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Duplication of Benefits Policy

Version 1.0

June 2026

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Version History

Version	Date	Summary Description
1.0	June 2026	Original



Introduction

Purpose

CDBG-DR grants are one of multiple Federal sources which assist in funding disaster recovery. These sources of Federal assistance often can be used for the same purposes by grantees and disaster survivors. For this reason, the Stafford Act (42 U.S.C. 5121–5207) and CDBG-DR appropriations acts require HUD and its grantees to coordinate with other Federal agencies that provide disaster assistance to prevent the Duplication of Benefits (DOB). The Stafford Act’s prohibition on DOB aims to ensure that federal assistance serves only to “supplement insurance and other forms of disaster assistance” (42 U.S.C. 5170).

The CDBG-DR program requires that grantees, such as the State of Iowa, ensure that a DOB does not occur in the use of CDBG-DR funds. Preventing DOB generally means that grantees may not use CDBG-DR funds for eligible costs funded by other sources and used for the same purpose. In other words, if a recipient (e.g., a person, household, business, or other entity) of CDBG-DR funds already received assistance from another source in response to the flooding, the recipient cannot also receive CDBG-DR funds for the same purpose, thus resulting in a DOB.

This manual establishes the policies and procedures to prevent DOB within the State of Iowa’s various CDBG-DR programs. In doing so, the State aims to also prevent fraud, waste, and abuse of the State’s CDBG-DR award. This manual may be updated periodically to incorporate applicable changes in the CDBG-DR program as required by HUD and/or determined necessary by the State.

APPLICABLE REQUIREMENTS

Stafford Act

DOB is regulated by the [Stafford Act](#), as amended. The Stafford Act prohibits recipients of federal disaster grants from receiving financial assistance under any other program, or from insurance or any other source, for the same disaster loss. Section 312 of the Stafford Act makes grant recipients of Federal disaster assistance liable for repayment of the amount of Federal disaster assistance that duplicates benefits available for the same purpose from another source (42 U.S.C. 5155(c)). The Stafford Act also provides that when assistance covers only a part of the recipient’s disaster needs, additional assistance to cover needs not met by other sources will not cause a DOB (42 U.S.C. 5155(b)(3)). Therefore, CDBG-DR assistance may only pay for eligible activities to address unmet needs.

Universal Notice

Per [Memorandum 25-03](#), the core DOB principles (e.g., no duplication is allowed, verification of other assistance, recapture if needed) are still intact. While there is no major change in DOB, State of Iowa will refer to this guidance for newer grants to ensure that program stay in compliance.

CDBG-DR Duplication of Benefits Requirements

HUD’s guidance in [76 FR 71060](#), [84 FR 28848](#), and [84 FR 28836](#), is applicable to all active HUD CDBG disaster recovery grants. These notices provide information to ensure all active CDBG disaster recovery grantees are in compliance with the Robert T. Stafford Disaster Relief and Emergency Assistance Act, (42 U.S.C. 5121–5207), as amended, (Stafford Act), and all future CDBG disaster recovery grantees address duplication of benefits issues

consistently. These notices were also developed in consultation with the Small Business Administration (SBA) and the Federal Emergency Management Agency (FEMA).

Uniform Administrative Requirements at 2 CFR 200

The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at [2 CFR Part 200](#) requires that costs of federal grants, including CDBG-DR funds, must “be necessary and reasonable”. These requirements (“Cost Principles”) prohibit using a federal grant for costs that have already been or will be paid from another source, and that the costs are considered reasonable if they do not “exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost.” Cost Principles are made applicable to states by 24 CFR 570.489(p). State grantees are also subject to 24 CFR 570.489(d), which requires states to have fiscal and administrative requirements to ensure that grant funds are used “for reasonable and necessary costs of operating programs.”

Grantees’ DOB policies and procedures must describe how CDBG-DR funding will be verified as non-duplicative, and that costs are both accurate and within a market-rate or practical standard for specific work or products. When evaluating costs, grantees should consider questions such as, “Is there a need for the assistance? Is the cost necessary for an eligible activity? Does it meet program standards?”

ROLES AND RESPONSIBILITIES

Iowa Economic Development Authority (IEDA)

The Iowa Economic Development Authority (IEDA), also referred to as “the State”, is the grant recipient of CDBG-DR funding from HUD. The structure and process of the distribution of CDBG-DR funds to localities within the State is summarized in the State’s Action Plan for Disaster Recovery that can be found on the [Disaster Recovery website](#).

