

§ 1177.14 Suspension or revocation of eligibility for federal financial assistance.

(a) Unless waived by the Chairperson (or the Chairperson's designee), NEH will not extend financial assistance, which includes grants, cooperative agreements, contracts, loans, loan guarantees, or loan insurance to any person delinquent on a nontax debt owed to a Federal agency. NEH may extend credit after the delinquency has been resolved. The Secretary may exempt classes of debts from this prohibition and has prescribed standards defining when a "delinquency" is "resolved" for purposes of this prohibition. See 31 CFR 285.13 (Barring Delinquent Debtors from Obtaining Federal Loans or Loan Insurance or Guarantees).

(b) In non-bankruptcy cases, when NEH is seeking the collection of statutory penalties, forfeitures, or other types of claims, it will consider suspending or revoking a debtor's licenses, permits, grants, cooperative agreements, contracts, or other privileges for inexcusable or willful failure to pay such a debt in accordance with NEH's regulations or governing procedures. In its written demand for payment, NEH will advise the debtor of the agency's ability to suspend or revoke licenses, permits, grants, cooperative agreements, contracts, or other privileges. In instances where NEH is making, guaranteeing, insuring, acquiring, or participating in grants, cooperative agreements, contracts, or loans, it will consider suspending or disqualifying any lender, contractor, grantee, partner, counterparty, broker, or participant from doing further business with NEH or engaging in programs, agreements, or activities that are sponsored, co-sponsored or otherwise supported by NEH if such lender, contractor, grantee, partner, counterparty, broker, or participant fails to pay its debts to the Government within a reasonable time or if such lender, contractor, grantee, partner, counterparty, broker, or participant has been suspended, debarred, or disqualified from participation in a program, agreement, or activity by another Federal agency. NEH will report to Treasury the failure of any surety to honor its obligations in accordance with 31 U.S.C. 9305. The Treasury will forward to all interested agencies a notification that a surety's certificate of authority to do business with the Government has been revoked by Treasury.

(c) NEH will also extend the suspension or revocation of licenses, permits, grants, cooperative agreements, contracts, or other privileges to Federal programs, agreements, or activities that are administered by the states or other third parties on behalf of the Federal Government, to the extent that they affect the Federal Government's ability to collect money or funds owed by debtors. Therefore, states or other third parties that manage Federal programs, agreements, or activities, pursuant to NEH approval, should ensure that appropriate steps are taken to safeguard against issuing licenses, permits, grants, cooperative agreements, contracts, or other privileges to debtors who fail to pay their debts to the Federal Government.

(d) In bankruptcy cases, before advising the debtor of its intention to suspend or revoke licenses, permits, grants, cooperative agreements, contracts, or other privileges, NEH will seek legal advice from its Office of the General Counsel concerning the impact of the Bankruptcy Code, particularly 11 U.S.C. 362 and 525, which may restrict such action.