



SPECIAL¹ GRANT FUNDS PROGRAM

GENERAL GRANT PROVISIONS

April 2019

¹ For all TAJF grant programs, other than the Interest on Lawyers Trust Accounts (IOLTA), Basic Civil Legal Services (BCLS) and Crime Victim Civil Legal Services (CVCLS) grant programs which have their own grant provision manuals.

S:\Grants\Grants-All Things Grants Related\General Grant Provisions Manuals

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ARTICLE I

GENERAL

1.1 INTRODUCTION

On May 9, 1984, the Supreme Court of Texas adopted and promulgated Article IX of the State Bar Rules referred to as the Texas Equal Access to Justice Program. In so doing, the Court made the following findings:

- A. On certain client funds held by attorneys, interest income cannot reasonably be earned to benefit individual clients for whom the funds are held;
- B. Income can be earned on those client funds pursuant to the program provided for in this Article and that income should be used to provide additional legal services to the indigent in civil matters;
- C. This Court is the proper and appropriate body, through the adoption of rules as set forth in this Article, to create and administer, or cause to be created and administered, a program to carry out the purposes of this Article; and
- D. This Article is adopted in furtherance of the inherent powers of this Court to regulate the practice of law in the State of Texas.

To accomplish the above purposes, the Supreme Court of Texas ordered the formation of the Texas Access to Justice Foundation (previously, the Texas Equal Access to Justice Foundation) as a non-profit corporation whose purpose is to grant funds received by it to organizations that will use the funds exclusively to provide legal services to the indigent in civil matters.

On December 10, 1984, the Court adopted rules to implement Article IX which are the Rules Governing the Operation of the Texas Access to Justice Program (and which has been amended several times) and implementation of the Interest on Lawyers Trust Account (IOLTA) grants program. Since then, the Court has adopted rules implementing several additional grant programs: the Basic Civil Legal Services (BCLS) grants program; Crime Victim Civil Legal Services (CVCLS); the Legal Aid for Survivors of Sexual Assault (LASSA) grants program and the Legal Aid for Veterans (LAV) grants program. The Texas Access to Justice Foundation has also diversified its funding sources to include funds to disburse as grants from various sources such as cy pres awards, State Bar of Texas, donations and gifts, special Texas legislative

appropriations and other foundation funds. In order to clarify the requirements of the program for Grantees, the Foundation has developed General Grant Provisions manuals for its grant programs. Unless otherwise indicated, all Grantees will be required to comply with these provisions.

1.2 DEFINITIONS

The capitalized terms used in these General Grant Provisions are defined as follows:

"Annual Financial Statements" or "Financial Statements" - Grantee's audited annual financial statements prepared in conformity with FASB Accounting Standards Codification Topic 958 Not-for-Profit Entities which accounts for and reports the TAJF grant as a temporarily restricted fund.

"Approved Budget" - means the Proposed Budget and Budget Narrative submitted by a Grantee for the expenditure of the Grant after it has been approved by the Foundation.

"Budget Narrative" - means the budget explanation submitted to the Foundation by a Grantee along with the Proposed Budget.

"Carryover" - means the use of Grant funds in a Grant Period subsequent to the Grant Period for which they were awarded.

"Court" – means the Supreme Court of Texas.

"Executive Director" - means the Executive Director of the Texas Access to Justice Foundation.

"Fee-generating case" - means any case or matter which, if undertaken on behalf of an eligible client by an attorney in private practice, reasonably may be expected to result in a fee for legal services from an award to a client.

Fee-generating case does not include a case where:

(1) A court appoints a Grantee or an employee of a Grantee to provide representation in a case pursuant to a statute or a court rule or practice equally applicable to all attorneys in the jurisdiction;

(2) A Grantee undertakes representation under a contract with a government agency or other entity; or

(3) A Grantee provides only advice and counsel or limited services to an eligible client.

"Foundation" - means the Texas Access to Justice Foundation, the 501 (c) (3) non-profit

corporation appointed by the Court to administer the various grant programs on behalf of the Court as well as recipient of other donated or awarded funds, restricted and unrestricted to disburse and administer for their intended purpose.

"General Grant Provisions" or "Provisions" - means these General Grant Provisions as amended by the Foundation from time to time.

"Grant" - means the amount of foundation funds awarded to a Grantee for a Grant Period pursuant to the Grant Agreement.

"Grantee" - means a qualified legal services project named in the Grant Agreement as the recipient of the Grant.

"Grant Agreement" - means the contract between a particular Grantee and the Foundation pursuant to which a grant award is made and to which these provisions are attached.

"Grant Closeout" - means the process by which the Foundation determines that all applicable administrative actions and all required work of the Grant have been completed by the Grantee and the Foundation.

"Grant Period" - means the period of time specified in the Grant Agreement during which expenses for items set forth in the Approved Budget may be applied against the Grant.

"Project" - means identified activity or program approved by the Foundation.

"Proposed Budget" - means the itemized budget submitted by the Grantee for the expenditure of the Grant.

"Rules"- means any order of the Court Approving Rules and Procedures Governing the Administration of any grants program where the Foundation will administer on behalf of the Court, Including the Distribution of and Sanctions with respect to the Funds as approved adopted and promulgated by the Supreme Court of Texas.

"Termination" - means cessation of payment of Grant Installments and withdrawal of the Grantee's right to receive and authority to obligate previously awarded Grant funds before that right and authority would otherwise expire. It also means the voluntary relinquishment of that right and authority by the Grantee. "Termination" does not include the refusal of the Foundation to consent to a Carryover or the determination by the Foundation that a Grantee will not be awarded funds for a subsequent Grant Period.

