



**OKLAHOMA HOUSING FINANCE AGENCY
2006 HOME Investment Partnerships Program (HOME)
Application Packet**

**100 N.W. 63rd St., Suite 200
P.O. Box 26720
Oklahoma City, OK 73126-0720**

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Introduction

Oklahoma Housing Finance Agency (OHFA) is the U.S. Department of Housing and Urban Development (HUD) designated State Home Investment Partnerships Program (HOME) Participating Jurisdiction (PJ) for the state of Oklahoma.

Title 24 Code of Federal Regulations (CFR), Part 92, governs this program. Those regulations are incorporated by reference in this application packet. In any instance when there is a conflict between HUD's Consolidated Action Plan and this packet to the CFR Part 92, then the CFR shall control. However, in some cases, OHFA has adopted more restrictive requirements than those included in CFR Part 92. The primary goal of the OHFA HOME Program is to retain and increase the supply of decent, safe, and sanitary affordable housing. OHFA furthers this goal by using the HOME Program financial resources as a catalyst in the development and strengthening of public partnerships with local governments, nonprofit organizations, private sector development entities, financial institutions, and debt and equity capital outlets.

Oklahoma City, Tulsa, Lawton and Norman are communities that are HUD designated Participating Jurisdictions and receive direct annual allocations of HOME Program funds from HUD. Therefore, OHFA does not accept applications for developments within these cities. Applications for HOME funds will be accepted from within the Tulsa HOME Consortium, provided the developments proposed in the applications are not situated within the city limits of the Tulsa PJ's HOME Program delivery area.

HOME Program Year Description

OHFA's HOME Program description is set forth below. A brief description is also contained in the 2006 Action Plan in the 2004-2008 Consolidated Plan, which is available through the Division of Community Development within the Oklahoma Department of Commerce (ODOC). The Consolidated Action Plan is mandated by HUD. OHFA conducts several public input sessions. A copy of the HOME 2006 Action Plan can be obtained by contacting any Staff person listed in the Questions section of this Application Packet, page 11.

HOME Eligible Entities

1. State Recipients: Units of general local government, including cities, towns, counties and Indian tribes.

2. CHDOs: A Community Housing Development Organization (CHDO) is a private, nonprofit organization that meets a series of qualifications prescribed in the HOME regulations. OHFA must utilize a minimum fifteen percent (15%) of its annual allocation for housing owned, developed or sponsored by CHDOs. OHFA will designate organizations as CHDOs after evaluating the organizations' qualifications. CHDOs also may be involved in the program as sub-recipients, but the use of HOME funds in this capacity is not counted toward the fifteen percent (15%) set-aside.

3. Sub-recipients: A sub-recipient is a public agency or nonprofit organization selected by OHFA to administer all or a portion of the HOME Program. It may or may not also qualify as a CHDO.

4. For profit entities are ineligible to apply for OHFA's HOME funds.

HOME Eligible Activities

An application for any activity or Form of Assistance not listed below requires written approval from OHFA before application submission.

1. Homeowner Rehabilitation

HOME funds are to be used by applicants to assist eligible homeowners with the repair, rehabilitation or reconstruction of owner-occupied, single family housing units.

When HOME funds are used for rehabilitation, the unit must be brought up to written rehabilitation standards and applicable State or local codes, or the national model codes. HOME funds may not be used to undertake some forms of special purpose homeowner repair programs, such as weatherization, emergency repair programs or handicapped accessibility programs as single activities. However, these types of programs may be undertaken if the property meets or will be brought up to the applicable property standards.

HUD has issued guidance indicating that if homeowner rehabilitation is undertaken for manufactured housing, and reconstruction is the chosen method of assistance, the manufactured housing cannot be replaced with a "stick-built" home. It can only be replaced with another manufactured home. The original manufactured home cannot remain in the possession of the homeowner. Please contact HOME Compliance Staff for further guidance.

For Program Year 2006, all eligible entities wishing to submit an application for Homeowner Rehabilitation funding must submit an Application Summary by no later than 4:30 pm on February 10, 2006. The required structure and elements of this summary are fully described in the **Homeowner Rehabilitation Application Summary Packet**, which can be accessed on OHFA's website, www.ohfa.org. A copy can also be obtained by contacting one of the Housing Development Team members listed on page 11 of this Application Packet. All summaries meeting the minimum requirements will be included in a random drawing, in which 30 summaries will be randomly selected. Only those 30 entities whose summaries are randomly selected in the aforementioned drawing will be permitted to submit a complete application. Said application must be submitted on or before the deadline for Homeowner Rehabilitation applications, which is set forth in a later section.

2. Homebuyer

HOME funds are to be used by applicants to assist eligible individuals or families for acquisition, acquisition and rehabilitation, new construction and lease-purchase, and homebuyer assistance of affordable housing for homeownership. Homebuyer education classes are a requirement for any homebuyer activities.

The following is a list of Forms of Assistance. These are defined as a sub-activity under Homebuyer.

- A. Acquisition: Acquire homes for resale to individuals. Funds may be passed through in the form of a loan or grant to entities/individuals for purchase of a home.
- B. Acquisition and rehabilitation: Acquire and rehabilitate substandard homes for resale to individuals. Funds may be passed through in the form of a loan or grant to entities/individuals for the acquisition and rehabilitation of a home.
- C. New Construction: Construct homes for sale to individuals. Funds may be passed through in the form of a loan or grant to entities/individuals for the construction of a home.
- D. Lease-purchase: Assist eligible homebuyers who need time to accumulate a down payment or other needs associated with homeownership. If lease purchasing does not result in homeownership within 36 months of signing a lease or within 42 months of completion, the development becomes a HOME rental development subject to HOME rental rules.
- E. Homebuyer assistance: Provide down payment and/or closing cost assistance, or by reducing the monthly carrying cost of a loan for individuals purchasing affordable housing.

3. American Dream Down payment Initiative (ADDI)

ADDI funds are to be used to assist eligible first time homebuyers for both down payment and (in some qualified cases) rehabilitation of a property being purchased. Some provisions and rules of this program differ from the HOME Program Rules regarding down payment assistance. Refer to OHFA's website for ADDI guidance and HUD's website. Applicants and OHFA will target residents and tenants of public housing, trailer parks, mobile homes, and other families assisted by public housing agencies. Homebuyer education classes are a requirement for any ADDI activities.

4. Rental

HOME funds are to be used by applicants for acquisition, acquisition and rehabilitation, rehabilitation and new construction of affordable rental housing. The following is a list of Forms of Assistance. These are defined as a sub-activity under Rental.

- A. Acquisition: Acquire housing for purposes of renting to individuals. Funds may be passed through in a form of a loan to entities/individuals proposing to purchase housing for purposes of renting to individuals.
- B. Acquisition and Rehabilitation: Acquire and rehabilitate housing for purposes of renting to individuals. Funds may be passed through in the form of a loan to entities/individuals proposing to acquire and rehabilitate housing for purposes of renting to individuals.
- C. Rehabilitation: Rehabilitate currently owned housing for purposes of renting to individuals. Funds may be passed through in the form of a loan to current owners proposing to rehabilitate housing for purposes of renting to individuals.
- D. New Construction: Construction of housing for purposes of renting to individuals. Funds may be passed through in the form of a loan to entities/individuals proposing to construct housing for purposes of renting to individuals.

5. Tenant-Based Rental Assistance (TBRA)

Home funds are to be used by applicants to help eligible individual households afford housing costs such as rent, utility costs, security deposits and utility deposits. In proposing the use of HOME funds for TBRA, OHFA is responding to the need as identified in public comment and the long waiting list for Section 8 Voucher assistance being experienced in the State of Oklahoma.

6. CHDO Pre-development Loans

HOME funds are to be used by CHDOs for project-specific pre-development assistance intended to fund up-front, eligible project expenditures. This assistance provides a form of project feasibility “line of credit” that many nonprofit developers need, but often have difficulty obtaining from private sources. All costs must be related to a specific project which, if deemed feasible, would receive HOME funds for development. Project pre-development costs may not exceed customary and reasonable preparation costs.

7. CHDO Operating

HOME funds are to be used by CHDOs to provide general operating assistance. The CHDOs must be receiving CHDO set-aside funds for an activity, or be under written agreement to receive set-aside funds within 18 months of the date of the agreement. “Under written agreement” may include contracts awarded based upon future applications to OHFA for set-aside activities. **Assistance for operating expenses in a CHDO’s fiscal year may not exceed \$50,000.**

HOME Funding – Prohibited Activities

HOME funds cannot be used to pay for:

- Any costs associated with HOME application preparation or submittal.
- Costs outside stated contract periods.
- Contingencies.
- Existing indebtedness.
- Reserve accounts.
- HOME Program funds may not be used as the “nonfederal” match for other federal programs except to match McKinney Act funds.
- Finance the development of common areas or off-site infrastructure.
- TBRA for rental assistance in conjunction with the federal Rental Rehabilitation Program (Section 17) to prevent displacements.
- Certain mandated existing Section 8 Program use, such as Section 8 rent subsidies for troubled HUD-insured projects.
- Carry out activities authorized under 24 CFR Part 968 (Public Housing Modernization).
- Provide assistance to eligible low-income housing under 24 CFR Part 248 (Prepayment of Low Income Housing Mortgages).
- Project-based rental assistance.
- Provide assistance authorized under Section 9 of the 1937 Act (annual contributions for operation of public housing).
- Provide tenant-based rental assistance for the special purposes of the existing Section 8 program.
- Provide assistance to a project previously assisted with HOME funds during the period of

affordability established by HUD and/or OHFA in the written agreement. However, additional HOME funds may be committed to a project up to one year after project completion, but the total amount of HOME funds in the project may not exceed the maximum per-unit subsidy amount.

Mode of HOME Investment

Applicants awarded a contract will receive HOME funds in the form of a grant. The only exception is CHDO Pre-Development Loans. The following options for terms of affordability and/or interest rates are minimums only and are to provide some guidance. It is within the applicant's discretion to make these stricter or provide a different scale.

For Homeowner Rehabilitation, Homebuyer, and ADDI contracts, a suggested format is five (5) year forgivable loan, zero percent (0%) interest, 20% forgiven each year.

For Rental activities, grantees that propose to pass-through or transfer funds to another entity must pass-through or transfer the funds in the form of a loan and collect a minimum interest payment of one percent (1%). The minimum one percent (1%) is required when the funds are loaned to another entity besides the grantee, even if the grantee is part of the ownership. Said grantees should set loan terms of no more than thirty (30) years. Payments on the HOME loan must be subordinate only to the first mortgage debt and any asset management fees due the equity investor.

OHFA encourages grantees to set loan rates and terms to amounts that will provide a decent return on investment and allow the development to remain financially feasible. When combining HOME funds with other federal and state programs, grantees should be aware the rules governing said programs may require the HOME funds to be loaned to the development through an interest-bearing, amortized loan.

HOME Program Funds Allocation

OHFA's 2006 HOME Program allocation will be \$11,723,043, approximately 5.7% less than 2005, according to information provided by HUD. The amount of the ADDI allocation for 2006 will be \$169,612, a 50% decrease from the 2005 ADDI allocation.

All amounts or percentages set forth in this application may be changed at the discretion of OHFA, except where mandated by HOME Program Rules. Such decisions shall be based upon demand, need, efficient resource use, and other program relevant considerations.

Recaptured Funds may be used for funding activities as described above or OHFA may allocate funding to meet other targeted activities. In the event a substantial amount of funding becomes available, a public announcement of the availability of funds will be made.

Funding awards are subject to the availability of HOME funds and the timing needs of individual developments. In the event OHFA's current HOME Program funds are committed prior to receiving its next Program Year funding, OHFA may elect to make future funding commitments, with compelling reasons, within its authority, pursuant to 24 CFR Part 92.212, or suspend the acceptance of applications.

1. Administrative Funds

Ten percent (10%) of the annual allocation shall be used for administration. These funds shall be used by OHFA to support its overall program delivery and monitoring. OHFA will accept applications for administrative funds from applicants for the following activities only:

- A. Homeowner Rehabilitation - Four percent (4%) of the HOME contract.
- B. Homebuyer Assistance – Down Payment and Closing Cost, not developer subsidy – Four percent (4%) of the HOME contract.
- C. ADDI - Four percent (4%) of the HOME contract.
- D. Tenant-Based Rental Assistance – Four percent (4%) of the HOME contract.

2. Homeowner Rehabilitation and TBRA

Forty-five percent (45%) of the annual allocation shall be used for Homeowner Rehabilitation and TBRA. A minimum of \$5,000,000 will be used for Homeowner Rehabilitation.

3. Homebuyer and Rental Housing

Forty percent (40%) of the annual allocation shall be used for Homebuyer and Rental Housing.

4. ADDI

As funded by HUD, in a separate allocation.

5. CHDO Operating Assistance

No more than five percent (5%) of the annual allocation will be available for CHDO operating expense, pursuant to 24 CFR 92.208(a).

6. CHDO – Minimum Allocation Set-aside

OHFA will meet or exceed its required fifteen percent (15%) set aside of the total HOME allocation for CHDO related activities, including CHDO Pre-development Loans. No more than ten percent (10%) of the funds required for CHDO related activities shall be used for CHDO Pre-development Loans. CHDO Pre-Development Loans will not be awarded for projects proposed to be located outside of the CHDO's geographic service area.

If it appears that OHFA will have difficulty meeting the fifteen percent (15%) CHDO minimum set aside requirement, preference in application selection may be given to CHDO applications for CHDO set-aside activities to meet the requirement. Preference is defined as selecting applications submitted by CHDOs ahead of other non-CHDO applicants when funding eligible activities. Applications recommended for approval still have to satisfy all threshold factors and score at least eighty percent (80%) of the baseline score for the proposed activity.

