

(iii) An assessment of the effectiveness of the efforts in providing the preferences and opportunities under section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e(b)); and

(iv) Data on the total number of households (families and individuals) and business and nonprofit organizations displaced as a result of investments of HOME funds, including the cost of relocation payments (moving expenses and replacement housing), and the number and cost of real property acquisitions.

(Approved by the Office of Management and Budget under OMB control number 2577-0191)

#### **§ 954.507 Submission of project completion reports.**

A Project Completion Report must be submitted to HUD within 120 days of the final drawdown request for the project. If a satisfactory Project Completion Report is not submitted by the due date, HUD will suspend further HOME disbursements and grant approvals for the grantee. Disbursements and grant approvals will remain suspended until a satisfactory Project Completion Report is received.

(Approved by the Office of Management and Budget under OMB control number 2577-0191)

### **Subpart F—Performance Reviews and Sanctions**

#### **§ 954.600 Performance reviews.**

(a) *General.* HUD will review the performance of each grantee in carrying out its responsibilities under this part whenever determined necessary by HUD, but at least annually. In conducting performance reviews, HUD will rely primarily on information obtained from the grantee's records and reports, findings from on-site monitoring, audit reports, and information generated from fund requisition systems. Where applicable, HUD may also consider relevant information pertaining to a grantee's performance gained from other sources, including citizen comments, complaint determinations, and litigation. Reviews to determine compliance with specific requirements of this part will be conducted as necessary, with or without prior notice to

the grantee. Comprehensive performance reviews under the standards in paragraph (b) of this section will be conducted after prior notice to the grantee.

(b) *Standards for comprehensive performance review.* A grantee's performance will be comprehensively reviewed periodically, as prescribed by HUD, to determine whether the grantee:

(1) Has committed the HOME funds in the HUD account as required and expended the funds as required; and

(2) Has met the requirements of the grant agreement and this part, particularly eligible activities and affordability.

#### **§ 954.601 Corrective and remedial actions.**

(a) *General.* HUD will use the procedures in this section in conducting the performance review as provided in § 954.600 and in taking corrective and remedial actions. However, HUD may temporarily suspend payments based upon HUD's preliminary determination that the grantee has failed to comply with the requirements of the Act, regulations, or grant agreement if suspension is necessary to preclude the further expenditure of funds for activities affected by the failure to comply.

(b) *Performance review.* (1) If HUD determines preliminarily that the grantee has not met a requirement of this part, the grantee will be given notice of this determination and an opportunity to demonstrate, within the time prescribed by HUD (not to exceed 30 days) and on the basis of substantial facts and data, that it has done so.

(2) If the grantee fails to demonstrate to HUD's satisfaction that it has met the requirement, HUD will take corrective or remedial action in accordance with this section or § 954.602.

(c) *Corrective and remedial actions.* Corrective or remedial actions for a performance deficiency (failure to meet a provision of this part) will be designed to prevent a continuation of the deficiency; mitigate, to the extent possible, its adverse effects or consequences; and prevent its recurrence.

(1) HUD may request the grantee to submit and comply with proposals for action to correct, mitigate and prevent a performance deficiency, including:

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(i) Preparing and following a schedule of actions for carrying out the affected activities, consisting of schedules, timetables, and milestones necessary to implement the affected activities;

(ii) Establishing and following a management plan that assigns responsibilities for carrying out the remedial actions;

(iii) Cancelling or revising activities likely to be affected by the performance deficiency, before expending HOME funds for the activities;

(iv) Reprogramming HOME funds in the HUD account that have not yet been expended from affected activities to other eligible activities;

(v) Reimbursing the HUD account in any amount not used in accordance with the requirements of this part; and

(vi) Suspending disbursement of funds in the HUD account for affected activities.

(2) HUD may also—

(i) Change the method of payment from an advance to reimbursement basis; and

(ii) Take other remedies that may be legally available.

**§ 954.602 Notice and opportunity for hearing; sanctions.**

(a) If HUD finds after reasonable notice and opportunity for hearing that a grantee has failed to comply with any provision of this part and until HUD is satisfied that there is no longer any such failure to comply:

(1) HUD shall reduce the funds in the HUD account by the amount of any expenditures that were not in accordance with the requirements of this part; and

(2) HUD may—

(i) Prevent withdrawals from the HUD account for activities affected by the failure to comply; or

(ii) Prohibit the grantee from competing for HOME funds under § 954.104; *Provided, however,* that HUD may on due notice suspend payments from the HUD account at any time after the issuance of a notice of opportunity for hearing pursuant to paragraph (b)(1) of this section, pending such hearing and a final decision, to the extent HUD determines such action necessary to preclude the further expenditure of funds

for activities affected by the failure to comply.

(b) *Proceedings.* When HUD proposes to take action pursuant to this section, the respondent in the proceedings will be the grantee.

(1) *Notice of opportunity for hearing.* HUD shall notify the respondent in writing of the proposed action and of the opportunity for a hearing. The notice shall be sent by first class mail. The notice shall specify:

(i) In a manner which is adequate to allow the respondent to prepare its response, the basis upon which HUD determined that the respondent failed to comply with a provision of this part;

(ii) That the hearing procedures are governed by these rules;

(iii) That the respondent has 14 days from receipt of the notice within which to provide a written request for a hearing to the Docket Clerk, Office of Administrative Law Judges, and the telephone number of the Docket Clerk;

(iv) The action HUD proposes to take and that the authority for this action is § 954.602; and

(v) That if the respondent fails to request a hearing within the time specified, HUD's determination that the respondent failed to comply with a provision of this part shall be final and HUD may proceed to take the proposed action.

(2) *Initiation of hearing.* The respondent shall be allowed 14 days from receipt of the notice within which to notify the Docket Clerk, Office of Administrative Law Judges, of its request for a hearing. If no request is received within the time specified, HUD's determination that the respondent failed to comply with a provision of this part shall be final and HUD may proceed to take the proposed action.

(3) *Administrative Law Judge.* Proceedings conducted under these rules shall be presided over by an Administrative Law Judge (ALJ), appointed as provided by section 11 of the Administrative Procedures Act (5 U.S.C. 3105). The case shall be referred to the ALJ at the time a hearing is requested. The ALJ shall promptly notify the parties of the time and place at which the hearing will be held. The ALJ shall conduct a fair and impartial hearing and take all action necessary to avoid