **ARTICLE I: BASIC GRANT INFORMATION AND REQUIREMENTS**
19

- 20 1. This Agreement is between the U. S. Department of Housing and Urban Development
21 (HUD) and the recipient **ACORN Institute, Inc. Washington, DC**, identified in block 7 on
22 the cover sheet of this agreement, form HUD-1044, hereinafter referred to as the Grantee.
23 The Grantee's application and the HUD grant approval letter, including any special
24 conditions, are incorporated into this agreement.
25
- 26 2. HUD will make \$362,378 available in total grant funds as shown on form HUD-1044 upon
27 grant award and HUD approval.
28
- 29 3. This agreement and the HUD-1044 shall be effective immediately upon signature of **both**
30 **parties**.
31
- 32 4. Period of performance: The period of performance will be 36 months.
33
- 34 5. Award type: This is a cost-reimbursable, performance-based grant.
35
- 36 6. This Grant Agreement incorporates and will be governed by the following as they may from
37 time to time be amended: the HUD Appropriations Acts, the United States Housing Act of
38 1937 as amended, the Quality Housing and Work Responsibility Act (QHWRA), the ROSS
39 NOFA dated 03/21/05, as amended, the Code of Federal Regulations (CFR) 24 Part 24, 24
40 CFR Part 84, 24 CFR Part 85, 24 Part 964, any applicable OMB Circulars, Handbooks and
41 Notices issued by HUD.
42
- 43 7. In executing this agreement, the Grantee agrees to abide by the provisions contained within
44 all applicable Federal laws, Executive Orders, OMB Circulars, specifically OMB Circular A-
45 110, any assurances and certifications in the final HUD-approved application (the original
46 approved application may have required amendments by the field/applicant), and 24 CFR
47 Part 964.
48

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1. The Grantee shall attend meeting(s) (when notified by HUD) at HUD's local field office for the purpose of establishing a common understanding and strategy with respect to grant administration, timeline, deliverables, grant objectives, performance measures, and the scope of work necessary (work plan) to achieve grant objectives.

2. The Grantee shall furnish all necessary personnel, materials, services, equipment, and facilities and shall otherwise do all things necessary for, or incidental to, the performance of the activities and tasks set forth in the approved application, work plan and this Grant Agreement (except as otherwise specified).

3. The Grantee agrees that costs incurred prior to the execution of this Grant Agreement and implementation of HUD-approved grant activities, shall not be reimbursable by using funds from this grant.

4. The work to be performed under this Grant Agreement is outlined in the attached work plan which must be approved by the HUD field office overseeing the administration of this grant (as the work plan approved by HUD's Grants Management Center may require modification). The work plan must be signed and dated by both the HUD field office and the Grantee.

5. The grant funds shall be used only for activities described in the application and approved by HUD in the work plan and this Grant Agreement.

5. Grantees are required to submit for approval any deviations or revisions to their HUD-approved budget and work plan (grant activities) **prior to implementing them.** According to the guidelines below, Grantees are required to submit for HUD approval any changes to the approved budget, work plan and Budget Work Sheet and SF-424, Scope of Work, Business Plan or timetable to the appropriate local HUD field office personnel in writing.

- a. Any increase over 10% of the total of any budget activity/line item.
- b. Any change in the scope or objective of the program.
- c. Any change in the project or program timetable.
- d. Changes in staffing especially in the cases of individuals with key responsibilities such as the Project Coordinator, instructors or other essential staff.
- e. Changes in any subgranting, contracting, or otherwise obtaining the services of a third party to perform activities that are central to the purposes of the grant must be previously approved by HUD.

7. Grantees needing to extend the term of their grant in order to fully accomplish their goals, must do so in writing thirty calendar days prior to the grant termination date. The request must be submitted to the field office for review and approval. The Grantee must also:
 - a. Have current and acceptable Financial Status Reports (SF 269A) which must be on file with the field office.
 - b. Submit a narrative justification explaining why the extension is needed, how much additional time will be required, the circumstances that require the proposed extension, and the effect of a denial of the request.
 - c. Have satisfied all special conditions of the grant agreement except those that must be fulfilled in the remaining period of the grant. This includes the performance and resolution of audit findings in a timely manner.
8. Any changes requested by the Grantee must be in writing. HUD will approve/reject requested changes as appropriate. Approved changes will be reflected by an amendment to this Grant Agreement and issued by a revised HUD-1044 cover sheet with any attached documents as needed to define changes approved. Amendments will become effective upon execution of the HUD-1044 between HUD and the Grantee when both parties have signed the HUD-1044.
9. If the Grantee's HUD-approved work plan is not implemented within **60 days of the grant start date (the start date is the date both parties sign the HUD-1044 and this Grant Agreement)**, the Grantee must report by letter to the appropriate HUD field office of the steps taken to initiate the plan, resulting changes to the timetable, the reason for the delay, and the expected starting date. Any timetable revisions as a result of the delay must be included for HUD approval. **NOTE:** Failure to comply with this requirement may result in termination of this agreement and recapture of grant funds.
10. HUD may terminate funding if the Grantee demonstrates an unwillingness or inability to complete the approved work plan; does not use procedures that will minimize the time elapsing between drawdowns and disbursements of grant funds; does not adhere to agreement requirements or special conditions; engages in the improper award or administration of grant subcontracts; does not submit required reports; or produces unacceptable deliverables.

SUBARTICLE B: FINANCIAL RESPONSIBILITIES

1. The Grantee shall use leverage/match resources in accordance with its approved application and approval from HUD field office staff.
2. Prior to initial drawdown of funds, all Grantees must have secured online access to the Internet as a means to communicate with HUD on grant matters. Applicants shall draw down funds using the electronic Line of Credit Control System (e-LOCCS). Tribes/TDHEs may

request to be exempted from this and may continue to use the Line of Credit Control System (LOCCS) voice response system.

3. Depending on the type of Grantee organization, where applicable, the Grantee agrees to comply with the organizational audit requirements of OMB Circular A-133 and HUD 24 CFR Part 84 or 85 including audit requirements. The final audit report, must cover the entire period of the grant. The audit must be submitted to HUD no later than 90 days after the grant is closed, covering the entire award period originally approved or amended. An original and one identical copy of the report shall be sent to HUD. All other requirements of 24 CFR Parts 84 or 85 shall apply.
4. The Grantee shall minimize the time elapsing between the transfer of funds from HUD and the disbursement of funds. The HUD funds are to be made available based on actual need. The Grantee must make a drawdown for costs incurred *only*. Drawdowns in excess of need may result in special procedures for payments, or termination of the grant when there are persistent violations. Funds requisitioned through LOCCS must be disbursed within seven calendar days after receipt of funds drawdown. The Grantee must be in compliance with OMB Circulars A-87, A-122 or A-133, as applicable.
5. Prior to traveling outside the local area for HUD-sponsored training/conferences, the Grantee must request approval from the HUD field office in order for funding and reimbursement to be approved. Travel costs for grant program staff may not exceed \$5,000 for the life of the grant.

SUBARTICLE C: METHOD OF PAYMENT [FUNDS DRAWDOWN]

1. The Grantee may not draw down grant funds until the following actions have taken place:
 - a. HUD has received and approved any certifications and disclosures required by 24 CFR 87.110 concerning lobbying and by 24 CFR 24.510(b) regarding ineligibility, suspension and debarment. This also includes any other required certification forms, which must be completed and included as a part of this grant agreement.
 - b. All pre-conditions listed in form HUD-1044, this Grant Agreement or the NOFA, must be completed by the grantee and verified by HUD. (Example, commitment to a Match)
2. Payments of grant funds shall be through electronic funds transfer using the Line of Credit Control System-Voice Response System (VRS) or E-LOCCS. Initial drawdown cannot be earlier than the start date of the grant term. NOTE: Costs cannot be reimbursed for activities undertaken prior to the grant's start date. The basic procedure is as follows:
 - a. To establish a line of credit, the Grantee must complete and submit the following forms:

- i. HUD-27054 *Voice Response System Access Authorization* (for VRS and e-LOCCS)
- ii. SF-1199A *Direct Deposit Sign-Up Form* with sample **voided** check. NOTE: The depositor account on the SF-1199A may be the same receiving account as other HUD programs.
- iii. These forms should be sent to the Grantee's local HUD field office for processing. The field office will provide the grant number and program area code.

3. After HUD processes the above documents, the Grantee will receive two letters:

- a. One certified letter will provide a user identification number and password for the individual who will be authorized to draw down the funds from LOCCS.
- b. The second certified letter will contain specific instructions on how to use the LOCCS system.

4. After the Grantee receives these two letters, it will be technically equipped to request drawdowns.

5. **VRS-LOCCS or E-LOCCS Program Edits.**

- a. E-LOCCS will automatically perform a series of review edits (both generic and program specific) of each payment request. Failure of one of the program edits will cause the payment request to be referred to the HUD field office for review.
- b. The HUD field office will complete the review. The request will remain in the system and further drawdowns will not be allowed until that review is complete and the drawdowns approved or rejected.
- c. The Grantee shall immediately contact the HUD field office when there is a question regarding the request or when the request has been referred to the HUD program office for review. A request will be referred to the program office for review when (specific edits):
 - i. There are requests for over 10% of total grant funds per calendar month;
 - ii. Total drawdowns exceed 110% of any budget line item on form HUD-50080;
 - iii. Failure to submit a semiannual HUD form SF-269A - *Financial Status Report*, narrative performance report and/or Logic Model, as defined by this agreement and 24 CFR 84 or 85. VRS-LOCCS or E-LOCCS shall not accept a request for funds if required reports from the Grantee are thirty or more days

overdue and will not accept future requests until the HUD field office confirms receipt and approval of the reports in LOCCS.

- iv. If the Grantee repeatedly fails to submit required forms, LOCCS will be converted to a system in which the HUD Field Office will **manually** review each drawdown request prior to releasing funds to the Grantee.

SUB-ARTICLE D: AUTHORIZED FUNDS BY BUDGET LINE ITEM NUMBER

1. For a specific description of allowable expenses under each budget line item (BLI) please see the HUD 2003 notice, as extended in HUD notice 2004, to this effect. The Grantee's budget will be broken down to fit the Voucher Budget Line Items as follows:

BUDGET LINE ITEM NO.

ACTIVITIES	FUNDS
xx00 Project Coordinator	\$
xx10 Contract Administrator	\$
xx11 Training Costs	\$
xx12 Individual Savings Accounts	\$
xx13 Stipends	\$
xx14 Supportive Services	\$
xx15 Subcontracting	\$ 343,628
xx16 Travel Costs	\$
xx17 Administrative Costs	\$
xx18 Resident Salaries (from Admin. Costs)	\$ 18,750
xx19 Indirect Costs	\$
If approved, funding amount is	\$

SUBARTICLE E: REPORTING REQUIREMENTS

1. The Grantee must evaluate its ROSS activities and submit a semi-annual performance narrative, Logic Model and SF-269A to HUD. The narrative, Logic Model and SF-269A shall be submitted on January 31st and July 30th of each grant year to the Grantee's local HUD field office. These reports shall conform to OMB Circular A-110.
2. HUD shall determine the Grantee's progress based upon a comparison between the Grantee's actual performance and its performance objectives and timelines established in the HUD-approved work plan and budget.
3. The Grantee must provide clear written reports that evaluate the Grantee's progress with respect to the goals and objectives it set out to achieve. The Grantee will use the performance measures HUD approved to track its progress. These performance measures must be part of baseline reporting and must be reported for each reporting period during the term of the grant using the narrative, Logic Model and the SF-269A.
 - a. The narrative shall explain what goals have been accomplished, what challenges were encountered, how they were addressed, and which goals remain to be achieved.
 - b. The Grantee shall use the Logic Model to report on the grant's performance (outputs and outcomes).
 - c. If the Grantee is not meeting its promised objectives, the reports should explain why such progress is not being made. Other pertinent information, such as cost-overruns, should also be included.
 - d. The financial report shall be submitted using SF-269A.
4. During the term of the grant, HUD may ask Grantees to begin reporting using a web-based performance measurement tool. This tool will capture information contained in the Logic Model, but may also be designed to capture narrative and budget information in which case the Grantee may submit all its required reports via the Internet.
5. The HUD field office shall maintain official records on the Grantee's performance measures and its progress reports. However, the Grantee must also maintain such records, including the performance narrative, Logic Model, and SF-269A for ROSS program assessments, HUD review, and/or evaluations.
6. No grant payments shall be approved until all required reports (performance narrative, Logic Model, and SF-269A) are received and approved by the HUD field office.

1 SUBARTICLE F: ADMINISTRATIVE REQUIREMENTS

- 2
- 3 1. Grantees must comply with all current HUD programs.
- 4
- 5 2. The Grantee shall maintain, and have access to, copies of documents relating to the award
- 6 and administration of this grant for at least three years after final closeout date of the grant
- 7 for inspection by HUD, the General Accounting Office, or their duly authorized
- 8 representatives..
- 9
- 10 3. The accounting systems of the Grantee must ensure that HUD funds are not co-mingled with
- 11 funds from other Federal, State, Tribal, or local government agencies or other HUD program
- 12 funds. Funds specifically budgeted and/or received for one program may not be used to
- 13 support or reimburse another. Where the Grantee's accounting system cannot comply with
- 14 this requirement, the Grantee must establish a system to provide adequate fund accountability
- 15 for each program for which it has been awarded funds. The Grantee's selection of
- 16 depository facility (such as a bank for example) shall be compliant with Federal regulations
- 17 and have insurance from the Federal Deposit Insurance Corporation or the National Credit
-
- 18 Union Share Insurance Fund to insure the established account.
- 19
- 20 4. The Grantee agrees to comply with the following requirements for which HUD has
- 21 enforcement responsibility:
- 22
- 23 a. Administrative requirements of OMB Circular A-110. These include the
- 24 procurement requirements of OMB Circular A-110.
- 25
- 26 b. Depending upon the type of Grantee organization (nonprofit or State/local
- 27 government) Grantees where applicable, are required to comply with the
- 28 standards set forth in OMB Circular A-122 on Cost Principles for nonprofit
- 29 organizations, or OMB Circular A-87 on Cost Principles for State and local
- 30 governments.
- 31
- 32 5. Equal Opportunity Requirements. Grant funds must be used in accordance with the
- 33 following:
- 34
- 35 a. The requirements of Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d)
- 36 (Nondiscrimination in Federally Assisted Programs) and implementing
- 37 regulations issued at 24 CFR Part 1.
- 38
- 39 b. The prohibitions against discrimination on the basis of age under the Age
- 40 Discrimination Act of 1975 (42 U.S.C. 6101-07) and implementing regulations at
- 41 24 CFR Part 146, and the prohibitions against discrimination against handicapped
- 42 individuals under section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794)
- 43 and implementing regulations at 24 CFR Part 8.
- 44

- 1 c. The requirements of Executive Order 11246 (Equal Employment Opportunity)
2 and the implementing regulations issued at 41 CFR Chapter 60.
3
4 d. The requirements of Section 3 of the Housing and Urban Development Act of
5 1968, (12 U.S.C. 1701u) State that (1) to the greatest extent feasible, opportunities
6 for training and employment arising in connection with the planning and carrying
7 out of any project assisted with grant funds be given to low-income persons
8 residing within the unit of general local government or the metropolitan area (or
9 non-metropolitan county) as determined by HUD, in which the project is located;
10 and (2) to the greatest extent feasible, contracts for work to be performed in
11 connection with any such project be awarded to business concerns, including but
12 not limited to individuals or firms doing business in the field of planning,
13 consulting, design, architecture, building construction, rehabilitation,
14 maintenance, or repair, which are located in or owned in substantial part by
15 persons residing in the same metropolitan area (or non-metropolitan county) as
16 the project.
17

-
- 18 9. Any requirements that may be imposed by HUD are subject to the National Environmental
19 Policy Act or other legislation implemented by 24 CFR Part 50. HUD regulatory
20 requirements on toxic chemicals, noise, and airport clear zones also apply.
21
22 10. A Grantee proposing physical improvement activities is prohibited from rehabilitating,
23 converting, leasing, repairing or constructing property, or committing or expending HUD or
24 non-HUD funds for these types of program activities until one of the following has occurred:
25
26 a. If the Grantee is not a PHA, HUD has completed an environmental review to the
27 extent required by 24 CFR Part 50, prior to grant award.
28
29 b. If the Grantee is a PHA, HUD has approved the Grantee's *Request for Release of*
30 *Funds* (HUD Form 7015.15) following an environmental review completed by an
31 authorized entity under 24 CFR Part 588, where required, or if HUD has
32 determined in accordance with 24 CFR Part 58.11 to perform the environmental
33 review itself under 24 CFR Part 50, HUD has completed the environmental
34 review.
35
36 11. The regulations in 24 CFR 87, related to lobbying, including the requirement that the Grantee
37 obtain certifications and disclosures from all covered persons.
38
39 12. Drug-free Workplace Requirements (Grants) in 24 CFR 24 Subpart F.
40
41 13. Restrictions on participation by ineligible, debarred or suspended persons or entities at 24
42 CFR Part 24, Subparts A through E, which are applicable to contractors and subgrantees.
43
44 14. Other applicable regulations.

15. The Grantee's computer systems must operate in accordance with HUD's computer systems and software to facilitate any and all electronic documents for conversion to HUD computer systems and software. That is, when sending/transferring documents, computer disks, e-mail, or CDs to HUD, the systems must be compatible so that HUD receives an exact copy.
16. The Grantee's computer and information systems must be able to access HUD's website(s) so that data can be inputted as may be required by the grant, information can be retrieved and funding through HUD's E-LOCCS system may be accessed.

SUB-ARTICLE G: GRANT CLOSEOUT

1. OMB Circular A-110 prescribes uniform closeout procedures for Federal grants and other agreements.
2. Code of Federal Regulations (CFR), 24 CFR Part 84 and 85 prescribe uniform closeout procedures for Federal cooperative agreements/grant agreements.
3. It is the responsibility of the Grantee to comply in full with all closeout-reporting requirements and to submit closeout reports in a timely manner.
4. The Grantee shall initiate project closeout within 30 days of the grant's termination date. At HUD's option, the Grantee may delay initiation of project closeout until the resolution of any HUD monitoring findings. If HUD exercises this option, the Grantee must promptly resolve the findings.
5. The Grantee recognizes that the closeout process may entail review by HUD to determine compliance with the grant agreement. The Grantee shall cooperate with any and all reviews which may include making available records requested for on-site HUD inspection.
6. Within 90 days after the end date of the grant or any approved extension (revised end-date), the following documents must be submitted by the Grantee to the HUD field office:
 - a. A certification of project completion.
 - b. A certification of compliance with all requirements of the grant agreement.
 - c. **Final Financial Report (SF-269A)**. The final report will be a cumulative summary of expenditures to date and must indicate the exact balance of unexpended funds. (Report shall cover grant start date to the end of grant). When the final HUD form SF-269A is approved, the HUD field office will establish the amount due to HUD or cancel (recapture) any unused grant funds as applicable.

d. **Final Performance Report.** This report must be submitted to the HUD field office based on the approved evaluation plan and performance outcomes and shall cover the entire grant period.

e. **Final Logic Model.** The Logic Model must be completed to reflect all grant outputs and outcomes achieved during the term of the grant.

7. When the HUD field office has determined to its satisfaction that the grant activities were completed and all Federal requirements were satisfied, the HUD field office will execute a closeout amendment to the Grant Agreement with the Grantee.

8. The Closeout Agreement or clause will include the Grantee's agreement to abide by any continuing Federal requirements.

9. Failure to submit the required financial, program/performance progress report or any required audit report; or to resolve program, financial or audit issues, may result in a suspension or termination of any and/or all HUD grant payments.

SUB-ARTICLE H: DEFAULT

1. **Definition.** A default under this Agreement shall consist of using grant funds for a purpose other than as authorized by this agreement; any noncompliance with legislative, regulatory, or other requirements applicable to this Agreement; any other material breach of this Agreement; or any material misrepresentation in the application submissions.

2. **HUD Preliminary Determination of Default.** If HUD makes an initial determination that the Grantee is in default, HUD will give the Grantee written notice of this determination and of the corrective or remedial action the Grantee must take in order to avoid default. The Grantee shall have an opportunity to demonstrate, per HUD Handbook 2210.17, and on the basis of substantial facts and data, that it is not in default, or that the proposed corrective or remedial action is inappropriate, before HUD implements the remedial action.

3. HUD shall provide the Grantee with an opportunity at the earliest possible time to demonstrate that it is not in default or that the proposed remedial action is inappropriate or unnecessary.

4. If HUD determines that there is an imminent probability that the Grantee will continue to expend grant funds contrary to this agreement unless HUD takes immediate action, HUD may, concurrently with issuing a written notice of default, implement a remedial action appropriate to prevent such expenditure.

5. Corrective or remedial actions that HUD may order under this Agreement include, but shall not be limited to, the following:

- 1 a. Requiring the Grantee to prepare and follow a HUD approved schedule of actions
2 and/or a work plan for properly completing the activities approved under the
3 grant;
4
5 b. Canceling or revising the affected activities, revising the grant budget as
6 necessary, and substituting other eligible activities;
7
8 c. Discontinuing drawdowns under LOCCS and prohibiting payment or
9 reimbursement for any grant activities or, if more appropriate, for only those
10 activities affected by the default; and
11
12 d. Requiring reimbursement by the Grantee to HUD for grant amounts used
13 improperly.
14
15 6. **Grantee Failure to Remedy Default.** Where HUD determines that remedial actions
16 required by HUD to be taken by the Grantee have not been undertaken as instructed, or
17 will not be effective in correcting the default and to prevent further default, HUD may
18 take the following additional corrective and remedial actions under this Agreement:
19
20 a. Change the method of payment from LOCCS to some other available method of
21 payment, which involves HUD manual review and approval of every drawdown
22 request and permits draws only on a reimbursement basis.
23
24 b. Suspend the Grantee's authority to make drawdowns for affected activities for no
25 more than ninety (90) days pending action to cure the default and prevent further
26 default by the Grantee, or pending final remedial action by HUD.
27
28 c. Reduce the grant in the amount affected by the default;
29
30 d. Terminate the grant and initiate closeout procedures;
31
32 e. Take action against the Grantee under 24 CFR Part 24 with respect to future HUD
33 or Federal grant awards;
34
35 f. Require reimbursement by the Grantee to HUD for grant amounts used
36 improperly; and
37
38 g. Take any other remedial action legally available.
39
40

1 **SUBARTICLE H: GRANT MODIFICATION OR TERMINATION**
2 **BY AGREEMENT BETWEEN HUD AND GRANTEE**
3

- 4 1. HUD and the Grantee may mutually agree to modify this agreement as to time, cost, or
5 activity using form HUD-1044 in whole or in part, at any time.
6
7 2. HUD or the Grantee, in accordance with OMB Circular A-110 may mutually agree to
8 terminate the agreement for convenience, after 30 days advance written notice, if it is in the
9 best interest of any of the parties. The termination notice must specify the reason for the
10 termination action and the proposed effective date.
11

12 **SUB-ARTICLE I- DISPUTES**
13

14 During the performance of this grant, disagreements may arise between the Grantee and
15 HUD on various issues. If a dispute concerning a question of fact arises, the grant Officer, after
16 hearing from both parties, HUD and the Grantee, shall prepare a final decision, taking into
17 account all facts and documentation presented. The decision shall be mailed to the Grantee. The
18 Grantee may appeal any decision by letter to the local HUD Field Office Director, Public
19 Housing Division/Office of Native American Programs of the HUD office administering this
20 Grant Agreement. The decision of the Director shall be final.
21

22 **ARTICLE II: GRANTEE PERFORMANCE**
23

24 HUD will judge performance based upon whether the Grantee achieves the agreed upon
25 activities within grant time limits and within budget and whether the Grantee has produced
26 tangible results through the execution of grant activities.
27

28 **ARTICLE III: GRANTEE MISREPRESENTATION**
29

30 The Grantee or any subcontractor to the Grantee bound-by this instrument who makes or
31 causes to be made a false Statement, claim, or misrepresentation, which the Grantee or entity
32 knows or has reason to know is false, may be imprisoned and/or fined in accordance with civil or
33 criminal penalties and/or fines applicable under law, including Title 18 of the United States Code
34 (U.S.C.), Title 31, et seq. (Program Fraud Civil Remedies Act) and any other applicable
35 provisions of Federal, State or local law.
36
37
38
39

1 WITNESS WHEREOF, the parties have executed this Grant Agreement by their duly authorized
2 signatories as of the date signed by both parties.

