



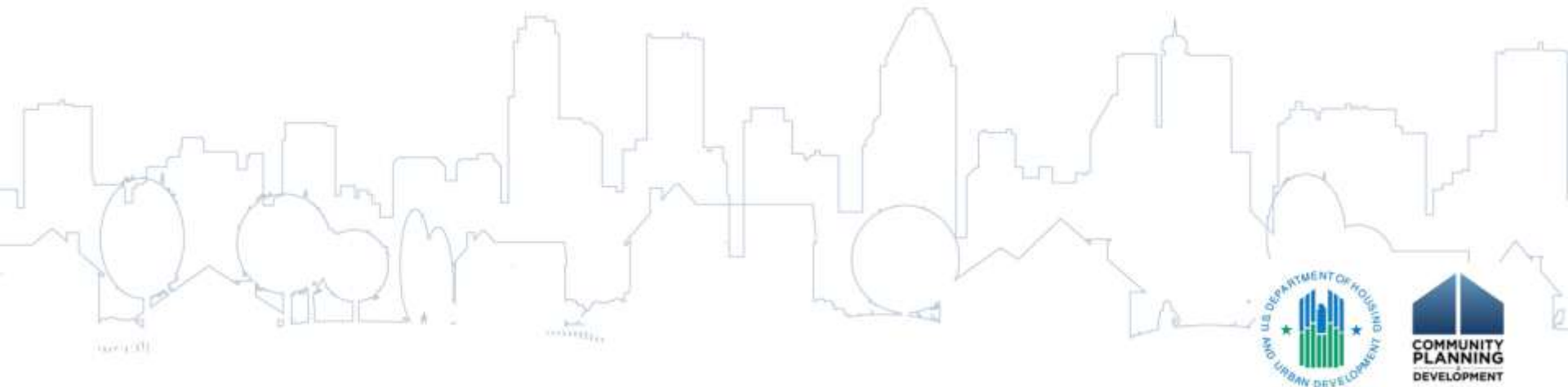
# Duplication of Benefits

## Case Studies



# Overview of Presentation

1. Definitions & Guidance
2. Case Studies
3. Sample Policies & Forms
4. Monitoring



# 1. Definitions & Guidance



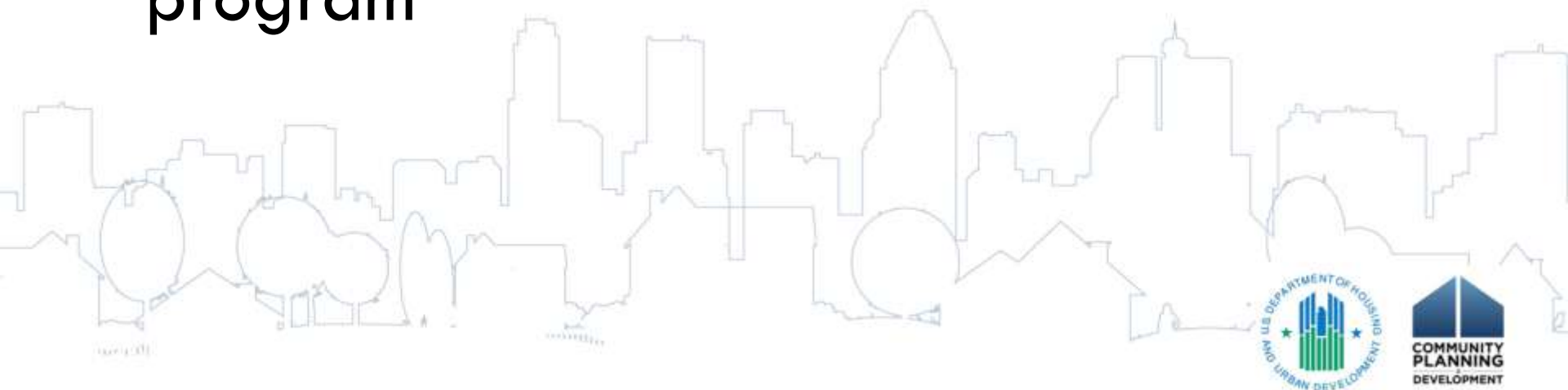
# Disaster Recovery Assistance

- ❖ After a disaster, homes, businesses and communities are often damaged
- ❖ Recovery assistance may be provided by the Federal Emergency Management Agency (FEMA), the Small Business Administration (SBA), the Department of Housing and Urban Development (HUD), insurance, state and local governments, charitable institutions, etc.



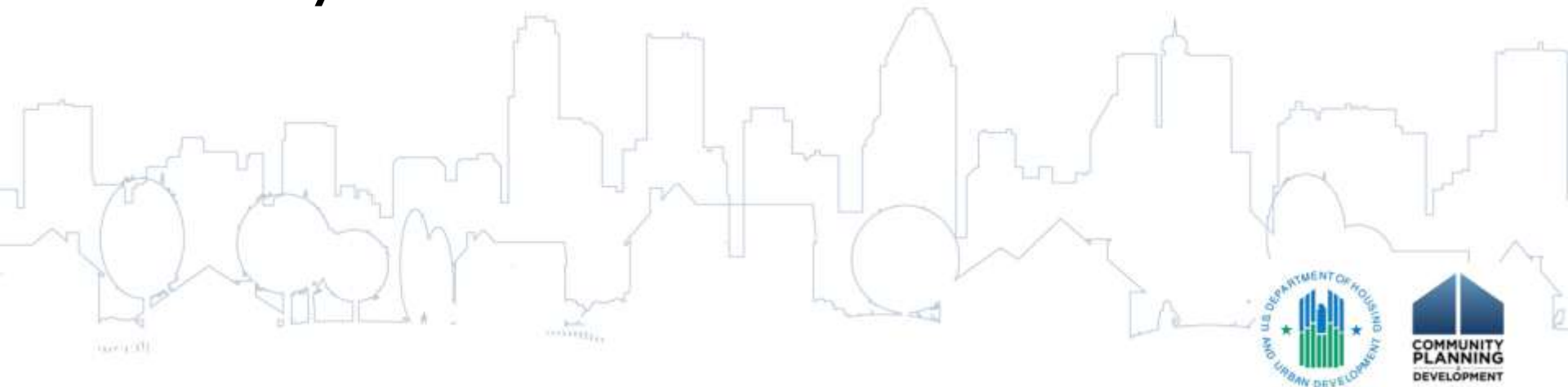
# Disaster Recovery Assistance

- ❖ HUD may provide disaster recovery assistance under multiple programs
- ❖ This discussion focuses on HUD funds provided via the Community Development Block Grant Disaster Recovery (CDBG-DR) program



