



Mortgage Grant Fund

Mortgage Grant Administration Manual

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I. Purpose

The purpose of this document is to establish a guide for the administration of the Mortgage Grant Fund grant program (MGF) by the Commissioner of the Department of Savings and Mortgage Lending (SML or Department). This manual lays out the parameters for executing the administrative and management components of the MGF.

A. Background

The MGF was established by the 87th Texas Legislature by enactment of Texas Finance Code Chapter 156, Subchapter G (the MGF is also governed by the Department's administrative rules (regulations) contained in 7 Texas Administrative Code Chapter 51, Subchapter E). The MGF is funded primarily by excess amounts transferred from the Recovery Fund (Texas Finance Code Chapter 156, Subchapter F). The MGF provides funding for financial education to consumers relating to mortgage loans. Funds are held in a permanent account entitled the Mortgage Grant Fund. Funds distributed from the MGF shall only be used for the purposes set forth in Texas Finance Code Section 156.554.

B. Administration, Investment, Payout, and Reinvestment

The MGF shall be subject to the written Investment Policy adopted by the Department.

In connection with administration and management of the MGF, the Department may charge certain expenses against the MGF for administration, management, and similar charges, as determined by the administration agreement with the trust administrator. Assets in the fund are restricted until authorized for payout by the Commissioner. Funds distributed from the MGF in a year may be retained and expended for the purposes of the MGF in subsequent years, or may be reinvested, at the discretion of the Commissioner, as a permanent addition to the principal of the MGF.

C. Roles and Responsibilities

1. Finance Commission (FC)
 - a) On behalf of the Department, adopts rules to administer the MGF.
 - b) When requested by the FC, receives reports from the Commissioner regarding the status and activities of the MGF and makes recommendations to the Commissioner as appropriate.
2. Finance Commission Audit Committee (AC)
 - a) Proposes program amendments to the Commissioner, including amendments to the Mortgage Grant Administration Manual (MGAM).
 - b) Approves the MGAM, and any amendments to the MGAM.

- c) Receives periodic reports from the Commissioner regarding the status and activities of the MGF and makes recommendations to the Commissioner as appropriate.

3. Department of Savings and Mortgage Lending Commissioner
(Commissioner)

- a) Deposits and transfers amounts into the MGF.
- b) Invests and reinvests the assets of the MGF.
- c) Reports to the AC regarding the status and activities of the MGF at each regularly called meeting.
- d) At the request of the FC, reports to the FC regarding the status and activities of the MGF.
- e) Maintains financial records of revenue and expenditures.
- f) Appears at hearings or judicial proceedings related to the fund.
- g) Allocates funds to the MGF each grant cycle.
- h) Reviews and approves recommendations from the AC regarding program improvements.
- i) Develops program objectives and identifies methods to support mortgage financial education to consumers regarding mortgage loans.
- j) Approves and appoints members to the Mortgage Grant Advisory Committee (MGAC) based on recommendations from the MGAC.
- k) Determines the final selection of grant recipients and amounts based on recommendations from the MGAC.

4. Grant Coordinator

- a) The Grant Coordinator works under the direction and oversight of the Commissioner. The Grant Coordinator makes presentations to the MGAC and may make presentations to the AC regarding grant activity and acts as liaison between grantees and the MGAC.
- b) The Grant Coordinator is responsible for monitoring the following regarding program development.
 - (1) Program objectives and goals
 - (2) Grant administration and oversight practices
 - (3) Recommendations for program needs to the MGAC and the Commissioner

