



Homeownership Production Implementation Manual

Introduction

This manual was designed by Kentucky Housing Corporation (KHC) for the administration of the U.S. Department of Housing and Urban Development's (HUD) HOME Investment Partnership Program (HOME) and the Affordable Housing Trust Fund (AHTF).

The manual contains resources and forms used to implement projects using HOME or AHTF. The manual is not inclusive of all resources needed to successfully administer a project. To learn more about the HOME program visit HUD's [OneCPD Resource Exchange](#).

If you have questions or need additional assistance with materials within this manual, please contact a KHC program representative.

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1: ENVIRONMENTAL REVIEW PROCESS

1.1 The Environmental Review Process

All projects receiving HOME funds are required to have an environmental review performed in accordance with 24 CFR, Part 58. These regulations were designed by HUD to ensure compliance with the National Environmental Policy Act and other related laws. The level of environmental review required varies depending upon the type of activity proposed. The types of environmental reviews normally required with the HOME Program can be grouped into three main categories:

1. Exempt or Categorically Excluded Not Subject to § 58.5.

This level of review is relatively simple and consists of only a couple pages of paperwork. Activities consistent with this level of review do not produce any physical change. Examples include administration, planning, engineering, etc.

2. Categorically Excluded Subject to § 58.5.

This level of review is simpler than a full review but still requires a minimum of 60 days to complete. Construction projects can be placed in this level of review if they meet certain criteria. Unspecified site projects must be covered by this type of review; therefore, the activities of these projects are limited.

3. Full Assessment.

This is the most extensive review routinely performed in the HOME Program. Projects normally fall into this category if they involve site-specific development of more than four units or projects which involve a change in the use of a structure.

Kentucky Housing Corporation (KHC) will perform the necessary environmental reviews for nonprofits and private developers. However, these entities will still be required to perform site checklists for unspecified site projects (see below).

Recipients that are units of local government are required to perform their own review and then submit copies of all review materials to KHC. Units of local government will receive a packet along with their notice of funding. This packet will contain instructions and materials for performing the environmental review. A typical environmental review will take up to 90 days, and possibly longer, so you are strongly encouraged to begin it as soon as you receive notice of funding. The environmental review and the technical submission process can be carried out at the same time.

No release of funds can be granted without a completed environmental review. All questions, correspondence and materials dealing with the environmental review should be sent to the attention of: Environmental/Labor Specialist, Kentucky Housing Corporation, 1231 Louisville Road, Frankfort, Kentucky 40601, (502) 564-9866.

Projects with Unspecified Sites

Projects that have sites unspecified at the time of the environmental review are required to follow the HOME Projects Environmental Monitoring Strategy for Unspecified Sites (see attached). **Please note that all unspecified site projects must follow this monitoring strategy, regardless of who performs the environmental review.** KHC has developed this

process in order to allow for the funding of projects prior to the identification of all project locations.

Projects with Specific Sites

Projects that have specific sites will be reviewed during the original environmental review conducted by KHC or recipients of local government. After these projects are reviewed and cleared, no additional action is required other than mitigation measures identified during the review.

1.2 Unspecified Site Monitoring Strategy

Kentucky Housing Corporation HOME projects that have unspecified sites at the time of release of funds are still subject to the requirements of 24 CFR Parts 58.5 and/or 58.6 and will satisfy these requirements through the use of a site checklist process. Depending on the type of project, one of two attached KHC checklists will be used. The following strategy discusses both checklists as well as other requirements of unspecified site projects. This information applies to the direct recipients of KHC HOME funds (i.e., the nonprofit agency that applied to KHC for funding, not the individual homeowner).

The Unspecified Site Environmental Checklist for Certain Homebuyer Projects

This checklist may be used for home buyer projects that include only activities (such as closing cost and down payment assistance, interest buydowns and similar activities resulting in transfer of title) to assist home buyers to purchase existing dwelling units or dwelling units under construction without assistance through the HOME Program and without prior intent to sell the unit to a HOME-assisted buyer. If you can use this checklist, you should check “yes” to the first question on the checklist and read Sections A and B of the checklist before filling out the information section at the bottom. Following is guidance to help you to understand the requirements of Section A and B of the checklist.

Section A

This section requires you to determine if the subject property is in a runway clear zone or clear zone. These zones are areas immediately beyond the end of runways. Runway clear zones are located at the end of civil airport runways. These zones are trapezoidal in shape with a maximum length of 3,000 feet. The base (end near runway) has a maximum width of 1,000 feet. The opposite end widens out to a maximum width of 1,750 feet. Clear zones are at the end of military airports and are normally 3,000 feet wide and may be as much as 9,000 feet in length. If the project site might be located within one of these zones, you should contact the airport to find out for certain. If the property is located in one of these zones, you must complete the attached *Notice to Prospective Buyers of Properties Located in Runway Clear Zones and Clear Zones* and keep it in your records.

Section B

A determination must be made as to whether or not the unit is located in a flood hazard area. This is normally done by the private lender if one is involved in the project. If a lender does not make this determination, you must do so. If the area is covered by a Flood Insurance Rate Map (FIRM), commonly called a flood zone map, you must check it. These are normally available at the city hall or the county courthouse. If the area is not covered by a

FIRM, you should use whatever information is available that would indicate whether or not the area is flood prone. Sometimes areas that are not covered by FIRM maps have been studied and a map exists showing flood-prone areas. If the unit is in a flood hazard area, you must ensure that flood insurance is obtained and maintained if it is available. If flood insurance is not available, you must ensure that the unit is constructed above the flood hazard elevation.

KHC Unspecified Site Environmental Review Checklist

This checklist is used for all HOME unspecified site projects that do not use the previous checklist. Following is guidance to help with the specific questions on the checklist.

1. Historic Properties

For all properties that are over 50 years old, in a historic district, adjacent to a historic district or have a potential to effect historic properties in the area, the documentation must include a copy of the letter and all photographs sent to the State Historic Preservation Officer (SHPO). The SHPO will want to see photographs of all structures that are 50 years old or older that are a part of the project or adjacent to the project area. This is applicable even to undisturbed land. With undisturbed land you will need to have a clearance letter from SHPO stating that there is no need for an archeological survey.

File documentation must include a clearance letter from SHPO. For projects with adverse effects (36 CFR § 800.6), the documentation must include a memorandum of agreement with the SHPO and, where applicable, Advisory Council on Historic Preservation.

The SHPO can be contacted at:

Environmental Review Coordinator
Kentucky Heritage Council
State Historic Preservation Office
300 Washington Street
Frankfort, KY 40601
(502) 564-7005

2. Flood Plain Management & Flood Disaster Protection

In response to Executive Order 11988, Floodplain Management as interpreted in HUD regulations at 24 CFR Part 55, and the Flood Disaster Act of 1973. Each site will be reviewed to determine if the site is in the 100 year flood plain.

All project files must include documentation that the property is, or is not, in the 100 year floodplain. For all projects in the 100 year floodplain, flood insurance must be obtained and documented. The following requirements must also be documented:

Compliance is different for the two project options below:

1. If the site is within a SFHA and the rehabilitation costs are less 50% of the market value before rehabilitation, the documentation must indicate that pursuant to 24 CFR § 55.12(b)(2) the floodplain decision making process does not apply.
2. If the site is within a SFHA and the project is either an individual action (demo/reconstruction) or rehabilitation with costs that are equal to or exceed 50% of

the market value before rehabilitation, the documentation must show compliance with 24 CFR § 55.20, which requires two public notices, study of alternatives and mitigation.

3. Wetland Protection

A determination must be made and documented regarding if the project could impact a wetland. Documentation that wetlands will not be impacted can be photographs and statements if it obvious and apparent that the area could not be a wetland. For example, if the soil being disturbed was a parking lot or driveway this can be documented and a determination made that no wetlands will be affected. If it is not clear and obvious that wetlands are not being disturbed, the U.S. Fish and Wildlife wetlands maps will be consulted and used for documentation. The maps are located at <http://www.fws.gov/wetlands/data/Mapper.html>

If it is determined that wetlands may be effected (regardless of if they are on the U.S. Fish & Wildlife Map) then compliance with Executive Order 11990 must be documented.

4. Endangered Species Act

The U.S. Fish and Wildlife Service Kentucky Field Office has recognized that certain categories of HUD funded projects typically result in insignificant or no adverse effects to fish and wildlife resources, and that a detailed review by the U.S. Fish and Wildlife Service Kentucky Field Office is not warranted for such projects. In an effort to reduce paperwork and unnecessary review of these types of HUD funded projects the U.S. Fish and Wildlife Service Kentucky Field Office and the Kentucky Housing Corporation have entered into a Programmatic Agreement that details exactly which type of projects actually need to be sent to the U.S. Fish and Wildlife Service Kentucky Field Office for review. You can find the Programmatic Agreement on the Kentucky Housing Corporation's web site.

5. Wild and Scenic Rivers

This category only pertains to projects that will affect water resources of the Red River. If the project is located within three-fourths of a mile of the Red River, the recipient is required to contact KHC and the appropriate steps will be taken to ensure compliance with this requirement.

To produce documentation to demonstrate this go to the following site and print off the details regarding the Red River and include details regarding your project site in relation to the protected portions of the Red River. <http://www.rivers.gov/kentucky.php>

6. Toxic waste, dumps, industrial sites, etc.

The Environmental Protection Agency's site must be checked for obvious signs of toxic or radioactive materials being stored on or near the site and, if necessary, obtain information on previous uses of the site (Notice 79-33). Check the EPA's web page http://www.epa.gov/enviro/html/multisystem_query_java.html.

This is a simple search that allows you to enter the zip code of the project and it will bring up a list, by category, of everything the EPA has listed in that zip code. Many of

the items listed are simple permits, but it also lists the more important items such as superfund sites and chemical releases. You are expected to use your common sense in determining if something could potentially be a problem. If you have questions, you may call KHC to further discuss your specific situation.

7. Prime and Unique Farmland

The Farmland Protection Policy Act of 1981 requires federal agencies to minimize the extent to which their programs contribute to the unnecessary and irreversible conversion of farmland to nonagricultural uses. If the project does not affect farmland or if the project is within a city's corporate limits and is in an area planned for development by the city, the answer to this question would be "no." If the project will affect farmland and you need guidance in determining if the affected property is prime or unique farmland, contact your county's U.S. Natural Resources Conservation Service office.

8. Noise Abatement and Control

A map must be included that shows whether the site is within 3,000 feet from a railroad, 1,000 feet of a major highway (10,000 average daily traffic flow or higher), or 15 miles from a commercial airport that services jets.

If the project is within any of the distances listed above, a noise assessment is required. The noise assessment tool for road and railway noise is located at:

<http://www.hud.gov/offices/cpd/environment/dnlcalculator.cfm>

If the project is located within 15 miles of a commercial airport that services jets, the noise map/information must be obtained from the airport. If the noise levels are "Normally Unacceptable" or "Unacceptable" new units cannot be constructed without acceptable mitigation. If the project is not new construction, mitigation measures must be considered.

9. Hazardous Operations

Look for hazards such as large storage tanks of explosive/flammable materials. Underground storage tanks, including those at gas stations, are not considered to be a threat. Also excluded are small tanks of 100 gallons or less of common liquid industrial fuels (heating oil, oil, gasoline, etc.). Also excluded are natural gas holders with floating tops, used to store vaporized natural gas. Look at all facilities within one mile of your project. You are expected to use some common sense but err on the side of caution when determining if a facility is close enough to cause problems if it caught on fire or exploded. If you have any doubt, call KHC to discuss your specific project.

10. Airport Clear Zone and Accident Potential Zone

This question requires you to determine if the subject property is in a runway clear zone or clear zone. These zones are areas immediately beyond the end of runways. Runway clear zones are located at the end of civil airport runways. These zones are trapezoidal in shape with a maximum length of 3,000 feet. The base (end near runway) has a maximum width of 1,000 feet and widens out to a maximum width of 1,750 feet at the opposite end. Clear zones, found at the end of military airport runways, and are normally 3,000 feet wide and may be as much as 9,000 feet in length. If the project might be located within one of these zones, contact the airport to find out for certain.

You are also required to determine if the project is in an accident potential zone. These zones are associated with military airports and extend beyond clear zones. The basic accident potential zones are 3,000 feet wide and extend 15,000 feet (close to three miles) from the ends of the runways. The actual size of the accident potential zones will vary depending on the airport's specific characteristics. Contact the airport if your project is within six miles of the end of any military airport runway. They will help you determine if your project is located in their accident potential zone.

1.3 Unspecified Site Environmental Review Checklist (acquisition-only projects)

To access this information, please visit the [HPIM Resources](#) page of the KHC Web site.

1.4 Unspecified Site Environmental Review Checklist (construction or rehab projects)

To access this information, please visit the [HPIM Resources](#) page of the KHC Web site.

2: Technical Submission Items

2.1 Homeownership Technical Submission Checklist

To access this information, please visit the [HPIM Resources](#) page of the KHC Web site.

2.2 Certification of Financial Management Compliance

CERTIFICATION OF FINANCIAL MANAGEMENT SYSTEM COMPLIANCE WITH THE “COMMON RULE,” 24 CFR, PART 84 AND 24 CFR, PART 85 REQUIREMENTS

Recipient: _____ Date: _____

Contact Person: _____ Phone: _____

This certification is for funding year: _____

This certification is required prior to release of funds pursuant to the “Common Rule,” 24 CFR Part 84 (for nonprofit organizations) and 24 CFR Part 85 (for units of local government). The “Common Rule” requires that recipients of federal funds have financial systems that meet the requirements set forth under the section entitled “Standards for Financial Management Systems.”

AUDITOR’S CERTIFICATION

Name, Address and Telephone Number of Auditor:

Does the Recipient’s financial system have separate account numbers for each project activity?
 Yes No

Do the separate accounts provide a way to break project costs out on a line item basis?
 Yes No

3. Are costs reviewed in terms of the “Common Rule,” 24 CFR Parts 84 and 85, prior to obligation or expenditure?
 Yes No

Does someone compare budgeted line item costs against incurred costs in order to identify spending variances on a line item basis so that adjustments can be made in a timely manner?
 Yes No

Is source documentation acquired, processed and filed prior to any disbursements?
 Yes No

Does the financial system produce regular financial status reports?
 Yes No

Are appropriate controls in place to assure accountability for all funds?

Yes No

Are appropriate controls in place to safeguard cash, property and other assets?

Yes No

Is the finance officer bonded?

Yes No

Has the Recipient been audited by an independent auditor or agency?

Yes No

If yes, do the last two audits express an unqualified opinion?

Yes No

If yes, does either of the last two audits indicate any audit exceptions or findings?

Yes No

If yes, please attach a copy of findings from the audited financial statements.

11. In your judgment, is this Recipient capable of undertaking the financial management of HOME funds?

Yes No

Signature of Auditor

Date

Name of Auditor (Please type or print)

If prior year audit has not been performed, the Certification should be signed by the recipient's chief executive officer.

Signature

Date

Printed Name and Title

2.3 Process to Receive FHA Approval/Certification

The U.S. Department of Housing and Urban Development (HUD) has instituted certain procedures for organizations utilizing FHA-insured financing in conjunction with HOME funds. All recipients of HOME homebuyer funds, i.e., private developers, nonprofit organizations and units of local government, must submit specific information to HUD for approval prior to drawing HOME funds on units that will also utilize FHA-insured financing. Please refer below for more specifics.

Units of local government and private developers

Prior to utilizing a FHA-insured first mortgage with HOME funds, units of local governments and private developers must be approved by HUD. Unless the program plan in regard to the use of HOME funds changes, this approval is only required one time.

Nonprofit organizations

Nonprofits that utilize HOME funds with FHA-insured financing must be approved by HUD every two years. In addition, three percent of the purchase price must be unencumbered by a lien, i.e., in the form of a grant, gift and/or owner contribution. Please note that in extreme circumstances, HUD has granted KHC permission to utilize HOME funds in the form of a grant to help meet this three percent contribution, if needed. All other HOME funds in the unit would still be subject to the loan terms and appropriate affordability periods as approved. Please note that if HOME funds have to be used in the form of a grant, a recipient's individual program plan may need to be revised.

To become FHA certified, please call 1-888-696-4687 to begin the process. Once approved, you will receive notification from HUD; a copy of this approval letter must be forwarded to your assigned HOME program representative. A copy of the approval letter must be provided to the KHC approved lender assisting the HOME-eligible family.

If you have additional questions, please contact your assigned HOME program representative or specialist.

2.4 Checklist for Nonprofit Certification to Provide HOME as Secondary Financing with FHA Single-Family Housing Loans

Submit the following documents to:

U.S. Department of Housing and Urban Development
Atlanta Homeownership Center
Five Points Plaza
40 Marietta Street
Atlanta, GA 30303-2806
Attn: Program Support Division

- Copy of 501 (c) (3) tax-exempt status from IRS or evidence of being an instrumentality of government;
- Certification signed by an authorized representative of non-profit that the organization has a voluntary board with no part of the net earnings benefiting any member, founder, contributor or individual;
- Detailed description of last two years' experience as a provider of housing for low- and moderate-income persons;
- Borrower/Grantee Agreement;
- Promissory Note; and
- Narrative description of down payment assistance program.

References/Guidance:

HUD Handbook 4155.1 REV-4 CHG 1, Pgs. 1-27 and 1-28
Mortgagee Letter 96-18
Mortgagee Letter 94-2

2.5 Cost Summary Instructions

1. In the HOME funds column, enter the amount of HOME funds requested. Consult the definitions below for guidance on the proper classification.
2. In the AHTF funds column, enter the amount of AHTF funds requested by the applicant.
3. In the Other cash and non-cash resources funds columns, enter the amount of other funds. The source of these funds should be identified in the Source column.
4. In the cells below the source, indicate the status of each cash or non-cash resource (e.g., Rural Development, ARC, CDBG, bank loans, volunteer labor, and donated material).
5. Contingency costs **cannot exceed 10 percent of the Total Construction Hard Costs**.
6. HOME administrative funds **cannot exceed 10 percent** of the HOME subtotal project costs for homeowner rehabilitation or home buyer activity.
7. AHTF administrative funds **cannot exceed 5 percent** of the total AHTF funds requested.
8. All development hard costs, excluding environmental review cost, (local government only) soft cost, permanent financing and developer fees, provide the basis for calculating HOME-funded developer fees. The sum of these costs, multiplied by ten percent, equals the maximum HOME-funded developer fees that will be awarded or ten thousand dollars (\$10,000) per unit, whichever is less. For home buyer activity, recipients may choose either developer fee or administrative funds, but may not request both.
9. Check all mathematical calculations closely.

Cost Summary Definitions

The following is a definition guide for completion of the eligible activities under each program area (also refer to 24 CFR Part 92 for guidance):

Acquisition of Property - Acquisition of property is eligible as part of a home buyer program.

Acquisition of Vacant Land - Acquisition of vacant land using HOME funds is eligible only when HOME funds are used for construction.

Rehab Construction Costs - must include, but are not limited to:

- Costs to meet Kentucky Residential Building Code (KRBC), if total costs less than \$25,000.
- Costs to meet KRBC and the Model Energy Code, if the costs are \$25,000 or more.
- Costs to abate lead-based paint hazards.
- Costs for improvements required for compliance with the Americans with Disabilities Act.
- Costs of repair or replacement of major housing systems.
- Cost for demolition, on-site improvements or utility connections if a necessary part of rehabilitation.

- Costs to demolition substandard unit and reconstruction on the same lot, of housing standing on a site at the time of project commitment. The reconstructed housing must be similar to the original housing in size and number of units, but the number of rooms per unit may be increased or decreased, but must not be excessive to meet the family's needs.

New Construction Costs - Cost of construction to meet KRBC Building Code.

Construction-Related Soft Costs - include, but are not limited to:

- Plans and Specifications
- Permits and Fees
- Finance Cost
- Survey
- Travel
- Architectural fees
- Engineering fees
- Preparation of work write-up/cost estimates
- Inspection fees
- Lead-based paint and asbestos test costs
- Builder's fees

Related Finance Costs include:

- Private lender origination fees
- Credit reports
- Title reports and updates
- Recording fees
- Legal fees
- Appraisal
- Developer's fees
- Loan processing fees
- Other customary fees

Other Soft Costs - include costs to meet the requirements for:

- Affirmative marketing
- Fair housing

Relocation Costs - Relocation payments and assistance, for both temporary and permanent.

Environmental Review Costs –

- Costs associated with preparation of the environmental review record by units of local government only.
- Please note for demolition rebuild of a unit not on the foot print of existing unit will trigger a homebuyer environmental review.

Kentucky Housing Corporation cannot expend any funds until the release of the environmental review.

2.6 Cost Summaries

Home Buyer Projects

Homeowner Rehabilitation Projects

To access the above two documents, please visit the [HPIM Resources](#) page of the KHC Web site.

2.7 Drug-Free Workplace Requirements

All recipients of HOME funds must adhere to drug-free workplace requirements contained at 24 CFR, Part 24, Subpart F and established by the Drug-Free Workplace Act. A drug-free certification must be executed by recipient's chief executive officer, a notice must be distributed to all employees and an awareness program for employees must be established.

The certification is a material representation of fact upon which reliance is placed when Kentucky Housing Corporation (KHC) awards HOME funds. If it is later determined that the recipient knowingly rendered a false certification, or otherwise violated the requirements of the Drug-Free Workplace Act, HUD, in addition to any other remedies available to the federal government, may take action authorized under the Drug-Free Workplace Act.

Recipient is required to identify all workplaces. Workplace identification must include the actual address of buildings or other sites where work under the HOME award takes place. Categorical descriptions may be used (e.g., all agency maintenance vehicles). If the workplace identified to KHC changes during the performance of the HOME award, the recipient shall inform KHC in writing of the address change.

If the recipient does not identify all workplaces at the time of award, the identity of the workplace(s) must be kept on file in its office and made available for federal inspection. Failure to identify all known workplaces constitutes a violation of the recipient's drug-free workplace requirements.

Definition of terms in the Nonprocurement Suspension and Debarment common rule and Drug-Free Workplace common rule apply to the certification and requirements. Recipients' attention is called, in particular, to the following definitions from these rules:

"Controlled Substance" means a controlled substance in Schedules I through V of the Controlled Substances Act (21 USC 812) and as further defined by regulation (21 CFR, Parts 1308.11 through 1308.15).

"Conviction" means a finding of guilt (including a pleas of nolo contendere) or imposition of sentence, or both, by any judicial body charged with the responsibility to determine violations of the federal or state criminal drug statutes.

"Criminal Drug Statutes" means a federal or non-federal criminal statute involving the manufacture, distribution, dispensing, and use of possession of any controlled substance.

"Employee" means the employee of a recipient directly engaged in the performance of work under an award, including: (1) all "direct charge" employees, (2) all "indirect charge" employees unless their impact or involvement is insignificant to the performance of the award and (3)

temporary personnel and consultants who are directly engaged in the performance of work under the grant who are on the recipient's payroll. This definition does not include workers not on the payroll of the recipient (e.g., volunteers, even if used to meet a matching requirement; consultants or independent contractors not on the recipient's payroll; or employees of sub-recipients or subcontractors in covered workplaces).

2.8 Drug-Free Workplace Certification

Drug-Free Workplace Certification

The recipient certifies that it will or will continue to provide a drug-free workplace by:

- (A) Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited in the recipient's workplace and specifying the actions that will be taken against employees for violation of such prohibition.
- (B) Establishing an ongoing drug-free awareness program to inform employees about:
 - (1) The dangers of drug abuse in the workplace.
 - (2) The recipient's policy of maintaining a drug-free workplace.
 - (3) Any available drug counseling, rehabilitation and employee assistance programs.
 - (4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace.
- (C) Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph (A).
- (D) Notifying the employee in the statement required by paragraph (A) that, as a condition of employment under the HOME award, the employee will:
 - (1) Abide by the terms of the statement.
 - (2) Notify the employer in writing of his/her conviction for a violation of a criminal drug statute occurring in the workplace no later than five (5) days after such conviction.
- (E) Notifying Kentucky Housing Corporation in writing within ten (10) calendar days after receiving notice under paragraph (D)(2) from an employee or otherwise receiving actual notice of such conviction. Notice shall include the employee's position title and identification number(s) of each affected award.
- (F) Taking one of the following actions, within thirty (30) calendar days of receiving notice under paragraph (D)(2), with respect to any employee, who is so convicted:
 - (1) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
 - (2) Requiring such an employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a federal, state or local health, law enforcement or other appropriate agency.
- (G) Making a good-faith effort to continue to maintain a drug-free workplace through implementation of paragraphs (A) through (F).

Insert in the space provided below the site(s) for the performance of work done in connection with HOME award No. _____.

Place(s) of performance (street address, city, county, state and zip code)

Check _____ if there are workplaces on file that are not identified here.

Name of Recipient: _____

Chief Executive Officer: _____
(Typed Name)

(Signature)

Date: _____

2.9 Electronic Funds Transfer

All recipients of HOME funds must adhere to drug-free workplace requirements contained at 24 CFR, Part 24, Subpart F and established by the Drug-Free Workplace Act. A drug-free certification must be executed by recipient's chief executive officer, a notice must be distributed to all employees and an awareness program for employees must be established.

The certification is a material representation of fact upon which reliance is placed when Kentucky Housing Corporation (KHC) awards HOME funds. If it is later determined that the recipient knowingly rendered a false certification, or otherwise violated the requirements of the Drug-Free Workplace Act, HUD, in addition to any other remedies available to the federal government, may take action authorized under the Drug-Free Workplace Act.

Recipient is required to identify all workplaces. Workplace identification must include the actual address of buildings or other sites where work under the HOME award takes place. Categorical descriptions may be used (e.g., all agency maintenance vehicles). If the workplace identified to KHC changes during the performance of the HOME award, the recipient shall inform KHC in writing of the address change.

If the recipient does not identify all workplaces at the time of award, the identity of the workplace(s) must be kept on file in its office and made available for federal inspection. Failure to identify all known workplaces constitutes a violation of the recipient's drug-free workplace requirements.

Definition of terms in the Nonprocurement Suspension and Debarment common rule and Drug-Free Workplace common rule apply to the certification and requirements. Recipients' attention is called, in particular, to the following definitions from these rules:

"Controlled Substance" means a controlled substance in Schedules I through V of the Controlled Substances Act (21 USC 812) and as further defined by regulation (21 CFR, Parts 1308.11 through 1308.15).

"Conviction" means a finding of guilt (including a pleas of nolo contendere) or imposition of sentence, or both, by any judicial body charged with the responsibility to determine violations of the federal or state criminal drug statutes.

"Criminal Drug Statutes" means a federal or non-federal criminal statute involving the manufacture, distribution, dispensing, use of possession of any controlled substance.

"Employee" means the employee of a recipient directly engaged in the performance of work under an award, including: (1) all "direct charge" employees, (2) all "indirect charge" employees unless their impact or involvement is insignificant to the performance of the award and (3) temporary personnel and consultants who are directly engaged in the performance of work under the grant who are on the recipient's payroll. This definition does not include workers not on the payroll of the recipient (e.g., volunteers, even if used to meet a matching requirement; consultants or independent contractors not on the recipient's payroll; or employees of subrecipients or subcontractors in covered workplaces).

2.10 HOME/AHTF Authorized Signature Form

**HOME Investment Partnerships / Affordable Housing Trust Fund
Programs
AUTHORIZED SIGNATURE FORM**

A. Name/Address of Recipient:	For KHC Use Only HOME / AHTF Funding Agreement Number: _____ HOME Program CFDA# 14.239 Project Type: HR HB TBRA
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AUTHORIZED SIGNATURES FOR REQUEST FOR PAYMENT

B. Typed Name and Title: _____ Signature	C. Typed Name and Title: _____ Signature
D. Typed Name and Title of CEO, Executive Director, Mayor, etc.: _____ Signature _____ Date	For KHC Use Only Approved: _____ Program Representative/Specialist Signature Kentucky Housing Corporation _____ Date

INSTRUCTIONS

1. In Box A, insert the legal name of recipient and complete mailing address, including zip code.
2. In Boxes B and C, enter the typed name and signature of two separate individuals who are authorized to sign the recipient's request for payment. **Two different signatures are required in these boxes.**
 Note: The person(s) designated in Boxes B and C to sign the draw request form may not also sign the check from the agency disbursing the funds.
3. In Box D, enter the date and signature of the CEO, Executive Director, Mayor, etc., to certify that the signatories in Boxes B and C are authorized to request payment of KHC funds.
 Note: If the person in Box D signs the agency's checks to disburse funds, he/she may not also sign the draw request form and should not appear in Box B or C.

2.11 Sample Liquid Asset Policy

A liquid asset is a cash or non-cash item that can be converted to cash. The following policies apply depending on the source of an applicant's assets:

Cash Assets

An applicant with cash assets in excess of \$10,000 (including but not limited to checking and savings accounts, CDs, money market accounts) will be required to use 25% of the amount in excess of \$10,000 toward the new home or closing costs for the new home.

Non-Cash Assets

- **Land:** If a new home is to be constructed on a parcel of land owned by the applicant, that parcel will be exempt from consideration as a liquid asset. If an applicant owns a parcel of land in addition to the proposed house site and the land does not provide a significant portion of the applicant's income, the applicant must dispose of the land. The applicant will be required to contribute 25 percent of the proceeds in excess of \$5,000 toward the new home or closing costs for the new home. If the value of the land is less than \$5,000, the applicant will not be required to sell it.
- **Auto:** The Loan Committee will evaluate this asset in light of the number of persons in the household, the need for the number of vehicles owned, and the value of those vehicles. The Loan Committee will then decide whether or not any autos must be disposed of and 25 percent of the proceeds in excess of \$5,000 be applied to the new home or closing costs for the new home.
- The Liquid Asset Policy does not include IRA accounts, life insurance policies or pre-paid funeral accounts.

Use of Assets in Calculation of Household Income

Any liquid assets held by the applicant that have a total value of \$5,000 or more will be used in the calculation of the household's gross annual income. For the first \$5,000 in assets, \$100 will be added to the gross annual income. For each additional \$1,000 in assets thereafter, \$20 will be added to the gross annual income.

Disposal or Transfer of Assets

Any asset which is disposed of or transferred in the time period between the applicant's initial inquiry for housing assistance and the loan closing for permanent financing will be subject to the considerations listed above.

2.12 Sample Grievance Policy

Any client of nonprofit name who believes that he or she has a legitimate grievance may personally or by a representative, file a complaint with the office of the CEO. Any person who believes he or she has been adversely affected by an act or decision of nonprofit name has the right to process a complaint or grievance in accordance with the following procedures.

STEP 1: The aggrieved person should submit a written statement to the CEO of nonprofit name detailing the nature of the complaint and facts upon which the allegation is based. The CEO shall contact the complainant no later than fifteen (15) days after receiving the written statement to establish an informal meeting with the objective of resolving the matter informally. However, in no case shall the informal meeting be conducted more than forty-five (45) days after receiving the written complaint.

STEP 2: Within fifteen (15) days of the informal meeting, if no decision has been made by the CEO or the decision of the CEO does not satisfy the complainant, he or she may request a hearing with the Board of Directors of nonprofit name by submitting a written request to the CEO. The Board of Directors may, at their choice, designate a committee to hear the complaint. Such hearing shall be held at the next regularly scheduled meeting of the Board of Directors, but in no case shall the hearing be scheduled more than sixty (60) days after the request for the hearing. A special meeting of the Board of Directors may be scheduled for the sole purpose of hearing the complaint.

STEP 3: In discussing the grievance, the complainant may designate any person of his or her choice to appear with him or her and participate in the discussion, except if the complainant is represented by legal counsel the CEO shall be informed five (5) days in advance. If the CEO is not informed five (5) days in advance of legal representation, nonprofit name has the right to postpone the hearing for an additional five days. The Board of Directors shall require the CEO to participate in the discussion of the grievance when it is brought before the Board of Directors. The Board of Directors shall issue a written decision on the matter within fifteen (15) days, and the decision of the Board of Directors shall be the final procedure for the complainant at the local level.

There shall be a written documentary prepared of the discussion and decision of the Board of Directors.

For legal or fair housing complaints, the client may choose to appeal further to the Kentucky Human Rights Commission or HUD's Fair Housing/Equal Opportunity office.

3: Financial Management

3.1 Financial Management Guidelines for HOME Recipients

The recipient is responsible for ensuring that the required financial records are maintained for all HOME-assisted projects. Agencies are responsible for compliance with the following documents:

Office of Management and Budget (OMB) and HUD Grant Financial Administrative Rules

Recipients	General Administrative	Costs	Audit
State and Local Government	24 CFR Part 85	OMB A-87	OMB A-133 24 CFR Part 44
Nonprofit Institutions	24 CFR Part 84 OMB A-110	OMB A-122	OMB A-133 24 CFR Part 45

FINANCIAL POLICIES AND PROCEDURES

All recipients are responsible for developing a financial management system/policy that should address, at the minimum, the following items:

1. Financial Management System
2. Financial Statement Procedures
3. Inventory Control Procedures, including Property/Equipment Tracking and Disposition
4. Procedures for federally acquired items
5. Internal Control Procedures
6. Record Keeping Procedures (refer to 24 CFR 92.508)
7. Cash Receipts and Disbursements Procedures
8. Checks Writing and Deposit Procedures
9. Accounting System including journals, accounts receivable, accounts payable, etc.
10. Program Income and/or CHDO Proceeds Tracking Procedures, if applicable

All recipients must maintain a separate bank account for federal funds with pre-numbered checks or accounts with sub-identifiers. It is recommended that all checks require two signatures and that financial transactions be verified by a third party. Furthermore, draw requests must be signed by someone other than the person who signs the checks.

STANDARDS FOR FINANCIAL MANAGEMENT SYSTEMS

1. Accurate, current and complete disclosure of federal funds
2. Adequately identify the source and application of funds
3. Effective control over accountability for all funds, properties and assets
4. Compare actual amounts with budgeted amounts
5. Fund accounts must be established to identify each grant award (separate bank account, according to KHC policy)

6. Accounting system and records, including these:
 - Chart of accounts
 - Cash receipt journal
 - Cash disbursement journal
 - Payroll journal
 - General ledger
7. Accounting records must contain reliable and up-to-date information, including these:
 - Grant awards
 - Authorization and obligations
 - Unobligated balances
 - Assets and liabilities
 - Program income/CHDO Proceeds, if applicable
 - Actual outlays or expenditures
8. Accounting records must be supported with source documentation, including these:
 - Contract agreements/budgets
 - Employment letters/authorizations for rates of pay
 - Time and attendance records
 - Space-lease agreements
 - Utilities - bills
 - Supplies - purchase order/requisition forms
 - Cost allocation plan - to allocate charges among funding sources, if applicable
9. Written procedures for determining the allowability of costs should request the following:
 - The cost must be reasonable and necessary.
 - The cost must be allowable.
 - The cost must be consistent with policies, regulations and procedures.
 - The cost must conform to limitations in the grant award or contract.
 - The cost must be in accordance with generally accepted accounting principles.
 - The cost must be adequately documented.

Generally Unallowable Costs

10. Dues
11. Lobbying activities
12. Contributions and donations
13. Entertainment costs - social activities and amusements
14. Penalty costs - fines and penalties resulting from violations
15. Interest costs - costs incurred for interest on borrowed capital

Single Audit Requirement

Each nonprofit and governmental Recipient that expends \$500,000 or more of federal funds during its fiscal year must procure and have completed annual audits in the form of CPA-prepared financial statements with management letter within two hundred seventy (270) days after the close of Recipient's fiscal year as noted on Exhibit A of the HOME Funding Agreement. These financial statements must include a balance sheet, operating statements, source and use of funds statement, Schedule of Expenditures of Federal Awards and sufficient supporting schedules and notes as may be necessary for KHC to determine the financial status of Recipient's activities. Audits of Recipient must also be conducted in accordance with the provisions of OMB Circular A-133 and the Single Audit Act of 1996. Recipient is required to submit the above-referenced audit to KHC, including the detailed financial statements only in the event the annual audit reveals any findings or questioned costs or upon written request from KHC. KHC reserves the right to require an audit of any Recipient during its fiscal year.