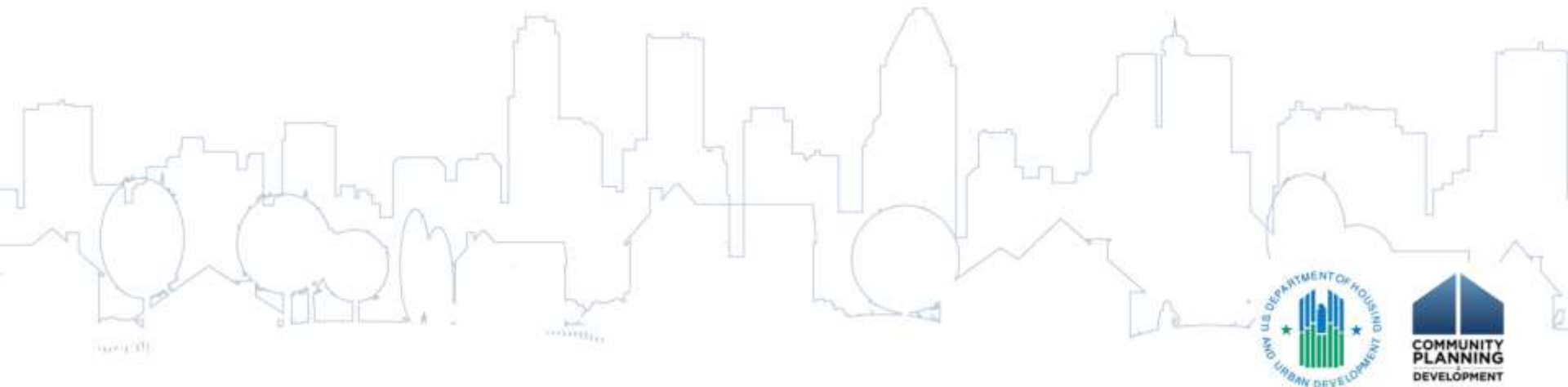
# Disaster Recovery Assistance

- ❖ Federal law prohibits any person, business concern, or other entity from receiving Federal funds for any part of such loss as to which he has received financial assistance under any other program or from insurance or any other source



# Duplication of benefits

- ❖ A duplication of benefits (DOB) occurs when:
  - a beneficiary receives assistance, *and*
  - the assistance is from multiple sources, *and*
  - the assistance amount exceeds the need for a particular recovery purpose



# Duplication of benefits

- ❖ The DOB prohibition applies to Federally-funded programs providing financial assistance “as a result of a major disaster or emergency”
- ❖ This presentation focuses on CDBG-DR funds, but grantees administering other Federally-funded disaster recovery programs should be cautious





# DOB Example

- ❖ Assistance to an individual: Mr. Brown's home was damaged by a tornado; estimated cost to repair is \$100k. Mr. Brown receives a total of \$150k from FEMA, insurance, and HUD. Likely DOB of \$50k.
- ❖ Explanation:
  - Mr. Brown, a beneficiary, received assistance, *and*
  - the assistance is from multiple sources (FEMA, insurance, and HUD), *and*
  - the assistance amount (\$150k) exceeds the need for repair (\$100k)



# DOB Example

- ❖ Assistance to a community: Hamilton County's wastewater treatment plant was damaged by a hurricane. Estimated cost to repair is \$1M. The facility received an insurance settlement for \$1M and \$50k from HUD. Likely DOB of \$50k.
- ❖ Explanation:
  - Hamilton County, a beneficiary, received assistance, *and*
  - the assistance is from multiple sources (insurance and HUD), *and*
  - the assistance amount (\$1.05M) exceeds the need for repair (\$1M)



# Sources of DOB Guidance

- ❖ Section 312 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act) at [42 U.S.C. 5155](#)
- ❖ [24 CFR Part 570](#) and [OMB Circulars](#) (necessary and reasonable requirements cost principles)
- ❖ DOB *Federal Register* Notice [76 FR 71060](#)
- ❖ Previous DOB presentations— available on the CDBG-DR [webpage](#)



# DOB Requirements

- ❖ Grantees must have policies & procedures to:
  - prevent DOB (available methods described by *Federal Register Notice*), and
  - ensure CDBG-DR awards are necessary and reasonable, and
  - monitor compliance, and
  - recapture funds if a DOB occurs



# Award Calculation

- ❖ Most effective way to prevent DOB and ensure awards are necessary and reasonable? Institute a basic calculation:

1. Identify Applicant's Total Need	
2. Identify All Potentially Duplicative Assistance	
3. Deduct Assistance Determined to be Duplicative	
4. Maximum CDBG-DR Award (Item 1 less Item 3)	