- c) The Grant Coordinator is responsible for developing procedures to provide evidence of timely submission for required documents, including, but not limited to, applications and grant reports.
 - d) The Grant Coordinator maintains the records of all documentation submitted by grantees in accordance with the Department's records retention policies.
 - e) The Grant Coordinator recommends policy and procedure amendments to ensure successful and effective implementation of the grant program. The Grant Coordinator advises and assists in the maintenance of the following areas:
 - (1) Tracking, evaluating, and monitoring progress at each phase of the grant cycle
 - (2) Revising grant documentation, policies and procedures
 - (3) Establishing and maintaining systems for tracking Grant Applications, awards, and major project management decisions associated with awarded grants
 - (4) Adhering to processes for dispute resolution with grantees
 - (5) Implementing awarded grant funds according to terms and conditions of the grant program
 - (6) Ensuring program objectives and goals are being met
 - (7) Monitoring MGAC processes and procedures
 - f) As liaison for the MGAC, makes recommendations concerning MGAC membership.
 - g) Publicizes and promotes MGF grant application opportunities.
 - h) Ensure consistency with the Texas Grant Management Standards (TxGMS) adopted by the Texas Comptroller of Public Accounts.
5. Mortgage Grant Advisory Committee (MGAC)
- a) The MGAC serves in an advisory role to the Commissioner and Grant Coordinator. The MGAC:
 - (1) recommends program improvements to the Commissioner and Grant Coordinator;
 - (2) considers potential amendments to the MGAM;

- (3) evaluates Grant Applications and provides recommendations for award amounts;
 - (4) evaluates potential candidates for appointment to MGAC;
 - (5) monitors ongoing grant awards to determine compliance; and
 - (6) advises on the development of the grant program.
- b) Prospective MGAC members are evaluated by the MGAC and approved and appointed by the Commissioner.
 - c) The MGAC is comprised of six members appointed by the Commissioner based on recommendations from the MGAC.
 - d) Each MGAC member is appointed for a specific term. The members serve four-year terms that correspond with grant cycles (however, the Commissioner may establish shorter or longer terms at inception of the MGAC in order to establish staggered terms). Members will serve staggered terms to balance continuity with new perspective. MGAC members may be reappointed to serve more than a four-year term. MGAC members take office immediately following their appointment.
 - e) In the event of a MGAC vacancy due to a regularly expired term, the Commissioner will appoint new members to coincide with the beginning of the next grant cycle. In the event a MGAC vacancy occurs during an unexpired term, the Commissioner may appoint a new MGAC member.
 - f) The MGAC shall consist of no more than six members with varied experience in mortgage lending, mortgage financial education (note the emphasis in mortgage loans), or grant administration. The list below is not all-inclusive and the Commissioner reserves the right to include other appropriate backgrounds.
 - (1) Mortgage Loan Financial Education Consultant – informs the group of existing programs and advocates for the needs of the mortgage financial education community.
 - (2) Educational Consultant – understands best practices for impacting education. Assesses the program proposals for effective measures of knowledge gained.
 - (3) Office of Consumer Credit Commissioner (OCCC) Representative – Recommended by OCCC to advocate

for programs that include mortgage loan education concerning loans or transactions regulated by the OCCC (secondary mortgage loans, home equity loans, residential property tax loans, and manufactured housing loans).

- (4) Grant Administrator – Objectively assesses, evaluates, and makes recommendations regarding the grant administration process.
- (5) Consumer Advocate – Advocates for consumers based on community engagement and needs assessment.
- g) The MGAC meets during the grant cycle for the following purposes.
 - (1) Providing consultation and technical assistance to the Grant Coordinator.
 - (2) Assisting with major project management decisions associated with awarded grants, including:
 - (a) evaluating Grant Applications and providing recommendations to the Commissioner and Grant Coordinator;
 - (b) monitoring grantee project’s unspent funds and associated funding; and
 - (c) offering input, interviewing, and recommending new MGAC members to the Commissioner and Grant Coordinator.
 - (3) The MGAC makes recommendations to the Commissioner and Grant Coordinator for consideration of specific award allocations, termination of grant agreements for noncompliance, and amendments to program policies and procedures.

D. Conflict of Interest

- 1. MGAC Members
 - a) May not derive any personal profit or gain, directly or indirectly, by participating with the MGF.
 - b) Must sign a Conflict of Interest Policy prior to participating in the grantee selection process.
 - c) Must disclose to the Grant Coordinator any personal or professional interests that may pose a potential conflict and

must refrain from participating in any discussion related to the conflict of interest or funding decisions.

- d) Must refrain from obtaining applicant or Grantee information for personal or private solicitation purposes at any time during the term of their appointment.

E. Mortgage Grant Fund Oversight

- 1. Audits
 - a) The Commissioner, AC, or FC may request an internal or external audit to examine compliance and when deemed necessary.
- 2. Reimbursement Requests
 - a) Will be executed pursuant to the grant agreement.
 - b) Will be based upon satisfactory compliance and performance outcomes.