Award Amount

1. Homeowner Rehabilitation

The maximum award amount for each application is \$250,000.

2. Homebuyer, Rental and TBRA

The maximum award amount for TBRA will be based upon the reasonableness of the application. The maximum award amount for Homebuyer activities is \$600,000 for each application. The maximum award amount for Rental activities is \$750,000 for each application.

3. ADDI

The maximum award amount for each application is \$200,000.

4. CHDO Pre-Development Loans

CHDO Pre-Development Loans will be limited to a maximum of \$20,000. Loan terms will not exceed eighteen (18) months and interest rates are one percent (1%) simple interest per annum. Pre-development loans are due and payable on the first day of the nineteenth (19th) month.

5. CHDO Operating

CHDO Operating Assistance can be provided up to a maximum of \$50,000. OHFA may use its discretion to adjust the amount of the award based on total number of CHDOs, total funds available, type and number of proposed CHDO set-aside developments, and past performance.

Workshops

OHFA's Housing Development Team will conduct an informal input session and a training workshop to discuss the application process, format, and submission requirements. Date, time and place for these are:

Input session January 19, 2006 1:00 pm at OHFA's offices

**Training workshop February 17, 2006 8:30 am, Holiday Inn, 6200 N. Robinson,
Oklahoma City, OK 73116**

Other trainings may be announced in the future on OHFA's website and by e-mail.

Technical Assistance

Housing Development Team Staff is available to provide technical assistance regarding a variety of housing and community development issues as they relate to individual applications. Applicants should thoroughly read all the information available at OHFA's website, www.ohfa.org before requesting a technical assistance session.

Applicants seeking technical assistance regarding affordable housing development are encouraged to make formal, written requests for technical assistance citing the specific topics of interest. Upon receipt of written requests for technical assistance, Staff will contact applicants to establish a mutually agreeable date and time for technical assistance meetings that will include all relevant parties to the application. **"Drop-in" technical assistance sessions are strongly discouraged.**

Applicants are required to have a clear understanding of the rules and regulations that govern the HOME Program, and must demonstrate their capacity to operate the HOME Program in accordance with all applicable regulations. Applicants for HOME Program funds should either

have direct experience in the HOME Program and the production of affordable housing or have direct, contractual access to such experience.

Federal Program Regulations, Activity Rules, Model Program Guidance, Federal Notices

Applicants may easily access a wealth of guidance and information relating to the HOME Program from U.S. Housing and Urban Development's (HUD) HOME Program website; Community Planning and Development (CPD) website; U.S. HUD's Community Connections; and the OHFA website. All experienced HOME program users as well as novices are strongly encouraged to continually educate themselves on all aspects of the HOME Program. While a flexible tool, HOME can be complicated.

- HUD website: www.hud.gov
- HOME Program website: www.hud.gov/cpd/home/homeweb.html
- CPD website: www.hud.gov/cpd/cpdhome.html
- OHFA website: www.ohfa.org
- Community Connections: www.comcon.org

Applicants will find model programs and guidance available from Community Connections by contacting 800-998-9999.

Questions

Questions regarding this application and the HOME regulations (i.e. eligibility issues, match, etc.) may be directed in writing to:

Oklahoma Housing Finance Agency
Housing Development Team
P.O. Box 26720
Oklahoma City, OK 73126-0720

All Housing Development Team Staff can be accessed by e-mail or phone. The individual fax number for each staff member is 405.419.9 plus the last three digits of the person's phone number.

john.marshall@ohfa.org	HDT Leader	405.419.8263
darrell.beavers@ohfa.org	HDT Manager	405.419.8261
darcy.green@ohfa.org	HDT Program Supervisor	405.419.8145
jody.jenkins@ohfa.org	HDT Secretary	405.419.8133
joyce.burch@ohfa.org	Program Planner	405.419.8136
sammy.ehtisham@ohfa.org	Program Planner	405.419.8135
pamela.miller@ohfa.org	Program Planner	405.419.8134
rory.pietsch@ohfa.org	Program Planner	405.419.8280
martha.reddout@ohfa.org	Program Planner	405.419.8269
chevelle.galbreath@ohfa.org	Grant Accounting Supervisor	405.419.8130
jamie.carlstrom@ohfa.org	HOME Grant Accountant	405.419.8214
elaine.bulmer@ohfa.org	HOME Compliance Officer	405.419.8132
sandra.worley@ohfa.org	HOME Compliance Officer	405.419.8131

Application Process

Applications for all activities, except Homeowner Rehabilitation, may be submitted any normal business day. Applications received after 4:30 pm will be considered received on the following day, and will be date stamped for the following day.

The deadline for submission of application summaries for the Homeowner Rehabilitation lottery process is February 10, 2006, by no later than 4:30 pm. No application summaries will be accepted after 4:30 pm of the due date.

Homeowner Rehabilitation applications deadline for submission is May 1, 2006, by no later than 4:30 pm. No applications will be accepted after 4:30 pm of the due date. Homeowner Rehabilitation applications will only be accepted from the 30 entities selected in the lottery process.

OHFA will conduct a thorough application review and make funding recommendations based on the documentation submitted. All applications will be considered and acted upon by the OHFA Board of Trustees at one of the regularly scheduled meetings. Below are the deadlines for which an application must be submitted to be considered at the corresponding Board meeting. OHFA at its discretion may delay the review of applications if extenuating circumstances arise.

The Board meeting dates included herein are subject to change. Therefore, applicants are encouraged to contact Staff for updated information.

<u>Due Date</u>	<u>Board Date</u>
<u>2005 App</u>	
December 12, 2005 -----	January 25, 2006
February 13, 2006 -----	March 30, 2006

Any applications submitted after February 13, 2006 must use the 2006 Application. The first Board meeting at which applications using the 2006 Application will be considered is the May Board meeting. Homeowner Rehabilitation applications must also use the 2006 application.

<u>2006 App</u>		
March 31, 2006 -----	May 31, 2006	
May 1, 2006-----	July 19, 2006	Homeowner Rehab Only
May 19, 2006-----	July 19, 2006	
July 28, 2006-----	September 27, 2006	
September 29, 2006-----	November 29, 2006	

Contact staff after November Board meeting for the due date and January 2007 Board date.

Applicants proposing to incorporate the use of HOME funds with Affordable Housing Tax Credits (AHTC) must submit the HOME application at or before the time of the AHTC application submittal. The applicant is encouraged to secure the HOME funding before submission of the Tax Credit Application, or be confident in the success of the HOME Application submitted at the same time. Due to time constraints, HOME applications that are

involved in a Tax Credit application will not be given a chance to submit a new application after the Tax Credit deadline. This includes any application resubmitted in response to failed threshold items or insufficient points.

Applications proposing to incorporate the use of HOME funds with OHFA's AHTC program will be given a contingent award, if awarded, pending the outcome of the tax credit application. The HOME application should reference the tax credit application. The contingency will be based upon satisfaction of the tax credit program application requirements and tax credits awarded. Any discrepancies between the two applications will be resolved, which may include Staff requesting additional documentation and/or clarification for the HOME Application.

Housing Trust Fund applications proposing to incorporate the use of HOME funds, must be contingently approved before the HOME award. A HOME application will not be contingently approved based upon a future Housing Trust Fund award.

An application must be from an eligible entity and for an eligible activity. To be considered for funding, a HOME application must satisfy all threshold requirements and meet the minimum eighty percent (80%) scoring requirements. An applicant applying for HOME funds should thoroughly review the application prior to submission, to ensure that it satisfies both threshold and minimum scoring requirements.

Applicants for HOME funds are required to provide specific information, data, and support documentation that relates directly to the proposed development including any pre-development activities that were undertaken. "Cut and paste" errors are the reason for many applications' failures.

Awards of HOME funds are subject to the availability of funds.

Application: Board Consideration

All Applications will be considered and acted upon by the OHFA Board of Trustees at one of the regularly scheduled meetings. Unless otherwise posted, the meeting time will be 10:30 a.m., and the meeting place will be 100 NW 63rd Street, Oklahoma City, OK, 73116, in the Will Rogers Conference Room.

The Board of Trustees may, in their discretion, after hearing the recommendations of Staff and the Applicants, elect to approve or deny an Application irrespective of the point ranking or the recommendation of OHFA Staff, if deemed in the best interests of OHFA and the needs of the State of Oklahoma. Further, if convincing evidence warrants a review and revision of the scoring assigned an application, an application may be ranked lower, which could result in denial of the Application due to insufficient funds. Accordingly, representatives of the Applicant are encouraged to attend the Board of Trustees meeting to answer any questions of the Board of Trustees, and to present evidence and argument in support of approval of the Application, if necessary. The Applicant's representative should be a responsible employee or official of the Applicant. The Applicant may also be represented by legal counsel.

In their deliberations, the Board of Trustees will consider the Application, Staff's recommendations, the presentation of the Applicant, the HOME Program Rules (OAC 330:55),

the Consolidated Plan, the HOME Program Description for 2005 and the 2005 application process. The procedures set forth in OAC 330:10 and Article II of the Oklahoma Administrative Procedures Act, 75 O.S., Sections 309, *et seq.* (the "OAPA") will be followed. The meeting will be considered an individual proceeding under the OAPA and the decision of the Board of Trustees will constitute a *Final Order* thereunder.

Application: Format

Although one project may have multiple HOME eligible activities, each proposed activity must be submitted as a separate application. Also, if an activity has more than one Form of Assistance, a separate application must be submitted for each Form of Assistance. It is the responsibility of the Applicant to ensure that OHFA Staff is aware of multiple applications regarding the same project.

A project is defined as: a site or sites together with any building (including manufactured housing unit) or building located on the site(s) under common ownership, management and financing, to be assisted with HOME funds as a single undertaking. The "project" includes all of the activities associated with the site(s) and building(s). For TBRA, "project" means assistance to one or more families.

Applications must be:

- Typed; single-spaced, with 12 font
- On 8 ½ x 11 paper
- All pages are to be tabbed according to the threshold factors and evaluation criteria topics contained in the appropriate Submission Checklist. The pages in the application must be either sequentially numbered within each tab or throughout the entire application.

Applicants are required to submit an original of each application. No copies are required.

Applications will be ranked in order of points scored, but only against any other applications for similar activities filed for the same Board meeting. For Homeowner Rehabilitation only, **all** applications received for this year's cycle will be ranked in order of points scored.

Application Submission

Applications that are submitted by electronic means (e-mail or fax) will not be accepted. Hand delivered applications **must be** submitted to one of the HDT members listed on page 11 of this Application Packet, at the address below. Applications cannot be left with the OHFA receptionist. Persons delivering applications should ensure that the applications are date-stamped, and obtain a receipt. Applications delivered after 4:30 p.m. will be date stamped with the date of the next normal business day.

OKLAHOMA HOUSING FINANCE AGENCY
Attention: Housing Development Team
100 NW 63rd Street, Suite 200
Oklahoma City, OK 73116

Applications can be mailed to the following address:

OKLAHOMA HOUSING FINANCE AGENCY
Attention: Housing Development Team
PO Box 26720
Oklahoma City, OK 73126-0720

The Applicant is responsible to make sure OHFA receives the application by the due date.
OHFA will not consider the postmarked date.

Threshold Factors

Failure to submit or properly address threshold items will disqualify the application from being scored and considered for funding. Some Factors may not apply to all applications. Some requirements under a particular Factor may not apply to all applications.

For threshold factors only, all applicants will be notified of insufficient documentation or items in need of clarification, and will be given a 14-day period in which to provide additional documentation and/or clarification as needed. OHFA will permit such additional documentation and/or clarification to be provided electronically unless a document with an original signature is required.

1. Application Information Form and Attachment A

Documentation Requirement:

A fully completed Application Information Form. The form can be found on page 32 of this Application Packet and the attachment on page 36.

2. HOME Application Certification

Documentation Requirement:

A completed, signed and notarized OHFA HOME Application Certification. The certification can be found on page 37 of this Application Packet.

3. Audit

Documentation Requirements:

- A. A copy of the Applicant's most recent audit must be included or on file with OHFA.
- B. If the Applicant has filed a copy of its most recent audit with OHFA, the Applicant must provide details of when it was submitted and to whom.
- C. **If the audit is for a period ending before June 30, 2005, a statement that the most recent audit available is included or on file, a report on the current status of the new audit, and an expected completion date for the new audit must be provided.** Failure to provide all three will disqualify the Application. The "period ending before June, 30, 2005" is the applicant's Fiscal Year. It has nothing to do with the date of the preparation of the audit.
- D. Applicant must fully explain all audit findings, reportable conditions, or program compliance issues noted in the audit. The explanation must fully detail actions taken to clear the issues. Submit the corrective action plan. If any deficiency or reportable conditions have not been stated and/or corrected, the Application may be ineligible for funding.
- E. If the Applicant is not required to have an audit according to OMB circular A-133, then a balance sheet and income statement reflecting the current financial position of the applicant must be submitted. The documents must be attested to by the senior Financial Officer or the Executive Director.

4. Match

All applications, except for CHDO Operating or ADDI for 2004 or beyond, are required to provide match in an amount that is no less than twenty five percent (25%) of the total HOME contract amount, excluding any administrative funds.

Match contributions must meet the definition of eligible match under the federal program regulations at 24 CFR Part 92. Match is a permanent contribution to the development. Match is a non-federal contribution to the development.

The amount of Match required for a Pre-development loan application is 25% of the amount of the loan request. Match liability incurred for funds expended for Pre-development loans is forgiven if the project does not proceed.

