Duplication of Benefits Policy

North Carolina Department of Commerce

Division of Community Revitalization

Version 3.0 – July 8, 2026

Revision History

Version	Date	Description
1	May 30, 2025	Helene Certification submission: Duplication of Benefits Policy
2	June 25, 2025	Helene Certification resubmission: Duplication of Benefits Policy
3	July 8, 2026	1. Reorganization and line edits for readability 2. Updates to text, Table 1, and Table 4 to reflect current programs 3. Clarifications regarding: a. Local government units and local government entities b. Sources of potential duplication of benefits for each program c. Verification of benefits process for direct assistance programs to align with current program operations d. Determining unmet need and program award in direct assistance programs e. Total need for capital projects f. DOB verification schedule for capital projects g. Monitoring processes for capital projects 4. Addition of process for reassessment of unmet need for direct assistance and capital projects programs (Sections 2.6 and 3.6)

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Section 1. Duplication of Benefits (DOB) Process Overview

The Robert T. Stafford Disaster Relief and Emergency Assistance Act, (42 U.S.C. § 5121 - 5207) aims to prevent the duplication of disaster recovery benefits. The specific prohibition for duplication of benefits (DOB) is defined at 42 U.S.C. § 5155(a) as "…any program providing financial assistance to persons, business concerns, or other entities suffering losses as a result of a major disaster or emergency, shall assure that no such person, business concern, or other entity will receive such assistance with respect to any part of such loss as to which he has received financial assistance under any other program or from insurance or any other source."

Further, the "necessary and reasonable" cost principles in the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal awards in Subpart E of 2 CFR part 200 also prohibit CDBG-DR grantees from charging to these funds a cost paid by another source.

The methodology used for determining total need, total assistance and DOB, unmet need, and award amount will vary depending on the specific program. The North Carolina Department of Commerce's Division of Community Revitalization (DCR) operates two types of programs—direct assistance and capital projects—funded by the Helene CDBG-DR disaster recovery allocation. The meaning of the term "Applicant" in both types of programs is an individual or entity that applies for or requests CDBG-DR assistance.

1.1 Direct Assistance

This category includes programs such as the Single-Family Housing Program and Small Rental Rehabilitation Program. Applicants to this program are typically individuals with a discrete need related to disaster recovery housing.

1.2 Capital Projects

This category includes the Community Infrastructure (CI), Multi-Family Housing (MFH), Workforce Housing for Ownership (WHFO), and Commercial District Revitalization (CDR) programs.

- Eligible applicants to these programs vary but may include non-profit organizations, housing developers (for- and non-profit), units of general local government, quasi-governmental entities, and other qualified entities with recovery or mitigation needs.
  - Examples of local government units include:
    - Counties (e.g., Rutherford County)
    - Municipalities such as cities, towns, or villages (e.g., City of Rutherfordton)
  - Examples of local government entities:
    - Water and Sewer Authorities
    - Transit Agencies
    - Park or Recreation Districts
- Applicants to the WFHO Program also include Community Housing Development Organizations (CHDOs) and Community-Based Development Organizations (CBDOs).

1.3 Process Overview

HUD prescribes a basic DOB calculation framework. The framework includes the following steps:

1. Assess applicant need.
2. Identify total assistance received.
3. Exclude non-duplicative amounts.
4. Identify the DOB amount and calculate the total award.
5. Reassess unmet need when necessary.

All DCR programs follow the same general process. However, the specific type of assistance and how it is delivered varies depending on the program.

The basic DOB process for each type of program is explained in Sections 2 and 3 below. **Table 1** provides an overview of the DOB and award process by program. Please note that total assistance for each program and the sources of DOB listed below are expounded in each program manual.

DOB analyses are performed on a case-by-case basis; no funding source is categorically excluded. DOB is verified using the latest data from a third-party source when available.