II. Process Overview

A. Intention

The MGF may have one competitive grant cycle every two years.

B. Stage 1 – Administration

The Grant Coordinator is responsible for the following:

- 1. Refines, revises, and makes policy recommendations based on observed program needs;
- 2. Develops allocations and administrative processes;
- 3. Develops and revises forms for the Grant Application; Grant Agreement; grant reports; and evaluation and tracking tools;
- 4. Establishes the timeline for the grant cycle;
- 5. Identifies and invites qualified professionals to apply for appointment to the MGAC (should existing member(s) need to be replaced); and
- 6. Publicizes opportunities to apply for a grant from the MGF.

C. Stage 2 – Policy Development and Implementation

- 1. The MGAC oversees and advises the Commissioner on program development.
- 2. The MGAC makes recommendations to the Commissioner to approve program development and to approve program modifications.
- 3. The Grant Coordinator ensures all administrative and grantee documentation are in place for grant announcement, such as

applications, webinars, grant reports, grant agreements, and policies and procedures.

4. The Grant Coordinator updates MGF webpage (located on the SML website) with program information and materials.

D. **Stage 3 – Grantee Selection**

1. The Grant Coordinator receives and prepares applications for first phase of screening by: confirming eligibility, ensuring applications are complete and have been timely submitted, logging applicant information, and submitting to the MGAC for evaluation.
2. The MGAC evaluates applications and provides recommendations to the Commissioner upon review of the MGF budget; grant structure; number of awards and amounts to be funded; method of funding, and reporting requirements.
3. The Commissioner reviews recommendations from the MGAC and selects award recipients.
4. After selections have been made, each applicant will be sent an award letter or letter of regret. Grant recipients will receive a grant agreement for review and signature. The grant agreement must be fully executed by the Commissioner, or designee, and the grantee, before grant activities can begin.

E. **Stage 4 – Manage Grant and Measure Progress**

1. In collaboration with the MGAC, the Grant Coordinator will develop a strategy for ongoing grant management and ensure reports are timely submitted.
2. Funding is dependent on program impact and compliance.
3. The grantee is responsible for tracking and reporting program progress, as well as assessing and communicating program success, challenges, and impact.
4. The Grant Coordinator provides technical assistance to grantees and offers opportunities for regular consultation.
5. The grantees submit a final report summarizing the impact, results, and consumer follow-up surveys (six months after program completion).
6. Program evaluation addresses issues of non-compliance, identifies risks, and recommends specific deliverables.
7. The Grant Coordinator manages conflict honestly and directly with the grantee.

8. The MGAC makes recommendations to remedy issues of non-compliance.

III. Pre-award Requirements

A. Organizational Eligibility

Non-profit organizations and auxiliary mortgage loan activity companies licensed by the Department are eligible to apply for grant funding. Eligibility is not open to any entities regulated by the Department other than auxiliary mortgage loan activity companies.

B. Program Criteria and Grant Application

1. The Program Guidelines and Instructions for application submission will be posted on the MGF webpage, located on the SML website.
2. Applicants may submit applications via mail or email. Documents submitted by email receive an automatic date stamp upon receipt; this “digital” date stamp provides sufficient and accurate evidence of timely submission. Documents received by regular mail will be stamped with a date received on day the document is physically received.
3. Applicant’s program must accomplish the following goals.
 - a) Align with MGF goals or strategies
 - b) Demonstrate effective evaluative tools and metrics
 - c) Predict or provide evidence of program impact
 - d) Provide longitudinal evidence of performance and outcomes
 - (1) Demonstrate adequate return on investment
 - (2) Document strategic goals
 - (3) Demonstrate capacity to collect and report the following data: number of people served, training hours, pre-and post-program survey data, demographic information, and sign-in sheets to justify amount of funds requested
 - e) Provide evidence that programming will begin when the grant is awarded
4. Applicants must read and follow all application instructions and guidelines. Applications that do not comply with these instructions may be delayed or not accepted for review. Meeting eligibility criteria and timely submission of a Grant Application does not guarantee award of a grant in any amount.

