



**North Carolina
Department of Commerce
Community Investment and Assistance**

**Beverly Eaves Perdue Governor
J. Keith Crisco, Secretary**

**Henry C. McKoy, Assistant Secretary
Vickie L. Miller, Director**

BULLETIN: 11-1

SUBJECT: Requisitioning Grant Funds for Exempt and Categorically Excluded Not Subject To Activities

DATE ISSUED: May 31, 2011

EFFECTIVE DATE: July 1, 2011

ATTENTION: Community Investment and Assistance Grant Recipients

This bulletin clarifies the conditions under which Community Investment and Assistance (CI) grantees can requisition funds for exempt and categorically excluded **not** subject to activities for Community Development Block Grant (CDBG) funds. Examples of exempt or categorically excluded not subject to activities include administration, environmental and other studies, engineering or design, inspections and testing of properties for hazards or defects and equipment purchase. Please be advised that HUD has determined that construction management expenses cannot be treated as exempt or categorically excluded not subject to because of their linkage to construction activities. The intent of this change is to assist the grantee by not having to expend its local funds in payment for services or certain program activities that can be paid for with grant funds. However, CI still encourages grantees to requisition grant funds each time there are \$2,500.00 or more in bona fide invoices. In addition, grantees must follow the applicable procurement requirements per 24 CFR Part 85.36

If a project activity is exempt under 24 CFR 58.34 or is categorically excluded not subject to under CFR 58.35(b), a Request for Release of Funds (RROF) is not required for that activity and the CDBG Responsible Entity (grantee) has authority to use grant funds for that particular activity. **Therefore, for these types of activities ONLY, the grantee does not have to submit the EER or obtain further approval from CI in order to drawdown funds.** However, in order to drawdown funds for exempt and categorically excluded not subject to activities, the grantee (responsible entity) must:

Bulletin 11-1

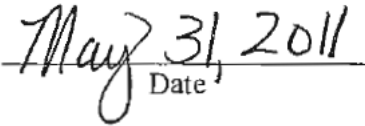
May 31, 2011

Page 2

- 1) Document the Environmental Review record (EER) and have available for review its determination as required in 24 CFR 58.34(b) and 24 CFR 58.35(d); and
- 2) Have in place with CI a fully executed Grant Agreement; and
- 3) Comply with applicable requirements under 24 CFR 58.6.

Please note that for **all other activities to be conducted under the approved Grant Agreement, the grantee is still required to submit an EER to CI and follow the environmental review procedures.** It is also very important to note that grantees need to be careful to not violate **24 CFR 58.22** and take any action with HUD or non-HUD monies that would limit the choice of reasonable alternatives. Thus, attached are copies of applicable references and documents. Please review the references in this Bulletin and address any questions or need for additional information to compliance@ncommerce.com or (919) 571-4900.

Issued By:


Vickie L. Miller, Director
Date