ARTICLE II

GRANT PAYMENT PROVISIONS

2.1 TIMING OF PAYMENTS

Upon a Grantee's satisfaction of each of the conditions contained in Section 2.4 hereof, the Foundation shall, if state funds, notify the Court and the Court shall release one-third (four-twelfths), one-sixth or one-twelfth of the Grant (depending upon the amount of the Grant) of the Grant to the Grantee. Following receipt and approval of the quarterly reports submitted pursuant to General Grant Provision 5.1 and subject to Section 2.2, and receipt of a signed Quarterly Certification if required, the remainder of the Grant will be released in periodic installments on or about the first business day of the month following the due date of the quarterly report. Notwithstanding the foregoing, the Foundation reserves the right in its sole discretion to alter the disbursement schedule of the Grant for any or all Grantees from time to time. Grantees should submit requests for different disbursement schedules at the time of submission of the Proposed Budget and include a detailed explanation in the Budget Narrative or as a request for budget alteration if the reason for a change occurs after the beginning of the Grant Period. In the event of a Default, the Foundation may impose reasonable conditions that must be satisfied before all or any portion of the Grant is released.

2.2 FUNDING ADJUSTMENTS

The Foundation, as an agent of the Court, reserves the right to make adjustments in the amounts, permitted uses or other conditions of Grants, as it may deem appropriate from time to time. Adjustments may be made by the Foundation to the Grant in total or to any one or more installments. The Foundation will condition disbursement of any Funds which may be awarded in addition to the Grant on the Court's approval of a supplement to the Approved Budget in such form as the Foundation may direct, specifying the use of such additional funds by the Grantee. Grantees will expend such additional funds only in accordance with the approved supplement to the Approved Budget.

2.3 UNEXPENDED FUNDS

At the conclusion of a Grant Period, the Grantee will account to the Foundation for the disposition of the Grant as a part of the quarterly reports and Financial Statements required by the Rules. Any unused portion of the Grant will be returned to the Foundation at the time for such accounting unless the Grantee received specific authorization from the Foundation to carryover funds as set forth in Article XI. Unused funds which are returned to the Foundation shall either become a part of unallocated funds administered by the Foundation or be returned to the original source of funds. Grantees who anticipate expending Grant funds beyond the end of the Grant Period for which they were awarded should so indicate in the Budget Narrative.

2.4 CONDITIONS PRECEDENT TO THE RELEASE OF FUNDS

Prior to the release of any Installment of the Grant, Grantees will have satisfied each of the following conditions:

- A. The Grantee has submitted a Proposed Budget and Budget Narrative the period of time specified by the Foundation, in accordance with the Rules and such Proposed Budget and Budget Narrative have been approved by the Foundation.
- B. The Grantee has executed the Grant Agreement.
- C. The Grantee shall have made the assurances set forth in Article XVI and the factual statements made therein shall remain unchanged.
- D. All of the statements and representations contained in the application for funding shall be accurate and remain unchanged materially.
- E. Grantee has signed and returned to the Foundation an Annual Certification (See Appendix B) or a Quarterly Certification (See Appendix C), as applicable.

Subsequent to the first installment, no further installments shall be released to the Grantee if the Grantee has not continued to satisfy the conditions set forth in paragraphs C and D above.

ARTICLE III

APPROVED BUDGET AND USE OF FUNDS

3.1 APPROVED BUDGET

Upon receipt of notification of a proposed Grant, a Grantee shall submit within the time period specified by the Foundation, a Proposed Budget, Budget Narrative and, if necessary, scope of work or project proposal for the proposed expenditure of the Grant. The Foundation will provide instructions and guidelines for the submission of the Proposed Budget and Budget Narrative. All Proposed Budgets and Budget Narratives will be reviewed by the Foundation for compliance with any Rules or funds' requirements. Upon the Foundation's approval of the Proposed Budget and the Budget Narrative, said Proposed Budget and Budget Narrative shall be deemed an "Approved Budget," and the Grant will be disbursed to the Grantee in accordance with Article II of these Provisions, subject to any Rules, funds requirements, Grant Agreement, these General Grant Provisions and the Approved Budget.

3.2 USE OF FUNDS

The Grant shall be expended by the Grantee to provide civil legal services without charge to indigent persons as defined in the grant agreement, Rules pertaining to the grants program and approved budget.

3.3 COMPLIANCE WITH LAWS

Grantees must at all times comply with the assurances contained in Article XVI. In addition, Grantee will comply with all relevant Foundation policies and procedures; and, statutes, rules, regulations or decisions of the State of Texas or any applicable subdivision thereof.

ARTICLE IV
STANDARDS FOR GRANTEE
FINANCIAL MANAGEMENT SYSTEMS AND AUDITS

4.1 FINANCIAL MANAGEMENT STANDARDS

Grantees will comply with financial management standards and requirements of any Rules and or as required by the Foundation. The Foundation may impose additional requirements from time to time to reasonably enable it to monitor and evaluate the Grantee's Project and use of the Grant funds. To assist in such evaluation, the Approved Budget and quarterly financial reports will allocate Project expenses paid with Grant funds between program costs and administrative costs. Such allocation will be based on reasonable estimates and formulas, which Grantee is required to provide in the Budget Narrative.

Program Costs

"Program Costs" are those that are identified specifically with the direct delivery of civil legal services. Program Costs are typically direct costs. Typical Program Costs include the following:

1. Compensation and related taxes and benefits of personnel including contract workers for time and effort devoted specifically to the provision of basic civil legal services.
2. Cost of materials acquired, consumed or expended specifically and only for the purposes of the grant.
3. Equipment and other approved capital acquisitions necessary to accomplish solely the purposes of the Grant.
4. All other items of expense incurred specifically and only to carry out the purposes of the Grant.

B. Administrative Costs

"Administrative Costs" are those incurred for a common or joint purpose benefiting more

than one cost objective, and not readily assignable to the cost objectives specifically benefited without effort disproportionate to the results achieved. Administrative Costs are typically indirect costs. Charges for Administrative Costs normally will include items such as occupancy, utilities, telephone, office supplies or administrative salaries incurred for the benefit of the Project as a whole, as well as other activities of the Grantee.

4.2 ALLOCATION

The Approved Budget will allocate expenses of the Grant between Program and Administrative Costs (if permissible by any Rule or Funding requirement). Each item of cost must be treated consistently in like circumstances as either a Program Cost or an Administrative Cost. Grantees that are requesting Foundation funds to be used to cover administrative costs in a submitted budget, will submit to the Foundation for approval a written cost allocation plan and indirect cost rate. The Uniform Grant Management Standards (UGMS), Chapter II, “Cost Principles for State and Local Governments and Other Affected Entities” sets out the basic cost principles applicable to all grants administered by a state agency which are awarded to cities, counties, other political subdivisions of the state and entities receiving state-administered funds from federal block grants. There is also information on indirect cost allocation on the Foundation’s website under the “Grants” tab in the Admin Forms section.