3
4 Carolyn Carr

5 Signature of Grantee

6 Title

7 Agency or Organization

8
9 AGRN INSTITUTE, GRANTS ADMINISTRATION (AISI)

10 8/28/06

11 DATE

12
13 Regina Harris

14 Director, Office of Public
15 Housing or Native American
16 Programs

17 09/15/06

18 DATE

Assistance Award/Amendment	U.S. Department of Housing and Urban Development Office of Administration
----------------------------	--

1. Assistance Instrument <input type="checkbox"/> Cooperative Agreement <input checked="" type="checkbox"/> Grant		2. Type of Action <input checked="" type="checkbox"/> Award <input type="checkbox"/> Amendment	
3. Instrument Number M1009REF076A006	4. Amendment Number [REDACTED]	5. Effective Date of this Action 5/1/2007	6. Control Number [REDACTED]
7. Name and Address of Recipient ACORN Institute 739 8th Street SE Washington, DC 20003 <i>F.I.N.</i> <i>72-1488419</i>		8. HUD Administering Office Michigan State Office	
		8a. Name of Administrator Robert E. Nelson	8b. Telephone Number (313) 226-7900, x 8139
10. Recipient Project Manager Mr. Pat McCoy Executive Director [REDACTED]		9. HUD Government Technical Representative Richard B. Wears	
11. Assistance Arrangement <input checked="" type="checkbox"/> Cost Reimbursement <input type="checkbox"/> Cost Sharing <input type="checkbox"/> Fixed Price		12. Payment Method <input type="checkbox"/> Treasury Check Reimbursement <input type="checkbox"/> Advance Check <input checked="" type="checkbox"/> Automated Clearinghouse	
13. HUD Payment Office LOCCS			
14. Assistance Amount Previous HUD Amount \$0 HUD Amount this action \$179,916.00 Total HUD Amount \$179,916.00 Recipient Amount \$0 Total Instrument Amount \$179,916.00		15. HUD Accounting and Appropriation Data 15a. Appropriation Number 86 3/6 0304 15b. Reservation Number [REDACTED] Amount Previously Obligated \$ [REDACTED] Obligation by this action \$179,916.00 Total Obligation \$179,916.00	
16. Description Resident Opportunities and Self Sufficiency - Family/Homeownership Program			
17. <input checked="" type="checkbox"/> Recipient is required to sign and return three (3) copies of this document to the HUD Administering Office		18. <input type="checkbox"/> Recipient is not required to sign this document.	
19. Recipient (By Name) Mr. Pat McCoy Executive Director		20. HUD (By Name) Robert E. Nelson, Public Housing Director	
Signature & Title <i>[Signature]</i> EX. DIR Date (mm/dd/yyyy) 5-2-07		Signature & Title <i>[Signature]</i> HUD Director Date (mm/dd/yyyy) 5/1/07	

1 FISCAL YEAR 2006 RESIDENT OPPORTUNITIES AND SELF SUFFICIENCY
2 PROGRAM GRANT AGREEMENT
3

4 RESIDENT SERVICE DELIVERY MODELS – FAMILY & HOMEOWNERSHIP
5 (Attachment to Form HUD-1044)
6
7

8 BACKGROUND
9

10 (Provide a brief introductory Statement about the Grantee, Grantee's proposed grant activity,
11 timelines, goals, and proposed results. Attach additional pages as necessary).
12

13 The Acorn Institute grant activities proposal will provide for Public Housing Residents literacy
14 life skill, leadership development, employment skills, and other supportive services for residents.
15 They also provide estimated timetables to accomplish these goals and provide some project
16 outcomes.
17

18 ARTICLE I: BASIC GRANT INFORMATION AND REQUIREMENTS
19
20

- 21 1. This Agreement is between the U. S. Department of Housing and Urban Development
22 (HUD) and the recipient **ACORN Institute, Washington, DC** identified in block 7 on the
23 cover sheet of this agreement, form HUD-1044, hereinafter referred to as the Grantee. The
24 Grantee's application and the HUD grant approval letter, including any special conditions,
25 are incorporated into this agreement.
26
- 27 2. HUD will make **\$179,916** available in total grant funds as shown on form HUD-1044 upon
28 grant award and HUD approval.
29
- 30 3. This agreement and the HUD-1044 shall be effective immediately upon signature of **both**
31 **parties**.
32
- 33 4. Period of performance: The period of performance will be 36 months.
34
- 35 5. Award type: This is a cost-reimbursable, performance-based grant.
36
- 37 6. This Grant Agreement incorporates¹ and will be governed by the following as they may from
38 time to time be amended: the HUD Appropriations Acts, the United States Housing Act of
39 1937 as amended, the ROSS NOFA dated 03/08/2006, as amended, the Code of Federal
40 Regulations (CFR) 24 CFR Part 24, 24 CFR Part 84, 24 CFR Part 85, 24 Part 964, any
41 applicable OMB Circulars, Handbooks and Notices issued by HUD.
42
- 43 7. In executing this agreement, the Grantee agrees to abide by the provisions contained within
44 all applicable Federal laws, Executive Orders, OMB Circulars, specifically OMB Circular A-
45 110, any assurances and certifications in the final HUD-approved application (the original
46 approved application may have required amendments by the field/applicant), and 24 CFR
47 Part 964 as applicable
48

1 ARTICLE II: HUD REQUIREMENTS

2
3 SUB-ARTICLE A – WORK PLAN REQUIREMENTS, CHANGES TO WORK PLAN,
4 GRANT ADMINISTRATION, CONDITIONS REQUIRING TERMINATION OF
5 FUNDING
6

- 7 1. The Grantee shall attend meeting(s) (when notified by HUD) at HUD's local field office for
8 the purpose of establishing a common understanding and strategy with respect to grant
9 administration, timeline, deliverables, grant objectives, performance measures, and the scope
10 of work necessary (work plan) to achieve grant objectives.
11
12 2. The Grantee shall furnish all necessary personnel, materials, services, equipment, and
13 facilities and shall otherwise do all things necessary for, or incidental to, the performance of
14 the activities and tasks set forth in the approved application, work plan and this Grant
15 Agreement (except as otherwise specified).
16
17 3. The Grantee agrees that costs incurred prior to the execution of this Grant Agreement and
18 implementation of HUD-approved grant activities, shall not be reimbursable by using funds
19 from this grant.
20
21 4. The work to be performed under this Grant Agreement is outlined in the attached work plan
22 and logic model which must be approved by the HUD field office overseeing the
23 administration of this grant (as the work plan approved by HUD's Grants Management
24 Center may require modification). The work plan must be signed and dated by both the
25 HUD field office and the Grantee.
26
27 5. The grant funds shall be used only for activities described in the application and approved by
28 HUD in the work plan and this Grant Agreement.
29
30 6. Grantees are required to submit for approval any deviations or revisions to their HUD-
31 approved budget and work plan (grant activities) **prior to implementing them**. According to
32 the guidelines below, Grantees are required to submit for HUD approval any changes to the
33 approved budget, work plan and Budget Work Sheet and SF-424, Scope of Work, Business
34 Plan or timetable to the appropriate local HUD field office personnel in writing.
35
36 a. Any increase over 10% of the total of any budget activity/line item.
37 b. Any change in the scope or objective of the program.
38 c. Any change in the project or program timetable.
39 d. Changes in staffing especially in the cases of individuals with key responsibilities
40 such as the Project Coordinator, instructors or other essential staff.
41 e. Changes in any subcontracting, or otherwise obtaining the services of a third party
42 to perform activities that are central to the purposes of the grant must be
43 previously approved by HUD.
44

- 1 7. Grantees needing to extend the term of their grant in order to fully accomplish their goals,
2 must do so in writing thirty calendar days prior to the grant termination date. The request
3 must be submitted to the field office for review and approval. The Grantee must also:
4 a. Have current and acceptable Financial Status Reports (SF 269A) which must be
5 on file with the field office.
6 b. Submit a narrative justification explaining why the extension is needed, how
7 much additional time will be required, the circumstances that require the proposed
8 extension, and the effect of a denial of the request.
9 c. Have satisfied all special conditions of the grant agreement except those that must
10 be fulfilled in the remaining period of the grant. This includes the performance
11 and resolution of audit findings in a timely manner.

12 Grantees should be aware that anything beyond a six-month extension must be approved by
13 the Deputy Assistant Secretary of the Office of Public Housing Investments and any
14 extensions may result in a point reduction for Past Performance in future grant applications.
15

- 16 8. Any changes requested by the Grantee must be in writing. HUD will approve/reject
17 requested changes as appropriate. Approved changes will be reflected by an amendment to
18 this Grant Agreement and issued by a revised HUD-1044 cover sheet with any attached
19 documents as needed to define changes approved. Amendments will become effective upon
20 execution of the HUD-1044 between HUD and the Grantee when both parties have signed
21 the HUD-1044.
22

- 23 9. If the Grantee's HUD-approved work plan is not implemented within 60 days of the grant
24 start date (the start date is the date both parties sign the HUD-1044 and this Grant
25 Agreement), the Grantee must report by letter to the appropriate HUD field office of the
26 steps taken to initiate the plan, resulting changes to the timetable, the reason for the delay,
27 and the expected starting date. Any timetable revisions as a result of the delay must be
28 included for HUD approval. **NOTE:** Failure to comply with this requirement may result in
29 termination of this agreement and recapture of grant funds.
30

- 31 10. HUD may terminate funding if the Grantee demonstrates an unwillingness or inability to
32 complete the approved work plan; does not use procedures that will minimize the time
33 elapsing between drawdowns and disbursements of grant funds; does not adhere to
34 agreement requirements or special conditions; engages in the improper award or
35 administration of grant subcontracts; does not submit required reports; or produces
36 unacceptable deliverables.
37

38 SUBARTICLE B: FINANCIAL RESPONSIBILITIES

- 39
40 1. The Grantee shall use leverage/match resources in accordance with its approved application
41 and approval from HUD field office staff.
42
43 2. Prior to initial drawdown of funds, all Grantees must have secured online access to the
44 Internet as a means to communicate with HUD on grant matters. Applicants shall draw down

1 funds using the electronic Line of Credit Control System (e-LOCCS). Tribes/TDHEs may
2 request to be exempted from this and may continue to use the Line of Credit Control System
3 (LOCCS) voice response system.
4

- 5 3. Depending on the type of Grantee organization, where applicable, the Grantee agrees to
6 comply with the organizational audit requirements of OMB Circular A-133 and HUD 24
7 CFR Part 84 or 85 including audit requirements. The final audit report, must cover the entire
8 period of the grant. The audit must be submitted to HUD no later than 90 days after the grant
9 is closed, covering the entire award period originally approved or amended. An original and
10 one identical copy of the report shall be sent to HUD. All other requirements of 24 CFR
11 Parts 84 or 85 shall apply. According to OMB Circular A-133, grantees that expend less than
12 \$500,000 in federal awards are exempt from the audit requirement, but records must be
13 available for review or audit. For grantees where an audit is required, a single audit or a
14 program-specific audit is acceptable
15

- 16 4. The Grantee shall minimize the time elapsing between the transfer of funds from HUD and
17 the disbursement of funds. The HUD funds are to be made available based on actual need.

18 The Grantee must make a drawdown for costs incurred *only*. Drawdowns in excess of need
19 may result in special procedures for payments, or termination of the grant when there are
20 persistent violations. Funds requisitioned through LOCCS must be disbursed within three
21 calendar days after receipt of funds drawdown. The Grantee must be in compliance with
22 OMB Circulars A-87, A-122 or A-133, as applicable.
23

- 24 5. Prior to traveling outside the local area for program related training/conferences, the Grantee
25 must request approval from the HUD field office in order for funding and reimbursement to
26 be approved. Travel costs for grant program staff may not exceed \$5,000 for the life of the
27 grant.
28

29 SUBARTICLE C: METHOD OF PAYMENT [FUNDS DRAWDOWN] 30

- 31 1. The Grantee may not draw down grant funds until the following actions have taken place:
32
33 a. HUD has received and approved any certifications and disclosures required by 24
34 CFR 87.110 concerning lobbying and by 24 CFR 24.510(b) regarding ineligibility,
35 suspension and debarment. This also includes any other required certification forms,
36 which must be completed and included as a part of this grant agreement.
37
38 b. All pre-conditions listed in form HUD-1044, this Grant Agreement or the NOFA,
39 must be completed by the grantee and verified by HUD. (Example, commitment to a
40 Match)
41
42 2. Payments of grant funds shall be through electronic funds transfer using the Line of Credit
43 Control System-Voice Response System (VRS) or E-LOCCS. Initial drawdown cannot be

1 earlier than the start date of the grant term. NOTE: Costs cannot be reimbursed for activities
2 undertaken prior to the grant's start date. The basic procedure is as follows:

- 3
4 a. To establish a line of credit, the Grantee must complete and submit the following
5 forms:

- 6
7 i. HUD-27054 *Voice Response System Access Authorization* (for VRS and e-
8 LOCCS)
9 ii. SF-1199A *Direct Deposit Sign-Up Form* with sample **voided** check. NOTE:
10 The depositor account on the SF-1199A may be the same receiving account as
11 other HUD programs.
12 iii. These forms should be sent to the Grantee's local HUD field office for
13 processing. The field office will provide the grant number and program area
14 code.

- 15
16 3. After HUD processes the above documents, the Grantee will receive two letters:

-
- 17
18 a. One certified letter will provide a user identification number and password for the
19 individual who will be authorized to draw down the funds from LOCCS.
20
21 b. The second certified letter will contain specific instructions on how to use the
22 LOCCS system.

- 23
24 4. After the Grantee receives these two letters, it will be technically equipped to request
25 drawdowns.

26
27 5. **VRS-LOCCS or E-LOCCS Program Edits.**

- 28
29 a. E-LOCCS will automatically perform a series of review edits (both generic and
30 program specific) of each payment request. Failure of one of the program edits will
31 cause the payment request to be referred to the HUD field office for review.
32
33 b. The HUD field office will complete the review. The request will remain in the
34 system and further drawdowns will not be allowed until that review is complete and
35 the drawdowns approved or rejected.
36
37 c. The Grantee shall immediately contact the HUD field office when there is a question
38 regarding the request or when the request has been referred to the HUD program
39 office for review. A request will be referred to the program office for review when
40 (specific edits):
41
42 i. There are requests for over 10% of total grant funds per calendar month;
43
44 ii. Total drawdowns exceed 110% of any budget line item;

1 iii. Failure to submit a semiannual HUD form SF-269A - *Financial Status Report*,
2 narrative performance report and/or Logic Model, as defined by this
3 agreement and 24 CFR 84 or 85. VRS-LOCCS or E-LOCCS shall not accept
4 a request for funds if required reports from the Grantee are thirty or more days
5 overdue and will not accept future requests until the HUD field office
6 confirms receipt and approval of the reports in LOCCS.

7
8 iv. If the Grantee repeatedly fails to submit required forms, LOCCS will be
9 converted to a system in which the HUD Field Office will **manually** review
10 each drawdown request prior to releasing funds to the Grantee.

11
12 **SUB-ARTICLE D: AUTHORIZED FUNDS BY BUDGET LINE ITEM NUMBER**

- 13 1. Please consult the NOFA for 2006 eligible activities and definitions. The Grantee's
14 budget will be broken down to fit the Voucher Budget Line Items as follows:

15
16 **BUDGET**
17 **LINE**

18

ITEM NO.

19
20 **ACTIVITIES**

20 **FUNDS**

21 1168 Project Coordinator	\$(Included in subcontract.)
22	
23 1268 Training Costs	\$0
24	
25 1368 Individual Savings Accounts	\$0
26	
27 1369 Stipends	\$0
28	
29 1438 Supportive Services	\$0
30	
31 1568 Subcontracting	\$166,016 (personnel contract to
32	Michigan ACORN)
33	\$8,500 (accounting, audit, legal
34	contract to Citizens Consulting Inc.)
35	
36 1768 Travel Costs	\$0
37	
38 1868 Administrative Costs	\$0
39	
40 1878 Resident Salaries (from Admin. Costs)	\$5,400
41	
42 1986 Indirect Costs (use for staff training and evaluation)	\$0
43	
44 If approved, funding amount is	\$179,916

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SUBARTICLE E: REPORTING REQUIREMENTS

1. The Grantee must evaluate its ROSS activities and submit a semi-annual performance narrative, Logic Model and SF-269A to HUD. The narrative, Logic Model and SF-269A shall be submitted on January 31st and July 30th of each grant year to the Grantee's local HUD field office. This is a requirement for all grantees. New grantees should send a report on whatever progress has been made, even if very little. These reports shall conform to OMB Circular A-110 as applicable.
2. HUD shall determine the Grantee's progress based upon a comparison between the Grantee's actual performance and its performance objectives and timelines established in the HUD-approved work plan and budget.
3. The Grantee must provide clear written reports that evaluate the Grantee's progress with respect to the goals and objectives it set out to achieve. The Grantee will use the performance measures HUD approved to track its progress. These performance measures must be part of baseline reporting and must be reported for each reporting period during the term of the grant using the narrative, Logic Model and the SF-269A.
 - a. The narrative shall explain what goals have been accomplished, what challenges were encountered, how they were addressed, and which goals remain to be achieved.
 - b. The Grantee shall use the Logic Model to report on the grant's performance (outputs and outcomes).
 - c. If the Grantee is not meeting its promised objectives, the reports should explain why such progress is not being made. Other pertinent information, such as cost-overruns, should also be included.
 - d. The financial report shall be submitted using SF-269A.
4. During the term of the grant, HUD may ask Grantees to begin reporting using a web-based performance measurement tool. This tool will capture information contained in the Logic Model, but may also be designed to capture narrative and budget information in which case the Grantee may submit all its required reports via the Internet.
5. The HUD field office shall maintain official records on the Grantee's performance measures and its progress reports. However, the Grantee must also maintain such records, including the performance narrative, Logic Model, and SF-269A for ROSS program assessments, HUD review, and/or evaluations.
6. No grant payments shall be approved until all required reports (performance narrative, Logic Model, and SF-269A) are received and approved by the HUD field office.

1
2 **SUBARTICLE F: ADMINISTRATIVE REQUIREMENTS**

- 3 1. Grantees must comply with all current HUD programs.
- 4
- 5 2. The Grantee shall maintain, and have access to, copies of documents relating to the award
6 and administration of this grant for at least three years after final closeout date of the grant
7 for inspection by HUD, the General Accounting Office, or their duly authorized
8 representatives.
- 9
- 10 3. The accounting systems of the Grantee must ensure that HUD funds are not co-mingled with
11 funds from other Federal, State, Tribal, or local government agencies or other HUD program
12 funds. Funds specifically budgeted and/or received for one program may not be used to
13 support or reimburse another. Where the Grantee's accounting system cannot comply with
14 this requirement, the Grantee must establish a system to provide adequate fund accountability
15 for each program for which it has been awarded funds. The Grantee's selection of
16 depository facility (such as a bank for example) shall be compliant with Federal regulations
17 and have insurance from the Federal Deposit Insurance Corporation or the National Credit
18 Union Share Insurance Fund to insure the established account.
- 19
- 20 4. The Grantee agrees to comply with the following requirements for which HUD has
21 enforcement responsibility:
- 22
- 23 a. Administrative requirements of OMB Circular A-110. These include the
24 procurement requirements of OMB Circular A-110 as applicable.
- 25
- 26 b. Depending upon the type of Grantee organization (nonprofit or State/local
27 government) Grantees where applicable, are required to comply with the
28 standards set forth in OMB Circular A-122 on Cost Principles for nonprofit
29 organizations, or OMB Circular A-87 on Cost Principles for State and local
30 governments.
- 31
- 32 5. Equal Opportunity Requirements. Grant funds must be used in accordance with the
33 following:
- 34
- 35 a. The requirements of Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d)
36 (Nondiscrimination in Federally Assisted Programs) and implementing
37 regulations issued at 24 CFR Part 1.
- 38
- 39 b. The prohibitions against discrimination on the basis of age under the Age
40 Discrimination Act of 1975 (42 U.S.C. 6101-07) and implementing regulations at
41 24 CFR Part 146, and the prohibitions against discrimination against handicapped
42 individuals under section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794)
43 and implementing regulations at 24 CFR Part 8.
- 44

- 1 c. The requirements of Executive Order 11246 (Equal Employment Opportunity)
2 and the implementing regulations issued at 41 CFR Chapter 60.
3
4 d. The requirements of Section 3 of the Housing and Urban Development Act of
5 1968, (12 U.S.C. 1701u) State that (1) to the greatest extent feasible, opportunities
6 for training and employment arising in connection with the planning and carrying
7 out of any project assisted with grant funds be given to low-income persons
8 residing within the unit of general local government or the metropolitan area (or
9 non-metropolitan county) as determined by HUD, in which the project is located;
10 and (2) to the greatest extent feasible, contracts for work to be performed in
11 connection with any such project be awarded to business concerns, including but
12 not limited to individuals or firms doing business in the field of planning,
13 consulting, design, architecture, building construction, rehabilitation,
14 maintenance, or repair, which are located in or owned in substantial part by
15 persons residing in the same metropolitan area (or non-metropolitan county) as
16 the project.
17

-
- 18 6. A grantee may lease space for program activities only if the lease is for existing facilities not
19 requiring rehabilitation or construction. In addition no repairs to or renovations of the
20 property may be undertaken with Federal funds and Federal funds may not be used to lease
21 property in the Coastal Barrier Resources System designated under the Coastal Barrier
22 Resources Act (16 U.S.C. 3501) as identified on maps prepared by the U.S. Fish and Wildlife
23 Service. Grantees using federal funds to lease facilities must certify to HUD that either: (1)
24 The leased facilities are not in communities with coastlines along the Atlantic Ocean, Gulf of
25 Mexico or Great Lakes or (2) if the leased facilities are in such communities, that they have
26 viewed Fish and Wildlife Maps and based on their review of those maps, certify that the
27 leased facilities are not in areas that are part of the Coastal Barrier Resources System under
28 the Coastal Barrier Resources Act, 16 U.S.C. 3501 et seq. or (3) if for any reason they cannot
29 make such a determination, obtain and submit a determination from the Fish and Wildlife
30 Service that the proposed leased property is not within the Coastal Barrier Resources System.
31 The relevant Fish and Wildlife Service maps are located online at the following address:
32

33 <http://www.habitatconservation/cbrunits.pdf>
34

- 35 7. The regulations in 24 CFR 87, related to lobbying, including the requirement that the Grantee
36 obtain certifications and disclosures from all covered persons.
37
38 8. Drug-free Workplace Requirements (Grants) in 24 CFR 24 Subpart F.
39
40 9. Restrictions on participation by ineligible, debarred or suspended persons or entities at 24
41 CFR Part 24, Subparts A through E, which are applicable to contractors and subgrantees.
42
43 10. Other applicable regulations.
44

- 1 11. The Grantee's computer systems must operate in accordance with HUD's computer systems
2 and software to facilitate any and all electronic documents for conversion to HUD computer
3 systems and software. That is, when sending/transferring documents, computer disks, e-mail,
4 or CDs to HUD, the systems must be compatible so that HUD receives an exact copy.
5
- 6 12. The Grantee's computer and information systems must be able to access HUD's website(s)
7 so that data can be inputted as may be required by the grant, information can be retrieved and
8 funding through HUD's E-LOCCS system may be accessed.
9

10 SUB-ARTICLE G: GRANT CLOSEOUT

- 11
- 12 1. OMB Circular A-110 prescribes uniform closeout procedures for non-profits for Federal
13 grants and other agreements.
14
- 15 2. Code of Federal Regulations (CFR), 24 CFR Part 84 and 85 prescribe uniform closeout
16 procedures for Federal cooperative agreements/grant agreements.
17

- 18 3. It is the responsibility of the Grantee to comply in full with all closeout-reporting
19 requirements and to submit closeout reports in a timely manner.
20
- 21 4. The Grantee shall initiate project closeout within 30 days of the grant's termination date. At
22 HUD's option, the Grantee may delay initiation of project closeout until the resolution of any
23 HUD monitoring findings. If HUD exercises this option, the Grantee must promptly resolve
24 the findings.
25
- 26 5. The Grantee recognizes that the closeout process may entail review by HUD to determine
27 compliance with the grant agreement. The Grantee shall cooperate with any and all reviews
28 which may include making available records requested for on-site HUD inspection.
29
- 30 6. Within 90 days after the end date of the grant or any approved extension (revised end-date),
31 the following documents must be submitted by the Grantee to the HUD field office:
32
 - 33 a. A certification of project completion which is a statement signed by the grantee.
34
 - 35 b. A certification of compliance with all requirements of the grant agreement which is a
36 statement signed by the grantee
37
 - 38 c. **Final Financial Report (SF-269A)**. The final report will be a cumulative summary
39 of expenditures to date and must indicate the exact balance of unexpended funds.
40 (Report shall cover grant start date to the end of grant). When the final HUD form
41 SF-269A is approved, the HUD field office will establish the amount due to HUD or
42 cancel (recapture) any unused grant funds as applicable.
43

1 d. **Final Performance Report.** This report must be submitted to the HUD field office
2 based on the approved evaluation plan and performance outcomes and shall cover the
3 entire grant period.

4
5 e. **Final Logic Model.** The Logic Model must be completed to reflect all grant outputs
6 and outcomes achieved during the term of the grant. The Final Logic Model must
7 also include responses to the Management Questions included with the Logic Model.
8

9 7. When the HUD field office has determined to its satisfaction that the grant activities were
10 completed and all Federal requirements were satisfied, the HUD field office will execute a
11 closeout amendment to the Grant Agreement with the Grantee.

12
13 8. The Closeout Agreement or clause will include the Grantee's agreement to abide by any
14 continuing Federal requirements.
15

16 9. Failure to submit the required financial, program/performance progress report or any required
17 audit report; or to resolve program, financial or audit issues, may result in a suspension or
18 termination of any and/or all HUD grant payments.

19 SUB-ARTICLE H: DEFAULT 20 21

22 1. **Definition.** A default under this Agreement shall consist of using grant funds for a purpose
23 other than as authorized by this agreement; any noncompliance with legislative, regulatory,
24 or other requirements applicable to this Agreement; any other material breach of this
25 Agreement; or any material misrepresentation in the application submissions.
26

27 2. **HUD Preliminary Determination of Default.** If HUD makes an initial determination that
28 the Grantee is in default, HUD will give the Grantee written notice of this determination and
29 of the corrective or remedial action the Grantee must take in order to avoid default. The
30 Grantee shall have an opportunity to demonstrate, per HUD Handbook 2210.17, and on the
31 basis of substantial facts and data, that it is not in default, or that the proposed corrective or
32 remedial action is inappropriate, before HUD implements the remedial action.
33

34 3. HUD shall provide the Grantee with an opportunity at the earliest possible time to
35 demonstrate that it is not in default or that the proposed remedial action is inappropriate or
36 unnecessary.
37

38 4. If HUD determines that there is an imminent probability that the Grantee will continue to
39 expend grant funds contrary to this agreement unless HUD takes immediate action, HUD
40 may, concurrently with issuing a written notice of default, implement a remedial action
41 appropriate to prevent such expenditure.
42

43 5. Corrective or remedial actions that HUD may order under this Agreement include, but shall
44 not be limited to, the following:

- a. Requiring the Grantee to prepare and follow a HUD approved schedule of actions and/or a work plan for properly completing the activities approved under the grant;
- b. Canceling or revising the affected activities, revising the grant budget as necessary, and substituting other eligible activities;
- c. Discontinuing drawdowns under LOCCS and prohibiting payment or reimbursement for any grant activities or, if more appropriate, for only those activities affected by the default; and
- d. Requiring reimbursement by the Grantee to HUD for grant amounts used improperly.

