**Section 1100.260 Lapsed Funds**

a) Grant funds not expended or legally obligated by the end of the Grant Agreement are considered lapsed and must be returned within 45 days following the end of the Grant Agreement, as required by the Grant Funds Recovery Act.

b) The Grantee shall identify the amount of lapsed funds in the final report submitted to the Administrator.

c) The Administrator shall verify the amount of lapsed funds and notify the Grantee in writing if there is a dispute within 40 days after the end of the grant period.

d) If the Grantee fails to timely return the lapsed funds, the Administrator shall institute proceedings to recover the funds in accordance with the Grant Funds Recovery Act.