



DEPARTMENT OF COMMERCE

Division of Community Assistance

BULLETIN: 93-3

SUBJECT: Disclosure Requirements Under the HUD Reform Act of 1989

DATE ISSUED: October 12, 1993

ATTENTION: All CDBG Recipients

The HUD Reform Act of 1989 imposed financial disclosure requirements on most programs where funds are administered by or passed through the U.S. Department of Housing and Urban Development, including the state Small Cities program. The requirements apply to all North Carolina CDBG projects receiving more than \$200,000 in funds from 1992 or subsequent year allocations.

An initial disclosure report must be submitted with the application for funds. This report must disclose any other government assistance in the project, any parties with a pecuniary interest in the project amounting to the lesser of \$50,000 or ten percent of the project, and the sources and uses of funds.

Updates to the reports are required whenever there is a change of more than ten percent in the amounts disclosed, or when a new pecuniary interest is established. HUD has issued administrative guidance to the effect that parties to procured contracts have a pecuniary interest in the project which must be disclosed. Therefore, updates to the initial disclosure are required in the following situations and may be submitted in the manner indicated:

- Change in the uses of CDBG funds of more than ten percent of the total assistance. This change requires a program amendment, which will suffice as an update of the disclosure report.
- Change in other government assistance greater than \$250,000 or ten percent of the assistance (whichever is lower) or a change in the amount of other non-government funds used in the project of more than \$250,000 or ten percent of those funds. If this

change is included as part of a program amendment, the amendment will suffice as an update. Otherwise, an update report should be submitted within thirty days of the change.

- Change in the pecuniary interest of any person in the project amounting to more than \$50,000 or ten percent of the interest (whichever is lower). This change should be reported as a disclosure update within thirty days of the change.

A very substantial proportion of grants made under the North Carolina Small Cities program procure contracts with a firm or contractor for administration, engineering, or public facilities construction that exceed the \$50,000 threshold for disclosure. In addition, any housing rehabilitation contractor who is awarded contracts whose total value exceeds \$50,000 also meets the threshold for disclosure. Grantees should be alert to these situations where update reports are required.

Regulations implementing these requirements are found at 24 CFR Part 12, Accountability in the Provision of HUD Assistance. Update reports may be filed in any format that provides the required information, including HUD form 2880 Applicant/Recipient Disclosure/Update Report, DCA form Disclosure Report for Federally Assisted Projects, or the attached abbreviated DCA Disclosure Update Report for Federally Assisted Projects for relatively uncomplicated changes primarily involving competitively procured goods and services.

Issued by: Robert E. Chandler
Robert E. Chandler, Director
Division of Community Assistance

Date: 10/12/93

Disclosure Update Report for Federally Assisted Projects
Small Cities Community Development Block Grant Program

Recipient Name:

2. DCA Grant Number:

3. Update Report Discloses:

_____ Additional government assistance or change in government assistance to be made available to the project. (Includes any loan, grant, guarantee, insurance, payment, rebate, subsidy, credit, tax benefit, or other assistance from the Federal government, a State or a unit of general local government or instrumentality thereof.

Government agency name and address:

Program, type of assistance (e.g., loan, grant) and amount:

Use of funds:

_____ Addition or change in non-government funds available to the project:

Source of funds:

Amount of funds:

Use of funds:

_____ Additional pecuniary interest or change in pecuniary interest (including individuals, corporation or business, unit of government):

Name of entity:

Type of participation: _____ Contractor
_____ Owner
_____ Investor

Amount of interest: \$ _____

_____ % of total Federal Assistance

For businesses, governments, or other organizations, list each officer, director, and principal stockholder:

Certification: I hereby certify that all information in this report is true and complete, and in conjunction with previously filed report and updates includes all required disclosures.

Signature: _____ Date: _____