6. **Grantee Failure to Remedy Default.** Where HUD determines that remedial actions required by HUD to be taken by the Grantee have not been undertaken as instructed, or will not be effective in correcting the default and to prevent further default, HUD may take the following additional corrective and remedial actions under this Agreement:

- a. Change the method of payment from LOCCS to some other available method of payment, which involves HUD manual review and approval of every drawdown request and permits draws only on a reimbursement basis.
- b. Suspend the Grantee's authority to make drawdowns for affected activities for no more than ninety (90) days pending action to cure the default and prevent further default by the Grantee, or pending final remedial action by HUD.
- c. Reduce the grant in the amount affected by the default;
- d. Terminate the grant and initiate closeout procedures;
- e. Take action against the Grantee under 24 CFR Part 24 with respect to future HUD or Federal grant awards;
- f. Require reimbursement by the Grantee to HUD for grant amounts used improperly; and
- g. Take any other remedial action legally available.

1 **SUBARTICLE H: GRANT MODIFICATION OR TERMINATION**
2 **BY AGREEMENT BETWEEN HUD AND GRANTEE**

- 3
4 1. HUD and the Grantee may mutually agree to modify this agreement as to time, cost, or
5 activity using form HUD-1044 in whole or in part, at any time.
6
7 2. HUD or the Grantee, in accordance with OMB Circular A-110 may mutually agree to
8 terminate the agreement for convenience, after 30 days advance written notice, if it is in the
9 best interest of any of the parties. The termination notice must specify the reason for the
10 termination action and the proposed effective date.

11
12 **SUB-ARTICLE I- DISPUTES**

13
14 During the performance of this grant, disagreements may arise between the Grantee and
15 HUD on various issues. If a dispute concerning a question of fact arises, the grant Officer, after
16 hearing from both parties, HUD and the Grantee, shall prepare a final decision, taking into
17 account all facts and documentation presented. The decision shall be mailed to the Grantee. The
18 Grantee may appeal any decision by letter to the local HUD Field Office Director, Public
19 Housing Division/Office of Native American Programs of the HUD office administering this
20 Grant Agreement. The decision of the Director shall be final.


21
22
23 **ARTICLE II: GRANTEE PERFORMANCE**

24
25 HUD will judge performance based upon whether the Grantee achieves the agreed upon
26 activities within grant time limits and within budget and whether the Grantee has produced
27 tangible results through the execution of grant activities.


28
29 **ARTICLE III: GRANTEE MISREPRESENTATION**

30
31 The Grantee or any subcontractor to the Grantee bound by this instrument who makes or
32 causes to be made a false Statement, claim, or misrepresentation, which the Grantee or entity
33 knows or has reason to know is false, may be imprisoned and/or fined in accordance with civil or
34 criminal penalties and/or fines applicable under law, including Title 18 of the United States Code
35 (U.S.C.), Title 31, et seq. (Program Fraud Civil Remedies Act) and any other applicable
36 provisions of Federal, State or local law.
37
38
39

1 WITNESS WHEREOF, the parties have executed this Grant Agreement by their duly authorized
2 signatories as of the date signed by both parties.
3

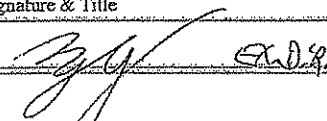
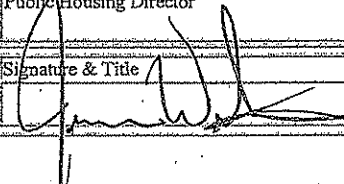
4
5 
6 Pat McCoy
7 Executive Director
8 Acorn Institute
9

04.23.07
DATE

10
11 
12 Robert E. Nelson Director,
13 Office of Public Housing or Native
14 American Programs
15
16
17

5/1/07
DATE

Assistance Award/Amendment	U.S. Department of Housing and Urban Development Office of Administration
----------------------------	--

1. Assistance Instrument <input type="checkbox"/> Cooperative Agreement <input checked="" type="checkbox"/> Grant		2. Type of Action <input checked="" type="checkbox"/> Award <input type="checkbox"/> Amendment	
3. Instrument Number AR004REF077A006	4. Amendment Number	5. Effective Date of this Action	6. Control Number 71-6006843
7. Name and Address of Recipient ACORN Institute 5353 Maple #200 Dallas, TX 75235 F.I.N. 72-1488419 739 8th St. SE. N.W.C. 20003		8. HUD Administering Office HUD LRKFO 425 West Capitol Avenue Little Rock, AR 72201	
10. Recipient Project Manager Mr. Pat McCoy Executive Director		8a. Name of Administrator Ryan E. Dove	8b. Telephone Number 501-324-5933
11. Assistance Arrangement <input checked="" type="checkbox"/> Cost Reimbursement <input type="checkbox"/> Cost Sharing <input type="checkbox"/> Fixed Price		12. Payment Method <input type="checkbox"/> Treasury Check Reimbursement <input type="checkbox"/> Advance Check <input checked="" type="checkbox"/> Automated Clearinghouse	
13. HUD Payment Office LOCCS		9. HUD Government Technical Representative	
14. Assistance Amount Previous HUD Amount \$0 HUD Amount this action \$124,915.00 Total HUD Amount \$124,915.00 Recipient Amount \$0 Total Instrument Amount \$124,915.00		15. HUD Accounting and Appropriation Data 15a. Appropriation Number 86 3/6 0304 15b. Reservation Number Amount Previously Obligated \$ Obligation by this action \$124,915.00 Total Obligation \$124,915.00	
16. Description Resident Opportunities and Self Sufficiency - Family/Homeownership Program			
17. <input checked="" type="checkbox"/> Recipient is required to sign and return three (3) copies of this document to the HUD Administering Office		18. <input type="checkbox"/> Recipient is not required to sign this document.	
19. Recipient (By Name) Mr. Pat McCoy Executive Director		20. HUD (By Name) Public Housing Director	
Signature & Title  Executive Director		Signature & Title  Public Housing Director	
Date 5-1-07		Date 5/1/07	

1 FISCAL YEAR 2006 RESIDENT OPPORTUNITIES AND SELF SUFFICIENCY
2 PROGRAM GRANT AGREEMENT

3
4 RESIDENT SERVICE DELIVERY MODELS – FAMILY & HOMEOWNERSHIP
5 (Attachment to Form HUD-1044)
6

7
8 **BACKGROUND**
9

10 (Provide a brief introductory Statement about the Grantee, Grantee's proposed grant activity,
11 timelines, goals, and proposed results. Attach additional pages as necessary).
12

13 See Attached.
14
15
16

17
18 **ARTICLE I: BASIC GRANT INFORMATION AND REQUIREMENTS**
19

- 20
- 21 1. This Agreement is between the U. S. Department of Housing and Urban Development
22 (HUD) and the recipient Acorn Institute, TX, identified in block 7 on the cover sheet of this
23 agreement, form HUD-1044, hereinafter referred to as the Grantee. The Grantee's
24 application and the HUD grant approval letter, including any special conditions, are
25 incorporated into this agreement.
26
 - 27 2. HUD will make \$124,915.00 available in total grant funds as shown on form HUD-1044
28 upon grant award and HUD approval.
29
 - 30 3. This agreement and the HUD-1044 shall be effective immediately upon signature of both
31 parties.
32
 - 33 4. Period of performance: The period of performance will be 36 months.
34
 - 35 5. Award type: This is a cost-reimbursable, performance-based grant.
36
 - 37 6. This Grant Agreement incorporates and will be governed by the following as they may from
38 time to time be amended: the HUD Appropriations Acts, the United States Housing Act of
39 1937 as amended, the ROSS NOFA dated 03/08/2006, as amended, the Code of Federal
40 Regulations (CFR) 24 CFR Part 24, 24 CFR Part 84, 24 CFR Part 85, 24 Part 964, any
41 applicable OMB Circulars, Handbooks and Notices issued by HUD.
42
 - 43 7. In executing this agreement, the Grantee agrees to abide by the provisions contained within
44 all applicable Federal laws, Executive Orders, OMB Circulars, specifically OMB Circular A-
45 110, any assurances and certifications in the final HUD-approved application (the original
46 approved application may have required amendments by the field/applicant), and 24 CFR
47 Part 964 as applicable
48

ARTICLE II: HUD REQUIREMENTS

SUB-ARTICLE A – WORK PLAN REQUIREMENTS, CHANGES TO WORK PLAN, GRANT ADMINISTRATION, CONDITIONS REQUIRING TERMINATION OF FUNDING

1. The Grantee shall attend meeting(s) (when notified by HUD) at HUD's local field office for the purpose of establishing a common understanding and strategy with respect to grant administration, timeline, deliverables, grant objectives, performance measures, and the scope of work necessary (work plan) to achieve grant objectives.
2. The Grantee shall furnish all necessary personnel, materials, services, equipment, and facilities and shall otherwise do all things necessary for, or incidental to, the performance of the activities and tasks set forth in the approved application, work plan and this Grant Agreement (except as otherwise specified).
3. The Grantee agrees that costs incurred prior to the execution of this Grant Agreement and implementation of HUD-approved grant activities, shall not be reimbursable by using funds from this grant.
4. The work to be performed under this Grant Agreement is outlined in the attached work plan and logic model which must be approved by the HUD field office overseeing the administration of this grant (as the work plan approved by HUD's Grants Management Center may require modification). The work plan must be signed and dated by both the HUD field office and the Grantee.
5. The grant funds shall be used only for activities described in the application and approved by HUD in the work plan and this Grant Agreement.
6. Grantees are required to submit for approval any deviations or revisions to their HUD-approved budget and work plan (grant activities) **prior to implementing them**. According to the guidelines below, Grantees are required to submit for HUD approval any changes to the approved budget, work plan and Budget Work Sheet and SF-424, Scope of Work, Business Plan or timetable to the appropriate local HUD field office personnel in writing.
 - a. Any increase over 10% of the total of any budget activity/line item.
 - b. Any change in the scope or objective of the program.
 - c. Any change in the project or program timetable.
 - d. Changes in staffing especially in the cases of individuals with key responsibilities such as the Project Coordinator, instructors or other essential staff.
 - e. Changes in any subcontracting, or otherwise obtaining the services of a third party to perform activities that are central to the purposes of the grant must be previously approved by HUD.

- 1 7. Grantees needing to extend the term of their grant in order to fully accomplish their goals,
2 must do so in writing thirty calendar days prior to the grant termination date. The request
3 must be submitted to the field office for review and approval. The Grantee must also:
4 a. Have current and acceptable Financial Status Reports (SF 269A) which must be
5 on file with the field office.
6 b. Submit a narrative justification explaining why the extension is needed, how
7 much additional time will be required, the circumstances that require the proposed
8 extension, and the effect of a denial of the request.
9 c. Have satisfied all special conditions of the grant agreement except those that must
10 be fulfilled in the remaining period of the grant. This includes the performance
11 and resolution of audit findings in a timely manner.

12 Grantees should be aware that anything beyond a six-month extension must be approved by
13 the Deputy Assistant Secretary of the Office of Public Housing Investments and any
14 extensions may result in a point reduction for Past Performance in future grant applications.
15

- 16 8. Any changes requested by the Grantee must be in writing. HUD will approve/reject
17 requested changes as appropriate. Approved changes will be reflected by an amendment to
18 this Grant Agreement and issued by a revised HUD-1044 cover sheet with any attached
19 documents as needed to define changes approved. Amendments will become effective upon
20 execution of the HUD-1044 between HUD and the Grantee when both parties have signed
21 the HUD-1044.
22

- 23 9. If the Grantee's HUD-approved work plan is not implemented within **60 days of the grant**
24 **start date (the start date is the date both parties sign the HUD-1044 and this Grant**
25 **Agreement)**, the Grantee must report by letter to the appropriate HUD field office of the
26 steps taken to initiate the plan, resulting changes to the timetable, the reason for the delay,
27 and the expected starting date. Any timetable revisions as a result of the delay must be
28 included for HUD approval. **NOTE:** Failure to comply with this requirement may result in
29 termination of this agreement and recapture of grant funds.
30

- 31 10. HUD may terminate funding if the Grantee demonstrates an unwillingness or inability to
32 complete the approved work plan; does not use procedures that will minimize the time
33 elapsing between drawdowns and disbursements of grant funds; does not adhere to
34 agreement requirements or special conditions; engages in the improper award or
35 administration of grant subcontracts; does not submit required reports; or produces
36 unacceptable deliverables.
37

38 SUBARTICLE B: FINANCIAL RESPONSIBILITIES

39

- 40 1. The Grantee shall use leverage/match resources in accordance with its approved application
41 and approval from HUD field office staff.
42
43 2. Prior to initial drawdown of funds, all Grantees must have secured online access to the
44 Internet as a means to communicate with HUD on grant matters. Applicants shall draw down

1 funds using the electronic Line of Credit Control System (e-LOCCS). Tribes/TDHEs may
2 request to be exempted from this and may continue to use the Line of Credit Control System
3 (LOCCS) voice response system.
4

- 5 3. Depending on the type of Grantee organization, where applicable, the Grantee agrees to
6 comply with the organizational audit requirements of OMB Circular A-133 and HUD 24
7 CFR Part 84 or 85 including audit requirements. The final audit report, must cover the entire
8 period of the grant. The audit must be submitted to HUD no later than 90 days after the grant
9 is closed, covering the entire award period originally approved or amended. An original and
10 one identical copy of the report shall be sent to HUD. All other requirements of 24 CFR
11 Parts 84 or 85 shall apply. According to OMB Circular A-133, grantees that expend less than
12 \$500,000 in federal awards are exempt from the audit requirement, but records must be
13 available for review or audit. For grantees where an audit is required, a single audit or a
14 program-specific audit is acceptable
15

- 16 4. The Grantee shall minimize the time elapsing between the transfer of funds from HUD and
17 the disbursement of funds. The HUD funds are to be made available based on actual need.
18 The Grantee must make a drawdown for costs incurred *only*. Drawdowns in excess of need
19 may result in special procedures for payments, or termination of the grant when there are
20 persistent violations. Funds requisitioned through LOCCS must be disbursed within three
21 calendar days after receipt of funds drawdown. The Grantee must be in compliance with
22 OMB Circulars A-87, A-122 or A-133, as applicable.
23

- 24 5. Prior to traveling outside the local area for program related training/conferences, the Grantee
25 must request approval from the HUD field office in order for funding and reimbursement to
26 be approved. Travel costs for grant program staff may not exceed \$5,000 for the life of the
27 grant.
28

29 SUBARTICLE C: METHOD OF PAYMENT [FUNDS DRAWDOWN] 30

- 31 1. The Grantee may not draw down grant funds until the following actions have taken place:
32
33 a. HUD has received and approved any certifications and disclosures required by 24
34 CFR 87.110 concerning lobbying and by 24 CFR 24.510(b) regarding ineligibility,
35 suspension and debarment. This also includes any other required certification forms,
36 which must be completed and included as a part of this grant agreement.
37
38 b. All pre-conditions listed in form HUD-1044, this Grant Agreement or the NOFA,
39 must be completed by the grantee and verified by HUD. (Example, commitment to a
40 Match)
41
42 2. Payments of grant funds shall be through electronic funds transfer using the Line of Credit
43 Control System-Voice Response System (VRS) or E-LOCCS. Initial drawdown cannot be

1 earlier than the start date of the grant term. NOTE: Costs cannot be reimbursed for activities
2 undertaken prior to the grant's start date. The basic procedure is as follows:

3
4 a. To establish a line of credit, the Grantee must complete and submit the following
5 forms:

- 6
7 i. HUD-27054 *Voice Response System Access Authorization* (for VRS and e-
8 LOCCS)
9 ii. SF-1199A *Direct Deposit Sign-Up Form* with sample **voided** check. NOTE:
10 The depositor account on the SF-1199A may be the same receiving account as
11 other HUD programs.
12 iii. These forms should be sent to the Grantee's local HUD field office for
13 processing. The field office will provide the grant number and program area
14 code.

15
16 3. After HUD processes the above documents, the Grantee will receive two letters:

17
18 a. One certified letter will provide a user identification number and password for the
19 individual who will be authorized to draw down the funds from LOCCS.

20
21 b. The second certified letter will contain specific instructions on how to use the
22 LOCCS system.

23
24 4. After the Grantee receives these two letters, it will be technically equipped to request
25 drawdowns.

26
27 5. **VRS-LOCCS or E-LOCCS Program Edits.**

28
29 a. E-LOCCS will automatically perform a series of review edits (both generic and
30 program specific) of each payment request. Failure of one of the program edits will
31 cause the payment request to be referred to the HUD field office for review.

32
33 b. The HUD field office will complete the review. The request will remain in the
34 system and further drawdowns will not be allowed until that review is complete and
35 the drawdowns approved or rejected.

36
37 c. The Grantee shall immediately contact the HUD field office when there is a question
38 regarding the request or when the request has been referred to the HUD program
39 office for review. A request will be referred to the program office for review when
40 (specific edits):

41
42 i. There are requests for over 10% of total grant funds per calendar month;

43
44 ii. Total drawdowns exceed 110% of any budget line item;

1
2 iii. Failure to submit a semiannual HUD form SF-269A - *Financial Status Report*,
3 narrative performance report and/or Logic Model, as defined by this
4 agreement and 24 CFR 84 or 85. VRS-LOCCS or E-LOCCS shall not accept
5 a request for funds if required reports from the Grantee are thirty or more days
6 overdue and will not accept future requests until the HUD field office
7 confirms receipt and approval of the reports in LOCCS.

8
9 iv. If the Grantee repeatedly fails to submit required forms, LOCCS will be
10 converted to a system in which the HUD Field Office will **manually** review
11 each drawdown request prior to releasing funds to the Grantee.

12
13 **SUB-ARTICLE D: AUTHORIZED FUNDS BY BUDGET LINE ITEM NUMBER**

- 14
15 1. Please consult the NOFA for 2006 eligible activities and definitions. The Grantee's
16 budget will be broken down to fit the Voucher Budget Line Items as follows:

17
18 **BUDGET**
19 **LINE**
20 **ITEM NO.**

21
22 **ACTIVITIES**

23 **FUNDS**

24 1168 Project Coordinator	\$ 0
25 1268 Training Costs	\$ 0
26 1368 Individual Savings Accounts	\$ 0
27 1369 Stipends	\$ 0
28 1438 Supportive Services	\$ 0
29 1568 Subcontracting	\$ 122,415.00
30 1768 Travel Costs	\$ 0
31 1868 Administrative Costs	\$ 0
32 1878 Resident Salaries (from Admin. Costs)	\$ 2500.00
33 1986 Indirect Costs (use for staff training and evaluation)	\$
34 If approved, funding amount is	\$ 124,915.00

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SUBARTICLE E: REPORTING REQUIREMENTS

1. The Grantee must evaluate its ROSS activities and submit a semi-annual performance narrative, Logic Model and SF-269A to HUD. The narrative, Logic Model and SF-269A shall be submitted on January 31st and July 30th of each grant year to the Grantee's local HUD field office. This is a requirement for all grantees. New grantees should send a report on whatever progress has been made, even if very little. These reports shall conform to OMB Circular A-110 as applicable.
2. HUD shall determine the Grantee's progress based upon a comparison between the Grantee's actual performance and its performance objectives and timelines established in the HUD-approved work plan and budget.
3. The Grantee must provide clear written reports that evaluate the Grantee's progress with respect to the goals and objectives it set out to achieve. The Grantee will use the performance measures HUD approved to track its progress. These performance measures must be part of baseline reporting and must be reported for each reporting period during the term of the grant using the narrative, Logic Model and the SF-269A.
 - a. The narrative shall explain what goals have been accomplished, what challenges were encountered, how they were addressed, and which goals remain to be achieved.
 - b. The Grantee shall use the Logic Model to report on the grant's performance (outputs and outcomes).
 - c. If the Grantee is not meeting its promised objectives, the reports should explain why such progress is not being made. Other pertinent information, such as cost-overruns, should also be included.
 - d. The financial report shall be submitted using SF-269A.
4. During the term of the grant, HUD may ask Grantees to begin reporting using a web-based performance measurement tool. This tool will capture information contained in the Logic Model, but may also be designed to capture narrative and budget information in which case the Grantee may submit all its required reports via the Internet.
5. The HUD field office shall maintain official records on the Grantee's performance measures and its progress reports. However, the Grantee must also maintain such records, including the performance narrative, Logic Model, and SF-269A for ROSS program assessments, HUD review, and/or evaluations.
6. No grant payments shall be approved until all required reports (performance narrative, Logic Model, and SF-269A) are received and approved by the HUD field office.

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SUBARTICLE F: ADMINISTRATIVE REQUIREMENTS

1. Grantees must comply with all current HUD programs.
2. The Grantee shall maintain, and have access to, copies of documents relating to the award and administration of this grant for at least three years after final closeout date of the grant for inspection by HUD, the General Accounting Office, or their duly authorized representatives.
3. The accounting systems of the Grantee must ensure that HUD funds are not co-mingled with funds from other Federal, State, Tribal, or local government agencies or other HUD program funds. Funds specifically budgeted and/or received for one program may not be used to support or reimburse another. Where the Grantee's accounting system cannot comply with this requirement, the Grantee must establish a system to provide adequate fund accountability for each program for which it has been awarded funds. The Grantee's selection of depository facility (such as a bank for example) shall be compliant with Federal regulations and have insurance from the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund to insure the established account.
4. The Grantee agrees to comply with the following requirements for which HUD has enforcement responsibility:
 - a. Administrative requirements of OMB Circular A-110. These include the procurement requirements of OMB Circular A-110 as applicable.
 - b. Depending upon the type of Grantee organization (nonprofit or State/local government) Grantees where applicable, are required to comply with the standards set forth in OMB Circular A-122 on Cost Principles for nonprofit organizations, or OMB Circular A-87 on Cost Principles for State and local governments.
5. Equal Opportunity Requirements. Grant funds must be used in accordance with the following:
 - a. The requirements of Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d) (Nondiscrimination in Federally Assisted Programs) and implementing regulations issued at 24 CFR Part 1.
 - b. The prohibitions against discrimination on the basis of age under the Age Discrimination Act of 1975 (42 U.S.C. 6101-07) and implementing regulations at 24 CFR Part 146, and the prohibitions against discrimination against handicapped individuals under section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and implementing regulations at 24 CFR Part 8.

- 1
2 c. The requirements of Executive Order 11246 (Equal Employment Opportunity)
3 and the implementing regulations issued at 41 CFR Chapter 60.
4
5 d. The requirements of Section 3 of the Housing and Urban Development Act of
6 1968, (12 U.S.C. 1701u) State that (1) to the greatest extent feasible, opportunities
7 for training and employment arising in connection with the planning and carrying
8 out of any project assisted with grant funds be given to low-income persons
9 residing within the unit of general local government or the metropolitan area (or
10 non-metropolitan county) as determined by HUD, in which the project is located;
11 and (2) to the greatest extent feasible, contracts for work to be performed in
12 connection with any such project be awarded to business concerns, including but
13 not limited to individuals or firms doing business in the field of planning,
14 consulting, design, architecture, building construction, rehabilitation,
15 maintenance, or repair, which are located in or owned in substantial part by
16 persons residing in the same metropolitan area (or non-metropolitan county) as
17 the project.

- 18
19 6. A grantee may lease space for program activities only if the lease is for existing facilities not
20 requiring rehabilitation or construction. In addition no repairs to or renovations of the
21 property may be undertaken with Federal funds and Federal funds may not be used to lease
22 property in the Coastal Barrier Resources System designated under the Coastal Barrier
23 Resources Act (16 U.S.C. 3501) as identified on maps prepared by the U.S. Fish and Wildlife
24 Service. Grantees using federal funds to lease facilities must certify to HUD that either: (1)
25 The leased facilities are not in communities with coastlines along the Atlantic Ocean, Gulf of
26 Mexico or Great Lakes or (2) if the leased facilities are in such communities, that they have
27 viewed Fish and Wildlife Maps and based on their review of those maps, certify that the
28 leased facilities are not in areas that are part of the Coastal Barrier Resources System under
29 the Coastal Barrier Resources Act, 16 U.S.C. 3501 et seq. or (3) if for any reason they cannot
30 make such a determination, obtain and submit a determination from the Fish and Wildlife
31 Service that the proposed leased property is not within the Coastal Barrier Resources System.
32 The relevant Fish and Wildlife Service maps are located online at the following address:

33
34 <http://www.habitatconservation/cbrunits.pdf>
35

- 36 7. The regulations in 24 CFR 87, related to lobbying, including the requirement that the Grantee
37 obtain certifications and disclosures from all covered persons.
38
39 8. Drug-free Workplace Requirements (Grants) in 24 CFR 24 Subpart F.
40
41 9. Restrictions on participation by ineligible, debarred or suspended persons or entities at 24
42 CFR Part 24, Subparts A through E, which are applicable to contractors and subgrantees.
43
44 10. Other applicable regulations.

11. The Grantee's computer systems must operate in accordance with HUD's computer systems and software to facilitate any and all electronic documents for conversion to HUD computer systems and software. That is, when sending/transferring documents, computer disks, e-mail, or CDs to HUD, the systems must be compatible so that HUD receives an exact copy.
12. The Grantee's computer and information systems must be able to access HUD's website(s) so that data can be inputted as may be required by the grant, information can be retrieved and funding through HUD's E-LOCCS system may be accessed.

SUB-ARTICLE G: GRANT CLOSEOUT

1. OMB Circular A-110 prescribes uniform closeout procedures for non-profits for Federal grants and other agreements.
2. Code of Federal Regulations (CFR), 24 CFR Part 84 and 85 prescribe uniform closeout procedures for Federal cooperative agreements/grant agreements.
3. It is the responsibility of the Grantee to comply in full with all closeout-reporting requirements and to submit closeout reports in a timely manner.
4. The Grantee shall initiate project closeout within 30 days of the grant's termination date. At HUD's option, the Grantee may delay initiation of project closeout until the resolution of any HUD monitoring findings. If HUD exercises this option, the Grantee must promptly resolve the findings.
5. The Grantee recognizes that the closeout process may entail review by HUD to determine compliance with the grant agreement. The Grantee shall cooperate with any and all reviews which may include making available records requested for on-site HUD inspection.
6. Within 90 days after the end date of the grant or any approved extension (revised end-date), the following documents must be submitted by the Grantee to the HUD field office:
 - a. A certification of project completion which is a statement signed by the grantee.
 - b. A certification of compliance with all requirements of the grant agreement which is a statement signed by the grantee
 - c. **Final Financial Report (SF-269A).** The final report will be a cumulative summary of expenditures to date and must indicate the exact balance of unexpended funds. (Report shall cover grant start date to the end of grant). When the final HUD form SF-269A is approved, the HUD field office will establish the amount due to HUD or cancel (recapture) any unused grant funds as applicable.