IEDA is responsible for ensuring that subgrantees comply with these DOB Policies and Procedures in their role of supporting potential beneficiaries to seek, apply for, and receive CDBG-DR assistance. IEDA is responsible for reviewing applications submitted by subgrantees and requests for assistance to determine and document that no DOB occurs. IEDA is also responsible for the coordination of data-sharing agreements with state and federal partners as needed.

Subgrantees

Eligible localities apply to IEDA for CDBG-DR funding via the [Iowa Grants](#) management portal. Funding for subgrantees may be administered by the region’s Council of Government (COG) or a qualified entity as determined by IEDA. Subgrantees, in their role of reviewing and submitting applications, are responsible for ensuring that all required data is uploaded and submitted via Iowa Grants to enable IEDA to validate DOB.

Applicant

An applicant may be a subgrantee or a household/family/business applying for funds through the subgrantee, depending on the CDBG-DR activity. The applicant is the subject of a DOB review, as they are the ones receiving CDBG-DR funds.

Beneficiaries

Beneficiaries are those that benefit from CDBG-DR funds and may be individuals or households/families/business. If the subgrantee is the applicant, then the beneficiaries are individuals that benefit from the CDBG-DR funds. If the applicant is a household/family/business, then the household/family/business is also the beneficiary.

KEY DEFINITIONS

Duplication of Benefits (DOB)

A DOB occurs when Federal financial assistance is provided to a person or entity through a program to address losses resulting from a Presidentially declared disaster, and the person or entity has received (or would receive, by acting reasonably to obtain available assistance) financial assistance for the same costs from any other source. In other words, a DOB occurs when:

- A Beneficiary receives assistance or anticipates receiving assistance; and
- The assistance is from multiple sources (i.e., FEMA, SBA, nonprofits, private insurance, Public-Private Partnership (PPP), City, State, etc.); and
- The assistance amount exceeds the total need for a specific purpose.

Types of Assistance

There are a variety of funding sources that may be considered a DOB depending on the funding source, purpose, and use. Assistance considered to be a potential DOB includes:

- Other disaster recovery funding (e.g., FEMA, Army Corp, SBA)
- Cash awards
- Insurance proceeds (e.g., payouts from policies under the National Flood Insurance Program (NFIP) for flood-related disasters)
- Grants
- Subsidized loans received by or available to each CDBG-DR applicant (unless there are exceptions)
- Awards or assistance under local, state, and private or nonprofit organizations
- Other HUD grants (e.g., HOME, CDBG)

Assistance not considered to be a potential DOB includes:

- Personal assets such as money in a checking or savings account (excluding insurance proceeds or other assistance deposited into the applicant's account)
- Declined or cancelled subsidized loans (including SBA loans)

- Private loans
- Government-subsidized loans, including subsidized loans, provided that all Federal assistance is used toward a loss suffered as a result of a major disaster or emergency.
- Unemployment benefits
- Retirement accounts
- Credit cards and lines of credit
- In-kind donations (although these non-cash contributions known to the grantee reduce total need)
- Assistance provided for a different purpose than the CDBG-eligible activity, or a general, non-specific purpose (e.g., “disaster relief/recovery”) and not used for the same purpose
- Funds received for a different disaster declaration other than the coronavirus pandemic
- Funds not available to the applicant, like when insurance funds must be used for a forced mortgage payoff

Private Loans: A loan that is not provided by or guaranteed by a governmental entity, and that requires the CDBG-DR applicant (the borrower) to repay the full amount of the loan (principal and interest) under typical commercial lending terms, e.g., the loan is not forgivable.

Subsidized Loans: Loans other than private loans, including forgivable loans. Both SBA and FEMA provide subsidized loans for disaster recovery.

Declined Loans: Loan amounts that were approved or offered by a lender in response to a loan application, but were turned down by the applicant, meaning the applicant never signed loan documents to receive the loan proceeds.

Cancelled Loans: The borrower has entered a loan agreement, but for a variety of reasons, all or a portion of the loan amount was not disbursed and is no longer available to the applicant. (Must document that the loan is no longer available). The loan cancellation may be due to default, agreement by both parties to cancel the undisbursed portion of the loan, or expiration of the term for which the loan was available for disbursement.

