

EXHIBIT 4-G

FEDERAL REGULATIONS FOR REAL PROPERTY

1. The standards described in 24 CFR, Part 570.505, Subpart J, apply to real property within the grantee's control that was acquired or improved using CDBG funds in excess of \$25,000. These standards apply from the date CDBG funds are first spent for the property until five years after closeout of the grant.

A grantee may not change the use or planned use of any such property (including the beneficiaries of such use) from that for which the acquisition or improvement was made, unless the grantee provides the affected citizens with reasonable notice and opportunity to comment on any proposed change, and:

- (a) The new use of such property qualifies as principally benefiting low and moderate income persons and is not a building for the general conduct of government, or
- (b) If (a) does not apply, the recipient may retain or dispose of the property, provided:
 - It determines, after consultation with the affected citizens, that it is appropriate to change the use of the property to a use which does not qualify as principally benefiting low and moderate income persons, and
 - If MDOC decides to recover the funds, MDOC must be reimbursed for the amount of the current fair market value of the property, and
 - If any portion of the reimbursement is attributable to the expenditure of non-CDBG funds, that portion will be deducted from the total reimbursement.

Following reimbursement, the property no longer will be subject to any CDBG requirements.

2. The proceeds received from the sale of real property, acquired or improved with CDBG funds, in the amounts in excess of \$25,000 is subject to 24 CFR, Part 85.31. It provides that the amount due to the awarding agency will be calculated by applying the awarding agency'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 the sale may be offset against the original cost of the property. When a grantee or sub-grantee is directed to sell property, sale procedures shall be followed that provide for competition to the extent practicable and result in the highest possible return.

3. Disposition of equipment is subject to 24 CFR, Part 85,32. It requires that when original or replacement equipment acquired under a grant or subgrant 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:
- 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 awarding agency.
 - Items of equipment with a current per unit fair market value in excess of \$5,000 may be retained or sold and the awarding agency shall have a right to an amount calculated by multiplying the current market value or proceeds from the sale of the awarding agency's share of the equipment.

In cases where a grantee or sub-grantee fails to take appropriate disposition actions, the awarding agency may direct the grantee or sub-grantee to take excess and disposition actions.

After closeout, the grantee must retain records relating to the disposition of real property, equipment and supplies for at least three years from the date of disposition.