Banked match cannot be derived from an open contract. Banked match can only be derived from a closed, audited contract. Any transfer of banked match from another entity must be completed, or there must be a written commitment to transfer the banked match, at the time an application is submitted. Banked match is only the amount of match generated in excess of the match liability.

OHFA's HOME Program operates using a twenty-five percent (25%) non-federal matching requirement. **Waivers granted by HUD will not affect this requirement.**

OHFA will make available to all applicants a portion of the match credit OHFA has earned or will earn on its affordable housing bond program. Applicants will be allowed to submit proposals based on an eighteen and three-quarters percent (18.75%) match requirement. OHFA will supply the remaining six and one-quarter percent (6.25%) match from the credit earned on its affordable housing bond program. This match can only be provided to funded applicants, and only to those applicants that actually incur a match liability. Limitations on the amount of total match liability that can be satisfied by affordable housing bonds prevent OHFA from increasing the amount available from this source. Due to these limitations, **the match for the affordable housing bond program cannot be banked by an Applicant.**

Documentation Requirements:

- A. A signed statement that match is not from federal sources. See Attachment A on page 36 of this Application Packet.
- B. Worksheet showing the calculation of the total twenty-five percent (25%) of match. Calculation must include all sources of match, even banked and bond match. The worksheet must also include separate calculations of each individual source of match, if applicable, showing how the total for each source was derived. For example, if using donated labor, the applicant must show the calculation of the number of hours donated times the applicable rate.
- C. A description of all sources and amounts of all match commitments.
- D. Signed and dated commitment letters from provider for all sources, including an amount.
- E. If the Applicant is proposing to use banked match, a statement, signed by the Chairman, Executive Director or highest elected official, stating the banked match has not been

expended or committed to another development. See Attachment A on page 36 of this Application Packet.

- F. If the Applicant is proposing to use banked match, the Applicant must obtain and submit a certification from OHFA's HOME Finance team, signed by both an OHFA representative and the Applicant, that verifies banked match. **It is the Applicant's responsibility to verify the accuracy of the banked match certification.** The date of the certification must be legible for verification purposes. **The banked match certification cannot be more than 60 days old.**
- G. If the Applicant is proposing to use match derived from affordable housing bonds, then it must be indicated on the Application Form and shown in the total match calculation.
- H. If the Applicant is proposing to use discounted land as a source of match, a third-party, independent appraisal must be provided.
- I. If the Applicant is proposing to use sweat equity for match, a third-party, independent audit must be provided for any sweat equity that is not specific to the project for which the Applicant is applying for HOME funds.

5. Monitoring

An application may be denied based upon a recommendation from Compliance Staff's review of performance issues and previous participation by the Applicant, Administrators, Consultants, or other partners involved in the development. Application reviewers will request from Compliance Staff a list of any and all monitoring findings within three (3) years of application date. This list will be evaluated for patterns of noncompliance.

Documentation Requirements:

- A. The Application must include a signed statement from the Chairman, Executive Director, or highest elected official of the Applicant of the current status of any HOME monitoring issues. See Attachment A on page 36 of this Application Packet.
- B. Applicants who have current monitoring issues must have provided a plan of action to OHFA's Compliance staff before application submission.
- C. Applicants with unresolved monitoring findings that extend beyond OHFA's date of required correction without attempts to resolve will be ineligible for funding.

6. Market Analysis

A market analysis is required for all activities except Homeowner Rehabilitation, Tenant-Based Rental Assistance, CHDO Pre-Development Loans, and CHDO Operating.

The market study will be utilized by OHFA to determine whether the project meets housing needs and demands. Effective housing market analyses include a thorough investigation into site, neighborhood, and regional conditions, plus a complete analysis of the housing supply and local market conditions. Market analyses will determine appropriate housing quantities, types, features and unit mix and are required to clearly document demand for the type and number of affordable housing units proposed. Demand is defined as the total number of households in a market area that would potentially move into the units following the proposed activity. These households must be of the appropriate age, income and size for a specific proposed project, and there must be some evidence that these households would have an interest in either renting or purchasing the units, depending on the activity proposed. Some sources of this evidentiary data

are Housing Authorities, Chambers of Commerce, Community Action Agencies, and local realtors.

The market analysis must be prepared no more than twelve (12) months prior to the date the application is filed with OHFA. Updates are not accepted. For developments of more than twenty (20) units, Applicants must submit a third party, independent housing market analysis. The analysis must be prepared by a market analyst, unaffiliated with the Applicant or Developer, who has experience with single- or multi-family rental or single-family homeownership housing, depending on the proposal. For developments of twenty units or less, Applicants may perform their own scientifically-based housing market analysis. Such studies must fully describe the methodology used and sources of all data and information

Documentation Requirements:

- A. A summary of the qualifications of the individual(s) who participated in the development of the market study;
- B. A map and a description of the proposed site (include physical features of the property, streets and access information, availability of utilities, and zoning data) accompanied by a discussion regarding the appropriateness of the location – availability of community facilities, proximity to local schools and parks, if appropriate;
- C. An evaluation of the need for affordable housing within the market area including a review of economic and employment factors such as population growth trends, development and activity, industry, major employers, and labor force;
- D. An assessment of the current housing supply's type, quantity, unit mix, location, age, condition, occupancy levels, and housing cost overburden statistics;
- E. A description of the potential effect on the occupancy rates of other comparable properties in the market area;
- F. A description of rents and vacancy rates of comparable housing (for rental only);
- G. A calculation of the capture rate by dividing the total number of units in the project by the total number of age, size and income-qualified renter households in the primary market area (for rental only);
- H. The expected market absorption of the proposed housing (for rental only);
- I. An identification of the number of households in the market area which are of the appropriate age, income and size for the proposed activity;

Threshold Requirements Specific to CHDOs:

7. CHDO Eligibility Criteria Elements

This factor only applies if a CHDO is applying for a CHDO set aside activity. CHDOs must, at the time of application, indicate any organizational changes in the eligibility criteria elements since the date of certification or last recertification.

Eligibility criteria elements:

- Legal status
- Capacity
- Organizational structure (including Board composition)
- Relationships with for-profit entities
- Other requirements

Documentation Requirements:

- A. CHDOs with no eligibility criteria element changes since certification or recertification, must submit a certification signed by the Board Chairman, Executive Director or highest elected official indicating no eligibility criteria element changes have occurred. See Attachment A on page 36 of this Application Packet.
- B. If eligibility criteria element changes have occurred since the date of the CHDO's OHFA certification or recertification, updated documentation relating to all changes must be provided. Also, provide the effective date of changes. The CHDO must provide a certification signed by the Board Chairman, Executive Director or highest elected official that clearly identifies all the relevant eligibility criteria element changes that have been made according to the CHDO's organizational documents. See Attachment A on page 36 of this Application Packet.
- C. If the Board composition has had any changes, then a current Board roster must be provided, including information on the employer of Board member and which category (low-income, private, or public) the member represents on the Board. **Do not provide Social Security numbers for any Board members.**
- D. If there is a vacancy on the Board, the CHDO board requirements must still be satisfied. For example, if a low income position is vacant, the minimum one-third requirement must still be met.

OHFA requires that CHDOs must confirm eligibility criteria elements whenever they apply for HOME funds for CHDO activities. In addition, OHFA requires annual recertification of all CHDOs. A CHDO Recertification Application Packet will be made available to all CHDOs.

8. CHDO Operating

Operating funds will only be awarded to CHDOs that are receiving set-aside funds for an activity (or activities) or are under a written agreement with OHFA to receive set-aside funds within eighteen (18) months of the agreement. "Under written agreement" may include contracts awarded based upon future applications to OHFA for set-aside activities. A CHDO must be under contract for a CHDO set-aside activity within eighteen (18) months or the funds must be repaid. **CHDO Operating Assistance is limited to \$50,000 per fiscal year of the CHDO, and CHDOs are limited to one award in any HOME Program Year.**

Documentation Requirements:

- A. OHFA strongly encourages one hundred percent (100%) expenditure and closeout of any prior operating contracts before the Applicant applies for new operating funds. However, applications may be funded contingent upon a prior operating contract being one hundred percent (100%) expended and closed out within sixty (60) calendar days. Failure to fully expend and close out a prior operating contract within sixty (60) calendar days of the Board date when the new application was awarded will result in the new contract being canceled.
- B. The Applicant must document the production, operation, and location of affordable housing resulting from any previous operating contract.

Evaluation Criteria

Application responses are to be structured and information presented in such a way as to fully address each criterion. The information, data, and statements provided in response to each criterion will be the basis for evaluating each application.

Refer to the HOME Application Matrix on page 42 of this Application Packet to determine which criteria are required for the Application. Also, depending on the Form of Assistance, some items may not be applicable. If so, Applicant should indicate which items are not applicable. Applicant is responsible to review specific requirements and provide all necessary documentation.

The method that OHFA staff uses to calculate the score for a particular criterion is to take the number of complete and correct answers divided by the number of applicable questions. Then that number is multiplied by the total number of points in that criteria to arrive at the total points awarded. The total points awarded for all the applicable criteria are added together for a total application score. **The total application score must be at least eighty percent (80%) of the baseline score for the eligible activity to be considered for HOME funding.**

In the event of a tie on scores between applications, these tiebreakers shall be used. First, the application with the least amount of HOME hard construction costs per unit will be awarded. Second, the application with the beneficiaries chosen will be awarded. The third method for breaking a tie will be a drawing between all tied applications. The winner of the random drawing will be ranked ahead of the others.

1. Description – 15 Points

Applicant to provide a description for the following items:

Documentation Requirements:

- A. Identify the role of the Applicant in the development.
- B. Portray the type of activity for this application (e.g. down payment assistance, new construction, homeowner rehabilitation).
- C. Explain the basic structure of the activity (e.g. developer subsidy, hard construction costs, rental assistance).
- D. Describe the location of the development (e.g. County, City or Town, street address if known, general location, or service area).
- E. Define the number and type of units. This should include bedroom mix. If applicable, also specify if the units are fixed or floating units. Applicants are referred to CPD Notice 98-02.
- F. If the proposed development is less than 100% HOME assisted units, then the applicant must delineate how the number of HOME-assisted units was calculated. The number of HOME-assisted units at Low HOME and High HOME Rents, if applicable, should also be calculated. Applicants are referred to CPD Notice 98-02.
- G. Describe how the term of affordability will be implemented and how long it will be. Refer to Topical Guidance, page 58 of this Application Packet. Also, describe how the Recapture provisions on page 60 of this Application Packet will be implemented.
- H. Depict the type of construction codes or standards to be used.
- I. The Applicant must also address the relocation, if any, during the rehabilitation process. The relocation expenses must be provided for in the proposed budget.

The additional information below is required for the specific activities.

Homeowner Rehabilitation:

- J. Applicant must describe what standards will be used to determine if a home is to be reconstructed or rehabilitated. OHFA generally recommends reconstruction when the cost to rehabilitate exceeds 75% of the after rehabilitation value, and a suitable dwelling can be constructed in compliance with the General Requirements [Section 221 subsidy limits and Section 203(b) valuation limits].
- K. The value of the property, after rehabilitation, must not exceed ninety-five percent (95%) of the median area purchase price of a unit, as determined by the local HUD office. Provide statement that the after rehabilitation value will not exceed the limit and explain which method will be used for the calculation when complete.

Homebuyer:

- L. Explain the process for implementing the required Homebuyer Education classes and who will provide. The classes must be organized by someone who is certified, or is eligible for certification, by the Oklahoma Homebuyer Education Association or other such recognized organization that provides training/certification. Both pre and post counseling is encouraged. Attach copy of certification or letter. Certification or letter cannot be more than two (2) years old.
- M. Statement that the requirements in the Topical Guidance section "Homebuyer Assistance/ADDI" are met. This is on page 54 of this Application Packet.

ADDI:

- N. Explain the process for implementing the required Homebuyer Education classes and who will provide. The classes must be organized by someone who is certified, or is eligible for certification, by the Oklahoma Homebuyer Education Association or other such recognized organization that provides training/certification. Both pre and post counseling is encouraged. Attach copy of certification or letter. Certification or letter cannot be more than two (2) years old.
- O. Statement that the requirements in the Topical Guidance section "Homebuyer Assistance/ADDI" are met. This is on page 54 of this Application Packet.
- P. Describe in detail the targeting plan for residents and tenants of public housing, trailer parks, mobile homes, and other families assisted by public housing agencies. The targeting plan may include, but not limited to, such items as advertisement in local paper, and contacting local public housing authorities or developments.

CHDO Pre-development loans:

- Q. Describe activities to be performed and tangible evidence that the potential development can be determined to be financially feasible. The application should include a plan or course of action on how the applicant will decide to go forward, not the actual determination of feasibility.
- R. The Applicant must also provide a detailed description of the plan for repayment of the loan funds.
- S. Applicant must have completed the Match section in Threshold.

CHDO Operating:

- T. Indicate if the CHDO is currently receiving set-aside funds, or how the operating funds will position the CHDO to undertake activities eligible for CHDO set-aside funds within eighteen (18) months of award and obtain a contract. If no award exists or one is not awarded within eighteen (18) months, then the CHDO Operating award must be repaid.

2. Organizational Structure and Experience – 20 Points

Applicants are required to have a clear understanding of the rules and regulations that govern the HOME Program, and must demonstrate capacity to implement and operate the HOME Program in accordance with all applicable regulations. Applicants for HOME Program funds should either have direct experience in the HOME Program and the production of affordable housing or have direct, contractual access to such experience.

To receive points based upon the administrator's experience, proper procurement must have already taken place **prior** to application submission **and** documentation included within this section. A contingent contract may exist, if it is contingent only on the HOME award. The number of current applications or open contracts an administrator is involved with may be a determining factor in measuring an Applicant's capacity.

