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## MEMORANDUM

TO: Superintendents; Independent School Heads; School Business Officials  
FROM: Zoie Saunders, Secretary  
SUBJECT: Real Property Data Collection and Recording of Federal Interest  
DATE: January 10, 2025

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### Purpose

Federal Uniform Guidance ([2 C.F.R. Part 200](#)) requires that Local Education Authorities (LEAs) and Independent Schools that have used any federal fund to either purchase Real Property or make improvements to Real Property ([2 C.F.R. § 200.330](#)) must report on the status of real property (**Real Property Reporting**). Since the disbursement of federal emergency relief funds in 2020, many LEAs and Independent Schools have activated this reporting requirement.

Additionally, LEAs and Independent Schools that have used any federal funds in the amount of \$1 million or more must **Record** a Notice of Federal Interest (NFI) in the official real property records for the jurisdiction in which the facility is located. (**Real Property Recording**)

#### Further clarification on the \$1 million threshold:

- The \$1 million threshold is a U.S. Department of Education (USED) directive, not meant to include and/or apply to funds granted by another federal agency. You must consult that federal agency's agency specific requirements.
  - o For example, if a district spends \$1.5 million on a remodeling project where \$500,000 came from ESSER and the remaining from another federal agency, there is no USED mandated recording requirement.
- **If multiple federal funding sources are braided together:**
  - o Use form [SF-429](#) to enter the aggregate amount of Federal funding for the project and then use the "Remarks" section to break out, by agency, the amount of funding that supported the project.

Federal Uniform Guidance defines Real Property as "land, including land improvements, structures and appurtenances thereto, but excludes moveable machinery and equipment" ([2 C.F.R. § 200.1](#)). These



purchases should include any expenditures (funded in whole or in part with Federal grant funds subgranted to by the VT Agency of Education to make additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to capital assets that materially increase their value or useful life. Maintenance, which does not materially increase the value or useful life of the property, is not required for this collection.

## **Procedures**

### **Reporting Federal Interest – Real Property Data Collection**

The Agency of Education (AOE) is considered the “Federal Pass Through Entity” for disbursement of federal funds, and therefore data collection by the AOE is required. Collection is expected to occur annually for at least the next fifteen years. To facilitate the establishment of an annual collection, the AOE has developed the [Real Property Reporting](#) online reporting tool.

All LEAs and Independent Schools who have used federal funds for Real Property acquisition or improvement must report these purchases using the designated data collection form. All applicable spending that has occurred since the establishment of the CARES Act on March 13, 2020 should be reported. Any projects or purchases that are in progress but are not yet considered “substantially complete” should be reported once they have been “substantially completed”. Subsequent reporting will align with the fiscal year.

Data reporting does not require assurance from a Superintendent or Independent School Head and may be completed by a district business official or designee. One web form submission per Real Property entry is required – LEAs or Independent Schools who have made multiple Real Property investments using federal funds should plan to complete multiple submissions.

In an effort to meet our federal reporting requirements for this data, the Agency has established a deadline for reporting of February 15, 2025. Please note: Many SU’s previously reported eligible Real Property records in an earlier data collection. While the data collection tool is not equipped to “carry over” previously reported records, our team will be reaching out in January 2025 to provide a record of previous reports. Please make any necessary updates to each record and report all eligible Real Property records by February 15, 2025, even if previously reported.

### **Recording Federal Interest (Notice of Federal Interest, NFI)**

As required by [2 CFR 200.316](#), districts that use **\$1 million or more** of federal funds to acquire or improve facilities with federal funds must also record the federal interest in the property, at the location of the official real property records for the jurisdiction in

which the improved property is located, no later than **January 28, 2025**. Typically, recordings may be completed at the designated municipal office for the property in question. For more information about recording processes, legal description requirements, ownership information documentation, and/or locations, please contact the municipal official for the town, city, or other municipality in which the property resides.

Specifically, in reference to legal description requirements, there are typically six general requirements for Reporting Federal Interest at your local jurisdiction:

They are:

1. The NFI must reference the appropriate P/R Award Number, i.e., P425XXXXXXX (this can be found in Box 2 of your Grant Award Notification (GAN)).
2. The description of the project should clearly describe the approved construction project, renovation, or purchase supported in part or whole by grant funds.
3. The legal description should be preferably the full legal description of the property in the deed. However, Township and Range, or Map, Block, and Lot number will be accepted. A physical address may be included, but it does not constitute a sufficient legal description by itself.
4. The signatory of the NFI should be the owner of the property or authorized representative. This indicates the owner's consent to have a lien filed on the property.
5. The NFI must then be notarized and embossed with a notary seal.
6. The NFI must then be recorded with the applicable jurisdiction.

These six are intended to offer guidance on legal descriptions, but please be sure to check with your local jurisdiction for any additional requirements or specific requirements for legal descriptions and ownership information documentation.

When **\$1 million or more** of federal funds are used for renovation, major remodeling, construction, or real property projects, a school district must **record** a Notice of Federal Interest (NFI) by January 28, 2025. Recording may also be required if less than \$1 million in federal funds is invested. For projects **under \$1 million**, federal interest must be recorded:

- If the federal funds represent "the vast majority" of the total value (such as building with a total value of \$1.5 million that used \$900,000 in Federal funds)

- If US ED determines that a district is in high-risk status, US ED may require an NFI be recorded (to protect the Federal interest from other liens that could prevent the building from being used for its educational purpose)
- If the Federal interest in the project is insignificant but the project is (even slightly) above \$1 million (such as building with a total value of \$100 million that used \$1,000,005 in Federal funds)

## Summary

SU/SD's that have used federal funds, of any federal source, to purchase or improve Real Property as defined above, must complete the following required actions:

Report Real Property purchase or improvements using the annual AOE data collection, using the [Real Property Reporting](#) online reporting tool by February 15, 2025.

Record the federal interest in the property at the designated location of the official real property records (likely the designated local municipal office) by January 28, 2025.

## Contact

For questions regarding the requirements of Real Property Reporting and Recording or this data collection, please contact Kate Horton at [katherine.horton@partner.vermont.gov](mailto:katherine.horton@partner.vermont.gov).