



## Federal Interest Examples

- Property A (with no existing federal interest) is an outright purchase of a total \$275,000. After an application to purchase real property was submitted and approved, ACF or ACF recipient awarded \$50,000 to assist with the purchase of the property. Federal interest is \$50,000 divided by \$275,000 equals 18%. At the time of disposition (and no other federal funds were used on the property), if the current market value (no more than 3 years old) assessed by an independent appraiser of Property A increased to \$450,000, the federal amount to remit payment to release the federal interest is \$450,000 multiplied by 18% equals \$81,000.
- Property B (with no existing federal interest) is a first-time renovation project for a total of \$145,000 on an entity owned property. After a funding application was submitted and approved, ACF or ACF recipient awarded \$145,000 to assist with the renovation project.
  - **For OHS recipients/subrecipients**, as indicated in the [Property Glossary](#), the major renovation threshold is \$250,000 (individual and cumulative requests). Although the major renovation threshold has not been exceeded and a 45 CFR Part 1303 Subpart E facility application is not required, prior approval may be required under 45 CFR § 75.439. The entity is required to track and retain records of capital assets and Federal award expenditures.
  - **For all other ACF programs**, unless otherwise stated in federal statute, program regulations, and the terms and conditions of the Federal award, the major renovation threshold is \$250,000. Although the major renovation threshold has not been exceeded and a facility application is not required, prior approval may be required under 45 CFR § 75.439. The entity is required to track and retain records of capital assets and Federal award expenditures. **Disclaimer: for any ACF programs that does not have real property authority, any amount exceeding the threshold may be disallowed.**
- Property C (with an existing federal interest) is a construction project of \$1,000,000. After a facility application to construct/improve real property was submitted and approved, ACF or ACF recipient awarded \$200,000 to assist with the construction of a facility. Federal interest was initially established by an award of \$100,000 to purchase the land on which the facility

will be constructed. Based on the facility application and prior approval request, the recipient encumbered and subordinated the federal interest with a loan to fund the remaining \$800,000 needed for the facility construction. The loan payments were made with non-federal funds (not used as match to the Federal award). At the time the recipient requested the release of federal interest, the appraised value was \$1,500,000. The federal interest is 27% [ $\$300,000$  divided by  $\$1,100,000$ ]. The amount to remit for the release of federal interest is \$405,000 [ $\$1,500,000$  multiplied by 27%].

- Property D (with no existing federal interest) is a renovation project for \$350,000 on an entity owned property. At that time, the independent appraisal indicated the property fair market value, upon completion, as \$2,000,000. The federal interest is 17.5% [ $\$350,000$  divided by  $\$2,000,000$ ]. As time has gone by, the recipient requested a release of federal interest and the current appraised market value of the property is now \$15,000,000. The amount to remit for release of federal interest is \$2,625,000 [ $\$15,000,000$  multiplied by 17.5%].