The current Applicant may be ineligible to apply for current funds, if in OHFA's discretion; the Applicant has demonstrated an untimely or poor use of funds.

Do not provide social security numbers for employees, administrators, consultants, Board members or any other person on any documentation.

Documentation should be provided for Applicant and if applicable, Administrator. Even if an administrator will be utilized, the listed documentation must also be provided for the Applicant as well.

Documentation Requirements:

- A. Organizational chart illustrating all housing personnel.
- B. Narrative describing the experience of the organization and staff persons in the use of HOME funds and other federally assisted housing activities, including number of years of direct experience in the HOME Program.
- C. Proof of staff and organizational experience related to the type of proposed project, activity or form of assistance.
- D. Document and delineate the names and job titles of all staff persons responsible for the proposed activity and their areas of responsibility. This should include, but is not limited to, daily oversight for overall project financing, production, and administration.
- E. Describe how applicant will maintain records and materials pertaining to the use of HOME pursuant to the contract. If utilizing an administrator, the application must clearly identify the administrator by name, address, and contact information.
- F. Applicant must provide a list of all contracts with OHFA for the two years preceding application submission. The list must include for each contract, the number, amount, percentage drawn down, number of extensions, and the status (open or closed).

- G. An applicant that has open HOME contracts dated older than two years from the contract date must have expended one hundred percent (100%) of HOME funds and have an accepted close out on file with OHFA in order to apply for new HOME Program Funds.

The following documentation must be provided only if the applicant will be utilizing the services of an administrator:

- H. Detailed description of the experience of the administrator in administering a HOME contract. This information must detail any HOME contract being administered and those handled in the past two years, and any applications currently submitted to OHFA for review.
- I. The procurement procedures utilized in selecting the administrator. Specifics must be provided, so that OHFA can properly determine if all federal requirements were met.
- J. The exact services to be provided by the administrator. Costs for these services should also be reflected in the budget.

3. Federal Requirements - 10 Points

Applicants receiving HOME funds must comply with all Other Federal Requirements as outlined in 24 CFR 92, Subpart H. The Application must explain activities the Applicant will undertake or has undertaken to comply with the Requirements below. Some Federal Requirements and the applicability by activity type are listed in the Topical Guidance section.

Documentation Requirements:

- A. Identify the activity(ies) to comply and the person(s)/position(s) responsible:
 - 1. Fair Housing and Equal Opportunity
 - 2. Affirmative Marketing
 - 3. Handicapped Accessibility
 - 4. Equal Opportunity
 - 5. Labor Requirements
 - 6. Contracting and Procurement Practices
 - 7. Environmental Review
 - 8. Site and Neighborhood Standards
 - 9. Lead-Based Paint
 - 10. Relocation
- C. Provide a brief description of Fair Housing plan.
- D. Provide a brief description of Affirmative Marketing plan.
- E. Provide a brief description of Minority/Women's Business Enterprise plan.

4. Development Commitments– 10 Points

Not Applicable to Homeowner Rehabilitation, Homebuyer Assistance, ADDI, CHDO Pre-Development Loans, or CHDO Operating Applications.

Documentation Requirements:

- A. An Applicant partnering with another entity must clearly demonstrate that the Applicant is the general partner or member with at least fifty-one percent (51%) of the voting majority over the use of HOME funds under all circumstances in any partnership or LLC or other legal entity.
- B. Description of the nature, timing and value of each contribution to the partnership, LLC or other legal entity.
- C. A copy of organizational documents filed with a Secretary of State for the partnership, LLC or other legal entity. If not organized in Oklahoma, provide documentation of authorization to do business in Oklahoma.
- D. Copy of draft agreements for all commitments. Any terms must be specifically delineated.
- E. Depict each participating entity's anticipated return on investment or other payment agreements. Any terms must be specifically delineated.
- F. Describe how commitments will enhance the affordability of the HOME assisted units.
- G. If utilizing a property management company, the application must clearly identify by name, address, and contact information.
 - i. Provide draft copy of management agreement.
 - ii. Describe role of the applicant and the processes to maintain control over, and supervise, the activities of any third party management company.

No release of funds shall be made to any funded project until OHFA has received, reviewed and accepted in writing all fully executed legally binding operating, management, ownership or other agreements.

5. Financial Management – 15 Points

Documentation Requirements:

- A. Describe the Applicant's financial policies and procedures, including internal controls. These procedures should be unique to each Applicant, but should not be the procedures manual. The description should discuss disbursement of funds including payment of subcontractors. Include any special procedures the applicant has in place regarding HOME funds. Explain the policies and procedures for the required tracking logs such as Use of Funds Log, Match Tracking Log, and if applicable Program Income or CHDO Proceeds Tracking Log.
- B. State recipients' and sub-recipients' fiscal explanations should specifically address policies and procedures used to ensure compliance with OMB Circular No. A-87, A-102, and A-133 and 24 CFR Parts 85.6, 85.12, 85.20, 85.22, 85.26, 85.32, 85.34, 85.36, 85.44, 85.51 and 85.52.
- C. Nonprofit sub-recipients should specifically address policies and procedures used to ensure compliance with OMB Circular No. A-122, A-110, and A-133 and 24 CFR Parts 84.2, 84.5, 84.3, 84.16, 84.21, 84.22, 84.26, 84.28, 84.30, 84.31, 84.34, 84.37, 84.40, 84.48, 84.51, 84.60, 84.62, 84.72 and 84.73.

- D. Applicants with private, for-profit development partners must submit signed financial statements or audited financial statements for all partners, for the most recent fiscal year.

6. Financing – 20 Points

Applicants must provide two budgets: one for the HOME Program and one for the development. Information must include detailed data and cost information on all aspects of the proposed development. Applicants must detail the exact activities and costs to be paid using HOME funds. Generalizations such as “construction costs” are insufficient.

Some specific costs do not apply to all types of developments. If it does not apply, then just state so. If it does apply, however, present as detailed and specific information as possible.

The following forms are for informational purposes only. Either these sample forms or forms of applicant’s own that demonstrate the same information can be used. The sample forms are on OHFA’s web-site and may be downloaded for use in completing the application.

- Rental worksheets
- Single-Family worksheets
- Source of Funds Distribution worksheet
- 424C-Construction costs
- 424A-Nonconstruction costs

Refer to the sections Eligible Costs and Underwriting Standards in the Topical Guidance section. HOME funds provide gap financing. Therefore, applicants must clearly identify, demonstrate and document the financial gap. The HOME Program might not be the only financial resource needed to fill all financial short-falls. Thus, it may be necessary to use HOME assistance in combination with other public and private resources.

Applicants are reminded that OHFA may adjust activity funding requests based on underwriting, subsidy layering review, the agency’s determination of the financial gap, proven market-based demand and economic growth.

List the following in detail. Be sure to include amounts and verify the total of the amounts. All schedules, budgets, and worksheets should agree and balance.

Documentation Requirements:

- A. Source of all funding with dollar amounts.
- B. Signed and dated commitment letters from all funding sources, including both private and governmental sources. Any terms must be clearly expressed.
- C. Use of funds statement for all costs.
- D. Separate line item budget showing exact activities and costs to be paid with HOME funds. Budget should include soft costs. Soft costs must not exceed twelve percent (12%) of the total HOME funds (including soft costs) and must be allowable costs.
- E. Development Budget, including, but not limited to:
 - i. Costs of construction, including hard costs and general requirements.
 - ii. Acquisition of land and/or buildings.

- iii. Raw land development costs, such as infrastructure.
- iv. Improved land costs. This would include on-site work and properties where there is already a structure on the site.
- v. Professional fees, for example, architect, engineer, attorney, and etc.
- vi. Reserves, e.g. Operating and Replacement.
- F. Operating budget illustrating income, expenses, and debt service. The budget should be presented over a fifteen (15) year time period. Delineate if utilities are included in the rent total and show calculations. The budget (proforma) should include achievable rent rates, market vacancies, all fees, and debt coverage ratio.
- G. Profit and loss statement, for Homebuyer developments.
- H. Lender commitments for first mortgages for homebuyers. Not a requirement, but will receive a point if properly documented.

Separate requirements for the particular costs listed below.

Administrative Costs:

Applicants requesting administration funding must provide budgets and explanations of administration expenses.

- I. Provide a detailed administrative line item budget. Administration funds must be used for eligible activities as defined in 24 CFR 92.207 and CPD Notice 96-09.
- J. Show calculation of total of administrative costs, not to exceed four percent (4%) of HOME award, not including administrative funds.

For the activities below, these are the only requirements.

CHDO Pre-development loans:

The maximum loan amount is \$20,000. Loan terms will not exceed eighteen (18) months and interest rates are one percent (1%) simple interest per annum. Specific assistance loans will become due and payable on the first day of the nineteenth (19) month.

The application must fully provide the following.

- K. A detailed line item budget that indicates the eligible activities for which HOME loan funds will be expended.

CHDO Operating:

Applicants requesting CHDO operating must provide operating budgets and explanation of need for HOME funding. The application must fully provide the following.

- L. A detailed line item budget that indicates precisely how the requested operating funds will be expended by employees in relation to those employees' CHDO job duties and responsibilities.
- M. Show calculation of the total amount requested, not to exceed \$50,000.

7. Leverage - 10 Points

Not Applicable to Homeowner Rehabilitation, Homebuyer Assistance, ADDI, TBRA, CHDO Pre-Development Loans, or CHDO Operating Applications.

Applicants must fully describe all development leverage resources, inducements and incentives that are present in the proposed Application. All construction financing, except HOME, paying development budget costs are eligible for leverage. Assistance for Homebuyers, like first mortgages, is not considered leverage. Also, permanent financing will not be used in leverage calculation.

HOME resources are to be used to address an application's financial gap. Public and private resources, such as Rural Housing Incentive Districts, CDBG, AHP, AHTC equity, Historic Tax Credits, USDA-RHS, HUD, foundation funds, and private capital are considered in the leverage analysis. **If a source qualifies for Match and Leverage, it can only be counted in one place.** Some examples of Leverage are below. Leverage sources listed are not an exhaustive list of possible forms of Leverage.

- All construction financing, except HOME, paying development budget costs are eligible for leverage.
- The maximum amount of line of credit that will be calculated is the total development budget minus all other sources of construction funding.
- Funds provided by the local governments and grants or loans from other sources.
- The value of donated labor, unskilled labor at \$10.00 per hour, and the value of skilled labor at a normal, accepted rate per hour. If using labor of any kind in leverage calculation, labor costs must be delineated from material costs.
- The value of land and/or a building donated or acquired for a development prior to the application can count as leverage, but there must be an appraisal or tax assessment included in the application to document its value.
- In order to count donated supplies or materials, only the documented value of the actual goods or materials will be considered and the expenses must be legitimately required by the program. The donor must provide a letter to confirm the amount of the supplies or materials.
- Discounts on supplies, materials, and professional services must be documented. Original prices and discount calculations are required.
- In addition, the value of state and local taxes, charges or fees that are waived, foregone or deferred in a manner that achieves affordability of HOME-assisted developments may be counted as leverage.

Documentation Requirements:

- A. Signed commitment letters including amounts, terms and other pertinent information from all sources.
- B. Applicant's calculation of the leverage ratio. The leverage ratio is the ratio of the HOME investment to the total other resources being invested.

Proposal demonstrates a 1: .1 to 1: .5 ratio

2 points

Proposal demonstrates a 1: .6 to 1: 1 ratio

4 points

Proposal demonstrates a 1: 1.1 to 1: 2 ratio	6 points
Proposal demonstrates a 1: 2.1 to 1: 3 ratio	8 points
Proposal demonstrates a 1: 3.1 ratio or more	10 points

When determining the leverage ratio, no rounding shall apply.

8. HOME Investment per Unit - 10 Points

Not Applicable to Homeowner Rehabilitation, Homebuyer Assistance, ADDI, TBRA, CHDO Pre-Development Loans, or CHDO Operating Applications.

Developments will be evaluated based on the amount of HOME assistance provided per HOME-assisted unit. See Topical Guidance - 221(d) (3) (ii) Limits on page 43 of this Application Packet.

Documentation Requirement:

A. Provide a worksheet showing calculation. All amounts must be included.

\$1,000 to \$39,999 of HOME assistance per unit.	10 points
\$40,000 to \$59,999 of HOME assistance per unit.	8 points
\$60,000 to \$79,999 of HOME assistance per unit.	6 points
\$80,000 to \$99,999 of HOME assistance per unit.	4 points
\$100,000 or more of HOME assistance per unit.	0 points

9. Readiness to Proceed – 10 Points

Not applicable to CHDO Pre-Development Loan or CHDO Operating Applications.

Applicants are reminded that proposed designs that are subsequently funded are incorporated as part of the written agreement. Therefore, applicants should keep in mind that readiness, as stated within funded applications, shall become OHFA’s basis for measuring performance. Any deviations from funded designs may become the basis for disallowed costs and/or repayment and/or return of HOME assistance.

Documentation Requirements:

- A. Proof of acceptable form of ownership/site control-ownership, purchase contract or purchase option. For Acquisition and Acquisition/Rehabilitation, explain plan to obtain. Not applicable to Homeowner Rehabilitation, Homebuyer Assistance or ADDI.
- B. Production and implementation schedules, of no more than eighteen (18) months, that clearly identifies all major phases of the proposed development.
- C. Document capacity to initiate the environmental review and determine the level of review required. Refer to the Topical Guidance, page 49.

The additional information below is required for the specific activities.