1 d. **Final Performance Report.** This report must be submitted to the HUD field office
2 based on the approved evaluation plan and performance outcomes and shall cover the
3 entire grant period.

4
5 e. **Final Logic Model.** The Logic Model must be completed to reflect all grant outputs
6 and outcomes achieved during the term of the grant. The Final Logic Model must
7 also include responses to the Management Questions included with the Logic Model.

8
9 7. When the HUD field office has determined to its satisfaction that the grant activities were
10 completed and all Federal requirements were satisfied, the HUD field office will execute a
11 closeout amendment to the Grant Agreement with the Grantee.

12
13 8. The Closeout Agreement or clause will include the Grantee's agreement to abide by any
14 continuing Federal requirements.

15
16 9. Failure to submit the required financial, program/performance progress report or any required
17 audit report; or to resolve program, financial or audit issues, may result in a suspension or
18 termination of any and/or all HUD grant payments.

19 20 SUB-ARTICLE H: DEFAULT

21
22 1. **Definition.** A default under this Agreement shall consist of using grant funds for a purpose
23 other than as authorized by this agreement; any noncompliance with legislative, regulatory,
24 or other requirements applicable to this Agreement; any other material breach of this
25 Agreement; or any material misrepresentation in the application submissions.

26
27 2. **HUD Preliminary Determination of Default.** If HUD makes an initial determination that
28 the Grantee is in default, HUD will give the Grantee written notice of this determination and
29 of the corrective or remedial action the Grantee must take in order to avoid default. The
30 Grantee shall have an opportunity to demonstrate, per HUD Handbook 2210.17, and on the
31 basis of substantial facts and data, that it is not in default, or that the proposed corrective or
32 remedial action is inappropriate, before HUD implements the remedial action.

33
34 3. HUD shall provide the Grantee with an opportunity at the earliest possible time to
35 demonstrate that it is not in default or that the proposed remedial action is inappropriate or
36 unnecessary.

37
38 4. If HUD determines that there is an imminent probability that the Grantee will continue to
39 expend grant funds contrary to this agreement unless HUD takes immediate action, HUD
40 may, concurrently with issuing a written notice of default, implement a remedial action
41 appropriate to prevent such expenditure.

42
43 5. Corrective or remedial actions that HUD may order under this Agreement include, but shall
44 not be limited to, the following:

- a. Requiring the Grantee to prepare and follow a HUD approved schedule of actions and/or a work plan for properly completing the activities approved under the grant;
- b. Canceling or revising the affected activities, revising the grant budget as necessary, and substituting other eligible activities;
- c. Discontinuing drawdowns under LOCCS and prohibiting payment or reimbursement for any grant activities or, if more appropriate, for only those activities affected by the default; and
- d. Requiring reimbursement by the Grantee to HUD for grant amounts used improperly.

6. **Grantee Failure to Remedy Default.** Where HUD determines that remedial actions required by HUD to be taken by the Grantee have not been undertaken as instructed, or will not be effective in correcting the default and to prevent further default, HUD may take the following additional corrective and remedial actions under this Agreement:

- a. Change the method of payment from LOCCS to some other available method of payment, which involves HUD manual review and approval of every drawdown request and permits draws only on a reimbursement basis.
- b. Suspend the Grantee's authority to make drawdowns for affected activities for no more than ninety (90) days pending action to cure the default and prevent further default by the Grantee, or pending final remedial action by HUD.
- c. Reduce the grant in the amount affected by the default;
- d. Terminate the grant and initiate closeout procedures;
- e. Take action against the Grantee under 24 CFR Part 24 with respect to future HUD or Federal grant awards;
- f. Require reimbursement by the Grantee to HUD for grant amounts used improperly; and
- g. Take any other remedial action legally available.

1 **SUBARTICLE H: GRANT MODIFICATION OR TERMINATION**
2 **BY AGREEMENT BETWEEN HUD AND GRANTEE**
3

- 4 1. HUD and the Grantee may mutually agree to modify this agreement as to time, cost, or
5 activity using form HUD-1044 in whole or in part, at any time.
6
7 2. HUD or the Grantee, in accordance with OMB Circular A-110 may mutually agree to
8 terminate the agreement for convenience, after 30 days advance written notice, if it is in the
9 best interest of any of the parties: The termination notice must specify the reason for the
10 termination action and the proposed effective date.
11

12 **SUB-ARTICLE I- DISPUTES**
13

14 During the performance of this grant, disagreements may arise between the Grantee and
15 HUD on various issues. If a dispute concerning a question of fact arises, the grant Officer, after
16 hearing from both parties, HUD and the Grantee, shall prepare a final decision, taking into
17 account all facts and documentation presented. The decision shall be mailed to the Grantee. The
18 Grantee may appeal any decision by letter to the local HUD Field Office Director, Public
19 Housing Division/Office of Native American Programs of the HUD office administering this
20 Grant Agreement. The decision of the Director shall be final.
21


22 **ARTICLE II: GRANTEE PERFORMANCE**
23

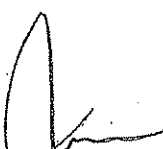
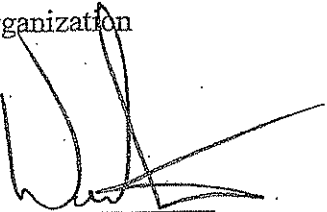
24 HUD will judge performance based upon whether the Grantee achieves the agreed upon
25 activities within grant time limits and within budget and whether the Grantee has produced
26 tangible results through the execution of grant activities.
27

28 **ARTICLE III: GRANTEE MISREPRESENTATION**
29

30 The Grantee or any subcontractor to the Grantee bound by this instrument who makes or
31 causes to be made a false Statement, claim, or misrepresentation, which the Grantee or entity
32 knows or has reason to know is false, may be imprisoned and/or fined in accordance with civil or
33 criminal penalties and/or fines applicable under law, including Title 18 of the United States Code
34 (U.S.C.), Title 31, et seq. (Program Fraud Civil Remedies Act) and any other applicable
35 provisions of Federal, State or local law.
36
37
38
39

1 WITNESS WHEREOF, the parties have executed this Grant Agreement by their duly authorized
2 signatories as of the date signed by both parties.
3

4
5  Ex. Dir. Arden 5-1-07
6 Signature of Grantee DATE
7 Title
8 Agency or Organization

9
10
11   5/1/07
12
13 Director, Office of Public
14 Housing or Native American
15 Programs
16

Assistance Award/Amendment	U.S. Department of Housing and Urban Development Office of Administration
-------------------------------	--

1. Assistance Instrument <input type="checkbox"/> Cooperative Agreement <input checked="" type="checkbox"/> Grant		2. Type of Action <input checked="" type="checkbox"/> Award <input type="checkbox"/> Amendment	
3. Instrument Number TX006REF078A006	4. Amendment Number	5. Effective Date of this Action	6. Control Number
7. Name and Address of Recipient ACORN Institute 739 8 th Street SE Washington, DC 20003 <i>F.I.W.</i> <i>72-1488419</i>		8. HUD Administering Office U.S. Department of Housing and Urban Development Office of Public Housing 106 S. St. Mary's Street, Suite 405 San Antonio, Texas 78205	
		8a. Name of Administrator Diana Armstrong	8b. Telephone Number (210) 475-68603
10. Recipient Project Manager Mr. Pat McCoy Executive Director		9. HUD Government Technical Representative	
11. Assistance Arrangement <input checked="" type="checkbox"/> Cost Reimbursement <input type="checkbox"/> Cost Sharing <input type="checkbox"/> Fixed Price		12. Payment Method <input type="checkbox"/> Treasury Check Reimbursement <input type="checkbox"/> Advance Check <input checked="" type="checkbox"/> Automated Clearinghouse	
13. HUD Payment Office LOCCS			
14. Assistance Amount Previous HUD Amount \$0 HUD Amount this action \$124,693.00 Total HUD Amount \$124,693.00 Recipient Amount \$0 Total Instrument Amount \$124,693.00		15. HUD Accounting and Appropriation Data 15a. Appropriation Number 86 3/6 0304 15b. Reservation Number Amount Previously Obligated \$ Obligation by this action \$124,693.00 Total Obligation \$124,693.00	
16. Description Grant Term which is 3 years beginning with date of Resident Opportunity and Self-Sufficiency Family/Homeownership Program			
17. <input checked="" type="checkbox"/> Recipient is required to sign and return three (3) copies of this document to the HUD Administering Office		18. <input type="checkbox"/> Recipient is not required to sign this document.	
19. Recipient (By Name) Mr. Pat McCoy Executive Director		20. HUD (By Name) Public Housing Director	
Signature & Title <i>[Signature]</i> Ex. Dir.		Signature & Title <i>[Signature]</i> Diana Armstrong	
Date (mm/dd/yyyy) 5/14/07		Date (mm/dd/yyyy) 5/25/07	

**FISCAL YEAR 2006 RESIDENT OPPORTUNITIES AND SELF SUFFICIENCY
PROGRAM GRANT AGREEMENT**

RESIDENT SERVICE DELIVERY MODELS – FAMILY & HOMEOWNERSHIP
(Attachment to Form HUD-1044)

BACKGROUND

ACORN Institute is a qualified 501(c)(3) created in 2001 to provide a vehicle for grassroots community organizations to increase capacity to meet the needs of low and moderate-income communities. ACORN Institute will partner with the community organization San Antonio ACORN and the HUD-certified housing counseling agency ACORN Housing Corporation to provide public housing residents in the Cassiano Homes development with life skills training, job training, activities to support career advancement, homeownership, supportive services, and other trainings to increase economic self sufficiency.

All activities will begin within 8 weeks of the start date, including quarterly financial literacy workshops, quarterly leadership development workshops, ongoing homeownership and housing counseling sessions, hiring of residents, and ongoing service contact on other supportive services like food stamps.

Output and Outcome Benchmarks For Three Year Grant Term

Financial Literacy OUTPUT: 60 residents attend financial literacy classes. OUTCOME: 48 residents complete life skills classes. OUTPUT: 380 residents receive tax preparation education. OUTCOME: 100 residents complete tax preparation, 30 residents receive EITC;

Soft Skills and Leadership Development: OUTPUT: 60 residents attend quarterly soft skills classes. OUTCOME: 48 residents complete soft skills classes;

Activities to Support Career Advancement: OUTPUT: 70 residents enroll in housing counseling. OUTCOME: 45 residents complete housing counseling;

Homeownership: OUTPUT: 70 residents enroll in housing counseling OUTCOME: 4 homes purchased through ROSS opportunities. Provide 480 households with information on homeownership program;

Hiring Residents: OUTPUT: 2 employment opportunities created for Section 3 persons. OUTCOME: 2 Section 3 residents hired;

Supportive Services: 450 households reached with information and application materials for benefits programs like EITC, Child Tax Credit, food stamps, S-CHIP, Medicaid, etc.; and 50 households assisted to complete applications for these benefits programs.

ARTICLE I: BASIC GRANT INFORMATION AND REQUIREMENTS

1. This Agreement is between the U. S. Department of Housing and Urban Development (HUD) and the recipient; ACORN Institute, Dallas, Texas, identified in block 7 on the cover sheet of this agreement, form HUD-1044, hereinafter referred to as the Grantee. The Grantee's application and the HUD grant approval letter, including any special conditions, are incorporated into this agreement.

2. HUD will make \$124,693.00 available in total grant funds as shown on form HUD-1044 upon grant award and HUD approval.
 3. This agreement and the HUD-1044 shall be effective immediately upon signature of **both parties**.
 4. Period of performance: The ~~period of performance~~ will be 36 months.
 5. Award type: This is a cost-reimbursable, performance-based grant.
 6. This Grant Agreement incorporates and will be governed by the following as they may from time to time be amended: the HUD Appropriations Acts, the United States Housing Act of 1937 as amended, the ROSS NOFA dated 03/08/2006, as amended, the Code of Federal Regulations (CFR) 24 CFR Part 24, 24 CFR Part 84, 24 CFR Part 85, 24 Part 964, any applicable OMB Circulars, Handbooks and Notices issued by HUD.
-
7. In executing this agreement, the Grantee agrees to abide by the provisions contained within all applicable Federal laws, Executive Orders, OMB Circulars, specifically OMB Circular A-110, any assurances and certifications in the final HUD-approved application (the original approved application may have required amendments by the field/applicant), and 24 CFR Part 964 as applicable

ARTICLE II: HUD REQUIREMENTS

SUB-ARTICLE A – WORK PLAN REQUIREMENTS, CHANGES TO WORK PLAN, GRANT ADMINISTRATION, CONDITIONS REQUIRING TERMINATION OF FUNDING

1. The Grantee shall attend meeting(s) (when notified by HUD) at HUD's local field office for the purpose of establishing a common understanding and strategy with respect to grant administration, timeline, deliverables, grant objectives, performance measures, and the scope of work necessary (work plan) to achieve grant objectives.
2. The Grantee shall furnish all necessary personnel, materials, services, equipment, and facilities and shall otherwise do all things necessary for, or incidental to, the performance of the activities and tasks set forth in the approved application, work plan and this Grant Agreement (except as otherwise specified).
3. The Grantee agrees that costs incurred prior to the execution of this Grant Agreement and implementation of HUD-approved grant activities, shall not be reimbursable by using funds from this grant.

4. The work to be performed under this Grant Agreement is outlined in the attached work plan and logic model which must be approved by the HUD field office overseeing the administration of this grant (as the work plan approved by HUD's Grants Management Center may require modification). The work plan must be signed and dated by both the HUD field office and the Grantee.
5. The grant funds shall be used only for activities described in the application and approved by HUD in the work plan and this Grant Agreement.
6. Grantees are required to submit for approval any deviations or revisions to their HUD-approved budget and work plan (grant activities) **prior to implementing them**. According to the guidelines below, Grantees are required to submit for HUD approval any changes to the approved budget, work plan and Budget Work Sheet and SF-424, Scope of Work, Business Plan or timetable to the appropriate local HUD field office personnel in writing.
 - a. Any increase over 10% of the total of any budget activity/line item.
 - ~~b. Any change in the scope or objective of the program.~~
 - c. Any change in the project or program timetable.
 - d. Changes in staffing especially in the cases of individuals with key responsibilities such as the Project Coordinator, instructors or other essential staff.
 - e. Changes in any subcontracting, or otherwise obtaining the services of a third party to perform activities that are central to the purposes of the grant must be previously approved by HUD.
7. Grantees needing to extend the term of their grant in order to fully accomplish their goals, must do so in writing thirty calendar days prior to the grant termination date. The request must be submitted to the field office for review and approval. The Grantee must also:
 - a. Have current and acceptable Financial Status Reports (SF 269A) which must be on file with the field office.
 - b. Submit a narrative justification explaining why the extension is needed, how much additional time will be required, the circumstances that require the proposed extension, and the effect of a denial of the request.
 - c. Have satisfied all special conditions of the grant agreement except those that must be fulfilled in the remaining period of the grant. This includes the performance and resolution of audit findings in a timely manner.

Grantees should be aware that anything beyond a six-month extension must be approved by the Deputy Assistant Secretary of the Office of Public Housing Investments and any extensions may result in a point reduction for Past Performance in future grant applications.
8. Any changes requested by the Grantee must be in writing. HUD will approve/reject requested changes as appropriate. Approved changes will be reflected by an amendment to this Grant Agreement and issued by a revised HUD-1044 cover sheet with any attached documents as needed to define changes approved. Amendments will become effective upon

execution of the HUD-1044 between HUD and the Grantee when both parties have signed the HUD-1044.

9. If the Grantee's HUD-approved work plan is not implemented within **60 days of the grant start date (the start date is the date both parties sign the HUD-1044 and this Grant Agreement)**, the Grantee must report by letter to the appropriate HUD field office of the steps taken to initiate the plan, resulting changes to the timetable, the reason for the delay, and the expected starting date. Any timetable revisions as a result of the delay must be included for HUD approval. **NOTE:** Failure to comply with this requirement may result in termination of this agreement and recapture of grant funds.
 10. HUD may terminate funding if the Grantee demonstrates an unwillingness or inability to complete the approved work plan; does not use procedures that will minimize the time elapsing between drawdowns and disbursements of grant funds; does not adhere to agreement requirements or special conditions; engages in the improper award or administration of grant subcontracts; does not submit required reports; or produces unacceptable deliverables.
-

SUBARTICLE B: FINANCIAL RESPONSIBILITIES

1. The Grantee shall use leverage/match resources in accordance with its approved application and approval from HUD field office staff.
2. Prior to initial drawdown of funds, all Grantees must have secured online access to the Internet as a means to communicate with HUD on grant matters. Applicants shall draw down funds using the electronic Line of Credit Control System (e-LOCCS). Tribes/TDHEs may request to be exempted from this and may continue to use the Line of Credit Control System (LOCCS) voice response system.
3. Depending on the type of Grantee organization, where applicable, the Grantee agrees to comply with the organizational audit requirements of OMB Circular A-133 and HUD 24 CFR Part 84 or 85 including audit requirements. The final audit report, must cover the entire period of the grant. The audit must be submitted to HUD no later than 90 days after the grant is closed, covering the entire award period originally approved or amended. An original and one identical copy of the report shall be sent to HUD. All other requirements of 24 CFR Parts 84 or 85 shall apply. According to OMB Circular A-133, grantees that expend less than \$500,000 in federal awards are exempt from the audit requirement, but records must be available for review or audit. For grantees where an audit is required, a single audit or a program-specific audit is acceptable.
4. The Grantee shall minimize the time elapsing between the transfer of funds from HUD and the disbursement of funds. The HUD funds are to be made available based on actual need. The Grantee must make a drawdown for costs incurred *only*. Drawdowns in excess of need may result in special procedures for payments, or termination of the grant when there are

persistent violations. Funds requisitioned through LOCCS must be disbursed within three calendar days after receipt of funds drawdown. The Grantee must be in compliance with OMB Circulars A-87, A-122 or A-133, as applicable.

5. Prior to traveling outside the local area for program related training/conferences, the Grantee must request approval from the HUD field office in order for funding and reimbursement to be approved. Travel costs for grant program staff may not exceed \$5,000 for the life of the grant.

SUBARTICLE C: METHOD OF PAYMENT [FUNDS DRAWDOWN]

1. The Grantee may not draw down grant funds until the following actions have taken place:
 - a. HUD has received and approved any certifications and disclosures required by 24 CFR 87.110 concerning lobbying and by 24 CFR 24.510(b) regarding ineligibility, suspension and debarment. This also includes any other required certification forms, which must be completed and included as a part of this grant agreement.
 - b. All pre-conditions listed in form HUD-1044, this Grant Agreement or the NOFA, must be completed by the grantee and verified by HUD. (Example, commitment to a Match)
2. Payments of grant funds shall be through electronic funds transfer using the Line of Credit Control System-Voice Response System (VRS) or E-LOCCS. Initial drawdown cannot be earlier than the start date of the grant term. NOTE: Costs cannot be reimbursed for activities undertaken prior to the grant's start date. The basic procedure is as follows:
 - a. To establish a line of credit, the Grantee must complete and submit the following forms:
 - i. HUD-27054 *Voice Response System Access Authorization* (for VRS and e-LOCCS)
 - ii. SF-1199A *Direct Deposit Sign-Up Form* with sample **voided** check. NOTE: The depositor account on the SF-1199A may be the same receiving account as other HUD programs.
 - iii. These forms should be sent to the Grantee's local HUD field office for processing. The field office will provide the grant number and program area code.
3. After HUD processes the above documents, the Grantee will receive two letters:
 - a. One certified letter will provide a user identification number and password for the individual who will be authorized to draw down the funds from LOCCS.

- b. The second certified letter will contain specific instructions on how to use the LOCCS system.
4. After the Grantee receives these two letters, it will be technically equipped to request drawdowns.
5. **VRS-LOCCS or E-LOCCS Program Edits.**
 - a. E-LOCCS will automatically perform a series of review edits (both generic and program specific) of each payment request. Failure of one of the program edits will cause the payment request to be referred to the HUD field office for review.
 - b. The HUD field office will complete the review. The request will remain in the system and further drawdowns will not be allowed until that review is complete and the drawdowns approved or rejected.
 - c. ~~The Grantee shall immediately contact the HUD field office when there is a question regarding the request or when the request has been referred to the HUD program office for review. A request will be referred to the program office for review when (specific edits):~~
 - i. There are requests for over 10% of total grant funds per calendar month;
 - ii. Total drawdowns exceed 110% of any budget line item;
 - iii. Failure to submit a semiannual HUD form SF-269A - *Financial Status Report*, narrative performance report and/or Logic Model, as defined by this agreement and 24 CFR 84 or 85. VRS-LOCCS or E-LOCCS shall not accept a request for funds if required reports from the Grantee are thirty or more days overdue and will not accept future requests until the HUD field office confirms receipt and approval of the reports in LOCCS.
 - iv. If the Grantee repeatedly fails to submit required forms, LOCCS will be converted to a system in which the HUD Field Office will **manually** review each drawdown request prior to releasing funds to the Grantee.

SUB-ARTICLE D: AUTHORIZED FUNDS BY BUDGET LINE ITEM NUMBER

1. Please consult the NOFA for 2006 eligible activities and definitions. The Grantee's budget will be broken down to fit the Voucher Budget Line Items as follows:

**BUDGET
LINE
ITEM NO.**

ACTIVITIES	FUNDS
1168 Project Coordinator	\$
1268 Training Costs	\$
1368 Individual Savings Accounts	\$
1369 Stipends	\$
1438 Supportive Services	\$
1568 Subcontracting	\$121,568
1768 Travel Costs	\$
1868 Administrative Costs	\$
1878 Resident Salaries (from Admin. Costs)	\$3,125
1986 Indirect Costs (use for staff training and evaluation)	\$
If approved, funding amount is	\$124,693.00

SUBARTICLE E: REPORTING REQUIREMENTS

1. The Grantee must evaluate its ROSS activities and submit a semi-annual performance narrative, Logic Model and SF-269A to HUD. The narrative, Logic Model and SF-269A shall be submitted on January 31st and July 30th of each grant year to the Grantee's local HUD field office. This is a requirement for all grantees. New grantees should send a report on whatever progress has been made, even if very little. These reports shall conform to OMB Circular A-110 as applicable.
2. HUD shall determine the Grantee's progress based upon a comparison between the Grantee's actual performance and its performance objectives and timelines established in the HUD-approved work plan and budget.
3. The Grantee must provide clear written reports that evaluate the Grantee's progress with respect to the goals and objectives it set out to achieve. The Grantee will use the performance measures HUD approved to track its progress. These performance measures must be part of baseline reporting and must be reported for each reporting period during the term of the grant using the narrative, Logic Model and the SF-269A.

- a. The narrative shall explain what goals have been accomplished, what challenges were encountered, how they were addressed, and which goals remain to be achieved.
 - b. The Grantee shall use the Logic Model to report on the grant's performance (outputs and outcomes).
 - c. If the Grantee is not meeting its promised objectives, the reports should explain why such progress is not being made. Other pertinent information, such as cost-overruns, should also be included.
 - d. The financial report shall be submitted using SF-269A.
4. During the term of the grant, HUD may ask Grantees to begin reporting using a web-based performance measurement tool. This tool will capture information contained in the Logic Model, but may also be designed to capture narrative and budget information in which case the Grantee may submit all its required reports via the Internet.
-
5. The HUD field office shall maintain official records on the Grantee's performance measures and its progress reports. However, the Grantee must also maintain such records, including the performance narrative, Logic Model, and SF-269A for ROSS program assessments, HUD review, and/or evaluations.
 6. No grant payments shall be approved until **all** required reports (performance narrative, Logic Model, and SF-269A) are received and approved by the HUD field office.

SUBARTICLE F: ADMINISTRATIVE REQUIREMENTS

1. Grantees must comply with all current HUD programs.
2. The Grantee shall maintain, and have access to, copies of documents relating to the award and administration of this grant for at least three years after final closeout date of the grant for inspection by HUD, the General Accounting Office, or their duly authorized representatives.
3. The accounting systems of the Grantee must ensure that HUD funds are not co-mingled with funds from other Federal, State, Tribal, or local government agencies or other HUD program funds. Funds specifically budgeted and/or received for one program may not be used to support or reimburse another. Where the Grantee's accounting system cannot comply with this requirement, the Grantee must establish a system to provide adequate fund accountability for each program for which it has been awarded funds. The Grantee's selection of depository facility (such as a bank for example) shall be compliant with Federal regulations and have insurance from the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund to insure the established account.

4. The Grantee agrees to comply with the following requirements for which HUD has enforcement responsibility:
 - a. Administrative requirements of OMB Circular A-110. These include the procurement requirements of OMB Circular A-110 as applicable.
 - b. Depending upon the type of Grantee organization (nonprofit or State/local government) Grantees where applicable, are required to comply with the standards set forth in OMB Circular A-122 on Cost Principles for nonprofit organizations, or OMB Circular A-87 on Cost Principles for State and local governments.
5. Equal Opportunity Requirements. Grant funds must be used in accordance with the following:
 - a. The requirements of Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d) (Nondiscrimination in Federally Assisted Programs) and implementing regulations issued at 24 CFR Part 1.
 - b. The prohibitions against discrimination on the basis of age under the Age Discrimination Act of 1975 (42 U.S.C. 6101-07) and implementing regulations at 24 CFR Part 146, and the prohibitions against discrimination against handicapped individuals under section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and implementing regulations at 24 CFR Part 8.
 - c. The requirements of Executive Order 11246 (Equal Employment Opportunity) and the implementing regulations issued at 41 CFR Chapter 60.
 - d. The requirements of Section 3 of the Housing and Urban Development Act of 1968, (12 U.S.C. 1701u) State that (1) to the greatest extent feasible, opportunities for training and employment arising in connection with the planning and carrying out of any project assisted with grant funds be given to low-income persons residing within the unit of general local government or the metropolitan area (or non-metropolitan county) as determined by HUD, in which the project is located; and (2) to the greatest extent feasible, contracts for work to be performed in connection with any such project be awarded to business concerns, including but not limited to individuals or firms doing business in the field of planning, consulting, design, architecture, building construction, rehabilitation, maintenance, or repair, which are located in or owned in substantial part by persons residing in the same metropolitan area (or non-metropolitan county) as the project.
6. A grantee may lease space for program activities only if the lease is for existing facilities not requiring rehabilitation or construction. In addition no repairs to or renovations of the

property may be undertaken with Federal funds and Federal funds may not be used to lease property in the Coastal Barrier Resources System designated under the Coastal Barrier Resources Act (16 U.S.C. 3501) as identified on maps prepared by the U.S. Fish and Wildlife Service. Grantees using federal funds to lease facilities must certify to HUD that either: (1) The leased facilities are not in communities with coastlines along the Atlantic Ocean, Gulf of Mexico or Great Lakes or (2) if the leased facilities are in such communities, that they have viewed Fish and Wildlife Maps and based on their review of those maps, certify that the leased facilities are not in areas that are part of the Coastal Barrier Resources System under the Coastal Barrier Resources Act, 16 U.S.C. 3501 et seq. or (3) if for any reason they cannot make such a determination, obtain and submit a determination from the Fish and Wildlife Service that the proposed leased property is not within the Coastal Barrier Resources System. The relevant Fish and Wildlife Service maps are located online at the following address:

<http://www.habitatconservation/cbrunits.pdf>

7. The regulations in 24 CFR 87, related to lobbying, including the requirement that the Grantee obtain certifications and disclosures from all covered persons.

