

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

24 CFR Parts 4, 5, 92, 115, 125, 135, 200, 202, 214, 236, 242, 248, 266, 401, 570, 573, 574, 576, 578, 582, 583, 700, 761, 880, 881, 882, 883, 884, 886, 891, 902, 905, 943, 963, 964, 965, 970, 982, 990, 1000, 1003, and 1006

[Docket No. FR–5783–F–02]

RIN 2501–AD66

Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards: Conforming Amendments

AGENCY: Office of the Secretary, HUD.

ACTION: Final rule.

SUMMARY: On December 19, 2014, the Office of Management and Budget (OMB) published a joint, Governmentwide interim rule with all Federal award-making agencies, entitled “Federal Awarding Agency Regulatory Implementation of Office of Management and Budget’s Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.” In that rule, all Federal award-making agencies, including HUD, implemented the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. HUD also amended its administrative requirements for grants and cooperative agreements. This final rule conforms HUD’s regulations to OMB’s rule, revises cross references within affected HUD regulations, and makes other conforming changes and corrections.

DATES: *Effective Date:* January 6, 2016.

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SUPPLEMENTARY INFORMATION:

I. Background

On December 19, 2014 (79 FR 75867), OMB published a joint, Governmentwide interim rule of all Federal award-making agencies entitled,

“Federal Awarding Agency Regulatory Implementation of Office of Management and Budget’s Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.” In the joint interim rule, HUD and all other Federal award-making agencies implemented OMB’s final guidance entitled, “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards” (Uniform Guidance) published on December 26, 2013 (78 FR 78589). The Uniform Guidance followed publication of a Notice of Proposed Guidance published on February 1, 2013 (78 FR 7282), and an Advance Notice of Proposed Guidance published on February 28, 2012 (77 FR 11778), and incorporated public comments received on those two documents. The Uniform Guidance is codified at 2 CFR part 200.

OMB’s Uniform Guidance provides a Governmentwide framework for Federal grant management designed to reduce administrative burden for non-Federal entities receiving Federal awards, while reducing the risk of waste, fraud, and abuse. The Uniform Guidance establishes requirements and responsibilities for all Federal agencies that award Federal financial assistance and all non-Federal entities that receive Federal awards. In developing the Uniform Guidance, OMB consolidated existing OMB circulars into a single set of requirements. OMB circulars consolidated and superseded by the Uniform Guidance include:

- A–21, “Cost Principles for Educational Institutions”;
- A–87, “Cost Principles for State, Local and Indian Tribal Governments”;
- A–102, “Grant Awards and Cooperative Agreements with State and Local Governments”;
- A–110, “Uniform Administrative Requirements for Awards and Other Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations”;
- A–133, “Audits of States, Local Governments and Non-Profit Organizations”.

The Uniform Guidance also replaces provisions of OMB circulars that relate to Single Audit Act audits. OMB’s consolidation of prior guidance was aimed at eliminating duplicative or nearly duplicative language in order to clarify existing guidance. The Uniform Guidance does not broaden the scope of applicability of the guidance superseded.

The policy reforms brought about by the Uniform Guidance include:

- Eliminating duplicative/conflicting guidance;

- Focusing on performance over compliance for accountability;
- Encouraging efficient use of information technology (IT)/shared services;
- Providing for consistent treatment of costs;
- Limiting allowable costs for the best use of Federal resources;
- Incorporating standard business processes using data definitions;
- Strengthening oversight; and
- Targeting audit requirements on risk of waste, fraud, and abuse.

The Uniform Guidance also streamlines audit procedures by:

- Raising the Single Audit threshold from \$500,000 to \$750,000;
- Raising the questioned cost limit in Single Audits from \$10,000 to \$25,000; and
- Requiring assessment of Governmentwide audit quality to be conducted every 6 years (beginning in 2018).

A. Applicability of Uniform Guidance to HUD Grantees

In the December 19, 2014, joint, interim rule, HUD adopted and codified the Uniform Guidance as requirements for Federal awards at a new part, 2 CFR part 2400. HUD also amended 24 CFR parts 84 and 85, which had codified OMB Circulars superseded by 2 CFR part 200, by removing all substantive provisions and including a saving provision that provides that Federal awards made prior to December 26, 2014, will continue to be governed by parts 84 or 85 as codified in the 2013 edition of the Code of Federal Regulations (CFR) or as provided under the terms of the Federal award.

HUD implemented OMB Circular A–102 in 1988, by codifying its provisions in 24 CFR part 85 (March 11, 1988, 53 FR 8025, 8650). In 1994, HUD implemented OMB Circular A–110 by codifying its provisions in 24 CFR part 84 (September 13, 1994, 59 FR 47011). HUD codified the provisions of OMB Circular A–133 in 24 CFR parts 84 and 85 in 1997 (November 18, 1997, 62 FR 61617). In the intervening years since codifying the guidance in these circulars, HUD has cross-referenced applicable provisions of 24 CFR parts 84 and 85 throughout program regulations. Because HUD has implemented 2 CFR part 200 and removed, with certain exceptions, 24 CFR parts 84 and 85, this final rule conforms 24 CFR to the Uniform Guidance by removing references to 24 CFR parts 84 and 85 and replacing them with corresponding references to 2 CFR part 200.

Grant recipients and those who monitor grants are strongly encouraged to review the Uniform Guidance to obtain a better understanding of the Uniform Guidance and its implications for their Federal awards. The Federal Council on Financial Assistance Reform (COFAR) has provided additional tools to assist in the transition to the Uniform Guidance. These tools include:

- Frequently Asked Questions for New Uniform Guidance at 2 CFR part 200: <https://cfo.gov/wp-content/uploads/2014/11/2014-11-26-Frequently-Asked-Questions.pdf>.
- Uniform Guidance Crosswalk from Existing Guidance to Final Guidance: www.whitehouse.gov/sites/default/files/omb/fedreg/2013/uniform-guidance-crosswalk-from-predominate-source-in-existing-guidance.pdf.
- COFAR webcast trainings and slides: Available through the COFAR Web site <https://cfo.gov/cofar/>; specifically, through that Web site's page on Resources for Understanding the Uniform Guidance, <https://cfo.gov/cofar/#RUUG>.

Additional tools are available through links from COFAR's Web site homepage, <https://cfo.gov/cofar/>, in such sections (as of the date of this rule) as Resources for Understanding the Uniform Guidance, Measuring the Impact of the Uniform Guidance, the COFAR Training Webcast Series, Federal Spending Transparency, and Related Links.

In addition, grant recipients are encouraged to review guidance issued by HUD on February 26, 2015, entitled "Transition to 2 CFR part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Final Guidance" (Notice SD-2015-01). This guidance is available at <http://portal.hud.gov/hudportal/documents/huddoc?id=15-01sdn.pdf>.

B. Other Conforming Changes

As noted above, HUD implemented OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," in 24 CFR parts 84 and 85 in 1997. In HUD's 1997 interim rule, HUD also removed and reserved 24 CFR part 44—Non-Federal Audit Requirements for State and Local Government, and 24 CFR part 45—Non-Federal Audit Requirements for Institutions of Higher Education and Other Nonprofit Institutions, since these parts were no longer applicable because of HUD's implementation of the circular. In drafting this final rule, HUD discovered the inadvertent retention of references to 24 CFR parts 44 and 45. HUD is using this final rule to correct this oversight and is replacing outdated

references to parts 44 and 45 with references to 2 CFR part 200, subpart F—Audit Requirements, or section(s) of that subpart, as applicable.

HUD is revising § 4.5 to conform to Section 233 of the Department of Housing and Urban Development Appropriations Act, 2009 (Pub. L. 111-8, March 11, 2009). HUD is revising § 570.402(a)(1) to conform to HUD's final rule entitled "Removal of Obsolete Community Planning and Development (CPD) Regulations (79 FR 51893, September 2, 2014). HUD is also correcting other copy and typographical errors.

II. Justification for Final Rulemaking

HUD generally publishes a rule for public comment before issuing a rule for effect, in accordance with its own regulations on rulemaking at 24 CFR part 10. Part 10 provides for exceptions to the general rule if the agency finds good cause to omit advance notice and public participation. The good cause requirement is satisfied when prior public procedure is "impracticable, unnecessary, or contrary to the public interest" (24 CFR 10.1). This rule updates references to regulatory provisions that have been removed by HUD in implementing the Uniform Guidance, and substitutes references to appropriate sections of the Uniform Guidance, corrects outdated references to 24 CFR parts 44 and 45, and makes other conforming changes. As a result, HUD finds that good cause exists to publish this rule for effect without first soliciting public comment.

III. Findings and Certifications

Regulatory Flexibility Act

The Regulatory Flexibility Act (RFA) (5 U.S.C. 605(b)) generally requires an agency to conduct regulatory flexibility analysis of any rule subject to notice and comment rulemaking requirements, unless the agency certifies that the rule will not have a significant economic impact on a substantial number of small entities. Because HUD has determined that good cause exists to issue this rule without prior public comment, this rule is not subject to the requirement to publish an initial or final regulatory flexibility analysis under the RFA as part of such action.

Executive Order 13132, Federalism

Executive Order 13132 (entitled "Federalism") prohibits an agency from publishing any rule that has federalism implications if the rule either imposes substantial direct compliance costs on State and local governments and is not required by statute or the rule preempts

State law, unless the agency meets the consultation and funding requirements of section 6 of the Executive order. This final rule will not have federalism implications and would not impose substantial direct compliance costs on State and local governments or preempt State law within the meaning of the Executive order.

Unfunded Mandates Reform

Section 202 of the Unfunded Mandates Reform Act of 1995 (UMRA)¹ requires that an agency prepare a budgetary impact statement before promulgating a rule that includes a Federal mandate that may result in the expenditure by State, local, and tribal governments, in the aggregate, or by the private sector, of \$100 million or more in any 1 year. If a budgetary impact statement is required, section 205 of UMRA also requires an agency to identify and consider a reasonable number of regulatory alternatives before promulgating a rule.² However, the UMRA applies only to rules for which an agency publishes a general notice of proposed rulemaking. As discussed above, HUD has determined, for good cause, that prior notice and public comment is not required on this rule and, therefore, the UMRA does not apply to this final rule.

List of Subjects

24 CFR Part 4

Administrative practice and procedure, Government employees, Grant programs—housing and community development, Investigations, Loan programs—housing and community development, Penalties, Reporting and recordkeeping requirements.

24 CFR Part 5

Administrative practice and procedure, Aged, Claims, Crime, Government contracts, Grant programs—housing and community development, Individuals with disabilities, Intergovernmental relations, Loan programs—housing and community development, Low and moderate income housing, Mortgage insurance, Penalties, Pets, Public housing, Rent subsidies, Reporting and recordkeeping requirements, Social security, Unemployment compensation, Wages.

¹ 2 U.S.C. 1532.

² 2 U.S.C. 1534.

24 CFR Part 92

Administrative practice and procedure, Grant programs—housing and community development, Low and moderate income housing, Manufactured homes, Rent subsidies, Reporting and recordkeeping requirements.

24 CFR Part 115

Administrative practice and procedure, Aged, Fair housing, Grant programs—housing and community development, Individuals with disabilities, Intergovernmental relations, Mortgages, Reporting and recordkeeping requirements.