Excluding Non-Duplicative Amounts

Iowa will exclude amounts for any assistance that falls into either of the following categories:

- Provided for a different purpose than the CDBG-DR assistance (i.e., for a different purpose than the CDBG-DR eligible activity) or for a general, non-specific purpose (e.g., “disaster relief/recovery”)
- Provided for the same purpose as the CDBG-DR assistance (i.e., for the same purpose as the CDBG-DR eligible activity), but for a different allowable use/cost, as long as the applicant can document that the actual specific use of the assistance was allowable and for a different use/cost.

Again, these amounts must be excluded from total assistance when calculating the amount of the DOB.

Information Sharing

IEDA will establish data-sharing agreements as necessary with federal, state, and other entities, to ensure ongoing exchange to access data files. The agreements will allow information access for previous benefits paid to the applicant from FEMA, SBA, National Flood Insurance Program (NFIP), private insurance, and private or non-profit funding.

Order of Assistance

Iowa must verify whether FEMA or Army Corps funds are available for an activity (i.e., the application period is open) or the costs are reimbursable by FEMA or Army Corps (i.e., the grantee will receive FEMA or Army Corps assistance to reimburse the costs of the activity) before awarding CDBG-DR assistance for costs of carrying out the same activity. If FEMA or Army Corps are accepting applications for the activity, the applicant must seek assistance from those sources before receiving CDBG-DR assistance.

Third Party Verification

Before CDBG-DR assistance is provided to any beneficiary, IEDA analyzes and documents that Subgrantees, assisted individuals or families, businesses, and other entities that receive CDBG-DR assistance have not previously received, or will not receive, duplicative assistance from another source.

IEDA and its Subgrantees will utilize a third-party verification process by sending a Consent to Release Form signed by the applicant to all agencies identified by an applicant as well as all known financial assistance resources to determine whether resources were received, this includes federal, state, and local, non-profit agencies and other organizations.

In the case of third-party verification and, in the absence of a non-response from agencies after three requests, the DOB Coordinator (in collaboration with the Subgrantee) will use information obtained from the applicant and through their own research efforts to acquire the needed data.

DOB data collection (application)

Applications submitted via Iowa Grants require the applicant to list and provide documentation of other forms of assistance received to address the needs resulting from the disaster. Applicants must also sign and upload a Consent to Release Form allowing data to be shared for the purpose of DOB analysis.

Applicants are also asked if they ever received federal assistance if the property is in the floodplain. A third-party verification must be conducted on all properties located in a floodplain. NFIP, local register of deeds offices, and other resources should be researched to determine whether the property ever received federal disaster assistance. If the home received previous federal assistance and did not maintain flood insurance the property is not eligible for CDBG-DR assistance.

Should the DOB form indicate that the individual has received FEMA assistance when the CMA does not indicate so, the State will contact the individual through certified mail to confirm the information submitted on the DOB form. The individual's deadline for a response will be at least 30 calendar days. Should the individual confirm that they received FEMA assistance, the State will coordinate with FEMA to identify the data discrepancy.

Should the CMA indicate that an applicant beneficiary has received benefits through FEMA assistance programs that would result in an adverse action against such an individual as a result of the CMA agreement, the State will send contact the individual through certified mail and provide them with a period or no less than 30 calendar days to contest/appeal the benefit determination. The State will describe the information it has received through FEMA CMA and the DOB process and provide instructions to the applicant beneficiary on how to contact the State to express disagreement with the State's findings and submit information to appeal the State's DOB finding. Upon receipt of the applicant beneficiary's information, the State will coordinate with FEMA and/or other entities to review and verify the information it has received. Upon a conclusion of the review, the State will contact the beneficiary via certified mail and email (if provided by the applicant beneficiary) with its finding.

Subgrantees, assisting applicants to prepare applications, are expected to ensure that all supporting documentation is included in the application prior to IEDA review.

Subrogation Agreement

To address any potential duplication, the Allocation Notice requires beneficiaries to enter a signed agreement (“Subrogation Agreement”) to repay any assistance later received for the same purpose as the CDBG–DR funds. The agreement must also include the following language: “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.”

The subgrantee is responsible to identify a method to monitor compliance with subrogation agreements. The subgrantee must maintain up-to-date records regarding subrogation agreements. A subgrantee must notify the State regarding any changes to such agreements for a reasonable period of time, the duration of the contract between the State and the subgrantee.