Table 1 - DOB Process by Program, June 2025

Program	Total Need	DOB Analysis: Examples of DOB Sources	Potential Examples of Non-DOB	Unmet Need	Program Award Amount
Single-Family Housing Program	Damage repair valuation (DRV) plus estimated cost of repair (ECR)	All DR funds (insurance, FEMA, etc.) rec'd for rehabilitation, reconstruction, or replacement depending on need	In-kind services, rental assistance, funding for contents, private loans	ECR minus DOB (DRV minus DOB for applicants eligible for reimbursement)	Unmet need or total project cost, depending on project type
Small Rental Rehabilitation	Damage repair valuation (DRV) plus estimated cost of repair (ECR)	All DR funds (insurance, FEMA, etc.) rec'd for rehabilitation, reconstruction, or replacement depending on need	In-kind services, rental assistance, funding for contents, private loans	ECR minus DOB	Unmet need or total project cost, depending on project type
Workforce Housing for Ownership	Total development cost (hard and soft) in the project development budget	Other project financing available such as historic or state tax credit syndication proceeds, subsidized loans, CDBG, etc.	Rent subsidies, etc.	Total project cost minus DOB (total available financing)	Unmet need or program funding cap, whichever is less
Community Infrastructure	Total development cost (hard and soft) in the project development budget	Other financing available such as TIF, bond funds, local capital funds, CDBG, FEMA PA, etc.	Funds for operations, maintenance of infrastructure	Total project cost minus DOB (total available financing)	Unmet need or program funding cap, whichever is less
Multi-Family Construction and Repair Program (Non-LIHTC)	Total development cost (hard and soft) in the project development budget	Other financing available for the project such as PH Capital Funds, Choice Neighborhoods initiative, CDBG, etc.	Operating costs, rent subsidies	Total project cost minus DOB (total available financing)	Unmet need or program funding cap, whichever is less
Rental Production Program – Disaster Recovery (LIHTC)	Total development cost (hard and soft) in the project development budget	LIHTC and other public or private gap financing available for the project such as HOME, CDBG, etc.	Operating costs, rent subsidies	Total project cost minus DOB (total available financing)	Unmet need or program funding cap, whichever is less

Program	Total Need	DOB Analysis: Examples of DOB Sources	Potential Examples of Non-DOB	Unmet Need	Program Award Amount
Commercial District Revitalization	Total development cost (hard and soft) in the project development budget	Other project financing such as FEMA PA, state grants, insurance proceeds, philanthropic funding, etc.	Funds for operations, maintenance	Total project cost minus DOB	Unmet need or program funding cap, whichever is less

Section 2. Duplication of Benefits for Direct Assistance Programs

2.1 Determining Total Need

The process for determining “total need” varies by program. For direct assistance programs, such as the Single-Family Housing Program and Small Rental Rehabilitation Program, total need is determined when the program performs a damage repair valuation (DRV) and estimated cost of repair (ECR) inspection. The DRV quantifies a value assigned to repairs completed by the applicant prior to program application. Eligible, verified repairs outlined in the DRV will be used to offset duplication of benefits as funds for the same general purpose (home repair), but different eligible use. The ECR provides a documented line-item by line-item estimate of the needed repairs observed during an onsite visit to repair the property to Program standards. The DRV and ECR together provide the total need.

2.2 Identifying Total Assistance

To determine if there is a DOB, 84 FR 28836, June 25, 2019 (The DOB Notice) requires DCR, as the recipient of CDBG-DR funds, to identify “total assistance” to an applicant of its programs. Total assistance includes all reasonably identifiable financial assistance available to an applicant. Available assistance includes reasonably anticipated assistance that has been awarded and accepted but has not yet been received. Applicants for CDBG-DR assistance are expected to seek insurance or other assistance to which they are legally entitled. Program applicants are required to disclose all financial disaster assistance that is received, committed to or anticipated by the applicant.

Direct assistance programs provide assistance to individual property owners. Therefore, conducting a DOB analysis for applicants to this program requires a review of the assistance received for each applicant (and co-applicant, if applicable) that participates in the program. To determine an applicant’s total assistance, the Program will collect all disaster assistance made available to an applicant. Applicants to each program must disclose all financial disaster assistance awarded and/or received in response to storm-related damage, including the following sources:

- Federal Emergency Management Agency (FEMA)
- National Flood Insurance Program (NFIP) and Increased Cost of Compliance (ICC)
- Small Business Administration (SBA)/subsidized loans
- Private insurance

- State-funded Disaster Recovery Act (DRA) funding
- Philanthropic assistance
- In-kind donations
- Other state, local, or federal programs, grants, or initiatives

If the disaster assistance funds are determined to be a duplication of benefits after a full analysis and verification, the total amount of the DOB is subtracted from the total need amount. The following sources of funding assistance are described further below and are verified for each applicant.

