## VERSION HISTORY

<table>
<thead>
<tr>
<th>Version Number</th>
<th>Change Date</th>
<th>Summary of Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.0</td>
<td>7/19/2022</td>
<td>Original Document</td>
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VERSION POLICY

Version history is tracked in the table above, with notes regarding version changes. The dates of each publication are also tracked in this table.

Substantive changes in this document that reflect a policy change will result in the issuance of a new version of the document. For example, a substantive policy change after the issuance of Version 1.0 would result in the issuance of Version 2.0, an increase in the primary version number. Non-substantive changes such as minor wording and editing or clarification of existing policy that do not affect interpretation or applicability of the policy will be included in minor version updates denoted by a sequential number increase behind the primary version number (i.e., Version 2.1, Version 2.2, etc.).

POLICY CHANGE CONTROL

Policy review and changes for the State of Florida Office of Long-Term Resiliency are considered through a change-control process. Policy clarifications, additions, or deletions are needed during the course of the program to more precisely define the rules by which the Program will operate. Program staff will document policy-change requests that will be tracked in the program files. Requests are compiled and brought before supervisory staff in a policy meeting. Subject matter experts working in a particular policy area or task area that will be affected by the policy decision may be invited to assist in policy evaluation, if necessary. Policy meetings will be held as frequently as is necessary to consider policy decisions critical to moving the Program forward in a timely manner. Policy decisions will be documented and will result in the revision of the document in question.
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**Office of Long-Term Resiliency-Recapture Policy**

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1.0 Acronyms and Definitions

**Action Plan:** The public document required by HUD that details the Rebuild Florida Programs and how the grantee plans to allocate CDBG-DR funds.

**Applicant:** An individual or entity that submits an application to the Rebuild Florida Program.

**Community Development Block Grant–Disaster Recovery (CDBG-DR):** Flexible grants to help cities, counties, and States recover from Presidentially declared disasters through the Department of Housing and Urban Development (HUD). Congress appropriates additional funding for the Community Development Block Grant (CDBG) program as Disaster Recovery grants to rebuild the affected areas and provide crucial seed money to start the recovery process.

**Duplication of Benefit (DOB):** Financial assistance received from another source that is provided for the same purpose as the CDBG-DR funds.

**Federal Emergency Management Agency (FEMA):** An agency of the United States Department of Homeland Security. The agency's primary purpose is to coordinate the response to a disaster that has occurred in the United States and that overwhelms the resources of local and state authorities.

**Increased Cost of Compliance (ICC):** Structures damaged by a flood may be required to meet certain building requirements, such as elevation or demolition, to reduce the risk of future flood damage before the structure can be repaired or rebuilt. To help cover these costs, the National Flood Insurance Program (NFIP) includes Increased Cost of Compliance coverage for all new and renewed Standard Flood Insurance Policies. ICC is a potential source of Duplication of Benefits, as a supplement to an existing NFIP policy. Policy holders are only eligible to receive ICC payment if a Substantial Damage Letter has been issued by the local floodplain manager.

**Office of Long-Term Resiliency (OLTR):** The Office of Long-Term Resiliency supports communities following disasters by addressing long-term recovery needs for housing, infrastructure, and economic development. DEO is the governor-designated state authority responsible for administering all U.S. Department of Housing and Urban Development (HUD) long-term recovery funds awarded to the state.

**Low-to-Moderate Income (LMI):** Low to moderate income people are those having incomes not more than the “moderate-income’ level (80% Area Median Family Income) set by the federal government for the HUD assisted Housing Programs. This income standard changes from year to year and varies by household size, county and the metropolitan statistical area.

**National Flood Insurance Program (NFIP):** Created by Congress in 1968 to reduce future flood damage through floodplain management and to provide people with flood insurance through individual agents and insurance companies. FEMA manages the NFIP.

**Reconciliation Case Agent:** The person assigned to assist the applicant in the Recapture process. This person is different than their Program Case Manager.

**Recapture of Funds:** the process in which benefits or funds were found to be duplicated and requiring repayment of partial or full CDBG-DR awarded funds amount.

**Repayment:** The identified amount of duplicated funds identified during the recapture process an applicant would need to remit.

**Small Business Administration (SBA):** SBA’s Office of Disaster Assistance (ODA) provides affordable, timely and accessible financial assistance to applicants, renters, and businesses. The SBA low-interest, long-term loans are the primary form of federal assistance for the repair and rebuilding of non-farm, private sector disaster losses.