DOB PROCEDURES

DOB Calculation

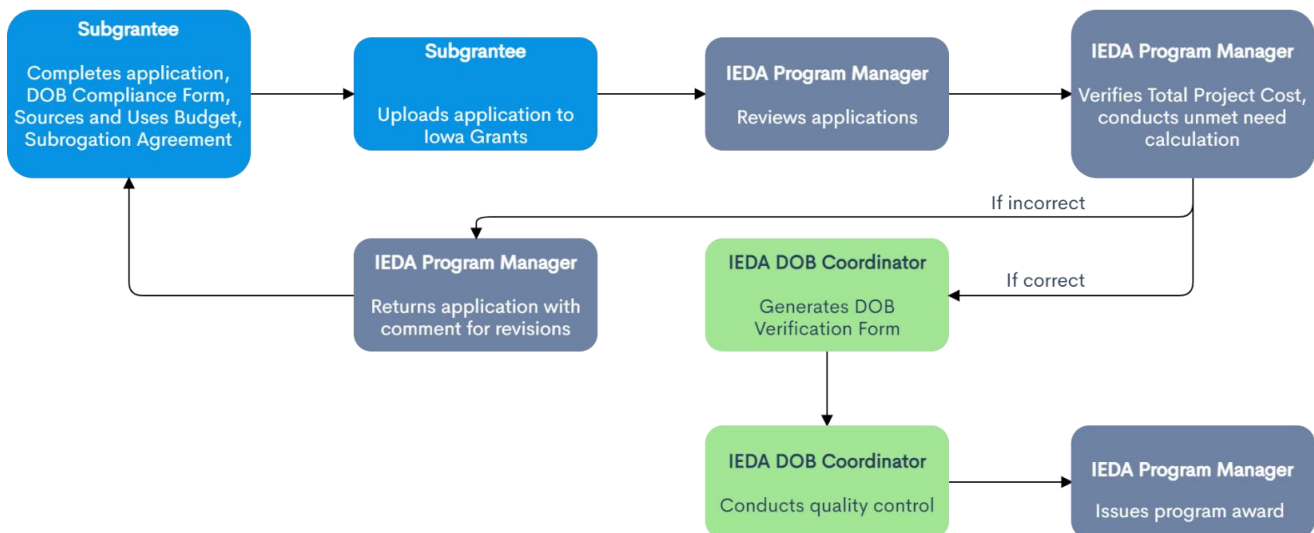
In order to identify the DOB amount and calculate the CDBG-DR award, IEDA staff will do the following:

1. **Identify the total need:** Determine a Subgrantee’s or Applicant’s unmet need(s) for CDBG-DR assistance before committing funds or awarding assistance. The need will be calculated based on assessment of need at the time of assessment; when IEDA is conducting the DOB analysis and calculating the amount of CDBG-DR assistance the applicant is eligible to receive.
2. **Identify the total assistance:** Total assistance includes resources such as cash awards, insurance proceeds, grants, and subsidized loans received by or available to each CDBG-DR applicant, including awards under local, state, or Federal programs, and from private or nonprofit charity organizations. IEDA will determine all disaster assistance received by the Subgrantee or Applicant and all reasonably identified financial assistance available to the Subgrantee or Applicant.
 - a. Total assistance does not include personal assets such as money in a checking or savings account (excluding insurance proceeds or disaster assistance deposited into the applicant’s account), retirement accounts, credit cards and lines of credit, in-kind donations (although these non-cash contributions can reduce the total need when known to the grantee), and private loans.
3. **Calculate the DOB:** After calculating the total assistance, Iowa will determine which assistance is non-duplicative. The total DOB will be calculated by subtracting non-duplicative exclusions from total assistance (e.g., $DOB = Total\ Assistance - Exclusions$)
4. **Calculate the CDBG-DR Award:** To calculate the maximum CDBG-DR award amount, IEDA will: (1) identify total need; (2) identify total assistance; (3) subtract exclusions from total assistance to determine the DOB amount; and (4) subtract the DOB amount from the applicant’s total need to determine the maximum CDBG-DR award amount, which is normally equivalent to the applicant’s unmet need (e.g., $CDBG-DR\ Award = Total\ Need - DOB$)
 - a. Adjustments for program caps, grantee payouts covering duplicative assistance, or reassessments of need may change the final CDBG-DR award
5. IEDA requires the Subgrantee or Applicant to enter into a signed agreement to repay any duplicative assistance, including if they later receive additional assistance for the same purpose for which the CDBG-DR award was provided.