2.2.1 FEMA Individual Assistance (IA)

FEMA Individual Assistance (IA) assistance amount and purpose will be determined and verified by the Program using data provided to DCR by FEMA.

If the Program is unable to verify the FEMA IA amount using the FEMA data, it will use the payment amount disclosed by the applicant at the time of application, supported by FEMA award documentation. If an applicant can provide FEMA award documentation demonstrating that the FEMA IA amount and/or purpose provided by the FEMA data differs from the amount and/or purpose in their FEMA award documentation, the Program will accept the applicant's copy of the FEMA award documentation when completing its DOB analysis.

2.2.2 FEMA National Flood Insurance Program (NFIP) and Increased Cost of Compliance (ICC)

The Program will collect NFIP flood insurance and increased cost of compliance (ICC) payment information from the applicant through the application process. In addition, the Program will use data provided by NFIP to verify the information provided by the applicant.

NFIP insurance proceeds taken by a mortgage company as a forced mortgage payoff will not be counted as a duplication of benefits, as long as documentation from the mortgage company shows that the payoff was involuntary. The applicant will need to provide supporting documentation demonstrating that the mortgage payment was involuntary, and the Program will attempt to verify this information with the applicant's mortgage company. Voluntary mortgage payoff using insurance proceeds is considered a duplication of benefits that will be counted against an applicant's award.

2.2.3 Small Business Administration (SBA) and Other Federally Subsidized Loans

The program will collect information on SBA loans and other federally subsidized loans used for the repair of the applicant's property from the applicant and will verify loan amount, purpose, and status directly with the SBA and other loan providers.

Subject to HUD's Universal Notice of January 8, 2025, and revised March 2025 and the Allocation Announcement Notice of January 16, 2025, the following applies:

- The State must not treat declined loans (including SBA loans) as a DOB or consider declined loans in the DOB analysis.
- The State may consider declined loans for other reasons, such as underwriting.
- The State must not treat canceled loan amounts as a DOB if the grantee has the right documentation.

The Program will not count the amount of an applicant's declined or canceled subsidized loan as DOB in accordance with 84 FR 28836 if the requirements below are met.

2.2.3.1 Declined SBA Loans

Declined SBA loans are loan amounts that were offered by the lender in response to a loan application, but were turned down by the applicant, meaning the applicant never signed loan documents to receive loan disbursements. Given adequate documentation, the Program will not treat declined loans as DOB. The Program will attempt to verify declined loan amounts using third-party data from SBA. For declined loans to be considered funding not available to the applicant, declined loans must be documented through the SBA data feed in conjunction with written communication from the lender (SBA).

2.2.3.2 Canceled Loans

Canceled loans are loans (or portions of loans) that were initially accepted, but the loan commitment terms have expired, the loan has been withdrawn, all or a portion of the loan was not disbursed and is no longer available to the applicant, or cancellation was requested by the borrower. The following documentation will be required to demonstrate that any undisbursed portion of an accepted subsidized loan is canceled and no longer available to the applicant:

- A written communication from the lender confirming that the loan has been canceled and undisbursed amounts are no longer available to the applicant OR

- A legally binding agreement between the Program and the applicant entitled the Affidavit of Subsidized Loan Form, indicating that the period of availability of the loan has passed and the applicant agrees not to take action to reinstate the loan or draw any amounts in the future.
- In the case where the applicant has canceled the loan but has not yet passed the period of availability, the applicant will be required to sign the Affidavit of Subsidized Loan Form. In signing this affidavit, the applicant certifies that they will not take action to reinstate the loan or draw more funds and that they understand that they are subject to a DOB analysis once the period of availability has passed which could affect their award amount. Further, the affidavit will contain the warning language in Section 7.

Without either of the two documents listed above, any approved but undisbursed portion of a subsidized loan shall be included in the DOB calculation of total assistance unless another exception applies.

For all canceled SBA loans, the Program will send the Affidavit of Subsidized Loan Form to the SBA (or other lender) as notification that the applicant has agreed to not take any action to reinstate the canceled loan or draw down any additional undisbursed loan amounts. In cases of canceled loans where partial disbursements were made prior to the cancellation of the loan, the disbursed funds will be treated as funds disbursed for active loans. As with declined loans, awards with canceled subsidized loans will have DOB re-verified at project close-out.