Homeowners Rehabilitation:

- D. Applicants for Homeowner Rehabilitation funds must provide a detailed narrative of how HOME Program recipients will be selected. Applicants must also include a copy of the recipient selection system used. Pre-selection of recipients is no longer required.
- E. Document how the proof of eligible ownership will be established for the Homeowners.
- F. Applicants must provide a list of available and willing contractors within the proposed project area and submit signed letters indicating intent to bid. The letters may not be dated more than one year from Application submission. Applicants using employees to perform rehabilitation work must provide current certification(s).
- G. Applicants must provide a list of available local certified Lead Based Paint contractors, if applicable.
- H. Illustrate the process for contractor selection. Delineate if the Homeowner chooses or the Applicant.

TBRA:

- K. Provide draft of occupancy agreement (lease), including language about subsidy, rent, and utility.
- L. Demonstrate a potential pool of qualified renters. Do not provide individuals' names.

10. Homeowner Conflict Resolution Plan – 5 Points

Homeowner Rehabilitation only.

Each applicant must include a Homeowner Conflict Resolution Plan which fully provides the following.

Documentation Requirements:

- A. The initial contact person or persons responsible for the resolution of disputes.
- B. The exact procedures taken to resolve the conflict.
- C. The responsible person to take the measures required for resolution of the conflict.
- D. The funding available to provide for the resolution.

OHFA HOME Applicant Information Form

Applicant Name: _____

Mailing Address: _____

City: _____ **County:** _____

State _____ **Zip Code:** _____

Phone #: _____ **Fax #:** _____

E-mail address: _____

Federal Employer Identification Number: _____

Applicant's Official Authorized Signatory: _____

Name of primary contact person: _____

Address of primary contact person: _____

Phone #: _____ **Fax #:** _____

E-mail address: _____

This box must be completed by applicants who are utilizing a person or entity providing administrative support.

Program Administrator: _____

Mailing Address: _____

City: _____ **State:** _____ **Zip Code:** _____

Phone #: _____ **Fax #:** _____

E-mail address: _____

In an effort to communicate with all parties, you may list any consultant. This is optional.

Consultant: _____
Mailing Address: _____
City: _____ State: _____ Zip Code: _____
Phone #: _____ Fax #: _____
E-mail address: _____

Applicant is:

City: _____ **Town:** _____ **County:** _____ **Indian Tribe:** _____
Public Housing Agency: _____ **Non-Profit:** _____

Is applicant applying as a CHDO for CHDO activities? Yes _____ **No** _____

Location of project:

City (ies): _____

County (ies): _____

Oklahoma Senate District Number(s): _____

Oklahoma House District Number(s): _____

U.S. Congressional District: _____

_____ Units built	_____ Units rehabilitated/reconstructed
_____ Units acquired	_____ Units acquired and rehabilitated
_____ Units receiving DPA/ADDI	_____ Individuals/families receiving TBRA

Total number receiving HOME assistance: _____

Does applicant expect the project to generate Program Income? Yes ____ **No** ____

If yes, will applicant apply to retain Program Income? Yes ____ **No** ____

Refer to page 59 of this Application Packet for more information.

Does applicant expect the project to generate CHDO Proceeds? Yes ____ **No** ____

If yes, will applicant apply to retain CHDO Proceeds? Yes ____ **No** ____

Refer to page 44 of this Application Packet for more information.

HOME Activity:

Is this application in conjunction with a HTF application? Yes _____ No _____

Is this application in conjunction with an AHTC application? Yes _____ No _____

If yes, then what is the name of Development? _____

Is there more than one activity or form of assistance (and therefore more than one application) associated with this project? Yes _____ No _____

If the type of activity or form of assistance is not on the list, then contact OHFA staff to confirm it is an eligible activity.

1. _____ **Homeowner Rehabilitation**

2. **Homebuyer**

- _____ **Acquisition**
- _____ **Acquisition/Rehabilitation**
- _____ **New Construction**
- _____ **Lease Purchase**
- _____ **Homebuyer Assistance**

3. **ADDI**

- _____ **2003**
- _____ **2004 or later**

4. **Rental**

- _____ **Single Family - Acquisition**
- _____ **Single Family - Acquisition/Rehabilitation**
- _____ **Single Family - Rehabilitation**
- _____ **Single Family - New Construction**
- _____ **Multi-Family - Acquisition**
- _____ **Multi-Family - Acquisition/Rehabilitation**
- _____ **Multi-Family - Rehabilitation**
- _____ **Multi-Family - New Construction**

5. _____ **Tenant Based Rental Assistance**

6. _____ **CHDO Pre-development loans**

7. _____ **CHDO Operating**

HOME Program Funds	_____	
HOME Administrative Funds (If applicable)	_____	
Total HOME Funds Requested:		_____
Match:		
Banked Match	_____	
Other Match	_____	
Bond Match Request (Maximum of 6.25% of HOME Program funds)	_____	
Total Match (25% of HOME Contract, excluding Administrative Funds)		_____

OHFA HOME Application - Attachment A

Check the appropriate line and sign and date at the bottom. Must be signed by Chairman, Executive Director, or highest elected official.

Match

_____ NO sources of match presented in this application are from Federal sources. (All applications, regardless of sources of match, must complete.)

_____ NONE of the \$_____ (amount) of banked match presented in this application has been expended or committed to another development. (Only if using banked match.)

Monitoring

_____ There are no HOME monitoring issues with any of open contracts.

OR

_____ There are some monitoring issues with some of open contracts. The plan(s) to correct the issues were submitted on _____ to the HOME Compliance Staff.

CHDO Certification

_____ No eligibility criteria have changed since the certification or recertification and supporting documents are on file in the CHDO's corporate office.

OR

_____ The eligibility criteria of _____ has changed since the last certification or recertification and supporting documents are on file in the CHDO's corporate office.

Signature _____

Name (Typed or Printed) _____

Title _____

Date _____

Submission Checklist for Most Activities

The following checklist is designed to serve as a guide to applicants regarding Threshold Factors or Evaluation Criteria that apply to certain type of applications. The list is not intended to be comprehensive. Applicants should carefully review all submission requirements within the application to ensure it is complete. Refer also to the HOME Application Matrix for guidance on page 42 of this Application Packet. Submit the checklist. If a Factor or Criteria is not applicable, so indicate with N/A, but do not delete the tab for said Factor or Criteria.

This checklist is for all types of activities except the following. Specific checklists for Homeowner Rehabilitation-Homebuyer Assistance, ADDI and TBRA-CHDO Pre-Development Loans and CHDO Operating can be found following this checklist.

One Original Application.

Check box to indicate completion.

Threshold Factors

	<u>TAB #</u>
<input type="checkbox"/> Application Information Form and Attachment A	<u>1</u>
<input type="checkbox"/> HOME Application Certification	<u>2</u>
<input type="checkbox"/> Audit	<u>3</u>
<input type="checkbox"/> Match	<u>4</u>
<input type="checkbox"/> Monitoring	<u>5</u>
<input type="checkbox"/> Market Analysis	<u>6</u>
<input type="checkbox"/> CHDO Eligibility Criteria Elements	<u>7</u>

Comment [SAS1]: Boxes were added to allow applicants to check off each item included in application.

Comment [SAS2]: Take note that the tab #s for threshold and selection criteria have been rearranged. This order will allow staff to review the application more efficiently.

Evaluation Criteria

<input type="checkbox"/> Description	<u>8</u>
<input type="checkbox"/> Organizational Structure and Experience	<u>9</u>
<input type="checkbox"/> Federal Requirements	<u>10</u>
<input type="checkbox"/> Development Commitments	<u>11</u>
<input type="checkbox"/> Financial Management	<u>12</u>
<input type="checkbox"/> Financing	<u>13</u>
<input type="checkbox"/> Leverage	<u>14</u>
<input type="checkbox"/> HOME Investment per Unit	<u>15</u>
<input type="checkbox"/> Readiness to Proceed	<u>16</u>

Submission Checklist for Homeowner Rehabilitation

The following checklist is designed to serve as a guide to applicants regarding Threshold Factors or Evaluation Criteria that apply to Homeowner Rehabilitation. The list is not necessarily comprehensive. Applicants should carefully review all submission requirements for Homeowner Rehabilitation within the application to ensure it is complete. Refer also to the HOME Application Matrix for guidance on page 42 of this Application Packet. Submit the checklist. If a Factor or Criteria is not applicable, so indicate with N/A, but do not delete the tab for said Factor or Criteria.

One Original Application.

Check box to indicate completion.

Threshold Factors

	<u>TAB #</u>
<input type="checkbox"/> Application Information Form and Attachment A	<u>1</u>
<input type="checkbox"/> HOME Application Certification	<u>2</u>
<input type="checkbox"/> Audit	<u>3</u>
<input type="checkbox"/> Match	<u>4</u>
<input type="checkbox"/> Monitoring	<u>5</u>

Comment [SAS3]: Boxes were added to allow applicants to check off each item included in application.

Comment [SAS4]: Take note that the tab #s for threshold and selection criteria have been rearranged. This order will allow staff to review the application more efficiently.

Evaluation Criteria

<input type="checkbox"/> Description	<u>6</u>
<input type="checkbox"/> Organizational Structure and Experience	<u>7</u>
<input type="checkbox"/> Federal Requirements	<u>8</u>
<input type="checkbox"/> Financial Management	<u>9</u>
<input type="checkbox"/> Financing	<u>10</u>
<input type="checkbox"/> Readiness to Proceed	<u>11</u>
<input type="checkbox"/> Homeowner Conflict Resolution Plan	<u>12</u>

Submission Checklist for Homebuyer Assistance, ADDI and TBRA

The following checklist is designed to serve as a guide to applicants regarding Threshold Factors or Evaluation Criteria that apply to the above referenced types of applications. The list is not necessarily comprehensive. Applicants should carefully review all submission requirements regarding these activities within the application to ensure it is complete. Refer also to the HOME Application Matrix for guidance on page 42 of this Application Packet. Submit the checklist. If a Factor or Criteria is not applicable, so indicate with N/A, but do not delete the tab for said Factor or Criteria.

One Original Application.

Check box to indicate completion.

Threshold Factors

	<u>TAB #</u>
<input type="checkbox"/> Application Information Form and Attachment A	<u>1</u>
<input type="checkbox"/> HOME Application Certification	<u>2</u>
<input type="checkbox"/> Audit	<u>3</u>
<input type="checkbox"/> Match (not for ADDI, 2004 or beyond)	<u>4</u>
<input type="checkbox"/> Monitoring	<u>5</u>
<input type="checkbox"/> Market Analysis (not for TBRA)	<u>6</u>

Comment [SAS5]: Boxes were added to allow applicants to check off each item included in application.

Comment [SAS6]: Take note that the tab #s for threshold and selection criteria have been rearranged. This order will allow staff to review the application more efficiently.

Evaluation Criteria

<input type="checkbox"/> Description	<u>7</u>
<input type="checkbox"/> Organizational Structure and Experience	<u>8</u>
<input type="checkbox"/> Federal Requirements	<u>9</u>
<input type="checkbox"/> Development Commitments (only TBRA)	<u>10</u>
<input type="checkbox"/> Financial Management	<u>11</u>
<input type="checkbox"/> Financing	<u>12</u>
<input type="checkbox"/> Readiness to Proceed	<u>13</u>

Submission Checklist for CHDO Pre-Development Loans and CHDO Operating

The following checklist is designed to serve as a guide to applicants regarding Threshold Factors or Evaluation Criteria that apply to the above referenced types of applications. The list is not necessarily comprehensive. Applicants should carefully review all submission requirements within the application to ensure it is complete. Refer also to the HOME Application Matrix for guidance on page 42 of this Application Packet. Submit the checklist. If a Factor or Criteria is not applicable, so indicate with N/A, but do not delete the tab for said Factor or Criteria.

One Original Application.

Check box to indicate completion.

Threshold Factors

	<u>TAB #</u>
<input type="checkbox"/> Application Information Form and Attachment A	<u>1</u>
<input type="checkbox"/> HOME Application Certification	<u>2</u>
<input type="checkbox"/> Audit	<u>3</u>
<input type="checkbox"/> Match (not for CHDO Operating)	<u>4</u>
<input type="checkbox"/> Monitoring	<u>5</u>
<input type="checkbox"/> CHDO Eligibility Criteria Elements	<u>6</u>
<input type="checkbox"/> CHDO Operating	<u>7</u>

Comment [SAS7]: Boxes were added to allow applicants to check off each item included in application.

Comment [SAS8]: Take note that the tab #s for threshold and selection criteria have been rearranged. This order will allow staff to review the application more efficiently.