C. **Application Submission**

1. A new grant programming cycle may open on January 1 of every odd-numbered year. The application submission period occurs in the even-numbered year preceding the grant programming cycle.
2. Applicants may apply for a grant programming cycle of 1) one year, beginning on January 1 and ending December 31 of every odd-numbered year, or 2) two years, beginning on January 1 of the odd-numbered year and ending December 31 of the following even-numbered year.
3. The Grant Coordinator confirms receipt of Grant Applications by email or postal mail. Applications will only be accepted on or before the due date. Late or incomplete applications will not be considered.

D. **Application Review and Selection Process**

1. Funding consideration will be given to organizations that promote, provide, or support financial education as it relates to mortgage loans for consumers. Successful applicants must demonstrate evidence-based programming that increases financial education, literacy, and capability that leads to long-term, tangible improvements in financial health that would enable the consumer to obtain and maintain a mortgage loan.
2. The application review and selection process consists of four steps.
 - a) The Grant Coordinator will collect and review each application for eligibility. Eligible applications will be submitted to the MGAC for evaluation.
 - b) The MGAC will evaluate each application and recommend programs for funding consideration to the Commissioner.
 - (1) The MGAC will determine recommended award amounts based on the Grantee's application and demonstration to meet program eligibility criteria.
 - (2) The MGAC will consider the following factors in evaluating applications: (1) ability to impact the most consumers, (2) stability of funding sources other than the MGF, and (3) the needs based on the target population.
 - c) The Commissioner will make the final selections of award recipients and award amounts.
3. Upon completion of the competitive application and review process, successful grant recipients will be notified, in writing, no later than December of the year preceding the grant cycle year.

E. Public Records

Texas Public Information Act: All information, documentation, and other materials submitted are subject to public disclosure under the Texas Public Information Act (Texas Government Code Chapter 552).

1. A full list of individuals and organizations selected for an award will be published on the MGF webpage, located on the SML website.
2. Information may be publicly available and published online (MGF webpage, SML website, or Finance Commission website).

IV. Post-award Requirements

A. Definitions

1. "Grant Agreement" means the written contract between the Grantor and Grantee governing the terms and conditions of the grant award.
2. "Grantee" means recipient.
3. "Grantor" means the Department of Savings and Mortgage Lending and the Mortgage Grant Fund. The Commissioner may authorize one or more persons, including the Grant Coordinator, to perform any action that the Commissioner is authorized to perform as Grantor under the Grant Agreement.

B. Grant Agreements

1. Once a Grantee has been selected, and prior to initiating any grant-funded activities, Grantee and the Commissioner or the Commissioner's designee, must sign the Grant Agreement.
2. The terms of the grant award will be defined in the Grant Agreement and terminate either one or two years after the grant has been awarded, unless it is terminated earlier in accordance with another provision.
3. Expenses that were incurred before the beginning or after the termination of the Grant Agreement are not eligible for reimbursement.
4. Grantees are expected to continue to report grant-funded activities until the end of the term of the Grant Agreement.

C. Mortgage Grant Fund's (Grantor) Obligation

1. Grantor will reimburse Grantee for actual, allowable, and allocable costs incurred by Grantee pursuant to Grant Agreement up to the maximum amount of the grant award.
2. Grantor is not obligated to pay unauthorized costs. Prior written approval from Grantor is required if Grantee anticipates any of the following:
 - a) altering the scope of the Grant;

- b) adding funds to previously unapproved budget categories;
 - c) changing funds in any awarded budget category by more than 10% of the total amount awarded; or
 - d) adding new line items to any awarded budget category.
3. Grantor's maximum liability under the Grant Agreement is the "Amount Awarded."
 4. Reimbursement of awarded funds is not an entitlement or right. Reimbursement depends on, among other things, strict compliance with all terms, conditions, and provisions of the Grant Agreement.
 5. Grantor will monitor a grantee's performance and expenditures. Possible review methods include desk review and site visits.

