

## ATTACHMENT 5-D: INVOLUNTARY ACQUISITION PROCESS

### 1.0 REMINDER OF IMPORTANT REQUIREMENTS

Community Development Block Grant projects are subject to the applicable acquisition and relocation requirements under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA) [[49 CFR Part 24](#)].

A real property or easement acquisition may only be completed after (i.e., the property purchase/closing cannot be finalized until) the Grant Agreement is fully executed and the Environmental Review is certified by DEHCR to be an eligible cost paid (or reimbursed) with CDBG funds. DEHCR recommends **no** acquisition for a CDBG project to be completed until the Grant Agreement is fully executed and the Environmental Review is certified by DEHCR, regardless of funding source.

Construction on the property cannot begin until the acquisition is complete/ property closing is finalized.

### 2.0 INVOLUNTARY ACQUISITION CRITERIA

#### Overview

Any acquisition that does not meet the criteria for voluntary acquisition in [49 CFR Part 24.101\(b\)\(1\)-\(5\)](#) is considered an involuntary acquisition and must proceed following the requirements of involuntary acquisition, as listed here in Attachment 5-D.

*[Note: Acquisition for which the buyer is an entity without eminent domain authority will never be classified as an involuntary acquisition.]*

#### Relocation Applicability (Owners and Tenants)

Property owners and tenants both have relocation rights and may be eligible for relocation assistance for an involuntary acquisition. Owner-occupants and tenant-occupants are eligible for relocation assistance for an involuntary acquisition if deemed displaced persons. Federal funds may be used towards eligible relocation costs for owners and tenants when the acquisition is involuntary.

For guidance on the relocation process and requirements, refer to *Relocation Planning/Process and Advisory Services* (Attachment 5-F) in this chapter. Additional relocation related guidance is in Attachment A, Attachment 5-G through 5-K, and Attachment 5-O in this chapter.

### 3.0 INVOLUNTARY ACQUISITION PROCESS

The UGLG/public agency must complete the processes presented below and should consult legal counsel to ensure all applicable state and federal laws are followed (the guidance below is not meant to be and should not be interpreted as legal advisement from DEHCR).

For a general overview, refer to *General URA Acquisition Process* (Attachment 5-P), which is [HUD's Tenant Assistance, Relocation and Real Property Acquisition Handbook](#)

*NOTE: The order in which Steps #2-16 are completed may vary, depending on when the UGLG determines the property will be acquired and when the UGLG becomes aware of tenants or displaced persons. Certain notices to the property owners and tenants may be combined.*

Refer to the "General Standards for All Notices" section within this chapter and #18-#19 within Attachment 5-D regarding specifications for notices and record keeping requirements.

## IMPORTANT NOTICE

Refer to the “General Standards for All Notices” section within this chapter and #18-#19 within Attachment 5-D regarding specifications for notices and record keeping requirements.

### 1. Notice to DEHCR

The DEHCR Project Representative must be notified prior to starting the acquisition/relocation process and the start of construction if acquisition and/or relocation will occur as part of a project. UGLGs will be notified if a relocation plan is required. Complete and submit the *Notice of Acquisition/Relocation to DEHCR* (Attachment 5-L).

### 2. Relocation Order/Determination of Necessity of Taking (if UGLG/public agency intends to/may potentially use condemnation, if necessary)

If/when the UGLG intends to exercise its eminent domain authority to embark upon condemnation proceedings, before an acquisition can occur, Wisconsin law requires either a “relocation order” or a “determination of necessity of taking.” A relocation order is required for any transportation facility or sewer project if relocation is involved. A determination of the necessity of taking is required for any other type of project if relocation is involved. Refer to [Wis. Stat. Ch. 32.07](#) for guidance on the determination of necessity of taking.

Additional relocation processes may occur at this time, as well. Refer to #3 (Notices) and #7 (Relocation Plan & Processes) below and later in this section of the chapter for additional guidance regarding relocation notices and processes.

### 3. Notices

The URA and state laws require multiple acquisition and relocation notices to be provided to real property owners and potentially displaced persons.