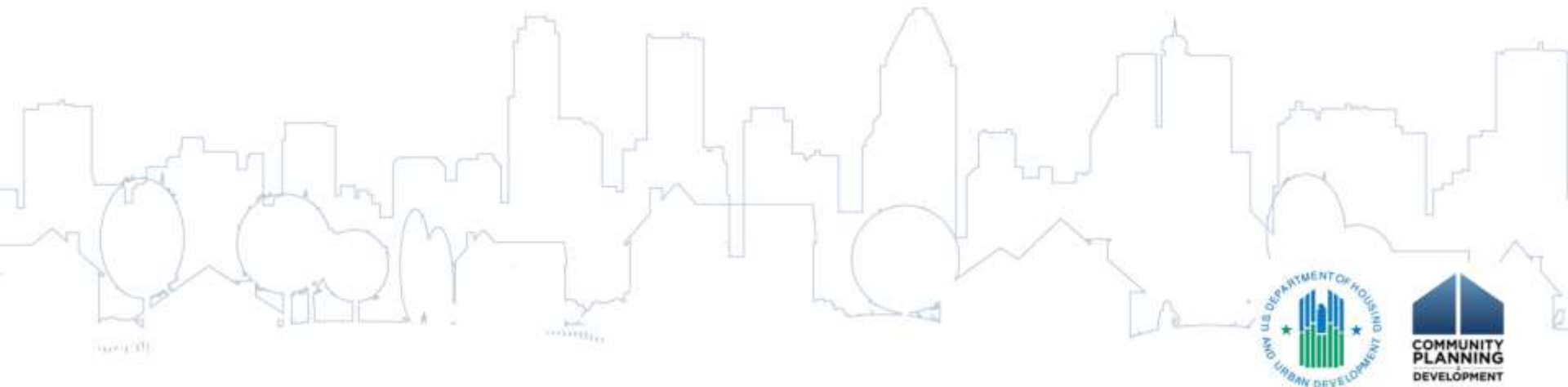
# Calculation- determine need

- ❖ Grantees and/or subgrantees should analyze and document the total CDBG-DR need of each applicant, i.e., the total amount needed to complete the CDBG-eligible activity
- ❖ The CDBG-DR need may differ from an amount identified by another agency
- ❖ For construction activities such as rehabilitation or new construction, contractor's estimates are often used to establish the amount of need necessary for recovery



# Calculation- identify potential DOB

- ❖ Applications for CDBG-DR assistance (e.g., submitted by a homeowner, business, or local community to the grantee) should identify all sources of funds received by the applicant for the disaster recovery activity



# Calculation- identify potential DOB

- ❖ Applications should identify funds received from:
  - *FEMA* (documented by letter from FEMA and/or data provided by FEMA)
  - *Insurance* (documented by letter from insurance company and/or data if available)
  - *SBA* (documented by letter from SBA and/or data provided by the SBA)
  - *Any other sources* (such as CDBG/HOME, local/state government funds, private/nonprofit relief assistance, and housing trust funds)





# Calculation- verify/determine DOB

- ❖ Grantees and/or subgrantees should verify information contained in applications
- ❖ Use data provided by:
  - FEMA
  - SBA
  - Insurance (if available)
- ❖ HUD can provide contact information for FEMA and SBA (if needed)



# Calculation- verify/determine DOB

- ❖ Some forms of assistance are not duplicative!
  - For example, funds received or used for a *different* (eligible) purpose will not reduce the CDBG-DR award
  - Grantees should have policies and procedures for determining “allowable” costs (e.g., other assistance used to make repairs and those repairs can be documented via receipts)
  - See *Federal Register* Notice for types of assistance determined non-duplicative



# Calculation- determine award

- ❖ The CDBG-DR award calculation may look as follows:

1. Applicant's Need	\$ 100,000
2. Potentially Duplicative Assistance	\$ 35,000
3. Assistance Determined to be Duplicative	\$ 30,000
4. CDBG-DR Award (Item 1 less Item 3)	\$ 70,000



# Calculation- determine award

- ❖ Before providing assistance, ensure:
  - The applicant has agreed to repay the funds should they be determined duplicative at a later date (e.g., via the signing of a subrogation agreement), and
  - The award is **necessary and reasonable**
    - Ex. Ms. Smith's home is damaged by a hurricane; estimated repair costs of \$25k. She receives a private loan for \$25k. Should CDBG disaster recovery funds be provided?



# 2. Case Studies



# Critical information

- ❖ When reviewing activities, we expect to see:
  - ✓ Description/definition of DOB (likely in application)
  - ✓ Identification of applicant's CDBG-DR need
  - ✓ Identification of sources of assistance provided to applicant
  - ✓ Verification of FEMA and insurance proceeds
  - ✓ Verification of SBA or other proceeds
  - ✓ CDBG-DR award calculation
  - ✓ Subrogation agreement
  - ✓ Recapture policies & procedures



# Single Family Rehabilitation

## Example 1

- ❖ Proposed activity: rehabilitate a home damaged by Hurricane Wilma
- ❖ Notable excerpts from application/file:
  - Application states damage from hurricane, but contains no cost estimates; cost estimates provided by contractors
  - Signed affidavit that says no insurance claims or FEMA claims were applied for or received (signed release for FEMA information); confirmation email from FEMA that no assistance was provided
  - Includes copy of insurance payment- but file states those funds were used for other portion of need (i.e., repair of roof)



# Single Family Rehabilitation

## Example 1

### ❖ Effectiveness of DOB policies and procedures?

Does the file contain...	Yes	Questionable/Comments
Adequate DOB description?		?
Identification of CDBG-DR need?	✓	?
Identification of source of assistance?		Certification not comprehensive
Verification of FEMA, SBA and insurance proceeds? (city/county and/or state)	✓	?
CDBG-DR award calculation?		Only used rehab estimates, was insurance for roof?
Method to recapture funds if necessary (i.e., subrogation agreement or contract)?		?
Recapture policies and procedures?		May not be in file; should exist



# Multifamily Reconstruction

## Example 2

- ❖ Proposed activity: reconstruct a 20 unit property damaged by Hurricane Wilma
- ❖ Notable excerpts from application:
  - requires certification that no other funding is available
  - states “elements of activities that are reimbursable by FEMA or fundable through the SBA or other sources cannot be undertaken with these [CDBG-DR] funds”



# Multifamily Reconstruction

## Example 2

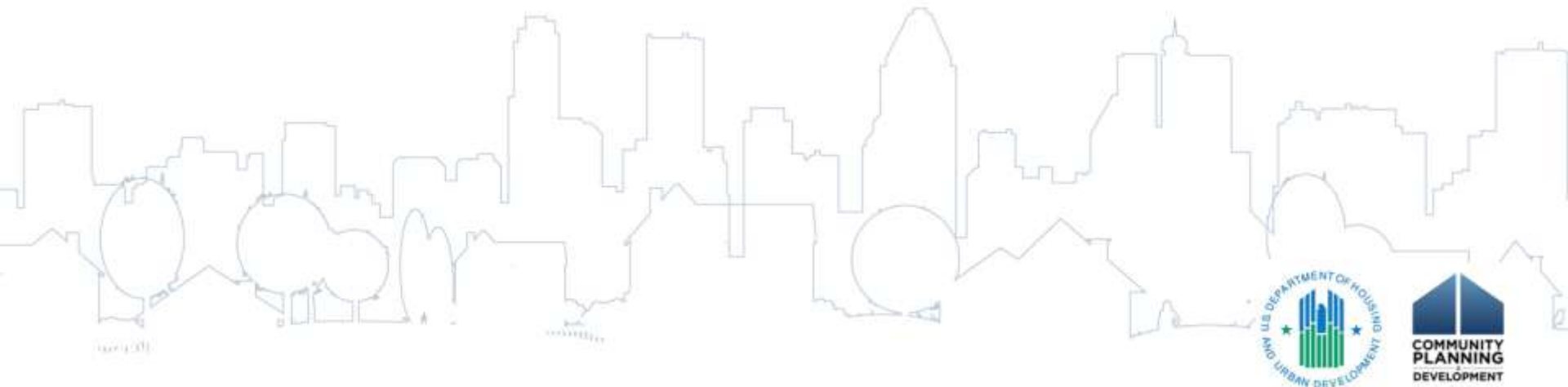
### ❖ Effectiveness of DOB policies and procedures?