2.2.4 Private Insurance

All property or casualty insurance, including flood and settlement amounts for loss to dwellings, must be disclosed. Private insurance payments for contents or other similar expenses will likely not be deducted from the applicant's award as this would not be considered a DOB. Insurance proceeds are initially determined by the Program through applicant-provided information.

Applicants must also authorize the Program to contact third-party private insurance providers to verify information provided by the applicants. The program will verify the applicant-provided amount and purpose of private insurance proceeds with the insurance provider.

Private insurance proceeds taken by a mortgage company as a forced mortgage payoff will not be counted as a duplication of benefits, as long as documentation from the mortgage company shows that the payoff was involuntary. The applicant will need to provide supporting documentation demonstrating that the mortgage payment was involuntary, and the Program will attempt to verify this information with the applicant's mortgage company. Voluntary mortgage payoff using insurance proceeds is a duplication of benefits that will be counted against an applicant's award.

2.2.5 Other Assistance

All applicants are required to disclose all other disaster assistance received, such as funding provided by the state-funded Disaster Recovery Act (DRA); philanthropic assistance; and in-kind donations, including donations of professional services, use of construction equipment, or contributions of building materials. Supporting documentation related to other potentially duplicative funding sources must be provided by the applicant and verified and applied in the duplication of benefits analysis by the Program.

2.3 Duplication of Benefits Analysis

An individual analysis of each applicant's DOB will be performed. Total assistance to the applicant will be reviewed. Funds received for the same purpose will be considered a DOB and will be verified by using data from and/or contacting third-party sources. Duplicated funds which are unsupported or were spent on ineligible uses (i.e., spent on an activity considered ineligible or not allowed by the funding source) will be considered a DOB, not a non-DOB, as funds must be used for their intended purpose. The principle of cost reasonableness will be incorporated, and awards will be based on unmet needs or program caps. Programs will establish any DOB prior to issuing awards.

2.3.1 Excluding Non-Duplicative Assistance (Non-DOB)

After assessing all assistance received, the Program will determine which assistance received is not a duplication of benefits. Once the specific assistance received is determined to not be a duplication, that assistance is excluded from the DOB calculation and no further consideration of those funds is necessary.

While the examples below most clearly relate to direct assistance programs, capital improvements and public service programs follow the same principles.

2.3.1.1 Funds Received for a Different Purpose

Assistance received for a different purpose does not duplicate CDBG-DR funds. An example of this category of non-DOB is insurance proceeds for loss of contents because Programs do not provide assistance to restore contents.

For this category of non-DOB, it is not how funds were applied which is relevant but the stated purpose of the funds per the source of assistance. For instance, if an insurance document specifically cites contents as the reason for the payment, these funds would be considered non-duplicative. However, if an applicant uses funds provided explicitly for the repair of their property to restore contents, those funds would continue to be considered a duplication as the purpose of the funds was the same as the purpose of the CDBG-DR funds.

DCR cannot make a blanket determination on the purpose of assistance received and each applicant's unique assistance scenario must be reviewed separately.

2.3.1.2 Funds Received for the Same Purpose, Different Allowable Use

At times an applicant may receive assistance and apply that assistance to items that might otherwise be eligible for CDBG-DR funding. For example, an applicant received funds for the purpose of housing rehabilitation and used those funds to repair their damaged roof. CDBG-DR funds may ordinarily fund this repair but instead will fund remaining repairs to restore the property, if needed.

In these instances, a calculation of the amount applied to recover is conducted and that amount is not considered a duplication of benefit. The manner in which the program determines how much funding was applied to a different allowable use is dependent on the program. Each program manual will outline this calculation process.

2.3.1.3 Funds Not Available to the Applicant

In some instances, such as when an insurance company requires an applicant to pay their mortgage with an insurance payment, the applicant may never have control of the funds received. When funds received are not in the control of the applicant, they will not be considered a duplication. However, if funds were not in control of the applicant but were applied for the same recovery purpose (i.e., the funds were used for repairs, despite not being in control of the applicant), those funds may still be considered a duplication. Generally, it is incumbent on the applicant to demonstrate that they did not have control of the funds.