*Notices may be combined when the sequence of activities occur simultaneously, e.g., Notice to Owner (the initial notice of interest in the property to the owner prior to negotiations for involuntary acquisition) and Notice of Intent to Acquire (notice of relocation rights to the owners and tenants, if the UGLG knows displacement will occur for the project at the time of issuing the Notice to Owner). However, review the notice requirements and guidance in this section and chapter regarding the purpose and sequence for notices, and implications when issuing certain notices at the same time. The Wisconsin state acquisition and relocation brochures and the HUD/federal acquisition and relocation booklets/brochures may also serve as tools for informing owners and tenants of their rights under Wisconsin state law and the URA.*

#### **Federal Acquisition Notice Requirements**

The URA requires that specific notices be issued to eligible persons providing important information about the project, the affected persons’ rights and protections, as well as their eligibility for relocation assistance and payments. These notices must be issued at the appropriate time. For various acquisition and relocation notices/letters, forms and templates, refer to the Appendices of [HUD’s Tenant Assistance, Relocation and Real Property Acquisition Handbook \(1378.0\)](#):

- *Initial Informational Notice to Owner.* As soon as the UGLG has identified properties that it is interested in acquiring for a HUD-funded project, the UGLG must notify the owner in writing of its interest in acquiring the property and the basic protections applicable under the URA.

Refer to the Appendices in the [Tenant Assistance, Relocation and Real Property Acquisition Handbook \(1378.0\)](#) for acquisition notice templates for owners for residential and business/non-residential involuntary acquisitions.

If the UGLG does not want to trigger a person's eligibility for relocation assistance at the time of this notice, it must ensure that the notice is not confused with a *Notice of Intent to Acquire* (which is specifically used to establish relocation eligibility prior to the initiation of negotiations).

- *Notice of Intent to Acquire*: A *Notice of Intent to Acquire* is a displacing UGLG's written communication that is provided to a person to be displaced and which establishes eligibility for relocation assistance prior to the initiation of negotiations and/or prior to the commitment of federal financial assistance.
- *General Information Notice*: This notice informs the affected persons of the project and of possible displacement by the project. It must be provided as soon as possible, typically provided to tenants at the same time as the *Initial Notice to Owner*.
- Additional notices are required per the URA/federal regulations that pertain to relocation associated with the acquisition. Refer to *Relocation Planning/Processes and Advisory Services* (Attachment 5-F) in this chapter for the owner and tenant notices required for relocation.

A UGLG may meet most of the general information and initial notice requirements required by the URA by furnishing the applicable HUD acquisition and relocation booklets/brochures referenced in #4 (Brochures) later in this section of the chapter.

### **State Acquisition Notice Requirements**

In addition to the federal acquisition notice requirements, UGLGs must comply with the state acquisition notice requirements. The state notices may overlap with the federal notice requirements and acquisition notice letters to owners should be prepared with consideration for all the requirements. UGLGs must provide the following state acquisition notices (as applicable):

- *Information before initiation of negotiation*: A UGLG **with** eminent domain power, must before initiation of negotiations, furnish the applicable state acquisition brochure referenced in #4 (Brochures) later in this section of the chapter.
- *Written Offer to Purchase*: An offer to purchase a property must be in writing and must establish the date of initiation of negotiations. However, the date of a verbal monetary offer to purchase authorized by the acquiring UGLG must/public agency be considered as initiation of negotiations to establish eligibility for a relocation benefit.

Refer to the *Voluntary Acquisition Process* (Attachment 5-A) and *Relocation Planning/Process and Advisory Services* (Attachment 5-F) for the notice requirements for a buyer **without** the power of eminent domain.

## **4. Brochures**

The UGLG must determine the applicable brochures that must be provided to the owner and tenants (if applicable). The brochures may be sent with the initial informational notice to the property owner and tenants (recommended) or provided separately but must be provided prior to the initiation of negotiations. The case file must indicate the manner in which the brochures for owner, and tenants, if applicable, were/was delivered (e.g., certified mail, return receipt requested, signed confirmation of delivery from owner for other in-person delivery method) and the date of delivery.

The UGLG must consult with the property owner to make the determination of whether any persons will qualify as "displaced tenants" who must be provided with relocation rights brochure and notices listed in Attachment 5-D and Attachment 5-F. Both the federal government and the state have developed brochures to be provided to potential sellers and tenants during the acquisition/relocation process. The UGLG is not required to provide the federal brochures but is required to provide the applicable Wisconsin state brochures. DEHCR recommends that the UGLG provide both the federal and state brochure publications that are applicable to the acquisition and/or relocation process.