Does the file contain...	Yes	Questionable/Comments
Adequate DOB description?	✓	
Identification of CDBG-DR need?	✓	
Identification of source of assistance?	✓	Certification ok
Verification of FEMA, SBA and insurance proceeds? (city/county and/or state)		?
CDBG-DR award calculation?	✓	
Method to recapture funds if necessary (i.e., subrogation agreement or contract?)		May not be in activity file but should exist
Recapture policies and procedures?		?

# Multifamily Rehabilitation

## Example 3

- ❖ Proposed activity: harden (i.e., replace walls/windows/doors) 120 public housing units
- ❖ Notable excerpt from application: requires a letter certifying that no other funding is available



# Multifamily Rehabilitation

## Example 3

### ❖ Effectiveness of DOB policies and procedures?

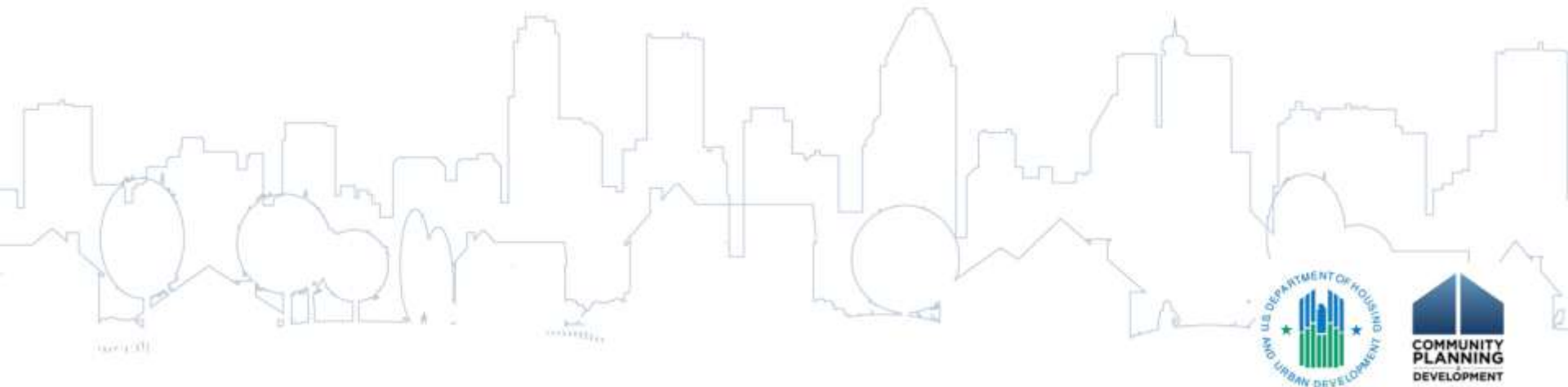
Does the file contain...	Yes	Questionable/Comments
Adequate DOB description?		?
Identification of CDBG-DR need?	✓	
Identification of source of assistance?	✓	Certification ok
Verification of FEMA, SBA and insurance proceeds? (city/county and/or state)		?
CDBG-DR award calculation?	✓	
Method to recapture funds if necessary (i.e., subrogation agreement or contract?)		?
Recapture policies and procedures?		May not be in file, but should exist



# Infrastructure

## Example 4

- ❖ Proposed activity: improve wastewater treatment facility and systems
- ❖ Notable excerpts from file:
  - Letter from local government official certifying that no other funds are available
  - Budget checklist illustrating no DOB



# Infrastructure

## Example 4

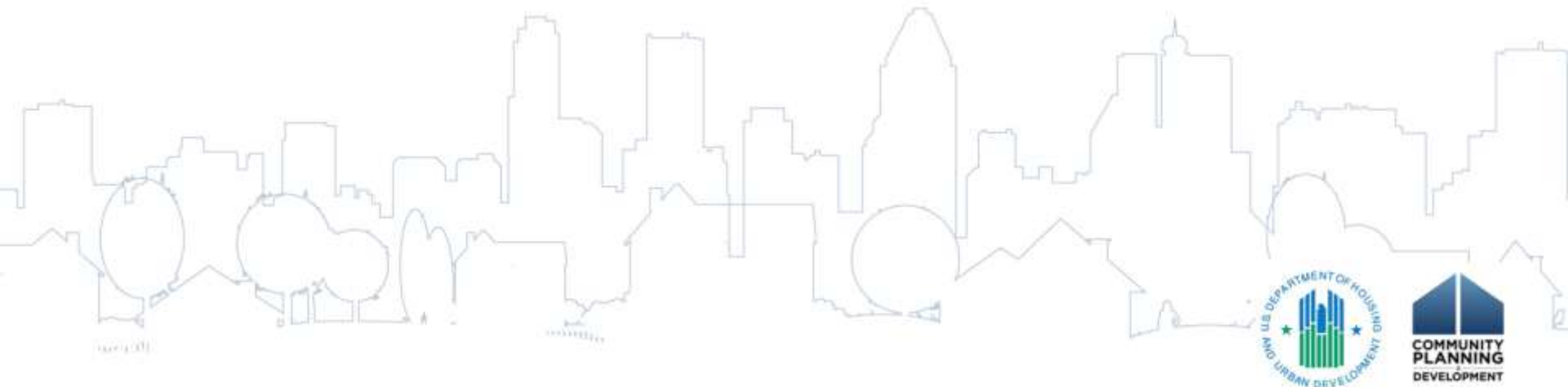
### ❖ Effectiveness of DOB policies and procedures?