DOB Procedures

Subgrantee-Led DOB Analysis

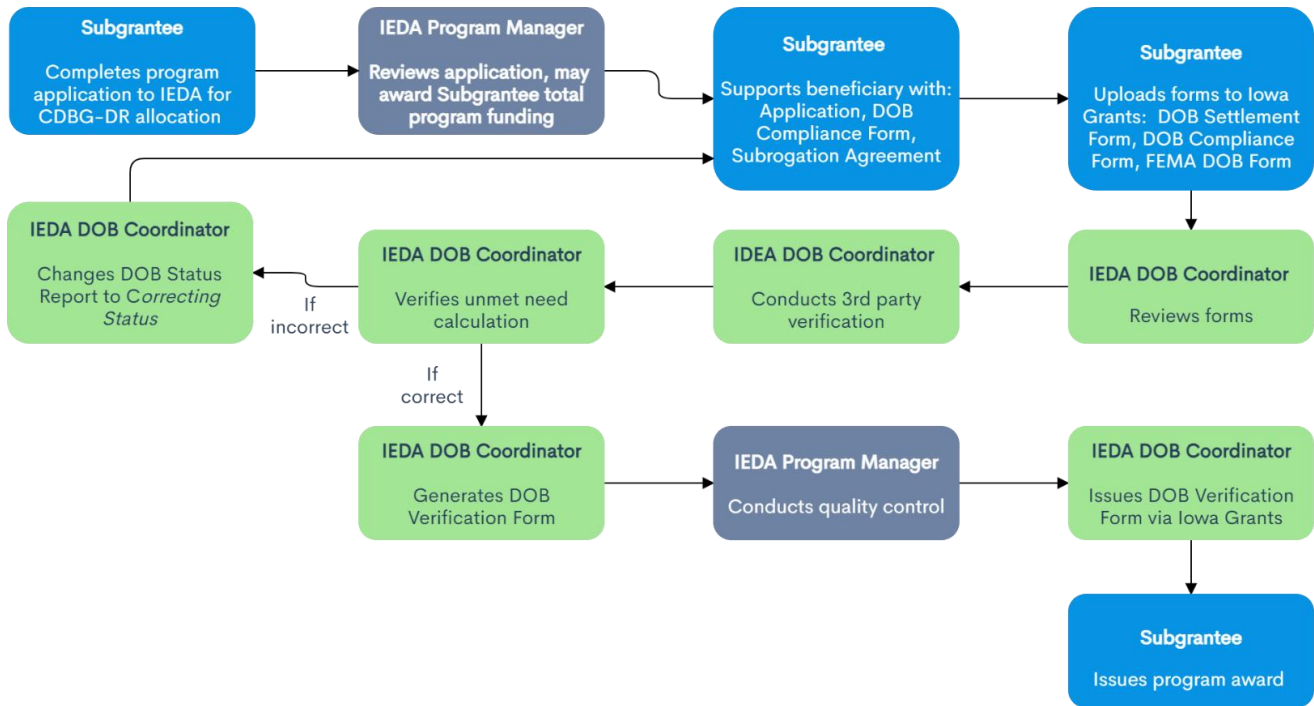
1. **Subgrantee** completes and submits application via Iowa Grants to IEDA for each individual project, including the following supporting documentation:
 - a. **Sources and Uses Budget.**
 - b. **DOB Certification.**
 - c. **Subrogation Agreement/Affidavit.**
2. **IEDA Program Manager** reviews application for accuracy and completeness.
3. **IEDA Program Manager** validates the subgrantee’s **Total Unmet Need = Total Project Costs – Duplicative Assistance (if any)** and verifies the CDBG-DR cost share does not exceed Total Project Costs.
 - a. If the Application data is incorrect, **IEDA Program Manager** enters comments and changes **Application** to “Correcting” status for **Subgrantee** to edit and resubmit.
 - b. If the competitive round does not allow for Application modifications, the Application will be marked as “Ineligible”.
4. During Application Review, **IEDA DOB Coordinator** conducts review of data provided in DOB Certification and generates **DOB Verification Form** and uploads to “Application Review” in **Iowa Grants**.
5. **IEDA DOB Coordinator** validates all potentially duplicative assistance (including outreach to third parties as necessary).
6. **IEDA Program Manager** issues award to Subgrantee based on the assessment of the Application, including the DOB, and proceeds with executing a Subrecipient Agreement.



Applicant-Led DOB Analysis

1. **Subgrantee** completes and submits application via Iowa Grants to IEDA for the amount of funds needed for the program, up to the program allocation amount.

