

**United States Department of Agriculture
Rural Business-Cooperative Service**

**RURAL BUSINESS ENTERPRISE GRANT PROGRAM
GRANT AGREEMENT**

THIS GRANT AGREEMENT (Agreement) dated _____, is a contract for receipt of grant funds under the Rural Business Enterprise Grant Program (7 CFR, part 4284, subpart B) BETWEEN _____ (Grantee) and the United States of America acting through the Rural Business-Cooperative Service (RBS), Department of Agriculture (Grantor).

Grant funds will be used for _____

(Project). The amount of the grant is \$_____ (Grant Funds) which is _____ percent of the total project cost.

Grantee has determined to undertake the acquisition, construction, capital improvement, technical assistance, purchase of machinery and equipment, establishment of a revolving loan fund or other purpose for a project described in the application approved _____ by RBS. The estimated total cost of the project is \$_____ and the grantee is able to finance or obtain funding from other sources for \$_____.

Should the actual total project cost be lower than projected in this Agreement, the final grant amount will be adjusted.

The Grantor had agreed to give the Grantee the Grant Funds subject to the terms and conditions established by the Grantor. The Grantor may terminate the grant in whole, or in part, whenever it is determined that the Grantee has failed to comply with the conditions of this Agreement or the applicable regulations.

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0570-XXXX. The time required to complete this information collection is estimated to average 30 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

As a condition of this Agreement, the Grantee assures and certifies that it is in compliance with and will comply in the course of the Agreement with all applicable laws, regulations, Executive Orders, and other generally applicable regulations, including 7 CFR parts 3015, “Uniform Federal Assistance Regulations,” 3016, “Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments,” or 3019, “Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and other Nonprofit Organizations” or successor regulations. Further, 7 CFR, part 4284, subpart B and all relevant regulatory requirements apply to the Grantee whether contained in here or not.

NOW, THEREFORE, in consideration of said grant;

The parties agree to all of the terms and provisions of 7 CFR, part 4284, subpart B. Any application submitted by the Grantee for this project, including any attachments or amendments, are incorporated and included as part of this Agreement. Any changes to these documents or this Agreement must be approved in writing by the Grantor.

Use of Grant Funds

Grantee will use grant funds and leveraged funds only for the purposes and activities specified in the application approved by the Grantor including the approved budget. Budget and approved use of funds are as further described in the Grantor Letter of Conditions and amendments or supplements thereto. Any uses not provided for in the approved budget must be approved in writing by the Grantor. The proposed project must not duplicate other program purposes for which monies have been received, committed, or applied to from other sources.

Civil Rights Compliance

Grantee will comply with Title VI of the Civil Rights Act of 1964, the Age Discrimination Act of 1975, the Americans with Disabilities Act of 1990, Section 504 of the Rehabilitation Act of 1973, the Equal Credit Opportunity Act, and Title IX of the Education Amendments of 1972. This shall include collection and maintenance of data on the race, sex, and national origin of the Grantee’s membership, ownership and employees and on third-party recipients if the Grantee uses an application to determine eligibility for receipt of benefits or services. This data must be available to the Grantor in its conduct of Civil Rights Compliance reviews and will be further described in the Grantor Letter of Conditions.

Financial Management Systems

A. Grantee will provide a Financial Management System, which will include but is not limited to:

1. Records that identify adequately the source and application of funds for grant-supported activities. Those records shall contain information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays, and income.

2. Effective control over and accountability for all funds, property, and other assets. Grantees shall adequately safeguard all such assets and ensure that they are used solely for authorized purposes.
3. Accounting records prepared in accordance with generally accepted accounting principles (GAAP) and supported by source documentation.
4. Grantee tracking of fund usage and records that show matching funds and grant funds are used in equal proportions. Grantee will provide verifiable documentation regarding matching funds usage, i.e., bank statements or copies of funding obligations from the matching source.

B. Grantee will retain financial records, supporting documents, statistical records, and all other records pertinent to the grant for a period of at least 3 years after final grant disbursement unless the project involves real property, equipment, or revolving loan funds or if audit findings have not been resolved. In these cases, records will have a 3-year retention period from the date the audit resolution is completed, the date the project is transferred, terminated, disposed of, replaced or the date the useful life term has expired in accordance with this Agreement. The Grantor and 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 Grantee's which are pertinent to the grant for the purpose of making audits, examinations, excerpts, and transcripts.