Does the application contain...	Yes	Questionable/Comments
Adequate DOB description?		?
Identification of CDBG-DR need?	✓	
Identification of source of assistance?	✓	
Verification of FEMA, SBA and insurance proceeds? (city/county and/or state)		?
CDBG-DR award calculation?	✓	
Method to recapture funds if necessary (i.e., subrogation agreement or contract?)		?
Recapture policies and procedures?		?

# Economic Development

## Example 5

- ❖ Proposed activity: provide working capital assistance to a business impacted by flooding
- ❖ Notable excerpts from file:
  - Application that illustrates all funds received
  - Verification of assistance available to applicant
  - Signed subrogation agreement



# Economic Development

## Example 5

### ❖ Effectiveness of DOB policies and procedures?

Does the application contain...	Yes	Questionable/Comments
Adequate DOB description?		?
Identification of CDBG-DR need?		?
Identification of source of assistance?	✓	
Verification of FEMA, SBA and insurance proceeds? (city/county and/or state)	✓	
CDBG-DR award calculation?		?
Method to recapture funds if necessary (i.e., subrogation agreement or contract?)	✓	
Recapture policies and procedures?		May not be in file; should exist





# 3. Sample Policies & Forms



# Sample DOB Policies & Procedures

- ❖ State of Texas (see page #45)

<http://www.glo.texas.gov/GLO/documents/disaster-recovery/GLO-DR-implementation-manual.pdf>

- ❖ State of Iowa (Single Family Housing activities):

*“No duplication of benefits will be allowed. Prior to assisting homeowners or homebuyers with CDBG Supplemental Funds, the [State] recipient will need to determine and verify any monies received from any other federal or state financial resources providing disaster recovery funding and any insurance settlement payments provided to your homeowner or homebuyer, and adjust the CDBG Supplemental Funds amount and project scope accordingly.”*



# Sample Rehabilitation Application

- Nashville-Davidson County has numerous housing-related materials located at:

<http://www.thehousingfund.org/floodprograms.html>

## We Are Home Homeowner Repair Application

*If this is an application for joint credit, Borrower and Co-Borrower each agree that we intend to apply for joint credit (sign below). I understand that giving false, incomplete or misleading information can cause my application to be denied.*

\_\_\_\_\_

Borrower

\_\_\_\_\_

Co-Borrower

Borrower Information					
Borrower's Name			Co Borrower's Name		
SSN	Home Phone	DOB(mm/dd/yyyy)	SSN	Home Phone	DOB(mm/dd/yyyy)

Flood Related Repair Funding		
Source	Date	Amount
FEMA (Repair only)		
SBA		
Flood Insurance		
Own Funds		
Other		
<b>Total</b>		

# Sample Rehabilitation Application

- ❖ Many grantees (e.g., Texas) require applicants to identify their FEMA and SBA application numbers

2. Were any FEMA proceeds for Home Repair or Replacement Housing received for the damaged property?  Yes  No

*If the answer to 2 is "Yes", please complete the following section.*

FEMA Registration Number	Amount Received
	\$

3. Was the applicant or any homeowner approved for a SBA Disaster Loan for the damaged property?  Yes  No

*If the answer to 3 is "Yes", please complete the following section. Provide amounts related to structural repair only.*

SBA Application Number	SBA Loan Number	Loan Amount
		\$

# Sample Rehabilitation Application

- ❖ Many grantees (e.g., Texas) also require applicants to identify whether they have a mortgage; if a mortgage is in place, most likely the applicant has homeowner's insurance

Applicant ID \_\_\_\_\_

## Section 11: Mortgage and Lien Information

Is there an existing mortgage on the damaged property?

Yes  No

*If yes, please complete the information in the table below.*

Mortgage and Lien Information		
Loan #	Mortgage Company Name	Loan Number
1.		
2.		

# Sample Insurance Affidavit

- ❖ Grantees must determine whether applicants received insurance proceeds for the CDBG-DR activity

Iowa Department of Economic Development  
Jumpstart Program  
Insurance Affidavit

Applicant ID «app\_id»

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## Insurance Affidavit

**Instructions:** You must fill out this form even if you did not have insurance on the date of the damage to your home due to the storms, tornadoes and flooding giving rise to the Presidential Disaster Declaration, FEMA-1763-DR (“2008 Iowa Flood and Storm Event”), which occurred between May 25 and August 13, 2008. This form requires you to indicate to the IDED Jumpstart Program (the “Program”) whether or not there was insurance on the damaged property on the date of the damage to your home between May 25 and August 13, 2008.

If you selected that there was insurance on the damaged property, you are required to fill in the name of the insurance company, policy number, claim number, and settled amount, if any, the settled amount for lost personal property, the settled amount for structural damage to the home, and attach copies of the insurance policies and any correspondence with the insurance companies relating to the claim.

You must sign in front of a notary public.

# Sample Insurance Affidavit (cont.)

STATE OF IOWA

COUNTY OF LINN

Before me, the undersigned authority, on this day personally appeared the person(s) named below ("Applicant(s)"), who, being by me duly sworn under penalty of perjury and penalty of violation of Federal and State laws applicable to my application for and receipt of a grant or deferred loan under the Iowa Department of Economic Development ("IDED") Jumpstart Program (the "Program"), made the following statements and swore that they were true:

I/we hereby state and certify to the United States Department of Housing and Urban Development and to the Iowa Department of Economic Development as follows (please check one blank):

- On the date of damage to my home, between May 25 and August 13, 2008, Homeowners, flood, and/or wind insurance **WAS** carried and in force on the property with respect to which I/we made an application under the Program.
- On the date of damage to my home between May 25 and August 13, 2008, Homeowners, flood, and/or wind insurance **WAS NOT** carried and in force on the property with respect to which I/we made an application under the Program.

# Sample Insurance Affidavit (cont.)

## Insurance Affidavit

Applicant ID «app\_id»

If insurance was carried on the damaged property, fill in the information requested below using the insurance information in effect at the time of damage to my home due to the Iowa 2008 Flood and Storm Event, between May 25 and August 13, 2008. The space at the bottom is provided to you in case you are unsure about whether a payment is for structural or personal property.

