



Post-Approval Guidance and Checklist

Facility Purchase, Construction, or Major Renovation Using Head Start Grant Funds

Grantee: _____

Grant #: _____ Facility Location: _____

Facility Address: _____

Funding Amount: Purchase: \$_____ Construction: \$_____

Major Renovations (\$250,000 and above) \$_____

Minor Renovations¹ (Below \$250,000) and Repairs \$_____

¹ Applications must include minor renovations and repairs less than \$250,000 if they are included with a purchase application and are part of the purchase costs.

Post-Approval Guidance

In addition to the Post-Approval Checklist below, here are resources that offer additional guidance.

Quality learning environments along with ongoing maintenance and repair are important to ensure safe facilities. In response to the increased focus on safe learning environments, the Office of Head Start has released facilities guidance on topics such as project planning, financing and pledges of collateral, reporting (SF 429) and recordkeeping.

[Information Memorandum ACF-IM-HS-17-01](#) and [Program Instruction ACF-PI-HS-17-03](#).

A grantee must comply with all grants management regulations, including specific regulations applicable to transactions in excess of the current simplified acquisition threshold, cost principles, and its own procurement procedures, and must provide, to the maximum extent practical, open and full competition. [\[45 CFR §1303.55\(a\)\]](#) and [\[45 CFR § Part 75\]](#).

As referenced in the Head Start fiscal regulations, the [Davis-Bacon Act](#) applies to contracts in excess of \$2,000 for the construction, alteration, or repair (including painting and decorating) of facilities. Contractors and subcontractors must pay their laborers and mechanics employed under the contract no less than the locally prevailing wages and fringe benefits for corresponding work on similar projects in the area.

A grantee must keep all facilities purchased or constructed in whole or in part with Head Start funds in good repair in accordance with all applicable federal, state, and local laws, rules and regulations, including Head Start requirements, zoning requirements, building codes, health and safety regulations, and child care licensing standards. [\[45 CFR §1303.52\(c\)\]](#)

Additional facilities resources are available on the [Head Start Early Childhood Learning and Knowledge Center \(ECLKC\)](#) website.

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	Post-Approval Checklist	Action Required / Comments	Date Submitted
1	A grantee must ensure construction contracts are paid on a lump sum fixed-price basis. [45 CFR §1303.55(b)]	<i>Submit only if requested by region. Retain in grantee records.</i>	
2	A grantee must obtain prior written approval from the responsible HHS official for contract modifications that would change the scope or objective of a project or would materially alter the costs, by increasing the amount of grant funds needed to complete the project. [45 CFR §1303.55(c)]	<i>Submit if material change in project costs is expected.</i>	
3	A grantee must ensure all construction and renovation contracts paid, in whole or in part with Head Start funds contain a clause that gives the responsible HHS official or his or her designee access to the facility, at all reasonable times, during construction and inspection. [45 CFR §1303.55(d)]	<i>Submit only if requested by region. Retain in grantee records.</i>	
4	<p><u>Prepare notice of federal interest</u> Contents of notice of federal interest must comply with 45 CFR §1303.47 as follows:</p> <ul style="list-style-type: none"> • For a facility and real property a grantee owns or will own (other than a modular unit). [45 CFR §1303.47(a)(1-9)] • For a facility leased by grantee on land the grantee does not own (excluding a modular unit). [45 CFR §1303.47(b)(1(i-vi); and (2)] • For a modular unit purchased or renovated by grantee. [45 CFR §1303.47(c) (1-9)] 	<i>A copy of the prepared notice of federal interest must be submitted to the governing body before filing or posting. Submit as noted below in #5.</i>	
5	<p><u>Record and post notice of federal interest</u></p> <ul style="list-style-type: none"> • If federal funds are used for purchase of real property or a facility, excluding modular units, appurtenant to real property, notice of federal interest must be recorded in the official real property records for the jurisdiction where the facility is or will be located as soon as the grantee uses or receives permission to use Head Start funds. [45 CFR §1303.46(b)(1)] • If federal funds are used in whole or in part to construct a facility, notice of federal interest must be recorded in the official real property records for the jurisdiction in which the facility is located as soon as the grantee receives notice of award to construct. [45 CFR 1303.46(b)(2)] 	<p><i>Submit a copy of the notice of federal interest after recording in the public record, stamped with official recording information.</i></p> <p><i>For modular units, submit photos of posting of notice of federal interest on the exterior and inside the unit.</i></p> <p><i>Must be submitted within ten (10) days of filing or posting.</i></p>	