Recipient acknowledges that, in the event KHC requires an audit, HOME administrative funds may not be used to offset the costs associated with the audit.

In the event audit exceptions exist during the effective dates of the Funding Agreement, Recipient shall indemnify KHC against and shall be required to reimburse KHC for all costs incurred by KHC associated with defending against any audit exception, or the performance of any additional or follow-up audits, including, but not limited to: repayment of HOME Funds to HUD, audit fees, reasonable attorney fees, travel costs, and penalty assessments. Immediately upon notification, Recipient shall reimburse KHC for all costs and fees described herein.

Audit Management Requirements

Recipients	Audit
State and Local Governments	OMB A-133 24 CFR Part 44
Nonprofit Institutions	OMB A-133 24 CFR Part 45

Recipient Responsibilities for the Audit

1. Ensure that auditors are secured through the procurement procedure.
2. Ensure that the audit report is made by an independent auditor.
3. Enter into an engagement letter with the auditor.
4. Identify all federal awards received and expended.
5. Identify the program under which they were received, both directly and indirectly.
6. Ensure that the schedule of federal awards identifies each major program and the total expenditures for each program, including major and non-major programs.
7. Ensure that internal controls provide reasonable assurance that compliance with the applicable laws and regulations have been accomplished.
8. Ensure that audit reports indicate that it is in accordance with the OMB Circular A-133
9. Ensure that audit findings are resolved.
10. Ensure that the audit is submitted to the Audit Clearinghouse.

PROGRAM INCOME

Program income means gross income received by the recipient which is directly generated from the use of HOME funds (including HOME Program income) and matching contributions. Below is a list of examples. Please note this is not an exclusive list.

1. Proceeds from the disposition by sale or long-term lease of real property acquired, rehabilitated or constructed with HOME funds or matching contributions;
2. Gross income from the use or rental of real property, owned by the participating jurisdiction, state recipient or a subrecipient, that was acquired, rehabilitated or constructed with HOME funds or matching contributions less costs incidental to generation of the income (Note: rental income from property owned by entities other

than the participating jurisdiction, a state recipient or a subrecipient does not constitute program income);

3. Payments of principal and interest on loans made using HOME funds or matching contributions;
4. Proceeds from the sale of loans made with HOME funds or matching contributions;
5. Proceeds from the sale of obligations secured by loans made with HOME funds or matching contributions;
6. Interest earned on program income pending its dispositions; and
7. Any other interest or return on the investment permitted under 92.205 (b) of HOME funds or matching contributions. (Note: This does not include recaptured funds, repayments or CHDO proceeds.)

Income generated by a project which, if funded with program income, is also HOME Program income. Note that the Final Rule at 24 CFR 92.2 defines HOME funds as funds made available through allocations and reallocations, plus program income. Also note that interest earned on funds constitutes HOME program income.

Recipients must maintain records which adequately identify the source and application of their HOME funds, including program income, as part of the financial management procedures, consistent with generally accepted accounting principles and the requirements of 24 CFR Part 84.20 or 24 CFR Part 85.20, as applicable. All projects assisted or funded solely with program income must be included in the annual report to KHC. Direct benefit data and adequate documentation must be maintained on each unit.

Program Income and Income Targeting (Tenant-based rental assistance and rental units)

In accordance with 24 CFR 92.216, "Income targeting: Tenant-based rental assistance and rental units" HOME funds made available during a fiscal year must be invested so that not less than 100 percent* of all families receiving rental assistance or occupying rental units assisted with HOME funds do not exceed 60 percent of the median family income for the area. When calculating whether the income targeting requirement has been met, program income must be included.

*KHC policy.

When program income is used in combination with HOME allocation funds for the same rental assistance or rental units, no separate record keeping for the program income investment is required. For such activities, the income targeting requirement is met for the program income investment to the same extent that it is met for the investment of the fiscal year HOME allocation.

Disbursement of Program Income

If the recipient is allowed to retain program income instead of returning it to KHC, the recipient is responsible for expending the program income prior to requesting additional HOME funds from KHC. The amount of program income should be reflected on the draw request. A recipient may not draw down HOME allocation funds while allowing program income to accumulate in its

local account. Available program income must be used to pay the next eligible program cost, or a portion thereof.

If the recipient is required to return program income to KHC, it should be submitted on a monthly basis or as generated. Please refer to the Funding Agreement for specific information.

Eligible Expenditures for Program Income

Activities assisted with HOME program income are treated the same as those assisted with HOME funds. All HOME program rules and requirements apply and all costs financed with program income must be HOME eligible.

CHDO PROCEEDS

(Please refer to KHC's website at <http://www.kyhousing.org/> for current information regarding CHDO policy.)

Income that is generated from projects funded through the CHDO set-aside category are considered CHDO proceeds. If allowed to retain these proceeds, a CHDO must expend the funds on other affordable housing initiatives to benefit households at or below 80 percent of the area median income. CHDO proceeds do not have to be expended prior to the request for additional HOME funds. Eligible affordable housing initiatives as defined by KHC include: rental assistance, emergency repairs, energy (weatherization) repairs, indoor plumbing, project reserves, operating subsidies, supportive services (as defined by the Continuum of Care Supportive Housing Program), land banking, predevelopment costs, housing counseling, homeowner repair, accessibility and adaptability. KHC will consider additional uses of CHDO proceeds on a case-by-case basis.

Unlike regular program income, which must be tracked indefinitely, CHDO proceeds only have to be accounted for during the initial use. Funds generated from the use of CHDO proceeds are not considered CHDO proceeds. CHDO proceeds are also not subject to National Environmental Protection Act (NEPA), Davis Bacon Act, Uniform Relocation Act (URA) or lead-based paint requirements. Since CHDO proceeds are derived from HOME funds, any activities funded with CHDO proceeds may not be contributed as match.

KHC reserves the right to disallow a CHDO to continue to retain CHDO proceeds, if deemed necessary.

Examples of CHDO Proceeds:

1. The permanent financing of a CHDO project which is used to pay off a CHDO-financed construction loan;
2. The sale of CHDO-sponsored rental housing to a second nonprofit;
3. The sale of CHDO-developed homeownership housing;
4. The principal and interest payments from a loan to a buyer of CHDO-developed homeownership housing.

These are not CHDO Proceeds:

1. Rental income generated by a CHDO-owned project.
2. Funds recaptured by the CHDO because the assisted homeownership housing does not continue to be the principal residence of the assisted home buyer for the affordability period, as required by 24 CFR 92.254 (a) (5) (ii). When funds are recaptured, they are being treated as program income, if stipulated in the written agreement.

RECAPTURED FUNDS

Recaptured funds are HOME funds which are recouped by the PJ (or subrecipient, state recipient or CHDO) when HOME-assisted homeownership housing does not continue to be the principal residence of the assisted home buyer for the full affordability period required by 24 CFR 92.254 (a)(4). Recaptured funds are subject to the requirements of 24 CFR 92.503 (c) and may be redistributed to a HOME-eligible activity, if this is established in the written agreement. Recaptured funds are to be used in the same manner as program income. Additionally, the written agreement must state that upon termination, recaptured funds must be returned to KHC.

New projects funded with recaptured funds must comply with the HOME regulations and KHC guidelines. Affordability periods are applicable. All projects assisted or funded solely with recaptured funds must be included in the annual report to KHC. Direct benefit data and adequate documentation must be maintained on each unit. If recaptured funds are utilized on existing HOME projects, it should be clearly noted on the draw form.

If the recipient is allowed to retain recaptured funds, the recipient must maintain records which adequately identify the source and application of the recaptured HOME funds as part of the financial management procedures, consistent with generally accepted accounting principles and the requirements of 24 CFR Part 84.20 or 24 CFR Part 85.20, as applicable.

BUDGET REVISIONS

Budget revisions will be approved on a limited basis. It is the responsibility of the recipient to ensure accurate budgeting and planning for each project. Requests for revisions must be submitted to the HOME representative. Please refer to the section on draw request procedures.

Clarification

Program income that results from the sale of a unit prior to the affordability period expiring may be retained by the recipient (if allowed by KHC) and must be revolved back into another HOME unit. However, when program income is generated as a result of a sale prior to the expiration of affordability, NONE of the program income can be retained by the recipient for administrative expenses. If program income or CHDO proceeds is generated from monthly mortgage payments, 10 percent of the proceeds can be retained for administrative expenses of the recipient with 90 percent being recycled into another HOME unit (or low-income housing activity in case of CHDO proceeds.)

PROGRAM INCOME VS. CHDO PROCEEDS

Program Income means gross income received by the PJ, subrecipient or state recipient which is directly generated from the use of HOME funds (including HOME program income) and matching contributions.

CHDO Proceeds are funds that the PJ can allow the CHDO to retain which resulted from the investment of its CHDO set-aside funds.

Compliance Issues	Program Income	CHDO Proceeds*
Income generated by a project, which is funded with program income, is also HOME program income.	yes	no, unless repaid to the PJ
Interest earned on funds constitutes program income	yes	no
Recipient must be able to track income receivable (amount, date of principal and interest due)	yes 24 CFR 85.20	no
Recipient must be able to track programs which generated funds and which ones did not	yes	yes
Recipient must be able to identify programs which received program income or CHDO Proceeds	yes	yes
Funds must be spent before requesting additional HOME funds	yes 24 CFR 92.502 (c)(3)	no
A participating jurisdiction may authorize a recipient to retain funds for additional HOME-eligible projects, if stipulated in the written agreement (CHDO Proceeds can be used for HOME-eligible activities or other low-income activities.)	yes 24 CFR 92.503 (a) (1)	yes 24 CFR 92.504 or 92.300 (a)(2)
Upon expiration of the written agreement, funds must be returned to the participating jurisdictions	yes	yes
Projects funded exclusively with funds earned must set the project up in the CMI system (KHC call)	no	no

Compliance Issues	Program Income	CHDO Proceeds*
<p>Expenditures must comply with HOME regulations</p> <p>X Funds earned must be included when calculating the total amount for purposes of allocating costs</p> <p>X Funds earned must be included in designating HOME- assisted units in allocating costs</p> <p>X Funds must be included when determining the maximum per-unit subsidy amount</p> <p>X Funds must be included when determining the subsidy layering</p> <p>X Funds must be included when determining the additional rent limitations</p> <p>X Funds must be included when determining the affordability periods for rental housing</p> <p>X Funds must be included when determining the affordability periods for homeownership</p>	<p>yes</p> <p>24 CFR 92.205 (d)</p> <p>24 CFR 92.252 (j)</p> <p>24 CFR 92.250 (a)</p> <p>24 CFR 92.250 (b)</p> <p>24 CFR 92.252 (b)</p> <p>24 CFR 92.252 (e)</p> <p>24 CFR 92.254</p>	<p>no</p> <p>no</p> <p>no</p> <p>no</p> <p>no</p> <p>no</p> <p>no</p> <p>no</p>
<p>Funds earned may be used as a revolving loan fund</p>	<p>no</p>	<p>yes</p>
<p>Income Targeting - Funds must be used to determine compliance</p> <p>Tenant-based rental assistance and rental units (100% must benefit persons at 60% or below of median income)</p> <p>If funds are used in combination with HOME</p> <p>If funds are used exclusively with no additional HOME funds</p> <p>Homeownership (100% must benefit low-income persons at 80% or below median)</p> <p>If funds are used in combination with HOME</p> <p>If funds are used exclusively - no HOME</p>	<p>24 CFR 92.216</p> <p>yes</p> <p>yes</p> <p>24 CFR 92.217</p> <p>yes</p> <p>yes</p>	<p>yes (80% or below)**</p> <p>yes**</p>
<p>Administrative costs are eligible expenditures</p>	<p>no</p>	<p>yes</p>

*This column is applicable for CHDO Proceeds that are used for low-income activities. If CHDO Proceeds are used for HOME eligible activities, the Program Income requirements are applicable.

** Applicable if HOME-eligible activities.

3.2 Requirements of HOME Procurement Policy

I. Methods of Procurement

- A. Small Purchases (less than \$100,000 aggregate)
- B. Competitive Sealed Bids
- C. Competitive Negotiations
- D. Noncompetitive Negotiations

Regardless of the particular method, the process must maximize full and open competition with all procurement requirements clearly identified. Nonprofit organizations should follow this to the maximum extent possible but should, at least, establish written procedures, specify methods to be used and the purpose.

II. Contracts

- A. Transactions should be supported by a written contract when feasible.
- B. Contracts must contain contractual provisions required by the “Common Rule,” 24 CFR Part 85 (Part 84 for nonprofits).
- C. Cost plus a percentage of cost contract pricing is prohibited.

III. Documentation

- A. Source documents of a transaction should be retained in order to ensure a clear and consistent audit trail.
- B. Cost/price analysis must be documented for each transaction.

IV. Locally-, Minority, and Women-Owned and Small Businesses

Affirmative efforts will be made and documented to solicit participation of locally-owned, minority-owned, women-owned and small businesses.

V. Code of Conduct

- A. Conflict of Interest
- B. Acceptance of Gratuities
- C. Penalties

The above sections are required in procurement policies for HOME-funded programs. If you are a unit of local government and have received CDBG funds in the past, the procurement policies used for CDBG are sufficient but must be adopted for the use of HOME funds.

NOTE: Sample procurement policies have been provided as Exhibit 3.4 (government agencies) and Exhibit 3.6 (nonprofit agencies). If you already have a procurement policy in place, it must contain the requirements listed to be eligible for use with HOME. If you do not wish to change your existing policy, you may adapt the applicable sample policy to fit your project and then adopt it for use with your HOME-funded projects.

3.3 Federal Regulations for Government Agencies: 24 CFR Part 85 Procurement Standards

Federal Regulations for Government Agencies 24 CFR Part 85 Procurement Standards	
This information is provided as an outline and is not intended to be a complete summary of the regulations. Please read 24 CFR Part 85 to ensure compliance in all areas.	
Section Name And Reference Number	Description
Procurement Standards 85.36 Sect (b)	<ul style="list-style-type: none">• Grantees and subgrantees will use their own procurement procedures which reflect applicable state and local laws and regulations.• Grantees and subgrantees will maintain a written code of standards of conduct governing the performance of their employees engaged in the award and administration of contracts.• No employee, officer or agent of the grantee or subgrantee may participate in the award and administration of contracts if there is a conflict of interest, such as financial or other interest, with the firm selected for award by:<ul style="list-style-type: none">a. the employee, officer or agent;b. a family member of the above;c. a partner of any of the above; ord. an organization which employs or is about to employ any of the above• Grantee or subgrantee procedures will provide for a review of proposed procurements to avoid purchase of unnecessary or duplicate items.• Grantees and subgrantees are encouraged to enter into state and local intergovernmental agreements for procurement of use of common goods and services.• Grantees and subgrantees are encouraged to use federal excess and surplus property in lieu of purchasing new equipment whenever such cost is feasible and reduces project costs.• Grantees and subgrantees are encouraged to use value engineering clauses in contracts for construction project of sufficient size to offer reasonable opportunities for cost reductions.• Grantees and subgrantees will make awards only to responsible contractors after giving consideration to factors including:<ul style="list-style-type: none">a. contractor integrity;

<p>Procurement Standards 85.36 Sect (b) (continued)</p> <p>85.36 Sect (e)</p>	<ul style="list-style-type: none"> b. compliance with public policy; c. record of past performance; and d. financial and technical resources. <ul style="list-style-type: none"> • Grantees and subgrantees will maintain records including, but not limited to: <ul style="list-style-type: none"> a. rationale for method of procurement; b. selection of contract type; c. contractor selection or rejection; and d. basis for the contract price. • Grantees and subgrantees use time and material type contracts if one of the following is true: <ul style="list-style-type: none"> a. it is determined no other contract is suitable b. the contract includes a ceiling price that the contractor exceeds at its own risk • Grantees and subgrantees are responsible for settling all contractual and administrative issues arising out of procurements including, but not limited to: <ul style="list-style-type: none"> a. source evaluation b. protests c. disputes d. claims • The grantee and subgrantee will take necessary affirmative action steps to assure that minority firms, women’s business enterprise and area labor surplus firms are used when possible, including: <ul style="list-style-type: none"> a. placing qualified small, minority and women’s business enterprises on solicitation lists; b. assuring that small, minority and women’s business owners are solicited whenever they are potential sources; c. dividing total requirements, whenever feasible, into smaller tasks or quantities to permit maximum participation by small, minority or women’s business enterprises; d. establishing delivery schedules which encourage participation by small, minority or women’s business enterprises; e. using the services of the Small Business Administration and the Minority Business Development Agency of the Department of Commerce; and f. requiring the prime contractor, if there are subcontracts, to take the steps listed above.
<p>Contract Administration 85.36 Sect (b) 2</p>	<ul style="list-style-type: none"> • Grantees and subgrantees will maintain a contract administration system which ensures that the contractors perform in accordance with the terms, conditions and specifications of their contracts or purchase orders.

<p>Procurement 85.36 Sect (d)</p>	<p>purchase is less than \$100,000.</p> <ul style="list-style-type: none"> • Procurement by sealed bids is to be used when the following conditions are present: <ul style="list-style-type: none"> a. a complete, adequate and realistic specification or purchase description is available b. two or more responsible bidders are willing and able to compete c. the procurement lends itself to a firm fixed price contract • If sealed bids are used, the following requirements apply: <ul style="list-style-type: none"> a. The invitation for bids will be advertised and known suppliers solicited with the adequate time for the bidder to properly respond b. The invitation for bids shall define the items or services in order for the bidder to properly respond c. All bids are publicly opened at the time and place stated in the invitation d. A firm-fixed price contract award will be made in writing to the lowest responsive and responsible bidder e. Any or all bids may be rejected if there is a sound, documented reason
<p>Bonding Requirements 85.36 Sect (h)</p>	<ul style="list-style-type: none"> • A bid guarantee from each bidder equivalent to 5 percent of the bid price • A performance bond on the part of the contractor for 100 percent of the contract price • A payment bond on the part of the contractor for 100 percent of the contract price
<p>Contract Provisions 85.36 Sect (l)</p>	<ul style="list-style-type: none"> • Administrative, contractual or legal remedies when contractors violate or breach contract terms • Termination for cause and for convenience by the grantee or subgrantee including the manner by which it will be affected and the basis for settlement • Compliance with Executive Order 11246, "Equal Employment Opportunity" • Compliance with the Copeland "Anti-Kickback" Act • Compliance with the Davis-Bacon Act • Notice of awarding agency requirements and regulations pertaining to reporting • Notice of award agency requirements and regulations pertaining to patent

	<p>rights with respect to any discovery or invention which arises or is developed in the course of or under such contract</p> <ul style="list-style-type: none">• Awarding agency requirements and regulations pertaining to copyrights and rights in data• Access by any duly authorized representative to all books, ledgers, records, etc., of the grantee or subgrantee for the purpose of making an audit• Retention of all required records for three years after grantees or subgrantees make final payments and all other pending matters are closed (HOME regulation require record retention for 5 years after the affordability period)• Compliance with all applicable requirements of the Clean Air Act and Environmental Protection Agency regulations• Mandatory standards and policies relating to energy efficiency issued in compliance with the Energy Policy and Conservation Act
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3.4 Sample Government Agency Procurement Policy

(GOVERNMENT AGENCY NAME) PROCUREMENT POLICY

All procurements made by (AGENCY NAME) involving the expenditure of HOME Funds will be made in accordance with the following procurement standards.

Procurement transactions, regardless of method or dollar value, will maximize open and free competition consistent with the standards of 24 CFR 85.36. (AGENCY NAME) shall not engage in procurement practices which may be considered arbitrary or restrictive.

Purchases will be reviewed by the (REVIEWER'S TITLE) to prevent duplication and to ensure that costs are reasonable.

I. METHODS FOR PROCUREMENT

Procurements shall be made using one of the following methods: (a) small purchase procedures, (b) competitive sealed bids, (c) competitive negotiations, (d) non-competitive negotiation.

A. Small Purchases

Purchases which cost between \$500 and \$1,000 will require three over-the-telephone quotations of rate, price, etc. A memorandum will be prepared setting forth the date calls were made, parties contacted and prices obtained. For purchases of less than \$500, efforts will be made to get the lowest and best price, but written records of such efforts are not necessary.

Purchases of supplies, equipment and services which cost between \$1,000 and \$10,000 will require written estimates but no legal advertisement is required. (AGENCY NAME) will solicit written responses from at least three vendors, and if no such responses are available, a statement explaining the procurement will be prepared and filed.

B. Competitive Sealed Bids

Bidding will be employed when detailed specifications for the goods or services to be procured can be prepared and the primary basis for award is cost. When the cost of a contract, lease or other agreement for materials, supplies, equipment or contractual services, other than those personal or professional, exceeds \$10,000, an Invitation for Bids (IFB) notice will generally be prepared. This notice will be published at least once in (NAME OF NEWSPAPER), the official newspaper of general circulation in (SERVICE AREA). This newspaper notice will appear not less than seven (7) days and not more than twenty-one (21) days before the due date for bid proposals. (AGENCY NAME) may also solicit sealed bids from responsible prospective suppliers by sending them a copy of such notice.

The IFB will include a complete, accurate and realistic specification and description of the goods or services to be procured, the bid deposit, payment bond and bond performance required (if applicable), the location where bid forms

and specifications may be secured, the time and place for opening bids, and whether the bid award will be made on the basis of the lowest price or the lowest evaluated price. If the lowest evaluated price is used, the measurable criteria to be used must be stated in the IFB. The newspaper notice must also contain language which calls to the attention of bidders all applicable requirements which must be complied with such as Section 3 of the 1968 Housing Act, Section 109 of the 1974 Housing and Community Development Act, the Civil Rights Act of 1964, Executive Order 11246 and the Davis-Bacon Act.

Sealed bids will be opened in public at the time and place stated in the IFBs. The bids will be tabulated by the (TABULATOR'S TITLE) at the time of bid opening. The results of the tabulation and the bid procurements will be examined for accuracy and completeness by the (EXAMINER'S TITLE) who will make recommendations to the (AGENCY NAME). In addition, the (RESPONSIBLE PERSON'S TITLE) shall determine that all firms are responsive and responsible. The (AGENCY NAME) will make the decision as to whom the contract shall be awarded. After the bid award is made by the (AGENCY NAME), a contract will be prepared for execution by the successful bidder. After the contract is signed, all bid deposits will be returned to all unsuccessful bidders.

(AGENCY NAME) may cancel an Invitation for Bid or reject all bids if it is determined that such is in the best interests of (AGENCY NAME). Bidders will be notified in writing of such cancellation or rejection. (AGENCY NAME) may allow a vendor to withdraw a bid if requested at any time prior to the bid opening. Bids received after the time set for bid opening shall be returned to the vendor unopened.

C. Competitive Negotiations

(AGENCY NAME) will use competitive negotiations, regardless of contract amount, upon a written determination that:

1. Specifications cannot be made specific enough to permit the award of a bid on the basis of either the lowest bid or the lowest evaluated bid price (in other words, bidding is not feasible).
2. The services to be procured are professional in nature.

With the exception of certain professional services (principally engineering services), competitive negotiations will proceed as follows:

- a. Proposals will be solicited through newspaper advertisement; additionally, a Request for Proposal (RFP) may be prepared and mailed to qualified vendors. The newspaper advertisement must be published at least seven (7) days and not more than twenty-one (21) days before the date for receipt of the proposals. The RFP will describe services needed and identify the factors to be considered in the evaluation of proposals and the relative weights assigned to each selection factor. The RFP will also state where further details regarding the RFP may be obtained. The RFP will call attention to the same regulations discussed in the bidding process. Requests for proposals will always include cost as a selection factor.

- b. Award must be made to the offeror whose proposal is determined in writing by the (AGENCY NAME) to be the most advantageous to (AGENCY NAME). Evaluations must be based on the factors set forth in the Request for Proposal and a written evaluation of each response prepared. The review committee may contact the firms regarding their proposals for the purpose of clarification and record in writing the nature of the clarification. If it is determined that no acceptable proposal has been submitted, all proposals may be rejected. New proposals may be solicited on the same or revised terms or the procurement may be abandoned.

For the procurement of certain professional services, an alternative to RFPs may be used. (AGENCY NAME) may publish a Request for Qualifications (RFQ). RFQs are handled in a similar method to RFPs with the exception that cost is not a factor in the initial evaluation. The (RESPONSIBLE PERSON'S TITLE) will evaluate the responses and rank them by comparative qualifications. The highest scoring person or firm will be contacted and the (CONTACTOR'S TITLE) will negotiate cost. If the (RESPONSIBLE PERSON'S TITLE) is unable to negotiate a satisfactory cost arrangement, the second highest scoring person or firm will be invited to negotiate. The (RESPONSIBLE PERSON'S TITLE) will maintain a written record of all such negotiations.

D. Noncompetitive Negotiations

Noncompetitive negotiations may be used for procurements in excess of \$10,000 when bidding or competitive negotiations are not feasible. (AGENCY NAME) may purchase goods and services through non-competitive negotiations when it is determined in writing by the (RESPONSIBLE PERSON'S TITLE) that competitive negotiation or bidding is not feasible and that:

1. An emergency exists which will cause public harm as a result of the delay caused by following competitive purchasing procedures, or
2. The product or service can be obtained only from one source, or
3. The contract is for the purchase of perishable items purchased on a weekly or more frequent basis, or
4. Only one satisfactory proposal is received through RFP or RFQ, or
5. The state has authorized the particular type of noncompetitive negotiation (e.g., the procurement of services by an Area Development District).

Procurement by noncompetitive negotiation requires the strictest attention to the observation of impartiality toward all suppliers. The (AGENCY NAME) must approve all procurements by non-competitive negotiation when only one supplier is involved or only one bid or response to an RFP/RFQ is received.

- E. Bids will be accepted only from those contractors who have a proven record of ability to successfully complete the scope of work being bid. References will be requested along with the contractor's bid proposal. Any contractors submitting a bid must produce (along with his/her bid documents) written proof of liability insurance and worker's compensation coverage. Consideration will be given to such matters as

contractor integrity, compliance with public policy, record of past performance and financial and technical resources in awarding contracts.

- F. Upon submission of a bid, the contractor will present a bid guarantee equivalent to 5 percent of the amount of the contractor's submitted bid. Unsuccessful bidders will have their bid guarantee returned to them with the notice which advises them they are an unsuccessful bidder. The successful bidder will post (at the signing of the contract and notice to proceed) a performance bond equal to 100 percent of the contract amount, along with a payment bond equivalent to 100 percent of the contract amount.

II. CONTRACTS

Generally, all procurement in excess of \$200 will be memorialized and supported by a written contract. Where it is not feasible or is impractical to prepare a contract, a written finding to this effect will be prepared and some form of documentation regarding the transaction will also be prepared. The contractual provisions required by the "Common Rule," 24 CFR Part 85 Section 36(i) and 24 CFR Part 92 Sections 504, 505 and all others as applicable will be included in all contracts. All contracts will contain language which allows the (AGENCY NAME) the opportunity to cancel any contract for cause. Said cause shall include (but not be limited to) demonstrated lack of ability to perform the work specified, unwillingness to complete the work in a timely fashion, cancellation of liability insurance or worker's compensation, failure to pay suppliers or workers, unsafe working conditions caused by the contractor, failure to comply with Davis-Bacon wage laws (where applicable), failure to keep accurate and timely records of the job, or failure to make those records available to the (ORGANIZATION NAME) (on request) or any other documented matter which could cause a hardship for the (AGENCY NAME) if a claim should arise or the work not be completed on schedule at the specified cost.

Requests for proposals will be structured to utilize value-engineering for any construction project in excess of \$50,000. Value engineering will allow the total job to be broken down and bid in sections, so as to produce the lowest overall cost of the project to the (AGENCY NAME). A project will request proposals for heating as one element, electrical as one element, etc. In some cases, this will make for a more cost-effective project. However, this does not preclude a bidder from making a lump-sum bid. Total cost will be calculated when value-engineering produces different bids for different scopes of work. Those segmented bids will then be added together to give a final project cost.

III. DOCUMENTATION

All source documents supporting any given transaction (receipts, purchase orders, invoices, RFP/RFQ data and bid materials) will be retained and filed in an appropriate manner. Where feasible, source documents pertinent to each individual procurement shall be separately filed and maintained. Where it is not feasible to maintain individual procurement files, source documents will be filed and maintained in a reasonable manner (examples include chronologically, by vendor, by type of procurement, etc.). Whatever form of documentation and filing is employed, the purpose of this section is to ensure that a clear and consistent audit trail is established. At a minimum, source document data must be sufficient to establish the basis for selection, basis for cost, (including the issue of reasonableness of cost), rationale for method of procurement and selection of contract type, and basis for payment.

IV. LOCALLY OWNED, MINORITY-OWNED, FEMALE-OWNED AND SMALL BUSINESSES

All necessary affirmative steps will be taken and documented to solicit participation of locally owned, minority-owned, female-owned and small businesses. (AGENCY NAME) will solicit proposals from minority- or women-owned businesses that provide the goods or services that are being sought. Where possible and feasible, delivery schedules will be established and work will be subdivided to maximize participation by small businesses or minority- or women-owned businesses. Subdivided components will be bid as a separate contract. Where feasible, evaluation criteria will include a factor with an appropriate weight for these firms. A list of locally owned, minority-owned, female-owned and small businesses and also minority businesses located within the trade region shall be maintained and used when issuing IFBs, RFPs and RFQs. This list shall also be consulted when making small purchases. (AGENCY NAME) will use the services and assistance of the Small Business Administration and the Minority Business Development Agency of the Department of Commerce. The successful bidder will be required to use these same criteria in selection of suppliers and subcontractors whenever possible.

V. CODE OF CONDUCT

A. Conflict Of Interest

No (AGENCY NAME) member, employee, consultant, elected official, appointed official or designated agent of (AGENCY NAME) will take part or have an interest in the award of any procurement transaction if a conflict of interest, real or apparent, exists. A conflict of interest occurs when the official, employee or designated agent of (AGENCY NAME), partners of such individuals, immediate family members, or an organization which employs or intends to employ any of the above has a financial or other interest in any of the competing firms.

No (AGENCY NAME) member, employee or designated agent of (AGENCY NAME) may acquire a financial interest in or benefit in any way from any activity which uses any portion of HOME funding, nor shall they have any interest in any contract, subcontract or agreement for themselves or any family members, nor shall they ever occupy such HOME-assisted unit.

NOTE: These rules apply to all named parties and shall be effective for the period of service and for one year after leaving said position (or office, in the case of elected officials).

Exception to these rules may be sought by requesting exemption from the U.S. Department of Housing and Urban Development (HUD). Such request for exemption must be sent in writing to HUD. In order to make such request, first, the full nature of the conflict must have been made public and proof of such disclosure must be submitted to HUD, AND secondly, the (AGENCY NAME) must submit to HUD a legal opinion which states that the potential conflict will not be a violation of state or local law.

3.5 Federal Regulations for Nonprofit Agencies: 24 CFR Part 84 Procurement Standards

Federal Regulations for Nonprofit Agencies 24 CFR Part 84 Procurement Standards	
This information is provided as an outline and is not intended to be a complete summary of the regulations. Please read 24 CFR Part 84 to ensure compliance in all areas.	
Section Name and Reference Number	Description
Competition 84.43	<ul style="list-style-type: none"> • Competition must be provided openly and freely. • Awards are made to the bidder whose bid is responsive and most advantageous to the recipient in regard to factors such as: <ol style="list-style-type: none"> a. price b. quality • Agencies must comply with Section 3 of HUD Act of 1968, directing economic opportunity generated by HUD to very low- and low-income persons.
Procurement Procedures 84.44	<ul style="list-style-type: none"> • All recipients must establish written procurement procedures that address issues such as: <ol style="list-style-type: none"> a. avoiding the purchase of unnecessary items b. analyzing lease and purchase alternative to determine the most economical choice • Requirements for solicitations of goods and services <ol style="list-style-type: none"> a. recipients must make a positive effort to use: <ol style="list-style-type: none"> 1. small business 2. minority-owned firms 3. women's business enterprises b. type of procuring instruments used may include: <ol style="list-style-type: none"> 1. fixed price contract 2. cost reimbursable contract 3. purchase orders 4. incentive contracts • In making contracts, consideration must be given to: <ol style="list-style-type: none"> a. contractor integrity b. compliance with public policy c. record of past performance d. financial and technical resources • If requested, recipients shall make available all procurement related documents for the federal awarding agency.
Contract Administration 84.47	<ul style="list-style-type: none"> • Recipients must maintain a system for contract administration to ensure: <ol style="list-style-type: none"> a. contractor conformance with terms, conditions and specifications to the contract; and b. adequate and timely follow-up of all purchase. • Recipients shall evaluate contractor performance.

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| | <ul style="list-style-type: none">• No contract shall be made to parties listed on the General Services Administration's List of Parties excluded from Federal Procurement or Nonprocurement Programs in accordance with Executive Orders 12549 and 12689, "Debarment and Suspension."• The Drug-Free Workplace Act of 1988 requires grantees of federal agencies, as a prior condition of being awarded a grant, to certify that they will provide drug free workplaces. |
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3.6 Sample Nonprofit Procurement Policy

(NONPROFIT NAME) PROCUREMENT POLICY

All procurements made by (NONPROFIT NAME) involving the expenditure of HOME Funds will be made in accordance with the following procurement standards.

Procurement transactions, regardless of method or dollar value, will maximize open and free competition consistent with the standards of 24 CFR Sections 84.41 through 84.48. (NONPROFIT NAME) shall not engage in procurement practices which may be considered arbitrary or restrictive.

Purchases will be reviewed by the (REVIEWER'S TITLE) to prevent duplication and to ensure that costs are reasonable.

I. METHODS FOR PROCUREMENT

Procurements shall be made using one of the following methods: (a) small purchase procedures, (b) competitive sealed bids, (c) competitive negotiations, (d) non-competitive negotiation and shall be made in accordance with procedures set forth at 24 CFR § 84.44 (a)(1) through (a)(3) at a minimum.

A. Small Purchases

Purchases which cost between \$500 and \$1,000 will require three over-the-telephone quotations of rate, price, etc. A memorandum will be prepared setting forth the date calls were made, parties contacted and prices obtained. For purchases of less than \$500, efforts will be made to get the lowest and best price, but written records of such efforts are not necessary.

Purchases of supplies, equipment and services which cost between \$1,000 and \$10,000 will require written estimates but no legal advertisement is required. (NONPROFIT NAME) will solicit written responses from at least three vendors, and if no such responses are available, a statement explaining the procurement will be prepared and filed.

B. Competitive Sealed Bids

Bidding will be employed when detailed specifications for the goods or services to be procured can be prepared and the primary basis for award is cost. When the cost of a contract, lease or other agreement for materials, supplies, equipment or contractual services, other than those personal or professional, exceeds \$10,000, an Invitation for Bids (IFB) notice will generally be prepared. This notice will be published at least once in (NAME OF NEWSPAPER), the official newspaper of general circulation in (SERVICE AREA). This newspaper notice will appear not less than seven (7) days and not more than twenty-one (21) days before the due date for bid proposals. (NONPROFIT NAME) may also solicit sealed bids from responsible prospective suppliers by sending them a copy of such notice.

The IFB will include a complete, accurate and realistic specification and description of the goods or services to be procured, the bid deposit, payment

bond and bond performance required (if applicable), the location where bid forms and specifications may be secured, the time and place for opening bids, and whether the bid award will be made on the basis of the lowest price or the lowest evaluated price. If the lowest evaluated price is used, the measurable criteria to be used must be stated in the IFB. The newspaper notice must also contain language which calls to the attention of bidders all applicable requirements which must be complied with such as Section 3 of the 1968 Housing Act, Section 109 of the 1974 Housing and Community Development Act, the Civil Rights Act of 1964, Executive Order 11246 and the Davis-Bacon Act.