### Homeowner Insurance

Company Name:		Policy Number	
Claim Number:		Total Settled Amt:	
Personal Property Settled Amount:		Structural Damage Settled Amount:	

### Wind Insurance

Company Name:		Policy Number	
Claim Number:		Total Settled Amt:	
Personal Property Settled Amount:		Structural Damage Settled Amount:	

### Flood Insurance

Company Name:		Policy Number	
Claim Number:		Total Settled Amt:	
Personal Property Settled Amount:		Structural Damage Settled Amount:	



# Sample Insurance Affidavit (cont.)

## Insurance Affidavit

Applicant ID --app\_id--

Attached to this Insurance Affidavit are copies of (1) each insurance policy under which a claim was filed with respect to the damage to my home as a result of the 2008 Iowa Flood and Storm Event, and (2) all correspondence relating to the claims described in (1) of this sentence. No other correspondence with respect to any such insurance claims has been received by me as of the date of this Insurance Affidavit.

By executing this Insurance Affidavit, Applicant(s) acknowledge and understand that Title 18 United States Code Section 1001: (1) makes it a violation of federal law for a person to knowingly and willfully (a) falsify, conceal, or cover up a material fact; (b) make any materially false, fictitious, or fraudulent statement or representation; OR (c) make or use any false writing or document knowing it contains a materially false, fictitious, or fraudulent statement or representation, to any branch of the United States Government; and (2) requires a fine, imprisonment for not more than five (5) years, or both, which may be ruled a felony, for any violation of such Section.

Dated this the \_\_\_\_ day of \_\_\_\_\_, 2009.

\_\_\_\_\_  
Applicant (Affiant) Signature

\_\_\_\_\_  
Print Applicant name (Affiant)

\_\_\_\_\_  
Joint Applicant (Affiant) Signature

\_\_\_\_\_  
Print Joint Applicant name (Affiant)

SUBSCRIBED AND SWORN TO before me, by the above-named Affiant(s) this, the \_\_\_\_ day of \_\_\_\_\_, 2009, to certify which witness my hand and official seal.

My Commission Expires: \_\_\_\_\_

NOTARY PUBLIC

# Sample Gap Financing Form

Have you previously applied or received assistance under this program? <b>Indicate year:</b>				Have you registered with FEMA?	Yes/No	
Applied?	Yes/No	Received?	Yes/No	Amount of FEMA assistance:	\$	
				Amount of FEMA assistance for repairs:	\$	
Have you or any member of the household applied for a SBA Loan?				Have you or any member of the household received assistance from other flood related relief programs to repair your home? (Yes/No)		
Applied?	Yes/No	Received?	Yes/No			
Amounts Approved:		\$		Amounts Received:	\$	
<b>What type of repairs does your home need? Please provide a brief description.</b>						
Do you have a repair estimate?				Amount of Estimate: \$		
Please answer the following questions to the best of your ability.					Yes	No
Are the property taxes current?						
Was the property acquired through a quit claim deed since May 1, 2010?						
Does the property have a life estate?						
Was the property built before 1978?						
Do you or an immediate family member own the property and occupy it as your primary residence?						

# Evaluating other sources of funds



## Non-Duplicative Assistance Worksheet (to be used by grantee)

Name(s) of Applicant: \_\_\_\_\_

Address: \_\_\_\_\_

Address: \_\_\_\_\_

Program for which funding is applied: \_\_\_\_\_

### A. Funds for a different purpose

<i>Source</i>	<i>Purpose</i>	<i>Amount</i>
1. E.g., SBA, FEMA, Insurance	Insert	\$
2. Insert	Insert	\$
<b>Subtotal</b>		<b>\$</b>

### B. Funds for the same purpose, different eligible use

<i>Source</i>	<i>Different Eligible Use</i>	<i>Receipt Attached?</i>	<i>Amount</i>
1. E.g., FEMA	Interim housing	Yes/No	\$
2. Insert	Insert	Yes/No	\$
<b>Subtotal</b>			<b>\$</b>

### C. Funds not available

<i>Source</i>	<i>Reason Not Available</i>	<i>Amount</i>
1. E.g., Insurance	Forced mortgage payoff	\$
2. Insert	Insert	\$
<b>Subtotal</b>		<b>\$</b>

# Evaluating other sources of funds

## ❖ Non-Duplicative Assistance Worksheet

<b>D. Private loans</b>	
<i>Source</i>	<i>Amount</i>
1. Insert	\$
2. Insert	\$
<b>Subtotal</b>	<b>\$</b>

<b>E. Other assets or lines of credit</b>	
<i>Source</i>	<i>Amount</i>
1. Insert	\$
2. Insert	\$
3. Insert	\$
<b>Subtotal</b>	<b>\$</b>

<b>Total non-duplicative assistance</b>	<b>\$</b>
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I hereby certify that the above information is true and correct to the best of my knowledge and belief.

Signature of Applicant: \_\_\_\_\_ Date: \_\_\_\_\_

Signature of Co-Applicant: \_\_\_\_\_ Date: \_\_\_\_\_

# Evaluating other sources of funds

## ❖ Allowable Cost Worksheet

FORM 12

Allowable Activities Worksheet and Affidavit

Applicant ID 1003

STATE OF \_\_\_\_\_  
 COUNTY OF \_\_\_\_\_

This Allowable Activities Worksheet and Affidavit only applies if the person(s) signing (individually and collectively, "Applicant") has received funds from Federal Emergency Management Agency ("FEMA"), Small Business Administration ("SBA"), and/or Applicant's Insurance Carrier(s) for disaster assistance (the "Disaster Funds") and has spent the Disaster Funds on any of the activities listed below. In order to be considered under the Allowable Activities Policy of the TDHCA HAP, the Applicant must

- (1) Complete the Allowable Activities Overview below and the Allowable Activities Detail attached by indicating the exact amount of Disaster Funds spent, and
- (2) Attach the receipts as supporting documentation with this Allowable Activities Worksheet and Affidavit.

**Please note: Amounts not supported by receipts will not be considered an eligible Allowable Activity as defined by the Allowable Activities Policy.**

Applicant has been asked to provide this Allowable Activities Worksheet and Affidavit as a means of providing evidence for all of the Disaster Funds Applicant has personally spent as a result of damage to Affiant's primary residence from Hurricane Rita on September 24, 2005, until the present time.