D. Grantee's Obligation

1. Grantee may use the Grant only to create, deliver, or expand Grantee's financial education programs within the State of Texas.
2. Grantee must use the Grant in accordance with all of the following:
 - a) all applicable federal and state laws and regulations;
 - b) Grantee's application;
 - c) the terms of the Grant Agreement;
 - d) the MGAM; and
 - e) any other guidelines and instructions as posted on the MGF webpage for the applicable grant cycle.
3. Grantee must cooperate fully with Grantor.
4. Grantee must notify Grantor within 30 days of significant changes or events occurring during the term of Grant Agreement that could potentially impact the progress or outcome of the Grant, including, but not limited to, the following changes.
 - a) Grantee's management personnel
 - b) Physical or mailing address
 - c) Loss of funding
 - d) Changes to Grantee's non-profit status with the Internal Revenue Service, if applicable
5. Failure to submit the required 30-day notice of significant change or events will be grounds for termination of the Grant Agreement.

6. The fiscal and programmatic management of the Grantee will include accountability for all funds and materials received from Grantor; compliance with Grantor's rules, policies, and procedures, as well as applicable federal and state laws and regulations; and correction of fiscal and program deficiencies identified through self-evaluation or Grantor's monitoring processes.
7. Grantee must develop, implement, and maintain all of the following:
 - a) financial management and control systems that include appropriate financial planning, including the development of budgets that adequately reflect all functions and resources necessary to carry out authorized activities and the adequate determination of costs;
 - b) financial management systems, including accurate and complete payroll, accounting, and financial reporting records;
 - c) cost source documentation;
 - d) effective internal and budgetary controls;
 - e) documentation regarding determination of reasonableness, allocation of costs, and timely and appropriate audits and resolution of any findings; and
 - f) annual financial statements, including statements of financial position, activities, and cash flows, prepared on an accrual basis in accordance with Generally Accepted Accounting Principles (GAAP) or other recognized accounting principles deemed acceptable to Grantor.
8. The format for submitting reimbursement requests will be provided in the grant report. Each reimbursement request must contain supporting documentation or back-up documentation for all amounts shown on the request, including receipts for all materials and supplies, all Grantee staff time shown by number of hours worked and hourly rate, and all contractor or sub-contractor services, which can be identifiable to reconcile expenditures.
9. Grantees must comply with all laws, regulations, requirements, and guidelines applicable to a Grantee providing services to the State of Texas, as these laws, regulations, requirements, and guidelines currently exist and as they are amended throughout the term of the Agreement.
10. If a Grantee fails to use grant funds to create, deliver, or expand financial education, literacy, and capability building programs as

described in Grantee's application, then Grantor may do one or more of the following:

- a) terminate the Grant Agreement;
- b) withhold the grant funds;
- c) require that Grantee refund grant funds received;
- d) submit an amended report to the Coordinator; and
- e) determine that Grantee is ineligible for future awards from the MGF.

11. If the Texas Comptroller of Public Accounts or Texas Secretary of State forfeits a Grantee's right to transact business in Texas due to failure to pay a franchise tax or for any other reason, then Grantor may do one or more of the following:

- a) terminate the Grant Agreement;
- b) suspend the Grant Agreement until Grantee restores its right to transact business in Texas; and
- c) take any other action provided for in the Grant Agreement.

E. [Grantee's Reporting Requirements](#)

1. As part of a Grantee's proposed application, Grantee will identify, track, and report on the detailed measurable outcomes that Grantee expects to achieve through use of the grant funds during the term of the Grant Agreement.
2. Grantee must submit to Grantor a report on or before each due date specified, and must use the current MGF grant report form prescribed by the Commissioner.
3. Grantee must track and report participant demographic information.
4. Grantee also agrees to submit a longitudinal report to assess changes in consumer behavior and program impact six months upon program completion.
5. For mortgage financial education programs, Reimbursement Reports will be considered incomplete if they do not include participant sign-in sheets and aggregate pre-and post-program survey data. Grantee must retain copies of the Pre-and Post-Program Surveys for a period of three years after the end of the grant cycle.
6. Grantee must provide a written explanation to Grantor for any variances on the periodic reports for any performance by Grantee that varies from projected performance. In addition to the written explanation, Grantee must promptly answer any questions by Grantor,

whether in writing or otherwise, in connection with the periodic reports presented to Grantor.