Sealed bids will be opened in public at the time and place stated in the IFBs. The bids will be tabulated by the (TABULATOR'S TITLE) at the time of bid opening. The results of the tabulation and the bid procurements will be examined for accuracy and completeness by the (EXAMINER'S TITLE) who will make recommendations to the (NONPROFIT NAME). In addition, the (RESPONSIBLE PERSON'S TITLE) shall determine that all firms are responsive and responsible. The (NONPROFIT NAME) will make the decision as to whom the contract shall be awarded. After the bid award is made by the (NONPROFIT NAME), a contract will be prepared for execution by the successful bidder. After the contract is signed, all bid deposits will be returned to all unsuccessful bidders.

(NONPROFIT NAME) may cancel an Invitation for Bid or reject all bids if it is determined that such is in the best interests of (NONPROFIT NAME). Bidders will be notified in writing of such cancellation or rejection. (NONPROFIT NAME) may allow a vendor to withdraw a bid if requested at any time prior to the bid opening. Bids received after the time set for bid opening shall be returned to the vendor unopened.

C. Competitive Negotiations

(NONPROFIT NAME) will use competitive negotiations, regardless of contract amount, upon a written determination that:

1. Specifications cannot be made specific enough to permit the award of a bid on the basis of either the lowest bid or the lowest evaluated bid price (in other words, bidding is not feasible).
2. The services to be procured are professional in nature.

With the exception of certain professional services (principally engineering services), competitive negotiations will proceed as follows:

- a. Proposals will be solicited through newspaper advertisement; additionally, a Request for Proposal (RFP) may be prepared and mailed to qualified vendors. The newspaper advertisement must be published at least seven (7) days and not more than twenty-one (21) days before the date for receipt of the proposals. The RFP will describe services needed and identify the factors to be considered in the evaluation of proposals and the relative weights assigned to each selection factor. The RFP will also state where further details regarding the RFP may be obtained. The RFP will call attention to the same regulations discussed in the bidding process. Requests for proposals will always include cost as a selection factor.

- b. Award must be made to the offeror whose proposal is determined in writing by the (NONPROFIT NAME) to be the most advantageous to (NONPROFIT NAME). Evaluations must be based on the factors set forth in the Request for Proposal and a written evaluation of each response prepared. The review committee may contact the firms regarding their proposals for the purpose of clarification and record in writing the nature of the clarification. If it is determined that no acceptable proposal has been submitted, all proposals may be rejected. New proposals may be solicited on the same or revised terms or the procurement may be abandoned.

For the procurement of certain professional services, an alternative to RFPs may be used. (NONPROFIT NAME) may publish a Request for Qualifications (RFQ). RFQs are handled in a similar method to RFP's with the exception that cost is not a factor in the initial evaluation. The (RESPONSIBLE PERSON'S TITLE) will evaluate the responses and rank them by comparative qualifications. The highest scoring person or firm will be contacted and the (CONTACTOR'S TITLE) will negotiate cost. If the (RESPONSIBLE PERSON'S TITLE) is unable to negotiate a satisfactory cost arrangement, the second highest scoring person or firm will be invited to negotiate. The (RESPONSIBLE PERSON'S TITLE) will maintain a written record of all such negotiations.

D. Noncompetitive Negotiations

Noncompetitive negotiations may be used for procurements in excess of \$10,000 when bidding or competitive negotiations are not feasible. (NONPROFIT NAME) may purchase goods and services through non-competitive negotiations when it is determined in writing by the (RESPONSIBLE PERSON'S TITLE) that competitive negotiation or bidding is not feasible and that:

1. An emergency exists which will cause public harm as a result of the delay caused by following competitive purchasing procedures, or
2. The product or service can be obtained only from one source, or
3. The contract is for the purchase of perishable items purchased on a weekly or more frequent basis, or
4. Only one satisfactory proposal is received through RFP or RFQ, or
5. The state has authorized the particular type of noncompetitive negotiation (e.g., the procurement of services by an Area Development District).

Procurement by noncompetitive negotiation requires the strictest attention to the observation of impartiality toward all suppliers. The (NONPROFIT NAME) must approve all procurements by non-competitive negotiation when only one supplier is involved or only one bid or response to an RFP/RFQ is received.

Bids will be accepted only from those contractors who have a proven record of ability to successfully complete the scope of work being bid. References will be requested along with the contractor's bid proposal. Any contractors submitting a bid must produce (along with his/her bid documents) written proof of liability insurance and worker's

compensation coverage. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance and financial and technical resources in awarding contracts.

Upon submission of a bid, the contractor will present a bid guarantee equivalent to 5 percent of the amount of the contractor's submitted bid. Unsuccessful bidders will have their bid guarantee returned to them with the notice which advises them they are an unsuccessful bidder. The successful bidder will post (at the signing of the contract and notice to proceed) a performance bond equal to 100 percent of the contract amount, along with a payment bond equivalent to 100 percent of the contract amount.

II. CONTRACTS

Generally, all procurement in excess of \$200 will be memorialized and supported by a written contract. Where it is not feasible or is impractical to prepare a contract, a written finding to this effect will be prepared and some form of documentation regarding the transaction will also be prepared. The contractual provisions required by the "Common Rule," 24 CFR Part 84 Sections 47 and 48 and 24 CFR Part 92 Sections 504, 505 and all others as applicable will be included in all contracts. All contracts will contain language which allows the (NONPROFIT NAME) the opportunity to cancel any contract for cause. Said cause shall include (but not be limited to) demonstrated lack of ability to perform the work specified, unwillingness to complete the work in a timely fashion, cancellation of liability insurance or worker's compensation, failure to pay suppliers or workers, unsafe working conditions caused by the contractor, failure to comply with Davis-Bacon wage laws (where applicable), failure to keep accurate and timely records of the job, or failure to make those records available to the (ORGANIZATION NAME) (on request) or any other documented matter which could cause a hardship for the (NONPROFIT NAME) if a claim should arise or the work not be completed on schedule at the specified cost.

RFPs will be structured to utilize value-engineering for any construction project in excess of \$50,000. Value engineering will allow the total job to be broken down and bid in sections, so as to produce the lowest overall cost of the project to the (NONPROFIT NAME). A project will request proposals for heating as one element, electrical as one element, etc. In some cases, this will make for a more cost-effective project. However, this does not preclude a bidder from making a lump-sum bid. Total cost will be calculated when value-engineering produces different bids for different scopes of work. Those segmented bids will then be added together to give a final project cost.

III. DOCUMENTATION

All source documents supporting any given transaction (receipts, purchase orders, invoices, RFP/RFQ data and bid materials) will be retained and filed in an appropriate manner. Where feasible, source documents pertinent to each individual procurement shall be separately filed and maintained. Where it is not feasible to maintain individual procurement files, source documents will be filed and maintained in a reasonable manner (examples include chronologically, by vendor, by type of procurement, etc.). Whatever form of documentation and filing is employed, the purpose of this section is to ensure that a clear and consistent audit trail is established. At a minimum, source document data must be sufficient to establish the basis for selection, basis for cost, (including the issue of reasonableness of cost), rationale for method of procurement and selection of contract type, and basis for payment.

IV. LOCALLY OWNED, MINORITY-OWNED, FEMALE-OWNED AND SMALL BUSINESSES

All necessary affirmative steps will be taken and documented to solicit participation of locally owned, minority-owned, female-owned and small businesses. (NONPROFIT NAME) will solicit proposals from minority- or women-owned businesses that provide the goods or services that are being sought. Where possible and feasible, delivery schedules will be established and work will be subdivided to maximize participation by small businesses or minority- or women-owned businesses. Subdivided components will be bid as a separate contract. Where feasible, evaluation criteria will include a factor with an appropriate weight for these firms. A list of locally owned, minority-owned, female-owned and small businesses and also minority businesses located within the trade region shall be maintained and used when issuing IFBs, RFPs and RFQs. This list shall also be consulted when making small purchases. (NONPROFIT NAME) will use the services of the Small Business Administration and the Minority Business Development Agency of the Department of Commerce. The successful bidder will be required to use these same criteria in selection of suppliers and subcontractors whenever possible.

V. CODE OF CONDUCT

A. Conflict Of Interest

No (NONPROFIT NAME) member, employee, consultant, elected official, appointed official or designated agent of (NONPROFIT NAME) will take part or have an interest in the award of any procurement transaction if a conflict of interest, real or apparent, exists. A conflict of interest occurs when the official, employee or designated agent of (NONPROFIT NAME), partners of such individuals, immediate family members, or an organization which employs or intends to employ any of the above has a financial or other interest in any of the competing firms.

No (NONPROFIT NAME) member, employee or designated agent of (NONPROFIT NAME) may acquire a financial interest in or benefit in any way from any activity which uses any portion of HOME funding, nor shall they have any interest in any contract, subcontract or agreement for themselves or any family members, nor shall they ever occupy such HOME-assisted unit.

NOTE: These rules apply to all named parties and shall be effective for the period of service and for one year after leaving said position (or office, in the case of elected officials).

Exception to these rules may be sought by requesting exemption from the U.S. Department of Housing and Urban Development (HUD). Such request for exemption must be sent in writing to HUD. In order to make such request, first, the full nature of the conflict must have been made public and proof of such disclosure must be submitted to HUD, AND secondly, the (NONPROFIT NAME) must submit to HUD a legal opinion which states that the potential conflict will not be a violation of state or local law.

3.7 Record Keeping Requirements for HOME Recipients

The HOME regulations require that recipients retain program records. Therefore, we have developed a list of documents that need to be retained. Please refer to the HOME regulations Section 92.508 for additional clarification.

Period of record retention: All records pertaining to each fiscal year of HOME funds must be retained for the most recent five-year period, except as provided below:

1. For rental housing projects, records must be retained for five years after the project completion date; except that records of individual tenant income verifications project rent and project inspections must be retained for the most recent five-year period, until five years after the affordability period terminates.
2. For homeownership housing projects, records may be retained for five years after the project completion date, except for documents imposing recapture/resale restrictions which must be retained for five years after the affordability period terminates.
3. For tenant-based rental assistance projects, records must be retained for five years after the period of tenant assistance terminates.
4. Written agreements must be retained for five years after the agreement terminates.
5. Records covering displacements and acquisition must be retained for five years after the date by which all persons displaced from the property and all persons whose property is acquired for the project have received the final payment to which they are entitled in accordance with 92.353.
6. If any litigation, claim, negotiation, audit, monitoring, inspection or other action has been started before the expiration of the required record retention period, records must be retained until completion of the action and resolution of all issues which arise from it, or until the end of the required period, whichever is later.

GENERAL INFORMATION FOR PROJECT ADMINISTRATION:

(All items may not be applicable.)

1. Application and attachments
2. Letter of tax-exempt status
3. Articles of Incorporation and by-laws
4. List of board members and board directors
5. Procurement policies
6. Resolution for signatures and Signatory Form
7. Affirmative Action and EEOC Policy Statement
8. Affirmative Marketing Plan
9. Fair Housing Plan
10. Antidisplacement Plan/Relocation Policy
11. Resolution or minutes accepting HOME Funds
12. Certification regarding Drug-Free Workplace
13. Information on all funding sources
14. Breakdown of costs for each project by address
15. Name, address and phone number of person responsible for financial management

16. Name, address and phone number of person responsible for programmatic management
17. Environmental Review package
18. Environmental Clearance letter
19. Title VI Self Survey and Assurance
20. Commitment letters for match and leverage
21. HOME Repayment Criteria (if other than KHC's)
22. Certification/approval letter from FHA, RHS, VA to provide HOME funds as secondary financing for home buyer units
23. HOME Funding Agreement and Exhibits
24. Amendments/Modifications to HOME and/or AHTF Funding Agreements
25. KHC Mortgage Servicing Agreement
26. Certificate of Existence/Incorporation from Secretary of State
27. General correspondence between KHC staff and agency
28. Annual audit
29. Financial Management Certification Form

NEW CONSTRUCTION or DEMOLITION/REBUILD PROJECTS

– single-family (for each address):

1. All applicable permits (building, heating, electrical, plumbing)
2. Copy of plans and specs
3. Project amendments and/or change-orders
4. Project Setup Packet and all associated forms
5. Project Completion Report and all associated forms
6. Draw requests and project spreadsheets
7. Schedule of values
8. Receipts, invoices, etc., from the contractor
9. Certificate of Occupancy or records demonstrating that each property meets the property standards of § 92.251
10. Deeds
11. Affidavit of Subcontractors and Material Suppliers Form
12. Waivers and Right of Lien
13. Surveys
14. Certificate of Warranty for the home buyer
15. Inspection reports
16. Picture of the completed house
17. Relocation notices/documentation of expenses, if applicable
18. Income guidelines
19. Records demonstrating that each family is income-eligible in accordance with § 92.203 (Income, Asset and Employment Verification documents and income eligibility limits)
20. Recorded HOME Mortgage (between the homeowner and the agency)
21. Promissory Note (between the homeowner and the agency)
22. Recorded AHTF Deed Restriction
23. Recapture Provision and Principal Residency Requirements (if not in other legal documents)
24. Financing Rider, if applicable
25. Appraisal or certifying value
26. Records demonstrating that each project meets the affordability requirements of § 92.254 for the required period
27. Settlement Statement and Sales Contract
28. Copy of Declaration Page of Homeowner's Insurance which reflects the recipient as mortgagee

29. Right of Rescission
30. Disclosure statement
31. Loan committee approval, if applicable

ADDITIONAL REQUIREMENTS FOR CHDOs:

1. Records concerning the use of funds for CHDO operating expenses and demonstrating compliance with the requirements of § 92.208, § 92.300 (e) and § 92.300 (f).
2. Records concerning the tenant participation plan required by § 92.303. (rental projects)
3. Records concerning project specific assistance to CHDOs pursuant to § 92.301, including the impediments to repayment, if repayment is waived.
4. Records which track administrative expenditures, CHDO proceeds, program income, etc.

REHABILITATION PROJECTS – owner occupied (for each address):

1. Application to participate
2. A record demonstrating that each family is income-eligible in accordance with § 92.203 (Income, Asset and Employment Verification documents and income eligibility limits).
3. Income guidelines
4. Lead-based paint notification
5. Cost of rehabilitation/Schedule of Values/Detailed work write-up
6. Copy of contract between contractor and homeowner
7. Right of Rescission
8. Disclosure statement
9. Loan committee approval
10. Notice to proceed
11. All applicable permits (building, electrical, plumbing, heating)
12. Project amendments and/or change-orders
13. Project Setup Packet and all associated forms
14. Project Completion Report and all associated forms
15. Draw requests and project spreadsheets
16. Receipts, invoices, etc. from the contractor
17. Certificate of Occupancy or records demonstrating that each property meets the property standards of § 92.251
18. Affidavit of Subcontractors and Material Suppliers Form
19. Waivers and Right of Lien
20. Certificate of Warranties to the homeowner
21. Recorded HOME Mortgage (between the homeowner and the agency)
22. Promissory Note (between the homeowner and the agency)
23. Recorded AHTF Deed Restriction
24. Recapture Provision and Principal Residency Requirements (if not in other legal documents)
25. Records demonstrating that the property meets the affordability requirements of § 92.254 for the required period
26. Copy of Declaration Page of Homeowner's Insurance which reflects the recipient as mortgagee
27. Picture of the completed house
28. Inspection reports
29. Evidence of homeowner's clear title to property
30. Appraisal or certifying value

RENTAL HOUSING PROJECTS (for each address):

1. All applicable permits (building, heating, electrical, plumbing)
2. Project amendments and/or change orders
3. Project Setup Forms
4. Draw requests and project spreadsheets
5. Receipts, invoices, etc., from the contractor
6. Certificate of Occupancy
7. Documentation that each property meets the applicable code requirements
8. Affidavit of Subcontractors and Material Suppliers Form
9. Waivers and Right of Lien
10. Picture of completed rental project
11. Inspection reports
12. Tenant Selection Plan
13. Lease Agreement
14. Records demonstrating that the lease for each assisted unit complies with the tenant and participant protections of § 92.253. Records must be kept for each family/address.
15. A record demonstrating that each rental housing project meets the affordability and income targeting requirements of § 92.252 for the required period. Individual tenant files must be kept for five years after the tenant moves out.
16. Relocation notices/documentation of expenses, if applicable
17. Rental loan closing documents executed between KHC and Recipient
 - Survey, plot plan and/or plat
 - Evidence borrower in good standing in Kentucky
 - Appraisal
 - Performance Bond and Payment Bond
 - Opinion of Borrower's Legal Counsel
 - Mortgage
 - Promissory Note
 - Declaration of Covenants and Restrictions
 - Security Agreement
 - UCC-1 Financing Statement and Fixture Filing
 - Assignment of Leases and Rents
 - HOME Construction Agreement
 - Intercreditor Agreement (if more than one lender involved)
 - Disbursement Agreement (if more than one lender involved)
 - Deeds or options to purchase (if acquisition involved)
 - Title Commitment/Policy
 - Evidence of Insurance: Workers Compensation, Builder's Risk, General Liability

TENANT-BASED RENTAL ASSISTANCE PROJECTS:

1. Administrative Plan
2. Contract Addendum, if applicable
3. Housing assistance payment contract form
4. HUD-approved utility allowance
5. Project Setup Forms
6. Client eligibility documentation (tenant income verification)

7. Documentation that 100 percent of the tenant-based rental assistance was provided to individuals earning less than 60 percent of the median income and a minimum of 20 percent was provided to individuals earning 50 percent or less of the median income.
8. A record demonstrating that each project meets the written tenant selection policies and criteria of § 92.209(c), including the tenant preference requirements, the rent reasonableness requirements of § 92.209(f), the maximum subsidy provisions of § 92.209(h), HQS inspection reports and calculation of the HOME subsidy.
9. Records demonstrating that the lease for each tenant receiving tenant-based rental assistance complies with the tenant and participant protections of § 92.253. Records must be kept for each family.
10. Lead-based paint notification
11. HQS inspection reports
12. Lease Agreement

FINANCIAL RECORDS (for every project):

1. Records identifying the source and application of funds for each fiscal year, including the formula allocation, any reallocation (identified by federal fiscal year appropriation, and any state or local funds provided under § 92.102 (b)).
2. Records concerning the HOME account required to be established and maintained by § 92.300 including deposits, disbursements, balances, supporting documentation and any other information required by the program disbursement and information system established by HUD.
3. Records identifying the source and application of program income, CHDO proceeds, repayments and recaptured funds. Must have a tracking system for each type of fund.
4. Records demonstrating adequate budget control in accordance with 24 CFR 85.20, including evidence of periodic account reconciliation.
5. Copies of checks
6. Match tracking documents
7. Leverage funds tracking documents

PROCUREMENT DOCUMENTS (for every project):

1. Newspaper posting
2. Bid opening
3. Request for Proposals (RFP)
4. Rank/rating criteria
5. Board meeting minutes/resolution accepting bid

PROCUREMENT DOCUMENTS (for each address):

1. In-house cost estimate/work write-up
2. Bid opening
3. RFP
4. Bids awarded
5. Copies of bid meeting minutes
6. Written notification
7. Debarment form
8. Section 3 Certification
9. Notice to proceed
10. Evidence of general liability and workman's compensation coverage
11. Evidence that the RFP was advertised

LABOR STANDARDS/DAVIS BACON WAGE RATES
(If project is 12 or more HOME units):

1. Copy of wage rate request
2. Copy of wage rate, along with any additional classifications
3. Bid/contract documents with labor standards provisions included
4. Contractor eligibility verification
5. Preconstruction conference minutes/sign-in sheet
6. Payrolls, with evidence of review
7. Notice of start of construction
8. Employee interviews*
9. Evidence of any violations and steps taken to resolve them
10. Final wage compliance reports*

* Necessary only if entity other than KHC performs Davis-Bacon compliance reviews.

ENVIRONMENTAL RECORDS:

1. Copy of the complete environmental review including all materials and documentation that were required to complete the review. (Units of local government should keep the originals and mail KHC copies. KHC will mail copies to the nonprofit agencies.)
2. Format II
3. Finding of No Significant Impact (FONSI)
4. Newspaper advertisement
5. Correspondence
6. Finding of Exemption or Categorical Exclusion
7. Finding of Continued Relevancy
8. Documentation of compliance with any mitigation requirements that were identified in the environmental review.
9. For unspecified site projects, copies of all necessary checklists, and documentation for the responses given on that checklist.

INFRASTRUCTURE PROJECTS:

1. Documentation that the area is low income
2. Document the street addresses, blocks, lots, etc., for the work
3. Document the amount of money spent on the project including a list and costs of what was done
4. Invoices
5. Request for proposals
6. Contract for construction
7. Award documents, bid openings, bid award, notice to proceed, etc.
8. If improvements are made where houses are to be sold to low-income persons, you must include documentation in the files that the buyer was low income.

RECORDS CONCERNING OTHER FEDERAL REQUIREMENTS:

1. Equal opportunity and fair housing records

(a) Data on the extent to which each racial and ethnic group and single-headed household (by gender of household head) have applied for, participated in, or benefited from, any program or activity funded in whole or in part with HOME funds.

The nonprofit should maintain records on individuals seeking assistance, but who were not eligible. This should include a profile of the client, and the reason they were not eligible.

(b) Documentation of actions undertaken to meet the requirements of 24 CFR Part 135 which implements **Section 3** of the Housing Development Act of 1968.

(c) Documentation of the actions taken to **affirmatively further fair housing**.

All reports, brochures, maps and other documents completed as part of the project should contain the Fair Housing logo. Fair Housing brochures are available from the U.S. Department of Housing and Urban Development. Posters and pamphlets should be displayed in the office area.

Recipients must be able to demonstrate that the program is administered fairly according to the policies and procedures. The recipient must maintain records on individuals they were unable to assist and the reasons why they were unable to assist each applicant. The records should reflect direct benefit information and income levels for each person that applied for, participated in, or benefited from, any program or activity funded in whole or in part with HOME funds.

2. **Affirmative Marketing** and Minority Owned Business Enterprises (MBE) and Women Owned Business Enterprises (WBE) records.

(a) Records demonstrating compliance with the affirmative marketing procedures and requirements of § 92.351.

The recipient must maintain a file on marketing efforts. This will include copies of fliers, newspaper advertisements, a log indicating when and where presentations were made, evidence of housing fairs, community events, etc.

(b) Documentation and data on the steps taken to implement the jurisdictions outreach programs to MBE and WBE businesses including data indicating the racial/ethnic or gender character of each business entity receiving a contract or subcontract of \$25,000 or more paid, or to be paid, with HOME funds; the amount of the contract or subcontract, and documentation or participating jurisdiction's affirmative steps to assure that minority businesses and women's businesses have an equal opportunity to obtain or compete for contracts and subcontracts as sources of supplies, equipment, construction and services.

3. Records demonstrating compliance with the environmental review requirement of § 92.352 and 24 CFR part 58, including flood insurance requirements.

4. Records demonstrating compliance with the requirements of § 92.353 regarding displacement, relocation and real property acquisition, including project occupancy lists identifying the name and address of all persons occupying the real property on the date described in § 92.353 (c)(2)(I)(A), moving into the property on or after the date described in § 92.353 (c)(2)(I)(A), and occupying the property upon completion of the project.

5. Records demonstrating compliance with the labor requirements of § 92.354, including contract provisions and payroll records.
6. Records demonstrating compliance with the lead-based paint requirements of § 92.356.
7. Debarment and suspension certifications required by 24 CFR parts 24 and 91.

NOTE: KHC reserves the right to request additional information. This may not be an all-inclusive list.

3.8 Instructions for the Requestor of Form W-9

<http://www.irs.gov/pub/irs-pdf/iw9.pdf>

3.9 Complete Policy for Documenting Volunteer Labor and Certification

Policy for Documenting Volunteer Labor and Sweat Equity

I. Match Definition

Matching funds are defined as any non-federal, permanent contribution to the project.

All funding sources not HOME Investment Partnerships Program (HOME)-match eligible are considered “leverage.” Leverage funds include federal dollars, loaned funds, and owner cash.

II. HOME-Eligible Match Sources:

- ❖ Affordable Housing Trust Fund (AHTF), if granted to a HOME project.
- ❖ Donated cash (not provided by assisted household).
- ❖ Donated materials.
- ❖ Waived fees and taxes.
- ❖ Property donation or below-market sale.
A copy of the appraisal and/or purchase contract must be submitted. The donor/seller of the property must also provide a statement certifying that the property was donated or sold for affordable housing purposes and an acknowledgement that the donor/seller received the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 Guideform Notice Disclosure to Seller, as well as the U.S. Department of Housing and Urban Development booklet, “When a Public Agency Acquires Your Property.” If the property was originally acquired with federal funds, the value of the property is not match-eligible.
- ❖ Homebuyer counseling services, for which the assisted household is not charged.
Counseling may not be valued at more than \$40 per hour.
- ❖ Volunteer labor.
- ❖ Sweat equity.

III. HOME Eligible Leverage Sources:

- ❖ Other federal funds
- ❖ Credits (equity, historic credits, or syndication proceeds)
- ❖ Other loan funds and equity

IV. AHTF Eligible Match Sources:

- ❖ All other loan funds, match, cash, appraised land, credit, cash, and equity.

Note: AHTF funds from other funding sources are not an eligible AHTF match source.

V. Match Requirements for Volunteer Labor and Sweat Equity

Volunteer labor: Unskilled volunteer labor may not be valued at more than \$10 per hour. Skilled volunteer labor may be valued at the rate paid for similar work within your labor market area [CPD 97-03(H)].

Sweat equity: May count as an eligible form of match only if the labor contributed is under an established sweat-equity component of the recipients program CPD 97-03(I). The value of sweat equity shall be calculated using the rate paid for unskilled labor in your market area or no more than \$10 per hour.

VI. Tracking Match Obligations and Contributions

In order for the recipient to meet the volunteer or sweat equity match requirement, they must maintain a running log that demonstrates compliance for each proposed unit. This is in necessary to comply with records management demonstrating adequate budget control in accordance with 24 CFR 85.20.

The documentation for all volunteer labor or sweat equity time must include the following:

- ❖ Address of the unit.
- ❖ The name of the volunteer.
- ❖ The dates he/she worked.
- ❖ The hours worked each day.
- ❖ A brief description of the work completed.
- ❖ Signature of the volunteer.
- ❖ Signature of project management review/approval.

3.10 Form W-9: Request for Taxpayer Identification Number and Certification

<http://www.irs.gov/pub/irs-pdf/fw9.pdf>

3.11 Form I-9: U.S. Citizen & Immigration Services – Employment Eligibility Verification

<http://www.uscis.gov/sites/default/files/files/form/i-9.pdf>

4: Client Intake

4.1 Income Eligibility Notice

Although the HOME Final Rule allows for three separate methods for determining income eligibility of a family, KHC has adopted a policy that income determination must be calculated using the Section 8 method (also known as Part 5 annual income.) Each family must be determined to be income-eligible by calculating their anticipated income and income from assets for the next twelve months; source documentation must be kept on file which verifies this anticipated income/assets. Please note initial eligibility is based on the household's annual gross income. No adjustments to income are used when calculating a family's initial eligibility.

A household's adjusted income/assets are calculated, however, in the following circumstances of HOME assisted rental or tenant-based rental assistance projects:

1. If a tenant's household income is determined to be over 80 percent of the area median income during their annual income recertification, 30 percent of the household's adjusted monthly income is to be calculated to determine the household's new rent. Please note, however, the new rent is to be the greater of 30 percent of the family's adjusted gross income or the applicable high HOME rent. For those projects which contains floating or market rent units, the adjusted rent may not exceed the market rate rents.
2. For families receiving HOME tenant-based rental assistance (TBRA), 30 percent of their adjusted monthly income is calculated to determine the portion of the monthly rent which will be paid with HOME funds. Please note, however, that each family must be determined to be income eligible initially by using the Section 8 annual income method with no adjustments.

4.2 Technical Guide for Determining Income and Allowances for the HOME Program

http://www.kyhousing.org/uploadedFiles/Housing_Production/Homeownership_Programs/HOME_Manual/TechGuideDetermineIncAllowance.pdf

4.3 Tenant Release and Consent Form

I/We _____, the undersigned hereby authorize all persons or companies in the categories listed below to release without liability, information regarding employment, income, and/or assets to _____, (Owner or agent) for purposes of verifying information on my/our HOME Investment Partnerships Program Application.

Information Covered

I/We understand that previous or current information regarding me/us may be needed. Verifications and inquiries that may be requested include, but are not limited to: personal identity; employment, income and assets; medical or child care allowances. I/We understand that this authorization cannot be used to obtain any information about me/us that is not pertinent to my eligibility for and continued participation as a qualified tenant.

GROUPS OR INDIVIDUALS THAT MAY BE ASKED

The groups or individuals that may be asked to release the above information include, but are not limited to:

Past and present employees	Welfare agencies	Veterans Administration
Previous landlords (including	State unemployment agencies	Retirement systems
Public Housing Agencies)	Social Security administration	Banks and other financial
Support and alimony providers	Medical and child care providers	institutions

CONDITIONS

I/We agree that a photocopy of this authorization may be used for the purposes stated above. The original of this authorization is on file and will stay in effect for a year and one month from the date signed. I/We understand I/We have a right to review this file and correct any information that is incorrect.

SIGNATURES

Applicant/Resident	Print Name	Date
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Co-Applicant/Resident	Print Name	Date
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Adult Member	Print Name	Date
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Adult Member	Print Name	Date
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Note: This general consent may not be used to request a copy of a tax return. If a copy of a tax return is needed, IRS Form 4506, "Request for copy of tax form" must be prepared and signed separately.

4.4 Sample Income and Asset Verification Forms

- Banking Verification
- Employment Verification
- Verification of Section 8 Income
- Verification of Informal Support
- Verification of Social Security
- Verification of Child Support
- Verification of Student Status
- Verification of Military Income
- Pension/Retirement/Annuity Income
- Verification of Disability
- Verification of Public Assistance
- Verification of Public Assistance and Job Training Assistance
- Veterans Administration Benefits/Disability Benefits/Workers' Compensation/Unemployment Compensation
- Certification of Zero Income
- Annual Recertification Personal Declaration
- Affidavit in Verification of Self-Employment
- Disposed Assets Verification
- Sworn Statement of Assets
- Documentation of Telephone Verification

To access this information, please visit the [HPIM Resources](#) page of the KHC Web site.

5: Project Set – Up

5.1 Project Set – Up Guide Instructions

PROJECT SET-UP GUIDE INSTRUCTIONS

The following information must be submitted to Kentucky Housing Corporation (KHC) to set up a HOME project that is ready to be entered into the IDIS system. Also, the project must be ready for construction prior to setting up the project in the IDIS system. Please note that KHC will monitor inactive projects.

The forms for the set-up packet are created in a Microsoft Excel format to enable recipients to enter information on the computer and reduce the number of manual entries and mathematical calculations. If entering information directly onto the form, please be sure to save the file under a separate name.

When entering information on the forms, please note instructions in the green shaded area at the top of the forms. Please enter information into all cells highlighted in yellow.

Recipients may submit set-up packets in either of the following ways, provided all information is submitted simultaneously:

- **Mail or fax.** Print set-up packet, sign in appropriate space(s), and attach locally-generated information (floodplain map, proof of homeowner's insurance, SHPO clearance, etc., as applicable). Refer to set-up checklist for local documents that must be attached to Excel portion of set-up. Packet may be mailed or faxed to your assigned program representative at KHC, 1231 Louisville Road, Frankfort, KY 40601 or by fax at (502) 564-9866.
- **E-mail.** Complete set-up packet, print and sign in appropriate space(s), scan set-up packet and locally-generated information, and email all items to your assigned program representative.

KHC has the responsibility to enter all projects in the IDIS system. Recipients cannot access the IDIS system. Recipients will be notified of the project set-up number assigned to the unit. This will indicate that the unit has been approved and entered into the IDIS system. **Recipients should not begin work on the unit until they have received the project set-up number.** Each house is considered a separate activity; therefore, each house will have a separate number assigned to it.

All project set-up packets must be submitted at least two weeks prior to the commencement of construction or rehabilitation. Failure to do so may result in delay or disapproval of the project set-up. Recipients will be notified if KHC has selected a unit for inspection. Please refer to KHC's Inspection and Property Standards Policy for more guidance.

5.2 Inspection and Property Standards Policy

INSPECTION AND PROPERTY STANDARDS POLICY

The HOME regulations require that each HOME-assisted unit meet certain building codes; in addition, KHC requires that units assisted with AHTF meet the same requirements. The applicable building code is determined by the activity being undertaken by the recipient. Depending upon the activity and the amount of HOME and/or AHTF funds in the unit, projects are required to adhere to current Kentucky Residential Building Code (KRBC) and/or Housing Quality Standards (HQS). It is possible for a project to be required to adhere to more than one of these codes. Please refer to your Funding Agreement and the HOME regulations at §92.251 for more information about code requirements. In addition, you should contact KHC's Department of Design and Construction Review for specific code questions.

As the state administrator for the HOME and AHTF programs, Kentucky Housing Corporation (KHC) is responsible for ensuring that an adequate sampling of assisted units adheres to the applicable code. It is the responsibility of the recipient, however, to ensure that each assisted unit is code compliant. At a minimum, KHC has adopted the policy of inspecting 20 percent of all units assisted by a particular recipient to ensure building code compliance. Please note, however, that KHC reserves the right to inspect additional units.

As is evident, the task of inspecting so many units throughout the state is monumental. To assist KHC in ensuring that our inspection goal is met, each recipient must complete and submit the Notification of Construction Start-Up with the project set-up packet a minimum of 2 weeks prior to the commencement of construction. This form must be completed for each unit assisted (if a separate address) regardless of whether KHC has already inspected 20 percent of your units. Failure to submit this form may result in a delay in a recipient's ability to draw down funds. Please note that for units selected for inspection by KHC, the assigned KHC inspector must sign each draw request for that unit. Draw requests that are not signed by the inspector may be delayed or voided.

Once the Notification of Construction Start-Up notice is submitted, KHC will determine if an inspection is required. If so, a representative from KHC's Department of Design and Construction Review will contact the recipient to coordinate the inspection schedule. KHC strongly encourages that a representative of the recipient be present at the inspection. The KHC inspector will provide documentation to the recipient during the inspection which outlines any code concerns with construction to that point. Additional inspections on the unit will be scheduled periodically until the unit is complete. Please keep in mind that failure to address noted code violations will result in a delay in a recipient's ability to draw down funds.

KHC will not inspect those single-family units which require down payment/closing costs/gap financing assistance only, i.e., KHC funds are not used for construction activities. These units are required to be inspected to ensure compliance with HQS. It is the responsibility of the HOME recipient to conduct these inspections and maintain adequate documentation. The unit must be inspected and approved prior to investing KHC funds in the unit. KHC reserves the right to request a copy of the recipient's inspection documentation on any unit at any time.

As stated previously, although KHC may not inspect every unit assisted by a HOME recipient, it is the responsibility of the recipient to ensure that each unit complies with the applicable building code. As each draw is processed, the applicant must certify that the work is complete, accurate

and in compliance. If it is later determined that a unit does not meet the applicable code, KHC will require corrective action that may include the repayment of all HOME funds.

Pre-Construction Conferences

First-time recipients of HOME and/or Affordable Housing Trust Funds (AHTF) along with your construction managers, may be required to meet with Kentucky Housing Corporation (KHC)'s Construction Specialists prior to full release of funds or prior to the beginning of construction activities of the over-all project. This requirement may be implemented with other recipients on an as-needed basis.

Minimum and Universal Design Standards

KHC has adopted Minimum Design and Universal Design standards for construction and reconstruction of affordable housing units. KHC's Minimum Design requirements apply to units wherein KHC is providing 10 percent or more of the construction costs of the unit. Universal Design requirements apply to units wherein KHC is providing 51 percent or more of the construction costs of the unit.