**Subrogation Agreement:** A signed agreement requiring program beneficiaries to repay any assistance received but not calculated or reported in the CDBG-DR awarded funds and address any potential duplication of benefits.
2.0 Introduction

The Office of Long-Term Resiliency (OLTR) will make every effort to ensure that all Florida Department of Economic Opportunity’s (DEO) grants are awarded and disbursed in accordance with the State of Florida Action Plan and subsequent amendments, the grant agreement executed by and between the State of Florida and the Department of Housing and Urban Development (HUD), and applicable state and federal regulations. Applicants were awarded funding pursuant to policies and procedures outlined by the specific program from which funding was sought. However, situations may arise where an applicant needs to return all or part of the awarded funding to the respective program. This document sets forth the policies that will guide the FL DEO Recapture Program in its efforts to recapture funds that have been overpaid to applicants for any reason.

2.1 Regulatory Framework

CDBG regulations [24 CFR 570.502] governing grant administration and OMB cost principles [2 CFR 200.403 (a)] require that payment of Community Development Block Grant-Disaster Recovery (CDBG-DR) funds to beneficiaries be necessary and reasonable; and prohibit beneficiaries from retaining excess funds not used for eligible, approved costs. The provision of CDBG-DR funds in excess of what is needed for immediate use is also prohibited [2 CFR 200.305 (b) (1)].

The Robert T. Stafford Disaster Relief and Emergency Assistance Act, (42 U.S.C. 5121–5207), as amended, (Stafford Act), and Federal Register Notice, Vol. 76, No. 221, Wednesday, November 16, 2011 provides that CDBG-DR funding may only be provided to the extent that it does not duplicate funding provided to a beneficiary for the same purpose. Common examples of duplicative funding include, but are not limited to:

1. Payments under the National Flood Insurance Program (NFIP);
2. Payments from private insurance;
3. Funding from the United States Federal Emergency Management Agency (FEMA);
4. Small Business Administration (SBA) loans; or
5. Charitable donations or work performed by not-for-profit organizations.

2.2 Recapture Calculation

The Recapture Calculation is the amount of Program allowable cost that was incurred by the contractor prior to the applicant either withdrawing from the Program or becoming non-compliant with the Program.

3.0 Recapture Circumstances

3.1 Housing Repair and Replacement Program (HRRP)

The HRRP Program awards are based on a variety of factors. Below are the most common circumstances that may result in a revision to an award, which then may require repayment from an applicant:

1. **Duplication of Benefits (DOB):** Per the Robert T. Stafford Disaster Relief and Emergency Assistance Act, (42 U.S.C. 5121–5207), If an applicant received additional benefits (FEMA, NFIP, SBA, ICC, private insurance, assistance from nonprofit or other disaster assistance provider) that are duplicative of CDBG-DR funds, the Applicant’s award will receive a negative award adjustment to reflect the duplication in benefits. If the sum of the duplication of benefits and the Rebuild Florida funds that the applicant has thus far received exceed the applicant’s total FL DEO award, the applicant must repay the difference.
Office of Long-Term Resiliency-Recapture Policy

2. **Ineligibility:** Federal law, program policies, and program procedures set forth mandatory eligibility requirements to receive FL DEO funds. Any point in time after program eligibility was determined, eligibility criteria (ownership, occupancy, etc.) need to be maintained in program perpetuity to remain eligible and not be in recapture of Awarded funds. If at any point in time it is determined that the applicant is ineligible, the applicant will be required to repay any assistance received from that program.

3. **Substantial Program Non-Compliance:** Each FL DEO program has rules set forth in the programs’ policy manuals, and rules set forth in the grant agreements signed by applicants. If any applicant fails to substantially comply with these rules, the applicant must repay the funds. For example, failure to submit mandatory documentation or to allow for mandatory inspections, may result in the requirement to repay the full award.

4. **Awards from Multiple Programs:** Applicants cannot receive awards from different FL DEO programs for the same scope of work, or for inconsistent programmatic purposes. An example of receiving funds for inconsistent programmatic purposes is a circumstance where any applicant receives funds for repairing their home and decides not to conduct any repairs, but instead sells the home through the FL DEO Voluntary Home Buyout Program. In such circumstances, the applicant must return funds for the repair of the home since the applicant did not conduct the repair. Please note: Interim Mortgage Assistance is considered part of the Single-Family Homeowner Program and it is handled in Recapture as one applicant in one program.