7. If Grantee exhausts all funds prior to the completion of the grant term the Grantee is obligated to continue to track and report grant related activities for the remaining duration of the term outlined in the Grant Agreement.
8. If Grantee fails to comply with any of the reporting requirements, then Grantor may do one or more of the following:
 - a) terminate the Grant Agreement;
 - b) withhold grant funds;
 - c) require that Grantee refund grant funds received;
 - d) submit an amended report to the Coordinator; and
 - e) determine that Grantee is ineligible for future awards from the MGF.
9. Grantee shall request disbursement of grant funds by submitting a Reimbursement Report to Grantor for work performed on the project. Disbursement is contingent upon approval of the disbursement request by Grantor.

V. Recordkeeping and Monitoring

A. Duty to Maintain Records

Grantee must maintain adequate records to support its charges, procedures, and performances for all work related to the Grant Agreement. Grantee must also maintain records that are deemed necessary by Grantor, the State Auditor's Office, other auditors of the State of Texas, or any other persons designated by Grantor, to ensure proper accounting for all costs and performances related to the Grant Agreement.

B. Record Retention

For a period of three years after the end of the grant cycle, or until full and final resolution of all audit or litigation matters that arise after the expiration of the term, whichever is later, Grantee must maintain any records that are necessary to fully disclose the extent of services provided under the Grant Agreement, including but not limited to any daily activity reports; time distribution and attendance records; and other records that may show the basis of the charges made or performances delivered.

C. Access by Grantor and State Auditor's Office

1. During the term of the Grant Agreement and for at least three years thereafter, Grantee must allow Grantor and the State Auditor's Office access to and the right to examine the organization, program,

premises, books, accounts, records, files, and other papers or property belonging to or in use by Grantee and pertaining to the Grant Agreement or the use of funds pursuant to the Grant Agreement, in order to ascertain complete compliance with the provisions of the Grant Agreement and with Mortgage Grant Fund program guidelines.

2. Grantee must maintain these records at a location that is readily accessible to Grantor.
3. Grantor has the right to make a visual inspection of any assets, goods, or products purchased with grant funds.

D. **Audits or Investigations**

Acceptance of grant funds under the Grant Agreement acts as acceptance of the authority of the Grantor to conduct an audit or investigation in connection with grant funds. Grantee further agrees to cooperate fully with the Grantor and the State Auditor's Office, or their successors, in the conduct of any audit or investigation, including providing all records requested. Grantee will ensure that this clause concerning the authority to audit the funds received by Grantee is included in any subcontract it awards.

E. **Location**

Any audit of records may be conducted at Grantee's principal place of business or a location of Grantee's operations during Grantee's normal business hours.

F. **Risk Assessment**

The MGF Risk Assessment is a risk-based monitoring system used to analyze the potential risk levels of MGF Grantees and establish effective monitoring practices. The Grant Coordinator will perform the risk analysis for each Grantee at the beginning of each grant cycle in order to identify potential risk to the grant program. Additionally, the Grant Coordinator may reanalyze Grantees after each reporting period to ensure compliance. Monitoring actions will be taken based on the *low-risk*, *moderate-risk*, or *high-risk* assessment provided by the risk assessment.

G. **Disallowance of Grant Funds**

Grantee will be liable to the Grantor for any costs disallowed as a result of any audit or investigations, and must, upon demand, immediately reimburse the Grantor for disallowed costs.

VI. **Use of Grant Funds and Property**

A. **Allowable Expenditures**

1. Grantee may use the grant funds only for allowable expenditures as identified in Grantee's application and authorized agreement pursuant to the Texas Grant Management Standards (TxGMS) adopted by the Texas Comptroller of Public Accounts pursuant to Chapter 783 of the Texas Government Code.

2. Grant funds may not be used for capital expenditures (e.g., real estate, or any item with a useful life of more than one year and valued over \$5,000).
3. Grantee must produce proof of payment (stamped paid invoices or receipts) of all allowable expenditures.
4. All costs must be directly attributable to the project that is the subject of the Grant Agreement.
5. Grantee may not use grant funds for any of the following:
 - a) entertainment or alcoholic beverages;
 - b) to directly fund class action suits or lawsuits against governmental entities;
 - c) to engage lobbying services for any reason, including for or against any candidate or issue;
 - d) to sue or otherwise support a cause of action, claim, or defense against Grantor or the State of Texas.