Evaluation Criteria

<input type="checkbox"/> Description	<u>8</u>
<input type="checkbox"/> Organizational Structure and Experience	<u>9</u>
<input type="checkbox"/> Federal Requirements	<u>10</u>
<input type="checkbox"/> Financial Management	<u>11</u>
<input type="checkbox"/> Financing	<u>12</u>

HOME Application Matrix

**Oklahoma Housing Finance Agency
HOME Application Matrix**

2006

Threshold Factors

- 1. Application Information form & Attachment A
- 2. HOME Application Certification
- 3. Audit
- 4. Match
- 5. Monitoring
- 6. Market Analysis

Specific to CHDO's

- 7. CHDO Eligibility Criteria Elements
- 8. CHDO Operating

Evaluation Criteria

- 1. Description
- 2. Organizational Structure and Experience
- 3. Federal Requirements
- 4. Development Commitments
- 5. Financial Management
- 6. Financing
- 7. Leverage
- 8. HOME Investment per unit
- 9. Readiness to Proceed
- 10. Homeowner Conflict Resolution Plan

	Homeowner Rehab	Homebuyer & Rental CHDO Activities	Homebuyer & Rental Non-CHDO	Homebuyer Assistance	ADDI	TBRA	CHDO Pre-Development Loans	CHDO Operating
1. Application Information form & Attachment A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2. HOME Application Certification	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3. Audit	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
4. Match	Yes	Yes	Yes	Yes	If 2003	Yes	Yes	No
5. Monitoring	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
6. Market Analysis	No	Yes	Yes	Yes	Yes	No	No	No
7. CHDO Eligibility Criteria Elements	No	Yes	No	No	No	No	Yes	Yes
8. CHDO Operating	No	No	No	No	No	No	No	Yes
1. Description	15	15	15	15	15	15	15	15
2. Organizational Structure and Experience	20	20	20	20	20	20	20	20
3. Federal Requirements	10	10	10	10	10	10	10	10
4. Development Commitments	NA	10	10	NA	NA	10	NA	NA
5. Financial Management	15	15	15	15	15	15	15	15
6. Financing	20	20	20	20	20	20	20	20
7. Leverage	NA	10	10	NA	NA	NA	NA	NA
8. HOME Investment per unit	NA	10	10	NA	NA	NA	NA	NA
9. Readiness to Proceed	10	10	10	10	10	10	NA	NA
10. Homeowner Conflict Resolution Plan	5	NA	NA	NA	NA	NA	NA	NA
Maximum score	95	120	120	90	90	100	80	80
80 % required score:	76	96	96	72	72	80	64	64

Topical Guidance

221(d) (3) (ii) Limits

HOME Program subsidies are subject to a maximum per-unit subsidy limit. These limits are based on the Section 221(d) (3) limits for elevator-type projects. The limits are determined by HUD's Office of Multi-Family Housing Programs, and vary by jurisdiction. All counties in Oklahoma are located in either the Oklahoma City Jurisdiction or the Tulsa Jurisdiction.

The counties listed below are within the Tulsa Jurisdiction; all other counties are within the Oklahoma City Jurisdiction.

Adair; Atoka; Bryan; Cherokee; Choctaw; Coal; Craig; Creek; Delaware; Haskell; Hughes; Latimer; LeFlore; McCurtain; McIntosh; Mayes; Muskogee; Nowata; Okfuskee; Okmulgee; Osage; Ottawa; Pawnee; Pittsburg; Pushmataha; Rogers; Sequoyah; Tulsa; Wagoner; Washington.

The latest limit for a particular jurisdiction must be obtained from the appropriate HUD Multi-Family Housing Hub Office or Program Center, or by contacting OHFA Housing Development Team Staff. The per-unit subsidy requirements are described in the HOME regulations at 24 CFR 92.250.

Affirmative Marketing

Applicant must adopt and submit an Affirmative Marketing Plan for all housing with five or more HOME-assisted units:

- methods for informing the public, owners and potential tenants about fair housing laws and the policies of the local program;
- a description of what grantees and/or the program administrator will do to affirmatively market housing assisted with HOME funds;
- a description of what grantees and/or the program administrator will do to inform persons not likely to apply for housing without special outreach;
- maintenance of records to document actions taken to affirmatively market HOME-assisted units and to assess marketing effectiveness; and
- a description of how efforts will be assessed and what corrective actions will be taken when requirements are not met.

Program and activity implementation manuals shall be provided to contractors and shall contain information regarding Affirmative Marketing Requirements and Procedures. In order to achieve compliance with requirements at 24 CFR Part 92.351, written agreements shall be executed between OHFA and all program contractors. During programmatic monitoring activities, OHFA shall review affirmative marketing activities and, should the level of compliance with the requirements be determined unsatisfactory, shall provide contractors with the necessary guidance to achieve regulatory standards.

CHDO Proceeds Plan

CHDOs as owners, developers and/or sponsors of HOME-assisted affordable housing developments must describe the potential to generate CHDO proceeds and whether the CHDO Proceeds will be retained by grantee or returned to OHFA. If retained, CHDO proceeds must be used for HOME-eligible or other low-income housing activities which benefit low-income persons.

Retaining CHDO Proceeds

A grantee is expected to submit a CHDO Re-use Plan for OHFA approval after a HOME contract award is made. This plan must be submitted and approved before CHDO Proceeds are generated.

If a grantee fails to timely submit and receive approval of any such plan, then the CHDO Proceeds must be returned to OHFA.

Retaining CHDO proceeds:

If a CHDO grantee wishes to retain CHDO Proceeds, said grantee must clearly demonstrate and produce a reuse plan that contains the following.

- A. The CHDO's experience in producing and managing CHDO proceeds.
- B. The circumstances under which the proposed development will produce CHDO proceeds and the amount of proceeds that will be generated.
- C. The process (es) by which CHDO proceeds will be tracked.
- D. How proceeds produced by the proposed project will be combined with other financing to fund additional affordable housing activities.
- E. The role the CHDO Board will fulfill with regard to the reinvestment of proceeds.
- F. No more than twenty percent (20%) can be reused for operational costs.

The information above will, in turn, be used by OHFA to determine the CHDO's capacity to retain proceeds, provide proper oversight, and make prudent, self-sustaining reinvestments. Retention of CHDO proceeds is at OHFA's discretion and will be based on the grantee's documented knowledge and experience in managing proceeds.

Returning CHDO Proceeds

A grantee is expected to submit a plan for OHFA approval after a HOME contract award is made. This plan must be submitted and approved before CHDO Proceeds are generated.

Returning CHDO Proceeds:

A grantee must describe:

- G. The circumstances under which the proposed development will produce CHDO Proceeds and the amount of CHDO Proceeds that will be provided.
- H. The process (es) that will be used to ensure tracking and the steps to timely report and return of all the CHDO Proceeds generated.

Compliance Monitoring

These compliance-monitoring procedures apply to all HOME contracts.

- A. OHFA will verify that the grantee of a low-income housing development is maintaining records for each qualified low-income building. These records must show, for each year in the compliance period, the information required by the record-keeping provisions contained in the HOME Regulations, incorporated herein by reference.
- B. OHFA will verify that the records documenting compliance with the HOME Regulations for each year as described in Paragraph A above are retained for the entire affordability period.
- C. OHFA will inspect one hundred percent (100%) of the HOME contracts as prescribed by HUD regulations and will inspect the low-income certification, the documentation the grantee has received to support that certification, and the rent records.
- D. The grantee must allow OHFA to perform an on-site inspection of any low-income building in the development through the end of the compliance period. This inspection may be separate or in conjunction with any review of tenant files under Paragraph C and will include habitability requirements.
- E. During programmatic monitoring activities, OHFA shall review Program contractors' affirmative marketing, minority outreach, and fair housing activities to ascertain compliance with standards established by HUD's Fair Housing Office.
- F. OHFA will promptly notify the grantee in writing if OHFA is not permitted to inspect and review as described in Paragraphs C and D, or otherwise discovers that the development does not comply with the HOME Regulations. In such event, the grantee will be allowed a correction period to supply missing documentation or to correct noncompliance. This correction period begins the earlier of (1) the date the notification is mailed or (2) the date of the inspection.
- G. OHFA will notify HUD of a grantee's noncompliance or failure to certify no later than forty-five (45) days after the end of the time allowed for correction and no earlier than the end of the correction period.
- H. Compliance with requirements of the HOME Regulations is the responsibility of the grantee of the building for which HOME funds are loaned or granted. OHFA's obligation to monitor for compliance with the requirements of the HOME Regulations does not make OHFA or the State of Oklahoma liable to any owner or to any shareholder, officer, director, partner, member or manager of any owner or of any entity comprising any owner for an owner's non-compliance therewith.
- I. The grantee must establish and maintain a Use of Funds Log, which clearly identifies the amount of funds used in each development.
- J. The grantee must establish and maintain a Program Income Tracking Log, if applicable, which clearly identifies the amount of program income received and expended on HOME eligible developments.
- K. The grantee must establish and maintain a Match Tracking Log that will account for expenditures of match contributions used in the development.
- L. Activity Completion Reports must be submitted within one-hundred twenty (120) days of the final activity draw.
- M. Closeout Documentation must be submitted no later than sixty (60) days after the end of the contract period or completion of the project.
- N. A Narrative on uses of any CHDO Operating awards.

- O. The Minority Business Enterprises Report is due on or before October 10th of each year for the period from October 1 through September 30.
- P. The Annual Performance Report is due on or before May 15th of each year for the period of April 1 through March 31. The Annual Performance Report must also be submitted with the contract closeout.
- Q. The grantee must provide other progress, performance and financial reports as required, or as requested by OHFA.

Conflict of Interest

In the procurement of property and services, the conflict of interest provisions in 24 CFR 85.36 and 24 CFR 84.42, respectively, apply. In all cases not governed by 24 CFR 85.36 and 24 CFR 84.42 the conflict of interest provisions of the HOME Rule apply.

The conflict of interest provisions of the HOME program are stricter than those of other federal programs. The HOME conflict of interest provisions apply to any person who is an employee, agent, consultant, officer, elected official or appointed official of OHFA, a State recipient or sub-recipient receiving HOME funds. No person listed above who exercises or has exercised any functions or responsibilities with respect to activities assisted with HOME funds, or who is 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 there under, either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter.

No owner, developer or sponsor of a development assisted with HOME funds (or officer, employee, agent or consultant of the owner, developer or sponsor) whether private, for profit or non-profit (including a CHDO when acting as an owner, developer or sponsor) may occupy a HOME-assisted affordable housing unit. 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.

Construction Standards

In accordance with 24 CFR 92.251, housing that is assisted with HOME funds, at a minimum, must meet local property standards and the written rehabilitation standards delineated in the Regulations.

All HOME-assisted units, regardless of the amount of HOME funds invested per unit, must meet all State and local code requirements. If no local codes apply, one of the following national codes must be met:

- International Building Code (IBC)
- International Residential Code (IRC)

While not a construction code, the Fair Housing Act and Section 504 of the Rehabilitation Act of 1973, require specific design characteristics relating to handicapped accessibility.

Contract Award Instrument

Written agreements will be used to contract with funded applicants in order to implement proposed HOME activities and govern execution. The maximum contract period shall be eighteen (18) months. A pre-contract meeting between OHFA, HOME grantee, and any-partners to review contractual and project elements may precede execution of written agreements.

Contract Modifications

Activity and design modifications to funded applications are strongly discouraged. **Activity and design modifications cannot be made to funded projects without the prior written approval of OHFA.**

Extensions of contract periods will not be permitted for any contract that has not completed the necessary environmental reviews.

Funded applications are subsequently made part of all written agreements between OHFA and the HOME grantee. Unapproved variations to funded designs are considered violations of contractual agreements and may result in disallowed costs, the repayment of HOME funds to OHFA, or possible suspension from future Program participation.

Applications selected for funding that involve AHTC applications will be awarded a contingent award. OHFA will not issue any other contingent awards. Contingent commitment amounts are good faith estimates by OHFA and may be adjusted based on the actual award of the AHTC allocation. Under no circumstances will OHFA increase the amount of a contingent award.

Contract Performance

OHFA regularly assesses the performance of its HOME partners. Based on the performance pursuant to the requirements contained in its written agreements and the Program regulations, OHFA may withdraw funding due to non- performance, poor performance, and/or untimely performance. In addition, OHFA may, at its discretion and within its regulatory authority pursuant to 24 CFR Part 92.2, reassign untimely contract funding in order to affect timely expenditure, performance, and completion.

Debarred, Suspended or Ineligible Participants

No contractors that have been suspended or debarred under HOME or any other federal funding program may be used when working on a HOME development. All HOME grantees are to verify eligibility before contracting with any party. Grantees should check the web at <http://epls.arnet.gov> for the most current listing of debarred contractors. OHFA Staff can provide information on suspended or ineligible contractors.

Developer Fees

OHFA allows for developer fees where appropriate. The maximum amount of the developer fee to be paid with HOME funds is ten percent (10%) of the total HOME award.

Eligible Costs

These lists are for guidance only. Refer to HOME Regulations and other HOME materials for a complete list.

Hard Costs – Eligible hard costs include, but are not limited to:

- Costs to meet local construction and/or rehabilitation standards.
- Acquisition of land and existing structures.
- Securing of buildings.
- Construction materials and labor.
- Essential improvements.
- Energy-conservation efficient improvements, if undertaken within a more comprehensive plan of work that brings the unit up to local property standards and the written rehabilitation standards established below and delineated in the Regulations.
- Lead based paint hazard reduction, if undertaken within a more comprehensive plan of work that brings the unit up to local property standards and the written rehabilitation standards established below and delineated in the Regulations.
- Accessibility for persons with disabilities, if undertaken within a more comprehensive plan of work that brings the unit up to local property standards and the written rehabilitation standards established below and delineated in the Regulations.
- Repair or replacement of major housing systems in danger of failure.
- Incipient repairs and general property improvements of a non-luxury nature.
- Demolition.
- Site improvements and utility connections.
- Lot clearing, prior to and in conjunction with rehabilitation.

Soft Costs – **Capped at twelve percent (12%) of the total HOME award, including soft costs**

– Reasonable and necessary costs directly related to an individual unit. **Soft Costs are not a substitute for Administrative Costs.** All soft costs must be a part of the total development costs. Soft costs must be specifically tied to an address. Eligible soft costs include, but are not limited to:

- Financing fees.
- Credit reports.
- Title binders and insurance.
- Recordation fees, transaction taxes.
- Legal and accounting fees.
- Appraisals.
- Architectural/engineering fees, including specifications and job progress inspections.
- Refinancing of secured existing debt if the housing is owner occupied and refinancing allows the overall costs of borrower to be reduced and the housing is made more affordable.
- Work write-ups and cost estimates.
- Building permits; contractor fees.
- Temporary relocation costs and fair housing information services.
- Environmental Review.