24 CFR Part 125

Fair housing, Grant programs—housing and community development, Reporting and recordkeeping requirements.

24 CFR Part 135

Administrative practice and procedure, Community development, Equal employment opportunity, Government contracts, Grant programs—housing and community development, Housing Loan programs—housing and community development, Reporting and recordkeeping requirements, Small businesses.

24 CFR Part 200

Administrative practice and procedure, Claims, Equal employment opportunity, Fair housing, Housing standards, Lead poisoning, Loan programs—housing and community development, Mortgage insurance, Organization and functions (Government agencies), Penalties, Reporting and recordkeeping requirements, Social security, Unemployment compensation, Wages.

24 CFR Part 202

Administrative practice and procedure, Home improvement, Manufactured homes, Mortgage insurance, Reporting and recordkeeping requirements.

24 CFR Part 214

Administrative practice and procedure, Loan programs—housing and community development, Organization and functions (government agencies), Reporting and recordkeeping requirements.

24 CFR Part 236

Grant programs—housing and community development, Low and moderate income housing, Mortgage insurance, Rent subsidies, Reporting and recordkeeping requirements.

24 CFR Part 242

Hospitals, Mortgage insurance, Reporting and recordkeeping requirements.

24 CFR Part 248

Grant programs—housing and community development, Intergovernmental relations, Loan programs—housing and community development, Low and moderate income housing, Mortgage insurance, Reporting and recordkeeping requirements.

24 CFR Part 266

Intergovernmental relations, Low and moderate income housing, Mortgage insurance, Reporting and recordkeeping requirements.

24 CFR Part 401

Grant programs—housing and community development, Loan programs—housing and community development, Low and moderate income housing, Mortgage insurance, Mortgages, Rent subsidies, Reporting and recordkeeping requirements.

24 CFR Part 570

Administrative practice and procedure, American Samoa, Community development block grants, Grant programs—education, Grant programs—housing and community development, Guam, Indians, Loan programs—housing and community development, Low and moderate income housing, Northern Mariana Islands, Pacific Island Trust Territory, Puerto Rico, Reporting and recordkeeping requirements, Student aid, Virgin Islands.

24 CFR Part 573

Arson, Community facilities, Loan programs—housing and community development, Nonprofit organizations, Reporting and recordkeeping requirements.

24 CFR Part 574

Community facilities, Grant programs—housing and community development, Grant programs—social programs, HIV/AIDS, Low and moderate income housing, Reporting and recordkeeping requirements.

24 CFR Part 576

Community facilities, Grant programs—housing and community development, Grant programs—social programs, Homeless, Reporting and recordkeeping requirements.

24 CFR Part 578

Community facilities, Continuum of Care, Emergency solutions grants, Grant programs—housing and community development, Grant programs—social programs, Homeless, Rural housing, Reporting and recordkeeping requirements, Supportive housing programs—housing and community development, Supportive services.

24 CFR Part 582

Civil rights, Community facilities, Grant programs—housing and community development, Grant programs—social programs, Homeless, Individuals with disabilities, Mental health programs, Nonprofit organizations, Rent subsidies, Reporting and recordkeeping requirements.

24 CFR Part 583

Civil rights, Community facilities, Employment, Grant programs—housing and community development, Grant programs—social programs, Homeless, Indians, Individuals with disabilities, Mental health programs, Nonprofit organizations, Reporting and recordkeeping requirements, Technical assistance.

24 CFR Part 700

Aged, Grant programs—housing and community development, Grant programs—Indians, Indians, Individuals with disabilities, Low and moderate income housing, Public housing, Reporting and recordkeeping requirements.

24 CFR Part 761

Drug traffic control, Grant programs—housing and community development, Grant programs—Indians, Indians, Public housing, Reporting and recordkeeping requirements.

24 CFR Part 880

Grant programs—housing and community development, Rent subsidies, Reporting and recordkeeping requirements.

24 CFR Part 881

Grant programs—housing and community development, Rent subsidies, Reporting and recordkeeping requirements.

24 CFR Part 882

Grant programs—housing and community development, Homeless, Lead poisoning, Manufactured homes, Rent subsidies, Reporting and recordkeeping requirements.

24 CFR Part 883

Grant programs—housing and community development, Rent subsidies, Reporting and recordkeeping requirements.

24 CFR Part 884

Grant programs—housing and community development, Rent subsidies, Reporting and recordkeeping requirements, Rural areas.

24 CFR Part 886

Grant programs—housing and community development, Lead poisoning, Rent subsidies, Reporting and recordkeeping requirements.

24 CFR Part 891

Aged, Grant programs—housing and community development, Individuals with disabilities, Loan programs—housing and community development, Rent subsidies, Reporting and recordkeeping requirements.

24 CFR Part 902

Administrative practice and procedure, Public housing, Reporting and recordkeeping requirements.

24 CFR Part 905

Grant programs—housing and community development, Public housing, Reporting and recordkeeping requirements.

24 CFR Part 943

Public housing, Reporting and recordkeeping requirements.

24 CFR Part 963

Grant programs—housing and community development, Public housing, Reporting and recordkeeping requirements.

24 CFR Part 964

Grant programs—housing and community development, Public housing, Reporting and recordkeeping requirements.

24 CFR Part 965

Government procurement, Grant programs—housing and community development, Lead poisoning, Loan programs—housing and community development, Public housing, Reporting and recordkeeping requirements, Utilities.

24 CFR Part 970

Grant programs—housing and community development, Public housing, Reporting and recordkeeping requirements.

24 CFR Part 982

Grant programs—housing and community development, Grant programs—Indians, Indians, Public housing, Rent subsidies, Reporting and recordkeeping requirements.

24 CFR Part 990

Accounting, Grant programs—housing and community development, Public housing, Reporting and recordkeeping requirements.

24 CFR Part 1000

Aged, Community development block grants, Grant programs—housing and community development, Grant programs—Indians, Indians, Individuals with disabilities, Public housing, Reporting and recordkeeping requirements.

24 CFR Part 1003

Alaska, Community development block grants, Grant programs—housing and community development, Grant programs—Indians, Indians, Reporting and recordkeeping requirements.

24 CFR Part 1006

Community development block grants, Grant programs—housing and community development, Grant programs—Indians, Hawaiian Natives, Low and moderate income housing, Reporting and recordkeeping requirements.

Accordingly, for the reasons described in the preamble, HUD amends title 24 CFR parts 4, 5, 92, 115, 125, 135, 200, 202, 214, 236, 242, 248, 266, 401, 570, 573, 574, 576, 578, 582, 583, 700, 761, 880, 881, 882, 883, 884, 886, 891, 902, 905, 943, 963, 964, 965, 970, 982, 990, 1000, 1003, and 1006, as follows:

PART 4—HUD REFORM ACT

- 1. The authority citation for part 4 continues to read as follows:

Authority: 42 U.S.C. 3535(d), 3537a, 3545.

- 2. Revise § 4.5(a) to read as follows:

§ 4.5 Notice and documentation of assistance subject to section 102(a).

(a) *Notice.* Before the Department solicits an application for assistance subject to Section 102(a), it will post a notice describing application procedures and selection criteria not less than 30 calendar days before the deadline by which applications must be submitted.

* * * * *

§ 4.9 [Amended]

- 3. Amend § 4.9(a)(1)(iii) by removing “24 CFR part 85” and adding in its place “2 CFR 200.80”.

PART 5—GENERAL HUD PROGRAM REQUIREMENTS; WAIVERS

- 4. The authority citation for part 5 continues to read as follows:

Authority: 42 U.S.C. 1437a, 1437c, 1437d, 1437f, 1437n, 3535(d), Sec. 327, Pub. L. 109–115, 119 Stat. 2936, and Sec. 607, Pub. L. 109–162, 119 Stat. 3051.

§ 5.107 [Amended]

- 5. Amend § 5.107 by removing “revised OMB Circular A–133, ‘Audits of States, Local Governments and Non-profit Organizations’ (see 24 CFR 84.26)” and adding in its place “2 CFR part 200, subpart F”.

§ 5.109 [Amended]

- 6. Amend § 5.109(g) by removing “(see, e.g., 24 CFR parts 84 and 85)” and adding in its place “(see, e.g., 2 CFR 200.311)”.

§ 5.801 [Amended]

- 7. Amend § 5.801(d)(1) by removing “OMB Circular A–133 (See 24 CFR 84.26)” and adding in its place “2 CFR part 200, subpart F”.

§ 5.1003 [Amended]

- 8. Amend § 5.1003 by removing “Data Universal Numbering System (DUNS)” and “DUNS number” wherever they appear and adding in their place “unique entity identifier”.

- 9. Amend § 5.1004 as follows:

- a. Revise the section heading; and

- b. Remove “Central Contractor Registration (CCR)” and “CCR” and add in their place “System of Award Management (SAM)” and “SAM in accordance with 2 CFR part 25, appendix A”, respectively.

The revision reads as follows:

§ 5.1004 System of award management.

* * * * *

PART 92—HOME INVESTMENT PARTNERSHIPS PROGRAM

- 10. The authority citation for part 92 continues to read as follows:

Authority: 42 U.S.C. 3535(d) and 12701–12839

§ 92.2 [Amended]

- 11. In § 92.2, amend paragraph (6) of the definition of “Community housing development organization,” by removing “24 CFR 84.21, ‘Standards for Financial Management Systems;’” and adding in its place “2 CFR 200.302, ‘Financial Management’ and 2 CFR 200.303, ‘Internal Controls;’”.

§ 92.64 [Amended]

■ 12. Amend § 92.64(a)(2)(ii) by removing “24 CFR 85.21” and adding in its place “2 CFR 200.305”.

§ 92.204 [Amended]

■ 13. Amend § 92.204(a)(2)(ii) by removing “24 CFR 85.21” and adding in its place “2 CFR 200.305”.

§ 92.207 [Amended]

■ 14. Amend § 92.207(e) by removing “OMB Circulars A–87 or A–122, as applicable” and adding in its place “2 CFR part 200, subpart E.”

§ 92.214 [Amended]

■ 15. Amend § 92.214(b)(2) by removing “2 CFR part 225 (OMB Circular A–87, entitled ‘Cost Principles for State, Local and Indian Tribal Governments’)” and adding in its place “2 CFR 200.406”.

§ 92.220 [Amended]

■ 16. Amend § 92.220(a)(1)(ii) by removing “24 CFR 85.26(b)” and adding in its place “2 CFR 200.80”.

§ 92.257 [Amended]

■ 17. Amend § 92.257(e) by removing “(see 24 CFR parts 84 and 85)” and adding in its place “(see 2 CFR 200.311)”.

§ 92.351 [Amended]

■ 18. Amend § 92.351(b) by removing “Section 85.36(e) of this title” and replacing with “Section 200.321 of title 2 Code of Federal Regulations”.

§ 92.356 [Amended]

■ 19. Amend § 92.356(a) by:
■ a. Removing “24 CFR 85.36 and 24 CFR 84.42, respectively,” and adding in its place “2 CFR 200.317 and 2 CFR 200.318”; and

■ b. Removing “24 CFR 85.36 and 24 CFR 84.42” and adding in its place “2 CFR 200.317 and 200.318”.

■ 20. Revise § 92.502(c)(2) to read as follows:

§ 92.502 Program disbursement and information system.