B. Salaries

Salary costs will be reimbursed for direct program activity only. Any salary expenses sought for reimbursement must be accurately recorded. Grantee must submit timesheets with specific duties performed in relation to grant activity in order for salary to be considered for reimbursement. This documentation must be submitted via the Reimbursement Report.

C. Consultant Services

1. Grantees normally are expected to utilize the services of their own officers or employees to the maximum extent in managing and performing the activities supported by the MGF grant award. Where it is necessary for a Grantee to contract for the services of persons who are not its officers or employees, it is expected to do so in accordance with its own written organizational standards.
2. If the need for consultant services is anticipated, the proposal narrative should provide appropriate rationale, and the summary proposal budget should estimate the amount of funds that may be required for this purpose. To the extent possible, consultant rates should show separate amounts for actual services and each of the components of the rate (such as fringe benefits, indirect costs, and other expenses).
3. Costs of professional and consultant services rendered by persons who are members of a particular profession or possess a special skill and who are not officers or employees of the performing organization are allowable when reasonable in relation to the services rendered.

However, payment for a consultant's services may not exceed more than 20% of actual award.

4. In determining the allowable costs in a particular case, no single factor or any special combination of factors is necessarily determinative. However, the following factors, among others, are relevant.
 - a) The nature and scope of the service rendered in relation to the service required
 - b) The necessity of issuing a sub-award for the service considering the organization's capability in the particular area
 - c) The past pattern of such costs, particularly in the years prior to the grant award
 - d) The impact of government contracts and grants on the organization's total activity (e.g., what new problems have arisen)
 - e) The service can be performed more economically by employment rather than by consulting
 - f) The qualifications of the person rendering the service and the normal/customary fees charged and received by the person for comparable services
 - g) The adequacy of the contractual agreement for the service (e.g., description of the service, estimate of time required, rate of compensation and termination provisions)
 - h) The extent to which the costs would be allowable if performed directly by the Grantee

D. Allowable Travel Expenditures

1. Travel costs will be reimbursed for certain expenses at the rates authorized by the Grant Agreement and limited by rules and rates promulgated by the Texas Comptroller of Public Accounts (Comptroller).
2. All travel must be performed in conjunction with official MGF related business. It is the responsibility of each Grantee to track and submit (with grant reports) the completed Mileage Log for travel reimbursement. Failure to comply with the travel guidelines will result in delay of payment or rejection of travel reimbursement. When tracking mileage, Grantees must use the Mileage Log included with the grant report.
3. Grantees should use online mapping tools to compare and compute point-to-point mileage. The allowable reimbursement is determined

using the lower of the actual miles driven or the mileage calculated, point to point. The Grantor is not required to reimburse Grantees at the maximum rate. The Grantor's maximum mileage reimbursement rate for travel by Grantees is in accordance with the Comptroller. Mileage to and from ordinary in-town errands will not be reimbursed.

4. Mileage will be consistent with state reimbursement rates set by the Comptroller and is subject to change. Refer to TxGMS for conditions related to all travel, lodging, and food related reimbursement expenses. Refer to the Comptroller for specific travel allowances, definitions, and restrictions.
5. Parking is eligible for reimbursement as long as it is incurred in connection with official MGF related business.
6. Grantees are encouraged to compare airline costs and use the least costly option available, also considering the efficiency of such travel and employee compensation. To be reimbursed for airline travel a Grantee must submit receipts that contain the following information: Grantee (employee) name, airline, cost of airfare, travel dates, destinations, ticket number, and seating class. Grantees must also show proof of payment for airfare.

E. Disbursement of Grant Funds

1. Payments are made on a reimbursement basis after Grantor receives Grantee's Reimbursement Report, including receipts and invoices for all expenditures and accompanying reports.
2. Receipts and invoices must match the funds requested on Grantee's initial budget, unless otherwise approved in writing by the Grantor.

F. Misuse of Grant Funds

1. Grantor may require a refund of grant funds already disbursed to Grantee if one or more of the following events occur.
 - a) Grant funds are misused
 - b) Grant funds are used in an illegal manner
 - c) Grant funds are used for non-allowable expenses
 - d) Grantee violates the terms or conditions of the Grant Agreement
 - e) Grantor discovers that Grantee made any misrepresentations to Grantor in obtaining the grant award.
2. This provision is not exclusive of other grounds for withholding or requiring the refunding of funds, or any other remedy, civil or criminal, which may be available to Grantor.