Administrative Costs

Homeowner Rehabilitation, Homebuyer assistance (down payment and closing costs), ADDI, and Tenant Based Rental Assistance only.

Eligible administrative costs include, but are not limited to:

- Salaries, wages and related costs.
- Goods and services necessary for administration.
- Administrative services under third party agreements.
- Costs of providing public information.
- Costs of fair housing activities.
- Costs of complying with other federal requirements.

Eligible Properties

Homeowner Rehabilitation:

Single-family detached dwellings:

Manufactured homes are **not** eligible for rehabilitation under the Homeowner Rehabilitation. However, these units are eligible for reconstruction (replacement).

The definition of mobile home falls within the definition of a manufactured home which is as follows: “a structure, transportable in one or more sections which, in the traveling mode, is eight body feet more in width or forty body feet in length, or, when erected on site, is three hundred twenty or more square feet, and which is built on a permanent chassis and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and includes the plumbing, heating, air-conditioning and electrical systems contained therein.”

HUD has issued guidance indicating that if homeowner rehabilitation is undertaken for manufactured housing, and reconstruction is the chosen method of assistance, the manufactured housing cannot be replaced with a “stick-built” home. It can only be replaced with another manufactured home. The original manufactured home cannot remain in the possession of the homeowner. Please contact HOME Compliance Staff for further guidance.

Environmental Review

In implementing the HOME Program, the environmental effects of each activity must be assessed in accordance with the provisions of the National Environmental Policy Act of 1969 and the related authorities listed in HUD’s Regulations at 24 CFR Parts 50 and 58.

HOME funds will not be released until the environmental review process has been completed:

1. Complete an environmental review of the proposed activity.
2. Publish public notices (as applicable).
3. Submit a HUD Form 7015.15 “Request for Release of Funds and Certification (RROF).”
4. Receive a HUD Form 7015.16 “Authority to Use Grant Funds.”

Section 202 of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4106) requires that Federal funds shall not be provided to an area identified by the Federal Emergency Management Agency (FEMA) as having special flood hazard areas unless:

- The community is participating in the National Flood Insurance Program or it has been less than a year since the community was designated as having special hazards; and
- Flood insurance is obtained.

State Recipients and sub-recipients are also responsible for ensuring that property owners receiving HOME assistance take flood insurance on properties located in a 100-year floodplain. Flood insurance must be taken for the life of a loan. 24 CFR Part 92.352 provides additional guidance for this requirement.

Equal Opportunity

Equal Employment Opportunity, Executive Order 11246, as amended found in 41 CFR Part 60: Prohibits discrimination against any employee or applicant for employment because of race, color, religion, sex, or national origin.

Section 3 of the Housing and Urban Development Act of 1968 found in 24 CFR Part 135: Requires that, to the greatest extent feasible, opportunities for training and employment arising from HOME will be provided to low-income persons residing in the program service area and that contracts for work (all types) be awarded to businesses that are located in or owned by persons residing in the program service area.

Minority/Women's Business Enterprise (M/WBE) under Executive Orders 11625, 12432 and 12138; 24 CFR Part 85.36(e): 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 legal firms, in all contracts.

Applicants are required to submit a M/WBE Plan, signed by the chief executive officer (CEO), which describes Applicant's policies and procedures for minority outreach in subcontracting and procurement of goods and services. The following practices are recommended:

- Request a list of M/WBEs from OHFA;
- Actively and affirmatively solicit bids for contracts and subcontracts from the OHFA M/WBE list and other qualified M/WBEs;
- Circulate bid solicitations to minority and women contractor associations;
- Make written solicitations in a timely fashion to businesses listed in the Minority and Women-Owned Business Directory;
- Make timely responses to any advertisements and solicitations provided by M/WBEs;
- Ensure that plan specifications, requests for proposal and other documents used to secure proposals for the performance of work or supply of materials will be made available in sufficient time for review by prospective M/WBEs;
- Divide, where economically and technically feasible, the work into smaller portions to enhance participation by M/WBEs;

- Encourage the formation of joint ventures, partnerships or other similar arrangements among contractors to enhance participation by M/WBEs;
- Use the services of governmental agencies, consultants and contractor associations to further the participation of M/WBEs;
- Waive credit requirements or develop other appropriate alternatives to encourage M/WBE participation; and
- Ensure that progress payments to M/WBEs are made on a timely basis to prevent undue financial hardship.

Applicants may be requested to submit M/WBE Utilization Reports, which should include, but are not limited to the following:

- The name, address and telephone number of each M/WBE the applicant is using or intends to use;
- A brief description of the contract scope of work to be performed for the applicant by each M/WBE and the scheduled dates for performance;
- A statement of whether the applicant has a written agreement with each M/WBE, and if requested, copies of the agreements the applicant is using or intends to use;
- The actual total cost of the contract, the work performed and the materials provided, scope of work to be performed by each M/WBE for each contract;
- The actual amounts of any payments made by the applicant to each M/WBE as of the date the compliance report was submitted; and
- The percentage of total contractors, subcontractors, vendors and suppliers utilized for the development and the total prices for each.

Program and activity implementation manuals shall be provided to contractors and shall contain information regarding Minority Outreach Requirements and Procedures. In order to achieve compliance with requirements of Section 281 of the National Affordable Housing Act and 24 CFR Part 92.351, written agreements shall be executed between OHFA and all program contractors. During programmatic monitoring activities, OHFA shall review minority outreach activities and, should compliance with the requirements be determined unsatisfactory, shall provide contractors with the necessary guidance to achieve regulatory standards.

Fair Housing and Equal Opportunity

Title VI of Civil Rights Act of 1964, as amended (42 U.S.C. 2000d et seq.) found in 24 CFR Part 1: States that no person may be excluded from participation in, denied the benefits of, or subjected to discrimination under any program or activity receiving Federal financial assistance on the basis of race, color or national origin.

The Fair Housing Act (42 U.S.C. 3601-3620) found in 24 CFR Part 100-115, prohibits discrimination in the sale or rental of housing, the financing of housing or the provision of brokerage services against any person on the basis of race, color, religion, sex, national origin, handicap or familial status. Furthermore, section 104(b)(2) of the Act requires that each grantee certify to the Secretary of HUD that it is affirmatively furthering fair housing. The certification specifically requires grantees to conduct a fair housing analysis, develop a fair housing plan,

take appropriate actions to overcome the effects of any impediments identified and maintain records on the analysis, plan, and actions in this regard.

Equal Opportunity in Housing (Executive Order 11063, as amended by Executive Order 12259) found in 24 CFR Part 107, prohibits discrimination against individuals on the basis of race, color, religion, sex or national origin in the sale, rental, leasing or other disposition of residential property, or in the use or occupancy of housing assisted with Federal funds.

Program and activity implementation manuals shall be provided to contractors and shall contain information regarding Fair Housing Standards and Procedures. In order to achieve compliance with requirements at 24 CFR Parts 5.105(a), 92.202, and 92.250, written agreements shall be executed between OHFA and all program contractors. During programmatic monitoring activities, OHFA shall review fair housing activities and, should compliance with the requirements be determined unsatisfactory, shall provide contractors with the necessary guidance to achieve regulatory standards.

Federal Requirements

Consult the Regulations and other HOME materials for more information. This chart is just a guide and not all inclusive of all activities.

Other Federal Requirements	Homeowner Rehabilitation	Homebuyer	Rental
Non-Discrimination and Equal Access			
Fair Housing and Equal Opportunity	Yes	Yes	Yes
Affirmative Marketing	No	Yes if ≥ 5 HOME-assisted units	Yes if ≥ 5 HOME-assisted units
Handicapped Accessibility	No	Yes	Yes
Employment and Contracting			
Equal Opportunity			
Equal Employment Opportunity	Yes	Yes	Yes
Section 3 Economic Opportunity	Yes if assistance >\$200,000 <u>OR</u> subcontract >\$100,000	Yes if assistance >\$200,000 <u>OR</u> subcontract >\$100,000	Yes if assistance >\$200,000 <u>OR</u> subcontract >\$100,000
Minority/Women's Business Enterprise Labor Requirements	Yes	Yes	Yes
Davis-Bacon and Related Acts	No	Yes if ≥ 12 HOME-assisted units	Yes if >12 HOME-assisted units
Contract Work Hours and Safety Stds. Act	No	Yes if ≥ 12 HOME-assisted units	Yes if >12 HOME-assisted units
Copeland Anti-Kickback Act	Yes	Yes	Yes
Fair Labor Standards Act of 1938	Yes	Yes	Yes
Contracting and Procurement Practices			
Procurement	Yes	Yes	Yes
Conflict of Interest	Yes	Yes	Yes
Debarred Contractors	Yes	Yes	Yes
Environmental Review	Yes	Yes	Yes
Site and Neighborhood Standards	No	No	Yes for new construction only
Lead-Based Paint	Yes for pre-1978 units	Yes for pre-1978 units	Yes for pre-1978 units
Relocation	Yes	Yes	Yes

Handicapped Accessibility

- Americans with Disabilities Act (42 U.S.C. 12131; 47 U.S.C. 155, 201, 218, and 225): Provides comprehensive civil rights to individuals with disabilities in the areas of employment, public accommodations, state and local government services and telecommunications. The Act also requires the removal of architectural and communication barriers that are structural in nature in existing facilities.
- Fair Housing Act (42 U.S.C. 3601-19 and CFR Part 100.205): Multi-family dwellings must meet these design and construction requirements.
- Section 504 of the Rehabilitation Act of 1973 found in 24 CFR Part 8: Imposes requirements to ensure that “qualified individuals with handicaps” have access to programs and activities that receive Federal funds.

Homebuyer Assistance/ADDI

Assistance must be used in the following order:

- **First** Down-payment assistance (defined as the difference between purchase price and loan amount).
- **Second** Closing cost
- **Third** Pre-paids
- **Fourth** Principal reduction as reflected on the HUD closing statement

The homebuyer may be allowed to have returned from their earnest money the appraisal, pre-paid insurance, survey and credit report costs.

Lenders use ratios to analyze a person's capability to make their mortgage payment. The housing expense, or front ratio, compares a person's mortgage payment (principal, interest, taxes, PMI, homeowner's insurance, and HOA fees) to their gross monthly income. The total debt expense, or back ratio, a person's total monthly obligations (car payments, credit cards, child support, etc.) including their new mortgage payment, to their gross monthly income. The type of mortgage loan will dictate which ratios are to be used to qualify the Homebuyer. Conventional loans secured by a government sponsored entities (GSE), FHA/VA loans and other federal, state, or local government loan programs often set the underwriting ratios used to qualify the Homebuyer. If the above type of loans programs do not have set underwriting ratios or another type of loan will be utilized, then the front ratio cannot exceed 35% and the back ratio cannot exceed 50%.

The interest rate at the time of interest rate lock-in cannot exceed three and one-half percent (3.5%) over OHFA's single family mortgage revenue “1st Gold” bond rate. This is on OHFA's website. If there is no open, current program, applicants may use the rate from the most recent program. Origination, discount and additional add-on fees cannot exceed three percent (3%) of the mortgage amount.

No adjustable rate mortgages are allowed.

All Homebuyer Assistance and ADDI must incorporate formalized homebuyer education and/or counseling services into proposed designs. Applicants are reminded that numerous CHDOs, nonprofits and the Oklahoma State University Extension Center offer homebuyer education and/or counseling services throughout the state. Applicants must explain the process for implementing the required Homebuyer Education classes and who will provide. The classes

must be organized by someone who is certified, or is eligible for certification, by the Oklahoma Homebuyer Education Association or other such recognized organization that provides training/certification. Both pre and post counseling is encouraged. Attach copy of certification or letter. Certification or letter cannot be more than two (2) years old.

Homeowner Eligibility Requirements for Homeowner Rehabilitation

Homeowners assisted with HOME funds must provide proof of ownership and occupy the property as their principal residence. The following forms of ownership are allowed:

- a) Fee simple title
- b) 99-year leasehold interest in the property
- c) An equivalent form of ownership approved by HUD and OHFA/HDT – Life estates are not an approved form of equivalent ownership

Income Restrictions

HOME funds must assist families with income below eighty percent (80%) of area median income.

Rental housing or TBRA have additional requirements:

- Ninety percent (90%) of the occupants of HOME-assisted rental units and households assisted with HOME-funded TBRA must have incomes that are sixty percent (60%) or less of the area median income
- Twenty percent (20%) of the units in each rental housing development containing five or more units must be occupied by tenant families with income at or below fifty percent (50%) of median income.

Integrated Disbursement Information System (IDIS)

The HOME Program will operate under HUD's IDIS. Under IDIS, OHFA will enter and control all project set-ups and financial draws. Sufficient documentation justifying all financial draws is required. If the documentation is inadequate, additional clarification may be requested by OHFA, which may delay the processing of draws.

No release of funds shall be made to any funded project until OHFA has received, reviewed and accepted in writing all fully executed legally binding operating, management, ownership or other agreements.

Labor Requirements

The construction contract for any HOME-assisted activity must contain the applicable labor requirements:

- Davis-Bacon and Related Acts (40 USC 276(A)-7): Ensure that mechanics and laborers employed in construction work under Federally-assisted contracts are paid prevailing wages and fringe benefits. Davis-Bacon does not apply to developments using solely volunteer labor or sweat equity, nor does it apply to Homeowner Rehabilitation. OHFA will monitor all appropriate contracts for compliance with Davis-Bacon requirements.
- Contract Work Hours and Safety Standards Act, as amended (40 USC 327-333): Ensures that mechanics and laborers employed under Federally-assisted construction jobs are paid

time and one-half for work in excess of 40 hours per week. This Act also addresses safe and healthy working conditions.

