



## Appendix C-1: DOB Policy Sample for Local Grantees

[Insert Grantee Name]

### Duplication of Benefits Policy and Process

#### **[Insert Grantee Name] Duplication of Benefits Policy**

The [Insert Name of Program] is funded through CDBG-CV funds allocated under the 2020 CARES Act and governed by the Federal Register Notice FR-6218-N-01-CDBG-CV, dated August 7, 2020.

All CDBG-CV grantees are required to complete a duplication of benefits analysis for assisted activities to demonstrate that no financial assistance has been received or is available to pay costs charged to a CDBG-CV grant. To comply with this requirement, the [City/Town], and its subrecipient(s) will demonstrate that no other funds are available for an activity by maintaining records of compliance with mandatory duplication of benefits requirements described in the Federal Register Notice of August 7, 2020.

A CDBG-CV grantee is required to develop and maintain adequate procedures to prevent a duplication of benefits that address (individually or collectively) each activity or program. A grantee's policies and procedures are not adequate unless they include, at a minimum: (1) a requirement that any person or entity receiving CDBG-CV assistance must agree to repay assistance that is determined to be duplicative; and (2) a method of assessing whether the use of CDBG-CV funds will duplicate financial assistance that is already received or is likely to be received by acting reasonably by evaluating need and the resources available to meet that need. It is the intent of this document to present the [Insert Grantee Name]'s policy to uphold, enforce, and document conformance with the duplication of benefit requirements which cover use of its CDBG-CV funds.

#### **[Insert Grantee Name] Duplication of Benefits Process**

All applications to the [Insert Name of Program] are required to include a Duplication of Benefits Statement or Affidavit. This statement acknowledges the [City/Town]'s requirement that any person or entity receiving CDBG-CV assistance must agree to repay assistance that is determined to be duplicative.

To meet HUD's requirements, the [City/Town] has developed a method of assessing whether the use of CDBG-CV funds will duplicate financial assistance that is already received or is likely to be received by acting reasonably in evaluating need and the resources available to meet that need.

This assessment process is as follows:

1. Upon receipt of the completed application packet, [Insert Name of Grantee] reviews the Duplication of Benefits Statement and documentation to determine if the applicant has reported receiving any potentially duplicative assistance.



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2. *[Insert Name of Grantee]* will perform a third-party verification and validation of DOB information provided by the applicant. The documentation supporting the verification and validation may include:
  - a. Award letters from other funders
  - b. Screenshots from reports with applicant award and use of funds information (e.g., SBA PPP loan page, local program recipient reports, etc.)
  - c. Verification of benefits form completed by the funding agency or organization verifying and validating the amount awarded and the purpose of the funds
3. The third-party verification of information must include the following information:
  - a. Dates funds were received
  - b. Specific uses of funds received, including dates of applicability as appropriate.
4. Based on a review of this information, *[Insert Name of Grantee]* may:
  - a. Determine that there is no duplication and proceed with consideration of the application for the full amount requested.
  - b. Determine that there is a partial duplication and proceed with consideration of the application for an amount that reduces the request by the DOB amount
    - i. Amount Need – Amount of DOB = Eligible Amount, subject to program cap
  - c. Determine that there is a complete duplication and calculate the award as a zero award
    - i. NOTE: a complete duplication does not automatically make the applicant ineligible. If they can demonstrate that they used the funds for a different purpose or for a different time period than what is allowable under the CDBG-CV funds, then they may be eligible for assistance. See next step for that process.
5. Calculation of potential duplication of benefits shall exclude nonduplicative funds, including, but not limited to:
  - a. Funds received that are not for the same purpose as the project or CDBG-CV activity
  - b. Funds for the same purpose as the project or CDBG-CV activity but intended for a different eligible use or a different period of time
  - c. Funds from private loans not guaranteed by the SBA
  - d. SBA declined or cancelled loans
6. *[Insert Name of Grantee]* may document the lack of a duplication of benefits utilizing the HCD Individual DOB Tracking Form and the HCD Project Tracking Forms.
7. All beneficiaries (individuals and entities) will be required to sign a Subrogation Statement or Agreement to address concerns around the potential for future



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duplication (for example a PPP application was made and was not denied but the applicant has not heard back).

8. When an application is approved in part, the *[Insert Name of Grantee]* will also include in the funding documents specific information around what the funds may be spent on so as to avoid duplication of benefits.
9. *[Insert Name of Grantee]* will require all successful applicants to provide documentation as to how funds are actually expended and will review this documentation to ensure no duplication has taken place.

