

#### § 4.1

- 4.30 Procedure upon discovery of a violation.
- 4.32 Investigation by Office of Inspector General.
- 4.34 Review of Inspector General's report by the Ethics Law Division.
- 4.36 Action by the Ethics Law Division.
- 4.38 Administrative remedies.

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

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### Subpart A—Accountability in the Provision of HUD Assistance

#### § 4.1 Purpose.

The provisions of this subpart A are authorized under section 102 of the Department of Housing and Urban Development Reform Act of 1989 (Pub. L. 101-235, approved December 15, 1989) (42 U.S.C. 3537a) (hereinafter, Section 102). Both the provisions of Section 102 and this subpart A apply for the purposes of Section 102. Section 102 contains a number of provisions designed to ensure greater accountability and integrity in the way in which the Department makes assistance available under certain of its programs.

#### § 4.3 Definitions.

*Applicant* includes a person whose application for assistance must be submitted to HUD for any purpose including approval, environmental review, or rent determination.

*Assistance under any program or discretionary fund administered by the Secretary* is subject to Section 102(a), and means any assistance, under any program administered by the Department, that provides by statute, regulation or otherwise for the competitive distribution of funding.

*Assistance within the jurisdiction of the Department* is subject to Section 102(b), and means any contract, grant, loan, cooperative agreement, or other form of assistance, including the insurance or guarantee of a loan or mortgage, that is provided with respect to a specific project or activity under a program administered by the Department, whether or not it is awarded through a competitive process.

*Assistance within the jurisdiction of the Department to any housing project* is subject to Section 102(d), and means:

#### 24 CFR Subtitle A (4-1-98 Edition)

(1) Assistance which is provided directly by HUD to any person or entity, but not to subrecipients. It includes assistance for the acquisition, rehabilitation, operation conversion, modernization, renovation, or demolition of any property containing five or more dwelling units that is to be used primarily for residential purposes. It includes assistance to independent group residences, board and care facilities, group homes and transitional housing but does not include primarily nonresidential facilities such as intermediate care facilities, nursing homes and hospitals. It also includes any change requested by a recipient in the amount of assistance previously provided, except changes resulting from annual adjustments in Section 8 rents under Section 8(c)(2)(A) of the United States Housing Act of 1937 (42 U.S.C. 1437f);

(2) Assistance to residential rental property receiving a tax credit under Federal, State or local law.

(3) For purposes of this definition, assistance includes assistance resulting from annual adjustments in Section 8 rents under Section 8(c)(2)(A) of the United States Housing Act of 1937, unless the initial assistance was made available before April 15, 1991, and no other assistance subject to this subpart A was made available on or after that date.

*Housing project* means: (1) Property containing five or more dwelling units that is to be used for primarily residential purposes, including (but not limited to) living arrangements such as independent group residences, board and care facilities, group homes, and transitional housing, but excluding facilities that provide primarily non-residential services, such as intermediate care facilities, nursing homes, and hospitals.

(2) Residential rental property receiving a tax credit under Federal, State, or local law.

*Interested party* means any person involved in the application for assistance, or in the planning, development or implementation of the project or activity for which assistance is sought and any other person who has a pecuniary interest exceeding the lower of \$50,000 or 10 percent in the project or activity for which assistance is sought.

*Selection criteria* includes, in addition to any objective measures of housing and other need, project merit, or efficient use of resources, the weight or relative importance of each published selection criterion as well as any other factors that may affect the selection of recipients.

**§ 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 publish a Notice in the FEDERAL REGISTER describing application procedures. Not less than 30 calendar days before the deadline by which applications must be submitted, the Department will publish selection criteria in the FEDERAL REGISTER.

(b) *Documentation of decisions.* HUD will make available for public inspection, for at least five (5) years, and beginning not less than 30 calendar days after it provides the assistance, all documentation and other information regarding the basis for the funding decision with respect to each application submitted to HUD for assistance. HUD will also make available any written indication of support that it received from any applicant. Recipients of HUD assistance must ensure, in accordance with HUD guidance, the public availability of similar information submitted by subrecipients of HUD assistance.