- Copeland Anti-Kickback Act (40 USC 276c): Governs the deductions from paychecks that are allowable. 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.): 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.

24 CFR Part 92.354 provides additional guidance for this requirement.

Layering

Layering is the combining of other federal resources on a HOME-assisted development that results in an excessive amount of subsidy for the development. Such excess is prohibited. OHFA will analyze each application to ensure that only the minimum amount of assistance is allocated to the development. If OHFA determines that there will be an excessive amount of subsidy for the development, adjustments may be made to the HOME award. Excessive subsidy is the layering of more federal resources than actually needed or required in a single project or development.

Lead Based Paint

Housing assisted with HOME funds is subject to:

- Lead-Based Paint Poisoning Prevention Act of 1971 (42 U.S.C. 4821-4846)
- Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851-4856)
- Title X of the 1992 Housing and Community Development Act (24 CFR Part 35)

These regulations require the use of trained and certified lead paint professionals and certified abatement contractors. A list of certified Lead-Based Paint contractors is available from the Department of Environmental Quality at: <http://www.deq.state.ok.us/AODnew/lbp/lbp.htm>. 24 CFR Part 92.355 provides additional guidance for this requirement.

Minority Outreach

Section 281 of the National Affordable Housing Act (the "Act") requires the State to prescribe procedures acceptable to the Secretary of HUD to establish and oversee a minority outreach program to 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 legal firms, in all contracts, entered into by the participating jurisdiction with such persons or entities, public and private, in order to facilitate the activities of the participating jurisdiction to provide affordable housing authorized under the Act or any other federal housing law applicable to such jurisdiction.

A separate file containing all minority outreach documentation must be maintained at the grantee's offices.

A. Utilization Plan

Applicants will be required to submit a Utilization Plan for the participation of Minority Business Enterprises/Women Business Enterprises (M/WBEs) in connection with the development. The Utilization Plan should include a policy statement signed by the applicant's chief executive official (CEO) which describes the applicant's policies and practices for subcontracting and/or for procurement of goods and services.

B. Recommended Methods for the Encouragement of M/WBEs:

The following methods are recommended for applicants who wish to encourage the participation of M/WBEs on HOME-assisted contracts:

- Actively and affirmatively solicit bids for contracts and subcontracts from qualified M/WBEs, including the circulation of solicitations to minority and women contractor associations;
- Request a list of M/WBEs from OHFA and solicit bids from M/WBEs on such list;
- Attempt to ensure that plan specifications, request for proposals and other documents used to secure proposals for the performance of work or supply of materials will be made available in sufficient time for review by prospective M/WBEs;
- Divide, where economically and technically feasible, the work into smaller portions to enhance participation by M/WBEs;
- Encourage, where economically and technically feasible, the formation of joint ventures, partnerships or other similar arrangements among contractors to enhance participation by M/WBEs;
- Consult with and use the services of governmental agencies, consultants and contractor associations to further the participation of M/WBEs;
- Make efforts to ensure that progress payments to M/WBEs are made on a timely basis and with such frequency that undue financial hardship is avoided and other credit requirements are waived or appropriate alternatives developed to encourage M/WBE participation;
- Make written solicitations in a timely fashion of M/WBEs listed in the Minority and Women-Owned Business Directory; and
- Make timely responses to any advertisements and solicitations provided by M/WBEs.

C. Contract Reporting

All applicants may be requested to submit M/WBE Utilization reports, which should include, but are not limited to the following:

- The name, address and telephone number of each M/WBE the applicant is using or intends to use;
- A brief description of the contract scope of work to be performed for the applicant by each M/WBE and the scheduled dates for performance;
- A statement of whether the applicant has a written agreement with each M/WBE, and if requested, copies of the agreements the applicant is using or intends to use;
- The actual total cost of the contract, the work performed and the materials provided, scope of work to be performed by each M/WBE for each contract;
- The actual amounts of any payments made by the applicant to each M/WBE as of the date the compliance report was submitted; and
- The percentage of total contractors, subcontractors, vendors and suppliers utilized for the development and the total prices for each.

Neighborhood Standards

Housing provided through the HOME program must promote greater choice of housing opportunities. 24 CFR Part 92.202 provides guidance for these standards. Applicant must provide housing that is suitable from the standpoint of facilitating and furthering full compliance with the applicable provisions of Title VI of the Civil Rights Act of 1964, the Fair Housing Act and Executive Order 11063, and HUD regulations issued pursuant thereto.

In carrying out the site and neighborhood requirements with respect to new construction of rental housing, an applicant is responsible for making the determination that the proposed sites for new construction meet the requirements in 24 CFR Part 983.6(b).

Period of Affordability

Rental Housing:

Rehabilitation or Acquisition	
<u>Home funds:</u>	<u>Period:</u>
\$1,000 - 14,999	5 years
\$15,000 - 40,000	10 years
\$40,001 - maximum allowable	15 years *
* Rehabilitation involving refinancing	

For New Construction or acquisition of newly constructed housing, the Period of Affordability is 20 years.

Homeownership:

<u>Home funds:</u>	<u>Period:</u>
\$1,000 - 14,999	5 years
\$15,000 - 40,000	10 years
\$40,001 - maximum allowable	15 years

Homeowner Rehabilitation:

All applicants are required to impose a minimum five (5) year term of affordability on all units receiving Homeowner Rehabilitation assistance. This mandatory term of affordability must be secured by deed restriction, property lien, or covenant running with the land.

Procurement

It is important to keep the solicitation of bids for goods and services as well as professional services contracts open and competitive. Cities, counties and non-profit organizations must follow procurement policies and meet federal requirements. At a minimum, cities and counties must comply with 24 CFR 85.36 and non-profits must comply with 24 CFR 84.

Applicants should obtain 3 to 5 bids using formal advertising or requests for proposals for the procurement of professional services such as grant administration, inspections and work write-ups. There must be an established selection procedure and a written rationale for selecting the successful bid or proposal. All procurement documentation, including bids not chosen, must be kept.

Program Income Plan

Grantees are required to clearly identify whether or not the proposed activity will result in program income, and whether the program income will be retained by grantee or returned to OHFA.

Retaining Program Income

A grantee must submit a Program Income Use Plan for OHFA approval after a HOME contract award is made. This plan must be submitted and approved before Program Income is earned.

If a grantee fails to timely submit and receive approval of any such plan, then Program Income must be returned to OHFA.

Documentation Requirements:

Grantee must provide a full and detailed program income reuse plan that contains the following

- A. Experience in producing and managing program income. If the grantee has no experience in this area, the grantee should clearly demonstrate some knowledge and understanding of the production, tracking and expenditure of program income.
- B. The circumstances under which the proposed activity will produce program income and the amount of program income that will be provided.
- C. The processes the grantee will use to ensure that all program income produced will be expended by the grantee prior to expending any existing HOME Program funds or any new HOME funds the grantee may receive.
- D. The processes, by which program income will be tracked, projected and reported annually to OHFA.
- E. No more than ten percent (10%) can be reused for operational costs.

The information above will be used by OHFA to determine a grantee's capacity to retain program income and provide proper regulatory oversight. Retention of program income is at OHFA's discretion and will be based on the applicant's demonstrated knowledge and experience in managing program income.

Returning Program Income

A grantee is expected to submit a plan for OHFA approval after a HOME contract award is made. This plan must be submitted and approved before Program Income is earned.

Documentation Requirements:

A grantee must describe:

- F. The circumstances under which the proposed activity will produce program income and the amount of program income that will be provided.
- G. The process (es) that will be used to ensure tracking and the steps to timely report and return of all the program income generated.

Property Values

Homeowner Rehabilitation

The value of the property, after rehabilitation, must not exceed ninety-five percent (95%) of the median area purchase price of a unit, as determined by the local HUD office.

OHFA generally recommends:

Rehabilitation when the cost to meet the rehabilitation standards does not exceed seventy-five (75%) of the after rehabilitation value of the structure.

Reconstruction when the cost to rehabilitate exceeds seventy-five (75%) of the after rehabilitation value and a suitable dwelling may be constructed in compliance with the General Requirements [Section 221 subsidy limits and Section 203(b) valuation limits].

Relocation

HOME-funded projects are subject to relocation requirements contained in the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA) (42 U.S.C. 4201-4655) whenever displacement occurs as a direct result of rehabilitation, demolition or acquisition for a HOME-assisted project. Section 104(d) of the Housing and Community Development Act (also known as the "Barney Frank Amendments") may be triggered by demolition or conversion of units when HOME funds are used for the project. Acquisition only activities do not trigger Section 104(d).

More information is available in HUD Handbook 1378, Tenant Assistance, Relocation, and Real Property Acquisition; Handbook 1374, Tenant Assistance, Relocation and Real Property Acquisition – HUD CPD Staff Responsibilities; and the HUD-sponsored All the Right Moves course book. 24 CFR Parts 42 and 92.353 provide additional guidance for this requirement.

Resale and Recapture

24 CFR 92.254 provides guidance for Resale/Recapture options for Homeownership. Specifically, §92.254(a) (4) Periods of Affordability and (5) Resale and Recapture. OHFA is authorized under the HOME Rules to select which option will be used for preserving the period of affordability. OHFA has chosen the recapture option. If applicants demonstrate to OHFA staff that special conditions exist that would make the resale option superior, then it may be considered as an exception.

The applicant is to describe to OHFA the procedures as they relate to the HOME recapture requirements.

Recapture provisions must ensure that there is recovery of all or a portion of the HOME assistance, if the housing does not continue to be the principal residence of the family for the duration of the period of affordability.

Deed restrictions, land covenants or other similar legal mechanisms must be in place to enforce these recapture and resale restrictions.

The amount subject to recapture is based on the amount of HOME assistance. The recaptured funds must be returned to OHFA. Due to HUD's interpretation of the HOME recapture provisions as set forth in "HOMEfires, Volume 5, Number 2", OHFA requires that all recapture provisions for homeownership activities base the recapture amount on the net proceeds available from the sale and not the entire amount of the HOME investment.

If a homebuyer receives HOME assistance through a development subsidy only, and sells the home within the period of affordability, the resale option will be the mechanism to ensure that the HOME-assisted unit remains affordable over the entire affordability term.

HUD requires repayment if the HOME-assisted housing fails to meet the affordability requirements for the full affordability period, even in the event of foreclosure or transfer in lieu of foreclosure. In the event of foreclosure, or transfer in lieu of foreclosure, the Period of Affordability must still be enforced.

If the homebuyer receives HOME assistance through a development subsidy, and sells the home within the Period of Affordability, the resale option will be the mechanism to ensure that the HOME-assisted unit remains affordable over the affordability term. Under the resale option:

- The homebuyer must sell the property to a new purchaser that meets the HOME Program definition of low-income.
- Said purchaser must occupy the property as his/her principal residence.
- The new purchaser's PITI cannot exceed thirty-five percent (35%) of his/her gross income.
- The original homebuyer (now the seller) must receive a "fair return" on his/her investment.

Applicants must describe to OHFA in detail the procedures as they relate to the HOME recapture or resale requirements. Applicants must specify either a resale or recapture option, the contract cannot allow for both.

Assisted households must be informed that if they fail to occupy the unit as the primary residence, they must repay the full amount of the HOME assistance.

Subsidy Limits

In accordance with 24 CFR 92.205(c) and 24 CFR 92.250:

Minimum HOME Investment: The minimum amount of HOME funds that must be invested is \$1,000 multiplied by the number of HOME- assisted units in a development. The minimum only relates to the HOME funds, and not to any other funds that might be used for development costs. The minimum HOME investment does not apply to Tenant-based Rental Assistance.

Maximum HOME investment: The maximum amount of HOME funds is determined by the dollar limits for Section 221(d) (3) (ii) defined by jurisdiction. The limits are further determined by the number of bedrooms. See the 221(d) (3) (ii) Limits" section in this Topical Guidance for more information.

The maximum for ADDI is the greater of six percent (6%) of the purchase price or \$10,000. The maximum for regular HOME Down-payment Assistance is \$7,500 per HOME-assisted unit.

Underwriting Standards

In accordance with CDP Notice 98-01, OHFA will assess whether other governmental assistance has been, or is expected to be made available to the development. OHFA will consider the aggregate amount of assistance from HUD and other sources that is necessary to ensure the financial feasibility.

A minimum debt service coverage ratio of **1.15** is required for all debt financing which would foreseeably result in foreclosure if not repaid. This ratio applies to developments with 36 units or more and all developments in MSA. The debt coverage ratio must be maintained for 15 years.

A minimum debt service coverage ratio of **1.05** is required for all debt financing which would foreseeably result in foreclosure if not repaid. This ratio applies to RHS funded properties or developments with 35 or less units that are not within MSA. The debt coverage ratio must be maintained for 15 years.

For purposes of this standard, debt service coverage is defined as the ratio of a property's net operating income to debt service obligations. Rental income, any subsidies, and reserve funds should be sufficient to cover the property's debt and operating expenses over the period of low-income use.

Proforma should not be unduly conservative or overly optimistic.

OHFA will review all costs to ensure that they are customary, reasonable and necessary. This will be based on the type of development activity and comparable costs in the market area.

If documentation is not adequate and does not support the costs, OHFA may request additional documentation or deny the Application.

OHFA will review to ensure that the costs being funded by the HOME Program are eligible and the HOME funds per unit do not exceed the 221-(d) (3) maximum per-unit subsidy limits.

OHFA may deny HOME financial assistance if the applicant refuses to make reasonable adjustments or to limit the financial return or related soft costs.