

(3), EDA may increase the amount of grant assistance for projects within redevelopment areas by an amount not to exceed 10 percent of the aggregate cost of any such project if:

(1) The redevelopment area is situated within a designated economic development district (EDD) and is actively participating in the economic development activities of the district; and

(2) The project is consistent with a currently approved district OEDP.

(b) Projects assisted in districts outside redevelopment areas pursuant to section 403(j) of the Act shall not be eligible for 10 percent bonus grants under this section.

§ 305.10 Grants for construction cost increases.

(a) For the purposes of this section, *construction cost increases* means those costs which the applicant incurs or will incur in completing the project according to the original designs and specifications beyond the project costs set forth in the grant agreement.

(b) EDA may increase the amount of any grant made under the authority of Title I of the Act when the following conditions are met:

(1) The project is being or will be constructed in accordance with the original designs and specifications or in accord with final plans and specifications which reflect the original intent and purpose;

(2) The project's total cost has increased because of increases in costs based on the original designs and specifications (or based on final plans and specifications reflecting the original intent and purpose); and

(3) The project has incurred construction cost increases after the grant was made but prior to completion of the project.

(c) Limitations on amount of grants are as follows:

(1) The amount of a grant made under paragraph (b) of this section may be equal to an amount based on the percentage increase in the costs referred to in paragraph (b)(2) of this section, as determined by EDA; and

(2) A grant for construction cost increases may not be in an amount which would cause the Federal share of the

project's costs to exceed the percentage originally provided for in the grant agreement.

Subpart C—Other Requirements

§ 305.11 Disbursements of funds for grants.

(a) Though disbursements of funds for grants are generally made upon application for reimbursement, advances of funds are allowable at the discretion of EDA. Disbursements will be made when the following conditions have been met:

(1) After execution of all contracts required for the completion of the project. This condition may be waived by EDA if the grantee can demonstrate that enforcement of the condition would place an undue burden on it;

(2) For itemized and certified eligible costs incurred, as substantiated by such documentary evidence as EDA may require;

(3) For the percentage of EDA participation, but in no event for more than the total sum stated in the financial assistance award accepted by the grantee;

(4) Upon such evidence as EDA may require that grantee's proportionate share of funds is on deposit;

(5) After a determination by EDA that all applicable conditions of the grant have been met; and

(6) After meeting such other requirements as EDA shall establish.

(b) Disbursements are generally made in installments, based upon grantee's actual rate of disbursement in accordance with the grant rate.

§ 305.12 Variance in cost of grant projects.

(a) If the total eligible costs are equal to or exceed the amount stated in the financial assistance award, disbursements will be the amount identified in the financial assistance award.

(b) If the total eligible project costs are less than the amount stated in the financial assistance award, the disbursements will be determined by multiplying the total eligible project costs by the grant rate percentage.