**§ 4.7 Notice of funding decisions.**

HUD will publish a Notice in the FEDERAL REGISTER at least quarterly to notify the public of all decisions made by the Department to provide:

(a) Assistance subject to Section 102(a); and

(b) Assistance that is provided through grants or cooperative agreements on a discretionary (non-formula, non-demand) basis, but that is not provided on the basis of a competition.

**§ 4.9 Disclosure requirements for assistance subject to section 102(b).**

(a) *Receipt and reasonable expectation of receipt.* (1) In determining the threshold of applicability of Section 102(b), an applicant will be deemed to have received or to have a reasonable expectation of receiving:

(i) The total amount of assistance received during the Federal fiscal year during which the application was submitted;

(ii) The total amount of assistance requested for the fiscal year in which any pending application, including the current application, was submitted; and

(iii) For the fiscal year described in paragraph (a)(1)(ii) of this section, the total amount of assistance from the Department or any other entity that is likely to be made available on a formula basis or in the form of program income as defined in 24 CFR part 85.

(2) In the case of assistance that will be provided pursuant to contract over a period of time (such as project-based assistance under Section 8 of the United States Housing Act of 1937), all amounts that are to be provided over the term of the contract, irrespective of when they are to be received.

(b) *Content of disclosure.* Applicants that receive or can reasonably be expected to receive, as defined in paragraph (a) of this section, an aggregate amount of assistance that is in excess of \$200,000 must disclose the following information:

(1) Other governmental assistance that is or is expected to be made available, based upon a reasonable assessment of the circumstances, with respect to the project or activities for which the assistance is sought;

(2) The name and pecuniary interest of any interested party; and

(3) A report of the expected sources and uses of funds for the project or activity which is the subject of the application, including governmental and non-governmental sources of funds and private capital resulting from tax benefits.

(c) In the case of mortgage insurance under 24 CFR subtitle B, chapter II, the mortgagor is responsible for making the disclosures required under Section 102(b) and this section, and the mortgagee is responsible for furnishing the mortgagor's disclosures to the Department.

(Approved by the Office of Management and Budget under control number 2510-0011)

**§ 4.11 Updating of disclosure.**

(a) During the period in which an application for assistance covered under Section 102(b) is pending, or in which such assistance is being provided, the applicant must report to the Department, or to the State or unit of general local government, as appropriate:

(1) Any information referred to in Section 102(b) that the applicant should have disclosed with respect to the application, but did not disclose;

(2) Any information referred to in Section 102(b) that initially arose after the time for making disclosures under that subsection, including the name and pecuniary interest of any person who did not have a pecuniary interest in the project or activity that exceeded the threshold in Section 102(b) at the time of the application, but that subsequently exceeded the threshold.

(b) With regard to changes in information that was disclosed under Sections 102(b) or 102(c):

(1) For programs administered by the Assistant Secretary for Community Planning and Development:

(i) Any change in other government assistance covered by Section 102(b) that exceeds the amount of all assistance that was previously disclosed by the lesser of \$250,000 or 10 percent of the assistance;

(ii) Any change in the expected sources or uses of funds that exceed the amount of all previously disclosed sources or uses by the lesser of \$250,000 or 10 percent of previously disclosed sources;

(2) For all other programs:

(i) Any change in other government assistance under Section 102(b)(1) that exceeds the amount of assistance that was previously disclosed;

(ii) Any change in the pecuniary interest of any person under Section 102(b)(2) that exceeds the amount of all previously disclosed interests by the lesser of \$50,000 or 10 percent of such interest;

(iii) For all projects receiving a tax credit under Federal, State or local law, any change in the expected sources or uses of funds that were previously disclosed;

(iv) For all other projects:

(A) Any change in the expected source of funds from a single source

that exceeds the lesser of the amount previously disclosed for that source of funds by \$250,000 or 10 percent of the funds previously disclosed for that source;

(B) Any change in the expected sources of funds from all sources previously disclosed that exceeds the lesser of \$250,000 or 10 percent of the amounts previously disclosed from all sources of funds;

(C) Any change in a single expected use of funds that exceeds the lesser of \$250,000 or 10 percent of the previously disclosed use;

(D) Any change in the use of all funds that exceeds the lesser of \$250,000 or 10 percent of the previously disclosed uses for all funds.