* * * * *

(c) * * *

(2) HOME funds drawn from the United States Treasury account must be expended for eligible costs within 15 days. Any interest earned within the 15-day period may be retained by the participating jurisdiction as HOME funds. Any funds that are drawn down and not expended for eligible costs within 15 days of the disbursement must be returned to HUD for deposit in the participating jurisdiction’s United States Treasury account of the HOME

Investment Trust Fund. Interest earned after 15 days belongs to the United States and must be remitted to the United States as provided in 2 CFR 200.305(b)(9), except interest amounts up to \$500 per year may be retained for administrative expenses.

* * * * *

§ 92.504 [Amended]

■ 21. Amend § 92.504 as follows:

■ a. In paragraph (c)(1)(x) by:

■ i. Removing “24 CFR 85.43” and adding in its place “2 CFR 200.338”;
■ ii. Removing “for convenience” and adding in its place “in whole or in part”; and

■ iii. Removing “24 CFR 85.44” and adding in its place “2 CFR 200.339”; and

■ b. In paragraph (c)(2)(ix) by:

■ i. Removing “24 CFR 85.43” and adding in its place “2 CFR 200.338”;
■ ii. Removing “for convenience” and adding in its place “in whole or in part”; and

■ iii. Removing “24 CFR 85.44” and adding in its place “2 CFR 200.339”.

■ 22. Revise § 92.505 to read as follows.

§ 92.505 Applicability of uniform administrative requirements.

The requirements of 2 CFR part 200 apply to participating jurisdictions, State recipients, and subrecipients receiving HOME funds, except for the following provisions: §§ 200.306, 200.307, 200.308 (not applicable to participating jurisdictions), 200.311 (except as provided in § 92.257), 200.312, 200.329, 200.333, and 200.334. The provisions of 2 CFR 200.305 apply as modified by § 92.502(c). If there is a conflict between definitions in 2 CFR part 200 and 24 CFR part 92, the definitions in 24 CFR part 92 govern.

§ 92.506 [Amended]

■ 23. Amend § 92.506 by removing “24 CFR 84.26 and 85.26” and adding in its place “2 CFR part 200, subpart F”.

■ 24. Revise § 92.507 to read as follows:

§ 92.507 Closeout.

HOME funds will be closed out in accordance with 2 CFR part 200, subpart D.

§ 92.508 [Amended]

■ 25. Amend § 92.508 as follows:

■ a. In paragraph (a)(3)(ii) remove “24 CFR 85.20” and add in its place “2 CFR 200.302”;

■ b. In paragraph (a)(5)(i) add “, in accordance with 2 CFR 200.302,” after “Records”; and

■ c. In paragraph (a)(5)(iv) remove “, in accordance with 24 CFR 85.20,” and add “and other records required by 2

CFR 200.302” at the end of the paragraph.

§ 92.551 [Amended]

■ 26. Amend § 92.551(c)(2) by:

■ a. Removing “24 CFR 85.12” and adding in its place “2 CFR 200.207”; and

■ b. Adding “, including remedies under 2 CFR 200.338” at the end of the paragraph.

PART 115—CERTIFICATION AND FUNDING OF STATE AND LOCAL FAIR HOUSING ENFORCEMENT AGENCIES

■ 27. The authority citation for part 115 continues to read as follows:

Authority: 42 U.S.C. 3601–19; 42 U.S.C. 3535(d).

■ 28. Revise § 115.308(e) to read as follows:

§ 115.308 Reporting and recordkeeping requirements.

* * * * *

(e) All files will be kept in such fashion as to permit audits under 2 CFR part 200, subpart F.

PART 125—FAIR HOUSING INITIATIVES PROGRAM

■ 29. The authority citation for part 125 continues to read as follows:

Authority: 42 U.S.C. 3535(d), 3616 note.

§ 125.104 [Amended]

■ 30. Amend § 125.104(g) by removing “part 44 or part 45, as appropriate, of this title” and adding in its place “2 CFR part 200, subpart F.”

PART 135—ECONOMIC OPPORTUNITIES FOR LOW- AND VERY LOW-INCOME PERSONS

■ 31. The authority citation for part 135 continues to read as follows:

Authority: 12 U.S.C. 1701u; 42 U.S.C. 3535(d).

§ 135.11 [Amended]

■ 32. Amend § 135.11 as follows:

■ a. In paragraph (a), remove “(24 CFR 85.36)” from the paragraph heading and add in its place “2 CFR part 200, subpart D”;

■ b. In paragraph (a)(1), remove “24 CFR 85.36(c)” and “24 CFR 85.36(c)(2)” and add in their place “2 CFR 200.319”;

■ c. In paragraph (a)(2), remove “24 CFR 85.36(d)” and add in its place “2 CFR 200.320”; and

■ d. In paragraph (b), remove “OMB Circular No. A–110” everywhere it appears and add in its place “2 CFR part 200, subpart D”.

§ 135.36 [Amended]

■ 33. Amend § 135.36(c) by removing “24 CFR 85.36 (see 24 CFR 85.36(b)(8)).” and adding in its place “2 CFR 200.318(h).”

Appendix to Part 135 [Amended]

■ 34. Amend the appendix to part 135 as follows:

- a. In section III, introductory text, remove “24 CFR 85.36(d)” and add in its place “2 CFR 200.320”; and
- b. In section III, paragraph (3)(i), remove “(24 CFR 85.36(d)(3))” and add in its place “(2 CFR 200.320)”.

PART 200—INTRODUCTION TO FHA PROGRAMS

■ 35. The authority citation for part 200 continues to read as follows:

Authority: 12 U.S.C. 1702–1715z–21; 42 U.S.C. 3535(d).

■ 36. Revise § 200.11 to read as follows:

§ 200.11 Audit requirements for State and local governments as mortgagees.

Requirements set forth in 2 CFR part 200, subpart F, apply to State and local governments (as defined at 2 CFR 200.90 and 200.64, respectively) that receive mortgage insurance as mortgagees.

PART 202—APPROVAL OF LENDING INSTITUTIONS AND MORTGAGEES

■ 37. The authority citation for part 202 continues to read as follows:

Authority: 12 U.S.C. 1703, 1709, and 1715b; 42 U.S.C. 3535(d).

■ 38. Revise § 202.10(c) to read as follows:

§ 202.10 Governmental institutions, Government-sponsored enterprises, public housing agencies and State housing agencies.

* * * * *

(c) *Audit requirements.* The insuring of loans and mortgages under the Act constitutes “Federal financial assistance” (as defined in 2 CFR 200.40) for purposes of audit requirements set out in 2 CFR part 200, subpart F. Non-Federal entities (as defined in 2 CFR 200.69) that receive insurance as lenders and mortgagees shall conduct audits in accordance with 2 CFR part 200, subpart F.

PART 214—HOUSING COUNSELING PROGRAM

■ 39. The authority citation for part 214 is revised to read as follows:

Authority: 12 U.S.C. 1701x, 1701x–1; 42 U.S.C. 3535(d).

§ 214.103 [Amended]

■ 40. Amend § 214.103 as follows:

- a. In paragraph (e), remove “24 CFR 1.6, 24 CFR 84.21, and 24 CFR 121” and add in its place “2 CFR part 200, subpart D, 24 CFR 1.6, and 24 CFR part 121”;
- b. In paragraph (i)(2), remove “24 CFR part 84 (Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations) and 24 CFR part 85 (Administrative Requirements for Grants and Cooperative Agreements to States, Local and Federally Recognized Indian Tribal Governments), as applicable, and with the OMB Circulars described therein” and add in its place “2 CFR part 200”.

§ 214.315 [Amended]

■ 41. Amend § 214.315(a) by removing “24 CFR 1.6, 24 CFR 84.21, and 24 CFR part 121” and adding in its place “2 CFR part 200, subpart D, 24 CFR 1.6, and 24 CFR part 121”.

§ 214.500 [Amended]

■ 42. Amend § 214.500 by removing “24 CFR parts 84 and 85” and adding in its place “2 CFR part 200, subpart F”.

PART 236—MORTGAGE INSURANCE AND INTEREST REDUCTION PAYMENT FOR RENTAL PROJECTS

■ 43. The authority citation for part 236 continues to read as follows:

Authority: 12 U.S.C. 1715b, 1715z–1, and 1735d; 42 U.S.C. 3535(d).

§ 236.901 [Amended]

■ 44. Amend § 236.901 by removing “24 CFR part 44” and adding in its place “2 CFR part 200, subpart F”.

PART 242—MORTGAGE INSURANCE FOR HOSPITALS

■ 45. The authority citation for part 242 continues to read as follows:

Authority: 12 U.S.C. 1709, 1710, 1715b, 1715n(f), and 1715u; 42 U.S.C. 3535(d).

§ 242.58 [Amended]

■ 46. Amend § 242.58(c)(1) by removing “OMB Circular A–133 (Audits of states, local governments, and nonprofit organizations)” and adding in its place “2 CFR part 200, subpart F”.

PART 248—PREPAYMENT OF LOW INCOME HOUSING MORTGAGES

■ 47. The authority citation for part 248 continues to read as follows:

Authority: 12 U.S.C. 17151 note, 4101 note, and 4101–4124; 42 U.S.C. 3535(d).

§ 248.101 [Amended]

■ 48. In § 248.101, amend paragraph (6) of the definition of “Community-Based Nonprofit Organization” by removing “Attachment F of OMB Circular No. A–110 (Rev.) ‘Standards for Financial Management Systems’” and adding in its place “2 CFR 200.302 and 200.303”.

§ 248.173 [Amended]

■ 49. Amend § 248.173(q) by removing “part 45 of this title” and adding in its place “2 CFR part 200, subpart F”.

PART 266—HOUSING FINANCE AGENCY RISK-SHARING PROGRAM FOR INSURED AFFORDABLE MULTIFAMILY PROJECT LOANS

■ 50. The authority citation for part 266 continues to read as follows:

Authority: 12 U.S.C. 1707; 42 U.S.C. 3535(d).

§ 266.510 [Amended]

■ 51. Amend § 266.510(c) by removing “24 CFR part 85.26” and adding in its place “2 CFR part 200, subpart F”.

PART 401—MULTIFAMILY HOUSING MORTGAGE AND HOUSING ASSISTANCE RESTRUCTURING PROGRAM (MARK-TO-MARKET)

■ 52. The authority citation for part 401 continues to read as follows:

Authority: 12 U.S.C. 1715z–1 and 1735f–18(b); 42 U.S.C. 1437(c)(8), 1437f(t) note, and 3535(d).

§ 401.302 [Amended]

■ 53. Amend § 401.302(a) by removing “Parts 84 and 85 of this title” and adding in its place “Part 200 of 2 CFR”.

PART 570—COMMUNITY DEVELOPMENT BLOCK GRANTS

■ 54. The authority citation for part 570 continues to read as follows:

Authority: 42 U.S.C. 3535(d) and 5301–5320.