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	<ul style="list-style-type: none"> If federal funds are used to renovate a facility, that grantee or a third party owns, notice of federal interest must be recorded in official real property records for the jurisdiction in which the facility is located as soon as grantee receives the notice of award to renovate. [45 CFR §1303.46(b)(3)] If federal funds are used in whole or in part to purchase or renovate a modular unit, the notice of federal interest must be posted, in clearly visible locations, on the exterior of the modular unit and inside of the modular unit. [45 CFR §1303.46(b)(4)] 		
6	Any mortgage agreement or other security instrument secured by real property or a modular unit constructed or purchased in whole or in part with federal funds or subject to renovation with federal funds must comply with [45 CFR §1303.49(a)(1-7); and (b)] .	<i>Submit copies prior to signing and plan for up to ninety (90) days for approval.</i>	
7	Only the responsible HHS official can subordinate federal interest to the rights of a lender or other third party. Subordination agreements must be in writing and the mortgage agreement or security agreement must comply with §1303.49. [45 CFR §1303.51]	<i>Submit copies prior to signing and plan for up to ninety (90) days for approval.</i>	
8	After November 7, 2016, if a grantee receives federal funds to purchase, construct, or renovate a facility on real property the grantee does not own or to purchase or renovate a modular unit on property grantee does not own, the grantee must have a lease or occupancy agreement of at least 30 years for purchase or construction of a facility and at least 15 years for a major renovation or placement of a modular unit. [45 CFR §1303.50(a)] .	<i>Submit copy of proposed lease prior to signing and plan for up to thirty (30) days for approval.</i>	
9	The lease or occupancy agreement must comply with the requirements of [45 CFR §1303.50(b)(1-4)] .	<i>Submit as noted above in #8.</i>	
10	If a grantee uses federal funds to purchase or continue purchase on a facility, excluding modular units, the grantee must obtain a title insurance policy for the purchase price that names responsible HHS official as an additional loss payee. [45 CFR §1303.52(a)]	<i>Submit preliminary title insurance report and closing statement at least thirty (30) days prior to closing of transaction. A copy of the policy naming HHS as additional loss payee must be submitted within ten (10) days of issuance.</i>	

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11	If a grantee uses federal funds to purchase or continue purchase on a facility or modular unit, the grantee must maintain physical damage or destruction insurance at full replacement value of the facility, for as long as grantee owns or occupies the facility. [45 CFR §1303.52(b)(1)]	<i>A copy of the insurance policy or declarations page must be submitted within ten (10) days of issuance.</i>	
12	If a facility is located in an area the National Flood Insurance Program defines as high risk, the grantee must maintain flood insurance for as long as the grantee owns or occupies the facility. [45 CFR §1303.52(b)(2)]	<i>If applicable, a copy of the insurance policy or declarations page must be submitted within ten (10) days of issuance.</i>	
13	A grantee must submit to the responsible HHS official, within 10 days after coverage begins, proof of insurance coverage required under 1303.52(a) and (b). [45 CFR §1303.52(b)(3)]	<i>A copy of the insurance policy or declarations page must be submitted within ten (10) days of issuance.</i>	
14	A grantee must submit to the responsible HHS official, within 10 days after filing or execution, copies of deeds, leases, loan instruments, mortgage agreements, notices of federal interest and other legal documents related to the use of Head Start funds for purchase, construction, major renovation, or the discharge of any debt secured by the facility. [45 CFR §1303.53]	<i>Submission is required as noted throughout this checklist.</i>	
15	The grantee must submit to the responsible HHS official a final facility inspection report by a licensed engineer or architect within 30 calendar days after the project is completed. The inspection report must certify the facility complies with all requirements set forth in [45 CFR §1303.56] .	<i>A certificate of occupancy is not sufficient to meet the requirements of this inspection report, a copy of which must be submitted within ten (10) days of the date upon which the inspection report is received by the grantee.</i>	

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Definitions [\[45 CFR §1305.2\]](#):

Construction: New buildings, and excludes renovations, alterations, additions, or work of any kind to existing buildings.

Facility: A structure, such as a building or modular unit, appropriate for use in carrying out a Head Start program and used primarily to provide Head Start services, including services to children and their families, or for administrative purposes or other activities necessary to carry out a Head Start program.

Federal interest: A property right which secures the right of the federal awarding agency to recover the current fair market value of its percentage of participation in the cost of the facility in the event the facility is no longer used for Head Start purposes by the grantee or upon the disposition of the property. When a grantee uses Head Start funds to purchase, construct or renovate a facility, or make mortgage payments, it creates a federal interest. The federal interest includes any portion of the cost of purchase, construction, or renovation contributed by or for the entity, or a related donor organization, to satisfy a matching requirement.

Major Renovation: Any individual or collection renovation that has a cost equal to or exceeding \$250,000. It excludes minor renovations and repairs except when they are included in a purchase application.

Minor renovation: Improvements to facilities, which do not meet the definition of major renovation.

Modular unit: A portable prefabricated structure made at another location and moved to a site for use by a Head Start grantee to carry out a Head Start program, regardless of the manner or extent to which the modular unit is attached to underlying real property.

Purchase: To buy an existing facility, including outright purchase, down payment or through payments made in satisfaction of a mortgage or other loan agreement, whether principal, interest or an allocated portion principal and/or interest. The use of grant funds to make a payment under a capital lease agreement, as defined in the cost principles, is a purchase subject to these provisions. Purchase also refers to an approved use of Head Start funds to continue paying the cost of purchasing facilities or refinance an existing loan or mortgage beginning in 1987.

Repair: Maintenance that is necessary to keep a Head Start facility in working condition. Repairs do not add significant value to the property or extend its useful life.

Special Note: Additional information may be required by your Regional Office. For detailed information, if needed, please attach a separate sheet of paper indicating the item number reflecting your response.