The Budget and Budget Narrative will detail Administrative Costs as a proportion of the total Grant. All such allocations will be based on reasonable and documented estimates of the Grantee.

4.3 ALLOWABLE COSTS

Grantees will abide by the allowable costs provisions as stated in Attachment B of the Texas Uniform Grant Management Standards which can be found on the Foundation’s website under the “Grants” tab in the Application section. Capital additions (i.e. capital expenses or acquisitions) means 1) an article of non-expendable, tangible personal property having a useful life of more than one year and an acquisition cost which equals \$1,000 or more, or
2) buildings, land, and improvements to buildings or land that materially increase their value or useful life.

4.4 SOURCE DOCUMENTATION

Accounting records shall be supported by source documentation such as canceled checks, paid bills, timecards, payrolls, etc. The Foundation may disallow unsupported expenses and may require that funds expended for unsupported expenses be returned.

4.5 AUDIT RESOLUTION

The Foundation may require Grantees to follow a systematic method to assure timely and appropriate resolution of annual audit findings and recommendations and to report progress in such manner and at such times as the Foundation shall deem appropriate.

4.6 FINANCIAL STATEMENTS

Grantees shall submit an annual Financial Statement within the earlier for the fiscal year ended most recently within one- hundred twenty (120) days of the close of their fiscal year or 30 days after receipt of the auditor's report(s). The Financial Statements shall be prepared in conformity with U.S. generally accepted accounting principles or other comprehensive basis of accounting approved by the Foundation. The Financial Statements shall be audited or reviewed by an independent certified public accountant. The Foundation reserves the right to decide whether to accept Financial Statements that are audited or reviewed. The Foundation will only accept Financial Statements that are reviewed and not audited by an auditor for two grant cycles and after that grantee must have the Financial Statement audited. Upon a justified request from the grantee, the Foundation may grant an exception to the requirement for a reviewed or audited Financial Statement and only if allowed by the grant source. Grantees that expend greater than the "major program" threshold in state or federal grants must have a Single Audit conducted by their auditor, as required by OMB Uniform Guidance.

ARTICLE V

REPORTING AND MONITORING OF PROGRAM PERFORMANCE

5.1 REPORTING BY GRANTEES

Grantees shall comply with all reporting requirements required by the Rules. The Foundation may

impose additional, reasonable reporting requirements from time to time. Grantees shall submit a financial and program activity report to the Foundation during the Grant Period at such times as shall be directed by the Foundation. These reports will be in the form and contain the information specified by the Foundation. The financial report will detail the expenses of the Grant to date, compare those expenses against the Approved Budget, and disclose any facts or events which would make the Grantee ineligible for funding if applying for funding as of the date of the report. The Foundation may impose additional, reasonable reporting requirements from time to time.

5.2 SIGNIFICANT DEVELOPMENTS BETWEEN SCHEDULED REPORTING DATES

Between the scheduled reporting dates, events may occur which have significant impact upon the Grant. The Grantee shall inform the Foundation as soon as the following types of conditions become known:

- A. Problems, delays or adverse conditions which will materially impair the Grantee's ability to comply with the Approved Budget. A statement of the action taken or contemplated shall accompany this disclosure, and any assistance needed to resolve the situation.
- B. Any facts or events that would make the Grantee ineligible for funding if it were submitting an application for funding at that time.

5.3 PROGRAM VISITS

Visits to one or more of a Grantee's places of business may be made as necessary by Foundation representatives to inspect and review a Project's physical facilities, financial records, operational policies and procedures, including, but not limited to, the observation of a Grantee's delivery of civil legal services, and such other aspects of a Grantee's Project as reasonably necessary to ensure compliance with the Rules, the Grant Agreement, the \and these Provisions. Such monitoring visits will be conducted in reliance upon the practices and principles articulated by the American Bar Association in its *Standards for the Monitoring and Evaluation of Providers of Legal Services to the Poor, and Standards for the Provision of Civil Legal Aid* and *Standards for Programs Providing Civil Pro Bono Legal Services to Persons of Limited Means*.

ARTICLE VI

BUDGET REVISIONS AND PROGRAM CHANGES

6.1 BUDGET REVISIONS

Grantees shall not materially deviate from the Approved Budget without first obtaining the prior written consent of the Executive Director or their designee. A material deviation will be deemed to have occurred in the event of any of the following:

- 1) anticipated or actual expenses of Grant funds which are materially greater or less than as set forth in the Approved Budget, whether in total or by individual line item;
- 2) anticipated or actual expenses of Grant funds which materially alter the ratio of Program to Administrative Costs;
- 3) anticipated or actual expenses of Grant funds which involve a disposition of property acquired with Grant funds;
- 4) anticipated or actual expenses of Grant funds for which no budget line item has been approved by the Foundation; or
- 5) Budget amount increases or decreases will also be deemed material when they meet either of the following tests:
 - a) The individual deviation is in excess of \$1,000 and exceeds the lesser of \$10,000 or 10% of the Grant for that Grant period; or
 - b) The accumulated total of all budget deviations since the beginning of the Grant Period exceeds the lesser of \$10,000 or 10% of the Grant for that Grant Period.

In the event of an anticipated material budget deviation, the Grantee shall request a revision of its Approved Budget. Such request shall be in writing submitted to the Executive Director or designee fully delineating the request, the reasons for it, why it is necessary and its effect on the Grantee. The Executive Director or designee may request such additional information as he or she may deem necessary. If the Executive Director or designee determines that use of funds is consistent with the goals of the Grant Program, he or she will approve the request and the Approved Budget will be deemed amended accordingly.