## 5. Acquisition

### **Federal Acquisition Brochures**

Although multiple notices must be provided to comply with the URA, the URA does not specify that the federal brochures issued by HUD are required to be provided. However, the HUD brochures/booklets for acquisition and relocation are designed to include the information that is required to be provided in accordance with the URA for a UGLG agency and are recommended to be provided to the owner and tenants (if applicable) at the initial notice stage of the acquisition or relocation process. If the buyer is a UGLG with eminent domain authority, the following HUD acquisition booklet/brochure is **recommended** (in addition to the applicable HUD relocation brochures listed in *Relocation Planning/Process and Advisory Services* (Attachment 5-F)):

- *When a Public Agency Acquires Your Property*. This booklet/brochure informs a property owner of their rights under the URA.

The federal/[HUD acquisition and relocation booklets/brochures](#) are available in English and Spanish.

### **State Acquisition Brochures**

Regardless of the type of funds used (federal, state, local) at any stage of a publicly funded project, a displacing UGLG with eminent domain authority in Wisconsin is **required** to provide the applicable state acquisition brochure listed below (in addition to the applicable relocation brochures listed in the *Relocation Planning/Process and Advisory Services* (Attachment 5-F) in this chapter):

Transportation [Wis. Stat. Ch. 32.05(2)(a)] Projects:

- [The Rights of Landowners Under Eminent Domain Law – Procedures Under §. 32.05, Wisconsin Statutes brochure](#); or

Other than Transportation [Wis. Stat. Ch. 32.06(2a).] Projects:

- [The Rights of Landowners under Eminent Domain Law – Procedures under s. 32.06 Wisconsin Statutes brochure](#); or

## 6. Relocation

If a homeowner, residential tenant, business (including non-profit organizations and farms) or business tenant *will or potentially will* be displaced as a result of the acquisition or associated project, then the UGLG is **required** to provide the applicable **state** relocation brochure and it is **recommended** that the applicable **federal/HUD** relocation booklet/brochure also be provided at the same. The applicable relocation brochures must be provided to the affected persons prior to the initiation of negotiations for the acquisition.

- Refer to *Relocation Planning/Process and Advisory Services* (Attachment 5-F) in this chapter for guidance on the federal and state relocation brochures and notice requirements.

Refer to the *Voluntary Acquisition Process* (Attachment 5-A) and *Relocation Planning/Process and Advisory Services* (Attachment 5-F) for the brochure requirements for a buyer **without** the power of eminent domain.

## 7. Appraisals

### **Overview**

For involuntary acquisition, the real property to be acquired must be appraised by a licensed appraiser before the initiation of negotiations, unless it is determined that an appraisal is not required. Refer to the “*Exceptions to Appraisal Requirement*” further below in this section for the exceptions.

[The URA](#) defines an appraisal as: “A written statement independently and impartially prepared by a qualified appraiser setting forth an opinion of defined value of an adequately described property as of a specific date, supported by the presentation and analysis of relevant market information.”

The property owner, or the owner's designated representative, must be given an opportunity to accompany the appraiser during the appraiser's inspection of the property. The appraiser must make all reasonable attempts to contact the owner regarding the appraisal, including sending a certified letter if necessary. During the appraisal inspection, enough information must be recorded so that it can be later used to prepare a full before and after appraisal. It is very important to record real property and personal property at the time of the appraisal.

### **Appraisal Format**

Appraisers must adhere to URA appraisal requirements and be in compliance with other appraisal requirements, including the Uniform Standards of Professional Appraisal Practice (USPAP), to the extent appropriate. The USPAP contains a jurisdictional exception provision, which states that if any part of USPAP is contrary to the law or regulation of any jurisdiction, then the conflicting part **only** of the USPAP is void and of no force or effect in that jurisdiction.

### **Federal Appraisal Requirements**

The URA requires the following:

- An appraisal of real property before the initiation of negotiations;
- Determination of the just compensation amount for the acquisition before the initiation of negotiations;
- A valuation of uneconomic remnants;
- The opportunity for the owner or a designated representative to accompany the appraiser on property inspection;
- A valuation of tenant owned buildings, structures, or other improvements; and
- Record of real property and personal property.