G. **Use of Property**

During the term of Grant Agreement, any property acquired with grant funds must be used in accordance with the Grant Agreement, to accomplish the purposes of the MGF and the grant program.

H. **Records of Property**

Grantee must maintain appropriate records of goods or property purchased with grant funds and must develop a control system to ensure adequate safeguards to prevent loss, damage, or theft of these goods or property.

I. **Purchase of Equipment; Title Upon Termination**

1. Grantee may not give any security interest, lien or otherwise encumber any item of equipment purchased with funds.
2. Grantee must permanently identify all equipment purchased under this contract by appropriate tags or labels affixed to the equipment.
3. Grantee must maintain a current inventory of all equipment or assets, which is available to Grantor at all times upon request. Grantee must administer a program of maintenance, repair, and protection of equipment or assets so as to ensure the full availability and usefulness of the equipment or assets.
4. If Grantee is indemnified, reimbursed, or otherwise compensated for any loss of, destruction of, or damage to the assets obtained using grant funds, it must use the proceeds to repair or replace such equipment or assets. To the extent that Grantor reimburses Grantee for its purchase of equipment and supplies using grant funds, upon termination of the Grant Agreement, title to or ownership of all purchased equipment and supplies, at the sole option of Grantor, will remain with Grantor.

J. **Intellectual Property**

1. Where funds obtained under the Grant Agreement may be used to produce original books, manuals, films, or other original material and intellectual property, Grantee may copyright such material subject to a royalty-free, non-exclusive, fully-paid-up, and irrevocable license that is reserved by Grantor.
2. Grantor has the unrestricted right to use, copy, modify, prepare derivative works, publish, and distribute, at no additional cost to Grantor, in any manner that Grantor deems appropriate in its sole discretion, any component of intellectual property developed or created within the scope of the Grant Agreement.

VII. Grant Agreement Termination

A. Termination for Convenience

1. The Grantor or Grantee may terminate a Grant Agreement before the end of the term of the agreement, without cause, by delivering a written notice of termination to the other party at least 30 days before the termination.
2. Early termination of the Grant Agreement will not relieve Grantee from reporting requirements, recordkeeping requirements, or liability to refund Grant funds in the event of misuse.
3. If Grantee terminates the Grant Agreement after receiving reimbursements in an amount that exceeds a pro rata portion of the total awarded amount over the elapsed term of the Grant Agreement, then Grantee must refund the portion of the reimbursement that exceeds the pro rata portion of the total awarded amount.

B. Termination for Cause

In the event that Grantee fails to perform or comply with an obligation of the terms, conditions, and provisions of the Grant Agreement, Grantor may, upon written notice of the breach to Grantee, immediately terminate all or any part of the Grant Agreement.

C. No Reimbursement Upon Termination

1. In the event of termination of the Grant Agreement, Grantor will make no further disbursement of grant funds to Grantee beyond those already approved at the time of termination, and Grantee specifically waives all rights to any of such funds.
2. Grantee must refund the Grantor any unused funds at the time of termination of the Grant Agreement.

VIII. Dispute Resolution

A. Mediation; Noncompliance Actions

1. To the extent authorized by law, Grantor and Grantee may use a dispute resolution process before pursuing termination or litigation.
2. Grantor and Grantee may sign an amended Grant Agreement or noncompliance action plan agreeing to the amended terms.
3. The noncompliance action plan may include increased communications between Grantor and Grantee, site visits, audits, and additional reporting requirements.
4. The dispute may be mediated by a mutually acceptable third party.
5. If mediation occurs, Grantor and Grantee (without using funds derived from the MGF) will pay all costs of any mediation equally.

6. Grantor's participation in any mediation or nonbinding dispute resolution process will not be construed as a waiver (by Grantor) of any of the following:
 - a) any rights, privileges, defenses, remedies, or immunities available to Grantor as an agency or governmental unit of the State of Texas, or otherwise available to Grantor;
 - b) Grantor's termination rights; or
 - c) other termination provisions or expiration dates of the Grant Agreement.