



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES
REHABILITATION SERVICES ADMINISTRATION

Date: March 12, 2026
DCL-26-01

Dear Colleagues:

The Rehabilitation Services Administration (RSA) is providing instructions regarding the submission of Real Property Status Report (SF-429) forms and the Notice of Federal Interest (NFI) recording requirement for the State Vocational Rehabilitation (VR) Services program.

The *reporting* requirement ([2 C.F.R. § 200.330](#)), set by the Office of Management and Budget (OMB), requires that grantees must report annually, for at least the first 15 years, on the status of the real property in which the Federal government has made a monetary investment and therefore has an ongoing interest. The Federal interest *recording* requirement¹ ([2 C.F.R. § 200.316](#)), in combination with the OMB construction grant assurances, [Assurances for Construction Programs](#) (SF-424D), provides Federal agencies with discretion as to when grantees are required to locally record notices of Federal interest (or other public notices of record, such as liens) regarding that Federal interest. In general, these longstanding requirements help ensure that a facility can continue to be used for educational purposes after a grant has ended; establish the level of public investment in the facility that may be recouped if the property is subsequently transferred to private ownership; and promote nondiscrimination, including accessibility, while the property is used for a grant's educational purpose

While many U.S. Department of Education (Department) grant programs prohibit the use of Federal funds for construction activities, real property purchases and improvements may be allowable under the VR program. Many States have used VR funds² to make critical improvements in facilities in support of VR program purposes.

This guidance is divided into four sections: SF-429 Reporting, NFI Recording, Disposition, Submission of Forms and NFI.

I. SF-429 Reporting

A. Requirements:

This form is required by OMB ([2 C.F.R. § 200.330](#)) only if VR funds were used to

¹ Federal fiscal year (FFY) 2024 and subsequent FFYs included the SF-429 requirement in a VR Grant Award Notification (GAN) attachment titled Performance and Financial Reports (RSA-VR-3).

² The term "VR funds" will be used to reference Federal VR funds, program income, and non-Federal funds used as match.

acquire, construct, or improve real property³; thereby, giving the Department a monetary Federal interest⁴ in that property.

According to the regulations, grantees must report annually, for at least the first 15 years, on the status of the real property in which the Federal government has a monetary investment and therefore has an ongoing interest. In instances where the Federal interest is for a period of 15 years or more, the Federal awarding agency or pass-through entity, at its option, may require the non-Federal entity to report at various multi-year frequencies. The VR program must use a 20-year reporting period because, pursuant to Section 101(a)(17)(B) of the Rehabilitation Act, Section 306 of the Rehabilitation Act of 1973 (as in effect on the day before the date of enactment of the Rehabilitation Act Amendments of 1998) requires buildings constructed with Federal funds to be used for at least 20 years for the purposes for which they were constructed. *There is no minimum Federal interest at which the reporting requirement ceases to apply.*

If a grantee uses VR funds to renovate a facility that it, or a third party owns, the grantee must complete and submit an SF-429 annually for the required 20-year period, or the duration of the useful life of the capital improvement, whichever comes first. When the real property is secured through a lease arrangement, the real property reporting and NFI requirements, including the use of the SF-429 forms, applies.

The SF-429 cover page and appropriate Attachment (A or C) must be completed by all grantee that have property that was improved or purchased, in whole or in part, by VR funds. Typically, a grantee will submit the cover page form and Attachment A. Attachment C is only used when there is a real property disposition (see 2 CFR §§ 200.310-200.313).

1. [Real Property Status Report](#) (Cover Page) (SF-429) must be submitted along with the SF-429 Attachments A or C, as applicable.
2. [Real Property Status Report Attachment A](#) (General Reporting) (SF-429A) must be submitted by each VR agency that has used VR funds, program income, or non-Federal funds used for match to acquire, construct, or improve real property, thereby giving the Department a Federal interest in that real property.
3. Real Property Status Report Attachment B (SF-429B) is used to request permission to acquire, improve, or furnish real property. This Attachment is not required because RSA has established a separate process for prior approval ([DCL-24-05](#)) of capital assets [2 C.F.R. § 200.407](#). *Grantees that have received prior approval for a renovation, major*

³ Real property means land, including land improvements, structures, and appurtenances thereto, and legal interests in land, including fee interest, licenses, rights of way, and easements. Real property excludes moveable machinery and equipment ([2 C.F.R. § 200.1](#)).