6.2 PROGRAM CHANGES

In the event of any of the following program changes, the affected Grantee will notify the Director of Grants in writing within seven (7) business days:

- i) The occurrence of any event which makes, or with the passage of time will make, the Grantee ineligible to receive a Grant if it applied at that time;
- ii) There has been a theft or fraud in excess of \$100 regardless whether any Foundation funds were involved;
- iii) If the Grantee is a *party* to any litigation;
- iv) Any material change to the Grantee's program, or other funding, which would make the Budget Narrative inaccurate;
- v) Any change in the name, address and or telephone number of the Grantee, and
- vi) The separation of the Executive Director, Chief Executive Officer, Chief Financial Officer, or Director of Finance or equivalent positions or any other positions as set forth in the grant agreement.

ARTICLE VII

RETENTION AND ACCESS REQUIREMENTS FOR RECORDS

7.1 LENGTH OF RETENTION PERIOD

- A. Except as provided in paragraphs (B) and (C) of this section, records shall be retained for seven (7) years from the starting date of the submission of the final expenses report or ending date of Grant Period, whichever is later.
- B. If any litigation, claim, negotiation, audit or other action involving the records has been started before the expiration of the seven-year period, the records shall be retained until completion of the action and resolution of all issues which arise from it, or until the end of the regular seven-year period, whichever is later.
- C. In order to avoid duplicate record keeping, the Foundation may make special arrangements with Grantees to retain any records that are continuously needed for joint use. The Foundation will request transfer of records to its custody when it determines that the records possess long-term value. When the records are transferred to or maintained by the Foundation, the seven-year retention requirement is not applicable to the Grantee.

7.2 SUBSTITUTION OF ORIGINAL RECORDS

Copies made by scanning into digital form, microfilming, photocopying or similar methods may be substituted for the original records, provided that they are legible and represent in exact form, shape and content of the original. The Foundation reserves the right to under appropriate circumstances to require Grantees to retain or provide the original documents should there be any question of authenticity.

7.3 ACCESS TO RECORDS

- A. Records of Grantees: The Foundation, or any of its authorized representatives, shall have the right of access to any books, documents, papers or other of the Grantee's records which are pertinent to the Grant, in order to make audits, examinations, excerpts and transcripts.
- B. Expiration of Right of Access: The rights of access in this section shall not be limited to the required retention period but shall last as long as the records are retained.

ARTICLE VIII

MANAGEMENT OF PROPERTY

8.1 SCOPE

Policies applying to Tangible Personal Property apply to property that has:

- A. A purchase price exceeding \$1,000 and a useful life of more than one year; or
- B. A lease with annual payments exceeding \$1,000 with a lease term of more than one year that meets the requirements to be classified as a capital lease.

Tangible personal property satisfying either condition in paragraph A or B above is referred to as “Tangible Personal Property” in these policies. These policies do not apply to tangible personal property that does not meet either of the criteria set forth in paragraph A or B above.

The terms “acquire” or “acquisition” referred in these policies to purchases or leases with a term in excess of one year. The term “acquisition cost” refers in these policies to the total purchase

price or the annual lease payments, including the cost to put the property in place.

8.2 ACQUISITION PROCEDURES

Grantees must adhere to the following procedures when purchasing or leasing Tangible Personal Property:

- A. Acquisition of Tangible Personal Property with a per item acquisition cost of less than \$2,000 may be made by Grantee by any reasonable procedure;
- B. Grantees should obtain telephone or written quotations before acquiring Tangible Personal Property with an acquisition cost between and including \$2,000 and \$5,000. A record of the quotations received should be filed with Grantee's financial records and should be available for audit purposes;
- C. Grantees should prepare written solicitations for bids when acquiring Tangible Personal Property with an acquisition cost in excess of \$5,000. If feasible, Grantees should obtain at least three written quotations for the cost of the Tangible Personal Property to be acquired. If Grantees determine that special circumstances, such as compatibility with existing equipment or lack of dependable alternative vendors, require Grantees to acquire the Tangible Personal Property from a single source, Grantees need not solicit bids. Grantees should prepare and submit to the Executive Director of the Foundation an estimate of the useful life of the Tangible Personal Property, including the information used in making the estimate. All solicitation material and responses must be filed with Grantees' financial records and made available for audit purposes. If written solicitations are not prepared, Grantee should record and make available in a similar manner the reasons for not using the written solicitation process.
- D. As soon as Grantee plans to acquire Tangible Personal Property with an acquisition cost in excess of \$5,000 without bidding, Grantee should inform the Executive Director of the planned acquisition and the reasons for not using the solicitation process;
- E. Grantee should maintain accurate documentation, such as purchase orders or vendor's invoices, of all acquisitions of Tangible Personal Property;
- F. Prior to purchasing any item of Tangible Personal Property, Grantee shall prepare and submit to the Foundation those documents requested as part of the budget approval process to secure the Foundation's interest in the Tangible Personal Property. The Foundation will take reasonable measures to accommodate Grantee and other funding or financing sources when Grantee commingles Grant funds with other financing sources to purchase items of Tangible Personal Property.

8.3 GENERAL GUIDELINES

Grantees must observe these general guidelines when acquiring Tangible Personal Property:

- A. The acquisition should be an efficient use of the Grant. The Foundation recognizes that price is only one of the several factors that must be weighed when deciding from whom to acquire Tangible Personal Property. The requirements to obtain telephone or written bids do not mandate that Grantees patronize only the cheapest sources of Tangible Personal Property;
- B. In acquisitions of Tangible Personal Property, no Grantee shall discriminate against any vendor because of the race, creed, religion, color, national origin, or sex of such vendor. As used in these policies, “vendor” includes any person, firm, association, organization, partnership, business trust, corporation or company. Grantee are encouraged to seek out and use minority, women and small business vendors.

8.4 INVENTORY CONTROL

Grantees must observe the following inventory control procedures:

- A. An inventory control tag should be attached to each item of Tangible Personal Property purchased with Grant funds. These tags should be consecutively numbered and each number accounted for, unless Grantee has a reasonable alternative numbering system;
- B. A record of each item of Tangible Personal Property must be filed with Grantee’s financial records. This record should describe the Tangible Personal Property, a serial number or other identification number, its acquisition cost and date, estimate of useful life, the percent of funds used to acquire the property, the location, use and condition of the property, the vendor from whom it was acquired, who holds title, and when disposed of, its date and method of disposition.
- C. A physical inventory of the property must be taken annually and the results reconciled with the property records.
- D. A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property.
- E. Adequate maintenance procedures must be developed to keep the property in good condition.

