

ATTACHMENT C FINANCIAL PROVISIONS

ARTICLE 1. BUDGET SCHEDULE

Grant funds may be used only to pay for costs of development activities identified within the Approved Budget by Line Item, and if HOME-funded, eligible expenses under 24 CFR Part 92. The approved budget may be amended in accordance with 15 AAC 154.770. AHFC will not disburse grant funds in excess of the budgeted cost for each activity identified in the Approved Budget by Line Item.

ARTICLE 2. PAYMENTS

Disbursement of project funds shall be made only at such time, and in such amount, as the funds are needed for reimbursement of eligible project costs that have been incurred by the grantee. HDP program funds will be disbursed by AHFC by issuance of a check(s) payable to the grantee in accordance with payment request and disbursement procedures established in the HOME HDP Policy and Procedure Manual.

It is the Grantee's sole responsibility to pay for any and all costs of materials, supplies, equipment, and services (which may include, but may not be limited to general contractor, subcontractors, professional service providers, and other eligible costs) incurred through the development of the subject project.

Payment may be requested by completing and submitting a payment request, utilizing the Funds Disbursement Request (FDR) Form listed on Attachment E and provided with this Grant Agreement. The FDR should be sent to the attention of the AHFC Grant Administrator identified in the Grant Agreement. AHFC has up to thirty (30) days to process all payment requests. Grantees must anticipate that they will not receive payment for up to thirty (30) days from the time AHFC receives a complete and accurate copy of their project set-up documents. Payment requests must include a description of the materials and/or services acquired, or to be acquired, with the requested funds, by budget category.

ARTICLE 3. REVOCATION OF GRANT AGREEMENT

The grant will be evaluated regularly to determine the progress of the project. If, in the judgment of AHFC, the project is not proceeding satisfactorily or grant money is not being used for its intended purpose, AHFC has the sole discretion to cease payments and may revoke the Grant Agreement. Any undisbursed grant funds shall be retained by AHFC. AHFC reserves the right to require repayment of disbursed grant funds.

ARTICLE 4. GRANT PROGRAM INCOME

Any revenues, cost reimbursements, interest income, or other form of income received from a source other than this Agreement and derived from the delivery of goods and/or services,

within this grant's Scope of Work, will be considered program income, in accordance with 15 AAC 154.795. Program income must be reported on the Quarterly Financial Report form with each request for payment and remains the property of AHFC. Program income earned shall be deducted from the amount disbursed to the Grantee with each payment request unless advance written approval from AHFC allows an alternative use of this income, as provided in 15 AAC 154.795.

ARTICLE 5. COST ALLOCATION PLAN AND INDIRECT COSTS

A cost allocation plan or an indirect cost rate must be submitted to AHFC for written approval prior to any payments to the Grantee, in accordance with the Grants Management Regulations 15 AAC 154.776 Cost Allocation and with the OMB Uniform Administrative Guidance 2 CFR 200.414 Indirect Costs. The Federal indirect cost options include a cost allocation plan, a de minimis indirect rate, and a negotiated indirect rate.

ARTICLE 6. GENERALLY ACCEPTED FINANCIAL ACCOUNTING PROCEDURES

The funds provided under this Grant Agreement must be administered according to generally accepted financial accounting procedures and applicable OMB Uniform Administrative Guidance 2 CFR 200.

ARTICLE 7. FAILURE TO COMPLETE A PROJECT

HDP funds disbursed to a project which is terminated before it is completed, whether voluntarily by AHFC, the Grantee, the home buyer, or otherwise, must be repaid to AHFC's HOME fund.

ARTICLE 8. SUBSIDY LAYERING REVIEW

The Grantee must provide immediate notification in writing to AHFC for the following funding changes:

- A. Any deviation in the funding sources and/or amounts of each funding source contributed toward the project during its development and/or prior to final close-out. Note that reductions for any reason in other project sources that were committed at the time of application may result in a reduction of funds provided under this Agreement.
- B. Significant reductions or increases in the size or projected cost of the project. The subsidy layering review performed may result in a grant payment of no more than the lesser of;
 - i. The amount stated in Section I of the Grant Agreement Cover Page, as may be amended.
 - ii. The difference between other sources available to the project and the total development costs.

Changes which, in AHFC's opinion, result in more funds being contributed than the amount necessary to result in a feasible, affordable project, may result in a reduction in the HOME funds provided. In the event excessive HOME funds have been disbursed, the excess amount, as determined by AHFC, must be repaid to AHFC.

In addition to the subsidy layering review that is conducted on the total development costs, the Grantee is responsible for ensuring that the individual amount of funds invested in each borrower meets the subsidy layering review requirements outlined in the HDP Policy and Procedure Manual as listed on Attachment E to this Grant Agreement.

ARTICLE 9. INTERNAL CONTROLS

Grantee must establish and maintain effective internal controls that are in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States (Green Book) or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

ARTICLE 10. PROCUREMENT

The Grantee shall comply with 15 AAC 154.715 Purchasing Practices and Procedures and with 2 CFR 200.317-321 for Federal funds to include:

- A. Micro-purchase (\$3,000 or less). To the extent practicable, the Grantee must distribute micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotations if the non-Federal entity considers the price to be reasonable.
- B. Procurement by small purchase (\$150,000 or less). These require relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the simplified acquisition threshold. If small purchases procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources.
- C. Procurement by sealed bid (see 2 CFR 200.320).
- D. Procurement by Competitive Proposal (see 2 CFR 200.320).
- E. Procurement by non-competitive proposal (see 2 CFR 200.320).

ARTICLE 11. COST PRINCIPLES COMPENSATION

Wages and Fringe Benefits must be in compliance with 2 CFR 200.430-431 for Federal funds.

ARTICLE 12. RETAINAGE AMOUNT

AHFC will retain an amount equal to ten percent (10%) of the total grant amount pending receipt and approval by AHFC of all final reports required in Attachment B.

Retainage funds will be disbursed in accordance with Article 2 of this Attachment. Where appropriate, as determined by AHFC, the retainage amount may be increased by AHFC. In addition, if required project close-out documentation is not submitted within the timeframe specified in Attachment B, **a charge of \$100/day will be levied against the retainage amount** until all close-out documentation has been received by AHFC.

Any unexpended grant funds which remain undisbursed upon completion of the project, approval of the Final Cost Certification, and payment of all eligible costs, shall be retained by AHFC.

ARTICLE 13. REVERSION OF FUNDS

Upon expiration of this Agreement, unless otherwise approved by AHFC in writing in advance, the Grantee shall repay to AHFC any HOME funds on hand at the time of expiration which have not been committed to, and expended on, specific eligible projects. Any administrative funds advanced, which have not been expended on eligible administrative costs must also be returned to AHFC.

Any funds in the possession of AHFC as part of this Agreement which have not been committed to specific projects in accordance with the timelines established in this Agreement, or upon expiration of this Agreement, will be recaptured by AHFC, and the amount of funds awarded to the Grantee under this agreement will be adjusted accordingly.

ARTICLE 14. LIEN WAIVERS

The Grantee should ensure that appropriate lien waivers are obtained from all suppliers, contractors, subcontractors, and service providers performing work on, or supplying materials for, the subject project.

Additionally, the Grantee must ensure that all applicable mechanics lien laws and procedures are complied with, including but not limited to, the recording of a Notice of Completion upon the completion of all development related activities.

The Grantee is encouraged to consult with their legal representative and/or a local title agency regarding appropriate actions which should be taken throughout the development process related to lien protection.