

CHAPTER 7. CHSP GRANT AMENDMENTS AND EXTENSIONS

7.1 OVERVIEW

This chapter describes the processes for amending and extending CHSP grants. CHSP grants may be modified or amended at any time during the grant period for financial or other material reasons, including changes in the grantee's program scope, objectives or timetable. CHSP grants may be extended at the end of the grant period, for any period of time, subject to the availability of funds. However, extensions may or may not require additional funding, depending on whether a grantee has unexpended dollars from the prior grant period.

SECTION 1: GRANT AMENDMENTS

7.2 TYPES OF GRANT AMENDMENTS

A grantee may request a modification or amendment to a CHSP grant, and if HUD approves the request, the grant may be modified at any time. Amendments that result in a material change must be executed by both the Grant Officer and the grantee.

Examples of material changes that require a grant amendment include, but are not limited to:

1. Addition of funds from the CHSP reserve, if available;
2. Addition or deletions of line items;
3. Cumulative changes in the budget line items of more than ten percent of the total approved budget amount for grants over \$100,000;
4. Changes from the original budget estimate that will change the amount of grantee match, participant fees or HUD's share; and
5. Changes in the grantee's program scope, objectives or timetable.

An administrative amendment, such as a change in the GTR, does not require execution by the grantee and may be issued unilaterally by the Grant Officer.

7.3 GRANTEE REQUESTS

Grantees must request grant amendments in writing. The request must contain:

1. An explanation of the modification;

2. A justification for it; and,
3. Funding amounts, including revised budgets, using the Summary Budget (form HUD-91180) (Appendix 16), Annual Program Budget (form HUD-91178-A) (Appendix 18) and any other information required by HUD.

NOTE: The GTR should check with the Grants Team to see if funds are available before processing any requests for additional funding (i.e., the HUD-718). If HUD's grant is increased, the grantee's match and participant fees must be increased in accordance with HUD/RHS requirements.

7.4 HUD AND RHS PROCESSING

a. General

The GTR must begin processing the grantee's amendment request within 10 work days of receipt from the CHSP grantee. The GTR should review the request to confirm:

- (1) The requested amendment is permissible under the CHSP.
- (2) The grantee has new match letters from third parties certifying additional match amounts for each new/expanded service and sufficient participant fees as required under the CHSP; and
- (3) The justification provided meets the CHSP requirement.

An example of acceptable justification would be documented larger salary increases for other employees of the facility or high increases in the cost of food or services billed to the CHSP by third party providers.

Unacceptable increases would be cost increases based on generally increased spending above the prior year's approved budget level or additional participants serviced above the maximum number stated in the grant agreement.

For a RHS project, the RHS GTR will review the grantee's request, prepare the SF-718, if appropriate, and the SF-1 044 amendment and forward the package to the HUD state or area office Director of Housing or Director of Multifamily Housing, (i.e., the Grant Officer) as appropriate, for further processing and approval.

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b. Processing Amendments for Additional Funds

Since an amendment to the grant for additional funding requires a request for the assignment of additional funds,

the Grant Officer should prepare a memorandum to Headquarters to ask for the additional funds according to the fund assignment processing instructions described in Paragraph 7.7.

SECTION 2: GRANT EXTENSIONS

7.5 TYPES OF GRANT EXTENSIONS

CHSP grants are normally extended indefinitely under the same grant instrument and grant number. However, grant extension processing procedures for grants funded under the CHSP Act of 1978 may vary from those for grants initially funded under Section 802 of the National Affordable Housing Act (NAHA) because differences in the grant extension periods necessitate different grantee submission requirements.

CHSP grants are extended on either a cost or a no-cost basis (or some combination) for a specified period of time, generally 12 months or longer. All extensions will be in increments set by HUD Headquarters.