(c) *Period of coverage.* For purposes of updating of Section 102(c), an application for assistance will be considered to be pending from the time the application is submitted until the Department communicates its decision with respect to the selection of the applicant.

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**§ 4.13 Limitation of assistance subject to section 102(d).**

(a) In making the certification for assistance subject to Section 102(d), the Secretary will consider the aggregate amount of assistance from the Department and from other sources that is necessary to ensure the feasibility of the assisted activity. The Secretary will take into account all factors relevant to feasibility, which may include, but are not limited to, past rates of returns for owners, sponsors, and investors; the long-term needs of the project and its tenants; and the usual and customary fees charged in carrying out the assisted activity.

(b) If the Department determines that the aggregate of assistance within the jurisdiction of the Department to a housing project from the Department and from other governmental sources exceeds the amount that the Secretary determines is necessary to make the assisted activity feasible, the Department will consider all options available to enable it to make the required certification, including reductions in the

amount of Section 8 subsidies. The Department also may impose a dollar-for-dollar, or equivalent, reduction in the amount of HUD assistance to offset the amount of other government assistance. In grant programs, this could result in a reduction of any grant amounts not yet drawn down. The Department may make these adjustments immediately, or in conjunction with servicing actions anticipated to occur in the near future (e.g., in conjunction with the next annual adjustment of Section 8 rents).

(c) If an applicant does not meet the \$200,000 disclosure requirement in § 4.7(b), an applicant must certify whether there is, or is expected to be made, available with respect to the housing project any other governmental assistance. The Department may also require any applicant subject to this subpart A to submit such a certification in conjunction with the Department's processing of any subsequent servicing action on that project. If there is other government assistance for purposes of the two preceding sentences, the applicant must submit such information as the Department deems necessary to make the certification and subsequent adjustments under Section 102(d).

(d) The certification under Section 102(d) shall be retained in the official file for the housing project.

### Subpart B—Prohibition of Advance Disclosure of Funding Decisions

#### § 4.20 Purpose.

The provisions of this subpart B are authorized under section 103 of the Department of Housing and Urban Development Reform Act of 1989 (Pub. L. 101-235, approved December 15, 1989) (42 U.S.C. 3537a) (hereinafter, Section 103). Both the provisions of Section 103 and this subpart B apply for the purposes of Section 103. Section 103 proscribes direct or indirect communication of certain information during the selection process by HUD employees to persons within or outside of the Department who are not authorized to receive that information. The purpose of the proscription is to preclude giving an unfair advantage to applicants who would receive information not available to

other applicants or to the public. Section 103 also authorizes the Department to impose a civil money penalty on a HUD employee who knowingly discloses protected information, if such a violation of Section 103 is material, and authorizes the Department to sanction the person who received information improperly by, among other things, denying assistance to that person.

#### § 4.22 Definitions.

*Application* means a written request for assistance regardless of whether the request is in proper form or format.

*Assistance* does not include any contract (e.g., a procurement contract) that is subject to the Federal Acquisition Regulation (FAR) (48 CFR ch. 1).

*Disclose* means providing information directly or indirectly to a person through any means of communication.

*Employee* includes persons employed on a full-time, part-time, or temporary basis, and special government employees as defined in 18 U.S.C. 202. The term applies whether or not the employee is denoted as an officer of the Department. "Employee" is to be construed broadly to include persons who are retained on a contractual or consultative basis under an Office of Human Resources appointment. However, "employee" does not include an independent contractor, e.g., a firm or individual working under the authority of a procurement contract.

*Material or materially* means in some influential or substantial respect or having to do more with substance than with form.

*Person* means an individual, corporation, company, association, authority, firm, partnership, society, State, local government, or any other organization or group of people.

*Selection process* means the period with respect to a selection for assistance that begins when the HUD official responsible for awarding the assistance involved, or his or her designee, makes a written request (which includes the selection criteria to be used in providing the assistance) to the Office of General Counsel (OGC) to prepare the