8.5 RETENTION OF REVERSIONARY RIGHTS OF FOUNDATION

The Foundation hereby reserves a reversionary right in all Grant funds expended by a Grantee to acquire Tangible Personal Property or an interest therein. The Foundation may require the Grantee to take such reasonable steps as may be necessary to secure the Foundation's reversionary interest.

8.6 EXERCISE OF RIGHTS

- A. Upon the termination of a Grant or if the Foundation does not fund a Grantee immediately following the expiration of a Grant Period, the Foundation may within six (6) months give written notice of its election to exercise its right of reversion to all property of Grantee acquired with Grant funds. If notice is not given within the six (6) month period, the Foundation will be deemed to have waived its reversionary right in the property or Grant funds. However, such waiver does not release the Grantee from its obligation to use the Grant funds or property for the purposes stated in the Approved Budget. Title to the property will be deemed to have reverted to the Foundation upon giving of the notice described herein. Upon receipt of such notice, the Grantee will immediately deliver the property to the Foundation, or otherwise dispose of it as directed by the Foundation.
- B. When a Grantee no longer uses the Tangible Personal Property and wishes to dispose of it, the Grantee must inform the Executive Director. Grantees must dispose of surplus or unusable Tangible Personal Property as directed by the Foundation, which may include using the property as a trade-in or selling the property and using the proceeds to offset the cost of the replacement property.

8.7 DISPOSITION OF PROPERTY THAT HAS REVERTED

In the notice of exercise of its reversionary rights, the Foundation shall direct the Grantee to do the following:

- A. Physically deliver the property to the Foundation at a location designated by the Foundation;
- B. Direct the Grantee to sell the property for a price and on terms acceptable to the Foundation and remit the sale proceeds to the Foundation;
- C. Deliver the property to another Grantee serving the same county or counties to be used by such Grantee for a use approved by the Foundation; or
- D. Take such other action concerning the property as the Foundation may direct.

8.8 RELEASE OF SECURED INTEREST

The Foundation will cooperate with Grantee to release any Foundation secured interest against

Tangible Personal Property. The Foundation reserves the right to place reasonable restrictions on Grantees in connection with the Foundation's agreement to release any Foundation interest.

ARTICLE IX

DEFAULT AND SANCTIONS

9.1 DEFAULT DEFINED

Grantee shall be deemed in default of the grant conditions upon the occurrence of any of the following:

- (i) Any use of funds from the Foundation not used to provide free basic civil legal services to eligible low-income individuals and families. Any use of funds from the Foundation used to directly or indirectly support a class action lawsuit, abortion-related litigation, or a lawsuit against a governmental entity², political party, candidate, or officeholder for an action taken in the individual's official capacity or for lobbying for or against a candidate or issue.
- (ii) Any material violation by the Grantee of Foundation or fund enacting Rules, grant provisions, the policies of the Foundation, or the grant agreement; this also includes requirements imposed by the Funding source administered by the Foundation.
- (iii) Any use of grant funds not in substantial compliance with the approved budget and grant agreement including approved budget revisions for that grant period;
- (iv) Failure to provide legal services in accordance with the plans set out in its grant application(s) (and any subsequent grant renewal applications), as modified in further negotiations with the Foundation. If Grantee plans to make a fundamental change in such plans, then it will provide written notice to the Foundation at least thirty days prior to starting implementation of such plans (or immediately upon making such a change if unplanned).
- (v) The occurrence of any event which would make the Grantee ineligible to receive a grant if applying for one at that time;
- (vi) The continued failure to provide timely requested reports as requested by the Foundation.

² There is an exception to this rule if the dispute is to compel a governmental entity to provide benefits that the individual or the individual's dependent or ward is expressly eligible to receive, by statute or regulation, including social security benefits, Temporary Assistance for Needy Families, financial assistance, food stamps, special education for persons with disabilities, Medicare, Medicaid, subsidized or public housing, and other economic, shelter or medical benefits provided by a government.

- (vii) Any of a grantee's key officials (e.g., Executive Director, Chief Financial Officer, other key financial official) or any employee with control over Grantee finances, or any employees with financial management responsibilities, is charged with fraud, misappropriation, embezzlement, theft, or any similar offense, or is subjected to suspension, loss of license, or other disciplinary action by a bar or other professional licensing organization.
- (viii) The submission of any materially false or misleading information to the Foundation as a part of the grant application, approved budget, or any grant related reports; or
- (ix) Any failure to return unused or disallowed grant funds during or at the end of a grant period.

9.2 REMEDIES UPON DEFAULT

In the event of a default by a Grantee, the Foundation shall have the right to do the following:

- (i) Adopt a monthly Grant disbursement schedule (including demanding a return of Grant funds already disbursed in excess of the pro rata current month's Installment) and condition payment of subsequent Installments on the Grantee's cure of the Default;
- (ii) Terminate the Grant;
- (iii) Demand repayment of Grant funds improperly expended by a Grantee and institute legal action to recover them; or
- (iv) Seek such other remedies as the Foundation may deem appropriate.

Following are the procedures to be followed by the Foundation in deciding to recommend sanctions.

- a. Before recommending sanctions, the Foundation shall provide reasonable notice to the Grantee if a condition of default is determined to exist.
- b. Before recommending sanctions, the Foundation will allow the Grantee an opportunity to correct any deficiency (if reasonably possible to do so).
- c. The Executive Committee of the Foundation may, at its sole discretion, provide for a hearing before it or the Board of Directors of the Foundation.

ARTICLE X

GRANT CLOSEOUT

10.1 CLOSEOUT

- (i) Except as otherwise provided herein, each Grant shall be closed out as promptly as is feasible after expiration or termination.
- (ii) In closing out Grants, the following shall be observed:
 1. The Grantee shall return all unused Grant funds immediately unless a Carryover thereof has been approved by the Foundation.
 2. Within thirty (30) days of any termination, the Grantee shall submit a final accounting of all Grant funds for the current Grant Period.
 3. The Grantee shall submit within one hundred and twenty (120) days of the date of expiration or termination, all financial performance and other reports required by the terms of the Grant, including without limit, the audited Financial Statements. The Foundation may extend the due date for any report upon receiving a justified request from the Grantee, and may waive the requirement for any report that is not needed.

