selection criterion; the contents of the plan for addressing the problem of drug-related crime that must be included with the application; the listing of any certifications and assurances that must be submitted with the application; and the process for ranking and selecting applicants. NOFAs will also include any additional information, factors, and requirements that the Department has determined to be necessary and appropriate to provide for the implementation and administration of the program under this part.

(Approved by the Office of Management and Budget under control number 2502–0476.)

(d) Environmental review. Grants under this part are categorically excluded from review under the National Environmental Policy Act of 1969 (NEPA)(42 U.S.C. 4321), in accordance with 24 CFR 50.20(p). However, prior to an award of grant funds under this part, HUD will perform an environmental review to the extent required by HUD's environmental regulations at 24 CFR part 50, including the applicable related authorities at 24 CFR 50.4.

§ 261.18 Resident comments on grant application.

The applicant must provide the residents of developments proposed for funding under this part, as well as any resident organizations that represent those residents, with a reasonable opportunity to comment on its application for funding under this program. The applicant must give these comments careful consideration in developing its plan and application as well as in the implementation of funded programs. Copies of all written comments submitted must be maintained by the grantee for three years.

Subpart D—Grant Administration

§ 261.26 Grant administration.

- (a) General. Each grantee is responsible for ensuring that grant funds are administered in accordance with the requirements of this part, any Notice of Funding Availability (NOFA) issued for this program, 24 CFR part 85, applicable laws and regulations, applicable OMB circulars, HUD fiscal and audit controls, grant agreements, grant special conditions, the grantee's approved budget (SF-424A), budget narrative, plan, and activity timetable.
- (b) Grant term extensions.—(1) Grant term. Terms of the grant agreement may not exceed 12 months, unless an extension is approved by the local HUD Office. The maximum extension allowable for any grant is 6 months. Any

funds not expended at the end of the grant term shall be remitted to HUD.

- (2) Extension. Grantees may be granted an extension of the grant term in response to a written request for an extension stating the need for the extension and indicating the additional time required.
- (3) *Receipt*. The request must be received by the local HUD Office before the termination of the grant, and requires approval by the local HUD Office with jurisdiction over the grantee.
- (4) Term. The maximum extension allowable for any program period is 6 months. Requests for retroactive extension of program periods will not be considered. Only one extension will be permitted. Extensions will only be considered if the extension criteria of paragraph (b)(5) of this section are met by the grantee at the time the request for the extension of the deadline is submitted for approval.

(5) Extension criteria. The following criteria must be met by the grantee when submitting a request to extend the expenditure deadline for a program or set of programs.

(i) Financial status reports. There must be on file with the local HUD Office current and acceptable Financial Status Reports, SF–269As.

- (ii) Grant agreement special conditions. All grant agreement special conditions must be satisfied except those conditions that must be fulfilled in the remaining period of the grant. This also includes the performance and resolution of audit findings in a timely manner.
- (iii) Justification. A narrative justification must be submitted with the program extension request. Complete details must be provided, including the circumstances which require the proposed extension, and explanation of the impact of denying the request.

(6) *ĤUD action*. The local ĤUD Office will attempt to take action on an extension request within 15 working days after receipt of the request.

- (c) Duplication of funds. To prevent duplicate funding of any activity, the grantee must establish controls to assure that an activity or program that is funded by other HUD programs, or programs of other Federal agencies, shall not also be funded by the Drug Elimination Program. The grantee must establish an auditable system to provide adequate accountability for funds that it has been awarded. The grantee is responsible for ensuring that there is no duplication of funds.
- (d) *Insurance*. Each grantee is required to obtain adequate insurance coverage to protect itself against any potential liability arising out of the

eligible activities under this part. In particular, applicants are required to assess their potential liability arising out of the employment or contracting of security personnel, law enforcement personnel, investigators, and drug treatment providers, and the establishment of voluntary tenant patrols; to evaluate the qualifications and training of the individuals or firms undertaking these functions; and to consider any limitations on liability under State or local law. Grantees are required to obtain liability insurance to protect the members of the voluntary tenant patrol against potential liability as a result of the patrol's activities under § 261.10(b)(5). Voluntary tenant patrol liability insurance costs are eligible program expenses. Subgrantees are required to obtain their own liability insurance.

(e) Failure to implement program. If the grant plan, approved budget and timetable, as described in the approved application, are not operational within 60 days of the grant agreement date, the grantee must report by letter to the local HUD Office the steps being taken to initiate the plan and timetable, the reason for the delay, and the expected starting date. Any timetable revisions which resulted from the delay must be included. The local HUD Office will determine if the delay is acceptable, approve/disapprove the revised plan and timetable, and take any additional appropriate action.

(f) *Sanctions*. (1) HUD may impose sanctions if the grantee:

(i) Is not complying with the requirements of this part or of other applicable Federal law;

(ii) Fails to make satisfactory progress toward its drug elimination goals, as specified in its plan and as reflected in its performance and financial status reports under § 261.28;

(iii) Does not establish procedures that will minimize the time elapsing between drawdowns and disbursements:

- (iv) Does not adhere to grant agreement requirements or special conditions:
- (v) Proposes substantial plan changes to the extent that, if originally submitted, would have resulted in the application not being selected for funding;

(vi) Engages in the improper award or administration of grant subcontracts:

- (vii) Does not submit reports; or (viii) Files a false certification.
- (2) HUD may impose the following sanctions:
- (i) Temporarily withhold cash payments pending correction of the deficiency by the grantee or subgrantee;