

Section 13: Property Management

I. REAL PROPERTY

- A. Title – Title to real property acquired under a grant will vest in the grantee upon acquisition.
- B. Use – Except as otherwise provided by federal statutes, real property will be used for the originally authorized purpose as long as needed for that purpose, and the grantee shall not dispose of or encumber its title or other interests.
- C. Disposition – When real property is no longer needed for the originally authorized purpose, the grantee will request disposition instructions from the NSP program. The instructions will provide for one of the following alternatives:
 - 1. Retention of Title – Retain title after compensating NSP program. The amount due the program will be computed by applying NSP’s percentage of participation in the cost of the original purchase to the fair market value of the property. However, in those situations where a grantee is disposing of real property acquired with grant funds and acquiring replacement real property under the same program, the net proceeds from the disposition may be used as an offset to the cost of the replacement property.
 - 2. Sale of Property – Sell the property and compensate the NSP program. The amount due the NSP program will be calculated by applying NSP’s percentage of participation in the cost of the original purchase to the proceeds of the sale after deduction of any actual and reasonable selling and fixing-up expenses. If the grant is still active, the net proceeds from sale may be offset against the original cost of the property. When a grantee is directed to sell property, sales procedures shall be followed that provide for competition to the extent practicable and result in the highest possible return.
 - 3. Transfer of Title – Transfer title to the NSP program or to a third-party designated/approved by NSP. The grantee shall be paid an amount calculated by applying the grantee’s percentage of participation in the purchase of the real property to the current fair market value of the property.

II. EQUIPMENT

- A. Title – Title to equipment acquired under a grant will vest in the grantee upon acquisition.
- B. Use
 - 1. Equipment shall be used by the grantee in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by federal funds. When no longer needed for the original program or project, the equipment may be used in other activities currently or previously supported by a federal agency.
 - 2. The grantee shall also make equipment available for use on other projects or programs currently or previously supported by the federal government, providing such use will not interfere with the work on the projects or program for which it was originally acquired. First preference for other use shall be given to other programs or projects supported by the NSP program. User fees should be considered, if appropriate.
 - 3. The grantee must not use equipment acquired with grant funds to provide services for a fee to compete unfairly with private companies that provide equivalent services, unless specifically permitted or contemplated by federal statute.
 - 4. When acquiring replacement equipment, the grantee may use the equipment to be replaced as a trade-in or sell the property and use the proceeds to offset the cost of the replacement property, subject to approval of the NSP program.
- C. Management Requirements – Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with grant funds, until disposition takes place will, at a minimum, meet the following requirements:
 - 1. Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds the title, the acquisition date and cost of the property, percentage of federal participation in the cost of the property, the location, use and condition of the property and any ultimate disposition data including the date of disposal and sale price of the property.
 - 2. A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.

3. A control system must be developed to ensure adequate safeguards to prevent loss, damage or theft of property. Any loss, damage or theft shall be investigated.
 4. Adequate maintenance procedures must be developed to keep the property in good condition.
 5. If the grantee is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return.
- D. Disposition – When original or replacement equipment acquired under a grant is no longer needed for the original project or program or for other activities currently or previously supported by a federal agency, disposition of the equipment will be made as follows:
1. Items of equipment with a current per-unit fair market value of less than \$5,000 may be retained, sold or otherwise disposed of with no further obligation to the NSP program.
 2. Items of equipment with a current per-unit fair market value in excess of \$5,000 may be retained or sold and the NSP program shall have a right to an amount calculated by multiplying the current market value or proceeds from sale by NSP’s share of the equipment.
 3. In cases where a grantee fails to take appropriate disposition actions, the NSP program may direct the grantee to take excess and disposition actions.
- E. Federal Equipment – In the event a grantee is provided federally-owned equipment:
1. Title will remain vested in the federal government.
 2. Grantees will manage the equipment in accordance with federal agency rules and procedures and submit an annual inventory listing.
 3. When the equipment is no longer needed, the grantee will request disposition instructions from the federal agency.
- F. Right to Transfer Title – HUD may reserve the right to transfer title to the federal government or a third party named by the NSP program when such a third party is otherwise eligible under existing statutes. Such transfers shall be subject to the following standards:
1. The property shall be identified in the grant or otherwise made known to the grantee in writing.

2. The NSP program shall issue disposition instruction within 120 calendar days after the end of the federal support of the project for which it was acquired. If the NSP program fails to issue disposition instructions within the 120 calendar-day period, the grantee shall follow Item D above, Disposition.
3. When title to equipment is transferred, the grantee shall be paid an amount calculated by applying the percentage of participation in the purchase to the current fair market value of the property.

III. SUPPLIES

- A. Title – Title to supplies acquired under a grant will vest, upon acquisition, in the grantee.
- B. Disposition – If there is a residual inventory of unused supplies exceeding \$5,000 in total aggregate fair market value upon termination or completion of the award, and if the supplies are not needed for any other federally-sponsored programs or projects, the grantee shall compensate the NSP program for its share.