⁴ Federal interest, when used in connection with the acquisition or improvement of real property, equipment, or supplies under a Federal award, means the dollar amount that is the product of the –

(1) Percentage of Federal participation in the total cost of the real property, equipment, or supplies; and
(2) Current fair market value of the property, improvements, or both, to the extent the costs of acquiring or improving the property were included as project costs. ([2 C.F.R. § 200.1](#)).

remodeling, construction or a real property project directly from the Department must annually submit the SF-429 and SF-429A forms to the Department for each parcel of real property improved with VR funds. Grantees must request and receive prior approval before incurring costs for these purposes.

4. [Real Property Status Report Attachment C](#) (Disposition or Encumbrance Request) (SF-429C) must be submitted whenever a grantee is seeking Department approval to sell, transfer, or encumber property subject to a Federal interest, including the refinancing of existing indebtedness and subordination of a Federal interest to the rights of a lender. *If for any reason the property acquired or improved by Federal VR funds is sold, transferred, or otherwise changes use, the grantee must first contact the RSA [Financial Management Specialist](#) for your agency for appropriate disposition instructions of the Federal interest.*

OMB's instructions for completing the SF-429 form, including the Attachments, can be found at the [Federal Post-Award Reporting Forms website](#).

The SF-429 is tied to the FFY and not limited to one specific VR award. A separate copy of Attachment A is required for each piece of real property reported during each FFY reporting period. In addition, should VR agencies improve the same property multiple times in different reporting periods, the VR agency must report a separate SF-429 cover page and Attachment A for each improvement to the property. For example, VR agencies with State-owned State-operated community rehabilitation programs (CRPs) may improve the property multiple times over several FFYs.

Example 1:

Property A - if a VR agency spends \$1.2 million during the year of appropriation (FFY 2024) and an additional \$1.3 million during the carryover year (FFY 2025), the agency must submit two separate SF-429 reports since the requirement is to report annually.

Example 2:

Property A - if a VR agency spent \$2.5 million five years ago (FFY 2020) on the same Property A, then a separate set of SF-429 forms will need to be submitted by this year's deadline.

If the improvements from both Examples 1 and 2 were implemented, the VR agency would have three sets of SF-429 submissions for Property A, reporting on the improvements from –

1. FFY 2020, currently in its sixth year of the 20-year period;
2. FFY 2024, currently in its second year of the 20-year period; and
3. FFY 2025, in its initial year of the 20-year period.

B. Report Due Date:

The SF-429 forms and required Attachments are submitted annually and due on or before

January 28 of each FFY. To provide grantees with a reasonable timeline for the first submission of the SF-429 forms, RSA is providing an extension for the reports due January 28, 2026. The one-time extended due date for FFY 2025 is June 29, 2026. After that date, all SF-429 forms and Attachments will be due on January 28 (120 calendar days following the end of the FFY).

Initially, grantees must submit SF-429 reports for any circumstances meeting the reporting requirements where the 20 years have not been exceeded (i.e., for acquisitions or improvements to real property that occurred prior to FFY 2025). After that, grantees will provide yearly updates until the disposition of the real property.

C. Determination of Federal Interest:

In general, the amount of Federal interest is calculated using the definition of “Federal interest” in [2 C.F.R. § 200.1](#):

“For purposes of § 200.330 or when used in connection with the acquisition or improvement of real property, equipment, or supplies under a Federal award, the dollar amount that is the product of the:

- (1) The percentage of Federal participation in the total cost of the real property, equipment, or supplies; and
- (2) Current fair market value of the property, improvements, or both, to the extent the costs of acquiring or improving the property were included as project costs.”

Please note that the calculation must apply the percentage of Federal participation of the original acquisition or improvement to the current fair market value of the building, not the building’s original cost.

The market value of renovations/alterations will change over time, and this will be reflected as annual reports are filed. The Department will work with grantees to recognize the changing market value of improvements and other activities made by the grantee or property owner of the facility.

Example:

Property A (with no existing Federal interest) is a renovation project for \$350,000 on a grantee owned property. An independent appraisal indicated the property fair market value, upon completion, was \$2,000,000. The Federal interest is 17.5% (\$350,000 divided by \$2,000,000). After 5 years, the grantee requests a release of Federal interest, and the current appraised market value of the property is now \$15,000,000. If no other Federal funds were used on the property, upon RSA approval, the amount to remit for release of Federal interest is \$2,625,000 (\$15,000,000 multiplied by 17.5%).

The start date for the Federal interest on the SF-429A is the date the property is put into service. The Federal interest in the property does not expire until a formal disposition request has been submitted (SF-429C) with supporting documentation and is approved by RSA. So long as a Federal interest remains, the grantee must report on the property annually.