8. Drug-free Workplace Requirements (Grants) in 24 CFR 24 Subpart F.
9. Restrictions on participation by ineligible, debarred or suspended persons or entities at 24 CFR Part 24, Subparts A through E, which are applicable to contractors and subgrantees.
10. Other applicable regulations.
11. The Grantee's computer systems must operate in accordance with HUD's computer systems and software to facilitate any and all electronic documents for conversion to HUD computer systems and software. That is, when sending/transferring documents, computer disks, e-mail, or CDs to HUD, the systems must be compatible so that HUD receives an exact copy.
12. The Grantee's computer and information systems must be able to access HUD's website(s) so that data can be inputted as may be required by the grant, information can be retrieved and funding through HUD's E-LOCCS system may be accessed.

SUB-ARTICLE G: GRANT CLOSEOUT

1. OMB Circular A-110 prescribes uniform closeout procedures for non-profits for Federal grants and other agreements.
2. Code of Federal Regulations (CFR), 24 CFR Part 84 and 85 prescribe uniform closeout procedures for Federal cooperative agreements/grant agreements.
3. It is the responsibility of the Grantee to comply in full with all closeout-reporting requirements and to submit closeout reports in a timely manner.

4. The Grantee shall initiate project closeout within 30 days of the grant's termination date. At HUD's option, the Grantee may delay initiation of project closeout until the resolution of any HUD monitoring findings. If HUD exercises this option, the Grantee must promptly resolve the findings.
5. The Grantee recognizes that the closeout process may entail review by HUD to determine compliance with the grant agreement. The Grantee shall cooperate with any and all reviews which may include making available records requested for on-site HUD inspection.
6. Within 90 days after the end date of the grant or any approved extension (revised end-date), the following documents must be submitted by the Grantee to the HUD field office:
 - a. A certification of project completion which is a statement signed by the grantee.
 - b. A certification of compliance with all requirements of the grant agreement which is a statement signed by the grantee.
 - c. **Final Financial Report (SF-269A)**. The final report will be a cumulative summary of expenditures to date and must indicate the exact balance of unexpended funds. (Report shall cover grant start date to the end of grant). When the final HUD form SF-269A is approved, the HUD field office will establish the amount due to HUD or cancel (recapture) any unused grant funds as applicable.
 - d. **Final Performance Report**. This report must be submitted to the HUD field office based on the approved evaluation plan and performance outcomes and shall cover the entire grant period.
 - e. **Final Logic Model**. The Logic Model must be completed to reflect all grant outputs and outcomes achieved during the term of the grant. The Final Logic Model must also include responses to the Management Questions included with the Logic Model.
7. When the HUD field office has determined to its satisfaction that the grant activities were completed and all Federal requirements were satisfied, the HUD field office will execute a closeout amendment to the Grant Agreement with the Grantee.
8. The Closeout Agreement or clause will include the Grantee's agreement to abide by any continuing Federal requirements.
9. Failure to submit the required financial, program/performance progress report or any required audit report; or to resolve program, financial or audit issues, may result in a suspension or termination of any and/or all HUD grant payments.

SUB-ARTICLE H: DEFAULT

1. **Definition.** A default under this Agreement shall consist of using grant funds for a purpose other than as authorized by this agreement; any noncompliance with legislative, regulatory, or other requirements applicable to this Agreement; any other material breach of this Agreement; or any material misrepresentation in the application submissions.
2. **HUD Preliminary Determination of Default.** If HUD makes an initial determination that the Grantee is in default, HUD will give the Grantee written notice of this determination and of the corrective or remedial action the Grantee must take in order to avoid default. The Grantee shall have an opportunity to demonstrate, per HUD Handbook 2210.17, and on the basis of substantial facts and data, that it is not in default, or that the proposed corrective or remedial action is inappropriate, before HUD implements the remedial action.
3. HUD shall provide the Grantee with an opportunity at the earliest possible time to demonstrate that it is not in default or that the proposed remedial action is inappropriate or unnecessary.
4. If HUD determines that there is an imminent probability that the Grantee will continue to expend grant funds contrary to this agreement unless HUD takes immediate action, HUD may, concurrently with issuing a written notice of default, implement a remedial action appropriate to prevent such expenditure.
5. Corrective or remedial actions that HUD may order under this Agreement include, but shall not be limited to, the following:
 - a. Requiring the Grantee to prepare and follow a HUD approved schedule of actions and/or a work plan for properly completing the activities approved under the grant;
 - b. Canceling or revising the affected activities, revising the grant budget as necessary, and substituting other eligible activities;
 - c. Discontinuing drawdowns under LOCCS and prohibiting payment or reimbursement for any grant activities or, if more appropriate, for only those activities affected by the default; and
 - d. Requiring reimbursement by the Grantee to HUD for grant amounts used improperly.
6. **Grantee Failure to Remedy Default.** Where HUD determines that remedial actions required by HUD to be taken by the Grantee have not been undertaken as instructed, or will not be effective in correcting the default and to prevent further default, HUD may take the following additional corrective and remedial actions under this Agreement:

- a. Change the method of payment from LOCCS to some other available method of payment, which involves HUD manual review and approval of every drawdown request and permits draws only on a reimbursement basis.
- b. Suspend the Grantee's authority to make drawdowns for affected activities for no more than ninety (90) days pending action to cure the default and prevent further default by the Grantee, or pending final remedial action by HUD.
- c. Reduce the grant in the amount affected by the default;
- d. Terminate the grant and initiate closeout procedures;
- e. Take action against the Grantee under 24 CFR Part 24 with respect to future HUD or Federal grant awards;
- ~~f. Require reimbursement by the Grantee to HUD for grant amounts used improperly; and~~
- g. Take any other remedial action legally available.

SUBARTICLE H: GRANT MODIFICATION OR TERMINATION BY AGREEMENT BETWEEN HUD AND GRANTEE

1. HUD and the Grantee may mutually agree to modify this agreement as to time, cost, or activity using form HUD-1044 in whole or in part, at any time.
2. HUD or the Grantee, in accordance with OMB Circular A-110 may mutually agree to terminate the agreement for convenience, after 30 days advance written notice, if it is in the best interest of any of the parties. The termination notice must specify the reason for the termination action and the proposed effective date.

SUB-ARTICLE I- DISPUTES

During the performance of this grant, disagreements may arise between the Grantee and HUD on various issues. If a dispute concerning a question of fact arises, the grant Officer, after hearing from both parties, HUD and the Grantee, shall prepare a final decision, taking into account all facts and documentation presented. The decision shall be mailed to the Grantee. The Grantee may appeal any decision by letter to the local HUD Field Office Director, Public

Housing Division/Office of Native American Programs of the HUD office administering this Grant Agreement. The decision of the Director shall be final.


ARTICLE II: GRANTEE PERFORMANCE

HUD will judge performance based upon whether the Grantee achieves the agreed upon activities within grant time limits and within budget and whether the Grantee has produced tangible results through the execution of grant activities.

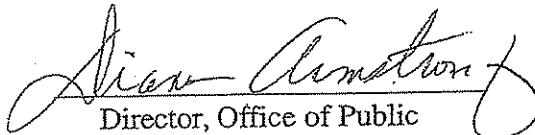
ARTICLE III: GRANTEE MISREPRESENTATION

The Grantee or any subcontractor to the Grantee bound by this instrument who makes or causes to be made a false Statement, claim, or misrepresentation, which the Grantee or entity knows or has reason to know is false, may be imprisoned and/or fined in accordance with civil or criminal penalties and/or fines applicable under law, including Title 18 of the United States Code (U.S.C.), Title 31, et seq. (Program Fraud Civil Remedies Act) and any other applicable provisions of Federal, State or local law.

WITNESS WHEREOF, the parties have executed this Grant Agreement by their duly authorized signatories as of the date signed by both parties.


Signature of Grantee
Title
Agency or Organization
ARLEN FARRIS

5/14/07
DATE


Director, Office of Public
Housing or Native American
~~Programs~~

5/25/07
DATE

Assistance Award/Amendment

U.S. Department of Housing
and Urban Development
Office of Administration

1. Assistance Instrument <input type="checkbox"/> Cooperative Agreement <input checked="" type="checkbox"/> Grant		2. Type of Action <input checked="" type="checkbox"/> Award <input type="checkbox"/> Amendment	
3. Instrument Number OH001REF058A007	4. Amendment Number	5. Effective Date of this Action JUN 30 2008	6. Control Number 72188419
7. Name and Address of Recipient ACORN Institute 329 N. 20 th Street Columbus, Ohio 43203		8. HUD Administering Office Cleveland HUB - Office of Public Housing 1350 Euclid Ave., Suite 500 Cleveland, Ohio 44115	
10. Recipient Project Manager		8a. Name of Administrator	8b. Telephone Number
11. Assistance Arrangement <input checked="" type="checkbox"/> Cost Reimbursement <input type="checkbox"/> Cost Sharing <input type="checkbox"/> Fixed Price		12. Payment Method <input type="checkbox"/> Treasury Check Reimbursement <input type="checkbox"/> Advance Check <input checked="" type="checkbox"/> Automated Clearinghouse	
13. HUD Payment Office LOCCS		9. HUD Government Technical Representative Jeri Mahone, PHRS	
14. Assistance Amount		15. HUD Accounting and Appropriation Data	
Previous HUD Amount \$		15a. Appropriation Number	15b. Reservation number
HUD Amount this action \$189,171		86 3/6 0304	
Total HUD Amount \$189,171		Amount Previously Obligated	\$
Recipient Amount \$		Obligation by this action	\$189,171
Total Instrument Amount \$189,171		Total Obligation	\$189,171

16. Description
Resident Opportunities and Self Sufficiency (ROSS) Family and Homeownership

Budget Line Items

Activities	Amounts
1168 Project Coordinator	\$ 25,903.00
1369 Stipends	\$ 280.00
1568 Subcontracting	\$146,508.00
1868 Administrative Costs (including administrative salaries)	\$ 10,480.00
1878 Resident Salaries	\$ 6,000.00
Total funding amount: \$189,171.00	

17. <input checked="" type="checkbox"/> Recipient is required to sign and return three (3) copies of this document to the HUD Administering Office		18. <input type="checkbox"/> Recipient is not required to sign this document.	
19. Recipient (By Name) Katy Gall, Project Executive Director		20. HUD (By Name) Thomas S. Marshall, Director, Office of Public Housing	
Signature & Title <i>Catherine Gall</i>	Date (mm/dd/yyyy) 06-25-08	Signature & Title <i>Thomas S. Marshall</i>	Date (mm/dd/yyyy) 6/30/08

form HUD-10/44 (8/90)
ref. Handbook 2210.17

**FISCAL YEAR 2007 RESIDENT OPPORTUNITIES AND SELF SUFFICIENCY
PROGRAM GRANT AGREEMENT**

ROSS - FAMILY & HOMEOWNERSHIP
(Attachment to Form HUD-1044)

BACKGROUND

The ACORN Institute, Inc. non-profit organization will function as a mentor to residents enabling them to have the wherewithal for dignity and pride in themselves and financial responsibility and the obligations to do so in a responsible fashion. The grant award is designed to aid residents to: (1) become self-sufficient, (2) provide training, (3) aid residents to see the importance of establishing individual savings accounts and (4) in some cases provide employment.

ARTICLE I: BASIC GRANT INFORMATION AND REQUIREMENTS

1. This Agreement is between the U. S. Department of Housing and Urban Development (HUD) and the recipient, ACORN Institute, Inc., Columbus, Ohio, identified in block 7 on the cover sheet of this agreement, form HUD-1044, hereinafter referred to as the Grantee. The Grantee's application and the HUD grant approval letter, including any special conditions, are incorporated into this agreement.
2. HUD will make \$189,171.00 available in total grant funds as shown on form HUD-1044 upon grant award and HUD approval.
3. This agreement and the HUD-1044 shall be effective immediately upon signature of both parties.
4. Period of performance: The period of performance will be 36 months.
5. Award type: This is a cost-reimbursable, performance-based grant.
6. This Grant Agreement incorporates and will be governed by the following as they may from time to time be amended: the HUD Appropriations Acts, the United States Housing Act of 1937 as amended, the ROSS NOFA dated 03/17/2007, as amended, the Code of Federal Regulations (CFR) 24 CFR Part 24, 24 CFR Part 84, 24 CFR Part 85, 24 CFR Part 964, any applicable OMB Circulars, Handbooks and Notices issued by HUD.
7. In executing this agreement, the Grantee agrees to abide by the provisions contained within all applicable Federal laws, Executive Orders, OMB Circulars, specifically OMB Circular A-110, any assurances and certifications in the final HUD-approved application (the original approved application may have required amendments by the field/applicant), and 24 CFR Part 964 as applicable

ARTICLE II: HUD REQUIREMENTS

SUB-ARTICLE A – WORK PLAN REQUIREMENTS, CHANGES TO WORK PLAN, GRANT ADMINISTRATION, CONDITIONS REQUIRING TERMINATION OF FUNDING

1. The Grantee shall attend meeting(s) (if requested by HUD) at HUD's local field office for the purpose of establishing a common understanding and strategy with respect to grant administration, timeline, deliverables, grant objectives, performance measures, and the scope of work necessary (work plan) to achieve grant objectives.
2. The Grantee shall furnish all necessary personnel, materials, services, equipment, and facilities and shall otherwise do all things necessary for, or incidental to, the performance of the activities and tasks set forth in the approved application, work plan and this Grant Agreement (except as otherwise specified).
3. The Grantee agrees that costs incurred prior to the execution of this Grant Agreement and implementation of HUD-approved grant activities, shall not be reimbursable by using funds from this grant.
4. The work to be performed under this Grant Agreement is outlined in the attached work plan and logic model which must be approved by the HUD field office overseeing the administration of this grant (as the work plan approved by HUD's Grants Management Center may require modification). The work plan must be signed and dated by both the HUD field office and the Grantee.
5. The grant funds shall be used only for eligible activities described in the application and approved by HUD in the work plan and this Grant Agreement.
6. Grantees are required to submit for approval any deviations or revisions to their HUD-approved budget and work plan (grant activities) **prior to implementing them**. According to the guidelines below, Grantees are required to submit for HUD approval any changes to the approved budget, work plan and Budget Work Sheet and SF-424, Scope of Work, Business Plan or timetable to the appropriate local HUD field office personnel in writing.
 - a. Any increase over 10% of the total of any budget activity/line item.
 - b. Any change in the scope or objective of the program.
 - c. Any change in the project or program timetable.
 - d. Changes in staffing especially in the cases of individuals with key responsibilities such as the Project Coordinator, instructors or other essential staff.

- e. Changes in any subcontracting or otherwise obtaining the services of a third party to perform activities that are central to the purposes of the grant must be previously approved by HUD.
7. Grantees needing to extend the term of their grant in order to fully accomplish their goals, must do so in writing ninety calendar days prior to the grant termination date. The request must be submitted to the field office for review and approval. The Grantee must also:
- a. Have current and acceptable Financial Status Reports (SF 269-A) which must be on file with the field office.
 - b. Submit a narrative justification explaining why the extension is needed, how much additional time will be required, the circumstances that require the proposed extension, and the effect of a denial of the request.
 - ~~c. Have satisfied all special conditions of the grant agreement except those that must be fulfilled in the remaining period of the grant. This includes the performance and resolution of audit findings in a timely manner.~~

Grantees should be aware that anything beyond a six-month extension must be approved by the Deputy Assistant Secretary of the Office of Public Housing Investments and any extensions may result in a negative impact on the Past Performance review in future grant applications.

8. Any changes requested by the Grantee must be in writing. HUD will approve/reject requested changes as appropriate. Approved changes will be reflected by an amendment to this Grant Agreement and issued by a revised HUD-1044 cover sheet with any attached documents as needed to define changes approved. Amendments will become effective upon execution of the HUD-1044 between HUD and the Grantee when both parties have signed the HUD-1044.
9. If the Grantee's HUD-approved work plan is not implemented within 60 days of the grant start date (the start date is the date both parties sign the HUD-1044 and this Grant Agreement), the Grantee must report by letter to the appropriate HUD field office of the steps taken to initiate the plan, resulting changes to the timetable, the reason for the delay, and the expected starting date. Any timetable revisions as a result of the delay must be included for HUD approval. **NOTE:** Failure to comply with this requirement may result in termination of this agreement and recapture of grant funds.

10. HUD may terminate funding if the Grantee demonstrates an unwillingness or inability to complete the approved work plan; does not use procedures that will minimize the time elapsing between drawdowns and disbursements of grant funds; does not adhere to agreement requirements or special conditions; engages in the improper award or administration of grant subcontracts; does not submit required reports; or produces unacceptable deliverables.

SUBARTICLE B: FINANCIAL RESPONSIBILITIES

1. The Grantee shall use leverage/match resources in accordance with its approved application and approval from HUD field office staff.
2. Prior to initial drawdown of funds, all Grantees must have secured online access to the Internet as a means to communicate with HUD on grant matters. Applicants shall draw down funds using the electronic Line of Credit Control System (e-LOCCS). Tribes/TDHEs may ~~request to be exempted from this and may continue to use the Line of Credit Control System~~ (LOCCS) voice response system.
3. Depending on the type of Grantee organization, where applicable, the Grantee agrees to comply with the organizational audit requirements of OMB Circular A-133 and HUD 24 CFR Part 84 or 85 including audit requirements. The final audit report, must cover the entire period of the grant. The audit must be submitted to HUD no later than 90 days after the grant is closed, covering the entire award period originally approved or amended. An original and one identical copy of the report shall be sent to HUD. All other requirements of 24 CFR Parts 84 or 85 shall apply. For grantees where an audit is required, a single audit or a program-specific audit is acceptable. If a grantee chooses a single audit, the final audit report that includes this grant is due no later than 30 days after the single audit is completed. *According to OMB Circular A-133, grantees that expend less than \$500,000 in federal awards are exempt from the audit requirement, but records must be available for review or audit.*
4. The Grantee shall minimize the time elapsing between the transfer of funds from HUD and the disbursement of funds. The HUD funds are to be made available based on actual need. The Grantee must make a drawdown for costs incurred *only*. Drawdowns in excess of need may result in special procedures for payments, or termination of the grant when there are persistent violations. Funds requisitioned through LOCCS must be disbursed within three calendar days after receipt of funds drawdown. The Grantee must be in compliance with OMB Circulars A-87, A-122 or A-133, as applicable.
5. Prior to traveling outside the local area for program related training/conferences, the Grantee must request approval from the HUD field office in order for funding and reimbursement to be approved. Travel costs for grant program staff may not exceed \$5,000 for the life of the grant.

SUBARTICLE C: METHOD OF PAYMENT [FUNDS DRAWDOWN]

1. The Grantee may not draw down grant funds until the following actions have taken place:
 - a. HUD has received and approved any certifications and disclosures required by 24 CFR 87.110 concerning lobbying and by 24 CFR 24.510(b) regarding ineligibility, suspension and debarment. This also includes any other required certification forms, which must be completed and included as a part of this grant agreement.
 - b. All pre-conditions listed in form HUD-1044, this Grant Agreement or the NOFA, must be completed by the grantee and verified by HUD. (Example, commitment to a Match)
2. Payments of grant funds shall be through electronic funds transfer using the Line of Credit Control System-Voice Response System (VRS) or E-LOCCS. Initial drawdown cannot be ~~earlier than the start date of the grant term.~~ NOTE: Costs cannot be reimbursed for activities undertaken prior to the grant's start date. The basic procedure is as follows:
 - a. To establish a line of credit, the Grantee must complete and submit the following forms:
 - i. HUD-27054 *Voice Response System Access Authorization* (for VRS and e-LOCCS)
 - ii. SF-1199A *Direct Deposit Sign-Up Form* with sample **voided** check. NOTE: The depositor account on the SF-1199A may be the same receiving account as other HUD programs.
 - iii. These forms should be sent to the Grantee's local HUD field office for processing. The field office will provide the grant number and program area code.
3. After HUD processes the above documents, the Grantee will receive two letters:
 - a. One certified letter will provide a user identification number and password for the individual who will be authorized to draw down the funds from LOCCS.
 - b. The second certified letter will contain specific instructions on how to use the LOCCS system.
4. After the Grantee receives these two letters, it will be technically equipped to request drawdowns.

5. VRS-LOCCS or E-LOCCS Program Edits.

- a. E-LOCCS will automatically perform a series of review edits (both generic and program specific) of each payment request. Failure of one of the program edits will cause the payment request to be referred to the HUD field office for review.
- b. The HUD field office will complete the review. The request will remain in the system and further drawdowns will not be allowed until that review is complete and the drawdowns approved or rejected.
- c. The Grantee shall immediately contact the HUD field office when there is a question regarding the request or when the request has been referred to the HUD program office for review. A request will be referred to the program office for review when (specific edits):
 - i. There are requests for over 10% of total grant funds per calendar month;
 - ii. Total drawdowns exceed 110% of any budget line item;
 - iii. Failure to submit a semiannual HUD form SF-269-A - *Financial Status Report*, or Logic Model, as defined by this agreement and 24 CFR 84 or 85. VRS-LOCCS or E-LOCCS shall not accept a request for funds if required reports from the Grantee are thirty or more days overdue and will not accept future requests until the HUD field office confirms receipt and approval of the reports in LOCCS.
 - iv. If the Grantee repeatedly fails to submit required forms, LOCCS will be converted to a system in which the HUD Field Office will **manually** review each drawdown request prior to releasing funds to the Grantee.

SUB-ARTICLE D: AUTHORIZED FUNDS BY BUDGET LINE ITEM NUMBER

1. Please consult the NOFA for 2007 eligible activities and definitions. The Grantee's budget will be broken down to fit the Voucher Budget Line Items as follows:

ROSS – FAMILY & HOMEOWNERSHIP GRANTEES

BUDGET LINE ITEM NO.

ACTIVITIES	FUNDS
1168 Project Coordinator	\$ 25,903.00
1268 Training Costs	\$0.0
1368 Individual Savings Accounts	\$0.00
1369 Stipends	\$ 280.00
1438 Supportive Services	\$0.00
1568 Subcontracting	\$146,508.00
1768 Travel Costs	\$0.00
1868 Administrative Costs (including administrative salaries)	\$ 10,480.00
1878 Resident Salaries	\$ 6,000.00
1986 Indirect Costs (use for staff training and evaluation)	\$0.00
Total funding amount	\$189,171.00

SUBARTICLE E: REPORTING REQUIREMENTS

1. The Grantee must evaluate its activities and submit a semi-annual performance Logic Model and SF-269-A to HUD. The grantee may also submit a narrative. The Logic Model must be submitted electronically. The Logic Model and SF-269-A shall be submitted by January 31st and July 31st of each grant year to the Grantee's local HUD field office. This is a requirement for all grantees. The first reporting period is January 1, 2008 (or beginning of grant) through June 30, 2008. This report is due July 30th to the Field Office. The second reporting period is July 1, 2008 through December 31, 2008. This report is due to the Field Office on January 31st, 2009. This pattern continues until the grant is terminated. *New grantees should report on whatever progress has been made, even if very little.* These reports shall conform to OMB Circular A-110 as applicable.
2. The Final Report is due to the Field Office 90 days after the termination of the Grant Agreement. The Logic Model for the Final Report should be cumulative for the grant period and should include the answers to the Management Questions. ONLY the Final Report should include the answers to the Management Questions.

3. HUD shall determine the Grantee's progress based upon a comparison between the Grantee's actual performance and its performance objectives and timelines established in the HUD-approved work plan, budget and Logic Model.
4. The Grantee will use the performance measures HUD approved in the initial Logic Model to track its progress. These performance measures must be part of baseline reporting and must be reported for each reporting period during the term of the grant using the Logic Model and the SF-269-A.
 - a. The Grantee shall use the Logic Model to report on the grant's performance (outputs and outcomes).
 - b. If the Grantee is not meeting its promised objectives, the narrative should explain why such progress is not being made. Other pertinent information, such as cost-overruns, should also be included.
 - c. The financial report shall be submitted using SF-269-A.
5. During the term of the grant, HUD may ask Grantees to begin reporting using a web-based performance measurement tool. This tool will capture information contained in the Logic Model, but may also be designed to capture narrative and budget information in which case the Grantee may submit all its required reports via the Internet.
6. The HUD field office shall maintain official records on the Grantee's performance measures and its progress reports. However, the Grantee must also maintain such records, including the Logic Model, and SF-269-A, HUD review, and/or evaluations.

7. No grant payments shall be approved until all required reports (Logic Model, and SF-269-A) are received and approved by the HUD field office.

