



GEORGIA DEPARTMENT OF COMMUNITY AFFAIRS

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MEMORANDUM

TO: Mayors, County Commission Chairs, and Grant Administrators with Open CDBG or CHIP Grants

FROM: Steed Robinson, Director, Office of Community Development

DATE: September 30, 2005

SUBJECT: New CDBG Drawdown Request Form and Policy Announcements

New CDBG Drawdown Form

The new CDBG Drawdown Form, CDBG Drawdown Instructions and Sample Drawdown Data are located under “CDBG CHIP Announcements” at <http://www.dca.state.ga.us/communities/CDBG/index.asp>. Please download the Zip file "Request for Drawdown of CDBG Funds." Extract the Zip files prior to using them. This form will become MANDATORY for all Drawdowns as of December 1, 2005, but you may begin using it as soon as you are ready. All 2005 Recipients should begin using the new form immediately for 2005 Awards. If you have questions, please contact David Cox at dcox@dca.state.ga.us or (404) 679-4938. **The new Drawdown Form and Instructions are not applicable to CHIP.**

Policy Announcements

CDBG Administrative Drawdowns. Implemented immediately is DCA’s new policy on CDBG Administrative Drawdowns. The policy is applicable to all CDBG open grants. Below is the applicable excerpt from the *CDBG Recipients’ Manual FY 2005*, page 17, for your information.

1. Recipients may not draw down more than 25 percent of their administrative funds prior to clearance of all special conditions.
2. Recipients may not draw down more than 75 percent of their administrative funds prior to expenditure of 50 percent of the approved CDBG budget.
3. The last 10 percent of administrative funds may not be drawn down until all other CDBG funds have been expended.

Exceptions will only be approved on a case-by-case basis. The Department may require an acceptable certification from the Recipient stating that it will provide the additional administrative funds necessary to allow the project to proceed in a timely fashion.

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Other Policy Announcements. Other policy changes effective immediately include the following:

1. Records that must be kept locally are expanded to include CDBG bank account and statements records (this includes the CDBG checkbook unless otherwise approved in writing by DCA). This is effective for all open CDBG grants. See the *CDBG Recipients' Manual FY 2005*, page 8.
2. DCA's new adjustable-rate mortgage and flexible mortgage policy is implemented immediately. Currently, all flexible or adjustable-rate mortgages used with CDBG or CHIP must be documented locally to establish affordability for the beneficiary. This is done with a "mortgage checklist" that is developed in conjunction with the local lender, the grant administrator, and the beneficiary. The new policy requires that this documentation be submitted to DCA for review and approval prior to implementation of any flexible or adjustable-rate mortgage with either CDBG or CHIP funds. See the *Guidelines for Residential Rehabilitation Programs, September 2005*, page 2, the CHIP/CDBG Housing Memorandum dated April 12, 2004, and the CHIP/CDBG Housing Memorandum dated September 21, 2005 for further guidance. This policy is applicable to all open CDBG or CHIP grants.
3. A new sample deed to secure debt/repayment agreement guide-form is now included as Exhibit K in the *Guidelines for Residential Rehabilitation Programs, September 2005*. This guide-form clarifies DCA policy regarding transfer of ownership to an heir in the event of an owner's death during the term of a deferred payment loan if the heir uses the property as primary residence or as a rental property. Further guidance can be found in the *Guidelines* on pages 2 and 3 (item 4). This policy is applicable to all outstanding CDBG grantees.
4. Owners that select the "negotiation" method of selection for a reconstructed manufactured housing unit must receive a minimum of three proposals for comparable units from different manufactured home dealers in order to ensure that the purchase is advantageous to the CDBG program. See the *Guidelines for Residential Rehabilitation Programs, September 2005*, page 74, for further information. This policy is applicable to all outstanding CDBG grantees.

Effective immediately, the CHIP program requires that any prospective purchaser of a manufactured housing unit being assisted with CHIP funding or owner being assisted with CHIP funds for re-construction, must obtain a minimum of three (3) proposals for comparable units from different manufactured home dealers in order to ensure that the purchase is advantageous to the CHIP program. This policy is applicable to all active CHIP awardees.

5. Other changes include new requirements for new administrative contracts beginning with FY 2005 grantees and for any amended administrative contracts for currently open grants. Please see *CDBG Recipients' Manual FY 2005*, pages 16-17.

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6. Note that DCA has where applicable broken out an engineering line item on all FY 2005 CDBG budgets. Recipients may only draw down funds for engineering from the engineering line item and may only drawdown funds for construction under the applicable streets, drainage, water, or sewer line items, etc.

Announcements Web Page

See <http://www.dca.state.ga.us/communities/CDBG/programs/cdbgchipannouncements.asp> for CDBG and CHIP announcements. Also, if you have not already done so on your recent FY 2005 CDBG Annual Competition application, please send us e-mail addresses for: the Chief Elected Official, the Recipient contact person, and the grant administrator. We will be relying more and more on this form of communication rather than on mailouts. Send your e-mail addresses to: cdfdadm@dca.state.ga.us. If any Recipient, regardless of fiscal year, needs a copy of the *CDBG Recipients' Manual FY 2005*, please download a copy from our web page at <http://www.dca.state.ga.us/communities/CDBG/programs/CDBGforms.asp> or contact Serene Lloyd at (404) 679-4947 or slloyd@dca.state.ga.us.

If you need any additional information, please contact me at (404) 679-3168. Thank you.

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