KHC's Minimum Design Standards are to be used as a guideline to meet and exceed all local, state, and national codes. These standards also provide a way to enforce above-average construction and design for builders, contractors, and design professionals.

Universal Design is a building concept that incorporates products, design layouts and characteristics into residences in order to make the residence usable by the greatest number of people, respond to the changing needs of the resident; and improve marketability.

For additional information regarding these standards, please contact Kentucky Housing Corporation's Department of Design and Construction Review.

5.3 Insurance and Title Search Policy

INSURANCE POLICY FOR HOMEBUYER AND HOMEOWNER REHABILITATION PROJECTS

Kentucky Housing Corporation requires that all home buyer or homeowner rehabilitation projects be covered with adequate insurance. This insurance may include, but is not limited to, homeowner's insurance, fire insurance, flood insurance or replacement insurance.

Documentation of the insurance requirements must include:

1. Unit must be insured for the appraised value.*
2. The recipient agency must be listed as the Mortgagee (not KHC).
3. An effective date.
4. Expiration date of at least one year.
5. Identification of the address of the insured property.

Please note that an insurance binder is typically not acceptable documentation of property insurance. However, if a policy declaration page is not available, a binder may be accepted when accompanied by a one-year paid receipt.

The mortgage should state that if the homeowner does not pay his or her insurance, the loan would be in default.

** KHC realizes that some insurance companies will not insure the total appraised value, but will only insure the value of the structure, excluding value of the land and infrastructure.*

TITLE SEARCHES

Kentucky Housing Corporation and the HOME regulations require title searches of a 20-year minimum on all properties potentially utilizing HOME funds. This is to ensure there are no liens on the property. If a lien is discovered, HOME funds may not be used until the title is clear. This includes home buyer, homeowner rehabilitation, rental new construction and rental rehabilitation projects. If the potential client has the deed to the property, a title search is still required to ensure that the title is clear.

If the property is a subdivision, a title search must be performed on the lot as a whole. Unless extenuating circumstances are discovered, if the search performed on the whole lot is clear, title searches will not be required for each individual lot.

[5.4 Home Program County Codes](#)

To access this information, please visit the [HPIM Resources](#) page of the KHC Web site.

[5.5 Homeowner Rehabilitation/Home Buyer Project Set – Up Report Instructions](#)

HOME BUYER/ HOMEOWNER REHAB/ RENTAL HOUSING PROJECT SET-UP REPORT, HUD FORM 40094

(For Projects Funded Before October 2006)

INSTRUCTIONS

Use the Excel format project set-up forms provided in Exhibit 6 of this manual. Prepare an original and one copy. Mail the original to your assigned program representative at Kentucky Housing Corporation (KHC), 1231 Louisville Road, Frankfort, KY 40601. Retain the copy for your files. The report must be completed for each homeownership or rental housing project assisted with HOME funds. Once the project set-up package is received, KHC will enter the project into the Integrated Disbursement & Information System (IDIS) system.

NOTE: All incomplete or incorrect set-up reports will be returned to the recipient.

PART A:

1. **PROJECT NUMBER.** Leave blank. KHC will enter this number after entering the project in the IDIS system. The 40094 will be returned to the recipient with the project number.
2. **NAME OF PARTICIPANT.** Enter the legal name of the recipient.
3. **PARTICIPANT TAX ID NUMBER.** Enter the recipient's tax identification number.

4. **CHDO TAX ID NUMBER.** Complete only for projects assisted with funds reserved for Community Housing Development Organizations (CHDOs).

5. **TYPE OF PROJECTS.** Check one box to indicate the type of project set-up based on the following definitions. If a revision, please circle the appropriate revision number on the top right hand corner of the page.

(3) Acquisition Only. Acquisition of a structure that received a certificate of occupancy at least 13 months before acquisition, which does not require rehabilitation and which will be used to provide affordable rental or homeownership housing.

(4) Moderate Rehabilitation. The average per unit total rehabilitation cost (HOME funds plus any other funds) of the HOME-assisted units in the project is \$25,000 or less, and the project is any project involving (a) the repair or improvement of residential unit(s) to bring the unit(s) up to BOCA code; (b) the reconfiguration of a structure to reduce the total units in order to increase the number of large family units; (c) adding a room or rooms (e.g., bedroom or bathroom) outside the existing walls for purposes of meeting occupancy or code standards; (d) the adding of a unit or units within the existing structure; and (e) the acquisition of a structure that received a certificate of occupancy at least 13 months before acquisition, which requires rehabilitation and which will be used to provide affordable rental housing or homeownership units.

(5) Substantial Rehabilitation. The average per unit total rehabilitation cost (HOME funds plus any other funds) of the HOME-assisted units in the project exceeds \$25,000 per unit and the rehabilitation is otherwise consistent with the definition of rehabilitation of residential property as defined above in 4.

(6) New Construction. Any project involving (a) adding units outside the existing walls of the structure, (b) the construction of a new residential unit(s), (c) the acquisition of land or the demolition of an existing structure for the purpose of constructing a new structure with HOME funds, and (d) acquisition of a structure that has received an initial certificate of occupancy within a one-year period prior to acquisition.

NOTE: When projects combine new construction in one building(s) with rehabilitation activities in another building(s) on one parcel of land, the projects, by type of activity (i.e., rehabilitation or new construction), must be administratively set up as separate projects in the HOME IDIS system.

6. **HOME FUNDS FOR PROJECT.**

- a. Enter the total amount of HOME funds requested for the project. This amount should equal the amount on the Total HOME Costs line on the Maximum Subsidy Calculation Form.
- b. Leave blank. KHC will complete.
- c. Leave blank. KHC will complete.

7. **TOTAL ESTIMATED COST OF PROJECT.** Enter the total estimated cost (hard and soft costs) for the HOME-assisted units in the project, including other public/private funds. (Do not include costs attributable to units in the project that are not HOME-assisted units.) This amount should equal the amount on the Total Costs line of the Maximum Subsidy Calculation Form.

8. **NAME AND PHONE NUMBER OF PERSON COMPLETING FORM.** This box is for KHC use only and should not be completed.
9. **CHDO LOAN.** Complete only for projects assisted with funds reserved for CHDOs. Check "yes" if this is a project-specific seed money loan.

PART B: PROJECT INFORMATION

1. **STREET ADDRESS OF PROJECT.** Self-explanatory.
2. **NAME OF OWNER.** For projects containing rental units, enter the name of the owner and his/her tax identification number or Social Security number. For single-unit homeownership and homeowner rehab projects, enter the **head of household and his/her Social Security number.**
3. **MAILING ADDRESS OF OWNER.** For rental projects, indicate the mailing address of the owner(s). For single-unit homeownership and homeowner rehab projects, indicate the mailing address if it is different from the street address of the project.
4. **NAME OF FIRM.** For projects containing rental units, if a firm or other organization owns the project, enter the name of the firm or organization and the tax identification number. Enter the firm address in Item 3 above. For single-unit homeownership projects and other projects which are not owned by a firm, enter "NA" for not applicable.
5. **TOTAL UNITS IN PROJECT PRIOR TO ASSISTANCE.** For projects containing rental units, enter the total number of units currently in the project (both HOME-assisted and non-HOME-assisted units). For single-unit homeownership and homeowner rehab projects, indicate "1".
6. **ESTIMATED UNITS UPON COMPLETION.** For projects containing rental units, enter the total estimated number of units that will be in the project upon completion (both HOME-assisted and non-HOME-assisted units). For single-unit homeownership and homeowner rehab projects, indicate "1".
7. **TOTAL HOME-ASSISTED UNITS UPON COMPLETION.** For projects containing rental units, enter the total number of units (upon completion) that will receive HOME assistance. For single-unit homeownership and homeowner rehab projects, enter a "1".
8. **TYPE OF OWNERSHIP.** Check one box only.
9. **TENURE TYPE.** Check one box only. For 2-4 unit projects containing both an owner occupant and rental unit(s), check box (2) for homebuyer or (3) for homeowner rehab. For 5 or more unit projects containing an owner occupant and rental units, check box (1). (NOTE: This will affect which completion report is required upon completion.)
10. **COMMUNITY HOUSING DEVELOPMENT ORGANIZATION PROJECTS.** Complete only for projects assisted with funds reserved for CHDOs. Check one box only.
11. **COUNTY CODE.** Insert the county name and the county code.

PART C: HOUSEHOLD CHARACTERISTICS

Provide information on the characteristics of each household (renter or owner) occupying a unit to be assisted with HOME funds. For projects containing rental units, complete one line for each unit to be assisted with HOME funds. Enter one code only in each block. If the project is a 2-to 4-unit owner-occupied rental project, provide characteristics for tenants as well as for the owner. If the unit is occupied, complete all boxes. If information is not available, enter "9." If a unit is unoccupied, enter unit number, number of bedrooms and total rent. **For new construction projects, do not complete if family is not yet identified.**

UNIT NUMBER. For rental units, enter the unit number of each unit that will receive HOME assistance. For single-unit homeownership projects, enter "1."

NUMBER OF BEDROOMS. Enter "0" for single room occupancy (SRO) unit or for efficiency unit, "1" for 1 bedroom, "2" for 2 bedrooms, "3" for 3 bedrooms, "4" for 4 bedrooms and "5" for 5 or more bedrooms.

OCCUPANCY. Enter "1" if the unit is occupied by a tenant, "2" if it is occupied by a homeowner and "9" if it is vacant.

MONTHLY RENT (INCLUDING UTILITIES)

TENANT CONTRIBUTION. For homeowners enter "0". For renters enter the actual rent to the nearest dollar, including utilities, paid by the tenant at the time HOME funds were committed to the project. If the tenant's rent does not include utilities, or if the tenant's rent includes only partial utilities, e.g., heat, but not electricity, these utility costs must be added to the rent. Use the utility allowance schedule provided by the local Public Housing Authority (PHA) in accordance with form HUD-52667, Allowance for Tenant-Furnished Utilities and Other Services.

SUBSIDY AMOUNT. For homeowners enter "0". For renters enter the amount the tenant receives as a rent subsidy payment (including any utility allowances paid directly to the tenant) to the nearest dollar. If the tenant does not receive a tenant subsidy payment, enter "0."

TOTAL RENT. For homeowners enter "0". For renters enter the total monthly rent (Tenant Payment plus Subsidy Amount).

NOTE FOR VACANT UNITS. For vacant, but habitable units enter the last known rent in Total Rent column or the rent being asked by the owner. For vacant and uninhabitable units enter "0" in Total Rent column.

INCOME DATA

MONTHLY GROSS INCOME. Enter the monthly gross household income. Monthly gross income includes both asset income and earned income.

PERCENT OF AREA MEDIAN. For each occupied residential unit, enter one code only based on the following definitions:

1. 0-30 Percent of Area Median means a household whose income is at or below 30 percent of the median family income for the area, as determined by HUD, with adjustments for smaller and larger families.
2. 30-50 Percent of Area Median means a household whose income exceeds 30 percent and does not exceed 50 percent of the median family income for the area, as determined by HUD, with adjustments for smaller and larger families.

3. 50-60 Percent of Area Median means a household whose income exceeds 50 percent and does not exceed 60 percent of the median family income for the area, as determined by HUD, with adjustments of smaller and larger families.
4. 60-80 Percent of Area Median means a household whose income exceeds 60 percent and does not exceed 80 percent of the median family income for the area, as determined by HUD, with adjustments for smaller and larger families.

HOUSEHOLD DATA

RACE/ETHNICITY-HEAD OF HOUSEHOLD: For each occupied residential unit, enter one code only based on the following definitions:

1. White, Not Hispanic Origin. A person having origins in any of the original peoples of Europe, North Africa, or the Middle East, but not of Hispanic origin.
2. Black, Not Hispanic Origin. A person having origins in any of the black racial groups of Africa, but not of Hispanic origin.
3. Native American. A person having origins in any of the original peoples of the North American Continent, and who maintains cultural identification through tribal affiliations or community recognition.
4. Asian or Pacific Islander. A person having origins in any of the original peoples of the Far East, Southeast Asia, the Indian subcontinent or the Pacific Islands. This area includes, for example, China, India, Japan, Korea, the Philippine Islands and Samoa.
5. Hispanic. A person of Mexican, Puerto Rican, Cuban, Central or South American or other Spanish culture or origin, regardless of race.
6. Vacant Unit. Self-explanatory.

SIZE OF HOUSEHOLD: For each residential unit, enter the appropriate number of persons in the household: 1,2,3,4,5,6,7 or 8 or more persons (for households of more than 8, enter 8). Enter 9 if the unit is vacant.

TYPE OF HOUSEHOLD: For each residential unit, enter one code only based on the following definitions:

1. SINGLE/NON-ELDERLY. One-person household in which the person is not elderly.
2. ELDERLY. One-or two-person household with a person at least 62 years of age residing in the household.
3. RELATED/SINGLE PARENT. A single-parent household with a dependent child or children (18 years old or younger) residing in the household.
4. RELATED/TWO PARENT. A two-parent household with a dependent child or children (18 years old or younger) residing in the household.

5. OTHER. Any household that is not included in the above 4 definitions, including two or more unrelated individuals.
6. VACANT UNIT. Self-explanatory.

RENTAL ASSISTANCE: For rental units, enter one code only to indicate the type of assistance being provided to the tenant, or that no assistance is being provided, or that the unit is vacant at the time of project set-up. For homeownership projects enter N/A.

1. SECTION 8. Tenants receiving assistance through the Section 8 Certificate Program under 24 CFR part 882 or the Section 8 Housing Voucher Program under 24 CFR part 887.
2. HOME TENANT-BASED RENTAL ASSISTANCE. Tenants receiving rental assistance through the HOME Program.
3. OTHER ASSISTANCE. Tenants receiving rental assistance through other Federal, State or local rental assistance programs, including rental assistance payments through programs administered by the U. S. Department of Health and Human Services or through a state department of social services.
4. NO ASSISTANCE. Self-explanatory.
5. VACANT UNIT. Self-explanatory.

5.6 Home Buyer Set – Up Packet

To access this information, please visit the [HPIM Resources](#) page of the KHC Web site.

5.7 Homeowner Rehab Set – Up Packet

To access this information, please visit the [HPIM Resources](#) page of the KHC Web site.

5.8 AHTF – Only Projects Set – Up Form

To access this information, please visit the [HPIM Resources](#) page of the KHC Web site.

5.9 Single – Family Construction Cost Estimates

To access this information, please visit the [HPIM Resources](#) page of the KHC Web site.

6: Construction Management

6.1 Universal Design Standards

To access this information, please visit the [HPIM Resources](#) page of the KHC Web site.

6.2 Minimum Design Standards

Please visit the [Design and Construction](#) web page for more information on the Minimum Design Standards.

6.3 Sample Specifications

Sample Specifications for New - Single Family Detached Homes

Introduction

Kentucky Housing Corporation (KHC) has created the following sample residential construction specifications to assist you in building safe, decent, affordable housing.

The sample specifications cover many - but not all - aspects of the 2006 Kentucky Residential Code (KRC). These specifications meet Minimum Design (MD), Universal Design (UD) and exceed the KRC. KHC encourages you to use this document as an informational tool as well as become familiar with the KRC and refer to all manufacturers' instructions.

If you have any questions about these specifications, please contact a member of KHC's Department of Design and Construction Review for your area. The names and phone numbers for KHC's Construction Specialists are listed below.

Dwayne Shepherd (Eastern KY)	(800) 633-8896 or (502) 564-7630	cell phone – (502) 545-0373
Allison Thomas (Central KY)	(800) 633-8896 or (502) 564-7630	cell phone – (502) 544-9817
Tad Douglas (Western KY)	(800) 633-8896 or (502) 564-7630, ext. 325	cell phone – (502) 545-3344
Andy Coyle (North Central KY)	(800) 633-8896 (Home) (606) 674-6891	cell phone – (606) 210-3328

Project Name: _____

Project Location: _____

- 1) PDF = KHC Sample Specifications Approved As Written
- 2) Word = KHC Sample Specifications Approved With Modifications

KHC Representative _____

Date _____

Sample Specifications for New Single Family Detached Homes

To assist you, section and tables references from the Kentucky Residential IRC Code (KRC) are provided throughout these sample specifications. Look for these references in bold and parentheses.

Section 1 Footings

- A. **Soil tests.** In areas likely to have expansive, compressible, shifting or other unknown soil characteristics, KHC may require a soil test to determine the soil's characteristics at a particular location. This test shall be made by an approved agency using an approved method. **(Table R401.4.1 IRC)**
- B. **Compressible or shifting soil.** When top or subsoils are compressible or shifting, such soils shall be removed to a depth and width sufficient to assure stable moisture content in each active zone and shall not be used as fill or stabilized within each active zone by chemical, dewatering or pre-saturation. **(Section R401.4.2 IRC)**
- C. **Site** should be excavated and the foundation designed to allow a minimum of 18" crawlspace headroom and a minimum of 6" clearance between the bottom of the exterior vinyl siding and the finished exterior grade. All below grade block **foundation** is to be coated with foundation coating/damp proofing. **(Section R406.1 IRC)**
- D. **Surface drainage** shall be diverted to a storm sewer conveyance or other approved point of collection so as to not create a hazard. Lots shall be graded so as to drain surface water away from foundation walls. The grade away from foundation walls shall fall a minimum of 6" within the first 10'. **(Section R401.3)**

Exception: Where lot lines, walls, slopes or other physical barriers prohibit 6" (152 mm) of fall within 10', drains or swales shall be provided to ensure drainage away from the structure.

The ground under the dwelling shall be cleared of all vegetation and leveled (with the thought of positive drainage). (Section R408.5) If necessary, because of the location, at least one perforated drainpipe will be installed in the crawlspace area and run under the ground through the foundation wall at a slope away from the dwelling.

- E. **Footings** are to have the base of said footing below the frost line, and shall be constructed using minimum 2,500-psi concrete. The frost line is 24" below the proposed finished grade **(Table R403.1.4)** as listed in the table below.

**Table R403.1.4
MINIMUM FROST PROTECTION DEPTH FOR KENTUCKY**

County	Frost Depth d, (inches)
Bell	27
Boone	30
Breathitt	30
Campbell	30
Clay	27
Floyd	33
Harlan	30
Johnson	30
Kenton	30
Knott	33
Knox	27
Lawrence	27
Leslie	30
Letcher	33
Magoffin	30
Martin	33
Owsley	27
Perry	30
Pike	33
All other KY counties	24

- F. **Concrete** shall conform to the latest revised Standard Specification for Portland Cement, ASTM C595-03. All concrete, except footers, shall have a minimum 28-day compressive strength of 4,000 psi and be entrained with five percent air with a minimum cement content of 520 lb. per cubic yard (5.5) sacks. The minimum concrete thickness is 3 ½". Follow American Concrete Institute (ACI) 318-05. Provide a crushed rock base with a minimum 4" thickness.
- G. All **exterior walls** shall be supported on continuous solid or fully grouted masonry or concrete footings, or other approved structural systems which shall be of sufficient design to accommodate all loads according to **Section R301** and to transmit the resulting loads to the soil within the limitations as determined from the character of the soil. Footings shall be supported on undisturbed natural soils or engineered fill. Footings are to be as required for your area for a standard frame house with 8" concrete block foundations. Footings will contain two parallel runs of ½" rebar, three inches from the ground and staked and saddled. Rebar should be lapped a minimum of 12" and bent around corners and footer steps. **(Section R403.1)**
- H. The **dwelling site** shall be treated by a licensed exterminator to eradicate termites. The exterminator shall provide a contract, which the homeowner, at his option, can keep in effect for a period of five years.

Foundations

- A. **Foundation construction** shall be capable of accommodating all loads according to **Section R301** and of transmitting the resulting loads to the supporting soil. Fill soils that

support footings and foundations shall be designed, installed and tested in accordance with accepted engineering practice.

- B. The **foundation walls** shall be 8" x 8" x 16" (for houses with brick veneer, use 8" x 12" x 16") concrete block securely constructed using masonry materials. All joints will be troweled and smoothed. The foundation shall have a framed, closeable access door with at least 18" x 24" clearance outside and through the foundation wall. **(Section R408.4 IRC)**
- C. **Beam pockets** will be filled with concrete from surface to footer. Beam-ends will be located to allow ½-inch space between beam-ends and surrounding masonry. (Except for bearing surface on the pillars) **[Section R319.1 number 4 IRC]**

The **foundation vents** shall be placed within 3' of each corner. **(Section R408.1 & R408.2 IRC).**

- D. The **anchor bolts** shall be embedded at least 7" in concrete within an open block cell, beginning one foot from each corner, then 6' on center (o.c.), and **at the end of each sill plate**. Foundation straps may also be used when installed according to the manufacturer's directions. There shall be two bolts per each section of the plate. **(Section R403.1.6)**

Sill plate is to be 2" x 8" SYP #2 KD ACQ (0.25 lbs/CuFt.) treated SYP. **NOTE:** The treated sill plate also serves as a termite shield; therefore, if 12" blocks are used, the sill plate will need to be increased to a 2 x 12, or the cells in the top run of blocks will be filled solid with concrete or an acceptable metal termite shield will have to be installed. **[Section R319.1 number 2]**

- E. **Support columns** for center beam shall have concrete footers (piers) constructed using the same minimum 2,500-psi concrete. The columns shall be constructed of 16" x 16" concrete blocks or properly laid 8" x 8" x 16" concrete blocks. **When there are four blocks or less, piers shall be capped with solid 4" blocks or the top section of blocks is to be filled solid with concrete. When there are five blocks or more, all cores are to be filled solid to the base.** Steel is the only acceptable type of shim. **NOTE:** If floor trusses are used, piers are not required, but an engineered, stamped plan for the trusses must be provided to the agency. Columns shall be a maximum of 8' on center. **(Sections R606.6 – 606.6.1)** The size of the footer will conform to the size of the pier.
- F. The **foundation perimeter drain** will be installed, consisting of a 4" perforated plastic pipe bedded in gravel and surrounding the entire house. This drain will slope away from the dwelling to the level necessary for complete drainage and will have the terminal end daylight. **(Section R405.1)**

All openings in the sub-floor must be sealed with caulk or foam insulation. This includes the plumbing pipe openings, furnace ductwork openings and electrical wire openings.

- G. **Dampproofing.** Except where required to be waterproofed by Section R406.2, foundation walls that retain earth and enclose habitable or usable spaces located below grade shall be dampproofed from the top of the footing to the finished grade. Masonry walls shall have not less than 3/8" (9.5 mm) Portland cement parging applied to the exterior of the wall. The parging shall be dampproofed with a bituminous coating, three

pounds per square yard (1.63 kg/m²) of acrylic modified cement, 1/8" (3.2 mm) coat of surface-bonding mortar complying with ASTM C 887 or any material permitted for waterproofing in Section R406.2. Concrete walls shall be dampproofed by applying any one of the above listed dampproofing materials or any one of the waterproofing materials listed in Section R406.2 to the exterior of the wall. **(Section R406.1)**

- H. The **crawlspace** will be covered completely with 6 mil. Polyethylene plastic as a vapor barrier/ground cover, with the sides extending 6" up each foundation wall. All joints in the plastic will be lapped a minimum of 1'. **(Section R408.3 number 1)**
- I. The **finished grade of the crawl space** may be located at the bottom of the footings; however, where there is evidence that the groundwater table can rise to within 6" (152 mm) of the finished floor at the building perimeter or where there is evidence that the surface water does not readily drain from the building site, the grade in the under-floor space shall be as high as the outside finished grade, unless an approved drainage system is provided. **(Section R408.6)**
- J. The **support girder** shall be three (3) SYP KD 2 x 10s securely nailed together. All laminate joints are to be staggered within the beam and placed over the piers. No cutting, notching or drilling of any support girder is permitted. If the contractor chooses to use floor trusses, then the girder may be omitted but the contractor must furnish the agency with an engineered, stamped drawing of the trusses.

Section 2

Floor Framing: Comply with Current Span Limitations

- A. **Floor joists and band joists** are to be #2 KD 2 x 10 SPF spaced 16" o.c. **(Table R502.3.1(1))** All joists, which have more than 1/2" of crown, shall be culled. Engineered floor trusses may be substituted for joists but the builder must furnish the agency with engineered drawings.
- B. **Floor joists** should be lapped a minimum of 3" over the center girder. Care should be taken when placing joists to minimize pushing or pulling the outside rim joist (bandboard) which would result in curvature of the sides of the floor deck. **(Section R502.6.1 IRC)**
- C. **Bearing.** The ends of each joist, beam or girder shall have not less than 1-1/2" of bearing on wood or metal and not less than 3" (76 mm) on masonry or concrete except where supported on a 1" x 4" (25.4 mm x 102 mm) ribbon strip and nailed to the adjacent stud or by the use of approved joist hangers. **(Section R502.6 IRC)**
- D. **Joist framing.** Joists framing into the side of a wood girder shall be supported by approved framing anchors or on ledger strips not less than nominal 2" x 2" (51 mm x 51 mm). **(Section R502.6.2 IRC)**

When concrete porches are to be poured against the band joist, that part of the band must be a treated 2 x 10 to at least 2' past the porch in both directions and where wood decks are to be attached.

- E. **Drilling and notching.** Structural floor members shall not be cut, bored or notched in excess of the limitations specified in this section. **See Figure R502.8 IRC.**

- F. **Decks.** Where supported by attachment to an exterior wall, decks shall be positively anchored to the primary structure and designed for both vertical and lateral loads as applicable. Such attachment shall not be accomplished by the use of toenails or nails subject to withdrawal. Where positive connection to the primary building structure cannot be verified during inspection, decks shall be self-supporting. For decks with cantilevered framing members, connections to exterior walls or other framing members, shall be designed and constructed to resist uplift resulting from the full live load specified in Table R301.5 IRC acting on the cantilevered portion of the deck. **(Section R502.3.3 IRC)**

Floor Coverings

- A. **Kitchen, bathroom, utility room** and 16 sq. ft. at the entry door are to receive sheet vinyl, Armstrong or equal. Provide product adhesive and underlayment as recommended by the manufacturer. All surfaces shall be clean, dry and appropriate temperature during installation. Minimum 10 mill wear layer. Vinyl sheet flooring shall conform to the requirements of ASTM F 1303, Type I.

All other rooms are to receive wall-to-wall, properly stretched and fastened carpet (one color throughout) over carpet pad. Carpet Padding: 7/16" thick, 6-lb. minimum re-bond polyurethane. Sheet Carpet: 25-oz. minimum, 100 percent nylon. Other options include Berber type with blended fiber. In high traffic areas, 30-oz. minimum is preferred.

- B. **Baseboards** are to be finger-jointed pine, painted with one coat primer and two coats of latex enamel. Vinyl to be cased with quarter round. (Painted in contrasting color to walls). Cut all corners to fit.

Section 3 Exterior Walls

- A. **Plates** shall be #2 KD 2" x 6" SYP or SPF. The single bottom plate is to be caulked or glued in place and the double top plates will not have joints within 24" of one another.
- B. **Wall studs** shall be of 2" x 6" #2 KD stud-grade SYP or SPF. Studs shall be placed 24" o.c.

TABLE 502.5(1)

- C. **Exterior wall openings** shall have at least two 2 x 10s with a 2" x 6" flat securely installed beneath them. The header assembly shall be supported by trimmer studs.

TABLE 602.3(1) AND SUB PART G

- D. **Exterior wall sheathing** shall be 7/16" OSB nailed 12" on center and 6" on the edge.

Sheathing to be spaced 1/8" on all sides to allow for expansion per manufacturer's stamped instruction.

For all wall bracing code requirements, see **Section R602.10 IRC.**

- E. **Siding** shall be 0.040 thick and either double 4 or 5 vinyl siding of grade one standard with all necessary channels and starter pieces fastened with 1 1/4" galvanized nails when nailed directly to OSB. **Siding can be white or color – owner's choice.** All walls, including gable ends, are to be covered with house wrap. Use Tyvek or an equal wrap, installed according to manufacturer's instructions.

Soffits and Eaves shall be finished in properly vented vinyl. This means that all soffit material except that installed on porch or carport ceiling area is to be vented. **(Section R806)**

Windows

- A. All window frames must be of solid vinyl, fiberglass, wood or wood clad. All glazing shall be double-paned. The vapor seal on the glazing must have a minimum ten-year warranty. All windows shall have a minimum one-year warranty on the operation of the window. It is preferred that all windows have a National Fenestration Rating. Please remember to include an ingress/egress window as required per code at all required locations, typically a 3'0" x 5'2" window. Sash removal is not an acceptable method to achieve the required opening. **Refer to KRC & IRC Section R-310.**

Screen frames are to be aluminum or vinyl to cover the openable area of the window. Screening material is to be nylon or aluminum.

- B. Windows are to receive a wood bottom sill on the inside only with colonial style finger jointed trim beneath the sill **(the ends of the trim should be cut at a 5-degree taper)**. The remaining three sides of the windowsill are to be finished with drywall and vinyl J channel. **Contractor may finish window openings with painted or stained wood.**

The windowsill and trim are to be primed and then receive two (2) coats of latex enamel paint. The remaining three sides shall be painted with two (2) coats of latex enamel paint to match the walls.

Exterior Doors

NOTE: Exterior doors need to have extended jambs and be designed for 2 x 6 walls.

- A. **Front door** is to be pre-hung, metal, insulated, six panel, solid or 9-light (owner choice) 1 3/4" thick and 3' wide. **(Section R311.4 IRC)**
- B. **Metal doors** are primer-painted at the factory and **must be finish-painted with two coats by the contractor on all six sides** (owner's choice of color).
- C. **Back door** is to be pre-hung, metal, insulated, six-panel, solid or 9-light (owner's choice) 1-3/4" thick, 3' wide. This door must be finish-painted by the contractor. **The plastic window surrounds (including dividing grids) are to be painted with latex enamel** per manufacturer's instructions if required.
- D. **Framing material** shall be 3/4" pine with magnetic or compression weather-stripping.
- E. **Door frames and trim** must receive one coat of primer and two coats of latex enamel (the outside brick mold must be covered with exterior grade paint or aluminum bent to fit).

- F. **Door hardware and locksets** are to be by Titan Quickset or equal. Lever handle is preferred. Doorstops are required. Deadbolt and standard locksets are both required on all exterior doors and all locks are to be keyed alike. **(Section R311.4.4 IRC)**

Cabinets

Cabinet and drawer fronts shall be made of solid wood fronts (not particleboard), factory finished with 12" shelf depth. Cabinet ends shall be finished with appropriate veneer. Cabinets shall be Kitchen Cabinet Manufacturer's Association (KCMA) Approved and contain the KCMA Label. Install blocking for upper cabinets during framing.

All cabinets are to be pre-drilled and attached to the wall blocking with pan-head screws. **Sheetrock screws shall not be used for this application.**

Countertops shall be molded roll-backed, laminated plastic or Formica with finished ends and sealed at the cut out for the sink. Other appropriate materials may be used when approved.

Section 4 Interior Walls

Studs are to be #2 stud grade 2" x 4" in interior walls and 2" x 6" in exterior walls placed 24" on center. Where partition walls meet other partition walls or exterior walls, "T's" are to be constructed for proper backing for drywall. Exception: **Sheetrock wall clips installed per manufacturer will meet this requirement.** In the case of "T's", it is preferred that the structural material not block the wall area. A proper energy "T" will allow batt insulation to be installed between the "T" and the exterior wall sheathing. Structural headers are required for all bearing walls but no headers are required for non-bearing interior walls.

Doors and Trim

- A. **Interior doors** are to be split jamb, hollow core, hardboard, raised panel of 1-3/8" thickness. Doors are to be equipped with 3 hinges and door stops. All passage doors from room to room including bedroom doors and bedroom closet doors shall be a minimum 3' door.
- B. **Trim** is to be finger-jointed pine or better.
- C. **Closets** are to have shelves. Closet shelves are to be 1" x 12" SPF or wire type with adequate support. Shelves are to be supported from each wall stud with suitable brackets to support a 200-lb. load. One shelf is to be installed in utility room over the washer and dryer.
- D. **Closet rods** are to be wood or metal with appropriate hangers.
- E. **Doors** are to receive one coat of primer and two finish coats of paint on all six sides. Trim is to be primed and then to receive two coats of latex enamel paint. Nail holes and depressions should be filled prior to the final coat of paint.
- F. **Door hardware and locksets** are to be by Titan Quickset or equal. All interior doors shall be equipped with brass-plated or other durable metal finished knobs. Plastic is not

permitted. Install locks for bedrooms, bathrooms and other doors as needed. Lever handle is preferred. Doorstops are required.

Covering and Decorating

- A. **Walls** will be finished with 1/2" gypsum board, taped and sanded to a smooth surface.
- B. **Bathroom and kitchen areas:** Water resistant gypsum board (commonly called green board) must be used on all walls in the bathroom and within six horizontal feet of wall surfaces where the drywall can be splashed such as kitchen sink, next to water heater and/or washer. When a tub/shower unit is on an exterior wall, provide a vapor barrier and water-resistant gypsum board behind the tub/shower unit. Water-resistant gypsum, when used on ceilings must be rated for the span.
- C. **All ceilings** are to receive a light textured finish of latex material (latex paint mixed with texture compound furnished by contractor). Ceilings shall be 5/8" for 24" on center framing or 1/2" sag-resistant gypsum ceiling board.
- D. All walls are to receive a coat of latex primer.

All walls are to receive two coats of **washable, latex enamel with a finish that reflects sheen**. Low luster or semi-gloss latex is preferred.
- E. **Paint** to be of one color choice throughout.
- F. **Contractor** is to leave all unused paint upon completion of project with homeowner for touch-up purposes.

Section 5

Ceiling and Roof Framing: Comply with Span Limitations

NOTE: Roof trusses must be fastened to top plate with hurricane clips on each end of each truss on the exterior surface of the wall attaching the rafter to the wall. Truss tie must catch at least 2" of top chord.

- A. **Roof trusses** will be constructed with a minimum 4"/12" pitch and a minimum 1' overhang. Trusses shall be for the building and geographical area and include stamped drawings of design and layouts. Trusses are to be braced laterally according to the manufacturer's directions. In the event there are no specific directions, start at the top of each gable and install one run of 2x4 16-ft. long diagonal across, each purling in the center of the trusses to the top of the bottom cord. Then nail a 2x4 (length as needed) to the top of the bottom cord to tie the diagonal 2x4 braces together. This is to be installed on both sides of the trusses. The contractor must install two 2x4x16's from the top peak of each end truss with the brace attached to the web of each truss that it passes. Once these are in place, two 2x4s will be attached to these braces and laid flat on the top chords of the trusses, being nailed to each one. **(Section R802.10.2 IRC)**
- B. **Attic access doors** are to be 22" x 30". The door opening shall be built up with 7/16" OSB or better between the trusses or joists so that no insulation spillage will occur when the attic door is removed. The door will be constructed of 5/8" drywall, framed, painted and insulated with two layers of R-19 fiberglass batts glued to the attic side of the door.

NOTE: In the event that a house has both flat ceilings and vaulted ceilings, and if the vaulted ceiling separates the two sections of flat ceilings, each area of the house with a flat ceiling must have an attic access door. **(Section 807.1 IRC)**

- C. **Roof sheathing** is to be 7/16" OSB nailed according to KRC & IRC requirements. Plywood clips as spacing separators and for added strength when trusses or rafters are spaced 24" o.c. If the rafter spacing is 16" ply, clips are not required. **Table 602.3(1) IRC**
- D. All **sub fascias** (fly rafters and gutter boards) are to be constructed using 2" x 6" SYP or SPF lumber.