SUBARTICLE F: ADMINISTRATIVE REQUIREMENTS

1. Grantees must comply with all current HUD program rules and regulations.
2. The Grantee shall maintain, and have access to, copies of documents relating to the award and administration of this grant for at least three years after final closeout date of the grant for inspection by HUD, the General Accounting Office, or their duly authorized representatives.
3. The accounting systems of the Grantee must ensure that HUD funds are not co-mingled with funds from other Federal, State, Tribal, or local government agencies or other HUD program funds. Funds specifically budgeted and/or received for one program may not be used to support or reimburse another. ~~Where the Grantee's accounting system cannot comply with~~ this requirement, the Grantee must establish a system to provide adequate fund accountability for each program for which it has been awarded funds. The Grantee's selection of depository facility (such as a bank for example) shall be compliant with Federal regulations and have insurance from the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund to insure the established account.
4. The Grantee agrees to comply with the following requirements for which HUD has enforcement responsibility:
 - a. Administrative requirements of OMB Circular A-110. These include the procurement requirements of OMB Circular A-110 as applicable.
 - b. Depending upon the type of Grantee organization (nonprofit or State/local government) Grantees where applicable, are required to comply with the standards set forth in OMB Circular A-122 on Cost Principles for nonprofit organizations, or OMB Circular A-87 on Cost Principles for State and local governments.
5. Equal Opportunity Requirements. Grant funds must be used in accordance with the following:
 - a. The requirements of Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d) (Nondiscrimination in Federally Assisted Programs) and implementing regulations issued at 24 CFR Part 1.

- b. The prohibitions against discrimination on the basis of age under the Age Discrimination Act of 1975 (42 U.S.C. 6101-07) and implementing regulations at 24 CFR Part 146, and the prohibitions against discrimination against handicapped individuals under section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and implementing regulations at 24 CFR Part 8.
 - c. The requirements of Executive Order 11246 (Equal Employment Opportunity) and the implementing regulations issued at 41 CFR Chapter 60.
 - d. The requirements of Section 3 of the Housing and Urban Development Act of 1968, (12 U.S.C. 1701u) State that (1) to the greatest extent feasible, opportunities for training and employment arising in connection with the planning and carrying out of any project assisted with grant funds be given to low-income persons residing within the unit of general local government or the metropolitan area (or non-metropolitan county) as determined by HUD, in which the project is located; and (2) to the greatest extent feasible, contracts for work to be performed in connection with any such project be awarded to business concerns, including but not limited to individuals or firms doing business in the field of planning, consulting, design, architecture, building construction, rehabilitation, maintenance, or repair, which are located in or owned in substantial part by persons residing in the same metropolitan area (or non-metropolitan county) as the project.
6. A grantee may lease space for program activities only if the lease is for existing facilities not requiring rehabilitation or construction. In addition no repairs to or renovations of the property may be undertaken with Federal funds and Federal funds may not be used to lease property in the Coastal Barrier Resources System designated under the Coastal Barrier Resources Act (16 U.S.C. 3501) as identified on maps prepared by the U.S. Fish and Wildlife Service. Grantees using federal funds to lease facilities must certify to HUD that either: (1) The leased facilities are not in communities with coastlines along the Atlantic Ocean, Gulf of Mexico or Great Lakes or (2) if the leased facilities are in such communities, that they have viewed Fish and Wildlife Maps and based on their review of those maps, certify that the leased facilities are not in areas that are part of the Coastal Barrier Resources System under the Coastal Barrier Resources Act, 16 U.S.C. 3501 et seq. or (3) if for any reason they cannot make such a determination, obtain and submit a determination from the Fish and Wildlife Service that the proposed leased property is not within the Coastal Barrier Resources System. The relevant Fish and Wildlife Service maps are located online at the following address:
- <http://www.habitatconservation/cbrunits.pdf>
7. The regulations in 24 CFR 87, related to lobbying, including the requirement that the Grantee obtain certifications and disclosures from all covered persons.

8. Affirmatively furthering fair housing requirements in accordance with the FY 2007 SuperNOFA General Section.
 9. Drug-free Workplace Requirements (Grants) in 24 CFR 24 Subpart F.
 10. Restrictions on participation by ineligible, debarred or suspended persons or entities at 24 CFR Part 24, Subparts A through E, which are applicable to contractors and subgrantees.
 11. Other applicable regulations.
 12. The Grantee's computer systems must operate in accordance with HUD's computer systems and software to facilitate any and all electronic documents for conversion to HUD computer systems and software. That is, when sending/transferring documents, computer disks, e-mail, or CDs to HUD, the systems must be compatible so that HUD receives an exact copy.
-
13. The Grantee's computer and information systems must be able to access HUD's website(s) so that data can be inputted as may be required by the grant, information can be retrieved and funding through HUD's E-LOCCS system may be accessed.

SUB-ARTICLE G: GRANT CLOSEOUT

1. OMB Circular A-110 prescribes uniform closeout procedures for non-profits for Federal grants and other agreements.
2. Code of Federal Regulations (CFR), 24 CFR Part 84 and 85 prescribe uniform closeout procedures for Federal cooperative agreements/grant agreements.
3. It is the responsibility of the Grantee to comply in full with all closeout-reporting requirements and to submit closeout reports in a timely manner.
4. The Grantee shall initiate project closeout within 30 days of the grant's termination date. At HUD's option, the Grantee may delay initiation of project closeout until the resolution of any HUD monitoring findings. If HUD exercises this option, the Grantee must promptly resolve the findings.
5. The Grantee recognizes that the closeout process may entail review by HUD to determine compliance with the grant agreement. The Grantee shall cooperate with any and all reviews which may include making available records requested for on-site HUD inspection.
6. Within 90 days after the end date of the grant or any approved extension (revised end-date), the following documents must be submitted by the Grantee to the HUD field office:

- a. A certification of project completion which is a statement signed by the grantee.
 - b. A certification of compliance with all requirements of the grant agreement which is a statement signed by the grantee
 - c. **Final Financial Report (SF-269-A)**. The final report will be a cumulative summary of expenditures to date and must indicate the exact balance of unexpended funds. (Report shall cover grant start date to the end of grant). When the final HUD form SF-269-A is approved, the HUD field office will establish the amount due to HUD or cancel (recapture) any unused grant funds as applicable.
 - d. **Final Logic Model**. The Logic Model must be completed to reflect all grant outputs and outcomes achieved during the term of the grant. The Final Logic Model must also include responses to the Management Questions included with the Logic Model.
7. When the HUD field office has determined to its satisfaction that the grant activities were completed and all Federal requirements were satisfied, the HUD field office will execute a closeout amendment to the Grant Agreement with the Grantee.
 8. The Closeout Agreement or clause will include the Grantee's agreement to abide by any continuing Federal requirements.
 9. Failure to submit the required financial report, logic model, or any required audit report; or to resolve program, financial or audit issues, may result in a suspension or termination of any and/or all HUD grant payments.

SUB-ARTICLE H: DEFAULT

1. **Definition**. A default under this Agreement shall consist of *using grant funds for a purpose other than as authorized by this agreement*; any noncompliance with legislative, regulatory, or other requirements applicable to this Agreement; any other material breach of this Agreement; or any material misrepresentation in the application submissions.
2. **HUD Preliminary Determination of Default**. If HUD makes an initial determination that the Grantee is in default, HUD will give the Grantee written notice of this determination and of the corrective or remedial action the Grantee must take in order to avoid default. The Grantee shall have an opportunity to demonstrate, per HUD Handbook 2210.17, and on the basis of substantial facts and data, that it is not in default, or that the proposed corrective or remedial action is inappropriate, before HUD implements the remedial action.
3. HUD shall provide the Grantee with an opportunity at the earliest possible time to demonstrate that it is not in default or that the proposed remedial action is inappropriate or unnecessary.

4. If HUD determines that there is an imminent probability that the Grantee will continue to expend grant funds contrary to this agreement unless HUD takes immediate action, HUD may, concurrently with issuing a written notice of default, implement a remedial action appropriate to prevent such expenditure.
5. Corrective or remedial actions that HUD may order under this Agreement include, but shall not be limited to, the following:
 - a. Requiring the Grantee to prepare and follow a HUD approved schedule of actions and/or a plan for properly completing the activities approved under the grant;
 - b. Canceling or revising the affected activities, revising the grant budget as necessary, and substituting other eligible activities;
 - c. Discontinuing drawdowns under LOCCS and prohibiting payment or reimbursement for any grant activities or, if more appropriate, for only those activities affected by the default; and
 - d. Requiring reimbursement by the Grantee to HUD for grant amounts used improperly.
6. **Grantee Failure to Remedy Default.** Where HUD determines that remedial actions required by HUD to be taken by the Grantee have not been undertaken as instructed, or will not be effective in correcting the default and to prevent further default, HUD may take the following additional corrective and remedial actions under this Agreement:
 - a. Change the method of payment from LOCCS to some other available method of payment, which involves HUD manual review and approval of every drawdown request and permits draws only on a reimbursement basis.
 - b. Suspend the Grantee's authority to make drawdowns for affected activities for no more than ninety (90) days pending action to cure the default and prevent further default by the Grantee, or pending final remedial action by HUD.
 - c. Reduce the grant in the amount affected by the default;
 - d. Terminate the grant and initiate closeout procedures;
 - e. Take action against the Grantee under 24 CFR Part 24 with respect to future HUD or Federal grant awards;

- f. Require reimbursement by the Grantee to HUD for grant amounts used improperly; and
- g. Take any other remedial action legally available.

SUBARTICLE I: GRANT MODIFICATION OR TERMINATION BY AGREEMENT BETWEEN HUD AND GRANTEE

1. HUD and the Grantee may mutually agree to modify this agreement as to time, cost, or activity using form HUD-1044 in whole or in part, at any time.
2. HUD or the Grantee, in accordance with OMB Circular A-110 may mutually agree to terminate the agreement for convenience, after 30 days advance written notice, if it is in the best interest of any of the parties. The termination notice must specify the reason for the termination action and the proposed effective date.

SUB-ARTICLE J: DISPUTES

During the performance of this grant, disagreements may arise between the Grantee and HUD on various issues. If a dispute concerning a question of fact arises, the grant Officer, after hearing from both parties, HUD and the Grantee, shall prepare a final decision, taking into account all facts and documentation presented. The decision shall be mailed to the Grantee. The Grantee may appeal any decision by letter to the local HUD Field Office Director, Public Housing Division/Office of Native American Programs of the HUD office administering this Grant Agreement. The decision of the Director shall be final.

ARTICLE III: GRANTEE PERFORMANCE

HUD will judge performance based upon whether the Grantee achieves the agreed upon activities within grant time limits and within budget and whether the Grantee has produced tangible results through the execution of grant activities.

ARTICLE IV: GRANTEE MISREPRESENTATION

The Grantee or any subcontractor to the Grantee bound by this instrument who makes or causes to be made a false statement, claim, or misrepresentation, which the Grantee or entity knows or has reason to know is false, may be imprisoned and/or fined in accordance with civil or criminal penalties and/or fines applicable under law, including Title 18 of the United States Code (U.S.C.), Title 31, et seq. (Program Fraud Civil Remedies Act) and any other applicable provisions of Federal, State or local law.

WITNESS WHEREOF, the parties have executed this Grant Agreement by their duly authorized signatories as of the date signed by both parties.

Catherine Gall

Ms. Katy Gall, Project Executive Director
ACORN Institute, Inc.

06-25-08

Date

Thomas S. Marshall

Thomas S. Marshall, Director
Office of Public Housing
Cleveland HUB

6/30/08

Date

Assistance Award/Amendment	U.S. Department of Housing and Urban Development Office of Administration
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1. Assistance Instrument <input type="checkbox"/> Cooperative Agreement <input checked="" type="checkbox"/> Grant		2. Type of Action <input checked="" type="checkbox"/> Award <input type="checkbox"/> Amendment	
3. Instrument Number TX006REF069A007	4. Amendment Number [REDACTED]	5. Effective Date of this Action SEP 16 2008	6. Control Number [REDACTED]
7. Name and Address of Recipient ACORN Institute 739 8th Street, Southeast Washington, DC 20003		8. HUD Administering Office U.S. Dept. of Housing and Urban Development Office of Public Housing 106 S. St. Mary's St., Suite 405 San Antonio, Texas 78205	
		8a. Name of Administrator David Pohler	8b. Telephone Number (210) 475-6860
10. Recipient Project Manager Mr. Pat McCoy Executive Director [REDACTED]		9. HUD Government Technical Representative Greg Kraus	
11. Assistance Arrangement <input checked="" type="checkbox"/> Cost Reimbursement <input type="checkbox"/> Cost Sharing <input type="checkbox"/> Fixed Price		12. Payment Method <input type="checkbox"/> Treasury Check Reimbursement <input type="checkbox"/> Advance Check <input checked="" type="checkbox"/> Automated Clearinghouse	
13. HUD Payment Office LOCCS			
14. Assistance Amount Previous HUD Amount \$0 HUD Amount this action \$124,324.00 Total HUD Amount \$124,324.00 Recipient Amount \$0 Total Instrument Amount \$124,324.00		15. HUD Accounting and Appropriation Data 15a. Appropriation Number 86 3/6 0304 15b. Reservation Number [REDACTED] Amount Previously Obligated \$ [REDACTED] Obligation by this action \$124,324.00 Total Obligation \$124,324.00	
16. Description Resident Opportunities and Self-Sufficiency (ROSS) Family and Homeownership			
17. <input checked="" type="checkbox"/> Recipient is required to sign and return three (3) copies of this document to the HUD Administering Office		18. <input type="checkbox"/> Recipient is not required to sign this document.	
19. Recipient (By Name) Mr. Pat McCoy Executive Director		20. HUD (By Name) David Pohler, Public Housing Director	
Signature & Title [Signature] AT Ex Dir		Signature & Title [Signature]	
Date (mm/dd/yyyy) 9/15/08		Date (mm/dd/yyyy) 9/16/08	

**FISCAL YEAR 2007 RESIDENT OPPORTUNITIES AND SELF SUFFICIENCY
PROGRAM GRANT AGREEMENT**

ROSS - FAMILY & HOMEOWNERSHIP
(Attachment to Form HUD-1044)

BACKGROUND

ACORN Institute is a qualified 501(c)(3) created in 2001 to provide a vehicle for grassroots community organizations to increase capacity to meet the needs of low and moderate-income communities. ACORN Institute will partner with the community organization San Antonio ACORN and the HUD-certified housing counseling agency ACORN Housing Corporation to provide public housing residents with life skills training, job training, activities to support career advancement, homeownership, supportive services, and other trainings to increase economic self sufficiency.

Output and Outcome Benchmarks For Three Year Grant Term

(a) Specific Services and/or Activities: AI's Family and Homeownership project proposes to work with community partners to provide a comprehensive range of services targeted to the needs of public housing residents (especially low- and very low-income persons) in San Antonio. The focus of these activities will be to improve quality of life and create long-term, positive change by enhancing economic opportunities for residents leading to economic and housing self-sufficiency. Specifically, AI will provide the following eligible services:

Life Skills Training: The project will provide targeted public housing residents with training on issues including credit; banking and money management; and real life issues such as information on voter registration and tax forms (including direct assistance in filing tax forms through partner organizations' free Volunteer Income Tax Assistance sites).

Job Training – Soft Skills: The project will provide soft skills training for targeted public housing residents primarily through leadership development programs targeted to strengthen residents' communication, problem solving, interpersonal and teamwork skills.

Homeownership: The project will utilize existing linkages to partner with ACORN Housing Corporation (AHC) to provide one-on-one training on asset building, credit counseling and credit scoring, financial literacy and management, avoiding delinquency and predatory lending, and preventing foreclosure, among other topics.

Hiring of Residents: Up to 5 percent of grant funds will be set aside for the hiring of residents as program staff.

Supportive Services: The project will provide public housing residents with information on the Earned Income Tax Credit, food stamps, Medicaid, the State Child Health Insurance Program and other benefit programs that can assist individuals and families with successfully transitioning from welfare to work. The project will also create and maintain linkages to local social service agencies, such as health departments, economic/community development organizations, etc., to enhance accessibility of services.

Life Skills Training Activities: To enhance residents' life skills, ACORN Institute will provide financial literacy training (which will address issues including the importance of and maintenance of good credit, banking and money management and accessing quality financial services, such as bank accounts.); provide services related to real life issues including tax forms, voter registration, and health insurance.

Financial Literacy Training: Financial literacy training is crucial for improving residents' quality of life, and ACORN Institute's life skills classes will address a wide range of issues impacting the financial stability of public housing residents, including predatory financial services, payday loans and check cashing stores. Classes will also address the inaccessibility of quality financial services, such as bank accounts. To encourage financial independence and sound money management, AI will conduct a financial literacy program including direct assistance, on-site group trainings, one-on-one training and referrals to credit counseling and other services. ACORN Financial Justice Center, created in 2001, will provide ongoing technical assistance for financial literacy activities.

Over the grant term, the project will hold quarterly life skills classes for residents on-site at Westway developments or in nearby churches or community centers. In order to maximize resident participation, trainings will take place at varying and flexible times (evening, afternoon, weekends) to best accommodate residents' needs. Life skills classes will be led by trained project staff and/or expert staff of our partner organizations ACORN, AISJ, etc. and will use a proven curriculum involving credit issues, avoiding predatory financial services, and other topics. **Outputs** are the enrollment of 60 residents in financial literacy life skills classes and 55 residents completing these classes. **Outcomes** are 55 residents who complete life skills classes increasing functional literacy. In addition, these classes will result in many participants utilizing financial literacy follow up services.

ARTICLE I: BASIC GRANT INFORMATION AND REQUIREMENTS

1. This Agreement is between the U. S. Department of Housing and Urban Development (HUD) and the recipient **ACORN Institute**, Washington, DC, identified in block 7 on the cover sheet of this agreement, form HUD-1044, hereinafter referred to as the Grantee. The Grantee's application and the HUD grant approval letter, including any special conditions, are incorporated into this agreement.
2. HUD will make \$124,324.00 available in total grant funds as shown on form HUD-1044 upon grant award and HUD approval.,
3. This agreement and the HUD-1044 shall be effective immediately upon signature of **both parties**.

4. Period of performance: The period of performance will be 36 months.
5. Award type: This is a cost-reimbursable, performance-based grant.
6. This Grant Agreement incorporates and will be governed by the following as they may from time to time be amended: the HUD Appropriations Acts, the United States Housing Act of 1937 as amended, the ROSS NOFA dated 03/17/2007, as amended, the Code of Federal Regulations (CFR) 24 CFR Part 24, 24 CFR Part 84, 24 CFR Part 85, 24 CFR Part 964, any applicable OMB Circulars, Handbooks and Notices issued by HUD.
7. In executing this agreement, the Grantee agrees to abide by the provisions contained within all applicable Federal laws, Executive Orders, OMB Circulars, specifically OMB Circular A-110, any assurances and certifications in the final HUD-approved application (the original approved application may have required amendments by the field/applicant), and 24 CFR Part 964 as applicable

ARTICLE II: HUD REQUIREMENTS

SUB-ARTICLE A – WORK PLAN REQUIREMENTS, CHANGES TO WORK PLAN, GRANT ADMINISTRATION, CONDITIONS REQUIRING TERMINATION OF FUNDING

1. The Grantee shall attend meeting(s) (if requested by HUD) at HUD's local field office for the purpose of establishing a common understanding and strategy with respect to grant administration, timeline, deliverables, grant objectives, performance measures, and the scope of work necessary (work plan) to achieve grant objectives.
2. The Grantee shall furnish all necessary personnel, materials, services, equipment, and facilities and shall otherwise do all things necessary for, or incidental to, the performance of the activities and tasks set forth in the approved application, work plan and this Grant Agreement (except as otherwise specified).
3. The Grantee agrees that costs incurred prior to the execution of this Grant Agreement and implementation of HUD-approved grant activities, shall not be reimbursable by using funds from this grant.
4. The work to be performed under this Grant Agreement is outlined in the attached work plan and logic model which must be approved by the HUD field office overseeing the administration of this grant (as the work plan approved by HUD's Grants Management Center may require modification). The work plan must be signed and dated by both the HUD field office and the Grantee.

5. The grant funds shall be used only for eligible activities described in the application and approved by HUD in the work plan and this Grant Agreement.
 6. Grantees are required to submit for approval any deviations or revisions to their HUD-approved budget and work plan (grant activities) **prior to implementing them**. According to the guidelines below, Grantees are required to submit for HUD approval any changes to the approved budget, work plan and Budget Work Sheet and SF-424, Scope of Work, Business Plan or timetable to the appropriate local HUD field office personnel in writing.
 - a. Any increase over 10% of the total of any budget activity/line item.
 - b. Any change in the scope or objective of the program.
 - c. Any change in the project or program timetable.
 - d. Changes in staffing especially in the cases of individuals with key responsibilities such as the Project Coordinator, instructors or other essential staff.
 - e. Changes in any subcontracting, or otherwise obtaining the services of a third party to perform activities that are central to the purposes of the grant must be previously approved by HUD.
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7. Grantees needing to extend the term of their grant in order to fully accomplish their goals, must do so in writing ninety calendar days prior to the grant termination date. The request must be submitted to the field office for review and approval. The Grantee must also:
 - a. Have current and acceptable Financial Status Reports (SF 269-A) which must be on file with the field office.
 - b. Submit a narrative justification explaining why the extension is needed, how much additional time will be required, the circumstances that require the proposed extension, and the effect of a denial of the request.
 - c. Have satisfied all special conditions of the grant agreement except those that must be fulfilled in the remaining period of the grant. This includes the performance and resolution of audit findings in a timely manner.

Grantees should be aware that anything beyond a six-month extension must be approved by the Deputy Assistant Secretary of the Office of Public Housing Investments and any extensions may result in a negative impact on the Past Performance review in future grant applications.

8. Any changes requested by the Grantee must be in writing. HUD will approve/reject requested changes as appropriate. Approved changes will be reflected by an amendment to this Grant Agreement and issued by a revised HUD-1044 cover sheet with any attached documents as needed to define changes approved. Amendments will become effective upon execution of the HUD-1044 between HUD and the Grantee when both parties have signed the HUD-1044.
9. If the Grantee's HUD-approved work plan is not implemented within **60 days of the grant start date (the start date is the date both parties sign the HUD-1044 and this Grant Agreement)**, the Grantee must report by letter to the appropriate HUD field office of the

steps taken to initiate the plan, resulting changes to the timetable, the reason for the delay, and the expected starting date. Any timetable revisions as a result of the delay must be included for HUD approval. **NOTE:** Failure to comply with this requirement may result in termination of this agreement and recapture of grant funds.

10. HUD may terminate funding if the Grantee demonstrates an unwillingness or inability to complete the approved work plan; does not use procedures that will minimize the time elapsing between drawdowns and disbursements of grant funds; does not adhere to agreement requirements or special conditions; engages in the improper award or administration of grant subcontracts; does not submit required reports; or produces unacceptable deliverables.

SUBARTICLE B: FINANCIAL RESPONSIBILITIES

1. The Grantee shall use leverage/match resources in accordance with its approved application and approval from HUD field office staff.
2. Prior to initial drawdown of funds, all Grantees must have secured online access to the Internet as a means to communicate with HUD on grant matters. Applicants shall draw down funds using the electronic Line of Credit Control System (e-LOCCS). Tribes/TDHEs may request to be exempted from this and may continue to use the Line of Credit Control System (LOCCS) voice response system.
3. Depending on the type of Grantee organization, where applicable, the Grantee agrees to comply with the organizational audit requirements of OMB Circular A-133 and HUD 24 CFR Part 84 or 85 including audit requirements. The final audit report, must cover the entire period of the grant. The audit must be submitted to HUD no later than 90 days after the grant is closed, covering the entire award period originally approved or amended. An original and one identical copy of the report shall be sent to HUD. All other requirements of 24 CFR Parts 84 or 85 shall apply. For grantees where an audit is required, a single audit or a program-specific audit is acceptable. If a grantee chooses a single audit, the final audit report that includes this grant is due no later than 30 days after the single audit is completed. *According to OMB Circular A-133, grantees that expend less than \$500,000 in federal awards are exempt from the audit requirement, but records must be available for review or audit.*
4. The Grantee shall minimize the time elapsing between the transfer of funds from HUD and the disbursement of funds. The HUD funds are to be made available based on actual need. The Grantee must make a drawdown for costs incurred *only*. Drawdowns in excess of need may result in special procedures for payments, or termination of the grant when there are persistent violations. Funds requisitioned through LOCCS must be disbursed within **three calendar days after receipt of funds drawdown**. The Grantee must be in compliance with OMB Circulars A-87, A-122 or A-133, as applicable.

5. Prior to traveling outside the local area for program related training/conferences, the Grantee must request approval from the HUD field office in order for funding and reimbursement to be approved. Travel costs for grant program staff may not exceed \$5,000 for the life of the grant.

SUBARTICLE C: METHOD OF PAYMENT [FUNDS DRAWDOWN]

1. The Grantee may not draw down grant funds until the following actions have taken place:
 - a. HUD has received and approved any certifications and disclosures required by 24 CFR 87.110 concerning lobbying and by 24 CFR 24.510(b) regarding ineligibility, suspension and debarment. This also includes any other required certification forms, which must be completed and included as a part of this grant agreement.
 - b. All pre-conditions listed in form HUD-1044, this Grant Agreement or the NOFA, must be completed by the grantee and verified by HUD. (Example, commitment to a Match)

2. Payments of grant funds shall be through electronic funds transfer using the Line of Credit Control System-Voice Response System (VRS) or E-LOCCS. Initial drawdown cannot be earlier than the start date of the grant term. NOTE: Costs cannot be reimbursed for activities undertaken prior to the grant's start date. The basic procedure is as follows:
 - a. To establish a line of credit, the Grantee must complete and submit the following forms:
 - i. HUD-27054 *Voice Response System Access Authorization* (for VRS and e-LOCCS)
 - ii. SF-1199A *Direct Deposit Sign-Up Form* with sample **voided** check. NOTE: The depositor account on the SF-1199A may be the same receiving account as other HUD programs.
 - iii. These forms should be sent to the Grantee's local HUD field office for processing. The field office will provide the grant number and program area code.
3. After HUD processes the above documents, the Grantee will receive two letters:
 - a. One certified letter will provide a user identification number and password for the individual who will be authorized to draw down the funds from LOCCS.
 - b. The second certified letter will contain specific instructions on how to use the LOCCS system.