Acquired or Improved Property

A. Grantee will hold title to all real property identified as part of the total project cost, including improvements to land, structures or things attached to them. In the case of installation or improvements to utilities or streets, the Grantee does not have to own the land, utility, or street that is improved in the public right of way, but must hold title to the land surrounding the improvements. Disposition and use conditions described below will also apply to the surrounding land if the property is sold or not used for the originally authorized purpose. Movable machinery and other kinds of equipment are not real property. In addition:

1. Approval may be requested from Grantor to transfer title to an eligible third party for continued use for originally authorized purposes. If approval is given, the terms of the transfer shall provide that the transferee must assume all the rights and obligations of the transferor, including the terms of this Agreement.
2. If the real property is no longer needed as provided above, disposition instructions of the Grantor shall be requested and followed. An independent third-party appraisal will be required to determine current fair market value. Disposition instructions will provide for one of the following alternatives:

- a. The Grantee may be directed to sell the property, and the Grantor shall have a right to an amount computed by multiplying the Federal (Grantor) share of the property times the proceeds from sale (after deducting actual and reasonable selling and fix-up expenses, if any, from the sale proceeds). Proper sales procedures shall be followed which provide for competition to the extent practicable and result in the highest possible return.
- b. The Grantee shall have the opportunity of retaining title. If title is retained, Grantor shall have the right to an amount computed by multiplying the current fair market value of the property by the Federal share of the property.
- c. The Grantee may be directed to transfer title to the Federal Government provided that, in such cases, the Grantee shall be entitled to compensation computed by applying the Grantee's percentage of participation in the cost of the project to the current fair market value of the property.

Disposition requirements for real property shall expire 20 years from the date of final grant disbursement. **This Agreement covers the following described real property (use continuation sheets as necessary).**

- B. Grantee will abide by the requirements of 7 CFR parts 3015, 3016, or 3019 as applicable pertaining to equipment, which is acquired wholly or in part with grant funds.

Disposition requirements for equipment will expire at the end of each item's useful life (which is based on a straight-line, non-accelerated method). **This Agreement covers the following described equipment (use continuation sheets as necessary):**

Item

Useful Life

- C. Grantee will not encumber, transfer, or dispose of the property or any part thereof acquired wholly or in part with Grantor funds, without the written consent of the Grantor.

- D. If required by Grantor, the Grantee will record liens or other appropriate notices of record to indicate that personal or real property has been acquired or improved with Federal grant funds, and that use and disposition conditions apply to the property as provided by 7 CFR parts 3015, 3016, or 3019 as applicable.
- E. Grantee will permit periodic inspection of construction on property by Grantor during construction phase.

Reporting

Grantee will provide the following periodic reports as required by the Grantor:

- A. A financial status report on a quarterly basis (Due 30 working days after end of the quarter. For the purposes of this grant, quarters end on March 31, June 30, September 30, and December 31). The financial status report must show how grant funds and leveraged funds have been used to date. A final report may serve as the last quarterly report. In addition, a Federal Transaction Report may be required on revolving loan fund projects on a quarterly basis.
- B. A project performance report on a quarterly basis. Grantees must consistently monitor the project to ensure that time schedules are met and projected goals are accomplished. The project performance reports shall include the following:
 - 1. A comparison of actual accomplishments to the objectives for that period.
 - 2. Reasons why established objectives were not met, if applicable.
 - 3. Any significant developments that would have an adverse or favorable affect on the overall project objectives. This notification must include a statement of the action taken or planned to resolve the situation.
 - 4. Objectives and timetables established for the next reporting period.
 - 5. Additional information in the final report as described in 7 CFR part 4284, subpart B.
- C. A lending activity report on a quarterly basis for revolving loan fund projects until all grant funds have been loaned out to small businesses. Thereafter, reports will be required semiannually 30 days after the end of the period.
- D. An audit in accordance with GAAP if the Grantee expends \$500,000 or more in Federal funds in any given year.

Grant Default/Termination

- A. Upon any default under its representations or agreements set forth in this instrument, Grantee, at the option and demand of Grantor, will, to the extent legally permissible, repay to Grantor forthwith the original principal amount of the grant stated hereinabove, with interest paid on U.S. 26-week

Treasury Bills adjusted quarterly from the date of default. The provision of this Agreement may be enforced by Grantor at its option and without regard to prior waivers by it of previous defaults of Grantee, by judicial proceedings to require specific performance of the terms of this Agreement or by such other proceedings in law or equity, in either Federal or State courts as may be deemed necessary by Grantor to ensure compliance with the provisions of this Agreement and the laws and regulations under which this grant is made.

B. The grant award can be terminated in the following situations:

1. Termination for cause. If the grantee fail to comply with the conditions of the letter of conditions or this Agreement, the Agency can terminate the grant. The Agency will notify the grantee in writing of the determination, including the reasons for the grant termination and the effective date of the termination.
2. Termination by mutual agreement. The grantee must provide written notification to the Agency explaining the reasons why they wish to terminate the grant and the proposed effective date. If the Agency mutually agrees that the continuation of the project would not produce beneficial results the grant can be terminated.

C. In the case of a revolving loan fund, failure or unwillingness of the Grantee to carry out or comply with the work plan, this Agreement, or any applicable Federal or State law is cause for grant termination. If the grant is terminated, the Agency takes control of the deposit account in which the fund is located, any pending note receivables and any security interest pledged on the pending note receivables.

IN WITNESS WHEREOF, Grantee has this day authorized and caused this Agreement to be signed in its name and its corporate seal to be hereunto affixed and attested by its duly authorized officers thereunto, and the Grantor has caused this Agreement to be duly executed in its behalf by:

Name:

Title:

Date

UNITED STATES OF AMERICA
RURAL BUSINESS-COOPERATIVE SERVICE

By: _____

Name:

Title:

Date