Shingle underlayment is to be 15-lb. asphalt impregnated builders felt **(Section R905.2.3 IRC)**
- E. **Shingles** are to be 235 pound, grade A, 12" x 36" fiberglass with 25-year guarantee submitted to homeowner. Shingles are to be fastened with galvanized nails. Shingles are to be installed per manufacturer's specifications. Roof edging shall be pre-painted aluminum, pre-formed. **(Section R905.2)**
- F. **Valley Flashing** for open or closed valleys shall comply with **(Section 905.2.8 IRC)**
- G. **Roof venting** shall be by ridge vent, pre-finished to match the color of the roof. **NOTE:** Ridge vent material or another commercial plastic formed vent product under shingles forming ridge vent is to comply with **(Section R806 IRC)**

Gutters and Downspouts

Rain gutters shall be seamless, continuous 5" white aluminum attached to noseboards with appropriate hangers. Downspouts shall be 3" properly strapped to the wall with a splashpad beneath each downspout. **(Section R801.3)**

Section 6

Porches and Decks

- A. **All porches, decks and steps** constructed of wood shall be ACQ (0.25 lbs/CuFt) treated SYP and shall be rated for loads. Joists shall meet KRC span ratings and be fastened to band by approved metal hangers or 2" x 2" ledger strips. The 4 x 4 posts shall not be notched. Band joist shall be doubled and supported vertically by ACQ (0.25 lbs/CuFt) treated) 2" x 4" mounted to post and extending to footer.
- B. **Handrail sizes** may range from 1-1/4" diameter to 2" diameter and shall be mounted inside the guardrail structure using standard handrail brackets. **(Figure 311.5.6.3 KRC)** Handrails must support 200 pounds. Untreated handrail material must be contractor treated with two coats of Thompson Water Seal. Handrails must be returned to the support posts at each end of the run. Guardrails are to be 36" high supported by 4" x 4" ACQ (0.40 lbs/CuFt) treated posts set 2' in the ground in concrete. Use ACQ (0.40 lbs/CuFt) treated 2" x 4" top and bottom stringers with vertical pickets spaced less than 4" apart. Bottom stringer of guardrail is to be less than 4" off the deck and the nose of the stair treads. **NOTE:** The clear space between handrails on stair systems must be

no less than 30". The clear space between the handrail and wall on stairs shall be 2-1/4". **(Section 311.5.6 IRC)**

- C. The main entry is to have a roof that will cover a minimum of a 5' x 5' area and be finished with the same roofing material as the house structure and attached in the appropriate manner with valleys finished according to the manufacturer's requirements.
- D. **Porches and Stairs** 30" above grade at any point must have guardrails. Handrails will be installed on steps in excess of four in number. The guardrails must be of ACQ (0.25 lbs/CuFt) treated materials with vertical pickets spaced less than 4" apart and with the bottom horizontal member less than 4" above the porch surface. Stair guardrails are to meet the same restrictions as well as the small opening at the "V" between the tread and riser of the steps. This opening must not be larger than 6". **(Section R312)**
- E. **Front and rear steps** shall have a pad formed and poured that supports the stair carriage members fully and leaves a 4' x 4' clear landing at the base of the steps. Concrete must be 3-1/2" thick and 4,000 psi.
- F. **Steps shall be uniform according to the number of risers needed. (Section R311.5.3.1 IRC)** Wood constructed steps must have three 2" x 12" stringers. Stringers must have sufficient attachment at deck floors through the use of ledger plates or metal joist hangers. **(Table 301.5 IRC)**
- G. **Porch ceilings** must be sheathed with some form of hard surface before installing the vinyl soffit material ceiling. This hard surface may be scrap OSB or plywood. **(Table R703.4)**
- H. **All entries** shall have concrete, treated wood, or other hard surface exterior stoop, porch, or deck at a minimum of 5' x 5'. The main entry shall have a roof over the entry area. Only one entry is required to have a roof. The roof shall cover at least a 5' x 5' area.
- I. **Ramps** - When including an accessible ramp, comply with the following in addition to the Kentucky Building Code **(Section 1010 IBC)**: ramps shall be minimum 42" wide with a 5' turning area at each landing.

Composite: PVC or other with non-skid surface.

Concrete: with non-skid surface.

Metal: galvanized steel, or aluminum with non-skid surface.

Wood: All wood in direct contact with ground must be 40 percent pressure treated, all other wood must have a preservative rate of 25 percent. All structural posts below grade shall have the factory treated end of the post below grade. Beginning January 1, 2004, the use of CCA treated lumber shall be prohibited.

Section 7 Insulation

Ceiling, wall and floor insulation values must correspond to the documentation submitted to KHC. These calculations must be provided in one of the following forms:

- A. Documentation from REScheck or other approved software that the building envelope exceeds the code requirement by 20 percent.

REScheck is a US DOE free download at:
<http://www.energycodes.gov/rescheck/download.stm>

- B. The design values of applicable prescriptive packages listed in the state building code may be increased by 20 percent and these calculations provided to KHC.

- C. Engineered designs that exceed the code by 20 percent.

- **Ceiling** – Contractor is to install air infiltration baffles between all rafters or trusses to provide adequate passage of outside air in the attic. The top end of each baffle must end above the required depth of the insulation. All insulation in the attic is to be at the outside of the exterior wall line (**Section R806.3**)
NOTE: Consult the manufacturer's installation instructions for the proper depth of blown materials.
- **Wall insulation** – Kraft paper faced or unfaced with walls wrapped with 4 mil. Plastic.
- **Floor insulation** – is to be faced (with vapor barrier to the heated area), or a perimeter crawl area wall insulation with prior approval by KHC.

NOTE: Any other substitute insulation method must be approved by KHC.

Section 8

Heating: Heating systems shall be installed by a licensed HVAC contractor (R101.6).

- A. The **heating unit** shall be an electric heat pump or gas pack where available, with an air handler that has adequate emergency heating strips. Unit is to have a minimum SEER (Seasonal Energy Efficiency Rating) rating of 13.00 with a minimum HSPF (Heating Seasonal Performance Factor) rating of 7.7.
- B. **Ductwork** can be either galvanized, insulated trunk or ductboard trunk with flex duct to the registers. Ductwork must be in compliance with Mechanical Code (M1601.3 IRC). It is recommended that the supply ducts be at one level (floor or ceiling) and the return lines be at another. **Duct systems shall not be installed below the design flood elevation (R324.1.5).** THERE SHALL BE A RETURN FROM EACH BEDROOM AS WELL AS THE LIVING ROOM. If flex duct is used for the main trunk line, an 18" metal thimble will be installed between the unit discharge and the main flex duct. Flex duct feeder lines must be a minimum of 18" away from the end of the supply trunk.

- C. Bathrooms will have a fan light combination fixture. The fan must be ventilated **by metal or aluminum duct THROUGH THE DEDICATED ROOF, WALL, OR GLOBE VENT to the outside with an approved hood. NOTE:** The minimum ventilation rate shall be 50 cfm for intermittent ventilation. (R303.3 Exception)
- D. **Dryer vent material** passing through walls will have a metal thimble through the wall to the exterior hood and to be connected to the dryer. Dryer vents that pass through and under the floor before exiting the foundation wall, will be galvanized, single-wall type ducts beginning with an elbow extending up through the floor and ending at the exterior mounted vent hood. All under-floor ducts will be level to slightly sloped away from the dryer and properly fastened to the floor system. **All fixed vent material beyond the dryer must be of rigid metal.** Flexible transition ducts used to connect the dryer to the exhaust duct system shall be limited to single lengths, not to exceed 8 feet (**M1502.1**). Use a screw-type clamp to make connections. o screws may be used to connect the flex duct to rigid metal duct.

Section 9

Electric Wiring: NFPA 70 2005

- A. Service is to be overhead style unless otherwise designated.
- B. **Breaker box** is to be 200 amp, 30 circuit or more. Murray, General or an equal type is recommended with all breakers (size the box to allow for future addition of two circuits, minimum). Wiring will be in nonmetallic cable.
- C. Bathroom, kitchen and exterior are to have Ground Fault Circuit Interrupter (GFCI) protection. **NOTE:** There MUST be two separate, dedicated circuits to the kitchen counter top (**Section NEC 210.52B**) besides the other required circuits. Bath GFCI's must be dedicated. (**Section NEC 210.11C3**)
- D. A 220-volt dryer outlet is to be provided and installed.
- E. A 220-volt range outlet is to be furnished and installed.
- F. A doorbell with buttons at each exterior door is to be furnished and installed.
- G. A range hood with a minimum 150 CFM rating and a light is to be installed vented to the exterior of the building. Use ducting sized and ducting material per manufacturer's recommendations. Provide a finished cover over exposed ducting. Hood color to be chosen by owner.
- H. All rooms must have switch-operated ceiling light fixtures. Exterior doors must have switch-operated outside mounted lights. One switch-operated light is to be placed in the crawlspace. If the owner determines that he/she wants ceiling fans installed, the owner will furnish the fans or pay the contractor for the fans. All halls shall have a three-way switch put in a convenient location.
- I. The contractor will furnish and install approved ceiling fan bar/brackets in all bedrooms, living room and dining/family rooms.

- J. Outside stairs must be adequately illuminated according to the current (**Section R303.6 IRC**)
- K. Dwelling is to have one wired-in electric smoke alarm with a battery back-up in each bedroom and outside of each bedroom (see plan) (**all alarms to be wired together for simultaneous activation**). **NOTE: THERE SHALL BE A SMOKE ALARM WITHIN EIGHT FEET OF EACH BEDROOM DOOR (on the hallway side). Smoke alarms must be installed per NFPA 72.** The smoke detectors shall not be on a dedicated circuit so that it is inconvenient for the resident to leave the circuit de-energized. Consult **IRC Section R313** and the smoke alarm manufacturer's installation instructions for further information.
- L. All wiring is to be according to NFPA 70 2005 Edition (National Electric Code). The electrician is to obtain a rough-in and a final inspection by a certified electrical inspector (Section R102.9 IRC). Contractor or subcontractor to provide and post all permits. **NOTE:** Contractor will ensure that the certified electrical inspector places rough-in and final inspection stickers in an appropriate location as proof of compliance.
- M. Contractor must wire houses for one cable tv outlet and two telephone outlets (see owner for choice of room locations). If owner desires to use at a future date.
- N. Kitchens shall include switch-operated lighting over the cooking area, the sink area, and the general or dining area.

Exterior Luminaries:

Shall be located at all entrances and provide adequate lighting.

Interior Luminaries:

Each room, hall, stair, and walk in closet shall have a minimum of one switch-operated overhead light. Kitchens shall include switch-operated lighting over the cooking area, the sink area and the general or dining area. Bathrooms shall be equipped with switch-operated lighting over the lavatory area and the general area.

Section 10 Plumbing

- A. **Kitchen sink** must be a double bowl, minimum of 7" deep, 33" x 22" in size constructed of stainless steel or other KHC approved material and manufactured by Elkay or equivalent.
- B. **Water closet** is to be 1.6 gallon and made by Mansfield (mfg. num. 121-SL) or an equal.
- C. **Lavatory vanity** must be 19" x 24" to 30" (see drawing for larger unit). It should match the kitchen cabinets and be complete with one-piece sink top/basin. Sinks shall be 15" minimum diameter; made of fiberglass, acrylic, porcelain, or, cultured marble.
- D. **Bathtub/shower combination** is to be 60" x 30" x 72" one-piece fiberglass by Aquaglass or equal (builder's model) with built in wainscot.

- E. Bathroom must receive **one shower rod**, one 24" towel bar and one tissue rack. Medicine cabinet is to be surface mounted with a 4-bulb light bar above and the same width as the vanity. All bathrooms shall have a medicine cabinet with mirror 16" wide by 20" tall (minimum). Lights are to be wall switch operated.
- F. All **faucets** are to be washerless, lever handle type. Shower faucet valves shall be pressure balanced anti-scalding type manufactured by Delta or equivalent. Adjustment directions shall be provided to the owner.
- G. **Drains** are to be of PVC.
- H. Water supply piping for potable water systems may be installed with any material specified in Section 10, 815 KAR 20:120, Water Supply and Distribution of the most current Kentucky State Plumbing Law, Regulations and Code.
- I. **Water heater** is to be either gas or electric fueled, tankless or a minimum forty (40) gallon conventional model. Tankless heaters may be of any kind listed in Section 5, 815 KAR 20:020 of the approved Parts or Materials List of the most current Kentucky State Plumbing Law, Regulations & Code. Per Section 14, 814 KAR 20:110 of the Kentucky Plumbing Code, a temperature and pressure relief device must be installed on all conventional water heaters. This device shall be discharged into either a floor drain or open receptacle. Conventional heaters shall be manufactured by Ruud or equivalent.
- J. Per Section 13, KAR 20:120 of the Kentucky State Plumbing Law, Regulations and Code, any concealed or exposed water pipe subject to freezing temperatures shall be protected against freezing.
- K. Washer/dryer hook-ups in a plastic, wall mounted box with proper finish face cover installed. **Washer hose shut-offs are to be one-quarter turn ball type.**
- L. The plumbing contractor must provide all permits and ensure inspection stickers are placed in appropriate locations as proof of compliance with existing plumbing codes and regulations.

Section 11

On-Site Improvements

- A. Finish grade shall fall a minimum of 6 inches away from foundation walls within the first 10 feet. (Section R401.3)

Exception: Where lot lines, walls, slopes or other physical barriers prohibit 6 inches (152 mm) of fall within 10 feet (3048 mm), drains or swales shall be provided to ensure drainage away from the structure.
- B. All lawn areas shall be seeded and straw-covered with an adequate seed, lime and fertilizer application rate. All slopes in excess of 3:1 within 10 feet of the home, driveway and/or walkway (within 50 feet of the home) shall receive sod or other approved erosion control materials which will enhance the establishment of a permanent ground cover.

- C. All elements comprising the building's thermal envelope, including all exterior joints, seams, or penetrations, shall be caulked with a 25-year caulking, gasketed, taped or covered with moisture-vapor-permeable sheathing or house wrap. (Section N1102.4.1)
- D. Contractor will furnish and install house numbers. A minimum of three inches 3" in height. (Section R321)
- E. Contractor will furnish a mailbox installed in appropriate location, front loading panel frame, and piano hinged jamb.
- F. Contractor will furnish a storage area. Storage area shall be a minimum of 48-sq. ft. for all units over 960 square feet and a minimum of five percent of the gross home area for all units with less than 960 sq. ft. Interior ceiling height shall be a minimum of 7' in all storage areas and the width or depth shall not be less than 4' interior dimension. Provide a pre-hung 3'0" x 6'8" entry door to the storage area with an entry lock. The storage area may be provided by any of the following:
- a. A free standing building architecturally similar to the house. Wood buildings with T-111, or equal plywood siding painted the same color as the siding (in the case of brick the same color as the soffit) are acceptable. Metal buildings are not permitted.
 - b. Units that make use of an unfinished crawl space for storage must create an appropriately-sized room with a concrete floor and provide the following:
 - A pre-hung metal entry door 3'0" x 6' 8"
 - 20-min. fire separation (walls and ceiling)
 - A switched light fixture
 - Adequate ventilation for hazardous fumes
 - Access to the rest of the crawl space.
 - c. Storage areas attached to the unit. Attached storage areas should be designed to complement and blend in with the home. This area shall have a concrete floor and provide the following:
 - A pre-hung metal entry door 3'0" x 6' 8"
 - 20-min. fire separation (walls and ceiling)
 - A switched light fixture
 - Adequate ventilation for hazardous fumes

Walks and Driveways

- A. Sidewalks are to be 42" wide and 3-1/2" thick of poured 4000 psi concrete. The sidewalk should be placed from the front porch stairway landing to the driveway or street. The rear steps shall have a concrete pad to set steps (or stringers) on, and extend 4' beyond the nose of the first step.
- B. Concrete shall be 4000 psi and air-entrained. (Table R402.2) Porches, carport slabs, steps exposed to the weather and garage floor slabs.
- C. **Parking/Driveways**
Provide on-site parking for at least one vehicle. This parking area shall be graveled with crushed #57 limestone, 4" thick and compacted. Homes located in a residential subdivision of four or more units shall have a paved driveway.

For urban locations where on-site parking is not typical, consult the KHC Department of Design and Construction Review.

Section 12

Warranties

- A. Contractor shall furnish a written material and labor warranty on the dwelling for a period of one year after completion.
- B. Contractor will show samples of carpets, siding and paint to the owner to obtain proper color combinations for the house.
- C. Contractor is to instruct the homeowners on the adjustment procedure of the anti-scald shower faucets.
- D. Contractor will instruct the homeowners on the location of furnace filters and the approved replacement schedule.
- E. Contractor will instruct the homeowners on how to maintain and care for .25 treated materials of decks and guardrail systems. Explain when to provide treatment, what to use and why.

General

All labor and materials required to fully complete the job shall be furnished by the contractor for a turnkey job. Standard materials necessary to complete the house, which are not listed, shall be furnished by the contractor. The contractor shall comply with the write-up, floor plan, Housing Rehabilitation Specifications and Model Energy Code and/or all local codes. The construction will be inspected for full compliance of the minimum standards of the KRC including amendments, and where appropriate, KHC Universal Design and Minimum Design Standards. Upon completion of the house, all material, scrap, trash and debris shall be removed from the property and the yard excavated and seeded with grass for a neat appearance. The contractor shall contact for rough-in inspections in a timely manner and shall provide photos of the foundation trench not poured and photo after pouring. Also, photos shall be required of the foundation wall and pier alignment for placement of anchor bolts. Contractor shall be responsible for notifying all applicable agencies for compliance and pay all applicable fees for permits to complete the necessary tasks. Install a septic system or a service line to the city sewer line, whichever is applicable, and install a new water line from existing water meter. The installation must be inspected by the appropriate agency and a certificate provided.

6.4 Worker's Compensation and Employers' Liability Insurance

WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY INSURANCE

Listed below is information about workers' compensation and other liability insurance. Please refer to Kentucky Revised Statutes (KRS), Volume 12A, Chapter 342 for detailed information, or contact the information and research director for Kentucky's Labor Cabinet.

Based on KRS and the HOME Program regulations, all employees must be covered by workers' compensation insurance; furthermore, any contractor or subcontractor must carry workers' compensation insurance for all its employees.

HOME regulations incorporate Part 84 and 85 which state that contractors shall be in compliance with public policy. Workers' compensation insurance is a public policy and required by KRS 342.

Federal Regulations for Nonprofit Agencies 24 CFR 84.44 (d). Contracts shall be made only with responsible contractors who possess the potential ability to perform successfully under the terms and conditions of the proposed procurement. Consideration shall be given to such matters as contractor integrity; compliance with public policy, including where applicable, Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u); record of past performance; financial and technical resources or accessibility to other necessary resources.

Federal Regulation for Government Agencies 24 CFR Part 85.36 (b)(8). Grantees and subgrantees will make awards only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources.

It is recommended that HOME recipients verify contractors' and subcontractors' insurance policies by obtaining a copy of their ACORD Certificate of Insurance. The copy should be filed in the appropriate vendor file for any future references and a renewal copy should be added when the policy expires.

This summary is not intended to be a complete summary of the requirements. Please consult your legal counsel and tax advisor for additional information. Additionally, you may contact the information and research director for Kentucky's Labor Cabinet. KHC does not provide legal advice.

6.5 Davis-Bacon Applicability and Compliance Requirements

DAVIS-BACON APPLICABILITY AND COMPLIANCE REQUIREMENTS

DAVIS-BACON APPLICABILITY

Projects with 12 or more HOME-assisted units under one contract are subject to Davis-Bacon requirements. It is illegal to split a project into more than one contract for the sole purpose of avoiding Davis-Bacon Requirements. Davis-Bacon requires that laborers be paid an amount not less than the prevailing wage of the locality as predetermined by the U.S. Secretary of Labor. Please contact KHC's Department of Design and Construction Review if you have any questions.

OVERVIEW OF THE PROCESS

Submit a Wage Rate Request: A wage rate request must be submitted to KHC for those projects that exceed Davis-Bacon thresholds (for HOME construction contracts involving 12 or more units). The proper form is enclosed in this section.

- Projects will be locked into a wage rate at the start of construction or at loan closing with KHC, whichever comes first. Please allow 14 to 21 days for the receipt of your wage determination.

Bid/Contract Package Requirements: The applicable wage rate determination must be included in the bid package. The labor standards addendum that is located in this section must also be included in the bid package.

Ten-Day Call: Projects starting construction prior to loan closing must complete the following procedures. No more than ten days prior to the bid opening and/or award of the contract, KHC must be contacted to determine if the wage decision(s) included in the bid packet are still current. Following this call, KHC will send the recipient a confirmation of this call.

- This call must be made no more than ten calendar days prior to the bid opening, but must allow at least seven calendar days before the bid opening. This will allow for any necessary addendum to the bid package, such as if the wage rates have been modified or superseded since they were issued.
- Failure to call and make the necessary adjustments if the rates have been modified/superseded can result in improper wage rates being considered in the bidding process. This can be expensive for the recipient since they are liable for most current rates.

Verify Contractor Eligibility: Recipients are responsible for verifying that any and all contractors utilized are not barred from working on federally funded projects.

Preconstruction Conference: The Davis-Bacon preconstruction conference must be held after the contract award, but prior to the start of construction. This is normally a part of the general KHC preconstruction conference; however, if construction is to begin before the KHC preconstruction conference a Davis-Bacon specific conference must be scheduled. Please contact KHC's Department of Design and Construction Review and schedule this meeting at least 14 days in advance. Those attending the Davis-Bacon portion of a preconstruction

conference must include a representative of the developer and the payroll clerk of the general (Primary) contractor/developer. The conference will include thorough instructions relative to all labor standards requirements. If the general contractor **and** its payroll clerk have had Davis-Bacon experience in previous KHC projects, they may the Department of Design and Construction Review to discuss the possibility of reducing the Davis-Bacon preconstruction conference to a phone conversation.

Submission of Payrolls and other requirements: Payrolls must be reviewed and correct payrolls must be submitted to KHC on a weekly basis.

Notice of Start of Construction: Prior to the construction commencement, the primary contractor must send a notice of start of construction (see project setup).

Documentation: The recipient should maintain a file with the following documentation.

- copy of wage rate request
- copy of wage rate, along with any additional classifications if applicable
- bid/contract documents with labor standards provisions included
- contractor eligibility verification
- ten-day call verification
- payrolls
- notice of start of construction
- evidence of any violations and steps taken to resolve them

Violations: Violations of the labor standards requirements must be corrected. Failure to pay sufficient wages could result in the assessment of liquidated damages in the amount of \$10 per worker, per day. Only HUD and the U.S. Department of Labor are authorized to reduce or waive these liquidated damages. The contractor must be notified of this liability. Then, if appropriate, he or she may request a waiver.

6.6 State Wage and Other Labor Requirements

STATE WAGE RATES AND OTHER LABOR REQUIREMENTS

STATE PREVAILING WAGES

The state prevailing wage is administered and enforced by the Kentucky Labor Cabinet. All questions and wage rate requests should be directed to the Kentucky Labor Cabinet.

Since HOME projects may fall under the state prevailing wage law, listed below is some general information to get you started.

- Projects that would come under this law are public works projects of \$250,000 or more.
- Public works includes “all buildings...and all other structures or work constructed under contract with a public authority.”
- Public authority means:
 - any officer, board or commission of the state;
 - any political subdivision or department thereof in the state;
 - any institution supported in whole or in part by public funds; or
 - any nonprofit corporation funded to act as an agency and instrumentality of the government agency in connection with the construction of public works.

CONTRACT WORK HOURS AND SAFETY STANDARDS ACT, AS AMENDED (40 USC 327-333)

The act provides that mechanics and laborers employed on federally assisted construction jobs are paid time and one-half for work in excess of 40 hours per week, and provides for the payment of liquidated damages where violations occur. This act also addresses safe and healthy working conditions.

COPELAND (ANTI-KICKBACK) ACT (40 USC 276c)

This act governs the deductions from paychecks that are allowable. Copeland makes it a criminal offense to induce anyone employed on a federally assisted project to relinquish any compensation to which he/she is entitled, and requires all contractors to submit weekly payrolls and statements of compliance.

FAIR LABOR STANDARDS ACT OF 1938, AS AMENDED (29 USC 201, et. Seq.)

This act establishes the basic minimum wage for all work and requires the payment of overtime at the rate of at least time and one-half. It also requires the payment of wages for the entire time that an employee is required or permitted to work, and establishes child labor standards.

6.7 Davis-Bacon Wage Rate Determination Request Form

**DAVIS-BACON
WAGE RATE DETERMINATION
REQUEST FORM**

Date of Request: _____

Project Name: _____

Recipient Name: _____

Address: _____

City, Zip Code: _____

Telephone: (____) _____ Fax: (____) _____

Requested By: _____
(signature)

Project Information:

Number of Units: _____

Number of Stories: _____

Address of Units: _____

(Please Attach Directions to Site)

County of Project: _____

Contractor: _____
(if known)

Address: _____

Telephone: (____) _____

Anticipated Construction Date: _____

Mail or fax this form to:

Kentucky Housing Corporation
Design and Construction Review Department
1231 Louisville Road
Frankfort, KY 40601
(502) 564-7630
(502) 564-9866 (fax)

Please Allow 14 to 21 Days for Receipt of Wage Determination

**DO NOT MAIL BID PACKAGES OR START CONSTRUCTION
WITHOUT CURRENT WAGE RATES.**

Remember to call KHC ten days prior to bid opening to ensure
that the wage decision has not been changed.

6.8 Davis-Bacon Contract Addendum

DAVIS BACON CONTRACT ADDENDUM

Labor Standards: Davis Bacon and Related Acts

If the total amount of this contract exceeds \$2,000, the federal labor standards set forth in the clause below shall apply to the construction work to be performed under the contract, except if the construction work has been determined to be “non-routine maintenance” subject to the terms of that clause of this contract.

(a) **Minimum Wages.**

- (1) All laborers and mechanics employed or working upon the site of the work (or under the United States Housing Act of 1937 or under the Housing Act of 1949, in the construction or development of the project) will be paid unconditionally and not less often than once a week and without subsequent deduction or rebate on any account (except such payroll deductions as are permitted by regulations issued by the Secretary of Labor under the Copeland Act (29 CFR Part 3) the full amount of wages and bona fide fringe benefits (or cash equivalents thereof) due at time of payment computed at rates not less than those contained in the wage determinations of the Secretary of Labor which is attached hereto and made a part hereof, regardless of any contractual relationship which may be alleged to exist between the Contractor and such laborers and mechanics. Contributions made or costs reasonably anticipated for bona fide fringe benefits under Section 1(b) (2) of the Davis-Bacon Act on behalf of laborers or mechanics are considered wages paid to such laborers or mechanics, subject to the provisions of 29 CFR 5.5 (a) (1) (iv); also, regular contributions made or costs incurred for more than a weekly period (but not less often than quarterly) under plans, funds, or programs, which cover the regular weekly period, Such laborers and mechanics shall be paid not less than the appropriate wage rate and fringe benefits in the wage determination for the classification of work actually performed, without regard to skill, except as provided in 29 CFR Part 5.5 (a) (4). Laborers or mechanics performing work in more than one classification for the time actually worked therein; provided that the employer’s payroll records accurately set forth the time spent in each classification in which work is performed. The wage determination (including any additional classification and wage rates conformed under 29 CFR 5.5 (a)(1)(11) and the Davis-Bacon poster (WH-1321) shall be posted at all times by the Contractor and its subcontractors at the site of the work in a prominent and accessible place where it can be easily seen by the workers.
- (2) (i) Any class of laborers or mechanics that is not listed in the wage determination and that is to be employed under the contract shall be classified in conformance with the wage determination. HUD shall approve an additional classification and wage rate and fringe benefits therefore only when all the following criteria have been met:

- (A) The work to be performed by the classification requested is not performed by a classification in the wage determination;
- (B) The classification is utilized in the area by the construction industry; and
- (C) The proposed wage rate, including any bona fide fringe benefits, bears a reasonable relationship to the wage rates contained in the wage determination.

(ii) If the Contractor and the laborers and mechanics to be employed in the classification (if known) or their representatives, and HUD or its designee agree on the classification and wage rate (including the amount designated for fringe benefits where appropriate), a report of the action taken shall be sent by HUD or its designee to the Administrator of the Wage and Hour Division, Employee Standards Administration, U.S. Department of Labor, Washington, D.C. 20210. The administrator, or an authorized representative, will approve, modify or disapprove every additional classification action within 30 days of receipt and will notify HUD or its designee within the 30-day period that additional time is necessary.

(iii) In the event the Contractor, the laborers or mechanics to be employed in the classification or their representatives, and HUD or its designee do not agree on the proposed classification and wage rate (including the amount designated for fringe benefits, where appropriate), HUD or its designee shall refer the questions, including the views of all interested parties and the recommendation of HUD or its designee, to the Administrator of the Wage and Hour Division for determination. The Administrator, or an authorized representative, will issue a determination within 30 days of receipt and will notify HUD or its designee within the 30-day period that additional time is necessary.

(iv) The wage rate (including fringe benefits where appropriate) determined pursuant to subparagraphs (b) (2) (ii) or (iii) of this clause shall be paid to all workers performing in the classification under this contract from the first day on which work is performed in the classification.

- (3) Whenever the minimum wage rate prescribed in the contract for a class of laborers or mechanics includes a fringe benefit which is not expressed as an hourly rate, the Contractor shall either pay the benefit as stated in the wage determination or shall pay another bona fide fringe benefit or an hourly cash equivalent thereof.
- (4) If the Contractor does not make payments to a trustee or other third person, the Contractor may consider as part of the wages of any laborer or mechanic the amount of any costs reasonably anticipated in providing bona fide fringe benefits under a plan or program provided that the Secretary of Labor has found, upon the written request of the Contractor, that the applicable standards of the Davis-Bacon Act have been met. The Secretary of Labor may require the Contractor to set aside, in a separate account, assets for meeting the obligations under the plan or program.

- (b) **Withholding of funds.** HUD or its designee shall, upon its own action or upon written request of an authorized representative of the Department of Labor, withhold or cause to be withheld from the Contractor under this contract or any other Federal contract with

the same prime Contractor, or any other federally-assisted contract subject to Davis-Bacon prevailing wage requirements, which is held by the same prime Contractor, so much of the accrued payments or advances as may be considered necessary to pay laborers and mechanics, including any apprentices, trainees and helpers, employed by the Contractor or any subcontractor the full amount of wages required by the contract. In the event of failure to pay any laborer or mechanic, including any apprentice, trainee or helper, employed or working on the site of the work or, under the United States Housing Act of 1937 or under the Housing Act of 1949, in the construction (or development of the project), all or part of the wages required by the contract, HUD or its designee may, after written notice to the Contractor, file such action as may be necessary to cause the suspension of any further payment, advance or guarantee of funds until such violations have ceased. HUD or its designee may, after written notice to the Contractor, disburse such amounts withheld for and on account of the Contractor or subcontractor to the respective employees to whom they are due. The Comptroller General shall make such disbursements in the case of direct Davis-Bacon Act contracts.

(c) **Payrolls and basic records.**

- (1) Payrolls and basic records relating thereto shall be maintained by the Contractor during the course of work and preserved for a period of three years thereafter for all laborers and mechanics working at the site of the work (or, under the United States Housing Act of 1937 or under the Housing Act of 1949, in the construction or development of the project). Such records shall contain the name, address and Social Security number of each such worker; his or her correct classification; hourly rates if wages paid (including rates of contributions or costs anticipated for bona fide fringe benefits or cash equivalents thereof of the types described in section 1(b) (2) (b) of the Davis-Bacon Act); daily and weekly number of hours worked; deductions made; and actual wages paid. Whenever the Secretary of Labor has found, under 29 CFR 5.5 (a) (1) (iv), that the wages of any laborer or mechanic include the amount of costs reasonably anticipated in providing benefits under a plan or program described in section 1 (b) (2) (b) of the Davis-Bacon Act, the Contractor, shall maintain records which show that the commitment to provide such benefits is enforceable, that the plan or program is financially responsible, and that the plan or program has been communicated in writing to the laborers or mechanics affected and records that show the costs anticipated or the actual cost incurred in providing such benefits. Contractors employing apprentices or trainees under approved programs shall maintain written evidence of the registration of apprenticeship programs and certification of trainee programs, the registration of the apprentices and trainees and the ratios and wage rates prescribed in the applicable programs.
- (2) (i) The Contractor shall submit weekly for each week in which any contract work is performed a copy of all payrolls to the Contracting Officer for transmission to HUD or its designee. The payrolls submitted shall set out accurately and completely all of the information required to be maintained under subparagraph (c) (1) of this clause. This information may be submitted in any form desired. Optional Form WH-347 (Federal Stock Number 029-005-00014-1) is available for this purpose and may be purchased from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. The prime Contractor is responsible for the submission of copies of payrolls by all subcontractors.

- (ii) Each payroll submitted shall be accompanied by a "Statement of Compliance" signed by the Contractor or subcontractor or his or her agent who pays or supervises the payment of the persons employed under the contract and shall certify the following:
- (a) That the payroll for the payroll period contains the information required to be maintained under paragraph (c) (1) of this clause, and that such information is correct and complete.
 - (b) That each laborer or mechanic (including each helper, apprentice and trainee) employed on the contract during the payroll has been paid the full weekly wages earned, without rebate, either directly or indirectly, and that no deductions have been made either directly or indirectly, from the full wages earned, other than permissible deductions as set forth in 29 CFR Part 3; and
 - (c) That each laborer or mechanic has been paid not less than the applicable wage rates and fringe benefits or cash equivalents for the classification of work performed, as specified in the applicable wage determination incorporated into the contract.
- (iii) The weekly submission of a properly executed certification set forth on the reverse side of Optional Form WH-347 shall satisfy the requirements for submission of the "Statement of Compliance" required by subparagraph (c) (2) (iii) of this clause.
- (iv) The falsification of any of the above certifications may subject the Contractor or subcontractor to civil or criminal prosecution under Section 1001 of Title 18 and Section 3729 of Title 31 of the United States Code.
- (3) The Contractor or subcontractor shall make the records required under subparagraph (d) (1) available for inspection, copying or transcription by authorized representatives of HUD or its designee, the Contracting Officer or the Department of Labor and shall permit such representatives to interview employees during working hours on the job. If the Contractor or subcontractor fails to submit the required records or to make them available, HUD or its designee may, after written notice to the Contractor, take such actions as may be necessary to cause the suspension of any further payment, advance or guarantee of funds. Furthermore, failure to submit the required records upon request or to make such records available may be ground for debarment action pursuant to 29 CFR 5.12.
- (d) (1) **Apprentices.** Apprentices will be permitted to work at less than the predetermined rate for the work they performed when they are employed pursuant to and individually registered in a bona fide apprenticeship program registered with the U.S. Department of Labor, Employment and Training Administration, Bureau of Apprenticeship and Training, or with a State Apprenticeship Agency recognized by the Bureau, or if a person is employed in his or her first 90 days of probationary employment as an apprentice in such an apprenticeship program who is not individually registered in the program, but who has been certified by the Bureau of Apprenticeship and Training or a State Apprentice Agency (where appropriate) to be eligible for probationary employment as an apprentice. The allowable ration of apprentices to journeyman on the job site in any craft classification shall not be greater than the ratio permitted to the Contractor as to the entire work force under the registered program. Any worker listed on a payroll at an

apprentice wage rate, who is not registered or otherwise employed as stated in this paragraph, shall be paid not less than the applicable wage rate on the wage determination for the classification of work actually performed. In addition, any apprentice performing work on the job site in excess of the ratio permitted under the registered program shall be paid not less than the applicable wage rate on the wage determination for the work actually performed. Where a Contractor is performing construction on a project in a locality other than that in which its program is registered, the ratios and wage rates (expressed in percentages of the journeyman's hourly rate) specified in the Contractor's or subcontractor's registered program shall be observed. Every apprentice must be paid at not less than the rate specified in the registered program for the apprentice's level of progress, expressed as a percentage of the journeyman hourly rate specified in the applicable wage determination. Apprentices shall be paid fringe benefits listed on the wage determination for the applicable classification. If the Administrator of the Wage and Hour Division determines that a different practice prevails for the applicable apprentice classification, fringes shall be paid in accordance with that determination. In the event the Bureau of Apprenticeship and Training, or a State Apprenticeship Agency recognized by the Bureau, withdraws approval of an apprenticeship program, the Contractor will no longer be permitted to utilize apprentices at less than the applicable predetermined rate for the work performed until an acceptable program is approved.