ALLOWABLE ACTIVITIES WITH RECEIPTS SUMMARY			
Total Structure Repairs	\$	Total Grading or Leveling of Property	\$
Total Debris Removal	\$	Total Outbuilding Repairs	\$
Total Mold Remediation	\$	Total Labor, Materials, and Equipment Rental	\$
Total Tree/Shrub Removal and Replacement	\$	Total Demolition	\$
Total Interim Housing	\$	Total Installation	\$
		Total Expenses	

# Evaluating other sources of funds

## ❖ Allowable Cost Worksheet

FORM 12

Allowable Activities Worksheet and Affidavit

Applicant ID \_\_\_\_\_

Applicant understands that if the information in this Allowable Activities Worksheet and Affidavit is not correct, he/she will be required to repay the grant or deferred loan, or a portion, which is received as a result of providing that incorrect information. Applicant also understands that the information in this Allowable Activities Worksheet and Affidavit may be turned over to the appropriate State of Texas investigative authorities for verification.

By executing this Allowable Activities Worksheet and Affidavit, Applicant acknowledges and understands that Title 18 United States Code Section 1001: (1) makes it a violation of federal law for a person to knowingly and willfully (a) falsify, conceal, or cover up a material fact; (b) make any materially false, fictitious, or fraudulent statement or representation; OR (c) make or use any false writing or document knowing it contains a materially false, fictitious, or fraudulent statement or representation, to any branch of the United States Government; and (2) requires a fine, imprisonment for not more than five (5) years, or both, which may be ruled a felony, for any violation of such Section.

Before me, the undersigned authority, on this day personally appeared Applicant named below, who, being by me duly sworn under penalty of perjury and penalty of violation of Federal and State laws applicable to Applicant's application for and receipt of a grant or deferred forgivable loan under the Program, made the following statements herein to the TDHCA and the United States Department of Housing and Urban Development and swore that the information provided herein is true and equals the total Disaster housing repair or replacement Funds received from FEMA, Insurance, or SBA due to Hurricane Rita on September 24, 2005, and spent by Applicant on repairing or replacing Applicant's primary residence since September 24, 2005 to the present time.

\_\_\_\_\_  
Applicant (Affiant) Signature

\_\_\_\_\_  
Applicant (Affiant) Name (Printed)

\_\_\_\_\_  
Date

\_\_\_\_\_  
Joint Applicant (Affiant) Signature

\_\_\_\_\_  
Joint Applicant (Affiant) Name (Printed)

\_\_\_\_\_  
Date

SUBSCRIBED AND SWORN TO before me, by the above-named Applicant(s) this, the \_\_\_\_ day of \_\_\_\_\_, 2008, to certify which witness my hand and official seal.

\_\_\_\_\_  
NOTARY PUBLIC

# Evaluating other sources of funds

## ❖ Allowable Cost Worksheet

FORM 12

Allowable Activities Worksheet and Affidavit

Applicant ID \_\_\_\_\_

### ALLOWABLE ACTIVITIES DETAIL

Structure Repairs	With Receipts	Without Receipts (Amount will not be included in final calculation)	Combined Total
Roof	\$	\$	\$
Foundation	\$	\$	\$
Windows	\$	\$	\$
	\$	\$	\$
	\$	\$	\$
	\$	\$	\$
<b>Totals</b>	\$	\$	\$
Debris Removal	With Receipts	Without Receipts Amount will not be included in final calculation)	Combined Total
<b>Total</b>	\$	\$	\$
Mold Remediation	With Receipts	Without Receipts Amount will not be included in final calculation)	Combined Total
<b>Total</b>	\$	\$	\$

# Sample Privacy Waiver

Use of Benefits - continued

## DISCLOSURE REQUIREMENTS AND PENALTIES

APPLICANTS/CO-APPLICANTS MUST DISCLOSE ALL OTHER SOURCES OF FINANCIAL OR HOUSING ASSISTANCE RECEIVED (LOCAL, STATE, FEDERAL, AND PRIVATE SOURCES) AS A RESULT OF HOUSING DAMAGE (I.E. STRUCTURAL DAMAGE, ANY RELATED DOWN PAYMENT ASSISTANCE, AND ANY RELATED HOUSING CONSTRUCTION, REPAIR OR REHABILITATION) CAUSED BY HURRICANE KATRINA. HORNE IS REQUIRED TO VERIFY APPLICABLE AMOUNTS RECEIVED BY APPLICANTS/CO-APPLICANTS.

INFORMATION SUPPLIED BY AND ON BEHALF OF APPLICANT(S) FOR THE PURPOSE OF DOB CHECKS SHOULD BE ACCURATE AND COMPLETE. SUCH INFORMATION IS RELIED UPON BY THOSE PERFORMING THE CHECKS AND BY THOSE MAKING DECISIONS RELATED TO AWARDS OF LTWH BENEFITS.

TITLE 18, SECTION 1001 OF THE U.S. CODE PROVIDES THAT A PERSON IS GUILTY OF A FELONY FOR KNOWINGLY AND WILLINGLY MAKING MATERIALLY FALSE OR FRAUDULENT STATEMENTS OR REPRESENTATIONS IN ANY MATTER WITHIN THE JURISDICTION OF ANY BRANCH OF THE UNITED STATES GOVERNMENT.

## APPLICANT CERTIFICATION

By signing below, I certify that I have answered the questions regarding "Other Assistance Received" accurately and completely. I understand that if I have not answered all the questions accurately and completely, my application may be denied.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Applicant Signature

\_\_\_\_\_  
Co-Applicant(s) Signature



# Sample Verification Checklist

❖ Often used by state grantees when activities are implemented by local governments

❖ Verifies assistance received from various sources

<http://www.glo.texas.gov/GLO/documents/disaster-recovery/housing/forms/16-20-setup-and-revision-checklist.pdf>

Bid/Construction/Purchase Contact Amount:

Total from SBA:  Total from FEMA for home repair/replacement:

Total from Insurance:

Total from other sources:  List Sources:

Verified home repair/replacement expenditures:  List Sources:

Gap Financing:  List Sources:

**All financing sources must be identified and support documents must be submitted with the set-up.**

Homeowner Name:

Homeowner Address:

City:  County:  Zip:



# Subrogation Agreement

## ❖ Sample subrogation agreement

<http://www.glo.texas.gov/GLO/documents/disaster-recovery/housing/forms/1309D-subrogation-08-2011.doc>

## ❖ Excerpt:

“...In consideration of Borrower’s receipt of funds or the commitment by Subrecipient to evaluate Borrower’s application for the receipt of funds under the CDBG Disaster Recovery Program (CDBG-DR) administered by Subrecipient; Borrower hereby assigns to Subrecipient all of Borrower’s future rights to reimbursement and all payments received under any policy of casualty or property damage insurance or under any reimbursement or relief program related to or administered by the Federal Emergency Management Agency or the Small Business Administration (“SBA”) for physical damage to the Structure...”