■ 55. Amend § 570.200 by:

- a. In paragraph (a)(5) introductory text:
 - i. Removing “OMB Circulars A–87, ‘Cost Principles for State, Local and Indian Tribal Governments’; A–122, ‘Cost Principles for Non-profit Organizations’; or A–21, ‘Cost Principles for Educational Institutions,’ as applicable” and adding in its place “2 CFR part 200, subpart E”;
 - ii. Removing footnote 1;
 - iii. Removing “Attachment B of these Circulars” and adding in its place “2 CFR part 200, subpart E,”; and

- iv. Removing “Attachment A of such circulars” and adding in its place “2 CFR part 200, subpart E.”;
- b. In paragraph (a)(5)(i), removing “HUD’s specific approval or, if charged through a cost allocation plan” and adding in its place “the approval of”;
- c. In paragraph (a)(5)(ii), removing “and penalties (including punitive damages)” and adding in its place “penalties, damages, and other settlements”;
- d. Redesignating paragraph (a)(5)(iii) as paragraph (a)(5)(v);
- e. Adding paragraphs (a)(5)(iii) and (iv);
- f. In paragraph (d)(2), removing “24 CFR 85.36” and adding in its place “2 CFR part 200, subpart D”;
- g. In paragraph (f)(1)(i)(B), removing “24 CFR 85.36” and adding in its place “2 CFR part 200, subpart D”; and
- h. In paragraph (j)(5), removing “(see 24 CFR parts 84 and 85)” and adding in its place “(see 2 CFR 200.311)”.

The additions read as follows:

§ 570.200 General policies.

- (a) * * *
- (5) * * *

(iii) Costs of housing (*e.g.*, depreciation, maintenance, utilities, furnishings, rent), housing allowances and personal living expenses (goods or services for personal use) regardless of whether reported as taxable income to the employees (2 CFR 200.445);

(iv) Organization costs (2 CFR 200.455); and

* * * * *

§ 570.206 [Amended]

- 56. Amend § 570.206(e) by removing “OMB Circular A–21, A–87, or A–122 as applicable” and adding in its place “2 CFR part 200, subpart E”.

§ 570.207 [Amended]

- 57. Amend § 570.207 as follows:
 - a. In paragraph (a)(2), remove “OMB Circular A–87” and add in its place “2 CFR part 200, subpart E”;
 - b. In paragraph (b)(1)(i), remove “, depreciation, or use allowances pursuant to OMB Circulars A–21, A–87 or A–122” and add in its place “or depreciation pursuant to 2 CFR part 200, subpart E.”; and
 - c. In paragraph (b)(1)(iii), remove “or use allowances (in accordance with OMB Circulars A–21, A–87 or A–122, as applicable)” and add in its place “in accordance with 2 CFR part 200, subpart E.”.

§ 570.402 [Amended]

- 58. Amend § 570.402 as follows:
 - a. In paragraph (a)(1), remove the last sentence of the paragraph; and

- b. In paragraph (a)(2), remove “OMB Circulars” and add in its place “2 CFR part 200”.

§ 570.415 [Amended]

- 59. Amend § 570.415(k)(3)(iii) by removing “OMB Circulars A–101 and A–110” and adding in its place “2 CFR part 200”.

- 60. Revise § 570.416(j)(2) to read as follows:

§ 570.416 Hispanic-serving institutions work study program.

* * * * *

(j) * * *

(2) *Uniform administrative requirements.* Recipients under HSI–WSP shall comply with the requirements and standards of 2 CFR part 200, “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.” Audits in accordance with 2 CFR part 200, subpart F, shall be conducted annually.

- 61. Amend § 570.489 as follows:

- a. In paragraph (d)(1)(i), add “and the terms and conditions of the award” at the end of the paragraph;

- b. In paragraph (d)(2)(iii), remove “24 CFR part 85 ‘Uniform Administrative Requirements for Grants and Cooperative Agreements to States and Local Governments.’” and add in its place “2 CFR part 200.”;

- c. In paragraph (d)(2)(iii)(A), remove “part 85” and add in its place “2 CFR part 200”;

- d. In paragraph (d)(2)(iii)(B), remove “part 85 of this title” and “part 84 of this title, ‘Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations,’ as applicable” and add in their place “2 CFR part 200”;

- e. In paragraph (j), remove “(24 CFR 85.36, ‘Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments’)” and add in its place “(2 CFR 200.88)”;

- f. Redesignate paragraphs (m) and (n) as paragraphs (n) and (p), respectively;

- g. Add paragraph (m); and

- h. Revise newly redesignated paragraphs (n) and (p).

The revision and additions to read as follows:

§ 570.489 Program administrative requirements.

* * * * *

(m) *Subrecipient monitoring and management.* The provisions of 2 CFR 200.330 through 200.332 are applicable.

(n) *Audits.* Notwithstanding any other provision of this title, audits of a State

and units of general local government shall be conducted in accordance with 2 CFR part 200, subpart F, which implements the Single Audit Act. States shall develop and administer an audits management system to ensure that audits of units of general local government are conducted in accordance with 2 CFR part 200, subpart F.

* * * * *

(p) *Cost principles and prior approval.* A State must ensure that costs incurred by the State and by its recipients are in conformance with 2 CFR part 200, subpart E. All cost items described in 2 CFR part 200, subpart E, that require Federal agency approval are allowable without prior approval of HUD, to the extent that they otherwise comply with the requirements of 2 CFR part 200, subpart E, and are otherwise eligible, except for the following:

(1) Depreciation methods for fixed assets shall not be changed without the express approval of the cognizant Federal agency (2 CFR 200.436).

(2) Fines, penalties, damages, and other settlements are unallowable costs to the CDBG program (2 CFR 200.441).

(3) Costs of housing (*e.g.*, depreciation, maintenance, utilities, furnishings, rent), housing allowances, and personal living expenses (goods or services for personal use) regardless of whether reported as taxable income to the employees (2 CFR 200.445).

(4) Organization costs (2 CFR 200.455).

§ 570.490 [Amended]

- 62. Amend § 570.490(a)(1) by removing “24 CFR part 85” and adding in its place “2 CFR 200, subpart F”.

§ 570.500 [Amended]

- 63. Amend § 570.500(c) by removing “24 CFR 85.36 or 84.40, as applicable” and adding in its place “2 CFR part 200, subpart D”.

- 64. Revise § 570.502 to read as follows:

§ 570.502 Applicability of uniform administrative requirements.

(a) Grantees and subrecipients shall comply with 2 CFR part 200, “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards”, except that:

(1) Section 200.305 “Payment” is modified for lump sum drawdown for financing of property rehabilitation activities, in accordance with § 570.513.

(2) Section 200.306 “Cost sharing or matching” does not apply.

(3) Section 200.307 “Program income” does not apply. Program income is governed by § 570.504.

(4) Section 200.308 “Revisions of budget and program plans” does not apply.

(5) Section 200.311 “Real property” does not apply, except as provided in § 570.200(j). Real property is governed by § 570.505.

(6) Section 200.313 “Equipment” applies, except that when the equipment is sold, the proceeds shall be program income. Equipment not needed by the subrecipient for CDBG activities shall be transferred to the recipient for the CDBG program or shall be retained after compensating the recipient.

(7) Section 200.333 “Retention requirements for records” applies except that:

(i) For recipients:

(A) The period shall be 4 years from the date of execution of the closeout agreement for a grant, as further described in this part;

(B) Records for individual activities subject to the reversion of assets provisions at § 570.503(b)(7) or the change of use provisions at § 570.505 must be maintained for 3 years after those provisions no longer apply to the activity;

(C) Records for individual activities for which there are outstanding loan balances, other receivables, or contingent liabilities must be retained for 3 years after the receivables or liabilities have been satisfied.

(ii) For subrecipients:

(A) The retention period for individual CDBG activities shall be the longer of 3 years after the expiration or termination of the subrecipient agreement under § 570.503, or 3 years after the submission of the annual performance and evaluation report, as prescribed in § 91.520 of this title, in which the specific activity is reported on for the final time;

(B) Records for individual activities subject to the reversion of assets provisions at § 570.503(b)(7) or change of use provisions at § 570.505 must be maintained for as long as those provisions continue to apply to the activity; and

(C) Records for individual activities for which there are outstanding loan balances, other receivables, or contingent liabilities must be retained until such receivables or liabilities have been satisfied.

(8) Section 200.343 “Closeout” applies to closeout of subrecipients.

(b) [Reserved]

■ 65. Amend § 570.503 by:

■ a. In paragraph (b)(4), removing “administrative” everywhere it appears; and

■ b. Revising paragraph (b)(6).

The revision reads as follows:

§ 570.503 Agreements with subrecipients.

* * * * *

(b) * * *

(6) *Suspension and termination.* The agreement shall set forth remedies for noncompliance and provisions on termination in accordance with 2 CFR part 200, subpart D.

* * * * *

§ 570.508 [Amended]

■ 66. Amend § 570.508 by removing “24 CFR 85.42(f)” and adding in its place “2 CFR 200.337”.

§ 570.509 [Amended]

■ 67. Amend § 570.509 as follows:

■ a. In paragraph (e), remove “24 CFR 85.44” and add in its place “2 CFR 200.339”; and

■ b. In paragraph (f), remove “24 CFR 85.43(c)” and add in its place “2 CFR 200.342”.

§ 570.511 [Amended]

■ 68. Amend § 570.511(a)(2) by removing “24 CFR 85.36” and adding in its place “2 CFR part 200, subpart D”.

■ 69. Revise § 570.610 to read as follows:

§ 570.610 Uniform administrative requirements, cost principles, and audit requirements for Federal awards.

The recipient, its agencies or instrumentalities, and subrecipients shall comply with 2 CFR part 200, “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards”, as set forth at § 570.502.

§ 570.611 [Amended]

■ 70. Amend § 570.611 as follows:

■ a. In paragraph (a)(1), remove “24 CFR 85.36 and 24 CFR 84.42, respectively,” and add in its place “2 CFR 200.317 and 200.318”; and

■ b. In paragraph (a)(2), remove “24 CFR 85.36 and 84.42” and add in its place “2 CFR 200.317 and 200.318”.

§ 570.904 [Amended]

■ 71. Amend § 570.904(d) by removing “24 CFR 85.36(e)” and both instances of “§ 85.36(e) of this chapter” and adding in their place “2 CFR 200.321”.

PART 573—LOAN GUARANTEE RECOVERY FUND

■ 72. The authority citation for part 573 continues to read as follows:

Authority: Pub. L. 104–155, 110 Stat. 1392, 18 U.S.C. 241 note; 42 U.S.C. 3535(d).

§ 573.9 [Amended]

■ 73. Amend § 573.9(b) by removing “2 CFR part 84” everywhere it appears and adding in its place “2 CFR part 200”.

PART 574—HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS

■ 74. The authority citation for part 574 continues to read as follows:

Authority: 42 U.S.C. 3535(d) and 12901–12912.

§ 574.3 [Amended]

■ 75. In § 574.3, amend the definition of “Project sponsor” by removing “24 CFR 85.36” and adding in its place “2 CFR part 200, subpart D”.

§ 574.300 [Amended]

■ 76. Amend § 574.300(c)(5) by removing “24 CFR parts 84 and 85” and adding in its place “2 CFR 200.311”.

§ 574.500 [Amended]

■ 77. Amend § 574.500(c) by:

■ a. Removing “24 CFR 85.43” and adding in its place “2 CFR part 200, subpart D”; and

■ b. Removing “paragraph (a) of that section” and adding in its place “2 CFR 200.338”.

■ 78. Revise § 574.605 to read as follows:

§ 574.605 Applicability of uniform administrative requirements, cost principles, and audit requirements for Federal awards.