(2) **Trainees.** Except as provided in 29 CFR 5.16, trainees will not be permitted to work at less than the predetermined rate for the work performed unless they are employed pursuant to and individually registered in a program which has received prior approval, evidenced by formal certification by the U.S. Department of Labor, Employment and Training Administration the ratio of trainees to journeyman on the job site shall not be greater than permitted under the plan approved by the Employment and Training Administration. Every trainee must be paid at not less than the rate specified in the approved program for the trainee's level of progress, expressed as a percentage of the journeyman hourly rate specified in the applicable wage determination. Trainees shall be paid fringe benefits in accordance with the provisions of the trainee program. If the trainee program does not mention fringe benefits, trainees shall be paid the full amount of fringe benefits listed in the wage determination unless the Administrator of the Wage and Hour Division determines that there is an apprenticeship program associated with the corresponding journeyman wage rate in the wage determination which provides for less than full fringe benefits for apprentices. Any employee listed on the payroll at a trainee rate that is not registered and participating in a training plan approved by the Employment and Training Administration shall be paid not less than the applicable wage rate in the wage determination for the classification of work actually performed. In addition, any trainee performing work on the job site in excess of the ratio permitted under the registered program shall be paid not less than the applicable wage rate in the wage determination for the work actually performed. In the event the Employment and Training Administration withdraws approval of a training program, the Contractor will no longer be permitted to utilize trainees at less than the applicable predetermined rate for the work performed until an acceptable program is approved.

(3) **Equal employment opportunity.** The utilization of apprentices, trainees and journeyman under this clause shall be in conformity with the equal employment opportunity requirements of Executive Order 11246, as amended, and 29 CFR Part 30.

- (e) **Compliance with Copeland Act requirements.** The Contractor shall comply with the requirements of 29 CFR Part 3, which are hereby incorporated by reference in this contract.
- (f) **Contract termination; debarment.** A breach of this contract clause may be grounds for termination of the contract and for debarment as a Contractor and a subcontractor as provided in 29 CFR 5.12
- (g) **Compliance with Davis-Bacon and related Act requirements.** All rulings and interpretations of the Davis-Bacon and related Acts contained in 29 CFR parts 1, 3 and 5 are herein incorporated by reference in this contract.
- (h) **Disputes concerning labor standards.** Disputes arising out of the labor standards provisions of this clause shall not be subject to the general disputes clause of this contract. Such disputes shall be resolved in accordance with the procedures of the Department of Labor set forth in CFR Parts 5, 6 and 7. Disputes within the meaning of this clause include disputes between the Contractor (or any of its subcontractors) and the PHA/IHA, HUD, the U.S. Department of Labor or the employees or their representatives.
- (i) **Certification of eligibility.**
 - (1) By entering into this contract, the Contractor certifies that neither it (nor he or she) nor any person or firm who has an interest in the Contractor's firm is a person or firm ineligible to be awarded contracts by the United State Government by virtue of Section 3 (a) of the Davis-Bacon Act or 29 CFR 5.12 (a) (1).
 - (2) No part of this contract shall be subcontracted to any person or firm ineligible to be awarded contracts by the United States Government by virtue of Section 3 (a) of the Davis-Bacon Act or 29 CFR 5, 12 (a) (1).
 - (3) The penalty for making false statements is prescribed in the U.S. Criminal Code, 18 U.S.C. 1001.
- (j) **Contract Work Hours and Safety Standards Act.** As used in this paragraph, the terms "laborers" and "mechanics" include watchmen and guards.
 - (1) **Overtime requirements.** No contractor or subcontractor contracting for any part of the contract work, which may require or involve the employment of laborers or mechanics, including watchmen and guards, shall require or permit any such laborer or mechanic in any workweek in which the individual is employed on such work to work in excess of 40 hours in such workweek unless such laborer or mechanic receives compensation at a rate not less than one and one-half times the basic rate of pay for all hours worked in excess of 40 hours in such workweek.
 - (2) **Violation; liability for unpaid wages liquidated damages.** In the event of any violation of the provisions set forth in subparagraph (j) (1) of this clause, the Contractor and any subcontractor responsible therefore shall be liable for the unpaid wages. In addition, such Contractor and subcontractor shall be liable to the United States (in the case of work done under contract for the District of

Columbia or a territory, to such District or to such territory), for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic (including watchmen and guards) employed in violation of the provisions set forth in subparagraph (j) (1) of this clause, in the sum of \$10 for each calendar day on which such individual was required by provisions set forth in subparagraph (j) (1) of this clause.

- (3) **Withholding for unpaid wages and liquidated damages.** HUD or its designee shall upon its own action or upon written request of an authorized representative of the Department of Labor withhold or cause to be withheld, from any monies payable on account of work performed by the Contractor or subcontractor under any such contract or any Federal contract with the same prime Contractor, or any other federally-assisted contract subject to the Contract Work Hours and Safety Standards Act, which is held by the same prime Contractor, such sums as may be determined to be necessary to satisfy any liabilities in the provisions set forth in subparagraph (j) (2) of this clause.

- (k) **Subcontracts.** The Contractor or subcontractor shall insert in any subcontracts all the provisions contained in this clause and such other clauses as HUD or its designee may require, including appropriate instructions and a clause requiring the subcontractors to include these provisions in any lower tier subcontracts. The prime Contractor shall be responsible for the compliance by any subcontractor or lower tier subcontractor with all these provisions.

6.9 Sample Work Write – Up

SAMPLE WORK WRITE-UP

Parcel # _____ Owner: _____
Address: _____

SPECIFICATIONS FOR REHABILITATED PROPERTIES

Contractors will furnish labor and materials to complete the following items in accordance with the work write-up, the project director, the rehab inspector. Measurements as given may not be exact; contractors will be responsible for exactness of measurements. When painting is specified, it is all doors, windows and trims are to be latex enamel or equal unless otherwise specified. Drop cloths are to be used on all interior spackling and painting. Contractor will take particular care not to damage any of the owner’s belongings. Upon final inspection, all specified work items must be completed, all work areas reasonably clean, and all excess materials including tools be properly stored or removed from the jobsite.

EXTERIOR

1. ROOF:

- _____ A. Strip-off and haul away all existing roof coverings including the porch roofs, down to the existing sheathing, (approx. 17 squares)
- _____ B. Brace-up the weekend roof rafters by installing knee braces at the half-span.
- _____ C. Provide and install (3) roof turbines to different areas to provide attic ventilation.
- _____ D. Furnish and install rafters as necessary
- _____ E. Furnish and install 7/16” OSB sheathing over the entire roof area using ply clips and #8 shank nails.
- _____ F. Re-roof as per manufacture’s instructions installing back 15 lb. roof felt, metal drip edge, and 220 lb. fiberglass seal down shingles (owner’s choice of color). Also install new metal flashings to all chimneys, roof steps, abutments, appropriate areas. NOTE: Any roof area with less than 3/12’ pitch must have 30# felt with shingles installed with half normal exposure or Slate-Flex cold process roofing.

2. CHIMNEYS:

- _____ A. Remove the (1) chimney below the roof line, then frame-in, sheath, and roof over the opening.

3. OVERHANGS AND FASCIA:

- _____ A. Replace all rotted components of existing overhangs and fascia, then provide noseboards and nailers as needed to completely wrap all existing overhangs in (vinyl) (aluminum) complete using all needed channels.

4. GUTTERS AND DOWNSPOUTS:

- _____ A. Remove all existing gutters, downspouts and haul from jobsite.
- _____ B. Install new seamless 5" white, aluminum gutters, attached to noseboards with spike and ferule, to all draining overhang areas including porch overhangs. Also install the appropriate amount including porch overhangs. Also install the appropriate amount of 3" downspouting strapped to the wall with a concrete splashpad set underneath each one.

5. EXTERIOR WALL TREATMENTS:

- _____ A. Make modifications to the existing siding as needed; then install new double-4 vinyl to all wall areas, complete with fan-fold insulation board, starter strips and all other channels including window wraps. Color to be one of basic four in price range with white.

6. WINDOWS AND STORMS:

- _____ A. Replace the (15) windows with aluminum jambed, single hung type window complete with all interior and exterior trims, sash locks and screens. Check to be sure that windows operate and lock smoothly when job is complete. Windows must meet egress regulations of code. Some window frames rotted and will have to be re-framed.

7. ENTRY DOORS AND STORM/SCREEN:

- _____ A. Replace the existing (2) doors with new 1-lite metal/foam entrance doors and jambs, necessary sills, stops, and new locks keyed alike (front, back, side). Note: Factory finish doors are only primer coated and MUST be finish painted by the contractor.

8. PORCHES, DECKS, STEPS, WALKS:

- _____ A. Replace the front and rear steps with 4'x 6' stoops with steps, guard rails and handrails. All materials are to be CCA treated and all fasteners are to be galvanized. Set 4x4's in ground two feet in concrete at the base of the steps and at the ends of the stoops. 4x4's will support the stairs, the stoops and the guardrails. Use 2x8 rim joists and 2x6 floor joists spaced 16" o.c. Deck the stoops with 5/4 material. Guard rails and handrails must support 250 pounds weight. Guardrails should have top and bottom horizontal 2x4 stringers with vertical 2x2 pickets spaced no more than 4" apart. Bottom stringer can have be more than 4" above deck or have more than 4" opening in the stair area. A maximum two inch (2") round handrail must be properly installed using metal hardware on at least one guardrail. Stair stringers and treads are to be 2x12.

9. FOUNDATION, FLOORS (STRUCTURAL):

- _____ A. Provide and install 8 self-closing 8" x 16", foundation vents to different areas of foundation to provide adequate ventilation.
- _____ B. Remove the sub floor in the house, and properly dispose of debris. Repair or replace floor joists as necessary including rim joists and sill plates. Furnish and install 4 mil plastic ground cover under the house from this open floor area. Furnish and install new 3/4" plywood sub floor in the bathroom using ring shank nails and construction adhesive.

INTERIOR:

10. WALL AND CEILING TREATMENTS:

- _____ A. Remove all drywall from ceilings and walls and haul from jobsite.
- _____ B. Furnish and install 1/2" drywall on all walls and ceilings. Use moisture proof drywall in bath and in kitchen near sink area.
- _____ C. Paint all walls with two coats of quality latex paint. Use latex enamel in the bathroom and kitchen. Texture all ceilings.

11. INTERIOR DOORS AND WOODWORK:

- _____ A. Replace all interior doors and trim with either 1x trim if applicable to the style of the house or with colonel style trim if applicable to the style of the house. This includes all pre-pointed window sills as well. Use pre-hung, raised panel, hollow core, hardboard doors with locksets and hinges. Paint all doors and trim with primer and latex enamel.

12. FLOOR TREATMENTS:

- _____ A. Provide and install new 1/4", underlayment to the floor areas located in the kitchen, bath, utility, and entryway.
- _____ B. Provide and install new FHA approved wall-to-wall carpet with 1/2" pad properly stretched and installed in all rooms except the kitchen, utility, front door entryway, and bath. (Owner's choice of color)
- _____ C. Provide and install new 3/32" wet lay vinyl to the floor areas located in the kitchen, bath, utility and front door entryway of house (owner's choice of color).

13. KITCHEN CABINETS:

- _____ A. Replace the existing kitchen cabinets in their entirety with new hardwood or Birch plywood cabinets minimum 7' base and 2 – 36" wall units. New cabinets will have all needed drawers and doors each w/proper hardware:

the top will be formica rolled topping w/4" splashguard: the finish will be satin, sealer, and lacquer gloss.

MECHANICAL:

14. ELECTRICAL:

- _____ A. Rewire the entire house bringing it to Existing House Code by installing a new 200 ampere panel box and breakers. Discontinue required existing circuits and install the dish and globe type lights in each room, the required amount of receptacle, a hard wired electric smoke detector with battery back-up for each floor, GFCI and appliance, bath exhaust vent as needed and washer/dryer circuits as needed. All work to be in compliance with the National Electric Code and the electrician to obtain a rough-in and final inspection by a certified electrical inspector.

- _____ B. Replace the existing electrical exterior service w/new, which includes installing new meter base, mast pole, lead-in wires, ground wire and rod, weather-head, roof-flange, and all connectors, clamps, straps and anchors as needed. All work to be done to the N.E.C. standards and pass inspection before hook-up.

15. PLUMBING:

- _____ A. Replace all existing plumbing thru-out the house with the required supply, drain, and vent lines. Replace all fixtures; tub (using one or two piece tub), commode and water closet, wash basin and vanity, stainless steel, kitchen sink, water-heater, cut-offs, traps, strainers, washerless faucets (including anti-scald unit in bath) etc. All plumbing to be done by a licensed plumber and in compliance with all plumbing codes applicable in the State of Kentucky.

16. HEATING:

- _____ A. Properly install a new forced-air gas furnace in a central location. Include all controls, ductwork, registers, returns, and hook-ups. Insulate all duct pipes in unheated areas. Size the unit to provide ample heat. The efficiency rate should be high.

- _____ B. Remove all unvented gas fired heaters and cap and supply lines.

17. INSULATION:

- _____ A. Insulate the attic areas to R-38.

18. PEST CONTROL:

- _____ A. Have unit treated by a licensed pest control agency in accordance with the minimum standards promulgated by the Dept. of Agriculture. The

LPCA will provide a contract for annual reinspection and treatment which the owner may maintain for a five year period at the owner's cost.

Total Bid: _____ Contractor Signature: _____

Approval by Homeowner (signature): _____

Date Approved: _____

Attest: _____

Rehab Counselor: _____

7: Draw Requests

7.1 HOME and AHTF Draw Request Method

KENTUCKY HOUSING CORPORATION

HOME Investment Partnerships Program Affordable Housing Trust Fund Program

DRAW REQUEST METHOD

Once you have received release of funds, you must follow the steps described below to prepare for and complete all draw requests.

I. Establish a HOME Bank Account (HOME funds only)

- Recipients must establish a separate non-interest-bearing account for HOME funds. If you have a bank account that is non-interest-bearing and there is no sub account identifier that will permit you to track HOME funds, you do not have to set up a separate account for HOME. You may not accrue interest on these funds or establish an escrow account.

II. Draw Request

- To request funds, recipient must have submitted a project set-up report and received approval of the set-up from KHC via receipt of the IDIS (project) number. Recipients should utilize the Universal Draw Request form.
 - Recipients may submit up to three draws per unit. Typically, the first draw request will be submitted after the start-up inspection has been done; the second draw request, after the interim inspection has been done; the third draw request, after the final inspection has been done. Recipients are encouraged to submit their Project Completion Report (See Exhibit 9) with the final draw request.
 - Occasionally, fewer than three draws will be required. For example, if HOME funds are not being used for construction but are only needed for down payment, closing costs and/or principal reduction, a single draw request will be submitted. KHC does not inspect units for which this type of assistance is provided, however, units must meet Kentucky Residential Building Code (KRBC).
 - If HOME funds are being used to provide a modular or manufactured home, three draws may be submitted, however, only two inspections are necessary: at footer/foundation and at final (after the unit is on-site and any supplemental work such as decks, porches and railings is complete.)
 - If a recipient completes additional units, the administrative or developer fees will not be increased. If a recipient does not complete the number of units as stated in the funding agreement, but expends all of the construction money, KHC may, at its discretion, issue the remaining administrative or developer fees.

- AHTF administrative funds are not pro-rated for the number of units proposed and can be drawn down at any time following the execution of the funding agreement.
- The draw request process is as follows:
 1. Submit a project draw and/or an administrative funds draw (your program representative may request a copy of your spreadsheet.) You may submit up to three draws – including the final draw – for each unit. **All draws must be for whole dollar amounts.**

For your final draw request for each unit, submit a draw request for the necessary project funds and mark the draw as final.

If you are submitting a request for the remaining project funds and direct benefit information is not available (the house has not sold or match and/or leverage funds have not been expended, etc.) then you cannot draw retained administrative or developer fee funds. If you are ready to begin the affordability period and report direct benefit, then you may request the balance of project funds and the administrative fee funds when you submit a Project Completion Report.

2. Submit a Project Completion Report Packet (see checklist in Exhibit 9 of this Implementation Manual) and a final draw request for project, administrative and/or developer fee funds.

Draw request forms for project costs and administrative funds are included in the Implementation Manual. Sample project spreadsheets are also included.

Projects are not required to submit a project draw and an administrative draw simultaneously. The amount of funds requested should be prorated according to the percentage of HOME project funds expended. There is no minimum threshold to meet when requesting administrative funds.

Draws are processed daily. Faxes may be sent to (502) 564-9866. If you submit a fax, DO NOT send the original. Please note the following:

- To ensure that the draw is processed in a timely manner, please use the Universal Draw Form.
- Draw requests must be for whole dollar amounts.
- Remember that the authorized signature form (submitted with technical submission items) includes the names and signatures of two individuals authorized to sign the draw request. If one person signs the draw request form, the other should sign the check – the same person may not sign both.
- To be processed, each HOME funds draw must be for \$1,000 or more. Please note this threshold is for each assisted unit. Draws for less than \$1,000 will be processed if less than \$1,000 remains in project. This does not apply to administrative or CHDO operating draws.

- To be processed, each AHTF funds draw must be for \$100 or more. Please note this threshold is for each assisted unit. Draws for less than \$100 will be processed if less than \$100 remains in the project. This does not apply to administrative draws.
- CHDO operating funds are drawn on a quarterly basis to reimburse the agency for eligible expenses; for example, a draw request to reimburse the CHDO for expenses in January, February and March would be submitted in April.
 - Quarterly CHDO operating draws must be submitted within 30 days after the end of each quarter (i.e., a draw for the January – March quarter must be submitted no later than April 30). Failure to do so may result in the recapture of the delinquent quarter's allocation of operating funds.
 - Each draw request for operating funds must be accompanied by an updated CHDO Quarterly Progress Report.
- As referenced in the construction management exhibit, all change orders must be properly documented prior to submission of draw requests.
- If the recipient chooses to have funds electronically transferred to its banking account, the Electronic Funds Transfer (EFT) form must be submitted to KHC two weeks prior to the first request for funds. The EFT form is only needed once; it need not be resubmitted for subsequent units assisted as part of the same project.
- Recipients should receive funds approximately one week after submitting the draw request.

Recipients are encouraged to fax draws when possible and should contact their project representative to confirm receipt. If you choose to mail your draw request, prepare the draw form in duplicate and retain a copy for your records. Submit the original to your assigned program representative at Kentucky Housing Corporation, 1231 Louisville Road, Frankfort, KY 40601.

III. Expend HOME Funds (Five-Day Rule)

Draw requests should be made only in an amount necessary to meet current disbursement needs. Disbursements from the recipient's HOME account must be made within five working days from the receipt of HOME funds. If for any reason you have problems disbursing HOME funds in five working days, immediately contact your program representative to determine if funds must be returned to KHC. Administrative dollars received should be disbursed to your operating account within five working days of receipt.

7.2 Electronic Funds Transfer (EFT) Sign-Up Form

Electronic Funds Transfer Sign-up Form

Dear Kentucky Housing Corporation Vendor or Program Recipient:

We are pleased to announce the addition of an electronic funds transfer (EFT) function to our accounts payable system. We would like to offer you the opportunity to participate in this service that provides for quicker deposit of your payments from Kentucky Housing Corporation (KHC), as well as reduced risk of lost checks. If you would like to receive your payments from KHC via an EFT rather than a traditional check, please complete the following information:

Vendor or Recipient Name: _____

Address: _____

Telephone number: _____

KHC Vendor ID (If known—see recent remittance advice): _____

Name of Financial Institution: _____

Financial Institution Routing Number: _____

Type of Account (Circle One): Checking Savings

Account Number: _____

Signature, Title & Date: _____

When returning this form, please include a voided check or a copy of a cancelled check from the account named above. KHC cannot process this request without the voided check or check copy.

We will continue to send you a remittance advice identical to the one you currently find attached to any check you receive from KHC.

Please return this form, along with the voided check or check copy, to Kentucky Housing Corporation, Attn: Accounting-EFT, 1231 Louisville Road, Frankfort, KY 40601. EFT sign-up forms received by KHC will be converted to EFT on a monthly basis. If you have any questions, contact Derek VanMeter at (502) 564-7630, ext. 219 or Kathy Roney at ext. 328.

7.3 Universal Draw Request Form

Please click the link to access the [KHC Universal Draw](#) application.

8: Project Completion

8.1 Instructions for Project Performance Report Minority –and Women– Owned Business Enterprises (MBE/WBE)

EXAMPLE:

**PROJECT PERFORMANCE REPORT FOR CONSTRUCTION/REHAB
MINORITY BUSINESS ENTERPRISES AND WOMEN ENTERPRISES**

MBE	a. Total	b. Alaskan Native or American Indian	c. Asian or Pacific Islander	d. Black Non-Hispanic	e. Hispanic	f. White Non-Hispanic
Contracts						
1. Number	1					1
2. Dollar Amount	17,100					17,100
Subcontracts						
1. Number	2		1			1
2. Dollar Amount	2,900		900			2,000
WBE	a. Total	b. Women Business Enterprises (WBE)	c. Male			
Contracts						
1. Number	1		1			
2. Dollar Amount	17,100		17,100			
Subcontracts						
1. Number	2	1	1			
2. Dollar Amount	2,900	2,000	900			

In the table below, enter the number and dollar value of contracts for the HOME-assisted project.

Recipient Nonprofit, Inc.	Best Housing	Minority/Women Contractor Name	Mr.
Owner Name	John Doe	Subcontractor	
Project Address	14 First Street	Address	21 Business Drive, Anywhere, KY 00000
Project Number	000000000000	Tax Identification Number	00-0000000

Ms. Electrician
1600 Industrial Park
Anywhere, KY 00000
11-1111111

PROJECT PERFORMANCE REPORT MINORITY BUSINESS ENTERPRISES AND WOMEN ENTERPRISES

INSTRUCTIONS:

The completion of page one should reflect the total rehabilitation and/or construction contract amount for the project. Do not double count. If subcontract information reported is part of the general contract, that amount must be subtracted from the contract amount. Contracts and amounts reported in the MBE section should equal contracts and amounts reported in the WBE section. The MBE section is to report racial breakdown and the WBE section is to report gender breakdown.

Example: The total \$20,000 contract for the project was awarded to a white, non-Hispanic male. The contractor had subcontracts with a white, non-Hispanic, female electrician for \$2,000 and an Asian, male plumber for \$900. The Project Performance Report would be completed as shown above.

- Please note that there is only one space provide at the bottom for the minority/women contractor information. When you need to provide this information for more than one contractor, either use the bottom space on the form, as shown in the example, or attach an additional page.
- Page two of the form is self-explanatory. However, please note when reporting acquisition to count contiguous tracts under the same ownership as one parcel.

8.2 AHTF – Only Project Closeout Form

To access this information, please visit the [HPIM Resources](#) page of the KHC Web site.

8.3 Performance Measures PCR Addendum (for HOME projects funded before Oct. 2006 and all AHTF – only projects)

To access this information, please visit the [HPIM Resources](#) page of the KHC Web site.

8.4 Home Buyer PCR

To access this information, please visit the [HPIM Resources](#) page of the KHC Web site.

8.5 Homeowner Rehab PCR

To access this information, please visit the [HPIM Resources](#) page of the KHC Web site.

9: Fair Housing

9.1 Fair Housing Requirements

FAIR HOUSING REQUIREMENTS

All recipients of HOME funding are required to comply with Fair Housing Regulations. We have compiled a brief summary to assist you in developing a Fair Housing Plan and to meet the requirements of CFR 92.202 and 92.350. Additional regulations can be found in the following documents:

- Title VI of Civil Rights Act of 1964 (42 U.S.C. 2000d et. seq)
- Fair Housing Act (42 U.S.C. 3601-3620)
- Executive Order 11063 (amended by Executive Order 12259)
- Age Discrimination Act of 1975, as amended (42 U.S.C. 6101)
- Nondiscrimination and Equal Opportunity 24 CFR 5.105 (a)

Applicant responsibilities include, but are not limited to the following:

- Certify that they will affirmatively further fair housing.
- Develop a Fair Housing Plan which identifies impediments to fair housing.
- Include provisions in their Fair Housing Plan to affirmatively further fair housing.
- Develop and adopt affirmative marketing requirements and procedures.
- Design and construct new projects in compliance with applicable standards.
- Rehabilitate properties in compliance with applicable standards.
- Include provisions prohibiting discrimination in contracts and subcontracts which are for more than \$10,000.
- Include provisions requiring Section 3 compliance in contracts and subcontracts.
- Include provisions that promote the use of Women Owned Businesses and Minority Owned Business Enterprises.
- Conduct an assessment of all housing-related ordinances to ensure compliance with Fair Housing laws.
- Promote fair housing by displaying and distributing Fair Housing laws, brochures, poster displays, etc.
- Maintain documentation of compliance with fair housing issues.
- Ensure that all housing needs are addressed, i.e., elderly, handicapped, homeless.

Fair Housing Activities include, but are not limited to, the following:

- Section 3 compliance
- Affirmative marketing
- Equal Employment Opportunities
- Section 504 compliance
- Title VI

9.2 Equal Opportunity and Fair Housing

KENTUCKY HOUSING CORPORATION HOME INVESTMENT PARTNERSHIPS PROGRAM EQUAL OPPORTUNITY AND FAIR HOUSING

All HOME recipients must enforce the provisions of:

- The Civil Rights Act of 1964.
- The Civil Rights Act of 1968 (Fair Housing Law).
- All other applicable laws:
 - Housing and Urban Development Act of 1968, Section 3.
 - Rehabilitation Act of 1973, Section 504.
 - Housing and Community Development Act of 1974, Section 109.
 - Age Discrimination Act of 1975.
 - Executive Order 11063: Equal Opportunity in Housing.
 - Executive Order 11246: Equal Employment Opportunity.

Overview: Key Regulations and Requirements

Title VI of the Civil Rights Act of 1964 provides that no person shall be excluded from participation denied program benefits or subjected to discrimination on the basis of race, color or national origin under any program or activity receiving federal financial assistance.

Title VIII of the Civil Rights Act of 1968, as amended, prohibits discrimination in housing on the basis of race, color, religion, sex, national origin, familial status or handicapped status. This law also requires HUD to administer its programs in a manner that affirmatively promotes fair housing.

Section 3 of the Housing and Urban Development Act of 1968, as amended, provides that, to the greatest extent feasible, opportunities for training and employment that arise through HUD-financed projects shall be given to lower-income residents of the project area. Section 3 also provides that contracts awarded in connection with such projects be awarded to: businesses located in the project area or businesses owned, in substantial part, by residents of the project area. (Note: The Housing and Community Development Act of 1980 defined "project area" as the unit of local government or the metropolitan area or the non-metropolitan county in which the project is located.)

Section 504 of the Rehabilitation Act of 1973, as amended, provides that no otherwise qualified individual shall, solely by reason of his or her handicap, be excluded from participation (including employment), denied program benefits or subjected to discrimination under any program or activity receiving federal funds.

Section 109 of the Housing and Urban Development Act of 1974, as amended, provides that no person shall be excluded from participation (including employment denied program benefits or subjected to discrimination on the basis of race, color, religion, sex or national origin

under any program or activity funded in whole or in part under Title I (Community Development) of the Act.

The Age Discrimination Act of 1975, as amended, provides that no person shall be excluded from participation, denied program benefits or subjected to discrimination, on the basis of age under any program or activity receiving federal funds.

Executive Order 11063 provides that no person shall, on the basis of race, color, religion, sex or national origin, be discriminated against in housing (and related facilities) provided with federal assistance and lending practices with respect to residential property when such practices are connected with loans insured or guaranteed by the federal government.

Executive Order 11246, as amended, provides that no person shall be discriminated against, on the basis of race, color, religion, sex or national origin, in any phase of employment during the performance of federal or federally assisted construction contracts in excess of \$10,000.

To ensure compliance you need a record-keeping and reporting system which includes:

- Section 3 compliance;
- Project benefits to population groups;
- Employment records; and
- Fair Housing efforts.

Meeting Section 3 Compliance

You are required by Section 3 of the Housing and Urban Development Act of 1968 to provide training and employment opportunities for low-income project area residents and to award HOME contracts to businesses located or substantially owned by persons in the project area. Therefore, you must develop and implement a Section 3 Plan. This plan must state your locality's commitment to Section 3 and outline steps to implement it.

It is important that you document your efforts to comply with Section 3 through maintenance of a "good faith efforts" file. It should contain memoranda, correspondence, advertisements, etc., illustrating your attempts to reach eligible persons and businesses. Your documentation will show the steps you have taken to implement your plan. Remember, the mere existence of a Section 3 plan is not sufficient. You must make attempts to implement the plan.

Maintain Project Benefit Records

Although you have signed assurances relative to nondiscrimination, it is still necessary to go beyond the assurances and prove compliance. Document populations served with HOME funds. As part of your HOME application, you were required to submit statistical information on the persons benefiting from your project.

It is important that you continue to maintain and update this information throughout the implementation of your project. This information is necessary both in proving compliance with civil rights laws and in meeting closeout requirements when your project is completed.

Maintain Employment Records

Each recipient must take action and maintain records to show that as an employer it is not discriminating in the employment of employees. The first step is to adopt personnel policies which clearly outline hiring, training and promotion procedures for employees. The policies should also contain a nondiscrimination clause which ensures that all persons are treated fairly by the community in employment opportunities.

The recipient may want to develop and implement an Affirmative Action Plan. If you already have a plan, you should review it periodically to ensure it is still relevant and up-to-date. The Affirmative Action Plan should contain minority and female hiring goals and implementing timetables for each job classification. The hiring goals should equal the percentage of minorities in the community. For example, if 10 percent of the community's population is minority, your Affirmative Action Plan should reflect an effort to achieve 10 percent minority composition of employment within a specified period of time for each category. These goals should reflect the total work force, not merely those positions connected with the HOME project.

Several items are specifically required for compliance with Section 504 relative to handicapped individuals. First, a person must be designated to coordinate 504 responsibilities. Second, a grievance procedure should be developed and incorporated as part of your personnel policies. These procedures will outline due process standards and provide for expedient and prompt resolution of discrimination complaints based on disability. Third, the public must be notified of the 504 coordinator and that the local government does not discriminate on the basis of disability. The notification process should be ongoing and can include such things as newspaper notices and statements included in any written materials produced by the city or county. Any recruitment or informational material published by the recipient must contain a nondiscrimination statement based on disability. A notice should be published as soon as the 504 coordinator is named. An Equal Employment Opportunity poster must be displayed in a prominent place in your office.

Undertaking Fair Housing Efforts

When you signed the assurances that are part of your application, you committed your locality to (1) maximizing choice within the community's total housing supply; (2) lessening racial, ethnic and economic concentrations of housing; (3) facilitating desegregation and racially inclusive patterns of occupancy and use of public facilities; and (4) administering the HOME program in a manner to affirmatively further fair housing. You have also agreed to develop and maintain records of your efforts to ensure fair housing.

Just because your community may be small or have no or very few minority residents does not mean you need not be concerned about fair housing requirements. These requirements apply regardless of the size of the community. Moreover, the total absence of, or the presence of very few minority residents may indicate the need for fair housing activity rather than the lack of a problem. You should understand that fair housing provisions apply to your locality as a whole, not just those activities that are HOME related, and that implementing a fair housing program is an essential part of your HOME responsibilities.

The first step in developing a local program is to determine the extent of your fair housing needs. This determination can be done by analyzing answers to the following questions.

- Are minorities totally absent as residents of your community? If so, why?

- Do all or most of the minorities in your community live in one neighborhood?
- Are Realtors hesitant to show minorities rental or ownership units in certain areas of your community or in certain apartment buildings or subdivisions?
- Do the financial institutions in your community or in nearby towns consistently fail to provide mortgages or home improvement loans in certain areas of the community?
- Is publicly-assisted housing absent in your community?
- Are some public housing projects in the community all minorities and/or all white?
- Are minorities discouraged from living in your community because public services and facilities located in or serving minority areas are of a lesser quality or quantity than those serving predominantly white areas?
- Do minorities work in your community but live elsewhere?
- Do landlords not rent to female-headed households with children?
- Has your community failed to adopt and enforce a fair housing ordinance?
- Does your community assist people who believe they have encountered housing discrimination?

The specific actions you take as part of your fair housing program will depend on the type and extent of your fair housing needs. You should give consideration to the following examples:

- Develop and enact a local fair housing ordinance which is at least equivalent to the federal fair housing law and preferably one with enforcement mechanisms and penalties.
- Revise Housing Authority formal and informal policies and practices so that public housing units are not assigned to cause or perpetuate racially or ethnically separate treatment of housing opportunities.
- Work with developers and residents to ensure new assisted housing is located outside areas of minority or low-income concentration.
- Review local zoning and discuss the impacts of existing zoning on multifamily and/or less expensive single-family construction in order to modify zoning to permit or facilitate construction.
- Develop a public information program using local newspapers, radio stations, bulletin boards, churches, utility bill mailings, etc., to ensure that all segments of the community are aware of fair housing requirements, especially Realtors, landlords, financial institutions and the minority community.

- Develop a fair housing assistance program to make housing opportunities in non-minority areas known to minorities, to provide escort service, to monitor compliance and to pursue discrimination complaints.
- Conduct a meeting with financial institutions serving the community to discuss the implications of the Community Reinvestment Act and their need to broaden their lending practices to all geographic locations and support community revitalization efforts.
- Survey the special housing needs of minorities and women to determine any effects of discrimination.
- Develop or fund a fair housing or human relations organization.
- Develop a monitoring procedure for compliance with Fair Housing Laws.

All fair housing efforts must be documented. If you do not document your efforts, we can only assume you have done nothing and you are not in compliance with the requirements.

9.3 Affirmative Marketing and Minority Outreach Program

AFFIRMATIVE MARKETING AND MINORITY OUTREACH PROGRAM

The HOME regulations require that recipients comply with affirmative marketing procedures. Please refer to 24 CFR 92.351 for details.

I. Affirmative Marketing

- A. Each HOME recipient must adopt affirmative marketing procedures and requirements for rental and homebuyer projects containing five or more HOME-assisted housing units. Affirmative marketing steps consist of actions to provide information and otherwise attract eligible persons in the housing market area to the available housing without regard to race, color, religion, gender, gender identity, sexual orientation, marital status, familial status, national origin, ancestry, age or mental or physical disability. (The affirmative marketing procedures do not apply to families with Section 8 tenant-based rental housing assistance or families with tenant-based rental assistance provided with HOME funds.)
- B. The affirmative marketing requirements and procedures adopted must include:
 - 1. Methods to inform the public, owners and potential tenants about Federal fair housing laws and the recipient's affirmative marketing policy (i.e., the use of the Equal Housing Opportunity logo type or slogan in press releases and solicitations for owners and written communication to fair housing and other groups);
 - 2. Requirements and practices each owner must adhere to in order to carry out the recipient's affirmative marketing procedures and requirements (i.e., use of commercial media, use of community contacts, use of the Equal Housing Opportunity logotype or slogan and display of fair housing poster);
 - 3. Procedures to be used by owners to inform and solicit applications from persons in the housing market area who are not likely to apply for the housing without special outreach (i.e., use of community organizations, places of worship, employment centers, fair housing groups, or housing counseling agencies);
 - 4. Records describing actions taken by the recipient and by owners to affirmatively market units and records assessing the results of these actions; and
 - 5. A description of how the recipient will annually assess the success of affirmative marketing actions and what corrective actions will be taken where affirmative marketing requirements are not met.

II. Minority Outreach

A recipient must prescribe procedures acceptable to HUD to establish and oversee a minority outreach program within its jurisdiction. These procedures must ensure the inclusion, to the maximum extent possible, of minorities and women, and entities owned by minorities and women, including, without limitation, real estate firms, construction firms, appraisal firms, management firms, financial institutions, investment banking firms,

underwriters, accountants and providers of legal services. These efforts must be shown in all contracts entered into by the recipient with such persons or entities, public and private, in order to facilitate the activities of the recipient to provide affordable housing authorized under this Act or any other federal housing law applicable to such jurisdiction.