- a. Cost Extensions are used when additional funding is required to meet the associated grant costs.
- b. No-Cost Extensions use the grantee's unexpended dollars from the prior grant Period to meet associated grant costs, without the provision of additional new funding.
- c. Cost/No-Cost Extensions use both leftover and new funding.

Normally, grantees request an extension at the current operating level, plus an allowance for Inflation. Additional funding above the inflation allowance may be requested with appropriate justification.

7.6 EXTENSIONS OF GRANTS FUNDED UNDER THE 1978 ACT

Grants funded under the 1978 CHSP Act are generally extended for one or more years at a time. However, it is possible an extension may be for less than 12 months, due to funding limits. HUD Headquarters may issue a funding notice covering procedures for that fiscal year.

- a. Grantee Actions for 12-Month Extensions

Grantees must submit an extension package to the HUD State or Area Office at least 60 days before the expiration date of the current grant period. The grantee's extension request must contain at least the following components:

- (1) Transmittal Letter
- (2) Budget Forms

- (3) Narrative documentation for any major changes in the program service levels or increases above the approvable inflationary level.
 - (4) Documentation of match for next funding period, as appropriate.
- b. HUD State and Area Office Actions for 12-Month Extensions
The HUD GTR must:
- (1) Review the extension materials for accuracy and request corrections/ resubmissions from grantees as appropriate. Compare materials with most recently submitted annual report (HUD-90006) for consistency. Fourteen (14) calendar days are allowed for grantees to submit clarifications/corrections.
 - (2) Prepare a short transmittal memorandum to the Grant Officer requesting approval and/or explaining any other relevant details; and, attach the Congregate Housing Services Program Grantee Review Form (HUD-90003) (if done within the prior three year period) to the approvable grantee extension package. REMINDER: GTR MUST retain a copy of the extension package for the GTR's files.
 - (3) Prepare the Funds Reservation and Contract Authority (HUD-718) (see sample and instructions at Appendix 5).
 - (4) Prepare the Grant Assistance Award Amendment (HUD-1044) (see sample and instructions at Appendix 6).
 - (5) Retain the grantee extension package and forward to the FAD the HUD-718 (original and 1 copy) and a brief memorandum requesting the reservation of funds.

NOTE: The FAD cannot process the HUD-718 to reserve the extension dollars for individual grants unless the fund assignment has been previously processed as required. (See Section 7.7 (f)).

- (6) After the FAD enters the dollar amount into the Project Accounting System (PAS) and certifies the availability of funds by signing item 10 of the HUD-718, the FAD retains the original HUD-718 and returns a copy to the GTR.

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- (7) The GTR then signs the transmittal note and forwards the grantee's transmittal letter, budget forms and documentation of match, a copy of the signed HUD-718 and the HUD-1044 to the Grant Officer.
- (8) The Grant Officer retains the grantee documents as file documentation and sends the HUD-1044 and attachments to the grantee for signature.

- (9) The authorized official of the grantee signs the HUD-1044 and returns it to the Grant Officer by overnight mail.
- (10) The Grant Officer signs the HUD-1044, thereby executing the grant document and obligating the funds, retains the original in the Grant Officer files; and, distributes conformed copies as follows:
 - One conformed copy to the grantee.
 - A copy to the GTR and the FAD

c. Multi-year Extensions of Grants Funded under the 1978 Act

When multi-year grant extensions are in place, grantees must only complete the processing described in Paragraph 7.7 below to advise HUD whether the funds approved for the coming year are sufficient or must be modified. HUD state and area office processing is the same as described in Paragraph 7.7.

7.7 GRANTS INITIALLY FUNDED IN FISCAL YEAR 1993 OR LATER

a. General

HUD and RHS grantees initially funded since Fiscal Year 1993, were awarded grants for a five-year period with approval to use HUD dollars one year at a time. Future year approvals follow simplified annual extension procedure. This procedure is necessary to allow the HUD state or area office to enter the next annual increment of HUD funds into LOCCS/BLI.

b. Grantee Actions

- (1) Grantees must notify in writing the HUD state or area office or the RHS state office 60 days before the end of each annual funding period whether the budget amount approved in the grant agreement for the coming year is:
 - (A) sufficient to support program activities; or,
 - (B) must be modified to allow for a shift in budget line items which will not change the budget total; or,
 - (C) must be increased.