10.2 RIGHTS NOT AFFECTED

- (i) The closeout of a grant does not affect the legal or ethical responsibilities of a lawyer to a client under the State Bar Act, the Texas Disciplinary Rules of Professional Conduct or any other statutes, rules, regulation or provisions applicable to lawyers
- (ii) If a Grant is closed out without audit, the Foundation retains the right to disallow and recover an appropriate amount after fully considering any recommended disallowances resulting from an audit that may be conducted later.
- (iii) The closeout of a Grant does not affect the Grantee's responsibilities with respect to property under Article VIII hereof, or unexpended Grant funds as provided herein.
- (iv) The closeout of a Grant does not affect the retention period for, or Foundation rights of access to, records as provided herein.

10.3 AMOUNTS PAYABLE TO FOUNDATION

For each Grant, the following sums shall constitute a debt or debts owed by the Grantee to the Foundation, and shall, if not paid upon demand, be recovered from the Grantee or its successor or

assignees by setoff or other action as provided by law:

- (i) Any Grant Funds paid to the Grantee in excess of the amount to which the Grantee is finally determined to be entitled;
- (ii) Any amounts due the Foundation under these Provisions; and
- (iii) Any other amounts finally determined to be due the Foundation.

10.4 TERMINATION BY CONSENT

In addition to termination upon a Default, Grants may be terminated in whole or in part as follows:

- (i) By the Foundation, in which case the two parties shall agree upon the termination conditions, including the effective date and in the case of partial termination, the portion of the Grant to be terminated; or
- (ii) By the Grantee, upon written notification to the Foundation, setting forth the reasons for such termination, the effective date, and in the case of partial termination, the portion to be terminated. However, if, in the case of a partial termination, the Foundation determines that the remaining portion of the Grant will not accomplish the purposes for which the Grant was made, the Foundation may decide to terminate the Grant in its entirety.

ARTICLE XI

CARRYOVER

11.1 ORDINARY CARRYOVER

If permissible, and in accordance with any grant's funding source, and approved by the Foundation, an amount up to 10% of a Grantee's current Grant may be carried over to the subsequent grant year upon approval by the Foundation. A Grantee requesting a carryover must submit a budget and Budget Narrative showing how such funds will be used by the Grantee in the first six months of the next Grant Period.

11.2 EXTRAORDINARY CARRYOVER

In unusual circumstances, the Foundation may approve a carryover of a maximum of 25% of a Grantee's current Grant. A Grantee requesting such a carryover must submit a timely written request setting forth the unusual and extraordinary circumstances that have resulted in a projected

under-expenditure of the Grant accompanied by a Proposed Budget and Budget Narrative showing how such funds will be used by the Grantee in the first six months of the next Grant Period.

11.3 DISCLAIMER

Neither the issuance of this policy nor the acceptance of a carryover plan shall be construed as a commitment by the Foundation to award funds in the next Grant Period to any current Grantee. Where a Grantee is not awarded a Grant for the next Grant Period, previously approved carryover funds may be used in accordance with a plan and budget approved by the Foundation to promptly close out matters previously undertaken with Grant funds. Unused Grant funds shall be returned to the Foundation promptly.

ARTICLE XII

SUBGRANTS

12.1 SUBGRANT DEFINED

A subgrant is a grant of funds from a Grantee to a separate nonprofit organization to accomplish the purposes of the original Grant. A subgrant is distinct from a contract for services in the following ways:

Subgrant

- (i) A subgrant may be made only to an eligible 501(c) (3) nonprofit corporation.
- (ii) In the case of a subgrant, the Grantee grants funds to the subgrantee for use at its discretion with regard to any restrictions imposed to advance the subgrantee’s mission.
- (iii) A subgrant is typically for general purposes in furtherance of the original Grant purposes.
- (iv) A subgrant may involve costs in addition to a specified rate of compensation.

Contract for Services

- (i) A contract for services may be with a for-profit entity or individual, as well as with a nonprofit organization.
- (ii) In the case of a contract for services, the Grantee agrees to pay a specific rate of compensation for a specific service that advances the mission of the Grantee.
- (iii) A contract for services is typically for a specific service on behalf of the Grantee.

12.2 RESTRICTIONS ON SUBGRANTS

No Grantee shall subgrant any Grant funds to any other organization unless it is approved by the Foundation. The organization receiving a subgrant must read, understand, comply with, and agree in writing to be subject to and bound by the Act, Rules, these General Grant Provisions, and other policies of the Foundation. The Grantee organization providing the subgrant shall be responsible for monitoring the recipient organization to determine compliance. The organization receiving a subgrant also may be monitored by the Foundation.

Any subgrant must be part of a Grantee's approved budget. Proposed subgrants must be identified in the Grantee's Proposed Budget and Budget Narrative submitted with its Grant Application.

While a Grantee may contract with another entity to provide services to or on behalf of the Grantee, it may not give funds unconditionally to another organization for the other organization's purposes. If a Grantee intends to enter into a contract for services with another party, with grant funds, it must be described in the approved budget narrative, including the requested amounts.

ARTICLE XIII

ATTORNEY'S FEES

Funds may not be used for any case or matter that, if undertaken on behalf of an indigent person by an attorney in private practice, might reasonably be expected to result in payment of a fee for legal services from an award to a client from public funds, or from the opposing party.

However, the conditions shall not apply in any case where the Grantee determines in good faith

that the indigent person seeking legal assistance has made reasonable efforts to obtain the services of an attorney in private practice for the particular matter (including contacting attorneys in private practice in the county of residence of the indigent person who normally accept cases of a similar nature), and has been unable to obtain such services because the potential fee is inadequate, is likely to be uncollectible, would substantially consume any recovery by the client, or because of any other reason which the grantee, acting in good faith, believes prevents the client from obtaining the services of a private attorney.