4. After the Grantee receives these two letters, it will be technically equipped to request drawdowns.

5. VRS-LOCCS or E-LOCCS Program Edits.

- a. E-LOCCS will automatically perform a series of review edits (both generic and program specific) of each payment request. Failure of one of the program edits will cause the payment request to be referred to the HUD field office for review.
- b. The HUD field office will complete the review. The request will remain in the system and further drawdowns will not be allowed until that review is complete and the drawdowns approved or rejected.
- c. The Grantee shall immediately contact the HUD field office when there is a question regarding the request or when the request has been referred to the HUD program office for review. A request will be referred to the program office for review when (specific edits):

 - i. There are requests for over 10% of total grant funds per calendar month;
 - ii. Total drawdowns exceed 110% of any budget line item;
 - iii. Failure to submit a semiannual HUD form SF-269-A - *Financial Status Report*, or Logic Model, as defined by this agreement and 24 CFR 84 or 85. VRS-LOCCS or E-LOCCS shall not accept a request for funds if required reports from the Grantee are thirty or more days overdue and will not accept future requests until the HUD field office confirms receipt and approval of the reports in LOCCS.
 - iv. If the Grantee repeatedly fails to submit required forms, LOCCS will be converted to a system in which the HUD Field Office will **manually** review each drawdown request prior to releasing funds to the Grantee.

SUB-ARTICLE D: AUTHORIZED FUNDS BY BUDGET LINE ITEM NUMBER

1. Please consult the NOFA for 2007 eligible activities and definitions. The Grantee's budget will be broken down to fit the Voucher Budget Line Items as follows:

FOR ROSS – FAMILY & HOMEOWNERSHIP GRANTEES

BUDGET LINE ITEM NO.

ACTIVITIES	FUNDS
1168 Project Coordinator	\$
1268 Training Costs	\$
1368 Individual Savings Accounts	\$
1369 Stipends	\$
1438 Supportive Services	\$
1568 Subcontracting	\$119,324
1768 Travel Costs	\$
1868 Administrative Costs (including administrative salaries)	\$
1878 Resident Salaries	\$5,000
1986 Indirect Costs (use for staff training and evaluation)	\$
Total funding amount	\$124,324

SUBARTICLE E: REPORTING REQUIREMENTS

1. The Grantee must evaluate its activities and submit a semi-annual performance Logic Model and SF-269-A to HUD. The grantee may also submit a narrative. The Logic Model must be submitted electronically. The Logic Model and SF-269-A shall be submitted by January 31st and July 31st of each grant year to the Grantee's local HUD field office. This is a requirement for all grantees. The first reporting period is January 1, 2008 (or beginning of grant) through June 30, 2008. This report is due July 30th to the Field Office. The second reporting period is July 1, 2008 through December 31, 2008. This report is due to the Field Office on January 31st, 2009. This pattern continues until the grant is terminated. *New grantees should report on whatever progress has been made, even if very little.* These reports shall conform to OMB Circular A-110 as applicable.
 2. The Final Report is due to the Field Office 90 days after the termination of the Grant Agreement. The Logic Model for the Final Report should be cumulative for the grant period and should include the answers to the Management Questions. ONLY the Final Report should include the answers to the Management Questions.
-
3. HUD shall determine the Grantee's progress based upon a comparison between the Grantee's actual performance and its performance objectives and timelines established in the HUD-approved work plan, budget and Logic Model.
 4. The Grantee will use the performance measures HUD approved in the initial Logic Model to track its progress. These performance measures must be part of baseline reporting and must be reported for each reporting period during the term of the grant using the Logic Model and the SF-269-A.
 - a. The Grantee shall use the Logic Model to report on the grant's performance (outputs and outcomes).
 - b. If the Grantee is not meeting its promised objectives, the narrative should explain why such progress is not being made. Other pertinent information, such as cost-overruns, should also be included.
 - c. The financial report shall be submitted using SF-269-A.
 5. During the term of the grant, HUD may ask Grantees to begin reporting using a web-based performance measurement tool. This tool will capture information contained in the Logic Model, but may also be designed to capture narrative and budget information in which case the Grantee may submit all its required reports via the Internet.
 6. The HUD field office shall maintain official records on the Grantee's performance measures and its progress reports. However, the Grantee must also maintain such records, including the Logic Model, and SF-269-A, HUD review, and/or evaluations.

7. No grant payments shall be approved until **all** required reports (Logic Model, and SF-269-A) are received and approved by the HUD field office.

SUBARTICLE F: ADMINISTRATIVE REQUIREMENTS

1. Grantees must comply with all current HUD program rules and regulations.
2. The Grantee shall maintain, and have access to, copies of documents relating to the award and administration of this grant for at least three years after final closeout date of the grant for inspection by HUD, the General Accounting Office, or their duly authorized representatives.
3. The accounting systems of the Grantee must ensure that HUD funds are not co-mingled with funds from other Federal, State, Tribal, or local government agencies or other HUD program funds. Funds specifically budgeted and/or received for one program may not be used to support or reimburse another. Where the Grantee's accounting system cannot comply with this requirement, the Grantee must establish a system to provide adequate fund accountability for each program for which it has been awarded funds. The Grantee's selection of depository facility (such as a bank for example) shall be compliant with Federal regulations and have insurance from the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund to insure the established account.
4. The Grantee agrees to comply with the following requirements for which HUD has enforcement responsibility:
 - a. Administrative requirements of OMB Circular A-110. These include the procurement requirements of OMB Circular A-110 as applicable.
 - b. Depending upon the type of Grantee organization (nonprofit or State/local government) Grantees where applicable, are required to comply with the standards set forth in OMB Circular A-122 on Cost Principles for nonprofit organizations, or OMB Circular A-87 on Cost Principles for State and local governments.
5. Equal Opportunity Requirements. Grant funds must be used in accordance with the following:
 - a. The requirements of Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d) (Nondiscrimination in Federally Assisted Programs) and implementing regulations issued at 24 CFR Part 1.
 - b. The prohibitions against discrimination on the basis of age under the Age Discrimination Act of 1975 (42 U.S.C. 6101-07) and implementing regulations at

24 CFR Part 146, and the prohibitions against discrimination against handicapped individuals under section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and implementing regulations at 24 CFR Part 8.

- c. The requirements of Executive Order 11246 (Equal Employment Opportunity) and the implementing regulations issued at 41 CFR Chapter 60.
 - d. The requirements of Section 3 of the Housing and Urban Development Act of 1968, (12 U.S.C. 1701u) State that (1) to the greatest extent feasible, opportunities for training and employment arising in connection with the planning and carrying out of any project assisted with grant funds be given to low-income persons residing within the unit of general local government or the metropolitan area (or non-metropolitan county) as determined by HUD, in which the project is located; and (2) to the greatest extent feasible, contracts for work to be performed in connection with any such project be awarded to business concerns, including but not limited to individuals or firms doing business in the field of planning, consulting, design, architecture, building construction, rehabilitation, maintenance, or repair, which are located in or owned in substantial part by persons residing in the same metropolitan area (or non-metropolitan county) as the project.
-
6. A grantee may lease space for program activities only if the lease is for existing facilities not requiring rehabilitation or construction. In addition no repairs to or renovations of the property may be undertaken with Federal funds and Federal funds may not be used to lease property in the Coastal Barrier Resources System designated under the Coastal Barrier Resources Act (16 U.S.C. 3501) as identified on maps prepared by the U.S. Fish and Wildlife Service. Grantees using federal funds to lease facilities must certify to HUD that either: (1) The leased facilities are not in communities with coastlines along the Atlantic Ocean, Gulf of Mexico or Great Lakes or (2) if the leased facilities are in such communities, that they have viewed Fish and Wildlife Maps and based on their review of those maps, certify that the leased facilities are not in areas that are part of the Coastal Barrier Resources System under the Coastal Barrier Resources Act, 16 U.S.C. 3501 et seq. or (3) if for any reason they cannot make such a determination, obtain and submit a determination from the Fish and Wildlife Service that the proposed leased property is not within the Coastal Barrier Resources System. The relevant Fish and Wildlife Service maps are located online at the following address:
- <http://www.habitatconservation/cbrunits.pdf>
- 7. The regulations in 24 CFR 87, related to lobbying, including the requirement that the Grantee obtain certifications and disclosures from all covered persons.
 - 8. Affirmatively furthering fair housing requirements in accordance with the FY 2007 SuperNOFA General Section.

9. Drug-free Workplace Requirements (Grants) in 24 CFR 24 Subpart F.
10. Restrictions on participation by ineligible, debarred or suspended persons or entities at 24 CFR Part 24, Subparts A through E, which are applicable to contractors and subgrantees.
11. Other applicable regulations.
12. The Grantee's computer systems must operate in accordance with HUD's computer systems and software to facilitate any and all electronic documents for conversion to HUD computer systems and software. That is, when sending/transferring documents, computer disks, e-mail, or CDs to HUD, the systems must be compatible so that HUD receives an exact copy.
13. The Grantee's computer and information systems must be able to access HUD's website(s) so that data can be inputted as may be required by the grant, information can be retrieved and funding through HUD's E-LOCCS system may be accessed.

SUB-ARTICLE G: GRANT CLOSEOUT

1. OMB Circular A-110 prescribes uniform closeout procedures for non-profits for Federal grants and other agreements.
2. Code of Federal Regulations (CFR), 24 CFR Part 84 and 85 prescribe uniform closeout procedures for Federal cooperative agreements/grant agreements.
3. It is the responsibility of the Grantee to comply in full with all closeout-reporting requirements and to submit closeout reports in a timely manner.
4. The Grantee shall initiate project closeout within 30 days of the grant's termination date. At HUD's option, the Grantee may delay initiation of project closeout until the resolution of any HUD monitoring findings. If HUD exercises this option, the Grantee must promptly resolve the findings.
5. The Grantee recognizes that the closeout process may entail review by HUD to determine compliance with the grant agreement. The Grantee shall cooperate with any and all reviews which may include making available records requested for on-site HUD inspection.
6. Within 90 days after the end date of the grant or any approved extension (revised end-date), the following documents must be submitted by the Grantee to the HUD field office:
 - a. A certification of project completion which is a statement signed by the grantee.
 - b. A certification of compliance with all requirements of the grant agreement which is a statement signed by the grantee

- c. **Final Financial Report (SF-269-A)**. The final report will be a cumulative summary of expenditures to date and must indicate the exact balance of unexpended funds. (Report shall cover grant start date to the end of grant). When the final HUD form SF-269-A is approved, the HUD field office will establish the amount due to HUD or cancel (recapture) any unused grant funds as applicable.
 - d. **Final Logic Model**. The Logic Model must be completed to reflect all grant outputs and outcomes achieved during the term of the grant. The Final Logic Model must also include responses to the Management Questions included with the Logic Model.
- 7. When the HUD field office has determined to its satisfaction that the grant activities were completed and all Federal requirements were satisfied, the HUD field office will execute a closeout amendment to the Grant Agreement with the Grantee.
 - 8. The Closeout Agreement or clause will include the Grantee's agreement to abide by any continuing Federal requirements.
-
- 9. Failure to submit the required financial report, logic model, or any required audit report; or to resolve program, financial or audit issues, may result in a suspension or termination of any and/or all HUD grant payments.

SUB-ARTICLE H: DEFAULT

- 1. **Definition**. A default under this Agreement shall consist of *using grant funds for a purpose other than as authorized by this agreement*; any noncompliance with legislative, regulatory, or other requirements applicable to this Agreement; any other material breach of this Agreement; or any material misrepresentation in the application submissions.
- 2. **HUD Preliminary Determination of Default**. If HUD makes an initial determination that the Grantee is in default, HUD will give the Grantee written notice of this determination and of the corrective or remedial action the Grantee must take in order to avoid default. The Grantee shall have an opportunity to demonstrate, per HUD Handbook 2210.17, and on the basis of substantial facts and data, that it is not in default, or that the proposed corrective or remedial action is inappropriate, before HUD implements the remedial action.
- 3. HUD shall provide the Grantee with an opportunity at the earliest possible time to demonstrate that it is not in default or that the proposed remedial action is inappropriate or unnecessary.
- 4. If HUD determines that there is an imminent probability that the Grantee will continue to expend grant funds contrary to this agreement unless HUD takes immediate action, HUD may, concurrently with issuing a written notice of default, implement a remedial action appropriate to prevent such expenditure.

5. Corrective or remedial actions that HUD may order under this Agreement include, but shall not be limited to, the following:

- a. Requiring the Grantee to prepare and follow a HUD approved schedule of actions and/or a plan for properly completing the activities approved under the grant;
- b. Canceling or revising the affected activities, revising the grant budget as necessary, and substituting other eligible activities;
- c. Discontinuing drawdowns under LOCCS and prohibiting payment or reimbursement for any grant activities or, if more appropriate, for only those activities affected by the default; and
- d. Requiring reimbursement by the Grantee to HUD for grant amounts used improperly.

6. **Grantee Failure to Remedy Default.** Where HUD determines that remedial actions required by HUD to be taken by the Grantee have not been undertaken as instructed, or will not be effective in correcting the default and to prevent further default, HUD may take the following additional corrective and remedial actions under this Agreement:

- a. Change the method of payment from LOCCS to some other available method of payment, which involves HUD manual review and approval of every drawdown request and permits draws only on a reimbursement basis.
- b. Suspend the Grantee's authority to make drawdowns for affected activities for no more than ninety (90) days pending action to cure the default and prevent further default by the Grantee, or pending final remedial action by HUD.
- c. Reduce the grant in the amount affected by the default;
- d. Terminate the grant and initiate closeout procedures;
- e. Take action against the Grantee under 24 CFR Part 24 with respect to future HUD or Federal grant awards;
- f. Require reimbursement by the Grantee to HUD for grant amounts used improperly; and
- g. Take any other remedial action legally available.

SUBARTICLE I: GRANT MODIFICATION OR TERMINATION BY AGREEMENT BETWEEN HUD AND GRANTEE

1. HUD and the Grantee may mutually agree to modify this agreement as to time, cost, or activity using form HUD-1044 in whole or in part, at any time.
2. HUD or the Grantee, in accordance with OMB Circular A-110 may mutually agree to terminate the agreement for convenience, after 30 days advance written notice, if it is in the best interest of any of the parties. The termination notice must specify the reason for the termination action and the proposed effective date.

SUB-ARTICLE J: DISPUTES

During the performance of this grant, disagreements may arise between the Grantee and HUD on various issues. If a dispute concerning a question of fact arises, the grant Officer, after hearing from both parties, HUD and the Grantee, shall prepare a final decision, taking into account all facts and documentation presented. The decision shall be mailed to the Grantee. The Grantee may appeal any decision by letter to the local HUD Field Office Director, Public Housing Division/Office of Native American Programs of the HUD office administering this Grant Agreement. The decision of the Director shall be final.

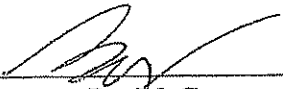
ARTICLE III: GRANTEE PERFORMANCE

HUD will judge performance based upon whether the Grantee achieves the agreed upon activities within grant time limits and within budget and whether the Grantee has produced tangible results through the execution of grant activities.

ARTICLE IV: GRANTEE MISREPRESENTATION

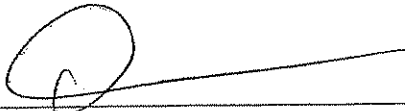
The Grantee or any subcontractor to the Grantee bound by this instrument who makes or causes to be made a false statement, claim, or misrepresentation, which the Grantee or entity knows or has reason to know is false, may be imprisoned and/or fined in accordance with civil or criminal penalties and/or fines applicable under law, including Title 18 of the United States Code (U.S.C.), Title 31, *et seq.* (Program Fraud Civil Remedies Act) and any other applicable provisions of Federal, State or local law.

WITNESS WHEREOF, the parties have executed this Grant Agreement by their duly authorized signatories as of the date signed by both parties.



Pat McCoy
Executive Director
ACORN Institute

9/8/08
DATE



David Pohler
Director
Office of Public Housing

9/16/08
DATE

----- Original Message -----

Subject:FW: FEMA award EMW-2008-FP-02426

Date:Fri, 2 Oct 2009 14:41:21 -0400 (EDT)

From:chief.org.asst.5@acornmail.net

To:aclark@acornmail.net, bgriffin@acornmail.net, ajennings@acornmail.net,
"George Haddow" <george_haddow@hotmail.com>

-----Original Message-----

From: "Patterson, Catherine" <Catherine.Patterson@dhs.gov>

Sent: Friday, October 2, 2009 12:18pm

To: ajennings@acorn.org

Cc: mklein@acornmail.net, "Cowan, Brian" <Brian.Cowan@dhs.gov>

Subject: FEMA award EMW-2008-FP-02426

As you may be aware, DHS will be operating under a continuing resolution since an appropriation has not been passed for fiscal year 2010 as of today. Section 163 of the Continuing Appropriations Resolution of 2010, H.R. 2918, P.L. 111-68, enacted on September 30, 2009, contains the following language related to your organization: "None of the funds made available by this joint resolution or any prior Act may be provided to the Association of Community Organizations for Reform Now (ACORN), or any of its affiliates, subsidiaries, or allied organizations." In order to comply with the provisions of this law, the AFG program office has locked grant number EMW-2008-FP-02426. ACORN should immediately discontinue any and all activity on this award. A written notification of further action is forthcoming.

Cathie Patterson

Section Chief

Assistance to Firefighters Grant

Federal Emergency Management Agency (FEMA)

202-786-9796 (p)

202-786-9938 (f)



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

OCT - 9 2009

OFFICE OF
AIR AND RADIATION

Mr. Brennan Griffin
The ACORN Institute
2609 Canal Street
Fifth Floor
New Orleans, LA 70119

Re: Announcement No. EPA-OAR-ORIA-09-09

Dear Mr. Brennan:

This letter is to inform you that ACORN's "Improving Asthma Triggers through Tenant/Landlord Interventions" proposal submitted under the above referenced funding opportunity is not eligible for Federal funding, therefore it will not be reviewed. This determination is based on Public Law (P.L.) No. 111-68(CR) SEC. 163 of the Continuing Appropriations Resolution, 2010, Division B, which was passed on October 1, 2009 by both houses of Congress, stating:

P.L. No. 111-68(CR) SEC. 163 of the Continuing Appropriations Resolution, 2010, Division B
SEC. 163. None of the funds made available by this joint resolution or any prior Act may be provided to the Association of Community Organizations for Reform Now (ACORN), or any of its affiliates, subsidiaries, or allied organizations.

We appreciate your interest in the announcement. You will also be receiving the original signed letter in the mail. If you have any questions regarding this issue, please contact Victoria Drew at 202-343-9049.

Sincerely,

A handwritten signature in cursive script that reads "Victoria S. Drew".

Victoria S. Drew

EXHIBIT C

California
ASSOCIATION OF
Food
Banks



1611 Telegraph Avenue, Suite 830
Oakland, California 94612
Telephone: 510.272.4435 • Fax: 510.272.9171
www.cafoodbanks.org

October 5, 2009

Brennan Griffin
ACORN Institute
2609 Canal Street, 5th Floor
New Orleans, CA 70119

Dear Mr. Griffin:

I am writing to inform you that the California Association of Food Banks (CAFB) will be unable to renew your contract for food stamp outreach reimbursement funds.

Just last week, the United States Department of Agriculture (USDA), Food Nutrition Services' Western Region Office approved California's Food Stamp Outreach and Access Improvement Plan FFY 2009-10 only after they removed all reimbursement funding for ACORN or organizations contracting with ACORN.

We are truly regretful that we will be unable to work with you and your colleagues again this year. This past year, there were some very good examples of how ACORN could help California improve uptake of food stamp benefits.

Good luck to you and your colleagues during this challenging time.

Sincerely,

Jessica Bartholow
Director of Programs

CC: Rosanne Stevenson, Network for A Healthy California
Detta Hunt, California Department of Social Services
David Bailey, USDA FNS Supplemental Nutrition Assistance Program (SNAP)
File

EXHIBIT D

EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION
	CORRESPONDENCE SYMBOL OPDR
	DATE October 19, 2009

ADVISORY: TRAINING AND EMPLOYMENT GUIDANCE LETTER NO. 8-09

TO: ALL STATE WORKFORCE AGENCIES
ALL STATE WORKFORCE LIAISONS
STATE WORKFORCE ADMINISTRATORS
STATE AND LOCAL WORKFORCE INVESTMENT BOARDS
ONE-STOP CAREER CENTER SYSTEM LEADS
ALL DIRECT ETA GRANT AND CONTRACT RECIPIENTS

FROM: JANE OATES *Jane Oates*
Assistant Secretary

SUBJECT: Guidance on Section 163 of the Continuing Resolution Regarding the Association of Community Organizations for Reform Now (ACORN)

1. **Purpose.** To provide guidance on compliance with the requirements of Section 163 of the Continuing Appropriations Resolution, 2010, Division B of Public Law No. 111-68 regarding the Association of Community Organizations for Reform Now (ACORN).

2. **References.**

- Section 163 of the Continuing Appropriations Resolution, 2010, Division B of Public Law No. 111-68
- Memorandum for the Heads of Executive Departments and Agencies (M-10-02): Guidance on section 163 of the Continuing Resolution regarding the Association of Community Organizations for Reform Now (ACORN)

3. **Guidance.** Section 163 of the Continuing Appropriations Resolution, 2010, Division B of Public Law No. 111-68 states:

SEC. 163. None of the funds made available by this joint resolution or any prior Act may be provided to the Association of Community Organizations for Reform Now (ACORN), or any of its affiliates, subsidiaries, or allied organizations.

RESCISSIONS None	EXPIRATION DATE Continuing
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4. **Action Requested.** All recipients and sub-recipients of Federal funds made available by the Employment and Training Administration (ETA) through grant awards, contracts, cooperative agreements, agreements, memoranda of understanding, or any other method of procurement, hereinafter also referred to as "direct or indirect recipient(s) of Federal funds from ETA," must immediately commence all necessary and appropriate steps to comply with Section 163 of the Continuing Appropriations Resolution, 2010, Division B of Public Law No. 111-68. This includes the following:

- a. **No Future Obligation of Funds.** No direct or indirect recipient of Federal funds from ETA may obligate Federal funds to ACORN or any of its affiliates, subsidiaries, or allied organizations (collectively "affiliates") during the period of the Continuing Resolution (CR). To the extent a direct or indirect recipient of Federal funds from ETA has determined that Federal funds should be obligated to provide funds to ACORN or its affiliates but has not yet entered into any agreement to provide such funds to ACORN or any of its affiliates, the direct or indirect recipient of Federal funds from ETA may not enter into any such agreement to do so.

As section 163 makes clear, its prohibition applies not only to the funding that is made available by the CR, but also to the funding that was made available by previously enacted statutes. In addition, the text of Section 163 is sufficiently broad to cover funding that was made available for fiscal year (FY) 2009 and prior fiscal years, as well as funding that will be made available for FY 2010. As such, no direct or indirect recipient of Federal funds from ETA may enter into any agreement to provide Federal funds to ACORN or any of its affiliates during the period that this Training and Employment Guidance Notice is effective.

- b. **Suspension of grant and contractual payments.** Direct or indirect recipients of Federal funds from ETA who have existing Federally-funded grant agreements, sub-grant agreements, contracts, sub-contracts, cooperative agreements, agreements, memoranda of understanding, or any other kind of procurement or funding instrument with ACORN or its affiliates must 1) where permissible, immediately suspend performance of any obligations under such agreement, including suspension of the payment of Federal funds; and 2) consult promptly with legal counsel and ETA concerning the legal considerations that bear on the performance of such obligations under the procurement or funding instrument. Direct or indirect recipients of Federal funds from ETA who have existing Federally-funded grant agreements, sub-grant agreements, contracts, sub-contracts, cooperative agreements, agreements, memoranda of understanding, or any other kind of procurement or funding instruments with ACORN or its affiliates must also immediately provide their Federal Project Officer with a written report describing: 1) the nature and purpose of the procurement or funding instrument; 2) the date upon which it was executed and the originally planned duration; 3) the dollar value of the procurement or funding instrument and the amount which had been disbursed; 4) a description of the statement of work and/or deliverable; 5) the date upon which the procurement or funding instrument

was suspended or terminated pursuant to this guidance; and 6) a description of any other steps taken to comply with the Public Law No. 111-68 Section 163 prohibition.

- c. Direct or indirect recipients of Federal funds from ETA shall require all of their sub-recipients and sub-grantees to comply with the requirements described in this guidance, shall immediately provide guidance to their sub-recipients and sub-grantees on compliance with these requirements, and shall immediately modify sub-recipient and sub-grantee agreements to incorporate the requirements described in this guidance.

5. Inquiries. Direct questions to the Federal Project Officer designated in the grant or contract agreement.

6. Attachments.

- Attachment 1: Memorandum for the Heads of Executive Departments and Agencies (M-10-02): Guidance on section 163 of the Continuing Resolution regarding the Association of Community Organizations for Reform Now (ACORN)
- Attachment 2: Listing of Organizational Names for Association of Community Organization for Reform Now (ACORN) and Affiliates, Subsidiaries, and Allied Organizations



THE DIRECTOR

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

October 7, 2009

M-10-02

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM: Peter R. Orszag
Director

A handwritten signature in dark ink, appearing to be "P. Orszag", written over the printed name and title.

SUBJECT: Guidance on section 163 of the Continuing Resolution regarding the Association of Community Organizations for Reform Now (ACORN)

This memorandum provides guidance to Executive Branch agencies regarding the implementation of section 163 of the Continuing Appropriations Resolution, 2010, Division B of Pub. L. No. 111-68 (CR), which states:

SEC. 163. None of the funds made available by this joint resolution or any prior Act may be provided to the Association of Community Organizations for Reform Now (ACORN), or any of its affiliates, subsidiaries, or allied organizations.