2.3.1.4 Private Funds

Private funds, including un-subsidized loans, credit cards, banking account balances, retirement accounts, cash gifts, liquid assets, and other funds are not considered a duplication. DCR does not require applicants to report on private funds.

2.3.1.5 Funds for General Recovery

Funds received to recover without a specific recovery purpose are generally not considered a duplication of benefits. Examples of funds for general recovery may include charitable contributions received by the applicant. The Program will review funds received to determine whether the funds constitute general recovery or are received for a specific purpose.

2.3.1.6 In-Kind Donations

In-kind donations are not considered a duplication of benefits but may reduce the applicant's remaining unmet need.

2.3.2 Verification of Benefits (VOB)

To meet HUD requirements and to verify all potentially duplicative funding, the Program will attempt to obtain the best and most recently available DOB information before providing CDBG-DR assistance to an applicant. The first goal of the VOB process is to compare the applicant's reporting of the amounts and purposes of benefits received with the benefit amounts and purposes reported by third-party verified sources. The second goal is to detect DOB errors and make corrections prior to determining an award amount for an applicant.

Applicants will be required to disclose all disaster assistance received at application and must provide all documentation related to that assistance. Furthermore, applicants to direct assistance programs will sign an Authorization for Release of Personal Information form as part of their application packet submission that will allow the Program to conduct third-party verification of applicant-provided information and documentation. Once applicant-provided information is collected and verified, all duplication of benefits will be uploaded into the Program's system of record. Verified duplication of benefits (VOB) from all sources will be used in determining any CDBG-DR awards.

To comply with the federal prohibition against the duplication of disaster benefits, the Program will verify all disaster assistance received or anticipated by an applicant as follows:

- Obtain documentation from the applicant (and co-applicants) indicating the source of award/funds and purpose of assistance funds/monies. The program will want to view original copies of letters, claim awards, checks, receipts, etc., if possible, but copies of original documents may also be accepted.

- Verify all sources of disaster assistance received by the applicant by conducting third-party verification, as applicable. Data feeds from SBA, FEMA, and NFIP will be used to verify those sources of assistance.
- DOB staff will perform due diligence to verify the amount and the purpose of the assistance provided with third parties as needed. Staff will send the funding entity a request for information along with the applicant's Authorization for Release of Personal Information form. If the entity does not respond within 30 calendar days, the Program will accept an applicant's attestation regarding amount and purpose of the funds.

2.3.3 Verifying Eligible Use of Disaster Assistance Funds in Direct Assistance Programs

In general, DCR's Programming does not accept receipts as a method of verifying that funds were spent for the purpose intended by the funding source. For the Single-Family Housing and Small Rental Rehabilitation Programs, a DRV and an ECR inspection is performed to determine total need (see Section 2.1 for additional details). The DRV indicates the scope and estimated cost of the repairs made and how the disaster funding received was used. The ECR indicates what repairs remain and the estimated cost of those repairs.

If the DRV estimate is less than the disaster recovery funds received for the same purpose, homeowners may appeal their DOB or DRV. The program will consider receipts only under appeal. In such cases, the Program will consider those receipts that verify that specific additional repair work was completed. Receipts must be legible, dated post-disaster, and indicate a related repair item (e.g., lumber, glass, etc.) or bona fide use (e.g., roof repair, brick repointing, etc.).

For certain eligible applicants, the amount of the DRV that exceeds the verified duplication of benefits may be reimbursed to the applicant.

2.4 Determining Unmet Need

Prior to award determination, the Program will determine an applicant's unmet need (see Table 1 - DOB Process by Program, June 2026). Unmet need for the Single-Family Housing and Small Rental Rehabilitation Programs is defined as: ECR minus any verified duplication of benefits received. The DRV is important in the consideration of a potential reimbursement award, which the program considers an unmet need for certain applicants.

2.5 Program Award

Each program has its own policy and procedures for determining award amounts. However, the award amount is typically equal to the applicant's unmet need or, in the case of a reconstruction or replacement, the total cost of the project. An example of the DOB and award process for a direct assistance applicant is summarized in **Table 2**.*

2.6 Reassessment of Unmet Need

A reassessment of unmet need may occur in some circumstances. If a reassessment of unmet need is needed or requested through an appeal, DCR will review updated, verified cost estimates and updated documentation on all forms of financial assistance to determine the applicant's updated unmet need.