### ***[Insert Name of Grantee]* Subrogation and Recapture Policy**

*[Insert Name of Grantee]* is responsible for ensuring that the CDBG-CV funds awarded by HUD comply with all federal, state and local requirements. In situations where funds are disbursed to applicants determined to be ineligible for assistance or are used for ineligible activities are handled, the applicants, meaning those benefiting entities or persons from the program may be required to repay all or a portion of the funds received. The reasons for recapture include, but are not limited to, the following:

1. Recipient of funds does not comply with the terms of the agreement;
2. Recipient of funds withdraws from the Program prior to completion of the project and/or fails to meet a National Objective;
3. A project does not meet the requirements specified in Section 3 below;
4. Recipient of funds is found to have used program funds for an ineligible activity or cost;
5. Recipient of funds receives assistance for the same purpose as the subject CDBG-CV program, including, but not limited to, other federal, state, or philanthropic funding; and
6. Funds are remaining after the project is completed, the expenditure deadline has passed, or the agreement has expired.

The method of recapturing funds and the timeframe for doing so are determined on an individual project basis. However, the recapture method and timeframe are consistent with 2 CFR part 200 and other applicable cost principles. Complete recapture provisions are included in the agreement with the Grantee and are also included in any agreements between the Grantee and HCD.

All application documents, including the Subrogation Statement or Agreement, shall be retained in compliance with HUD's record retention requirements.

### **Recapture Policy Components:**

1. Prioritization

*[Insert Name of Grantee]* has the authority and shall consider recapturing the full amount of ineligible assistance, regardless of *[City/Town]* staff or recipient responsibility in errors.

Recapture priority levels are based on ineligible amounts of funds received. In all cases, the *[city/town]* will assess the recovery amount, recipient's ability to repay, cost effectiveness, and other mitigating circumstances, to make a determination.



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Each priority level has a progressively higher threshold for waiver consideration. Recipient case files shall include documentation noting consideration factors and results.

Grant Recovery Amount	Priority Level
>\$5,000	High Priority
\$1,000 - \$5,000	Medium Priority
<\$1,000	Low Priority

### 2. Notification

All grant fund recipients including business entities and individual beneficiaries have an obligation to notify *[Insert Name of Grantee]* upon the award and/or receipt of any funds that may be a duplication of benefits for funds awarded through the CDBG-CV program.

If *[Insert Name of Grantee]* identifies a duplication of benefits or payment of ineligible funds, *[Insert Name of Grantee]* will notify the recipient(s) via e-mail and/or registered/certified mail. The notice will include the amount of ineligible assistance to be repaid, the reason for ineligibility, and a timeline for recipients' response (up to 30 days at the discretion of *[Insert Name of Grantee]*).

### 3. Method of recapture and repayment

If recipients cannot repay ineligible grant funds, *[Insert Name of Grantee e]* may be able to waive repayment under terms of the signed Promissory Note, Grant Agreement, or similar document.

Compromise settlements may be negotiated. If reached, the contract must state that if default occurs, recipient will owe the entire amount of the distribution, not simply the negotiated amount. Compromise should consider recipient's finances and ability to pay. Recipients can repay in a lump-sum payment of the entire amount due or enter into a repayment agreement. This formal document is prepared by *[Insert Name of Grantee]*, signed by both parties, and stored in the *[city/town]* record system. Accrued interest may be waived from the repayment agreement if *[Insert Name of Grantee]* determines interest is "against equity and good conscience". The recipient will pay a set fee each payment period equaling the repayment amount plus processing costs of collection. For Rehabilitation or Reconstruction grants, a lien will be placed on the property for the duration of the payment schedule.

Enforcement actions, such as civil or criminal charges, shall be initiated if an ineligible assistance recipient refuses to pay in full or enter a repayment schedule. If no agreement can be reached, *[Insert Name of Grantee]* may use the fullest extent of the law to seek repayment of all ineligible assistance received plus the collection costs. *[Insert Name of Grantee]* efforts to collect ineligible assistance may include repayment agreements, court orders, garnishment of



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wages and/or income tax returns, the use of private or public collection agents, and any other remedies available, on a case-by-case basis.

[*Insert Name of Grantee*] retains rights to resolve disputes, compromise debts (negotiate settlement amounts less than the full amount), suspend or terminate collection, and refer debt for litigation.

#### 4. Redistribution of funds

Recaptured funds will be made available for redistribution by [*Insert Name of Grantee*] within the activity the funds were originally appropriated under, if applicable. If collected funds exceed eligible clients at program end or after a program's operational period, [*Insert Name of Grantee*] will coordinate redistribution with the State.