If the budget must be increased or modified, the grantee must include with the request a revised budget, documentation and additional match/fees as appropriate to support the need for the funding increase., (See Paragraphs 7.3 and 7.4.)

- (2) The grantee must also submit the semi-annual Financial Status Report, SF-269, which closes the grantee's grant year to document actual expenditure of HUD funds, match and fees for the full grant year.

C. Grants That Do Not Require Budget Increases

When the grantee advises that the annual grant amount for the coming year is sufficient and no change is needed; and, the semi-annual SF-269 ending the grantee's grant year is determined to be in compliance with program requirements, and consistent with the most recently by submitted HUD-90006, the HUD GTR must enter the grant amount for the coming year into LOCCS/BLI for both HUD and RHS grants.

D. Grants That Require a Change in Budget Line Items

- (1) The grantee may shift dollars among existing individual budget line items, without prior approval, if such changes are less than ten percent (10%) of the affected line items for that year; and, do not change the total dollar amount of the grant. The grantee should document any revisions in its files and provide a copy to the GTR. The GTR should enter any revisions into the LOCCS, as appropriate.
- (2) The grantee MUST provide written justification and receive prior approval from the Grant Officer BEFORE deleting or adding individual budget line items to the grant.

e. Grants That Require Budget Increases

- (1) The GTR must contact the Headquarters Grants Team to ask whether funds are available before proceeding. The GTR must process the HUD-185 and the HUD-718 to assign and reserve the additional funds before processing the Form HUD-1044. This fund assignment process is described in 7.7(f) below.
- (2) Any additional funding must also have a corresponding amount of grantee match; i.e., if the total budget increase is \$10,000 for that year at least \$5,000 must be match, \$1,000 must be participant fees, and no more than \$4,000 may be HUD funding.
- (3) When the grantee submits a revised budget, justification for

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the increase and the semi-annual SF-269, the HUD/RHS GTR then processes the request to amend the grant and sends it to the grantee for signature.

The grantee must sign the grant amendment and return it to the Grant Officer by overnight mail.

- (4) The original executed amendment is filed in the Grant Officer's official file. A conformed copy of the grant award is sent to the FAD, the grantee and both HUD and RHS GTRS, where appropriate.
- (5) After receipt of a conformed grant amendment from the Grant Officer, the HUD Housing GTR enters the revised budget amount into LOCCS/BLI (for both HUD and RHS grants).

f. Fund Assignment Process

The fund assignment process should proceed as follows:

- (1) Housing GTR(s) should jointly decide the funding estimate needed for the year by totaling the annual dollar amounts of all of his/her currently approved grantee budgets and multiplying this sum times the inflationary amount, according to instructions in the annual funding notice.
- (2) The Public Housing/Native American Programs GTR(s) should provide this information as appropriate to Housing.
- (3) Housing will then prepare a memorandum from the Grant Officer to the Director, Program Management Division in the Office of Asset Management and Disposition at Headquarters, to request the Funds Reservation and Contract Authority (form HUD-185) for estimated funding needed for the extension of all CHSP grants in that state or area office for the year. This memorandum will list each grantee by name, grant number, time period for the extension and new dollars estimated.
- (4) The Program Management Division will request the Headquarters Funding Control Division to issue the appropriate HUD-185 assigning funds to that state or area office within 30 days of request.
- (5) Housing staff must forward the HUD-185 to the Field Accounting Division (FAD) to be filed.

NOTE: GTRs MUST complete this process during the first quarter of the fiscal year so that CHSP funds for the year are assigned to offices before individual grant extension packages are scheduled for receipt and processing.