* If a structure is determined to be *substantially damaged*—meaning the cost to repair the disaster-related damage equals or exceeds 50% of the pre-disaster market value—or if the *estimated cost of repair exceeds $100,000*, the program may deem repair not feasible. In these cases, the program will use the *cost to reconstruct* the structure as the total need for DOB and unmet need calculations. Reconstruction costs may exceed the original structure's value when required to address mitigation needs, overcrowding, or other program-identified concerns. MHU properties qualify for a repair award type only when the *estimated cost to repair is less than $25,000*, the MHU is *fewer than five (5) years old*, and the property is not otherwise deemed unsuitable for rehabilitation.

Table 2 - Example 1: Single-Family Housing Program/Small Rental Rehabilitation Program

#	Title	Amount
1	**Applicant's Total Need** (ECR amount)	**$75,000**
2	**Total Assistance Received**	**$50,000**
	Insurance proceeds for flood damage	$25,000
	Insurance proceeds for contents	$5,000
	FEMA for repair of the home	$20,000
3	**Non-DOB** (funds for a different purpose - contents)	**$5,000**
4	**Total DOB**	**$45,000**
5	**Total VOB** (verified DOB)	**$45,000**
6	**Total Unmet Need** (total need minus VOB)	**$30,000**
7	**Program Cap**	**$70,000**
8	**Final award** (equal to total unmet need, as it is less than program cap)	**$30,000**

Section 3. Duplication of Benefits for Capital Projects Programs

3.1 Determining Total Need

DCR also funds affordable housing, economic revitalization, and infrastructure capital projects which serve a general community-wide benefit. Programs that fund these capital projects include the Community Infrastructure (CI), Multi-Family Construction and Repair Program (Non-LIHTC), Rental Production Program – Disaster Recovery (RPP), Workforce Housing for Ownership (WFHO), and Commercial District Revitalization (CDR) programs.

For capital projects, the total need is defined as the total project cost or total development cost as shown on a project development budget or proforma. Cost estimates will be verified through a cost analysis, as needed.

3.2 Identifying Total Assistance

To determine if there is a DOB, 84 FR 28836, June 25, 2019 (The DOB Notice) requires DCR, as the recipient of CDBG-DR funds, to identify "total assistance" to an applicant of its programs. Total assistance includes all reasonably identifiable financial assistance available to an applicant. Program applicants are required to disclose all project financing and/or financial disaster assistance that is received, committed to, or anticipated by the applicant to meet project needs (i.e., total need).

Sources of assistance for capital projects that applicants must report as part of the DOB process include but are not limited to:

- Federal Emergency Management Agency (FEMA) Public Assistance (PA), Hazard Mitigation Grant Program (HMGP), or Community Disaster Loan (CDL) Program funding
- U.S. Army Corps of Engineers funding
- Insurance proceeds from the National Flood Insurance Program (NFIP) or private insurance
- Small Business Administration loans to non-profit applicants or affected businesses
- Other subsidized loans
- Private or non-profit grants or donations
- Disaster Recovery Act (DRA) funding

- Syndication proceeds from Low-Income Housing Tax Credits, state and/or historic credits (for multi-family development)
- Local past and prospective bond initiatives (for infrastructure and multi-family development)
- Dedicated local accounts to repair/replace infrastructure that are in a locality's Capital Improvement Plan (CIP) (for infrastructure; if local funds were previously designated or planned, but are no longer available, DCR will document that the local government for the project in question does not have funds set aside in any capital improvement plan)
- Other state, local, or federal programs, grants, or initiatives

3.3 Duplication of Benefits Analysis

An individual analysis of each applicant's DOB will be performed. Total assistance to the applicant will be reviewed. Funds received for the same purpose will be considered a DOB and will be verified by using data from and contacting third-party sources. Duplicated funds which are unsupported or were spent on ineligible uses (i.e., spent on an activity considered ineligible or not allowed by the funding source) will be considered a DOB, not a non-DOB, as funds must be used for their intended purpose. The principle of cost reasonableness will be incorporated, and awards will be based on unmet needs or program caps, whichever is less. Programs will establish any DOB prior to issuing awards.