The provisions of 2 CFR part 200, “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards”, apply to HOPWA grants.

§ 574.625 [Amended]

■ 79. In § 574.625, amend paragraph (a) by removing “OMB Circular A–102 and 24 CFR 85.36(b)(3)” and adding in its place “2 CFR 200.317 (for recipients and subrecipients that are States) and 2 CFR 200.318 (for recipients and subrecipients that are not States)”.

■ 80. Revise § 574.650 to read as follows:

§ 574.650 Audit.

Grantees and project sponsors are subject to the audit requirements set forth in 2 CFR part 200, subpart F.

PART 576—EMERGENCY SOLUTIONS GRANTS PROGRAMS

■ 81. The authority citation for part 576 continues to read as follows:

Authority: 42 U.S.C. 11371 *et seq.*, 42 U.S.C. 3535(d).

§ 576.2 [Amended]

■ 82. In § 576.2, amend the definition of “Program income” by removing “24 CFR 85.25” and adding in its place “2 CFR 200.80”.

§ 576.100 [Amended]

■ 83. Amend § 576.100(d) by removing “OMB Circulars A–87 (2 CFR 225) and A–122 (2 CFR 230)” and adding in its place “2 CFR part 200, subpart E”.

§ 576.109 [Amended]

■ 84. Amend § 576.109 as follows:

■ a. In paragraph (a), remove “OMB Circular A–87 (2 CFR part 225), or A–122 (2 CFR part 230), as applicable” and add in its place “2 CFR part 200, subpart E”; and

■ b. In paragraph (b), remove “an indirect cost rate proposal developed in accordance with OMB Circular A–87 (2 CFR part 225), or A–122 (2 CFR part 230), as applicable” and add in its place “2 CFR part 200, subpart E”.

§ 576.200 [Amended]

■ 85. Amend § 576.200(a) by removing “24 CFR 85.12” and adding in its place “2 CFR 200.207”.

■ 86. Revise § 576.201(a), (b), and (c) to read as follows:

§ 576.201 Matching requirement.

(a) The recipient must make matching contributions to supplement the recipient’s ESG program in an amount that equals the recipient’s fiscal year grant for ESG. This amount may include contributions to any project under the recipient’s ESG program, including any subrecipient’s ESG project, if the requirements in this section are met. The first \$100,000 of a State’s fiscal year grant is not required to be matched, but the benefit of this exception must pass to the state’s subrecipients that are least capable of providing matching contributions. The match requirements under this section do not apply if the recipient is a territory.

(b) To be recognized as match for ESG, each contribution must meet the requirements under 2 CFR 200.306, except that:

(1) Notwithstanding 2 CFR 200.306(b)(4), matching contributions are not subject to the expenditure limits in § 576.100; and

(2) Notwithstanding 2 CFR 200.306(b)(5), the recipient may use funds from another Federal program as match for ESG, unless doing so would violate a specific statutory prohibition or the recipient or subrecipient counts ESG funds as match for that program.

(c) The recipient may count as match the value specified in 2 CFR 200.306(d)

for any building the recipient or subrecipient donates for long-term use in the recipient’s ESG program, provided that depreciation on the building is not counted as match or charged to any Federal award. If a third party donates a building to the recipient or subrecipient, the recipient may count as match either depreciation of the building and fair rental charges for the land for each year the building is used for the recipient’s ESG program or, if the building is donated for long-term use in the recipient’s ESG program, the fair market value of the capital assets, as specified in 2 CFR 200.306(h)(2), (i), and (j). To qualify as a donation for long-term use, the donation must be evidenced by a recorded deed or use restriction that is effective for at least 10 years after the donation date. If the donated building is renovated with ESG funds, the minimum period of use under § 576.102(c) may increase the period for which the building must be used in the recipient’s ESG program.

* * * * *

■ 87. In § 576.404, add a sentence at the end of paragraph (a) and revise paragraph (b) introductory text to read as follows:

§ 576.404 Conflicts of interest.

(a) * * * Recipients and subrecipients must also maintain written standards of conduct covering organizational conflicts of interest required under 2 CFR 200.318.

(b) *Individual conflicts of interest.* For the procurement of goods and services, the recipient and its subrecipients must comply with 2 CFR 200.317 and 200.318. For all other transactions and activities, the following restrictions apply:

* * * * *

§ 576.406 [Amended]

■ 88. Amend § 576.406(e) by:

■ a. Removing “Solutions ESG funds” and adding in its place “ESG funds”; and

■ b. Removing “(see 24 CFR parts 84 and 85)” and adding in its place “(see 2 CFR 200.311)”.

■ 89. Revise § 576.407(c) to read as follows:

§ 576.407 Other Federal requirements.

* * * * *

(c) *Uniform requirements.* The requirements of 2 CFR part 200 apply to the recipient and subrecipients, and:

(1) Program income may be used as matching contributions, subject to the requirements in § 576.201;

(2) The disposition of real property for which ESG funds are used for major

rehabilitation, conversion, or other renovation under § 576.102 is governed by the minimum period of use requirements under § 576.102(c).

* * * * *

■ 90. Amend § 576.500 as follows:

■ a. In paragraph (a), add at the end of the first sentence “, including those required by 2 CFR part 200”;

■ b. In paragraph (s)(2), remove “24 CFR part 85 (for governments) and 24 CFR part 84 (for nonprofit organizations)” and add in its place “2 CFR part 200”;

■ c. In paragraph (u)(2), remove “§ 576.101–§ 576.109 and the cost principles in OMB Circulars A–87 (2 CFR part 225) and A–122 (2 CFR part 230)” and add in its place “§ 576.101 through 576.109, financial management in 2 CFR 200.302, and the cost principles in 2 CFR part 200, subpart E”;

■ d. In paragraph (v)(2), remove “24 CFR 85.36 and 24 CFR 84.40–84.48” and add in its place “2 CFR part 200, subpart D”;

■ e. Revise paragraph (z)(1); and

■ f. In paragraph (aa), remove “24 CFR parts 85 and 91” and add in its place “2 CFR part 200 and 24 CFR part 91”.

The revision reads as follows:

§ 576.500 Recordkeeping and reporting requirements.

* * * * *

(z) * * *

(1) *Federal Government rights.*

Notwithstanding the confidentiality procedures established under paragraph (x) of this section, the recipient and its subrecipients must comply with the requirements for access to records in 2 CFR 200.336.

* * * * *

PART 578—CONTINUUM OF CARE PROGRAM

■ 91. The authority citation for part 578 continues to read as follows:

Authority: 42 U.S.C. 11371 *et seq.*, 42 U.S.C. 3535(d).

§ 578.11 [Amended]

■ 92. Amend § 578.11 as follows:

■ a. In paragraph (b)(2), remove “24 CFR 84.21 (for nonprofit organizations) and 24 CFR 85.20 (for States)” and add in its place “2 CFR 200.302”; and

■ b. In paragraph (c)(3), remove “24 CFR parts 84 and 85 and corresponding OMB circulars” and add in its place “2 CFR part 200, subpart D”.

§ 578.63 [Amended]

■ 93. Amend § 578.63 as follows:

■ a. In paragraph (a), remove “OMB Circulars A–87 or A–122, as applicable”

and add in its place “2 CFR part 200, subpart E”;

- b. In paragraph (b):
- i. Remove “subpart D” and add in its place “this subpart”; and
- ii. Remove “OMB Circulars A–87 or A–122, as applicable” and add in its place “2 CFR part 200, subpart E”.

■ 94. Amend § 578.73 as follows:

- a. In paragraph (b), revise the first sentence;
- b. In paragraph (c)(2), remove “24 CFR 84.23 and 85.24” and add in its place “2 CFR 200.306, with the exception of § 200.306(b)(5)”.

The revision reads as follows:

§ 578.73 Matching requirements.

* * * * *

(b) *Cash sources.* Notwithstanding 2 CFR 200.306(b)(5), a recipient or subrecipient may use funds from any source, including any other federal sources (excluding Continuum of Care program funds), as well as State, local, and private sources, provided that funds from the source are not statutorily prohibited to be used as a match. * * *

* * * * *

§ 578.87 [Amended]

- 95. Amend § 578.87(b)(5) by removing “24 CFR parts 84 and 85” and adding in its place “2 CFR 200.311”.

§ 578.95 [Amended]

- 96. Amend § 578.95(a) by:
 - a. Removing “codes of conduct” and adding in its place “standards of conduct”; and
 - b. Removing “24 CFR 85.36 (for governments) and 24 CFR 84.42 (for private nonprofit organizations)” and adding in its place “2 CFR 200.317 and 200.318”.
- 97. Revise § 578.99(e) and (g) to read as follows:

§ 578.99 Applicability of other federal requirements.

* * * * *

(e) *Applicability of uniform administrative requirements, cost principles, and audit requirements for Federal awards.* The requirements of 2 CFR part 200 apply to recipients and subrecipients, except where inconsistent with the provisions of the McKinney-Vento Act or this part.

* * * * *

(g) *Audit.* Recipients and subrecipients must comply with the audit requirements of 2 CFR part 200, subpart F.

* * * * *

§ 578.103 [Amended]

- 98. Amend § 578.103 as follows:

- a. In paragraph (a)(16)(iii), remove “24 CFR 85.36 and 24 CFR part 84” and add in its place “2 CFR part 200, subpart D”; and

- b. In paragraph (e), remove “24 CFR parts 84 and 85” and add in its place “2 CFR part 200, subpart D”.

§ 578.109 [Amended]

- 99. Amend § 578.109(a) by removing “24 CFR parts 84 and 85” and adding in its place “2 CFR part 200, subpart D”.

PART 582—SHELTER PLUS CARE

- 100. The authority citation for part 582 continues to read as follows:

Authority: 42 U.S.C. 3535(d) and 11403–11407b.

- 101. Amend § 582.340 as follows:

- a. Revise the heading for paragraph (a) and remove footnote 1;
- b. Revise paragraph (a)(1);
- c. In paragraph (a)(2):
 - i. Remove “24 CFR part 44” and add in its place “2 CFR part 200, subpart F”; and
 - ii. Remove “24 CFR part 45” and add in its place “2 CFR part 200, subpart F”; and
- d. In paragraph (b)(1), add “(as revised April 1, 2013)” after “24 CFR part 85”.

The revisions read as follows:

§ 582.340 Other Federal requirements.

* * * * *

(a) *Uniform requirements.* (1) The policies, guidelines, and requirements of 24 CFR part 85 (as revised April 1, 2013) apply to the acceptance and use of assistance under the program by governmental entities and 24 CFR part 84 (as revised April 1, 2013) apply to the acceptance and use of assistance by private nonprofit organizations, except where inconsistent with provisions of the McKinney Act, other Federal statutes, or this part.

* * * * *

PART 583—SUPPORTIVE HOUSING PROGRAM

- 102. The authority citation for part 583 continues to read as follows:

Authority: 42 U.S.C. 11389 and 3535(d).

§ 583.150 [Amended]

- 103. Amend § 583.150(b)(5) by adding “(as revised April 1, 2013)” after “24 CFR parts 84 and 85”.
- 104. Amend § 583.330 as follows:
 - a. Revise paragraph (c);
 - b. In paragraph (e)(1), add “(as revised April 1, 2013)” after “24 CFR part 85”; and
 - c. In paragraph (f), remove “24 CFR part 44 or part 45, as applicable” and

add in its place “2 CFR part 200, subpart F”.