KHC encourages recipients to utilize minority owned businesses. Please review and refer to the Minority Business Guide published by Kentucky State Governments' Division of Minority Businesses, which is provided for this purpose. Also, KHC encourages the utilization of minority owned businesses at training sessions, as well as a good faith, comprehensive and continuing effort to identify participants and to increase participation.

9.4 Affirmative Fair Housing Marketing Plan – HUD Form 935.2

<http://portal.hud.gov/hudportal/documents/huddoc?id=935-2b.pdf>

9.5 Section 3 Requirements for HOME Recipients

SECTION 3 REQUIREMENTS FOR HOME RECIPIENTS

Section 3 of the Housing and Urban Development Act of 1968 (Section 3), as amended by Section 915 of the Housing and Community Development Act of 1992, requires that economic opportunities generated by HUD financial assistance for housing and community development programs be targeted toward low- and very low-income persons. In effect, this means:

- Whenever HUD assistance generates opportunities for employment or contracting, Public and Indian Housing Authorities, state and local grantees and other recipients of HUD housing assistance funds must, to the greatest extent feasible, provide these opportunities to low- and very low-income persons and to businesses owned by or employing low- and very low-income persons.
- The Section 3 requirements apply to job training, employment, contracting and subcontracting and other economic opportunities arising from assistance provided for construction, reconstruction, conversion or rehabilitation (including lead-based paint hazard reduction and abatement) of housing, other buildings or improvements assisted by housing or community development funds, including HOME.
- Recipients of HOME assistance have minimum project costs limits under which Section 3 requirements do not apply. Section 3 only applies to:
 - Projects for which HUD's share of project costs exceeds \$200,000;
 - Contracts and subcontracts awarded on projects for which HUD's share or project cost exceeds \$200,000, and the contract or subcontract exceeds \$100,000 and
 - Recipients whose projects do not fall under Section 3 are nonetheless encouraged to comply with the Section 3 preference requirements.
- Recipients and their contractors and subcontractors must show preferences for giving training and employment opportunities to low-income persons to the greatest extent feasible. They should show priority considerations for hiring low-income persons as follows:
 - Low-income persons residing in the service area or neighborhood in which the project is located.
 - Participants in HUD Youthbuild programs.

For community development programs where the project received McKinney Act assistance, homeless persons residing in the service area or neighborhood shall receive the highest priority. Again, the person hired should be qualified to perform the work required.

- Recipients and their contractors and subcontractors must give preference to Section 3 businesses. They should show the following preference order for awarding contracts for assistance:
 - Section 3 businesses that operate in the project area.
 - Entities that carry out Youthbuild programs.

The business must be able to demonstrate that it can successfully meet the terms and conditions of the proposed contract. In addition, these requirements do not restrict competition to only businesses meeting one of the priorities, nor do they authorize set-asides.

- Recipients, contractors and subcontractors should make good faith efforts to hire low-income people and/or award contracts and subcontracts according to the priority considerations and preference in a manner similar to the best efforts described above.

Compliance and Record Keeping

Recipients must take the following actions:

- Amend their employment and procurement policies to comply with Section 3.
- Document their best efforts to comply with Section 3 and their success at hiring low-income persons.
- Monitor their compliance and the compliance of their contractors and subcontractor.
- Provide annual reports to the KHC on progress.

Recipients must maintain the following records:

- The good faith efforts to make low-income persons aware of the positions, and to encourage and facilitate their application.
- The number and dollar value of all contracts awarded to businesses and, in particular, Section 3 businesses during the fiscal year.
- A description of the best efforts made to award contracts to Section 3 businesses.
- The mechanisms by which they ensured that contractors and subcontractors complied with Section 3 preferences for training, employment and contract awarding.

9.6 Section 3 Reporting Forms

To access this information, please visit the [HPIM Resources](#) page of the KHC Web site.

9.7 Guidance on MBE/WBE Outreach

GUIDANCE ON MBE/WBE OUTREACH

Minimum Acceptable Outreach Standards

Section 281 of the National Affordable Housing Act requires that Kentucky Housing Corporation (KHC) recipients prescribe procedures that establish and oversee a minority outreach program. The program shall include minority- and women-owned businesses in all contracting activities entered into by the recipient to provide affordable housing authorized under this Act or any federal housing law applicable to Kentucky. Minimum HUD standards require that each recipient's outreach effort to minority and women-owned businesses be:

1. A good faith, comprehensive and continuing endeavor;
2. Supported by a statement of public policy and commitment published in the print media with the widest local circulation;
3. Supported by an office and/or a key ranking staff person with oversight responsibilities and access to the chief elected official; and
4. Designed to utilize all available and appropriate public and private local resources.

Guidelines for a Minority/Women Business Outreach Program

Under the minimum HUD standards cited above, the following guidelines are provided for use by recipients to help them ensure the inclusion, to the maximum extent possible, of entities owned by minorities and women. Each recipient should:

1. Develop a systematic method for identifying and maintaining an inventory of certified minority- and women-owned business enterprises (MBEs and WBEs), their capabilities, services, supplies and/or products;
2. Utilize the local media, electronic and print, to market and promote contract and business opportunities for MBEs and WBEs;
3. Develop informational and documentary materials (fact sheets, program guides, etc.) on contract/subcontract opportunities for MBEs and WBEs;
4. Develop procurement procedures that facilitate opportunities for MBEs and WBEs to participate as vendors and suppliers of goods and services;
5. Sponsor business opportunity-related meetings, conferences, seminars, etc., with minority and women business organizations;
6. Maintain centralized records with statistical data on the utilization and participation of MBEs and WBEs as contractors/subcontractors in all HUD-assisted program contracting activities.

Each recipient utilizing the standards and guidelines listed above shall prescribe procedures and actions it will undertake in implementing a minority- and women-owned business enterprise outreach program. The above six items represent basic outreach-related activities and are not all-inclusive actions a recipient may undertake.

9.8 Section 504 of the Rehabilitation Act of 1973

Section 504 of the Rehabilitation Act of 1973

“No otherwise qualified individual with handicaps in the United States...shall solely by reason of his/her handicap, be excluded from participation in, be denied the benefits of, or be subjected discrimination under any program or activity receiving Federal financial assistance...” (excerpt from the Rehabilitation Act of 1973).

Who is protected by Section 504?

Individuals with disabilities are protected by Section 504. This includes individuals who:

1. Have a physical or mental impairment that substantially limits one or more major life activities.
 - **Physical impairments** include limited vision or hearing, limited mobility (including people who use wheelchairs, canes, or walkers), infectious diseases (including AIDS) and others.
 - **Mental impairments** include mental retardation, organic brain syndrome, emotional or mental illness and specific learning disabilities.
 - **Major life activities** are everyday things such as walking, talking, seeing, hearing, working or caring for oneself.

OR

2. Have a record of an impairment, such as a history of a disability or misclassification as having a disability.

OR

3. Are regarded as having an impairment. (Someone treats the person as if he/she has an impairment whether or not the person actually does.)

KEY SECTION 504 PROGRAM ASPECTS

Program accessibility – Eligible people with disabilities should be able to participate in and benefit from programs receiving federal financial assistance as much as people without disabilities.

Physical accessibility – As much as possible, people with disabilities should be able to enter and use building (homes, apartments, libraries, youth centers, office buildings, etc.) which are assisted by HUD.

Most integrated setting – People with disabilities should not be separated from non-disabled people or put off by themselves, unless there is no other reasonable choice; or

special services must be provided to enable the people with disabilities to live independently.

Reasonable accommodation – Agencies operating programs assisted by HUD must make adjustments to allow people with disabilities to enjoy the benefits of the programs, as long as the adjustment is not unduly expensive or burdensome (significant difficulty or expense).

Discrimination – Any action by a recipient that denies a qualified individual with handicaps equal treatment or equal opportunity to benefit from programs or activities receiving federal financial assistance.

WHAT ARE HOME RECIPIENTS REQUIRED TO DO UNDER SECTION 504?

Recipients must take steps to ensure that people with disabilities are not discriminated against. The steps and activities include, but are not limited to, the following:

Have policies and procedures that do not discriminate – Recipients should make sure that people with disabilities are able to benefit from the programs they provide. Also, program administration should not prohibit qualified people with disabilities from fully participating.

Meet the specific requirements of the Section 504 regulations – Every recipient of HOME funds must comply with HUD's Section 504 regulations. On July 11, 1992, regulations implementing Section 504 of the Rehabilitation Act of 1973 became effective. These regulations (24 CFR Part 8) apply to all organizations, both public and private, which receive or administer federal financial assistance. And, these regulations include specific requirements that a recipient must meet.

1. Install a Telecommunications Device for the Deaf (TDD). The TDD number must be communicated to the public in all communications. Recipients may purchase their own or utilize the KHC TDD number. The recipient must complete the KHC TDD service application and pay a \$10 fee. Kentucky Housing Association members will not be charged a fee for TDD service.
2. Conduct a self-evaluation of policies, practices and facilities. The evaluation must be completed in conjunction with handicapped individuals or groups. Any problems with programs, policies and procedures must be addressed and resolved.
3. Complete a transition plan, implementing the structural changes found necessary in the self-evaluation. Structural modifications, if necessary, must be made within four years.
4. If your organization has 15 or more employees, you must designate a Section 504 coordinator, develop a grievance procedure for disabled employees as part of your personnel policies and notify the public in an ongoing process of the organization's 504 coordinator and the organization's 504 compliance status.

Make reasonable accommodations – If a person with a disability wants to participate in a program, the agency must make whatever accommodations are needed for the person, as long as they are not unduly costly or burdensome.

EXAMPLES OF REASONABLE ACCOMMODATION

Reasonable accommodations can involve a wide variety of things. Here are a few examples:

- A deaf person who uses sign language contacts the city commissioner to say that he or she wants to attend an open meeting the city is having. The city should provide a sign language interpreter for the meeting as a reasonable accommodation.
- A blind person comes to the agency office to apply for a job. The person cannot read the application form. An agency staff person should read the application to the applicant and fill out the form for him or her.
- If a disabled resident who rents an apartment needs grab bars in the bathroom, the owner should install them.
- A single person with a severe disability needs a live-in attendant. The housing agency/owner should place this person in a two-bedroom unit (instead of a one-bedroom unit) so that the attendant can also live there.

EXAMPLES OF DISCRIMINATION

Discrimination against people with disabilities can take many forms. The following provide a few examples:

- A person with a disability as a result of AIDS applies for an apartment. The agency or owner refuses to let him or her into the apartment because other residents are afraid they may get the disease. This action would be discriminatory because the decision is based simply upon fears and prejudices about AIDS.
- A current resident of a nonaccessible dwelling unit becomes disabled. If the housing provider refuses to either make a reasonable accommodation, such as installing a ramp for easy access (if it is not unduly costly or burdensome) or moves the resident to an available accessible unit, the provider discriminates against the resident.

SECTION 504 STRUCTURAL REQUIREMENTS (REMOVE PHYSICAL BARRIERS)

For **New Construction** multifamily rental properties, 5 percent of the units in the project must be accessible to individuals with mobility impairments, and an additional 2 percent must be accessible to individuals with sensory impairments.

The Section 504 definition of Substantial Rehabilitation multifamily rental properties differs from the HOME definition and includes construction in a project with 15 or more units for which the rehabilitation costs will equal at least 75 percent of the replacement costs. In such developments, 5 percent of the units in the project must be accessible to individuals with mobility impairments, and an additional 2 percent must be accessible to individuals with sensory impairments.

When rehabilitation, less extensive than substantial rehabilitation, is undertaken, every alteration to every unit must make the unit accessible to the maximum extent feasible until 5 percent of the units in the project are fully accessible to people with mobility impairments. This provision should provide a powerful incentive to recipients to meet the 5 and 2 percent minimum thresholds. Alterations to common spaces must always make the project accessible to the maximum extent feasible.

Structures not undergoing alteration do not have to be made accessible if the program as whole can be made accessible through other means.

For most HOME recipients, compliance with Section 504 will ensure compliance with other fair housing legislation concerned with handicapped accessibility. However, the Fair Housing Amendments should be consulted with regard to rehabilitation of one- to four-unit rental properties. In addition, in any rental property, the Fair Housing Amendments allow people to make alterations to the units at their own expense to ensure accessibility.

The usual standards for ensuring compliance with Section 504 are the Uniform Federal Accessibility Standards (UFAS), although deviations are permitted in specific circumstances.

9.9 Section 504 Self Evaluation

SECTION 504 SELF-EVALUATION GENERAL REQUIREMENTS

A self-evaluation must be prepared by the recipient in consultation with individuals with disabilities or organizations representing them.

Recipients with 15 or more employees must keep on file for at least three years:

- A list of interested persons consulted;
- A description of areas examined and any problems identified; and
- A description of modifications made and remedial steps taken.

ELEMENTS

- Evaluation of current policies and practices relative to the 504 regulations.
- Modification of any policies and practices that do not meet the 504 requirements.
- Corrective action to remedy any discrimination found.

AREAS TO BE EVALUATED (All areas listed below may not apply)

- Buildings or facilities for physical accessibility.
- Program outreach and communication.
- Eligibility and admission criteria and practice.
- Distribution and occupancy policy and practice.
- Percentage of accessible units.
- Employment (including pre-employment).
- Complaint processing procedures.

SELF-EVALUATION FOR COMPLIANCE WITH SECTION 504 FEDERALLY CONDUCTED PROGRAMS

I. Introduction

The U.S. Department of Housing and Urban Development (HUD) evaluates its own activities for compliance with the 1978 amendments to Section 504, which extend coverage to any program or activity conducted by an Executive Agency. What follows is a self-evaluation tool that PJs and grantees may use to determine their current level of compliance as well as identify areas of potential non-compliance that need to be addressed.

A. Office/Program to be evaluated:

Name: _____

Address: _____

B. Individual completing evaluation:

Name: _____

Title: _____

Date: _____

C. Disabled individual(s) assisting in the completion of the self-evaluation:

- *Note: The person assisting in the completion of the self-evaluation may be a person with an actual disability or a person affiliated with an agency that represents or is an advocate for disabled persons.*

Name(s): _____

Title: _____

Organization: _____

Address: _____

II. Administrative Practices

A. Staff information:

List steps to be taken to ensure that all staff involved in any aspect of this program (e.g., recruitment, admission, testing, public information, the conduct of the program, the

provision of any services or benefits, etc.) will be informed periodically of, and understand fully, your policy of nondiscrimination on the basis of disability.

1. Do your organization's policies include a grievance procedure for disabled persons (employees and/or the general public)?

No

Yes

Describe: _____

B. Contracts, agreements and subgrants (e.g., housing management agencies, hotels, subgrantees, educational institutions, public meeting facilities, computer services, printing services, etc.)

1. Are entities with which you hold contracts, agreements, and/or subgrants aware of your policy of nondiscrimination on the basis of disability?

No

Yes

How? _____

If yes, attach a list of these entities, and the type of service(s) performed, to this form.

2. Do you require these entities to sign an "assurance of compliance?"

No

Yes

3. Have these entities been required to complete a self-evaluation of the programs and activities they conduct for you?

No

Yes

III. Recruitment, Advertisement and Public Information

A. Do you engage in any of the following kinds of activities to recruit program participants or otherwise inform persons about the services provided?

	<u>Yes</u>	<u>No</u>
• Oral presentations/orientations	<input type="checkbox"/>	<input type="checkbox"/>
• Printed recruitment materials	<input type="checkbox"/>	<input type="checkbox"/>

- Printed informational materials
- Advertisements (radio, newspaper, etc.)

B. Do all materials and advertisements include a notice that you do not discriminate against persons with disabilities?

No Yes

C. Is the general public notified of the existence and location of services, activities and facilities that are accessible to persons with disabilities?

No

Yes How? _____

D. If "outside" persons or organizations are involved in your recruitment, advertisement or information efforts, are they informed of your nondiscrimination policy?

No

Yes How? _____

E. Do all public information materials "pass" the Printed Program Announcements Checklist (see Attachment 1)? No Yes

If no, list steps which need to be taken to ensure that all materials are modified accordingly:

F. Are public information materials usable by persons with different kinds of disabilities? Are they being sent to or otherwise reaching persons with varying disabilities? In completing this section, use the Information Dissemination Checklist (see Attachment 2). List below the kinds of materials which are not accessible, the population they are not accessible to, and the steps needed to make them accessible.

Media Type	Target Population	Problem/Solution
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

G. Are articles on the accomplishments of participants with disabilities publicized in the agency's publication?

No

Yes How? _____

H. Are organizations representing persons with disabilities contacted for advice, technical assistance and referrals?

No

Yes How? _____

IV. Program Accessibility

A. Are inquiries made regarding disability status in order to make accommodations for persons with disabilities?

No Yes

B. Is the information requested voluntarily, not used to affect any disabled person adversely, and kept confidential?

No Yes

C. Is there an orientation program for new participants?

No Yes

D. Have steps been taken to ensure that persons with visual and hearing impairments can understand the information, communicate with the staff and use the written materials provided during the orientation?

No

Yes Describe: _____

E. Do you have a TDD (Telecommunications Device for the Deaf) installed?

No Yes

If yes, what is the number? _____

Is the TDD number communicated to the public? No Yes

Is the TDD number included on all correspondence? No Yes

F. List the specific activities that comprise your program: (e.g., orientation, intake, classroom training, meetings to provide information on HUD programs to the public, such as meetings to accept bids, etc.):

_____	_____
_____	_____
_____	_____
_____	_____

G. For each activity listed above, list those that are, or have the potential to be, inaccessible to persons with disabilities:

Activity	Reason
_____	_____
_____	_____
_____	_____
_____	_____

H. Describe steps to be taken to attain accessibility of those activities identified in "G" above, e.g., provision of auxiliary aids, use of alternative materials, special tools or equipment, modification of equipment, renovation of facility, moving program to another facility, etc.

Activity	Reason
_____	_____
_____	_____
_____	_____
_____	_____

I. Has a method been implemented for soliciting voluntary indications of disability status and requests for accommodations, i.e., channels for a disabled person to bring his or her disability to the attention of management?

No

Yes Describe: _____

J. From the following list of possible reasonable accommodations, check those which you would be willing to make for disabled program participants:

- Modifying written materials
- Modifying meeting rooms
- Making facilities accessible

- Adjusting work schedule
- Providing assistive devices
- Providing readers and interpreters
- Adopting flexible policies
- Reassigning and retraining participants
- Eliminating transportation barriers
- Others, depending on the person's particular disability

V. Facilities

A. List all facilities, or portions of facilities, used to conduct your program.

Facility	Address
_____	_____
_____	_____
_____	_____
_____	_____

B. The Architectural Barriers Act of 1968 U42 U.S.C. 3151-4157 covers buildings owned, leased, or financed in whole or in part by or on behalf of the Federal Government. This means that all of HUD's Regional and Field Offices must comply with the Architectural Barrier Act. The applicable standard is the Uniform Federal Accessibility Standard (UFAS), (24 CFR Part 40). Buildings which are not HUD's own buildings, but which are being contemplated for use for a public meeting or training, etc., must be fully accessible but would not necessarily have to conform to the UFAS. Therefore, use the following method when evaluating facilities:

1. HUD owned/leased, or financed for use by HUD:

Note: It is recommended that the Office of Administration in the Region and the Administrative Officer in the Field survey the common areas of HUD Field and Regional Offices. Each Program Office should survey the areas assigned for its use.

Do the survey on site using the Site Accessibility Checklist (see Attachment 3). Complete the survey. If any single item on the checklist results in a "no" answer, the facility will need to be further surveyed to see in the facility conforms with the UFAS. The appropriate office within the Regional or Field Office should then contact the General Services Administration (GSA) to request that such a survey be done and that any resulting deficiencies be corrected (by GSA). This same Regional or Field Office will follow-up with GSA to be sure all deficiencies are corrected.

2. Facility planned for use by HUD (such as, for training, conferences, public meetings, etc.).

Go on-site and complete the Site Accessibility Checklist (Attachment 3) and the Meeting Logistics Checklist (Attachment 4). Once the survey is completed, if there is any "no" answers, meet with the responsible official at the facility to determine if these deficiencies can be corrected. If yes, have the corrections made before using (contracting with) the facility. If no, the facility would then be unacceptable and an

alternative facility would have to be identified, surveyed, and so forth until a satisfactory facility is found.

- C. Identify the person or agency who will be responsible for developing and implementing a corrective action plan for the elimination of the barriers identified in "B" (1 and 2) above: (Note: For facilities described in B2, the responsible Official is the person negotiating use of the facility, and if the facility can't or won't correct deficiencies, this person is responsible for securing alternate, acceptable facilities.)

VI. Employment Practices

A. Recruitment	Yes	No	N/A
1. Are disabled employees featured in promotional and recruitment advertising?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Are contacts maintained with educational institutions which train persons with disabilities?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Are organizations which represent persons with disabilities contacted for advice, technical assistance and referrals?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Does all recruitment literature indicate that the program does not discriminate on the basis of disability?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
B. Job Vacancies			
1. Are all vacancy announcements reviewed to ensure that physical, mental and communication requirements are job related and accurately reflect job functions?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Are managers willing to consider reasonable accommodations for the disabilities of otherwise qualified applicants?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

PRINTED PROGRAM ANNOUNCEMENTS CHECKLIST

Location

OK

- Are posters placed in physically accessible locations?
- Can small print of posted announcements be read from a wheelchair?
- Can copies of written materials be reasonably obtained by individuals with disabilities?
- Have disability groups been included in the dissemination process?

Printing

- Are all words clearly legible?
- Would color blind individuals be able to distinguish all content?

Graphics

- Are representations of disabled individuals free of patronizing stereotypes?
- Do graphics permit easy reading of content?

Content

- Is all necessary program information included?
- Are procedures for providing program access to disabled individuals stated clearly?
- Is the 504 contact person's name, address and phone number listed?

INFORMATION DISSEMINATION CHECKLIST

	Target Population				
	Hearing Impaired	Visually Impaired	Mobility Impaired	Homebound/ Institution	Mentally Retarded
Print Media (List names as appropriate)					
Brochure					
Circular					
Poster					
Newspaper					
Newsletter					
Magazine					
Broadcast Media (list stations)					
Radio					
Television					
Disability Organizations (list names)					

Note: The goal is to develop a standard dissemination process that provides access to program information for qualified persons with disabilities.

SITE ACCESSIBILITY CHECKLIST

This checklist is intended to be used as a relatively quick and easy guide to determine a building's physical accessibility. Detailed specifications for each area can be found in the Uniform Federal Accessibility Standards (UFAS).

Comments should be made on all "no" answers, and should include alterations that can or will be made, any insurmountable obstacles to accessibility, or other relevant circumstances and considerations.

Parking	Yes	No
• Does the facility have designated parking spaces for disabled individuals?	<input type="checkbox"/>	<input type="checkbox"/>
• Are spaces of adequate width (13 feet)?	<input type="checkbox"/>	<input type="checkbox"/>
• Are the spaces marked with the universal access symbol?	<input type="checkbox"/>	<input type="checkbox"/>
• Are they near the building's entrance?	<input type="checkbox"/>	<input type="checkbox"/>
Comments: _____		

Building Entrance	Yes	No
• Is the main entryway wheelchair-accessible? (level entry or properly sloped ramp; 32" wide, non-revolving door)	<input type="checkbox"/>	<input type="checkbox"/>
• If not, is there a reasonable alternative entry?	<input type="checkbox"/>	<input type="checkbox"/>
• Is the entry relatively free of obstacles? (clear paths for wheelchair users and blind persons)	<input type="checkbox"/>	<input type="checkbox"/>
Comments: _____		

Meeting Rooms	Yes	No
• Can all rooms to be used for meetings or meals be reached without using steps or escalators?	<input type="checkbox"/>	<input type="checkbox"/>
• If elevator use is required, are the elevators accessible? (36" wide door, 64" deep x 68" wide	<input type="checkbox"/>	<input type="checkbox"/>

car, wheelchair accessible controls, tactile buttons, auditory floor indicators)

- If room changes are required between sessions, are pathways accessible? (36" wide hallways, free of obstacles)

- Are doorways wide enough to accommodate a wheelchair?

Comments: _____

Facilities

Yes

No

- Are restrooms wheelchair-accessible? (adequate floor space for wheelchair; grab bars, Paper products, lavatories at proper height; extended faucet handles)

- Are paths to the restrooms accessible?

- Are drinking fountains wheelchair accessible?

- Can telephones be used from a wheelchair?

Comments: _____

MEETING LOGISTICS CHECKLIST

Room Arrangement	Yes	No
• Are aisles of adequate width and free of obstruction?	<input type="checkbox"/>	<input type="checkbox"/>
• Does the seating plan provide adequate space for users of wheelchairs, canes or walkers?	<input type="checkbox"/>	<input type="checkbox"/>
• Have seats near the front been reserved for partially sighted individuals?	<input type="checkbox"/>	<input type="checkbox"/>
• Are tables containing informational materials or refreshments accessible?	<input type="checkbox"/>	<input type="checkbox"/>
• If an interpreter is to be used, is there a clear line of vision for those using the service?	<input type="checkbox"/>	<input type="checkbox"/>
• Is there a designated "No Smoking" section?	<input type="checkbox"/>	<input type="checkbox"/>
Meals	Yes	No
• Can the eating site be reached by disabled individuals with reasonable effort?	<input type="checkbox"/>	<input type="checkbox"/>
• Has adequate time allowed for getting to and from the site?	<input type="checkbox"/>	<input type="checkbox"/>
• Have arrangements been made for any special meals?	<input type="checkbox"/>	<input type="checkbox"/>
• Are large type or Braille menus available?	<input type="checkbox"/>	<input type="checkbox"/>
• Have restaurant or banquet personnel been notified of special accommodations for disabled individuals?	<input type="checkbox"/>	<input type="checkbox"/>
Program	Yes	No
• Have program materials been prepared or other accommodations made for individuals who are visually or hearing impaired?	<input type="checkbox"/>	<input type="checkbox"/>
• Does the schedule allow adequate time for mobility impaired individuals to change rooms between sessions as needed?	<input type="checkbox"/>	<input type="checkbox"/>

9.10 Section 504 Public Notice

**SECTION 504
PUBLIC NOTICE**

This notice is published pursuant to the requirements of 24 CFR Part 8 Nondiscrimination Based on Handicap in Federally Assisted Programs and Activities of the Department of Housing and Urban Development, as published in the Federal Register on June 2, 1988. Section 8.4 prohibits discrimination against qualified individuals because of their handicap status.

_____ advises the public, employees and job applicants that it does not discriminate on the basis of handicapped status in admission or access to, or treatment or employment in its programs and activities.

_____ has designated the following person and/or as the contact to coordinate efforts to comply with this requirement. Inquiries should be directed to:

Name: _____

Office: _____

Address: _____

Phone Number: _____

TDD Number: _____

Hours: _____

NOTE: This information must be communicated to the visually or hearing impaired. This may include the use of public service radio and television announcements, and telecommunications devices, the posting of notices, the publication of notices in newspapers and magazines, the placement of notices in recipient governments' publications, and in the distribution of other written and taped communications to groups representing the handicapped.

9.11 Section 504 – The Transition Plan

SECTION 504 THE TRANSITION PLAN

GENERAL REQUIREMENTS

- A Transition Plan is mandatory if structural changes to facilities are needed to achieve program accessibility.
- The Plan must be developed with the assistance of individuals with disabilities or organizations representing them.
- A copy of the plan must be made available for public inspection.

CONTENTS OF THE PLAN

- Identification of the physical obstacles that limit accessibility.
- Detailed description of methods that will be used to make facilities accessible.
- Schedule for each step of the process. All structural changes must be made within six months of project funding.
- Name of the person responsible for implementation of the plan.
- Names of persons or groups who assisted with the plan.

9.12 Title IV Self-Survey and Statement of Assurance

Instructions for Compliance with Civil Rights Title VI

Kentucky Housing Corporation (KHC) has and will continue to take a proactive approach to fully implement procedures to eliminate discrimination on the basis of race, color or national origin.

In accordance with KRS 344.015, KHC developed a Title VI Implementation Plan. All organizations that receive pass-through federal funding from KHC must comply with this implementation plan. To ensure that KHC meets its compliance responsibility, procedures have been established to provide monitoring of Title VI compliance activities and complaint processing in all programs.

To meet the requirements of compliance, your organization has two options. Your organization can adopt the enclosed plan created by KHC. To ensure full compliance with KHC's implementation plan, the following items **MUST** be returned with your completed Civil Rights Title VI Self-Survey:

- Nondiscrimination Policy
- Compliance Assurance, including:
 - copy of all contracts used to provide direct services to clients.
 - copy of all contracts used to assure that subcontractor or vendors are clearly aware of your agency's commitment to Title VI.

NOTE: Please ensure that a local Title VI coordinator is identified in question 5 of the Self-Survey.

In addition to the Self-Survey, your agency must complete the enclosed Statement of Assurance. Full compliance cannot be achieved unless all of these items are included.

Your organization may also create its own Title VI implementation plan and submit it to KHC for approval. Most organizations have chosen to adopt the KHC plan. Regardless of which option your organization chooses, you must maintain a copy of a Title VI plan for review by the general public and any compliance organization.

If you have questions about Title VI or completing the required documentation, you may contact KHC's Legal Department at (502) 564-7630. Once you have completed the above-mentioned requirements, please send them to your assigned program representative or specialist at Kentucky Housing Corporation, 1231 Louisville Road, Frankfort, Kentucky 40601-6191

Upon receipt of the proper documentation, KHC will certify compliance with Title VI. KHC is unable to release any federal dollars until the participating agency reaches full compliance with Civil Rights Title VI requirements.

CIVIL RIGHTS TITLE VI SELF-SURVEY

1. Date of Survey: _____
2. Type of Survey: Initial Update Other: _____
3. Check program area:
 - HOME Investment Partnership
 - Emergency Shelter Grant (ESG)

- Shelter Plus Care
- Supportive Housing
- Section 8 Housing Assistance
- Section 8 New Construction
- Family Self-Sufficiency (FSS)
- HOPE for Elderly Independence
- Appalachian Regional Commission (ARC)
- Housing Opportunities for Persons with AIDS (HOPWA)

4. Name of Facility/Agency: _____
Street Address: _____
City, State, Zip: _____
County: _____

5. Administrative Head: _____
Title: _____

6. Name of Local Title VI Coordinator: _____
Street Address: _____
City, State, Zip: _____
Phone Number: _____

7. Advisory Group or Advisory Board:
a. What is the racial composition of the advisory group or advisory board?
Total: _____ Number of white: _____ Number of non-white: _____

b. How are members selected?

c. What is the length of the term for members that serve on the advisory group or board?

8. Nondiscrimination Policies: Does your Agency have a written policy stating that services will be provided to all persons regardless of race, color, religion, gender, gender identity, sexual orientation, marital status, familial status, national origin, ancestry, age or mental or physical disability?

- Yes No

If yes, attach a copy (FOR INITIAL SURVEY ONLY).

9. Posters: Are posters containing Title VI information prominently displayed within the facility?

- Yes No

a. Do these posters show the name of the Local Coordinator to whom complaints should be referred?

- Yes No

10. Records: Are permanent records kept of all Title VI complaints?

Yes No

11. Complaints: If applicable, describe below any complaints received in this reporting period:

Name of Complainant	Race	Charge	Findings

12. Dissemination: Is Title VI disseminated to your employees and your clients/applicants?

Yes No

If yes, describe how employees are informed:

a. Are you confident that applicants and clients are clearly aware of their rights under Title VI, including the right to file a complaint?

Yes No

b. Are new employees clearly informed about their specific responsibilities to clients under Title VI?

Yes No

c. Are staff members periodically reoriented or refreshed on information detailing their Title VI responsibilities?

Yes No

If yes, state by whom and how:

13. Compliance Assurance: Do all contracts that provide direct services to clients contain a Title VI statement of compliance?

Yes No

If yes, attach a copy of the Title VI statement included in such contract (FOR INITIAL SURVEY ONLY).

14. Are you confident that each of your subcontractors or vendors, if any, is clearly aware of your agency's commitment to Title VI?

- Yes No

If yes, attach a copy of information used to ensure subcontractors or vendors are aware of your agency's commitment to Title VI (FOR INITIAL SURVEY ONLY).

15. Are all physical areas (i.e., exits, waiting rooms, dining areas, restrooms, etc.) provided and used without regard to race, color, religion, gender, gender identity, sexual orientation, marital status, familial status, national origin, ancestry, age or mental or physical disability.?

- Yes No

If no, identify the areas that are not used jointly and explain why: _____

**TITLE VI – continued
STATEMENT OF ASSURANCE**

Name of Applicant (“The Applicant”)

HEREBY AGREES THAT it will comply with Title VI of the Civil Rights Act of 1964 (P.L. 88-352) and all requirements imposed by the Regulations of the U.S. Department of Housing and Urban Development, Department of Justice (28 CFR Parts 42 and 50), Kentucky Housing Corporation (KHC), and any requirements or directives issued pursuant to that Act and the Regulations of KHC, to the effect that, no person in the United States shall, on the ground of regardless of race, color, religion, gender, gender identity, sexual orientation, marital status, familial status, national origin, ancestry, age or mental or physical disability, be excluded from participation in, be denied the benefits of, or be otherwise subject to discrimination under any program or activity for which the Applicant received Federal financial assistance from KHC; and **HEREBY GIVES ASSURANCE THAT** it will immediately take any measures necessary to effectuate this agreement.

THIS ASSURANCE is given in consideration of and for the purpose of obtaining any and all Federal financial assistance, grants and loans of Federal funds, reimbursable expenditures, grants or donations of Federal property and interest in property, details of Federal personnel, the sale and lease of and the permission to use Federal property or interest in such property or the furnishing of services without consideration or at nominal consideration, or at a consideration which is reduced for the purpose of assisting the Applicant, or in recognition of the public interest to be served by such sale, lease, or furnishing of services to the Applicant, or any improvements made with federal financial assistance extended to the Applicant by KHC.

BY ACCEPTING THIS ASSURANCE, the Applicant agrees to compile data, maintain records and submit reports as required to permit effective enforcement of Title VI, and permit authorized KHC personnel during normal working hours to review and copy such records, books and accounts as needed to ascertain compliance with Title VI. If there are any violations of this assurance, KHC shall have the right to seek administrative and/or judicial enforcement of this assurance and suspend future assistance.

This assurance is binding on the Applicant, its successors, transferees and assignees as long as it receives assistance from KHC. In the case of real property, this assurance is binding for as long as the property is used for a purpose for which this assistance was intended. In the case of personal property, this assurance applies for as long as the Applicant retains ownership or possession of the property. The person or persons whose signatures appear below are authorized to sign this assurance on the behalf of the Applicant.

Signature of Applicant’s Authorized Official

Date

Title of Authorized Official

Applicant’s Address: _____

No other funds or benefits may be disbursed under these programs unless this assurance is completed and filed as required by existing regulations.