D. Real Property Cost:

When reporting the real property cost, enter the total cost of the property, using the current value as required pursuant to [2 C.F.R. § 200.1](#). Include the following data for ANY VR funds contributing to the acquisition or improvement of the property:

1. Amount provided by the Federal government (including program income);
2. Share percentage provided by the Federal government (based on the Federal share of the total cost of the project);
3. Amount provided by the non-Federal parties;
4. Share percentage provided by the non-Federal parties;
5. Total cost; and
6. Total share percentage (sum must equal 100 percent).

E. Authorized Official:

The Authorized Official, who signs the form, must be authorized by the grantee to act as the “Authorized Certifying Official.” A copy of this authorization must be kept on file. By signing, the Authorized Certifying Official is certifying that to the best of their knowledge and belief, the information contained in the report is true, correct and accurate. A false statement of fact in the report may constitute a violation of Federal law.

II. NFI Recording

A. Requirements:

In addition to OMB’s real property reporting requirement, noted above, there is a related Federal interest *recording* requirement. In accordance with [2 C.F.R. § 200.316](#), real property, equipment, and intangible property acquired or improved with the Federal award must be held in trust by the grantee or subrecipient as trustee for the beneficiaries of the project or program under which the property was acquired or improved.

The Department will generally exempt grantees that use less than \$1 million in VR funds for a renovation, major remodeling, construction, or other real property project (such as land acquisition) from *recording* the Federal interest. This determination reflects increased market values for real property and improvements, the Department’s desire to focus recording activities on the most significant projects, and the presumption that the administrative burden of recording the Federal interest generally outweighs the benefits for projects below this threshold.

RSA recognizes there may still be some case-by-case situations where the Department may require recording for a project that uses less than \$1 million in VR funds. For example, the Federal interest in a project could still be significant when the project uses less than \$1 million in Federal funds if the Federal funds represented the vast majority of the total value (such as a building with a total value of \$1.5 million that used \$900,000 in VR funds). Or, for example, if the Department determines that Federal funds expended for a CRP through an establishment project is less than \$1 million but represents a substantial part of the CRP’s infrastructure cost, the Department may require recording as a prudent safeguard to further

protect the Federal interest from other liens that could prevent the use of the building for its intended program purpose.

The Federal interest exists in improved real property even if the Federal interest is not recorded. For renovation, major remodeling, construction, or real property projects where the VR funds used are less than \$1 million, grantees and subgrantees must still maintain adequate documentation regarding protection of all Federal interest. This includes timely filing the annual real property reporting forms referenced above and maintaining the associated records. Whether or not a grantee must record an NFI has no bearing on the disposition requirements of the Federal interest.

B. Recording Content:

Grantees should check with their local jurisdictions for instructions on how to record the Federal interest. Typically, there are six general requirements⁵ for an NFI.

1. The NFI must reference the appropriate P/R Award Number (FAIN), i.e., H126AXXXXXX (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.

C. Recording Timeline:

VR agencies that have a renovation, major remodeling, construction, or real property project of \$1 million or more in VR funds must record all NFIs by January 28 of each FFY. To provide grantees with a reasonable submission timeline for recording their first NFIs, RSA is providing an extension to the NFIs due January 28, 2026. The one-time extended due date for recording NFIs is June 29, 2026. The NFI's must be reported by July 31, 2026. After that date, all new NFIs will be due on January 28 (120 calendar days following the end of the FFY).

III. **Disposition**

SF-429 [Attachment C](#) (Disposition or Encumbrance Request) is only used when there is a property disposition. If a grantee decides to sell or transfer the property improved or

⁵ This guidance is based on information from FAQ: Federal Interest in Real Property (hrsa.gov) found at the United States Health and Human Services' Bureau of Primary Health Care's Health Resources & Services Administration's website at www.bphc.hrsa.gov.

purchased, in whole or in part, with VR funds, the grantee must contact the [Financial Management Specialist](#) assigned to the agency for appropriate disposition instructions prior to taking any contemplated action. Grantees may be required to reimburse the Department for the Federal interest in the property if the property will be used in a way that was not supported originally by VR funds.

IV. Submission of Forms and NFI

SF-429 forms and NFI must be submitted and/or uploaded electronically through the RSA Management Information System ([RSAMIS](#)). In addition, grantees should maintain a hard copy of the report, signed by the Authorized Official, for verification purposes. Instructions for entering/uploading the information are available on the RSAMIS website.

Grantees must have an RSAMIS account and be assigned reporting permissions to the form. To request an RSAMIS account, please visit: <https://rsa.ed.gov/form/new-user-registration>.

If you have any questions about these requirements, please contact the [Financial Management Specialist](#) assigned to your agency.

Sincerely,

Christopher Pope
Director, State Monitoring and Program Improvement
Division, delegated the authority to perform the functions
and duties of the Commissioner