The revision reads as follows:

§ 583.330 Applicability of other Federal requirements.

* * * * *

(c) *Uniform requirements.* The policies, guidelines, and requirements of 24 CFR part 85 (as revised April 1, 2013) apply to the award, acceptance, and use of assistance under the program by governmental entities, and 24 CFR part 84 (as revised April 1, 2013) apply to the acceptance and use of assistance by private nonprofit organizations, except where inconsistent with the provisions of the McKinney Act, other Federal statutes, or this part.

* * * * *

PART 700—CONGREGATE HOUSING SERVICES PROGRAM

- 105. The authority citation for part 700 continues to read as follows:

Authority: 42 U.S.C. 3535(d) and 8011.

§ 700.115 [Amended]

- 106. Amend § 700.115 as follows:
 - a. In paragraph (a)(2), remove “OMB Cost Policies, *i.e.*, OMB Circular A–87, 24 CFR 85.36, and OMB Circular A–128” and add in its place “2 CFR part 200, subpart E”; and
 - b. In paragraph (b)(2)(viii), remove “OMB Circular A–87 or 122” and add in its place “2 CFR part 200, subpart E”.
- 107. Amend § 700.175 as follows:
 - a. Revise paragraph (a); and
 - b. In paragraph (b), remove “OMB Circular A–87 and 24 CFR part 85” and add in its place “2 CFR 200.112 (for all recipients and subrecipients); 200.317 (for recipients and subrecipients that are States); and 200.318(c) and 200.319(a)(5) (for recipients and subrecipients that are not States)”.

The revision reads as follows:

§ 700.175 Other Federal requirements.

* * * * *

(a) *Uniform administrative requirements, cost principles, and audit requirements for Federal awards.* The policies, guidelines, and requirements in 2 CFR part 200, including the audit requirements described in subpart F, apply to the acceptance and use of assistance under this program.

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PART 761—DRUG ELIMINATION PROGRAMS

- 108. The authority citation for part 761 continues to read as follows:

Authority: 42 U.S.C. 3535(d) and 11901 *et seq.*

§ 761.30 [Amended]

- 109. Amend § 761.30(a) by removing “24 CFR part 85 (as applicable)” and adding in its place “2 CFR part 200”.

§ 761.35 [Amended]

- 110. Amend § 761.35 as follows:
 - a. In paragraph (a)(1), remove “24 CFR part 85.40(b)(1)(2) and 85.50(b)” and add in its place “2 CFR 200.328”; and
 - b. In paragraph (c)(1), remove “24 CFR part 85.41 (b) and (c)” and add in its place “2 CFR 200.327”.

§ 761.40 [Amended]

- 111. Amend § 761.40(d) introductory text by removing “24 CFR part 85” and adding in its place “2 CFR 200.112 (for all recipients and subrecipients), 200.317 (for recipients and subrecipients that are States), and 200.318(c) and 200.319(a)(5) (for recipients and subrecipients that are not States)”.

PART 880—SECTION 8 HOUSING ASSISTANCE PAYMENTS PROGRAM FOR NEW CONSTRUCTION

- 112. The authority citation for part 880 continues to read as follows:

Authority: 42 U.S.C. 1437a, 1437c, 1437f, 3535(d), 12701, and 13611–13619.

- 113. Revise § 880.211 to read as follows:

§ 880.211 Audit.

Where a non-Federal entity (as defined in 2 CFR 200.69) is the eligible owner of a project or a contract administrator under § 880.505 receiving financial assistance under this part, the audit requirements in 2 CFR part 200, subpart F, shall apply.

PART 881—SECTION 8 HOUSING ASSISTANCE PAYMENTS PROGRAM FOR SUBSTANTIAL REHABILITATION

- 114. The authority citation for part 881 continues to read as follows:

Authority: 42 U.S.C. 1437a, 1437c, 1437f, 3535(d), 12701, and 13611–13619.

- 115. Revise § 881.211 to read as follows:

§ 881.211 Audit.

(a) Where a non-Federal entity (as defined in 2 CFR 200.69) is the eligible owner of a project or a contract administrator under § 881.505 receiving financial assistance under this part, the audit requirements in 2 CFR part 200, subpart F, shall apply.

PART 882—SECTION 8 MODERATE REHABILITATION PROGRAMS

- 116. The authority citation for part 882 continues to read as follows:

Authority: 42 U.S.C. 1437f and 3535(d).

§ 882.124 [Amended]

- 117. Amend § 882.124 by removing “24 CFR part 44” and adding in its place “2 CFR part 200, subpart F”.

§ 882.516 [Amended]

- 118. In § 882.516, amend paragraph (e) by removing “guidelines prescribed by 24 CFR part 44” and adding in its place “2 CFR part 200, subpart F”.

PART 883—SECTION 8 HOUSING ASSISTANCE PAYMENTS PROGRAM—STATE HOUSING AGENCIES

- 119. The authority citation for part 883 continues to read as follows:

Authority: 42 U.S.C. 1437a, 1437c, 1437f, 3535(d), and 13611–13619.

- 120. Revise § 883.313 to read as follows:

§ 883.313 Audit.

Where housing assistance under the Section 8 Program is provided for projects developed or owned by non-Federal entities (as defined in 2 CFR 200.69), the audit requirements in 2 CFR part 200, subpart F, shall apply.

PART 884—SECTION 8 HOUSING ASSISTANCE PAYMENTS PROGRAM, NEW CONSTRUCTION SET-ASIDE FOR SECTION 515 RURAL RENTAL HOUSING PROJECTS

- 121. The authority citation for part 884 continues to read as follows:

Authority: 42 U.S.C. 1437a, 1437c, 1437f, 3535(d), and 13611–13619.

- 122. Revise § 884.124 to read as follows:

§ 884.124 Audit.

Where a non-Federal entity (as defined in 2 CFR 200.69) is the eligible owner of a project, or is a contract administrator under § 884.119 or § 884.120, receiving financial assistance under this part, the audit requirements in 2 CFR part 200, subpart F, shall apply.

PART 886—SECTION 8 HOUSING ASSISTANCE PAYMENTS PROGRAM—SPECIAL ALLOCATIONS

- 123. The authority citation for part 886 continues to read as follows:

Authority: 42 U.S.C. 1437a, 1437c, 1437f, 3535(d), and 13611–13619.

- 124. Revise § 886.131 to read as follows:

§ 886.131 Audit.

Where a non-Federal entity (as defined in 2 CFR 200.69) is the eligible owner of a project, or is a contract administrator under § 886.120, receiving financial assistance under this part, the audit requirements in 2 CFR part 200, subpart F, shall apply.

- 125. Revise § 886.336 to read as follows:

§ 886.336 Audit.

Where a non-Federal entity (as defined in 2 CFR 200.69) is the eligible owner of a project receiving financial assistance under this part, the audit requirements in 2 CFR part 200, subpart F, shall apply.

PART 891—SUPPORTIVE HOUSING FOR THE ELDERLY AND PERSONS WITH DISABILITIES

- 126. The authority citation for part 891 continues to read as follows:

Authority: 12 U.S.C. 1701q; 42 U.S.C. 1437f, 3535(d), and 8013.

§ 891.160 [Amended]

- 127. Amend § 891.160 by removing “24 CFR 5.107” and adding in its place “2 CFR part 200, subpart F”.

§ 891.515 [Amended]

- 128. Amend § 891.515 by removing “24 CFR part 45” and adding in its place “2 CFR part 200, subpart F”.

PART 902—PUBLIC HOUSING ASSESSMENT SYSTEM

- 129. The authority citation for part 902 continues to read as follows:

Authority: 42 U.S.C. 1437d(j), 42 U.S.C. 3535(d).

§ 902.33 [Amended]

- 130. Amend § 902.33 as follows:
 - a. In paragraph (c), remove “OMB Circular A–133 (see 24 CFR 85.26)” and add in its place “2 CFR part 200, subpart F”; and
 - b. In paragraph (d), remove “OMB Circular A–133” and add in its place “2 CFR part 200, subpart F,”.

§ 902.60 [Amended]

- 131. Amend § 902.60(c)(1) by removing “OMB Circular A–133” and adding in its place “2 CFR part 200, subpart F,”.

§ 902.62 [Amended]

- 132. Amend § 902.62(a)(3) by removing “OMB Circular A–133 (see 24 CFR 85.26)” and adding in its place “2 CFR part 200, subpart F”.

§ 902.64 [Amended]

■ 133. Amend § 902.64(c)(2)(iii) by removing “OMB Circular A–133” and adding in its place “2 CFR part 200, subpart F”.

§ 902.71 [Amended]

■ 134. Amend § 902.71(b) by removing “(see 24 CFR 85.36)” and adding in its place “(see 2 CFR 200.319, as applicable)”.

PART 905—THE PUBLIC HOUSING CAPITAL FUND PROGRAM

■ 135. The authority citation for part 905 continues to read as follows:

Authority: 42 U.S.C. 1437g, 42 U.S.C. 1437z–2, 42 U.S.C. 1437z–7, and 3535(d).

§ 905.100 [Amended]

■ 136. Amend § 905.100(e) by removing “24 CFR part 85” and adding in its place “2 CFR part 200”.

§ 905.108 [Amended]

■ 137. In § 905.108, amend the definition of “Reasonable cost” by removing “24 CFR part 85, and 2 CFR part 225 (codifying OMB Circular A–87)” and adding in its place “2 CFR part 200”.

§ 905.202 [Amended]

■ 138. Amend § 905.202(d) by removing “2 CFR part 225 (codifying OMB Circular A–87)” and adding in its place “2 CFR part 200, subpart E”.

§ 905.308 [Amended]

■ 139. Amend § 905.308(a) by removing “24 CFR part 85 (Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments)” and adding in its place “2 CFR part 200”.

§ 905.310 [Amended]

■ 140. Amend § 905.310(a) by removing “24 CFR 85.21” and adding in its place “2 CFR 200.305”.

§ 905.316 [Amended]

■ 141. Amend § 905.316 as follows:

■ a. In paragraph (a), remove “24 CFR 85.36” and add in its place “2 CFR part 200”; and

■ b. In paragraph (d), remove “24 CFR 85.36(h)” and add in its place “24 CFR 85.36 (as revised April 1, 2013)”.

§ 905.320 [Amended]

■ 142. Amend § 905.320(a) by removing “24 CFR 85.36” and adding in its place “2 CFR part 200, subpart D”.

§ 905.322 [Amended]

■ 143. Amend § 905.322(c) by removing “24 CFR 85.26” and adding in its place “2 CFR part 200, subpart F”.

§ 905.604 [Amended]

■ 144. Amend § 905.604 to read as follows:

■ a. In paragraph (h), remove “24 CFR part 85” and add in its place “2 CFR part 200”.

■ b. In paragraph (h)(2), remove “24 CFR part 85” everywhere it appears and add in its place “2 CFR part 200”.

PART 943—PUBLIC HOUSING AGENCY CONSORTIA AND JOINT VENTURES

■ 145. The authority citation for part 943 continues to read as follows:

Authority: 42 U.S.C. 1437k and 3535(d).