A Grantee may not use Foundation grant funds to provide legal assistance in a fee-generating case unless the case has been rejected by the local lawyer referral service, or by one or more private attorneys who practice in that area of the law. Any fee-generating case accepted using Foundation funds and falls within the above exceptions, must have documentation in the client file that demonstrates what reasonable efforts were made to comply with the above provisions.

A Grantee may provide legal assistance in a fee-generating case without first attempting to refer the case pursuant to the above section only when the grantee, after consultation with appropriate representatives of the local private bar, has determined that the type of case is one that private attorneys in the area served by the Grantee ordinarily do not accept, or do not accept without prepayment of a fee. The Grantee shall consult with the local bar regarding whether the type of cases would be accepted by private attorneys in the area, no less than annually and must have documentation of the annual consultation and conclusion.

Grantees shall adopt and adhere to written policies and procedures consistent with the above provisions to guide its staff in complying with this section and shall maintain records sufficient to document the grantee's compliance with this section.

ARTICLE XIV

NO APPEALS OF FUNDING DECISIONS

The Foundation Grants are not entitlements. Recommendations for Foundation Grant awards are discretionary decisions made collectively by majority vote of the Board members, each of which

applies his or her best judgment to each decision. There may be as many different reasons for each grant decision as there are Board members comprising each voting majority. By the nature of this process each grant decision is a final decision from which there is no right of appeal or reconsideration. Grantees are free to seek information about the Board's determinations either from the Chair of the Board or the Executive Director and will find that the Board has an open information policy, although no such information can be relied upon as absolutely predictive of a discretionary, collective decision-making process.

ARTICLE XV

EMERGENCY GRANTS

If there are Foundation funds available, the Foundation may recommend funding requests outside of its annual grant cycle in emergency situations. However, the Foundation will only consider such emergency requests when the following criteria are satisfied:

- A. The request must come from a current recipient of Foundation funding;
- B. An emergency grant must meet the Foundation's regular grant criteria; and
- C. The Grantee must show the following:
 1. The need to be filled by the grant is highly meritorious;
 2. The organization submitting the proposal had no reasonable expectation the emergency would occur that would have allowed it to address the need in the application for the last previous grant cycle;
 3. The nature of the emergency requires a decision on funding before the Foundation's next grant cycle;
 4. Other funding is not obtainable that will meet the emergency need; and
 5. If the emergency is caused by loss of anticipated funding, the lost funding was committed to the organization and it was not foreseeable that it would be lost.

Any emergency grant awarded should be administered in accordance with these general grant provisions.

ARTICLE XVI

GRANTEE ASSURANCES

To qualify for a grant, at a minimum, Grantees assures compliance with the following:

1. It is a nonprofit organization exempt from taxation under section 501(c)(3) of the IRC; use the funds to provide basic civil legal services to indigent persons who earn not more than the allowed amount by the grant which is based upon the federal poverty guidelines published by the United States Department of Health and Human Services and is current in all filings required to be made by it with any governmental authority, maintains open records, conducts open meetings, and is an equal employment opportunity employer.
2. Funds from the Account must be used to provide basic civil legal services to indigent individuals. Funds may be used to support a lawsuit brought by an individual (solely on behalf of the individual or the individual's dependent or ward) to compel a governmental entity to provide benefits that the individual or the individual's dependent or ward is expressly eligible to receive, by statute or regulation, including social security benefits, aid to families with dependent children, financial assistance under Chapter 31, Human Resources Code, food stamps, special education for persons with disabilities, Medicare, Medicaid, subsidized or public housing, and other economic, shelter or medical benefits provided by a government directly to an indigent individual.

The Grantee assures compliance with the following:

- A. Funds awarded will only be used to provide free legal services in accordance with the plans set out in its grant application, as modified in further negotiations with the Foundation, and agrees to provide high quality, economical, and effective legal assistance, as measured by the ABA Standards for the Provision of Civil Legal Aid, ABA Standards for Programs Providing Civil Pro Bono Legal Services to Persons of Limited Means, and consistent with the Texas Disciplinary Rules of Professional Conduct.
- B. The Grantee will:
 1. at all times honor the attorney-client privilege and will uphold the integrity of the adversary process;
 2. not impose restrictions unrelated to statutes and rules of professional conduct on attorneys who provide representations to indigent clients with funds provided in whole or in part by the Foundation.
- C. All funds awarded will be expended exclusively to support the provision of legal services without charge to low income persons.

- D. All funds allocated by the Foundation will be expended exclusively to support services in the county or counties for which the monies were allocated.
- E. The Grantee will comply with quality control review procedures adopted by the Foundation.
- F. The Grantee will comply with fiscal management and control procedures (Standards for Financial Management Systems and Audits as stated in Article IV of these Provisions) adopted by the Foundation.
- G. The Grantee will permit site visits and present additional information when deemed reasonably necessary to determine compliance with any Rules.
- H. Grantee will restrict the use of TAJF funds to permissible activities and legal services to permissible eligible low-income clients in accordance with the specific TAJF fund requirements.
- I. Grantee understands that TAJF clients must be income eligible according to TAJF-funded income guidelines. Grantee acknowledges review of the restrictions and income guidelines for TAJF funds and will strictly comply with proper documentation for adequate screening of intake with Grantee to ensure eligibility.
- J. Grantee will not discriminate on the basis of race, creed, religion, marital status, color, national origin, gender, sexual orientation, age, gender identity or disability, or as otherwise prohibited by the laws of the United States and the State of Texas, against (1) any person applying for employment or employed by the Grantee with respect to any personnel action proposed or taken concerning the Grantee or employee and (2) any person seeking services, participation in, or the benefits or proceeds of the program or projects supported in whole or part by TAJF funds.
- K. Except for matters involving limited advice and brief services (e.g. clinics, hotlines, and similar services), Grantee shall execute a written retainer agreement, or letter of engagement with each client who receives legal services from the grantee. For cases that are referred by Grantee to pro bono private attorneys, Grantee shall make available to the accepting attorney a standard form retainer agreement that may be modified based on agreement between the pro bono attorney and client.
- L. Grantee acknowledges that it is responsible for compliance with TAJF grant requirements including any rules of the court and specific grant manual provisions that can be located on TAJF's website. Grantee must read and be familiar with the applicable general grant provision manual(s) prior to receipt of any TAJFs funds. Grantee further understands that annual audited financial statements and or audits, dependent upon specific TAJF funds received, along with 990s, must be submitted to TAJF timely. Grantee also acknowledges that state funds have additional audit

requirements that must be complied with. Applicant's auditor must read, understand, and apply the Act, Rules, General Grant Provisions, including the allowable costs provisions as stated in Attachment B of the Uniform Grant Management, Grant Agreement, and any other Foundation policy in determining compliance.