Your agency must immediately commence all necessary and appropriate steps to comply with section 163. This includes the following:

- **No future obligations of funds.** No agency or department should obligate or award any Federal funds to ACORN or any of its affiliates, subsidiaries or allied organizations (collectively "affiliates") during the period of the CR. To the extent your agency already has determined that funds should be obligated or awarded to ACORN or its affiliates but has not yet entered into any agreement to provide such funds to ACORN or any of its affiliates, your agency should not provide such funds, or enter into any such agreements to do so. As section 163 makes clear, its prohibition applies not only to the funding that is made available by the CR, but also to the funding that was made available by previously enacted statutes. In addition, the text of section 163 is sufficiently broad to cover funding that was made available for fiscal year (FY) 2009 and prior fiscal years, as well as funding that is or will be made available for FY10.
- **Suspension of grant and contractual payments.** If your agency has an existing contract or grant agreement with ACORN or its affiliates, the agency should: (i) where permissible, immediately suspend performance of any obligations under the contract or agreement, including payment of Federal funds; and (ii) consult promptly with the agency's general counsel and, if necessary, the Office of Management and Budget

(OMB) and the Department of Justice concerning the legal considerations that bear on the performance of such obligations under the existing contract or agreement.

- ***No funding of ACORN and its affiliates through Federal grantees or contractors.***
Your agency should take steps so that no Federal funds are awarded or obligated by your grantees or contractors to ACORN or its affiliates as subgrantees, subcontractors, or other subrecipients. Because section 163 states that “[n]one of the funds . . . may be provided,” this prohibition applies not only to a direct recipient of Federal funds but also to a subrecipient (e.g., a subcontractor, subgrantee, or contractor of a grantee). We recommend that your agency:

- notify all Federal grant and contract recipients of the prohibition contained in section 163, and provide them with a copy of this guidance document; and
- advise all Federal grant and contract recipients (a) not to provide Federal funds to ACORN or its affiliates as subgrantees, subcontractors or other subrecipients, consistent with this guidance, and (b) to notify your agency of any existing subgrants, subcontracts or other subrecipient agreements with ACORN or its affiliates and of how the grantee or contractor is planning to comply with the prohibition with respect to those subgrants, subcontracts or subrecipient agreements.

If you have any questions concerning this memorandum, please contact Preeta D. Bansal, OMB General Counsel and Senior Policy Advisor, at OGC@omb.eop.gov.

Attachment 2

**Listing of Organizational Names for
Association of Community Organization for Reform Now (ACORN) and
Affiliates, Subsidiaries, and Allied Organizations**

Association of Community Organizations for Reform Now ("ACORN")

ACORN National Office: Brooklyn, NY

ACORN Bronx, NY

ACORN Brooklyn, NY

ACORN Buffalo, NY

ACORN Hempstead, NY

ACORN HOUSING CORPORATION Brooklyn, NY

PROJECT VOTE Brooklyn, NY

MHANY Brooklyn, NY

ACORN National Office: Washington, D.C.

ACORN Washington, DC

ACORN HOUSING CORPORATION Washington, DC

ACORN Political 1334 G St, NW Suite B Washington, DC 20005

AISJ Washington, DC

ACORN National Office: Little Rock, AR

ACORN Pine Bluff, AR

ACORN Housing Corporation Little Rock, AR

ACHC Little Rock, AR

ANP Little Rock, AR

PROJECT VOTE Little Rock, AR

KABF Little Rock, AR

SEIU LOCAL 100 Little Rock, AR 72206

ACORN National Office: Phoenix, AZ

ACORN Glendale, AZ

ACORN Mesa, AZ

ACORN Tucson, AZ

ACORN Housing Corporation Phoenix, AZ

ACORN National Office: Dallas, TX

ACORN Arlington, TX

ACORN Dallas, TX

ACORN El Paso, TX

ACORN Ft. Worth, TX

ACORN Houston, TX

ACORN Irving, TX

ACORN San Antonio, TX

ACORN Research Dallas, TX

ACORN HOUSING CORPORATION Dallas, TX

ACORN HOUSING CORPORATION Houston, TX
 ACORN HOUSING CORPORATION San Antonio, TX
 AGAPE Dallas, TX
 SEIU LOCAL 100 Corpus Christi, TX
 SEIU LOCAL 100 Dallas, TX
 SEIU LOCAL 100 Houston, TX
 SEIU LOCAL 100 San Antonio, TX
 ACORN National Office: Boston, MA
 ACORN Boston, MA
 ACORN Brockton, MA
 ACORN Springfield, MA
 ACORN HOUSING CORPORATION Boston, MA
 ACORN HOUSING CORPORATION Springfield, MA
 ACORN National Office: New Orleans, LA
 ACORN Baton Rouge, LA
 ACORN Lake Charles, LA
 ACORN New Orleans, LA
 ACORN HOUSING CORPORATION New Orleans, LA
 Louisiana ACORN Fair Housing Organization New Orleans, LA
 ALERT New Orleans, LA
 AISJ New Orleans, LA
 SEIU LOCAL 100 Baton Rouge, LA
 SEIU LOCAL 100 Lake Charles, LA
 SEIU LOCAL 100 New Orleans, LA
 SEIU LOCAL 100 Shreveport, LA
 HOTROC New Orleans, LA
 ACORN Bay Point, CA
 ACORN Fresno, CA
 ACORN Los Angeles, CA
 ACORN Oakland, CA
 ACORN Sacramento, CA
 ACORN San Bernardino, CA
 ACORN San Diego, CA
 ACORN San Francisco, CA
 ACORN San Jose, CA
 ACORN Santa Ana, CA
 ACORN HOUSING CORPORATION Fresno, CA
 ACORN HOUSING CORPORATION Los Angeles, CA
 ACORN HOUSING CORPORATION Oakland, CA
 ACORN HOUSING CORPORATION Sacramento, CA
 ACORN HOUSING CORPORATION San Diego, CA
 ACORN HOUSING CORPORATION San Jose, CA
 ACORN HOUSING CORPORATION Santa Ana, CA
 ACORN Aurora, CO
 ACORN Denver, CO
 ACORN HOUSING CORPORATION Denver, CO

ACORN Bridgeport, CT
 ACORN Hartford, CT
 ACORN Waterbury, CT
 ACORN HOUSING CORPORATION Bridgeport, CT
 ACORN HOUSING CORPORATION New Haven, CT
 ACORN 408 East 8th St. Wilmington, DE
 ACORN Ft. Lauderdale, FL
 ACORN Hialeah, FL
 ACORN Jacksonville, FL
 ACORN Lake Worth, FL
 ACORN Miami, FL
 ACORN Orlando, FL
 ACORN St. Petersburg, FL
 ACORN c/o the Progressive Center Tallahassee, FL
 ACORN Tampa, FL
 ACORN HOUSING CORPORATION Miami, FL
 ACORN HOUSING CORPORATION Orlando, FL
 Floridians For All Miami, FL
 ACORN Atlanta, GA
 ACORN HOUSING CORPORATION Atlanta, GA
 ACORN Honolulu, HI
 ACORN Chicago, IL
 ACORN Springfield, IL
 ACORN HOUSING CORPORATION Chicago, IL
 ACORN HOUSING CORPORATION of IL
 SEIU LOCAL 880 Chicago, IL
 SEIU LOCAL 880 East St. Louis, IL
 SEIU LOCAL 880 Harvey, IL
 SEIU LOCAL 880 Peoria, IL
 SEIU LOCAL 880 Rock Island, IL
 SEIU LOCAL 880 Springfield, IL
 ACORN Indianapolis, IN
 ACORN IA
 Peace and Social Justice Center of South Central Kansas Wichita, KS
 ACORN Louisville, KY
 ACORN Baltimore, MD
 ACORN Hyattsville, MD
 ACORN HOUSING CORPORATION Baltimore, MD
 ACORN Detroit, MI
 ACORN HOUSING CORPORATION Detroit, MI
 Edison Neighborhood Center Kalamazoo, MI
 ACORN St. Paul, MN
 ACORN HOUSING CORPORATION St. Paul, MN
 ACORN Financial Justice Center St. Paul, MN
 ACORN Kansas City, MO
 ACORN St. Louis, MO

ACORN HOUSING CORPORATION Kansas City, MO
 ACORN HOUSING CORPORATION St. Louis, MO
 SEIU LOCAL 880 East St. Louis, MO
 SEIU LOCAL 880 St. Louis, MO
 ACORN Jersey City, NJ
 ACORN Newark, NJ
 ACORN Paterson, NJ
 ACORN HOUSING CORPORATION Jersey City, NJ
 ACORN Albuquerque, NM
 ACORN Las Cruces, NM
 ACORN HOUSING CORPORATION Albuquerque, NM
 ACORN Charlotte, NC
 ACORN Cincinnati, OH
 ACORN Cleveland, OH
 ACORN Columbus, OH
 ACORN Toledo, OH
 Lagrange Village Council Toledo, OH
 ACORN Portland, OR
 ACORN HOUSING CORPORATION Portland, OR
 ACORN Allentown, PA
 ACORN Harrisburg, PA
 ACORN Philadelphia, PA
 ACORN Pittsburgh, PA
 ACORN HOUSING CORPORATION Philadelphia, PA
 ACORN HOUSING CORPORATION Pittsburgh, PA
 ACORN Providence, RI
 ACORN HOUSING CORPORATION Providence, RI
 ACORN Memphis, TN 38104
 ACORN Norfolk, VA
 ACORN Richmond, VA
 ACORN Burien, WA
 ACORN Milwaukee, WI
 ACORN HOUSING CORPORATION Milwaukee, WI
 ACORN Beverly, L.L.C.
 ACORN Center for Housing, Inc.
 Arkansas Community Housing Corporation
 ACORN Community Land Association, Inc.
 ACORN Community Land Association Albuquerque NM
 ACORN Community Land Association of Louisiana Baltimore MD
 ACORN Community Land Association of Louisiana New Orleans LA
 ACORN Community Land Association of Pennsylvania, Inc.
 ACORN Community Land Association of IL.
 ACORN Community Labor Organizing Center, Inc.
 ACORN Fair Housing, A Project Of American Institute Washington DC
 Arkansas ACORN Fair Housing, Inc.
 New Mexico ACORN Fair Housing Albuquerque NM

ACORN Fair Housing Washington DC
 ACORN Housing 1 Associates, LP (limited partnership)
 ACORN Housing 2 Associates, LP (limited partnership)
 ACORN Housing 2, Inc.
 ACORN Housing Affordable Loans, LLC
 ACORN Housing Corporation, Inc.
 Desert Rose Homes, L.L.C.
 Franklin ACORN Housing, Inc.
 Mott Haven ACORN Housing Development Fund
 Mutual Housing Association of New York, Inc.
 New Orleans Community Housing Organization, Inc.
 ACORN Community Land Association of Illinois
 Massachusetts ACORN Housing Corporation
 Broad Street Corporation
 Elysian Fields Corporation
 ACORN 2004 Housing Development Fund Corporation
 ACORN 2005 Housing Development FUND CORPORATION
 ACORN Dumont-Snediker Housing Development Fund Corporation
 Dumont Avenue Housing Development Fund
 Elysian Fields Partnership
 Fifteenth Street Corporation
 New York ACORN Housing Company Inc
 Development Fund Corporation
 New York Organizing and Support Center, Inc
 Baltimore Organizing and Support Center, Inc.
 Chicago Organizing and Support Center, Inc.
 Houston Organizing and Support Center, Inc.
 5301 McDougall Corporation
 New Mexico Organizing and Support Center, Inc.
 New York Organizing and Support Center, Inc.
 Phoenix Organizing and Support Center, Inc.
 385 Palmetto Street Housing Development Fund Corporation
 Sixth Avenue Corporation
 4415 San Jacinto Street Corporation
 St. Louis Organizing and Support Center, Inc.
 St. Louis Tax Reform Group, Inc.
 Greenwell Springs Corporation
 Austin Organizing and Support Center, Inc.
 Boston Organizing and Support Center, Inc.
 American Home Day Care Workers Association, Inc.
 American Workers Association
 Baton Rouge Association of School Employees, Inc.
 Hospitality Hotel and Restaurant Organizing Council
 Illinois Home Child Care Workers Association, Inc.
 Labor Link, Inc.
 Labor Neighbor Research and Training Center, Inc.

Missouri Home Child Care Workers Association, Inc.
 Middle South Home Day Care Workers Association, Inc.
 Wal-Mart Alliance for Reform Now, Inc.
 Wal-Mart Association for Reform Now
 Working Families Association, Inc.
 Wal-Mart Workers Association, Inc.
 People Organizing Workfare Workers/ACORN/CWA, Inc. Workers/ACORN/CWA,
 Inc.
 Texas United City-County Employees, Inc.
 Texas United School Employees, Inc.
 United Labor Foundation of Greater New Orleans, Inc.
 United Security Workers of America
 Orleans Criminal Sheriffs
 SEIU Local 100
 SEIU Local 880
 Arkansas Broadcasting Foundation, Inc.
 Agape Broadcasting Foundation, Inc.
 Affiliated Media Foundation Movement, Inc.
 Allied Media Projects, Inc.
 ACORN National Broadcasting Network, Inc.
 Alabama Radio Movement, Inc. (Dissolved)
 ACORN Television in Action for Communities, Inc.
 California Community Television Network
 Flagstaff Broadcasting Foundation, Inc.
 Iowa ACORN Broadcasting Corporation
 Maricopa Community Television Project, Inc.
 Montana Radio Network, Inc.
 Radio New Mexico, Inc.
 Shreveport Community Television, Inc.
 Crescent City Broadcasting Corporation
 KABF Radio
 KNON Radio
 ACORN Institute, Inc.
 ACORN Institute Inc. Washington DC
 ACORN Institute Dallas TX
 ACORN Institute Inc. New Orleans LA
 American Institute for Social Justice, Inc.
 Association for Rights of Citizens, Inc.
 New York Agency for Community Affairs, Inc.
 Pennsylvania Institute for Community Affairs, Inc.
 Project Vote/Voting for America, Inc.
 ACORN Tenant Union Training & Organizing Project, Inc.
 ACORN Law for Education Representation & Training, Inc.
 American Environmental Justice Project, Inc.
 ACORN International, Inc.
 Environmental Justice Training Project, Inc.

Movement for Economic Justice, Education & Training Center, Inc.
 Missouri Tax Justice Research Project, Inc.
 ACORN Beneficial Association, Inc.
 ACORN Canada
 ACORN Children's Beneficial Association, Inc.
 ACORN Campaign to Raise the Minimum Wage, Inc.
 ACORN Cultural Trust, Inc.
 ACORN Dual Language Community Academy
 ACORN Fund, Inc.
 ACORN Foster Parents, Inc.
 ACORN Institute Canada
 ACORN Political Action Committee, Inc.
 ACORN Tenants' Union, Inc.
 Community Training for Environmental Justice, Inc.
 Connecticut Working Families
 Democracy for America
 Hammurabi Fund, Inc.
 McLellan Multi-Family Corporation
 Metro Technical Institute, Inc.
 New Party National Committee, Inc.
 Volunteers for America, Inc.
 Volunteers for California, Inc.
 Volunteers for Missouri, Inc.
 ACORN Management Corporation
 Associated Regional Maintenance Systems
 ACORN Associates, Inc.
 ACORN Associates Inc. Albuquerque NM
 ACORN Campaign Services, Inc.
 ACORN Services, Inc.
 Citizens Consulting, Inc.
 Chief Organizer Fund, Inc.
 Citizens Services, Inc.
 People's Equipment Resource Corporation, Inc.
 National Center for Jobs & Justice
 Service Workers Action Team
 Living Wage Resource Center
 American Home Childcare Providers Association
 Association for the Rights of Citizens Inc
 California Community Network
 Child Care Providers for Action Franklin
 Citizens Action Research Project
 Citizens Campaign for Work, Living Wage & Labor Peace
 Citizens for Future Progress
 Citizens Campaign for Finance Reform
 Floridians for All PAC
 Greenville Community Charter School Inc

Student Minimum Wage Action Campaign
Site Fighters
Social Policy
Southern Training Center
ACORN Votes
Communities Voting Together
Arkansas ACORN Political Action Committee
Arkansas New Party
California APAC
Citizens for April Troope
Colorado Organizing and Support Center, Inc.
Citizens Campaign for Fair Work
Citizens Services Society, Inc.
Clean Government APAC
Community Voices Together
Community Real Estate Processing, Inc.
Council Beneficial Association
Council Health Plan
Desert Rose Homeowners' Association
District of Columbia APAC
Friends of Wendy Foy
Illinois APAC
Illinois New Party
Institute for Worker Education
Jefferson Area Public Employees
Jefferson Area School Employees
Local 100 Health & Welfare Fund
Local 100 Political Action Committee
Local 100 Retirement Fund
Local 880 PAC
Local 880 Political PAC
Louisiana APAC
Maryland APAC
Massachusetts APAC
Missouri APAC
Mutual Housing Association of New York Neighborhood Restore
Neighbors for Arthelia Ray
Neighbors for Maria Torres
Neighbors for Ted Thomas
New Mexico APAC
New Orleans Campaign for Living Wage Committee
New York APAC
Oregon APAC
Orleans Criminal Sheriffs Workers Organization, Inc.
Pennsylvania APAC
Progressive Houston

Progressive St. Louis
Rhode Island APAC

EXHIBIT E

Affidavit of Bertha Lewis

I, Bertha Lewis, declare under pain of perjury that:

1. I am a resident of Brooklyn NY and I am the CEO and Chief Organizer of ACORN, Inc., the Association of Community Organizations for Reform Now (hereafter ACORN). I have been in this position since October 2008. Prior to being appointed CEO, in July 2008, I was appointed interim chief organizer by the ACORN board. Prior to 2008 I was the Executive Director of the New York chapter of ACORN since the late 1990s.
2. Plaintiff ACORN Inc., (hereafter ACORN) is a not for profit corporation, incorporated in Arkansas in 1977. ACORN is not a tax exempt organization and pays taxes like all non-profit corporations.
3. ACORN is a membership organization. ACORN is the nation's largest community organization of low- and moderate-income families. ACORN is composed of over 500,000 member families in 75 cities across the United States.
4. Since 2003, ACORN has helped over two million people register to vote. It has advocated raising the minimum wage to a living wage in dozens of communities across the country. It works against predatory lending and to stop foreclosures. It has helped over 150,000 people file their tax returns. It has worked on thousands of issues that arise from the predicaments and problems of the poor, the homeless, the underpaid, the hungry and the sick, on the local, state and national level through direct action, negotiation, legislative advocacy and voter participation.
5. ACORN works to improve housing conditions for the economically disadvantaged, increase community safety, secure living wages for all workers and improve the quality of local schools.
6. ACORN has a significant presence in New York with over 40,000 members and is authorized to and doing business in New York.
7. Some Republican members of Congress have accused ACORN of being a criminal enterprise.
8. Congress has cut off all federal funds to us and to our affiliated organizations.
9. Congress, including specifically the staff of Republican Congressman Darrell Issa, has repeatedly and in writing accused ACORN of engaging in systematic fraud, of engaging in a criminal conspiracy, and laundering federal money in order to pursue a partisan political agenda. These bogus allegations have been aired repeatedly and restated on the floor of Congress and inserted into the record during one of the Congressional efforts to defund ACORN.

10. By Congressional act, ACORN has now been defunded. All federal funds which were already authorized for us have been stopped. Programs where we were operating with federal funds have been stopped. Funds were frozen or withdrawn.
11. After Congress defunded us, state and local governments stopped funding us as well.
12. Even private funders froze funds to ACORN after Congress cut us off.
13. ACORN has had to lay off many of our staff.
14. Our programs have been slashed. For example, in September 2009, our New York first time homebuyer education classes enrolled 100 first time homebuyers. In October, due to budget and staff cutbacks, we enrolled 7 people.
15. When the Continuing Resolution was first passed, I thought ACORN could survive. But I underestimated the effect of the CR and its consequences with our other sources of funding. When the CR hit, it gave the green light for others to terminate our funds as well. All of our state and local grants were frozen as were most of our private foundation funds. The Continuing Resolution also prompted a number of investigations into ACORN and has created a huge harmful snowball effect. We want to comply with every investigation but we cannot comply if we do not have staff and are closing our offices. The harmful effect of the Continuing Resolution cannot be overstated both in the funds which we do not have access to and the damage to our ability to continue to get funds from other sources.
16. ACORN is being penalized by Congress without any investigation. Congress has never held a hearing on ACORN. Congress has never authorized any investigation into ACORN. ACORN has not given any notice that the organization had to do anything or take any action or else funds would be suspended or terminated. ACORN funds were just cutoff by Congress.
17. ACORN still has people coming to our offices across the nation asking for help from us to deal with foreclosures, citizenship applications, and tax preparations. Because we laid off staff we are unable to help and people are being turned away.
18. Many organizations partnering with ACORN cut off relationships with ACORN for fear of being tainted by association with ACORN. We have been advised that other organizations are concerned about the federal cutoff language which prohibits funds to "ACORN or any of its affiliates, subsidiaries or allied organizations" being interpreted to include non affiliated organizations which are

independent but work with ACORN even though no federal funds are distributed to ACORN through the relationship.

19. ACORN has made mistakes and has taken action to address those mistakes. I became the Interim Chief Organizer of ACORN in 2008 when we re-organized our board and finances after discovering that people in authority misused funds and hid their misuses. Those employees were fired and the board was re-organized. When it was revealed in September 2009 that employees of ACORN gave out incorrect advice and information about housing opportunities to people who lied to them, those employees were terminated. ACORN then hired the former Attorney General of Massachusetts to conduct an internal investigation.
20. No ACORN corporation has been convicted on any state or federal criminal charges.
21. ACORN and its members have been given numerous awards and recognition for our work across this nation. I list only the highlights here from 2009 to give the court a sense of what we do for and with our communities. In 2009, in Delaware, ACORN received the 2009 "Tribute" award from Delaware Governor for "Commitment to Social and Economic Justice"; in Minnesota, the National Lawyers Guild - Minnesota Chapter – gave us their 2009 Social Justice Award- "In recognition of ACORN's history of direct, visible, and people-powered community action demanding economic justice"; In Arkansas, we received a 2009 Internal Revenue Service Partnership Award, and have received that award every year since 2005; In Washington state, we received a 2009 Award from Highline Community College for being the number one referrer of people to their program to open small businesses.

Sworn to as true before me this 11th day of November, 2009.


Bertha Lewis

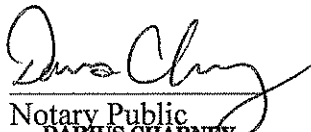
 11/18/09
Notary Public
DARIUS CHARNEY
Notary Public, State of New York
No. 02CH6136665
Qualified in Kings County
Commission Expires Nov. 14, 2009

EXHIBIT F

Affidavit of Ismene Speliotis

Ismene Speliotis, being duly sworn, deposes and says:

1. I am a resident of the state of New York. I am the Executive Director of New York ACORN Housing Company, Inc. (hereafter "NYAHC"), one of the Plaintiffs in this action. As such, I have personal knowledge of the facts stated herein, and if called upon to testify, I could and would do so competently and truthfully.
2. NYAHC is organized as a not-for-profit corporation in New York and has tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. It has an office staff of 13 persons and a city-wide maintenance staff of 24 that includes supers, handymen and porters.
3. NYAHC's main focus is to own, develop and manage housing affordable to low income families. As such, it controls or manages over 140 buildings with over 1200 apartments in all boroughs of New York City except Staten Island.
4. I have been the Executive Director of NYAHC since November 1995. As such I have responsibility for hiring, firing, training, discipline and direct supervision of all of these employees and for seeing to the well being of all of the aforementioned buildings and units therein.

5. At no time has NYAHC ever been accused, let alone convicted of any crime; nor has any employee or agent of NYAHC ever been so charged or convicted while acting in the scope of their employment. Similarly, at no time has NYAHC ever been formally charged with or found liable as a result of any alleged wrongdoing.
6. In reliance on grants from the New York State Housing Finance Agency (HFA) and the Division of Housing and Community Renewal of the State of New York (DHCR), NYAHC engages in substantial outreach to homeowners in New York City communities with a high concentration of subprime and predatory loans. This includes phone calling, door knocking and other outreach efforts.
7. In addition, the grants enable NYAHC to counsel an estimated 700 low- and moderate-income families at-risk for mortgage foreclosure each year. Loan counseling requires significant expertise and includes loan document review, financial assessments, assistance with the application process, developing a proposal for loan modification or refinancing and negotiating the terms of the modification or refinancing with lenders. Due to its outreach efforts, proactive loan counseling, experience in the market and contacts at major banks (including Citibank, Chase and Bank of America), NYAHC believes that it substantially increases the ability of the families it counsels to obtain new or modified mortgage loans that enable them to stay in their homes.
8. NYAHC receives its foreclosure prevention grant from HFA in the form of a subcontract for funds provided in part by the United States Department of

Housing and Urban Development. As a result of the application of Continuing Appropriations Resolution, 2010, Division B of Public Law No. 111-68 (Section 163) (the “Resolution”) to organizations like NYAHC perceived to be affiliates of ACORN, HFA suspended its grant to NYAHC. In addition, following the adoption of the Resolution, DHCR suspended its foreclosure prevention grant to NYAHC.

9. Furthermore, NYAHC’s major partner banks (Citibank, Chase, Bank of America) have suspended mortgage and financing assistance to NYAHC clients, and no longer will engage in discussions with NYAHC regarding loan modifications that the organization proposes on behalf of the families that it counsels. Banks have advised NYAHC that they have taken these actions out of fear that continuing work with NYAHC, which is or may be subject to the Resolution as a result of being “affiliated” or “allied” with ACORN, may prevent the banks from participating in programs financed, in whole or in part, by the federal government.
10. The suspension of the grants and the related actions of NYAHC’s partner banks have required NYAHC to terminate the employment of foreclosure prevention counselors. Accordingly, it has been forced to suspend intake of mortgage foreclosure cases. This means that it will be unable to provide foreclosure prevention counseling to the estimated 700 at-risk low- and moderate-income families that it counsels annually. The loss of a counselor with NYAHC’s track record in identifying candidates for loan rehabilitation and successfully negotiating appropriate loan modifications and refinancings is a significant loss to

the community at a time when foreclosures of subprime loans are occurring at record levels.

11. In addition, as noted above, NYAHC is no longer able to advocate with the banks on loan modifications for existing NYAHC counseling clients. These families are forced into a Catch 22, i.e., either negotiate directly with the banks for modification or go to costly and ineffective private debt counseling agencies. The absence of NYAHC as an advocate significantly increases the foreclosure risk for the families that the organization has been helping through the HFA and DHCR grants and its relationships with key lenders in the market.

Further Affiant sayeth naught.

ISMENE SPELIOTIS

Subscribed and sworn to before me this _____
day of _____, 2009.

Notary Public