§ 943.148 [Amended]

■ 146. Amend § 943.148(b)(2) by removing “part 84 of this title (if the entity is a nonprofit) or part 85 of this title (if the entity is a State or local government)” and adding in its place “2 CFR part 200 (if the entity is a nonprofit or a State or local government)”.

§ 943.150 [Amended]

■ 147. Amend § 943.150 to read as follows:

■ a. In paragraph (a), remove “part 84 or part 85 of this title” and add in its place “2 CFR part 200”; and

■ b. In paragraph (b), remove “part 85 of this title” everywhere it appears and add in its place “2 CFR part 200”.

§ 943.151 [Amended]

■ 148. Amend § 943.151(a) by removing “part 85 of this title” and adding in its place “2 CFR part 200”.

PART 963—PUBLIC HOUSING— CONTRACTING WITH RESIDENT- OWNED BUSINESSES

■ 149. The authority citation for part 963 continues to read as follows:

Authority: 42 U.S.C. 1437 and 3535(d).

§ 963.1 [Amended]

■ 150. Amend § 963.1 by removing “24 CFR 85.36” and adding in its place “24 CFR 85.36 (as revised April 1, 2013)”.

§ 963.10 [Amended]

■ 151. Amend § 963.10(c) by removing “24 CFR 85.36(b)(8)” and adding in its place “24 CFR 85.36(b)(8) (as revised April 1, 2013)”.

§ 963.12 [Amended]

■ 152. Amend § 963.12 as follows:

■ a. In paragraph (a):

■ i. Remove “24 CFR 85.36(d)” and add in its place “24 CFR 85.36(d) (as revised April 1, 2013)”; and

■ ii. Remove “24 CFR 85.36(b)” and add in its place “24 CFR 85.36(b) (as revised April 1, 2013)”; and

■ b. In paragraph (b), remove “24 CFR 85.36(f)” and add in its place “24 CFR 85.36(f) (as revised April 1, 2013)”; and

■ c. In paragraph (c):

■ i. Remove “the contract provisions of 24 CFR 85.36(i); the provisions of 24 CFR 85.36(h), 24 CFR 968.240(d) or 24 CFR 968.335(c)(1)” and add in its place “the contract provisions of 24 CFR 85.36(i) (as revised April 1, 2013); the provisions of 24 CFR 85.36(h) (as revised April 1, 2013) or 24 CFR 905.316(d)”; and

■ ii. Remove “recordkeeping requirements imposed by 24 CFR 85.36(i)” and add in its place “recordkeeping requirements imposed by 24 CFR 85.36(i) (as revised April 1, 2013)”.

PART 964—TENANT PARTICIPATION AND TENANT OPPORTUNITIES IN PUBLIC HOUSING

■ 153. The authority citation for part 964 continues to read as follows:

Authority: 42 U.S.C. 1437d, 1437g, 1437r, 3535(d).

§ 964.230 [Amended]

■ 154. Amend § 964.230 as follows:

■ a. In paragraph (a)(1), remove “OMB Circulars A–110 and A–122” and add in its place “2 CFR part 200”; and

■ b. In paragraph (b), remove “OMB Circulars A–110 and A–122” and add in its place “2 CFR part 200”.

§ 964.350 [Amended]

■ 155. Amend § 964.350(b) by removing “OMB Circular Nos. A–110 and A–122” and adding in its place “2 CFR part 200”.

PART 965—PHA-OWNED OR LEASED PROJECTS—GENERAL PROVISIONS

■ 156. The authority citation for part 965 continues to read as follows:

Authority: 42 U.S.C. 1437, 1437a, 1437d, 1437g, and 3535(d). Subpart H is also issued under 42 U.S.C. 4821–4846.

§ 965.205 [Amended]

■ 157. Amend § 965.205 as follows:

■ a. In paragraph (b), remove “24 CFR part 85” and add in its place “2 CFR 200.319”; and

■ b. In paragraph (d)(1), remove “24 CFR part 44” and add in its place “2 CFR part 200, subpart F”.

§ 965.215 [Amended]

- 158. Amend § 965.215(d) by removing “part 85 of this title” and adding in its place “2 CFR part 200”.

§ 965.308 [Amended]

- 159. Amend § 965.308 as follows:
 - a. In paragraph (a)(1), remove “24 CFR 85.36(d)(3)” and “§ 85.36(d)(3)(i) of this title” and add in their place “2 CFR 200.320(d)”; and
 - b. In paragraph (a)(2), remove “24 CFR 85.36(d)(4)(i)(A)” and add in its place “2 CFR 200.320(f)”.

PART 970—PUBLIC HOUSING PROGRAM—DEMOLITION OR DISPOSITION OF PUBLIC HOUSING PROJECTS

- 160. The authority citation for part 970 continues to read as follows:

Authority: 42 U.S.C. 1437p and 3535(d).

§ 970.1 [Amended]

- 161. Amend § 970.1 by removing “24 CFR part 85” and adding in its place “2 CFR part 200”.

PART 982—SECTION 8 TENANT-BASED ASSISTANCE: HOUSING CHOICE VOUCHER PROGRAM

- 162. The authority citation for part 982 continues to read as follows:

Authority: 42 U.S.C. 1437f and 3535(d).

§ 982.159 [Amended]

- 163. Amend § 982.159(b) by removing “24 CFR part 44” and adding in its place “2 CFR part 200, subpart F”.

PART 990—THE PUBLIC HOUSING OPERATING FUND PROGRAM

- 164. The authority citation for part 990 continues to read as follows:

Authority: 42 U.S.C. 1437g; 42 U.S.C. 3535(d).

§ 990.190 [Amended]

- 165. Amend § 990.190(d) by removing “24 CFR part 85” and adding in its place “2 CFR part 200, subpart F”.

§ 990.195 [Amended]

- 166. Amend § 990.195(e) by removing “24 CFR 85.25” everywhere it appears and adding in its place “24 CFR 85.25 (as revised April 1, 2013)”.

§ 990.280 [Amended]

- 167. Amend § 990.280(b)(2) by removing “e.g., OMB Circulars” and adding in its place “e.g., 2 CFR part 200”.

§ 990.310 [Amended]

- 168. Amend § 990.310 by removing “24 CFR 85.20, 85.40, and 85.41” and adding in its place “2 CFR part 200”.

§ 990.320 [Amended]

- 169. Amend § 990.320 by removing “24 CFR 85.26” and adding in its place “2 CFR part 200, subpart F”.

PART 1000—NATIVE AMERICAN HOUSING ACTIVITIES

- 170. The authority citation for part 1000 continues to read as follows:

Authority: 25 U.S.C. 4101 *et seq.*; 42 U.S.C. 3535(d).

- 171. Amend § 1000.26 as follows:
 - a. Revise paragraph (a);
 - b. In paragraph (b)(1) introductory text:
 - i. Remove “Attachment B of OMB Circular A–87” and add in its place “2 CFR part 200, subpart E,”; and
 - ii. Remove “Attachment A of this circular” and add in its place “2 CFR part 200, subpart E,”;
 - c. Revise paragraphs (b)(1)(i) and (ii); and
 - d. Add paragraph (b)(1)(iii).

The revisions and addition read as follows:

§ 1000.26 What are the administrative requirements under NAHASDA?

(a) Except as addressed in § 1000.28, recipients shall comply with the requirements and standards of 2 CFR part 200, “Uniform Administrative Requirements, Cost Principles, And Audit Requirements for Federal Awards”, except for the following sections:

- (1) Section 200.113 applies, except that, in lieu of the remedies described in § 200.338, HUD shall be authorized to seek remedies under subpart F of this part.
- (2) Section 200.302(a), “Financial management.”
- (3) Section 200.305, “Payment,” applies, except that HUD shall not require a recipient to expend retained program income before drawing down or expending IHBG funds.
- (4) Section 200.306, “Cost sharing or matching.”
- (5) Section 200.307, “Program income.”
- (6) Section 200.308, “Revision of budget and program plans.”
- (7) Section 200.311, “Real property,” except as provided in 24 CFR 5.109.
- (8) Section 200.313, “Equipment,” applies, except that in all cases in which the equipment is sold, the proceeds shall be program income.
- (9) Section 200.314, “Supplies,” applies, except in all cases in which the

supplies are sold, the proceeds shall be program income.

(10) Section 200.317, “Procurement by states.”

(11) Sections 200.318 through 200.326 apply, as modified in this paragraph (a)(11):

(i) *De minimis procurement.* A recipient shall not be required to comply with 2 CFR 200.318 through 200.326 with respect to any procurement, using a grant provided under NAHASDA, of goods and services with a value of less than \$5,000.

(ii) *Utilizing Federal supply sources in procurement.* In accordance with Section 101(j) of NAHASDA, recipients may use Federal supply sources made available by the General Services Administration pursuant to 40 U.S.C. 501.

(12) Section 200.325, “Bonding requirements,” applies. There may be circumstances under which the bonding requirements of 2 CFR 200.325 are inconsistent with other responsibilities and obligations of the recipient. In such circumstances, acceptable methods to provide performance and payment assurance may include:

(i) Deposit with the recipient of a cash escrow of not less than 20 percent of the total contract price, subject to reduction during the warranty period, commensurate with potential risk;

(ii) Letter of credit for 25 percent of the total contract price, unconditionally payable upon demand of the recipient, subject to reduction during any warranty period commensurate with potential risk; or

(iii) Letter of credit for 10 percent of the total contract price, unconditionally payable upon demand of the recipient, subject to reduction during any warranty period commensurate with potential risk, and compliance with the procedures for monitoring of disbursements by the contractor.

(13) Section 200.328(b) through (d) and (f), “Monitoring and reporting program performance.”

(14) Section 200.333, “Retention requirements for records.”

(15) Section 200.338, “Remedies for noncompliance.”

(16) Section 200.343, “Closeout.”

(b) * * *

(1) * * *

(i) Depreciation method for fixed assets shall not be changed without the approval of the Federal cognizant agency.

(ii) Penalties, damages, fines and other settlements are unallowable costs to the IHBG program.

(iii) Costs of housing (e.g., depreciation, maintenance, utilities, furnishings, rent), housing allowances

and personal living expenses (goods or services for personal use), regardless of whether reported as taxable income to the employees (2 CFR 200.445) requires HUD prior approval.

* * * * *

§ 1000.30 [Amended]

■ 172. Amend § 1000.30(a) by removing “24 CFR 85.36” in the two places where it appears and adding in its place “2 CFR 200.318”.

§ 1000.52 [Amended]

■ 173. Amend § 1000.52 as follows:

- a. In paragraph (c)(2)(iii), remove “24 CFR 85.36” and add in its place “2 CFR 200.318 through 200.326”; and
- b. In paragraph (c)(3):
 - i. Remove “24 CFR 85.36” in the two places where it appears and add in its place “2 CFR 200.320”; and
 - ii. Remove “of paragraph (c)(1) of this section”.

§ 1000.503 [Amended]

■ 174. Amend § 1000.503 as follows:

- a. In paragraph (a)(4), remove “Office of Management and Budget (OMB) Circular A-133 audits” and add in its place “audits under 2 CFR part 200, subpart F”;
- b. In paragraph (a)(5), remove “OMB Circular A-133” and add in its place “2 CFR part 200, subpart F.”; and
- c. In paragraph (a)(6), remove “OMB Circular A-133” and add in its place “2 CFR part 200, subpart F.”.