- M. Grantee understands that, by submitting any applications, the Grantee has no assurances of being funded. Should funds be awarded, TAJF may, in its sole discretion, grant funds in greater or lesser amounts and/or for greater or lesser periods of time than requested in this application.
- N. Grantee understands and agrees that the application, once received by TAJF, becomes the property of TAJF.
- O. Grantee will promptly notify TAJF of any organizational, programmatic, or budget changes when information in its grant application is no longer correct, or that would render the organization ineligible for a TAJF grant.
- P. Grantee agrees to work with other Foundation and non-foundation-funded legal services providers in the State to ensure that there is a statewide website that publishes a full range of relevant and up-to-date community legal education/pro se related materials and referral information, at least covering the common topics facing the client communities on the subject matters that are the Grantee's priorities.
- Q. Grantee understands that it must be listed in the TexasLawHelp directory of legal services. See www.TexasLawHelp.org. Grantee further agrees to provide a link to TexasLawHelp on their own website that will be displayed prominently. Grantee further agrees that if funded for the upcoming grant cycle, Grantee will collaborate and contribute material to one or more substantive law folders on TexasLawHelp and consult and cooperate with Texas Legal Services Center, the site's sponsor, as to what content and materials are needed from Grantee.
- R. If funded, Grantee will submit timely scheduled expenditure reports and any required programmatic, statistical, or progress reports as requested.
- S. RESTRICTIONS
Funds may not be used:
- to directly fund class action lawsuits;
 - to directly or indirectly support lobbying for or against a candidate or issue;
 - To directly or indirectly support abortion litigation;
 - to directly fund lawsuits against governmental entities, except by individuals to secure entitlement to benefits such as, but not limited to, social security, aid to families with dependent children, food stamps, special education for the handicapped, Medicare, Medicaid, subsidized or public housing, or other economic, shelter or medical benefits provided

- directly to indigent individuals; or
- in matters that might reasonably be expected to result in a fee from public funds or from an opposing party unless appropriate attempts have been made to obtain representation from an attorney in private practice.

I have read these assurances and understand that if this application is approved for funding, the grant will be subject to these assurances. I certify that the Grantee will comply with these assurances if the application is approved.

Executive/Program Director:

Board Chairperson:

Signature: _____

Signature: _____

Date: _____

Date: _____

APPENDIX A

The auditor must read, understand and apply any pertinent Rules, General Grant Provisions, including the allowable costs provisions as stated in Attachment B of the Uniform Grant Management Standards (except for the capital expenditure threshold, see General Grant Provision 4.3), Grant Agreement, and any other policies of the Foundation in determining compliance.

SUGGESTED AUDITING PROCEDURES

In addition to all other generally accepted auditing standards, the auditor should do the following:

1. Review grantee's board minutes to determine changes in existing policies or the adoption of new policies that contradict the requirements of the Governing Documents.
2. Perform tests of the expenses to determine that no Funds were used for prohibited activities as defined in the Governing Documents.
3. Determine that the grantee's 501(c) (3) tax-exempt status is current.
4. Determine that the Grantee is current in all filings required to be made by it with any governmental authority, maintains open records and conducts open meetings, and is an equal employment opportunity employer.
5. Determine that Grantee did not subgrant Funds to any organization not specifically approved by the Foundation. Determine that the Grantee has a written agreement with subgrantee that acknowledges the subgrantee's responsibilities.
6. Determine that the Grantee uses the Funds to provide basic civil legal services to indigent persons who earn not more than _____% of the federal poverty guidelines published by the United States Department of Health and Human Services.
7. Review case acceptance policies or practices in place to ensure that if fee-generating cases are accepted.
8. Determine that the Grantee obtains and maintains engagement letters or retainer agreements for all clients with appropriate provisions for the withdrawal of representation, except for matters involving limited advice and brief services.
9. Determine that Grantee keeps its financial records in accordance with generally accepted accounting principles or other comprehensive basis of accounting approved by the Foundation.

10. Determine that the charges against the grant were accounted for as restricted funds.
11. Determine that the charges made against the grant were in accordance with the Approved Budget, including amendments, if any, and supported by appropriate source documentation.
12. With respect to personnel costs: Review timesheets or time records to determine that employees paid with these Funds did not engage in prohibited activity as defined in the grant agreement.
13. Review policies or practices in place to ensure that no employee or attorney of the Grantee undertook any activity in violation of the Governing Documents. Interview staff as to their knowledge concerning the possible existence of prohibited activity. Determine if policies are effectively communicated to the staff.
14. Prepare a Supplemental Schedule for funds showing revenues and expenses by natural classification correlating to the Approved Final Amended Budget.

APPENDIX B

ANNUAL CERTIFICATION (If required)

By signing the GY _____ Grant Agreement, I hereby certify that the organization named below will act in accordance with the Grant Agreement and the any Rules and Procedures Governing the Administration of the Grant Civil Legal Services Program, Including the Distribution of and Sanctions with respect to the Funds (“the Rules”). I further certify that, no Funds will be used for any activities prohibited by any Act, agreement or any Rules.

Name of Executive Director

Signature

Date

Name of Organization

APPENDIX C

QUARTERLY CERTIFICATION (If Required)

[FIRST, SECOND, THIRD, OR FOURTH] QUARTER

I hereby certify that the organization named below will act in accordance with the Grant Agreement and the any Rules and Procedures Governing the Administration of the Grant Civil Legal Services Program, Including the Distribution of and Sanctions with respect to the Funds (“the Rules”). I further certify that, no Funds will be used for any activities prohibited by any Act, agreement or any Rules during the quarter ended **[date]**. I further certify that no Funds were used for any activities prohibited.

Name of Executive Director

Signature

Date

Name of Organization