In the case of capital projects, including infrastructure, economic revitalization, and multi-family projects, the DOB process will ensure that CDBG-DR funds are used to supplement project financing and not to supplant federal, state, local, or other funds. A DOB review for these types of projects is sometimes referred to as a "Sources and Uses" review. The nature of this review is dependent on the facts and circumstances of the project but in all instances will be documented in the project file. All other available project financing will be considered a DOB, insofar as those funds are also not required to complete a portion of the project unfunded by CDBG-DR funds.

For capital projects, DOB will be reviewed at application review; prior to executing a subrecipient agreement; at each instance of a change order in the construction phase; when an applicant reports additional funding or a change in funding; prior to project close-out; and at other intervals during the project lifetime, as needed and as defined by the Program. At each point, DOB and Non-DOB will be determined, and all DOB will be verified.

3.3.1 Excluding Non-Duplicative Assistance (Non-DOB)

After assessing all assistance received, the Program will determine which assistance received is not a duplication. Once the specific assistance received is determined to not be a duplication, that assistance is excluded from the DOB calculation.

3.3.1.1 Funds Received for a Different Purpose

Assistance received for a different purpose does not duplicate CDBG-DR funds. For example, if the capital project has multiple development phases and CDBG-DR funding is intended to fund Phase II, funding from another source of assistance for Phase I would not be considered a duplication of benefits. For this category of Non-DOB, it is not how funds were applied which is relevant but the stated purpose of the funds per the source of assistance. DCR cannot make a blanket determination on the purpose of assistance received and each applicant's unique assistance scenario must be reviewed separately.

3.3.1.2 Funds Received for the Same Purpose, Different Allowable Use

At times an applicant may receive assistance and apply that assistance to items that might otherwise be eligible for CDBG-DR funding. In these instances, a calculation of the amount applied to recover is conducted and that amount is not considered a duplication of benefit. The manner in which the program determines how much funding was applied to a different allowable use is dependent on the program. Each program manual will outline this calculation process.

3.3.2 Order of Assistance Review

The DOB analysis for capital projects is followed by an Order of Assistance review. The order of assistance for CDBG-DR appropriations provides that CDBG-DR funds may not be used for activities reimbursable by or for which funds are made available by FEMA or the United States Army Corps of Engineers (USACE). DCR will verify whether FEMA or USACE funds are available for program activities before awarding CDBG-DR assistance for costs carrying out the same activity. If FEMA or USACE funds are available, assistance must be requested from those sources prior to receiving CDBG-DR assistance. If FEMA and USACE can provide funding, then CDBG-DR funds cannot be distributed, as this would result in a DOB.

3.3.3 Verification of Benefits (VOB)

To meet HUD requirements and verify all potentially duplicative funding, the Program will attempt to obtain the best and most recent available DOB information before providing CDBG-DR assistance to an applicant. Applicants will be required to disclose all disaster assistance received at application and must provide appropriate documentation related to that assistance. During the verification process, the Program will attempt to contact any organizations providing project financing to verify that the amount and purpose of the assistance matches the applicant-provided amount and purpose. If the Program is unable to contact the organizations providing assistance after three attempts, the Program will use the applicant-provided amount and purpose in the DOB calculations.

Per the subrogation and recapture/repayment clause in the subrecipient agreement, subrecipients must return to DCR any funds found to be a duplication of benefit, ineligible, unallowable, unreasonable, or non-compensable, no matter the cause. Under this clause, should a subrecipient receive CDBG-DR funding to support an activity and subsequently receive additional funding that would render the CDBG-DR funds a DOB, the duplicative CDBG-DR funds must be returned to DCR. Duplication of benefits will be reviewed and verified periodically throughout the project's lifespan from application review to close-out; see Section 3.3 for additional details.

3.4 Determining Total Unmet Need

Prior to award determination, the Program will determine an applicant's unmet need (see Table 1 - DOB Process by Program, June 2026). For capital projects, unmet need is defined as the total project/development cost minus the verified DOB (i.e., VOB).

3.5 Program Award

Each program has its own procedures for determining award amounts. However, for capital projects, the award amount is generally equal to total unmet need or the program cap, whichever is less. An example of the DOB and award process for a capital project is summarized in **Table 3**.