§ 1000.544 [Amended]

■ 175. Amend § 1000.544 by:

- a. Removing “including OMB Circular A-133” and adding in its place “implemented by 2 CFR part 200, subpart F”; and
 - b. Removing “in OMB Circular A-133, subpart B, section 200” and adding in its place “in 2 CFR 200.501”.
- 176. Revise § 1000.548 to read as follows:

§ 1000.548 **Must a copy of the recipient's audit pursuant to the Single Audit Act relating to NAHASDA activities be submitted to HUD?**

No. A copy of the recipient audit under the Single Audit Act relating to NAHASDA activities is only required to be submitted to the Federal Audit Clearinghouse pursuant to 2 CFR part 200, subpart F.

PART 1003—COMMUNITY DEVELOPMENT BLOCK GRANTS FOR INDIAN TRIBES AND ALASKA NATIVE VILLAGES

■ 177. The authority citation for part 1003 continues to read as follows:

Authority: 42 U.S.C. 3535(d) and 5301 *et seq.*

§ 1003.4 [Amended]

■ 178. In § 1003.4, amend the definition of “Subrecipient” by:

- a. Removing “§ 1003.201(o)” and adding in its place “§ 1003.201(l)”; and
- b. Removing “24 CFR 85.36 or in 24 CFR part 84, as applicable” and adding in its place “2 CFR 200.318 through 200.326”.

§ 1003.206 [Amended]

■ 179. Amend § 1003.206 as follows:

- a. In paragraph (a)(4):
 - i. Remove “or use allowances for such items in accordance with OMB Circulars A-21, A-87 or A-122, as applicable” and add in its place “for such items in accordance with 2 CFR part 200, subpart E”; and
 - ii. Remove “(OMB Circulars are available from the Executive Office of the President, Publication Service, 725 17th Street NW., Suite G-2200, Washington, DC 20503, Telephone, 202-395-7332.)”; and
- b. In paragraph (c), remove “OMB Circular A-21, A-87, or A-122, as applicable” and add in its place “2 CFR part 200, subpart E”.

§ 1003.207 [Amended]

■ 180. Amend § 1003.207 as follows:

- a. In paragraph (a)(2), remove “OMB Circular A-87” and add in its place “2 CFR part 200, subpart E”; and
- b. In paragraph (b)(1)(i), remove “leasing, depreciation or use allowances pursuant to OMB Circular A-21, A-87 or A-122 as applicable” and add in its place “leasing or depreciation pursuant to 2 CFR part 200, subpart E.”.

■ 181. Amend § 1003.501 as follows:

- a. Revise paragraph (a);
- b. Remove paragraph (b) and redesignate paragraph (c) as paragraph (b);
- c. Revise the heading of newly redesignated paragraph (b);
- d. In newly redesignated paragraph (b)(1):
 - i. Remove “Attachment B of OMB Circulars A-21, A-87, or A-123, as applicable,” and add in its place “2 CFR part 200, subpart E”; and
 - ii. Remove “Attachment A of such circulars” and add in its place “2 CFR part 200, subpart E.”.
- e. In newly redesignated paragraph (b)(1)(i), remove “specific approval of HUD or, if charged through a cost allocation plan,” and add in its place “the approval of”;
 - f. In newly redesignated paragraph (b)(1)(ii), remove “and penalties” and add in its place “, penalties, damages, and other settlements”; and

■ g. Add paragraphs (b)(1)(iii) and (iv). The revision and additions read as follows:

§ 1003.501 **Applicability of uniform administrative requirements and cost principles.**

(a) Grantees and subrecipients shall comply with the requirements and standards of 2 CFR part 200, except for the following sections:

- (1) Paragraph (a) of § 200.302, “Financial management.”
- (2) Section 200.306, “Cost sharing or matching.”
- (3) Section 200.307, “Program income” applies as modified by § 1003.503.
- (4) Section 200.308, “Revisions of budget and program plans.”
- (5) Section 200.311, “Real property,” except as provided in § 1003.600.
- (6) Section 200.313, “Equipment” applies, except that in all cases in which the equipment is sold, the proceeds shall be program income.
- (7) Section 200.314, “Supplies,” applies, except in all cases in which the supplies are sold, the proceeds shall be program income.

(8) Section 200.325, “Bonding requirements” applies. However, there may be circumstances under which the bonding requirements of 2 CFR 200.325 are inconsistent with other responsibilities and obligations of the grantee. In such circumstances, acceptable methods to provide performance and payment assurance may include:

- (i) Deposit with the grantee of a cash escrow of not less than 20 percent of the total contract price, subject to reduction during the warranty period, commensurate with potential risk; or
- (ii) Letter of credit for 25 percent of the total contract price, unconditionally payable upon demand of the grantee, subject to reduction during the warranty period commensurate with potential risk.

(9) Paragraphs (b) through (d) and (f) of § 200.328, “Monitoring and reporting program performance.”

(10) Section 200.333, “Retention requirements for records” applies. However, the retention period referenced in 2 CFR 200.333 pertaining to individual ICDBG activities starts from the date of the submission of the final status and evaluation report as prescribed in § 1003.506(a) in which the specific activity is reported.

(11) Section 200.343, “Closeout.”

(b) *Cost principles.* (1)* * *

(iii) Costs of housing (*e.g.*, depreciation, maintenance, utilities, furnishings, rent), housing allowances and personal living expenses (goods or

services for personal use), regardless of whether reported as taxable income to the employees (2 CFR 200.445), require HUD prior approval.

(iv) Organization costs (2 CFR 200.455) require HUD prior approval.

■ 182. Amend § 1003.502 as follows:

■ a. In paragraph (b)(3), remove “§ 85.25” and add in its place “2 CFR 200.307”.

■ b. Revise paragraph (b)(7).

The revision reads as follows:

§ 1003.502 Agreements with subrecipients.

* * * * *

(b) * * *

(7) *Suspension and termination.* The agreement shall set forth remedies for noncompliance and provisions on termination in accordance with 2 CFR part 200, subpart D.

* * * * *

§ 1003.503 [Amended]

■ 183. Amend § 1003.503 as follows:

■ a. In paragraph (a), remove “24 CFR 85.25” and add in its place “2 CFR 200.307”;

■ b. In paragraph (b)(6), remove “24 CFR 85.25” and add in its place “2 CFR 200.307”; and

■ c. In paragraph (b)(7), remove “24 CFR 85.25(g)(2)” and add in its place “2 CFR 200.307(e)(2)”.

§ 1003.507 [Amended]

■ 184. Amend § 1003.507 by removing “24 CFR 85.42(f)” and adding in its place “2 CFR 200.337”.

§ 1003.508 [Amended]

■ 185. Amend § 1003.508 as follows:

■ a. In paragraph (b)(4), remove “24 CFR part 44” and add in its place “2 CFR part 200, subpart F”;

■ b. In paragraph (d), remove “24 CFR 85.44” and add in its place “2 CFR 200.339”; and

■ c. In paragraph (e), remove “24 CFR 85.43(c)” and add in its place “2 CFR 200.342”.

§ 1003.509 [Amended]

■ 186. Amend § 1003.509(e) by removing “24 CFR 85.36” and adding in its place “2 CFR part 200, subpart D.”.

§ 1003.510 [Amended]

■ 187. Amend § 1003.510 as follows:

■ a. In paragraph (d)(2)(iii), remove “24 CFR 85.36” and add in its place “2 CFR 200.320”;

■ b. In paragraph (d)(3), remove “24 CFR 85.36” in the two places where it appears and add in their place “2 CFR 200.320”.

§ 1003.511 [Amended]

■ 188. Amend § 1003.511(a)(2) by removing “24 CFR 85.36” and adding in its place “2 CFR part 200, subpart D”.

§ 1003.600 [Amended]

■ 189. Amend § 1003.600(f) by removing “24 CFR parts 84 and 85” and adding in its place “2 CFR 200.311(c).”

§ 1003.606 [Amended]

■ 190. Amend § 1003.606 as follows:

■ a. In paragraph (a)(1), remove “24 CFR 85.36 and 24 CFR 84.42” and add in its place “2 CFR 200.112, 200.318(c), and 200.319(a)(5)”;

■ b. In paragraph (a)(2), remove “24 CFR 85.36 and 24 CFR 84.42” and add in its place “2 CFR 200.318”.

PART 1006—NATIVE HAWAIIAN HOUSING BLOCK GRANT PROGRAM

■ 191. The authority citation for part 1006 continues to read as follows:

Authority: 25 U.S.C. 4221 *et seq.*; 42 U.S.C. 3535(d).

§ 1006.230 [Amended]

■ 192. Amend § 1006.230(d) by removing “OMB Circulars A–87 or A–122 as applicable” and adding in its place “2 CFR part 200, subpart E”.

§ 1006.340 [Amended]

■ 193. Amend § 1006.340(b)(3) by removing “24 CFR part 85” and adding in its place “2 CFR 200.305”.

§ 1006.360 [Amended]

■ 194. Amend § 1006.360 by removing “24 CFR 85.36 or 24 CFR 84.42” and adding in its place “2 CFR 200.317 (for DHHL) and 2 CFR 200.318 (for subrecipients)”.

§ 1006.365 [Amended]

■ 195. Amend § 1006.365(b) by removing “24 CFR 85.36” and adding in its place “2 CFR part 200, subpart D.”.

■ 196. Revise § 1006.370 to read as follows:

§ 1006.370 Uniform administrative, requirements, cost principles, and audit requirements for Federal awards.

(a) The DHHL and subrecipients receiving NHHBG funds shall comply with the requirements and standards of 2 CFR part 200, “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards”.

(b)(1) With respect to the applicability of cost principles, all items of cost listed in 2 CFR part 200, subpart E, which require prior Federal agency approval are allowable without the prior approval of HUD to the extent that they comply

with the general policies and principles stated in 2 CFR part 200, subpart E, and are otherwise eligible under this part, except for the following:

(i) Depreciation methods for fixed assets shall not be changed without the approval of the Federal cognizant agency.

(ii) Fines, penalties, damages, and other settlements are unallowable costs to the NHHBG program.

(iii) Costs of housing (*e.g.*, depreciation, maintenance, utilities, furnishings, rent), housing allowances and personal living expenses (goods or services for personal use) regardless of whether reported as taxable income to the employees (2 CFR 200.445).

(iv) Organization costs (2 CFR 200.455).

(2) In addition, no person providing consultant services in an employer-employee type of relationship shall receive funds. In no event, however, shall such compensation exceed the equivalent of the daily rate paid for Level IV of the Executive Schedule. The Executive Pay Schedule may be obtained by <https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages>.

§ 1006.375 [Amended]

■ 197. Amend § 1006.375(d) by:

■ a. Removing “OMB Circular A–133” and adding in its place “2 CFR part 200, subpart F”;

■ b. Removing “HUD concurrent with submittal to the Audit Clearinghouse” and adding in its place “the Federal Audit Clearinghouse”.

§ 1006.420 [Amended]

■ 198. Amend § 1006.420(b)(3) by removing “the DHHL” and adding in its place “the DHHL, including their retention under 2 CFR 200.333, noting that the NHHBG Annual Performance Report is the program’s final expenditure report”.

Dated: October 28, 2015.

Julián Castro,

Secretary.

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