5. **Voluntary Withdrawals:** Applicants may decide to withdraw from the FL DEO Program. If any applicant withdraws after the Subrogation agreement has been executed, the applicant is required to repay any funds the contractor has expended prior to Program withdrawal. An applicant can withdraw at any time from the program. However once the Subrogation agreement has been executed and the applicant is in a withdrawn status or at that fixed point in time funds are subject to recapture.

6. **Fraud:** Applicants who receive awards based upon fraudulent information must repay these funds to the program. These cases will also be referred to the appropriate agencies for investigation.

Any of these circumstances, or a combination of these circumstances, may require the applicant to repay some or all of its FL DEO grant to State of Florida as outlined in the Subrogation Agreement (See Appendix C).

### 4.0 The Reconciliation Phase: File Reconciliation and Recapture Letter

#### 4.1 HRRP

##### 4.1.1 File Reconciliation

Prior to issuance of a Recapture Letter, the FL DEO OLTR Contracts Team will perform a full and complete reconciliation of the files for all applicants who have been identified as having received a potential overpayment. Once the Contracts Team has determined and documented the amount and basis for repayment a Recapture Letter will be prepared.

##### 4.1.2 Recapture Letter

The Recapture Letter will be sent to the current mailing address of the applicant on file. The letter will contain the Program’s procedures for repaying the funds, as well as a 30-day requirement to remit funds identified for recapture to the Rebuild Florida program. It is ultimately grantee’s responsibility to ensure any recaptured funds are documented and repaid. The letter is attached in Appendix A for sample letter.
5.0 Recaptured Funds

All funds recovered as a result of this policy will be tracked and returned to the state’s CDBG-DR account or U.S. Treasury in the event that the CDBG-DR Grant has been closed out. Each received payment will be filed into the Florida Information Accounting Resource (FLAIR) via a Remittance Advice form, as appended to this policy. FL DEO is responsible for ensuring its internal system for debt collection is adequate to effectively collect amounts due, and to comply with State of Florida law and HUD requirements.

5.1 Applicability

This policy shall apply to all CDBG-DR funds that are managed by the Office of Long-Term Resiliency or any of its beneficiaries under the Housing Repair and Replacement Program (HRRP). Per HUD it is the grantee’s responsibility and requirement to manage the Recapture process, issue a subrogation to each Awarded file, and track any necessary repayments. This process will be documented within the system of record to ensure compliance points are met.
Appendix A: Recapture Letter

[Applicant Name]
[Mailing Address]
[City, State Zip]

Dear [First Name],

You are receiving this notification because the Rebuild Florida Housing Repair and Replacement Program (HRRP) has determined there is a change in total benefits received for Hurricane Irma, you were not in compliance with the Rebuild Florida Program and wouldn’t allow work to complete, or there is an additional mitigating circumstance in which remittance of funds to the Program are necessitated. Rebuild Florida’s Recapture Policy states any duplicative funding or funding expended for non-compliance must be remitted to or accounted for by the Program, regardless of when it is received. When you executed your grant agreement, you agreed to Rebuild Florida’s subrogation terms and stipulations as outlined in the Subrogation agreement executed on [DATE].

This is your notice that you are now in recapture with Rebuild Florida. Your total recapture amount is [Amount]. You have 30 days from the date of this letter to remit the funding to Rebuild Florida. Failure to account for the duplicative assistance will result in Rebuild Florida pursuing repayment of all disbursed funds. Funds can be issued in the form of a money order or cashier’s check made payable to the below:

By Mail:
Rebuild Florida Reconciliation Unit
FL DEO Finance and Administration Program
107 E Madison Street
Tallahassee, FL 32399

The Rebuild Florida Team
## Appendix B: Remittance Advice Form

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<th>Remittance Advice</th>
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<tr>
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### REMITTANCE

NOTE: Duplication of benefits received by application

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<td>Bureau of Financial Management</td>
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<td>MSC#85</td>
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<tr>
<td>107 E Madison Street</td>
</tr>
<tr>
<td>Tallahassee, FL 32399-4124</td>
</tr>
</tbody>
</table>

### DEO Contact:

| NAME : | Lemuel Toro, Revenue Program Administrator |
| PHONE #: | (850) 245-7359 |
| EMAIL : | lemueltoro@deo.myflorida.com |
Appendix C: Subrogation Agreement