3.6 Reassessment of Unmet Need

If the applicant's circumstances change such that the original unmet need determination may no longer be accurate (e.g., a subsequent disaster affecting the project or a withdrawal of financial assistance outside the applicant's control), the applicant, or DCR, may request a reassessment of unmet need. Changes to the award amount based upon a reassessment of unmet need are at DCR's discretion.

Table 3 - Example 2: Community Infrastructure Program

#	Title	Amount
1	**Applicant's Total Need** (based on the damage assessment, future mitigation costs associated to ensure continued life of project, and cost analysis to verify total cost)	**$2,500,000**
2	**Total Assistance Received**	**$ 250,000**
	FEMA Public Assistance grant	$750,000
	Municipal insurance proceeds for flood damage	$ 250,000
	SRF-Helene (State of North Carolina)	$250,000
3	**Non-DOB**	**$ 0**
4	**Total DOB**	**$ 1,250,000**
5	**Total VOB** (verified DOB)	**$ 1,250,000**
6	**Total Unmet Need** (Total need minus VOB)	**$ 1,250,000**
7	**Program Cap**	**$2,000,000**
8	**Final Award** (equal to total unmet need, as it is less than program cap)	**$1,250,000**

Section 4. Subrogation and Recapture/Repayment

As a condition of accepting an award from a DCR Program, applicants are required to sign subrogation and recapture/repayment clauses and agreements, as required by HUD and as set in policy for each DCR program. Further, DCR will not disburse funds to an applicant until such agreements are signed by the applicant. The required Subrogation and Assignment Agreement requires that applicants notify the program of any DOB received and repay any duplicative assistance received, including repayment of any assistance received later that is for the same purpose as the CDBG-DR funds awarded. The subrogation agreement/clause also states that such DOB funds may affect the applicant's award amount by reducing it by the amount of the DOB (at application or award).

Also, for the provision of CDBG-DR funds specifically, the following statement will be included in the Subrogation and Assignment Agreement (or clause) to be executed by each Program awardee as required by DR-4827-NC (January 16, 2025) and the Disaster Relief Supplemental Appropriation Act (Division B of the American Relief Act, 2025 Public Law 118-158 (December 21, 2024) funds:

"**Warning:** Any person who knowingly makes a false claim or statement to HUD may be subject to civil or criminal penalties under 18. U.S. C. 287, 1001 and 31 U.S.C. 3729."

Section 5. Monitoring

Monitoring of all programs will be undertaken by the DCR compliance team in conjunction with a compliance monitoring vendor, as well as through internal audit reviews.

For capital projects, DCR will monitor applicants/awardees for adherence to funding agreement terms based on a risk assessment. Monitoring reviews will be conducted through a mix of desk reviews conducted at DCR and on-site reviews conducted at awardee's locations. DCR monitors awardees on a periodic basis based on the results of an annual risk assessment and provides awardees with proper notification of a monitoring visit. Adherence to duplication of benefits is one of the elements of the monitoring review.

Section 6. Procedural Responsibilities and DOB Procedures

The system of record will indicate specific staff by name performing each applicant intake and management task. The table below indicates the positions responsible for overseeing the indicated program including DOB-related tasks. Questions about DOB or program awards should be directed to the program manager noted in the table below. Quality assurance/quality control (QA/QC) is performed by the internal compliance staff. Questions regarding QA/QC should be directed to the individual program manager.

Table 4 - DOB Staffing by Program

Program	Responsible Party	Program Source Documents
Single-Family Housing Program	Maggie Battaglin, Director of Housing	Single-Family Housing Program Policies and Procedures Manual
Small Rental Rehabilitation Program	Maggie Battaglin, Director of Housing	Small Rental Rehabilitation Program Policies and Procedures Manual
Commercial District Revitalization	Emily Quinlan, Director of Economic Revitalization	Commercial District Revitalization Program Policies and Procedures Manual
Community Infrastructure	Ayanna Wallace, Director of Infrastructure	Community Infrastructure Program Policies and Procedures Manual
Multi-Family Construction and Repair Program (Non-LIHTC)	Maggie Battaglin, Director of Housing	MCR Large Project Program Policies and Procedures Manual
Rental Production Program – Disaster Recovery	Maggie Battaglin, Director of Housing	Rental Production Program – Disaster Recovery Policies and Procedures
Workforce Housing for Ownership	Maggie Battaglin, Director of Housing	Workforce Housing Program Manual