2. **IEDA Program Manager** reviews the application and supporting documentation, and if approved makes an award (Subrecipient Agreement) to the Subgrantee for the amount of funds needed for the program, up to the program allocation amount.
3. **Subgrantee** works with **Applicant** to finalize and sign all beneficiary and address specific documentation, including the following (however in some cases FEMA forms may be used instead of these):
 - a. **Consent to Release Form.**
 - b. **DOB Certification.**
 - c. **Subrogation Agreement.**
4. **Subgrantee** uploads completed forms into the **DOB Status Report**, including total unmet need and awards from other programs that may be considered a duplication.
5. **IEDA DOB Coordinator** reviews **DOB Status Report** for completeness regarding DOB, including supporting documentation.
6. **IEDA DOB Coordinator** validates all potentially duplicative assistance (including outreach to third parties as necessary). When another federal agency has conducted DOB for a match program the prior verification information will be used for IEDA's verification process.
7. **IEDA DOB Coordinator** identifies other assistance not to be duplicative because funds are used for a different purpose or the funds that are not considered to be duplicative.
8. **IEDA DOB Coordinator** validates the applicant's **Total Unmet Need = Total Project Costs – Duplicative Assistance**, (up to the program cap).
9. **IEDA DOB Coordinator** confirms that the Application DOB data aligns with the DOB calculation.
 - a. If the Application data is incorrect or the supporting documentation does not match the third-party verification, **IEDA DOB Coordinator** changes **DOB Status Report** to "Correcting" status for **Subgrantee** to edit and resubmit.
 - b. If the Application data is correct, **IEDA DOB Coordinator** changes **DOB Status Report** to "Approved" status and generates **DOB Verification Form**. This form clearly shows the beneficiary's award amount based on DOB calculation.
10. **IEDA Program Manager** conducts quality control review of **DOB Verification Form** and uploads to **IowaGrants** where it can be accessed by the subgrantee and provided to the applicant/beneficiary.



DOB Recordkeeping

IEDA must document compliance with DOB requirements. Because policies and procedures for DOB must be specific for each program funded by the CDBG-DR grantee and should be commensurate with risk, along with the policy, IEDA will include specific program requirements in the applicable program guidelines that are posted on the Disaster Recovery website.

When documenting its DOB analysis, IEDA cannot rely on self-certification from the applicant alone for proof of other sources of funds for the same purpose (unless authorized). Any self-certification by an applicant must be based on supporting evidence that will be kept available for inspection by HUD and oversight agency such as HUD Office of Inspector General (HUD OIG). To avoid self-certification, IEDA will work with applicants to pull from available data sources to substantiate the DOB analysis and records.

Monitoring DOB

An applicant's total need is calculated based on need estimates at a point in time and often represents the applicant's need at the time the DOB analysis is conducted. Oftentimes, the actual unmet need does not become apparent until after CDBG-DR assistance has been provided (e.g., increase in cost, more assistance provided, etc.). IEDA will reassess unmet need and DOB calculation, when necessary, and if there is a subsequent change in a Subgrantee's or Applicant's circumstances that affects the remaining unmet need.

Collecting a Duplication

If a potential DOB is discovered after CDBG-DR assistance has been provided, IEDA will reassess the Subgrantee's or Applicant's need at that time. If additional need is not demonstrated, CDBG-DR funds will be recaptured to the extent that they are in excess of the remaining need and duplicate the assistance received by the Subgrantee or Applicant for the same purpose.

Under the Stafford Act, a federal agency that provides duplicative assistance must collect that assistance. For CDBG-DR grants, IEDA must and will collect duplicative assistance it provides.

Per [2025-01-HUD-DOB-Collection Policy](#), there are 2 exceptions to this rule. This includes:

1. When duplicative assistance was received by beneficiaries who, after the receipt of CDBG-DR assistance, are subsequently determined to be deceased, subject to foreclosure action, or experiencing bankruptcy; or
2. When duplicative assistance was received by a low-and moderate-income (LMI) beneficiary, and subsequent federal financial assistance is awarded for the same purpose.

APPENDIX:

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Applicable DOB Forms

Below are the DOB forms mentioned in the policy.

- IEDA Consent to Release Form (*refer to the recovery website for a copy of this form*)
- IEDA DOB Certification (*refer to the recovery website for a copy of this form*)
- IEDA Subrogation Agreement (*refer to the recovery website for a copy of this form*)
- IEDA DOB Verification (*this form is embedded in the IowaGrants application*)
- IEDA Sources and Uses Budget (*this form is embedded in the IowaGrants application*)