9.13 Sample Fair Housing Policy

SAMPLE FAIR HOUSING PLAN <RECIPIENT NAME>

I. Policy Statement

It shall be the policy and commitment of < **RECIPIENT NAME** > to ensure that fair and equal housing opportunities are granted to all persons, in all housing opportunities and development activities funded by < **RECIPIENT NAME** > regardless of race, color, religion, gender, gender identity, sexual orientation, marital status, lawful source of income, familial status, national origin, ancestry, age or mental or physical disability. This shall be done through a program of education, an analysis of impediments, and designation of a Fair Housing Officer and development of a procedure for complaints of discrimination. This plan will incorporate the directives of State and Federal laws and Executive Orders, including, but not limited to:

- a. Title VI of the Civil Rights Act of 1964
- b. The Fair Housing Act – Title VIII of the Civil Rights Action of 1968, as amended
- c. Executive Order 11063, as amended by Executive Order 12259
- d. Section 104(b) of Title I of the Housing and Community Development Act of 1974, as amended
- e. Section 109 of Title I of the Housing and Community Development Act of 1974, as amended
- f. Section 3 of the Housing and Community Development Act of 1968, as amended
- g. Sections 503 and 504 of the Rehabilitation Act of 1973, as amended
- h. The Americans with Disabilities Act of 1990
- i. The Age Discrimination Act of 1975, as amended
- j. Executive Order 11246 (as amended by Executive Orders 12375 and 12086) Equal Opportunity Under HUD contracts and HUD-assisted Construction Contracts
- k. Executive Order 12892, Leadership and Coordination of Fair Housing
- l. Kentucky Fair Housing Laws and the Kentucky Civil Rights Act (KRS 344)

<**RECIPIENT NAME**> commits to providing and promoting racial and economic integration in any housing development and will take affirmative steps to reach beneficiaries from all racial and ethnic groups as well as the physically or mentally handicapped and families with children and to reach a broad range of income eligible beneficiaries for appropriate and applicable housing opportunities.

II. Selection of Fair Housing Officer

In accordance with Title VIII, Civil Rights Act of 1968, as amended, the Fair Housing Officer below has been designated to handle fair housing complaints and activities:

<**Official's Name**>

<**Official's Title**>

<**Mailing Address**>

<**Mailing City, State, Zip**>

<**Phone number**>

The Fair Housing Officer is responsible for the intake and processing of all housing complaints as well as implementation of the Fair Housing Plan activities and actions. While not expected to be an "expert" in Fair Housing Laws, at a minimum, the officer will be familiar with the complaint

process and Federal and State Laws, which address Fair Housing. Records which show the date, time, nature of complaint and decisions made in the complain process(es) will be fully documented. A separate file will maintain a record of all housing discrimination complaint and follow-up actions.

III. Complaint Process

The Fair Housing Officer will reasonably assist the complainant in submitting the complaint to the appropriate body in accordance with the grievance procedures of **< RECIPIENT NAME >**.

The individual(s) filing the complainant will then be advised of the option of filing directly with the U.S. Department of Housing and Urban Development (HUD), the Kentucky Commission on Human Rights (KCHR), or the Equal Employment Opportunity Commission (EEOC) or with all agencies simultaneously. The Fair Housing Officer will keep a record of the progress on the number of complaints filed, actions taken, and the status of each complaint.

Additional Steps

< RECIPIENT NAME > will adopt annually the Fair Housing Policy Statement and Resolution as an indication of its commitment to Fair Housing Month during the month of April.

< RECIPIENT NAME > shall periodically prepare, solicit and provide public service announcements for local radio and/or TV stations or local newspapers in order to provide knowledge and information about Fair Housing.

<RECIPIENT NAME> will display Fair Housing posters identifying the agency's Fair Housing Officer, title, address and phone number in prominent locations. In addition, fair housing information will be distributed outside of the agency to traditional housing partners, including local realtors and banks and other referral sources.

All advertising of residential real estate owned or developed by **<RECIPIENT NAME>** for sale, rent or financing will contain the Fair Housing logo, equal opportunity slogan as a means of educating the home seeking public that the property is available to all persons regardless of race, color, religion, gender, gender identity, sexual orientation, marital status, lawful source of income, familial status, national origin, ancestry, age or mental or physical disability. All printed materials, including agency letterhead, business cards, program brochures, bid advertisements, etc. by **<RECIPIENT NAME>** sponsored programs must include the phrase "Equal Housing Opportunity/Affirmative Action Employer." The type of logo, statement or slogan will depend on the type of media being used (visual or auditory). All logos/statements must appear at the end of the advertisement.

IV. Analysis of Impediments

< RECIPIENT NAME > will cooperate and assist the State with its periodic Analysis of Impediments and conduct a review of policies, practices and procedures that effect the location available and accessibility of housing.

V. Amendments

The executive director, chief executive officer or chairman of the board of **<RECIPIENT NAME>** shall amend and revise this Plan as required to keep current with State/ Federal affirmative action and equal opportunity policies and procedures and local actions and activities to further the purposes of this Plan.

10: Antidisplacement and Relocation

10.1 HOME Program Temporary Relocation Plan

KENTUCKY HOUSING CORPORATION TEMPORARY RELOCATION FOR HOMEOWNERS

REASONABLE ADVANCE WRITTEN NOTICE OF THE FOLLOWING:

1. The date and approximate duration of the temporary relocation;
2. The suitable, decent, safe and sanitary housing to be made available for the temporary period; and
3. Reimbursement for all reasonable, out-of-pocket expenses incurred in connection with the temporary relocation, including the cost of moving to and from the temporary housing and any increase in monthly rent and utilities.

PROOF OF TEMPORARY ADVISORY SERVICES MAY BE VERIFIED BY THE FOLLOWING PROCEDURES:

- A certified mail letter dated seven working days prior to vacate date.
- A copy of a signed statement (signed by head of household or spouse) of verification explaining the above-mentioned requirements.

SAMPLE TEMPORARY NOTICE TEMPORARY HOMEOWNER RELOCATION VERIFICATION JONESVILLE COMMUNITY DEVELOPMENT AGENCY

I, Head of Household _____, agree that I will vacate my unit on Vacate Date (5 working day notice) so the Jonesville Community Development Agency may complete construction on my unit. It is my understanding that I must be out of my unit for approximately # of days before family can return days (weeks, months). I will move temporarily to _____.

I understand that the Jonesville Community Development Agency must make an inspection of the unit to ensure that the unit is decent, safe and sanitary if any housing payments are made on my behalf. I understand that the Community Development Agency is responsible for all out-of-pocket moving costs.

Family Head-of-Household

Date

Relocation Specialist

Date

10.2 Residential Antidisplacement

Kentucky Housing Corporation's Residential Antidisplacement Policy

The following is a copy of KHC's residential antidisplacement policy. HOME recipients may choose to adopt KHC's policy as their policy.

Recipients choosing to do this should amend the policy removing all references to KHC's program and incorporate references to their organization and make it specific to their program plan.

For additional guidance, please contact your HOME Program representative.

RESIDENTIAL ANTIDISPLACEMENT

The HOME Program, authorized by the HOME Investment Partnerships Act and enacted as Title II of the National Affordable Housing Act, requires Kentucky Housing Corporation (KHC) and its Kentucky HOME Program funds recipients to replace all occupied and vacant occupiable low-income dwelling units demolished or converted for uses other than as low-income housing. This is required when the demolition or conversion is a direct result of activities assisted with HOME funds under Section 104(d) of the Housing and Community Development Act of 1974, as amended.

ONE-FOR-ONE REPLACEMENT HOUSING UNDER SECTION 104(d)

KHC shall require one-for-one replacement units for all occupied and vacant occupiable low-and moderate-income dwelling units that are demolished or converted for uses other than as low-and moderate income dwelling units as a direct result of an activity assisted under HOME. This replacement must be completed by the HOME recipient with low-and moderate income dwelling units.

The low-and moderate income dwelling units used in replacement may include public housing or existing housing receiving Section 8 project-based assistance under the United States Housing Act of 1937.

The replacement low-and moderate-income dwelling units must be provided within three years of the commencement of the demolition or rehabilitation related to the conversion and must meet the following requirements:

1. The units must be located within the HOME recipient's jurisdiction.
2. The units must be sufficient in number and size to house at least the number of occupants that could have been housed in the units that are demolished or converted number. The number of occupants that may be housed in units shall be determined in accordance with local housing occupancy codes.

3. The units must be provided in standard condition, the low-and moderate-income income dwelling units used in replacement may include units that have been raised to standard from substandard condition.
4. The units must be designed to remain low-and moderate-income dwelling units for at least 10 years from the initial occupancy.

REQUIREMENTS TO MINIMIZE DISPLACEMENT

Before KHC obligates or expends funds that will directly result in demolition of low-and moderate-income or conversion of low-and moderate-income housing to another use, all HOME recipients will make public and submit to KHC the following information in writing:

1. A description of the proposed activity.
2. The general location on a map and approximate number of dwelling units by size (number of bedrooms) that will be demolished or converted to a use other than as low-income dwelling units as a direct result of the assisted activity.
3. A time schedule for the commencement and completion of the demolition or conversion.
4. The general location on a map and approximate number of dwelling units by size (number of bedrooms) that will be provided as replacement dwelling units.
5. The source of funding and a time schedule for the provision of replacement dwelling units.
6. The basis for concluding that each replacement dwelling unit will remain a low-income dwelling unit for at least 10 years from the date of initial occupancy.

Consistent with the other goals and objectives of the HOME program, KHC shall ensure that it has taken all reasonable steps to minimize displacement (direct or indirect) that occurs as a result of a project assisted with HOME funds. KHC will consider and evaluate annually whether or not displacement has occurred as part of funding decisions and project feasibility determinations. Whenever possible, KHC and HOME recipients will assure that residential occupants of buildings to be rehabilitated are offered an opportunity to return to the building. To the extent feasible, residential tenants of dwellings to be rehabilitated shall be provided a reasonable opportunity to lease and occupy a suitable, decent, safe, sanitary and affordable dwelling in the building upon completion of the project. To the extent feasible, homeowners of dwellings to be rehabilitated shall be provided a reasonable opportunity to occupy the dwelling during rehabilitation as long as the nature of construction does not cause unnecessary burden and undue hardship on the homeowners. The family shall receive temporary relocation benefits if rehabilitation causes the family to vacate for the above-mentioned reason. KHC will encourage HOME recipients to plan rehabilitation projects to include step-by-step project activities to minimize displacement. Also, HOME recipients shall follow notification and advisory services procedures carefully to assure that families do not leave because they are not informed about plans for the project or their rights.

KHC shall require that all HOME recipients adopt a written Residential Antidisplacement and Relocation Assistance Plan available to the public that describes the relocation assistance that

is has elected to furnish and provides for equal relocation assistance within each class of displaced persons. KHC shall ensure that all HOME recipients' Residential Antidisplacement and Relocation Assistance Plans are consistent with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended; the HOME Investment Partnerships Act enacted as Title II of the National Affordable Housing Act; and Section 104 (d) of the Housing and Community Development Act of 1974, as amended, and 24 CFR Part 42 and HUD Handbook 1378.

RELOCATION ASSISTANCE UNDER SECTION 104 (d)

KHC and HOME recipients must provide relocation assistance under Section 104 (d), as described in CFR 24.570.606 (b) 2 (i), to each low-and moderate-income household displaced by the demolition of housing or by the conversion of low-and moderate-income dwelling to another use as a direct result of HOME-assisted activities. Section 104 (d) levels of relocation benefits vary from the Uniform Relocation Act benefits in that only lower-income families are eligible for assistance.

DEFINITION OF A DISPLACED PERSON UNDER URA

Any person (family, individual, business, farm or nonprofit organization) that moves personal property permanently from the real property as a direct result of rehabilitation, demolition or acquisition for a project assisted with HOME funds is a displaced person. The term "displaced person" includes, but may not be limited to:

1. A person who moves permanently from the real property after receiving a notice from the property owner that requires such a move, if the move occurs on or after:
 - (a) The date of the submission of an application to KHC, if the applicant has site control and the project is later approved; or
 - (b) The date that KHC approved the applicable site, if the applicant does not have site control at the time of the application.
2. Any person, including a person who moves before the date described in 1(a) or (b), if HUD or KHC determines that the displacement directly resulted from acquisition, rehabilitation or demolition for the HOME-assisted project.
3. An occupant of a dwelling or tenant who moves permanently from the building or complex after execution of the agreement covering the rehabilitation or acquisition, if the move occurs before the tenant is provided written notice offering him or her the opportunity to lease and occupy a suitable, decent, safe and sanitary dwelling in the same building or complex under reasonable terms and conditions upon completion of the rehabilitation. These conditions shall include a term of at least one year at a monthly utility costs that do not exceed the greater of:
 - (a) The tenant's monthly rent before the agreement and estimated average monthly utility costs; or
 - (b) The total tenant payment (TTP) if the tenant is low income, or 30 percent of gross income if the tenant is not low-income.

4. An occupant of a dwelling or tenant who is required to relocate temporarily for the project but does not return to the building or complex, if either:
 - (a) The tenant is not offered payment for all reasonable out-of-pocket expenses incurred in connection with the temporary relocation (including the cost of moving to and from the temporarily occupied unit and any increased housing costs): or
 - (b) Other conditions of the temporary relocation are not reasonable.
5. A occupant of a dwelling or tenant who moves from the building or complex permanently after he or she has been required to move to another unit in the building or complex, if either:
 - (a) The tenant is not offered reimbursement for all reasonable out-of-pocket expenses incurred in connection with the move; or
 - (b) Other conditions of the move are not reasonable.

DEFINITION OF PROJECT UNDER URA

The acquisition of real property and the displacement of any person as a direct result of acquisition, rehabilitation or demolition for a HOME-assisted project is subject to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended. As defined in 24 CFR 92.2, the term "project" means a site or an entire building (including a manufactured housing unit), two or more buildings together with the site or sites on which the building or buildings is located, that are under common ownership, management and financing and are to be assisted with HOME funds, under a commitment by the owner, as a single undertaking under the HOME program. Project includes all the activities associated with the site and building. If there is more than one site associated with a project, the sites must be within a four-block area. For example, a contract is executed covering the rehabilitation of a 12-unit multifamily building. HOME funds are used to pay part of the cost of the rehabilitation of five units to be occupied by low-income families. Nonfederal funds are used to finance the rehabilitation of the other seven units. The HOME-assisted "project" is the rehabilitation of the building (all 12 units). A person displaced from any one of the 12 units is protected by the Uniform Relocation Assistance and Real Property Acquisition Act of 1970, as amended.

TIMELY NOTICE UNDER URA AND SECTION 104 (D)

HOME recipients must attach to the HOME application evidence of a notice to tenants of proposed rehabilitation and relocation activities. Tenants are notified that the project has been proposed, cautioned not to move and the tenants will not be displaced. HOME recipients who applied for HOME funds without identifying specific rehabilitation sites must require private property owners to notify tenants of relocation upon application submission to the HOME recipient. However, HOME recipients are ultimately responsible to ensure that property owners have issued proper relocation notices to tenants upon application submission to the HOME recipient.

DECENT, SAFE AND SANITARY DWELLING UNDER URA AND SECTION 104 (d)

1. Basic definition (49 CFR 24.2 (f)). The term “decent, safe and sanitary dwelling” means a dwelling that meets the following standards and any other housing occupancy codes that are applicable. It shall:
 - (a) Be structurally sound, weather-tight and in good repair.
 - (b) Contain a safe electrical wiring system adequate for lighting and other devices.
 - (c) Contain a safe heating system capable of sustaining a healthful temperature for the displaced person except in those areas where local climatic conditions do not require such a system.
 - (d) Be adequate in size with respect to the number of rooms and area of living space needed to accommodate the displaced person. There shall be a separate, well-lighted and ventilated bathroom that provides privacy to the user and contains a sink, bathtub or shower stall and a toilet, all in good working order and properly connected to appropriate sources of water and to a sewage drainage system. In the case of a housekeeping dwelling, there shall be a kitchen area that contains a fully usable sink, properly connected to potable hot and cold water and to a sewage drainage system and adequate space and utility service connections for a stove and refrigerator.
 - (e) Contain unobstructed egress to safe, open space at ground level. If the replacement dwelling unit is on a second story or above with access directly from or through a common corridor, the common corridor must have at least two means of egress.
 - (f) For persons who are mobility-impaired, be free of any barriers that would preclude reasonable ingress, egress or use of the dwelling by such person. This requirement will be met if the dwelling unit meets pertinent standards as prescribed by the American National Standards Institute, Inc. (ANSI A117.1) or the Uniform Federal Accessibility Standards (UFAS). This requirement will also be satisfied if the displaced person elects to relocate to a dwelling that he or she selects (a dwelling not offered by the HOME recipient) and the displaced person determines that he or she has reasonable ingress, egress and use of the dwelling.
 - (g) Comply with lead-based paint requirements of 24 CFR Part.35.
2. Assisted Housing Quality Standards (HQS). A dwelling occupied with assistance under Section 8 of the United States Housing Act of 1937, as amended, which has been determined to meet the Section 8 HQS at 24 CFR 882.109, shall be deemed to be in compliance with the standards in paragraph 1.

HOME recipients must also ensure hotels are “decent, safe and sanitary” when utilizing the rooms for temporary relocation dwellings even though the hotel industry has an inspection mechanism for providing decent shelter. If an individual relocated into a substandard unit, the HOME recipient cannot make any payment on the unit until the unit is in compliance with the minimum code.

OPTIONAL RELOCATION ASSISTANCE UNDER HOME AND URA

Under 24 CFR 92.353 (d), KHC has elected to provide optional relocation assistance to homeowners who are temporarily displaced (voluntarily or involuntarily) due to HOME homeowner rehabilitation activities. HOME must provide temporary assistance to homeowners in addition to tenants.

TEMPORARY RELOCATION ASSISTANCE

Temporary relocation for homeowner rehabilitation is an optional policy for the HOME recipients. This policy must establish guidelines for payment or nonpayment of temporary moves. The homeowner/tenant should be temporarily relocated if continued occupancy of the dwelling unit constitutes a substantial danger to the health or safety of a person or the public, and/or if the nature of the construction creates an undue burden or unnecessary hardship on the family. Temporary relocation must be made available for tenants. If the tenant must vacate the unit, the HOME recipient must pay all reasonable out-of-pocket and increased housing costs. Relocation costs are eligible HOME costs.

If the homeowner/tenant must vacate the unit for one to 30 days, the HOME recipient should determine the possibility of the homeowner/tenant staying with relatives or friends. If the family refuses to stay with relatives or friends **for all or a portion of the time**, the HOME recipient shall refer the family to a local, moderately-priced hotel. Hotel accommodations should not exceed a one-month period, unless the family certifies to the HOME recipient that extended hotel accommodations (over one month) are sufficient to meet the family's housing needs. If the nature of the construction requires the family to vacate for a period exceeding one month, and the homeowner/tenant cannot stay with relatives and friends and hotel accommodations are not sufficient to meet the family's housing needs, the HOME recipient is encouraged to work with local public housing authorities to provide temporary housing. If an agreement cannot be reached with public housing, the HOME recipient must offer the family one comparable replacement dwelling and provide applicable advisory services for the temporary move. The comparable replacement dwelling must be decent, safe, sanitary and functionally equivalent to the displacement dwelling. The HOME recipient must then pay all actual reasonable out-of-pocket costs and increased housing costs associated with comparable replacement dwellings or hotel accommodations. Relatives and friends may charge the homeowner/tenant rent for providing shelter to the homeowner/tenant. However, the rent must be reasonable and should not exceed one-half the fair market rent for the unit.

APPLICABLE ADVISORY SERVICES FOR TEMPORARY MOVES

Appropriate advisory services include reasonable advance written notice of the following information:

1. The date and approximate duration of the temporary relocation;
2. The suitable, decent, safe and sanitary housing to be made available for the temporary period;

3. The terms and conditions under which the tenant may lease and occupy a suitable, decent, safe and sanitary dwelling in the building/complex following completion of the repairs (for tenants); and
4. Reimbursement for all reasonable out-of-pocket expenses incurred in connection with the temporary relocation, including the cost of moving to and from the temporary housing and any increase in monthly rent and utilities.

DISPLACED ADVISORY SERVICES

HOME recipients are responsible for informing occupants of their rights, sending the required information and notices and assisting in finding replacement housing. The HOME recipient should provide the following information to displaced persons:

1. A complete description of the nature and types of activities which will be undertaken;
2. An indication of the availability of relocation payments including the types of payments the general eligibility criteria for residential occupants and a precaution about premature moves;
3. A statement indicating that no person lawfully occupying property will be required to move without at least 90 days written notice from the HOME recipient;
4. A clear explanation (in easy to understand language) of the project;
5. A statement of the purpose of the relocation program and brief indication of the services and aids available;
6. Assurance that displaced persons will not be required to move before they have been given an opportunity to obtain decent, safe, sanitary and affordable housing;
7. A brief description of what constitutes comparable, decent, safe and sanitary housing.
8. A clear, easy to understand description of the Federal Fair Housing Law (Title VIII of the Civil Rights Act of 1968) Executive Order 11063, Title VI of the Civil Rights Act of 1964 and applicable state and local fair housing and anti-discrimination laws. Minority persons must also be referred to comparable housing in non-minority concentrated areas when applicable.
9. A statement that the HOME recipient will provide assistance to persons in obtaining housing of their choice, including assistance in the referral of complaints of discrimination to the appropriate federal, state or local housing enforcement agency.
10. The address, telephone number and office hours of the HOME recipient.

MOVING COSTS FOR TEMPORARY AND PERMANENT MOVES

All displaced persons are eligible for moving costs if the move occurs after initiation of negotiations (submissions of HOME application). All homeowners and tenants required to make

a temporary move shall receive reimbursement of actual moving expenses. The displaced person may choose to receive actual moving and related expenses supported by bills and other documentation for:

1. Transportation up to 50 miles;
2. Packing, crating, uncrating and unpacking personal property;
3. Storage of the personal property for a period not to exceed 12 months, unless the HOME recipient determines that a longer period is necessary.
4. Disconnecting, dismantling, reassembling and reinstalling relocated household appliances and other personal property;
5. Insurance for the replacement value of the property in connection with the move and necessary storage;
6. The replacement value of property lost, stolen or damaged in the process of moving (not through the fault or negligence of the displaced person, his or her agent or employee) where insurance covering such loss, theft or damage is not reasonably available; and
7. Other moving-related expenses as KHC determines to be reasonable and necessary, except the following ineligible expenses:
 - (a) Interest on a loan to cover moving expenses;
 - (b) Personal injury;
 - (c) Any legal fee or other cost for preparing a claim for a relocation payment or for representing the claimant in appeals procedures;
 - (d) The cost of moving any structure or other real property improvement in which the displaced person reserved ownership; or
 - (e) Cost for storage of personal property on real property owned or leased by the displaced person before the initiation of negotiations.

If the displaced person does not choose to receive actual moving and related expenses, he or she may receive a fixed payment based on the Schedule of Cost published by the Federal Highway Administration, Department of Transportation.

REPLACEMENT HOUSING PAYMENTS

Replacement housing payments are available to displaced 180-day owner-occupants, displaced 90-day occupants (tenant or owner-occupant), displaced tenants and temporary homeowner/tenant moves. The displaced 180-day owner-occupant must meet the following criteria:

1. Actually owned and occupied the displacement dwelling for 180 days immediately prior to initiation of negotiations;

2. Purchases and occupies a decent, safe and sanitary replacement dwelling within one year after the later of:
 - (a) The date the person receives final payment for the displacement dwelling; or
 - (b) A comparable replacement dwelling has been made available to the person.
3. Filed a claim within 18 months of the time the move is completed.

The displaced 180-day owner-occupant who relocated to an ownership unit is eligible for a replacement housing payment that represents the sum of:

1. The amount by which the cost of a replacement dwelling exceeds the “acquisition cost” of the displacement dwelling;
2. The additional mortgage financing costs; and
3. The reasonable expenses incidental to the purchase of the replacement dwelling.

The displaced 90-day occupant (tenant or owner-occupant) must meet the following criteria:

1. Lawfully occupied the unit for at least 90 days immediately prior to initiation of negotiations;
2. Rents or purchases, and occupies a decent, safe and sanitary replacement dwelling within one year after:
 - (a) (for a tenant), the date he or she moves from the displacement dwelling; or
 - (b) (for an owner-occupant) the date he or she received final payment for the displacement dwelling or the date he or she moves from the displacement dwelling.

The displaced 90-day occupant (tenant or owner-occupant) is eligible for rental assistance or down-payment assistance as replacement housing. The rental assistance payment for the displaced person who rents a replacement dwelling is equal to 42 times the amount obtained by subtracting the base monthly rent for the displacement dwelling from the lessor of the monthly rent and estimated average monthly utility costs for a comparable replacement dwelling and the monthly rent and estimated average monthly utility costs for the decent, safe and sanitary replacement dwelling actually occupied by the displaced person.

APPEAL AND GRIEVANCES

All HOME recipients must include in their Residential Antidisplacement and Relocation Assistance Plan an appeal and grievance procedure. If the appeal concerns relocation eligibility for payment or amount of payment, the appeal must be made within 60 days to the HOME recipient after the HOME recipient provides notification of the claim. If the appeal cannot be resolved on the local level, appeals may be made to the Chief Executive Officer of Kentucky Housing Corporation, KHC's review may be granted by providing a written request after receipt

of the HOME recipient's written determination. Any final decision may be appealed to the HUD Field Office.

Approved this _____ day of _____

BY: _____

TITLE: _____

10.3 Real Estate Acquisition and Relocation Policy Guidance and Forms

http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/library/relocation/policyandguidance/handbook1378

11: Conflict of Interest

11.1 Conflict of Interest for HOME Recipients

CONFLICT OF INTEREST

Potential conflicts of interest may arise from many situations. Some of the more common examples are:

- Requests for program assistance from employees and/or families of employees, or board members and/or families of board members of recipients or sub-recipients; and
- Recipients or sub-recipients contracting with or procuring materials from employees and/or families of employees, or board members and/or families of board members of recipients or sub-recipients.

It is the responsibility of the recipient to identify conflicts of interest, whether real or perceived, and to comply with the appropriate regulations.

REQUIREMENTS FOR PJs, STATE RECIPIENTS AND SUBRECIPIENTS

Overview: The HOME regulations require participating jurisdictions (PJs), state recipients and sub-recipients (including CHDOs that are acting as sub-recipients) to comply with two different sets of conflict-of-interest provisions. The first set of provisions comes from 24 CFR Parts 84 and 85, is set forth in the HOME regulations. (KHC is a PJ.)

Activities covered by CFR provisions: In the procurement of property and services by PJs, state recipients and subrecipients, the conflict-of-interest provisions at 24 CFR 85.36 and 24 CFR 84.42 apply. These regulations require PJs and sub-recipients to maintain written standards governing the performance of their employees engaged in awarding and administering contracts. At a minimum, these standards must:

1. Require that no employee, officer, agent of the PJ or its sub-recipients shall participate in the selection, award or administration of a contract supported by HOME if a conflict-of-interest, either real or apparent, would be involved;
2. Require that the PJ or sub-recipient employees, officers and agents not accept gratuities, favors or anything of monetary value from contractors, potential contractors or parties to sub-agreements; and
3. Stipulate provisions for penalties, sanctions or other disciplinary actions for violations of standards.

A conflict would arise when any of the following has a financial or other interest in a firm selected for award:

1. An employee, agent or officer of the PJ or sub-recipient;
2. Any member of an employee's, agents or officer's immediate family;

3. An employee's, agent's or officer's partner; or
4. An organization that employs or is about to employ an employee, agent or officer of the PJ or sub-recipients.

ACTIVITIES COVERED BY HOME REGULATIONS

In cases not covered by 24 CFR 85.36 and 24 CFR 84.42, the HOME regulations at 24 CFR 92.356 governing conflict-of-interest apply. These provisions cover employees, agents, consultants, officers and elected or appointed officials of the PJ, state recipient or subrecipient. The HOME regulations state that no covered person who exercises or has exercised any functions or responsibilities with respect to HOME activities or who is in a position to participate in decisions or gain inside information:

1. May obtain a financial interest or benefit from a HOME activity; or
2. Have an interest in any contract, subcontract or agreement for themselves or for persons with business or family ties.

This requirement applies to covered persons during their tenure and for one year after leaving the PJ, state recipient or sub-recipient entity.

Exceptions: Upon written request, exception to both sets of provisions may be granted by the U.S. Department of Housing and Urban Development (HUD) on a case-by-case basis only after the PJ has:

1. Disclosed the full nature of the conflict and submitted proof that the disclosure has been made public, and
2. Provided its legal opinion stating that there would be no violation of state or local law if the exception were granted.

PROVISIONS FOR NONPROFIT AND FOR-PROFIT OWNERS, DEVELOPERS AND SPONSORS

The HOME Regulations state that no owner, developer or sponsor of HOME-assisted housing, including their officers, employees, agents or consultants, may occupy a HOME-assisted unit in a development. The provisions do not apply to:

1. An individual receiving HOME funds to acquire or rehabilitate his/her principal residence, or
2. An individual living in a HOME-assisted rental housing development where he/she is a project manager or a maintenance worker in that development.

Exceptions: Exceptions to this conflict-of-interest provision (for governing owners, developers and sponsors of HOME-assisted housing) may be granted by the PJ on a case-by-case basis based on the following factors as set forth in the regulations:

1. Whether the person receiving the benefit is a member of a group or class of low-income persons intended to be the beneficiaries of assisted housing, and the exception will permit him or her to receive generally the same interest or benefits as are being made available or provided to the group as a whole;
2. Whether the person has withdrawn from his or her functions or responsibilities, or the decision-making process with respect to the specific assisted housing in question;
3. Whether the tenant protection requirements of CFR 92.253 (prohibited lease terms, termination of tenancy and tenant selection) are being observed;
4. Whether the affirmative marketing requirements are being observed and followed; and
5. Any other factor relevant to the PJ's determination, including the timing of the requested exception.

Executing and maintaining conflict-of-interest provisions: While not specifically required in the HOME regulations, PJs should include the conflict-of-interest provision in written agreements and other documents with owners, developers and sponsors. In addition, monitoring of projects should include necessary actions to ensure that this provision is followed.

RELIGIOUS AND FAITH-BASED ORGANIZATIONS

HOME funds may be provided to primarily religious organizations for any eligible activity, excluding inherently religious activities. This provision, per the September 30, 2003 revision to the Final Rule for 24 CFR Part 92, is intended to eliminate barriers to the HOME program and ensure that the program is open to all qualified organizations, regardless of their religious character.

However, housing rehabilitated, developed, or owned by a religious or faith-based organization must be available to all persons, regardless of religion. In particular, there must be no religious or membership criteria to participate in the project.

CONFLICT OF INTEREST: The HOME Regulations – 24 CFR 92.356.

(a) Applicability. In the procurement of the property and services, the conflict of interest provisions in 24 CFR 94.42 and 24 CFR 85.36 apply respectively.

(b) Conflicts prohibited. No persons, described in paragraph (c) of this section, who exercise or have exercised any functions or responsibilities with respect to activities assisted with HOME funds or who are in a position to participate in a decision-making process or gain inside information with regard to these activities, may obtain a financial interest or benefit from a HOME-assisted activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter.

(c) Persons covered. The conflict of interest provisions or paragraph (b) of this section apply to any person who is an employee, agent, consultant, officer or elected official or appointed official of the PJ, state recipient or sub-recipient which are receiving HOME funds.

(d) Exceptions. Threshold requirements. Upon the written request of the PJ, HUD may grant an exception to the provision of paragraph (b) of this section on a case-by-case basis, when it determines that the exception will serve to further the purposes of the HOME Investment Partnerships Programs and the effective and efficient administration of the PJ's program or project. An exception may be considered only after the PJ has provided the following:

- (1) A disclosure of the nature of the conflict, accompanied by an assurance that there has been public disclosure of the conflict and a description of how the public disclosure was made; and
- (2) An opinion of the PJ's or state recipient's attorney that the interest for which the exception is sought would not violate state or local law.

(e) Factors to be considered for exceptions. In determining whether to grant a requested exception after the PJ has satisfactorily met the requirements of paragraph (d) of this section, HUD will consider the cumulative effect of the following factors, where applicable:

- (1) Whether the exception would provide a significant cost benefit or an essential degree of expertise to the program or project which would otherwise not be available;
- (2) Whether the person affected is a member of a group or class of low-income persons intended to be the beneficiaries of the assisted activity, and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class;
- (3) Whether the affected person has withdrawn from his or her functions or responsibility, or the decision-making process with respect to the specific assisted activity in question;
- (4) Whether the interest or benefit was present before the affected person was in a position as described in paragraph (c) of this section;
- (5) Whether undue hardship will result either to the PJ or the person affected when weighed against the public interest served by avoiding the prohibited conflict; and
- (6) Any other relevant considerations.

(f) Owners and Developers.

- (1) No owner, developer or sponsor of a project assisted with HOME funds (or officer, employee, agent or consultant of the owner, developer or sponsor) whether private, for-profit or nonprofit (including a community housing development organization (CHDO) when acting as an owner, developer or sponsor) may occupy a HOME-assisted affordable housing unit in a project. This provision does not apply to an owner-occupant of single-family housing or to an employee or agent of the owner or developer of a rental housing project who occupies a HOME-assisted unit as the project manager or maintenance worker.
- (2) Exceptions. Upon written request of a housing owner or developer, the PJ (or state recipient, if authorized by the state PJ) may grant an exception to the provisions of paragraph (f) (1) of this section on a case-by-case basis when it determines that the

exception will serve to further the purposes of the HOME Program and the effective and efficient administration of the owner's or developer's HOME-assisted project. In determining whether to grant a request exception, the PJ shall consider the following factors:

- (i) Whether the person receiving the benefit is a member of a group or class of low-income persons intended to be the beneficiaries of the assisted housing, and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class;
- (ii) Whether the person has withdrawn from his or her functions or responsibilities, or the decision-making process with respect to the specific assisted housing in question;
- (iii) Whether the tenant protection requirements of 92.253 are being observed;
- (iv) Whether the affirmative marketing requirements of 92.351 are being observed and followed; and
- (v) Any other factor relevant to the PJs' determination, including the timing of the requested exception.

11.2 Requirements for Requesting a Conflict of Interest Exemption

KENTUCKY HOUSING CORPORATION CONFLICT OF INTEREST REQUIREMENTS

The HOME recipient is responsible for identifying situations in which a conflict of interest, whether real or perceived, may exist. If a conflict of interest is identified, the agency must seek an exemption. The following items must be submitted to the director of Housing Finance and Construction and copied to the appropriate HOME representative or specialist (please note that an exemption must be requested and approved by KHC prior to the commitment of HOME funds):

1. A formal written request which includes specific information as to the potential conflict and the reasons for the request. The request should include verification that the individual in question received no preferential treatment and that the recipient followed its approved affirmative marketing procedures, if applicable. Also, the request must include an affirmative statement that the program for which they are applying was publicly advertised or promoted and that the person requesting assistance learned of the program through the public promotion of the program and not through ties with the recipient" organizations. In addition, they should affirm that the person requesting assistance applied for assistance via the standard application procedure utilized by other applicants.

The written request must include documentation of compliance with the appropriate provisions as listed in 24 CFR 92.356 (e) (1-6) or (f) (2) (I-v).

2. A letter from the recipient's attorney stating that there are no laws, statutes or local ordinances which would be violated if an exemption is granted.
3. Proof that there has been public disclosure of the conflict of interest. (A copy of the newspaper advertisement publication with the dates of publication or board of directors' meeting minutes is sufficient.)

KHC reserves the right to make a determination or at its discretion may submit the request to HUD. The recipient will be notified of the decision in writing. Please allow a minimum of three weeks for the decision.

KHC reserves the right to request additional information, if necessary.

11.3 Conflict of Interest Sample Letters from Attorneys

CONFLICT OF INTEREST Sample Letters from Attorneys

The following examples are excerpts from letters that were submitted to Kentucky Housing Corporation and/or the U.S. Department of Housing and Urban Development requesting a conflict of interest determination.

Example 1

“After consultation with **(program administrator)** and other officials regarding the **(project name and number)**, please be advised that to the best of my knowledge and belief, no local, state or federal laws, rules or administrative regulations have been violated or would be violated if the assistance requested is provided to **(name of individual(s) applying for assistance)**.”

Example 2

“As general counsel for **(nonprofit name)**, **(nonprofit address)**, Kentucky, I hereby certify that the **(nonprofit name)**'s proposed sale of a rental house, which they own, to **(name of individual(s) wanting to participate)**, who is an employee of **(nonprofit name)**, does not violate any ordinance, law or statute.”