# Recapture Policies & Procedures

## ❖ Excerpt from sample policy:

If the Subrecipient determines the applicant did not meet contract or program eligibility requirements, the Subrecipient must recapture the funds using their established policy/procedures. The Subrecipient's recapture policy/procedures must contain at a minimum the following:

1. Documentation of reason(s) for recapture
2. 30-day notice requiring repayment with repayment options and opportunity to cure:
  - a. Full repayment
  - b. Partial repayment request for repayment plan (installments) –request is sent to state for approval (including financials supporting repayment plan). If approved the subrecipient will request assignment of enforceable contract to IEDA.
  - c. Appeal process, contesting repayment. Subrecipient may allow the applicant to appeal based on the subrecipients appeal process. Subrecipient gathers additional information regarding the appeal and makes a determination. Subrecipient forwards appealed determination to the IEDA.
3. If a notice is returned the Subrecipient will take reasonable actions to locate the applicant.
4. 15-day notice & demand for repayment with opportunity to cure, if no response from 30-day notice.
5. If fraud is suspected, the file is turned over to the state immediately.

If Subrecipient has not recaptured funds by locating applicants and sending notices, Subrecipient may make a formal request to the state to initiate collection and/or legal actions for specific applicants.



# 4. Monitoring



# Monitoring for DOB

- ❖ DOB may be monitored:
  - in the course of reviewing an activity or program's CDBG eligibility and national objective compliance, and/or
  - independently, and across activities or programs
- ❖ Review DOB policies and procedures; do they:
  - Seek to prevent a DOB?
  - Seek to ensure awards are necessary & reasonable?
  - Describe the recapture process?



# Monitoring for DOB

- ❖ Review individual files for:
  - Identification of CDBG-DR need
  - Identification of sources of assistance  
(homeowners should also submit signed privacy waiver)
  - Verification of sources of assistance
  - Calculation of CDBG-DR award
  - Subrogation agreement (or some other mechanism for recapturing funds if necessary)



# Summary- Key Responsibilities

- ❖ **Beneficiary:**
  - Information from all sources (FEMA, SBA, insurance, other)
  - Information on recovery need
  - Signed privacy waiver; agreement to repay funds if necessary
  
- ❖ **Local Agency (if applicable):**
  - Analysis of unmet needs for each beneficiary
  - Policies for intake, quality control, subrogation, fraud prevention
  - Maintain records in file for review by grantee and HUD
  
- ❖ **Grantee (may also be responsible for elements under “local agency level” if administer program/funds directly):**
  - Monitoring procedures (e.g., schedule and risk assessment)
  - Monitoring tools
  - Evidence (from monitoring) that supports DOB compliance



# Tools for Monitoring DOB

- ❖ Utilize exhibits developed specifically for CDBG-DR grants; available on HUD's [webpage](#)

20.

<p>a. <u>Duplication of benefits</u>: Are there <b>policies and procedures</b> in place to identify and consider all other sources of disaster assistance to prevent a duplication of benefit (DOB)? [See section 312 of the Robert T. Stafford Disaster Assistance and Emergency Relief Act, as amended, and the applicable <i>Federal Register</i> notice(s)]</p> <p><b>NOTE:</b> Checking “no” in response to any DOB-related question found in 20b-d could result in a finding in violation of Section 312 of the Robert T. Stafford Disaster Assistance and Emergency Relief Act and all applicable <i>Federal Register</i> notices, including 76 FR 71066 (Nov. 16, 2011).</p>			
i. Insurance?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
ii. Federal Emergency Management Agency (FEMA)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
iii. Small Business Administration?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
iv. National Flood Insurance Program (NFIP)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
v. Other State or local funding?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
vi. Other nonprofit, private sector, or charitable funding?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
<b>Describe Basis for Conclusion:</b>			



# Tools for Monitoring DOB

- ❖ Utilize exhibits developed specifically for CDBG-DR grants (cont.)

b. Is there a <b>mechanism in place to track and review all sources of funds</b> for each applicant to prevent a DOB?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
<b>Describe Basis for Conclusion:</b>			
c. If applicable, has each applicant signed a <b>subrogation agreement</b> requiring that any amount of additional disaster assistance received subsequent to CDBG-DR and in excess of need be returned to the grantee?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
<b>Describe Basis for Conclusion:</b>			
d. If a DOB has occurred, is the program participant (and/or subgrantee) actively seeking recapture of those funds?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
<b>Describe Basis for Conclusion:</b>			
e. Are there <b>written policies and procedures governing recapture?</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
<b>Describe Basis for Conclusion:</b>			

# Tools for Monitoring DOB

## ❖ DOB Review Worksheet

Grantee: \_\_\_\_\_ Reviewer: \_\_\_\_\_ Date: \_\_\_\_\_

Grant#: \_\_\_\_\_ Total # of Beneficiaries: \_\_\_\_\_ # Reviewed to Date: \_\_\_\_\_ # Reviewed this FY: \_\_\_\_\_

Instructions: A sufficient sample of case files should be reviewed to determine whether programs have identified and acted upon duplication of benefits in compliance with the Stafford Act and the necessary and reasonable cost principles. Attach comments/explanations (s) to describe sampling method and support responses and conclusion.

(1) Activity # / Responsible Org	(2) Recipient/ Beneficiary (Name/Address)	(3) Amount of Assistance from CDBG-DR (\$)	(4) Amount of Assistance from Sources Identified in Application and Support Documents? (Yes/No)					(5) Are Allowable Costs Identified that can be Excluded from the Calculation?	(6) Duplication of Benefit Identified? (Yes/No)	(7) Grant Amount Reduced or Gap Obtained? (Yes/No)	(8) Subrogation Agreement for Future Proceeds in Place? (Yes/No)
			<i>Insurance</i>	<i>FEMA</i>	<i>SBA</i>	<i>Other</i>	<i>Other</i>				



# What if a DOB is discovered?

- ❖ The grantee should seek to recapture the DOB per the grantee's established policies and procedures
- ❖ Work with other grantees and HUD to develop recapture policies and procedures
- ❖ If a DOB cannot be recaptured in compliance with the grantee's policies and procedures, HUD must be repaid



# Questions?

