

Federal Government must be compensated by the recipient for the Federal share of the value of the property; provided that for equipment and supplies, the standards of the Uniform Administrative Requirements for Grants at 15 CFR parts 14 and 24 or any supplements or successors thereto, as applicable, shall apply.

(b) If property is disposed of or encumbered without EDA approval, EDA may assert its interest in the property to recover the Federal share of the value of the property for the Federal Government. To that end, EDA may take such actions as are provided in connection with loans and loan guarantees, in § 316.5(c) of this chapter. EDA may pursue its rights under both paragraphs (a) and (b) of this section to recover the Federal share, plus costs and interest.

(c) *RLF grant projects.* (1) EDA may suspend or terminate any RLF grant for cause based on, but not limited to, the following:

(i) Failure to make loans in accordance with the RLF Plan, including the time-schedule for loan closings;

(ii) Failure to obtain prior EDA approval for such changes to the RLF Plan, including provisions for administering the RLF;

(iii) Failure to submit progress, financial or audit reports as required by the terms and conditions of the grant agreement;

(iv) Failure to comply with prohibitions against conflict-of-interest for any transactions involving the use of RLF funds; or

(v) Failure to operate the RLF in accordance with the RLF Plan and the terms and conditions of the grant agreement.

(2) Whenever an RLF recipient fails in its fiduciary responsibilities or is unable or unwilling to perform as trustee of the grant, EDA may suspend, terminate or transfer the grant to an eligible successor with jurisdiction over the project area, to administer it as such trustee (replacement grantee).

(3) Whenever EDA terminates any RLF grant for cause, in whole or in part, it has the right to recover residual funds and assets of the RLF grant in accordance with the legal rights of the parties.

(4) If there is a partial termination of an RLF grant, the full amount of the original non-federal matching share is expected to be retained in the RLF for lending purposes unless otherwise provided for in the grant agreement or agreed to in writing by EDA.

[64 FR 5476, Feb. 3, 1999, as amended at 64 FR 69879, Dec. 14, 1999; 65 FR 2536, Jan. 18, 2000]

§ 314.5 Federal share.

(a) For purposes of this part, the Federal share of the value of property is that percentage of the current fair market value of the property attributable to the EDA participation in the project (after deducting actual and reasonable selling and fix-up expenses, if any, incurred to put the property into condition for sale). The Federal share excludes that value of the property attributable to acquisition or improvements before or after EDA's participation in the project and not included in project costs.

(b) Where the recipient's interest in property is a leasehold for a term of years less than the depreciable remaining life of the property, that factor will be considered in determining the percentage of the Federal share.

(c) If property is transferred from the recipient to another eligible entity, as provided in § 314.1(c), the Federal Government must be compensated the Federal share of any money or money equivalent paid by or on behalf of the successor recipient to or for the benefit of the original recipient, provided that EDA may first permit the recovery by the original recipient of an amount not exceeding its investment in the project nor exceeding that percentage of the value of the property that is not attributable to the EDA participation in the project.

(d) When the Federal Government is fully compensated for the Federal share of the value of property acquired or improved in whole or in part with grant assistance, EDA has no further interest in the ownership, use, or disposition of the property.

§ 314.6 Encumbrances.

(a) Except as provided in § 314.6(c), recipient-owned property acquired or improved in whole or in part with grant assistance may not be used to secure a