REBUILD FLORIDA HOUSING REPAIR OR REPLACEMENT
SUBROGATION AGREEMENT

In consideration of the receipt by the undersigned Recipient(s) of the Grant Amount under the Rebuild Florida Housing Repair and Replacement Program (the “Program”) being administered by the Florida Department of Economic Opportunity (“DEO”), the Recipient(s) hereby assigns to DEO all of his and/or her future rights to reimbursement and all payments which may be received, or have been previously received and not disclosed to DEO, under any Federal Emergency Management Agency (“FEMA”) program, Small Business Administration (“SBA”) program, policy of flood, casualty or property damage insurance, nonprofit donations or grants, or any other funding, or from claims or causes of action. Recipient may have (“Proceeds” or “Duplication of Benefits”) related to physical damage to the Damaged Property (not including contents) caused by Hurricane Irma that have not previously been included in the calculation of the Grant Amount. (Capitalized terms shall have the meanings given to them in the Grant Agreement(s) governing the Grant Amount executed by Recipient(s) on the same day as this Subrogation Agreement (“Agreement”).

The DEO’s rights under this Agreement regarding Proceeds shall be subject to the following:

A. If Proceeds are received by the Recipient(s) between the date of this Agreement and the date of the first disbursement of the Grant Amount, then DEO shall re-calculate the Grant Amount by including such as a Duplication of Benefits in the grant calculation, and DEO may reduce the Grant Amount and require that, within the period of time identified pursuant to the Grant Agreement, the Recipient(s) deposit such Proceeds into the Homeowner DOB Gap Funding Account maintained by the Program.

B. If Proceeds are received by the Recipient after the date of the first disbursement of the Grant Amount, but before the final disbursement, then the Recipient(s) must repay DEO the difference between (i) the total amount of Program disbursements as of the date the Proceeds were received, and (ii) the total Grant Amount that would have been made if such Proceeds had been included in DEO’s original Grant Amount calculation.

C. If Proceeds are received by the Recipient after the date of the final disbursement of the Grant Amount, then the Recipient(s) must turn over to DEO the total amount of the Proceeds up to, but not exceeding, the Grant Amount.

Notwithstanding the foregoing, if Proceeds are received while the Recipient(s) are in default under the Grant Agreement, then DEO can recover the amount of Proceeds up to the Grant Amount disbursed.

Recipient(s) agree to assist and cooperate with DEO should DEO elect to pursue any of the claims the Recipient has or may have against any insurers for reimbursement under any policies insuring the Damaged Property or against others for physical damage to the Damaged Property. The Recipient(s) assistance and cooperation shall include allowing suit to be brought in the name(s) of the Recipient(s), giving depositions, providing documents, producing records and other evidence, testifying at trial and any other form of assistance and cooperation reasonably requested by DEO.

If requested by DEO, the Recipient(s) agree to execute such further and additional documents and instruments as may be required to further and better assign to DEO the Proceeds or any insurance policies and/or any rights thereunder as contemplated by this Agreement, and to take, or cause to be taken, all actions and to do, or cause to be done, all things requested by DEO to consummate and make effective the purposes of this Agreement.
Recipient explicitly allows the DEO to request of any company or entity with which the Recipient held Policies, or FEMA, or the SBA, or any other entity from which Recipient has applied for or is receiving Proceeds, any non-public or confidential information determined to be reasonably necessary by the DEO to monitor and/or enforce its interest in the rights assigned to it under this Agreement and gives Recipient’s consent to such company or entity to release said information to the DEO.

Recipient(s) agrees that any lawyer or claims adjuster representing the Recipient(s) in connection with Damaged Home are authorized and instructed to communicate with DEO regarding the nature and status of claims and to share information with DEO relating to the claims. The lawyer and claims professional shall protect the interest of the State in any proceeds resulting from the claim upon receipt of notice of this subrogation.

If the Recipient(s) (or any lender holding a lien on the Damaged Property) hereafter receive any Proceeds for physical damage to the Damaged Home (not including contents), the Recipient(s) agree to promptly pay such Proceeds, or an equivalent amount of funds, to DEO in accordance with the terms of this Agreement.

The Recipient(s) acknowledge that this Agreement does not impair the rights of the Recipient(s) mortgage lender as loss-payee under any deed of trust or mortgage on the Damaged Property.

If DEO has recovered an amount equal to the Award, the DEO will reassign to Recipient any rights assigned to the DEO pursuant to this Agreement.

In any proceeding to enforce this Agreement, DEO shall be entitled to recover all costs of enforcement, including actual attorneys’ fees.