

04 NCAC 19L .0909 PROPERTY MANAGEMENT STANDARDS

This Rule prescribes uniform standards governing the use and disposition of property acquired in whole or in part with Community Development Block Grant funds.

- (1) Definitions.
 - (a) "Real property" means land, including land improvements, structures and appurtenances thereto, excluding movable machinery and equipment.
 - (b) "Personal property" means any kind of property except real property. It may be tangible - having physical existence, or intangible - having no physical existence, such as patents, inventions, and copyrights.
 - (c) "Nonexpendable personal property" means tangible personal property having a useful life of more than one year and an acquisition cost of one thousand dollars (\$1,000.00) or more per unit.
 - (d) "Expendable personal property" refers to all tangible personal property other than nonexpendable property.
 - (e) "Acquisition cost of purchased nonexpendable personal property" means the net invoice unit price of the property including the cost of modifications, attachments, accessories, or auxiliary apparatus necessary to make the property useable for the purpose for which it was acquired. Other charges such as the cost of installation, transportation, taxes, duty, or protective in-transit insurance, shall be included or excluded from the unit acquisition cost in accordance with the regular accounting practices.
- (2) Real Property.
 - (a) Title to real property shall vest in the recipient subject to the condition that the recipient shall use the real property for the authorized purpose of the original grant as long as needed.
 - (b) The recipient shall obtain prior approval by the Division for the use of the real property in other projects when the recipient determines that the property is no longer needed for the original grant purposes. Use in other projects will be limited to those under other federal and state grant programs, or programs that have purposes consistent with those authorized for support by the Department.
 - (c) When the real property is no longer needed as provided in (a) and (b) of this Paragraph, the recipient shall request disposition instructions from the Division, according to the following rules:
 - (i) The recipient may be permitted to retain title after it compensates the program budget in an amount computed by applying the CDBG percentage of participation in the cost of the original project to the current fair market value of the property.
 - (ii) The recipient may be directed to sell the property under guidelines provided by the Division.
- (3) Nonexpendable Personal Property. Title to nonexpendable personal property whose acquisition cost is borne in whole or part by Community Development Block Grant funds shall be vested in the recipient subject to the following restrictions:
 - (a) Use. The recipient shall use the property as long as there is a need for such property to accomplish the objectives of the Housing and Community Development Act of 1974, as amended, whether or not the recipient is supported by funds appropriated under this Act.
 - (b) Disposition. When the recipient no longer needs the property as provided in this Rule, the property may be used in accordance with the following standards:
 - (i) Nonexpendable personal property with a unit acquisition cost of less than one thousand dollars (\$1,000) may be retained by the recipient for other programs or sold by the recipients without reimbursement to the program budget.
 - (ii) Nonexpendable personal property with a unit acquisition cost of one thousand dollars (\$1,000) or more may be retained by the recipient for other uses provided that compensation is made as program income in accordance with Rule .0907. The amount of compensation shall be computed by applying the percentage of CDBG participation in the cost of the original project or program to the current fair market value of the property. If the recipient has no need for the property

then it shall dispose of the property in accordance with State law and proceeds shall be considered as program income.

- (c) Property records shall be maintained accurately and shall include:
 - (i) a description of the property;
 - (ii) manufacturer's serial number, model number, federal stock number, national stock number, or other identification number;
 - (iii) source of the property including grant or other agreement number;
 - (iv) acquisition date;
 - (v) percentage of CDBG participation in the cost of the project for which the property was acquired;
 - (vi) location, use, and condition of the property and the date the information was reported;
 - (vii) unit acquisition cost; and
 - (viii) ultimate disposition data, including date of disposal and sales price or the method used to determine current fair market value where a recipient compensates the Department for its share.
 - (d) A physical inventory of property shall be taken annually to verify the existence, current utilization and continued need for the property. The results shall be reconciled with the property records at least once every two years. Any differences between the quantities determined by the physical inspections and those shown in the accounting records shall be investigated to determine the causes of the differences.
 - (e) Adequate maintenance procedures shall be implemented to keep the property in good condition.
 - (f) A control system shall be in effect to insure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft of nonexpendable property shall be investigated and fully documented.
 - (g) Where the recipient is authorized or required to sell the property, proper sales procedures shall be established which would provide for competition to the extent practicable and result in the highest possible return.
- (4) Expendable Personal Property. Title to expendable personal property shall vest in the recipient upon acquisition. If there is a residual inventory of such property exceeding one thousand dollars (\$1,000) in total aggregate fair market value, upon termination or completion of the grant and if the property is not needed for any other federally sponsored project or program, the recipient shall retain the property for use on nonfederally sponsored activities, or sell it, but must in either case, compensate the program for its share. The amount of compensation will be computed in the same manner as nonexpendable personal property.
- (5) Intangible Property.
- (a) Inventions and patents. If any program produces patentable items, patent rights, processes, or inventions, in the course of work sponsored by the Department, such fact shall be promptly and fully reported to the Department. Unless there is a prior agreement between the recipient and the Department on disposition of such items, the Department shall determine whether protection on the invention or discovery shall be sought. The Department will also determine how the rights in the invention or discovery, including rights under any patent issued thereon, shall be allocated and administrated in order to protect the public interest consistent with "Government Patent Policy" (President's memorandum for Heads of Executive Departments and Agencies, August 23, 1971, and Statement of Government Patent Policy as printed in 36 FR 16889); and
 - (b) Copyrights. Except as otherwise provided in the terms and conditions of the agreement, the author or the recipient is free to copyright any books, publications, or other copyrightable materials developed in the course of or under a Departmental agreement, but the Department shall reserve a royalty-free nonexclusive and irrevocable right to reproduce, publish, or otherwise use, and to authorize others to use, the work for government purposes.

History Note: Authority G.S. 143B-10; 143B-431; 42 U.S.C.A. 5304(b)(4),(d)(2),(e); 24 C.F.R. 570.489; Eff. July 1, 1982;

*Amended Eff. June 1, 1993; September 1, 1990; May 1, 1988; April 1, 1983;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. March 6,
2018.*