



**NC DEPARTMENT
of COMMERCE**
RURAL ECONOMIC
DEVELOPMENT

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BULLETIN: 2026-1

SUBJECT: Notification Requirements for At-Risk Grant Status

DATE: February 5, 2026

ATTENTION: CDBG and CDBG-related program funding including CDBG Economic Development (CDBG-ED), Neighborhood Revitalization (CDBG-NR), Coronavirus (CDBG-CV).

The North Carolina Department of Commerce, through its Rural Economic Development Division (REDD), is issuing this memorandum to remind all CDBG grantees and subrecipients of their responsibility to notify the elected official who serves as the Authorized Official for your awarded CDBG grant whenever the grant is placed in “at-risk” status. Notification is established under State CDBG Program Rules (04 NCAC 19L) that requires immediate communication of any material or adverse condition.

Our policy and standard operating procedures require that this notification be directed first to the Authorized Official. That ensures due process, local accountability, and timely involvement of the entity legally responsible for the grant. And it is critical to maintain compliance and avoid potential de-obligation of funds.

What Does At-Risk Mean?

A grant is considered at risk when circumstances arise that jeopardize timely completion, compliance, or financial integrity. Common triggers include:

- Delays in expenditure or drawdowns that do not align with the approved schedule.
- Missed project milestones such as environmental clearance, construction start or completion, or close-out deadlines.
- Incomplete or late reporting, including Quarterly Performance Reports (QPRs) and financial submissions.
- Unresolved monitoring or audit findings from Commerce or HUD.
- Non-compliance with federal or state requirements, including Davis-Bacon, Section 3, procurement, NEPA, and Civil Rights regulations.
- Failure to maintain local matches or leveraged funds.
- Environmental review delays, duplication of benefits issues, ineligible costs, mismanagement of program income, or deficiencies in close-out readiness.

Required Actions When At-Risk Status Occurs

When an at-risk condition occurs, the grantee must:

- Immediately notify the elected Authorized Official in writing (email or letter).
- Notify Commerce with a formal notice outlining the issue, current status, and proposed corrective actions.
- Submit a corrective action plan within ten business days, signed by the Authorized Official, detailing specific steps, responsible parties, and deadlines.
- Provide weekly updates until the matter is resolved.

REDD Staff Contact with Elected Officials

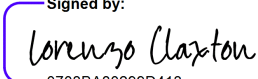
To ensure accountability and compliance, REDD staff may contact the elected Authorized Official directly and provide technical assistance. This communication will include an explanation of the at-risk condition, review of corrective action requirements, and support for timely resolution. REDD staff will copy the grantee on all correspondence with the elected official.

Consequences of Non-Compliance

Failure to address at-risk issues promptly may result in:

- Partial or full de-obligation of funds.
- Repayment of disallowed costs.
- Suspension or termination of the project.

We appreciate your commitment to supporting the success of your CDBG funded activities. If you have any questions or need assistance, please feel free to contact the CDBG Office.

Issued By: 
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