Also refer to [Chapter 4: Property Valuation and Appraisals](#) of the [Tenant Assistance, Relocation and Real Property Acquisition Handbook \(1378.0\)](#).

### **Wisconsin Appraisal Requirements**

Wisconsin has specific appraisal requirements including the following:

- An appraisal of all property to be acquired;
- Discussion with one of the owners or their personal representative regarding the appraisal, if reasonably possible;
- Providing the owner with an appraisal;
- Offer to acquire uneconomic remnants concurrently with the required purchase;
- Compliance with the standards governing the determination of just compensation in Wis. Stat. Ch. 32.09; and
- State licensed or certified appraisers.

## **8. Appraisal Formats**

Various appraisal formats are required depending on the complexity and price of the acquisition. The UGLG should refer to the federal and state appraisal requirements and consult legal counsel as necessary to determine which appraisal format to utilize in the acquisition process.

### **URA Appraisal Report Requirements**

The URA appraisal report requirements include the following:

- An adequate description of the physical characteristics of the property being appraised;

- A statement of the known and observed encumbrances, if any, title information, location, zoning, present use and analysis of highest and best use, and at least a five-year sales history of the property;
- All relevant and reliable approaches to value consistent with state and federally assisted program appraisal practices;
- A description of comparable sales, including a description of all relevant physical, legal, and economic factors such as parties to the transaction, source and method of financing and verification by a party involved in the transaction;
- A statement of the value of the real property to be acquired and, for a partial acquisition, a statement of the value of the damages and benefits, if any, to the remaining property; and
- The effective date of valuation, date of appraisal and signed certification of appraisal.

## **9. Exceptions to Appraisal Requirement:**

An appraisal is not required for the acquisition of property under the URA in the following circumstances:

- The acquisition qualifies as voluntary acquisition; or
- The owner is donating the property and releases the UGLG/public agency from its obligation to appraise the property; or
- The UGLG/public agency determines that an appraisal is unnecessary because the valuation problem is uncomplicated and the anticipated value of the proposed acquisition is estimated at \$15,000 or less, based on a review of available data.\*

*\*The UGLG/public agency may request from DEHCR (which would proceed with a request to HUD) an exception to exceed the \$15,000 threshold, up to a maximum of \$35,000, if the UGLG/public agency acquiring the real property offers the property owner the option of having the UGLG/public agency appraise the property. If the property owner elects to have the UGLG/public agency appraise the property, and the exception regarding the \$15,000 threshold is approved by DEHCR and HUD, then the UGLG/public agency shall obtain an appraisal and not use procedures described in this chapter.*

When an appraisal is not required, the FMV must still be determined and the owner must be informed of the FMV (in the initial notice to the owner), but the UGLG/public agency may obtain a determination of the FMV from a person with knowledge of/expertise in the current local real estate market in lieu of obtaining an appraisal. The “assessed” value of property based on a tax assessment is not necessarily the FMV. The value must be based on current real estate market information. The source and method of the FMV determination records must be maintained in the project file.

### ***Donation of Property***

When property is donated, the UGLG/public agency must obtain from the property owner a signed statement in which the property owner acknowledges being informed of their rights under the URA and Wisconsin state law, receiving the applicable federal and/or state acquisition brochures (stating the brochures received), and waiving their rights to an appraisal and the current FMV of the property, without undue influence or coercion.

The *Waiver of Appraisal and FMV Template* (Attachment 5-N) may be used in preparing a waiver of appraisal.

### ***Waiver Valuation for Property Value of \$15,000 or Less***

When an appraisal is determined to be otherwise unnecessary, the UGLG/public agency must prepare a waiver valuation. The person performing the waiver valuation must have sufficient understanding and expertise in the local current real estate market to be qualified to make the waiver valuation.

The *Waiver Valuation Template* (Attachment 5-M) may be used in preparing a waiver valuation.

## **10. Appraisal Review**

The purpose of the appraisal review process is to ensure that the factual data, assumptions and techniques within each appraisal are reasonable and sufficient to support the appraiser's conclusion as well as verify that the appraisal meets all applicable state and federal requirements. After review, the review appraiser must designate each appraisal report as:

- Recommended;
- Accepted; or
- Not Accepted.

If the review appraiser is unable to recommend (or approve) an appraisal as an adequate basis for the just compensation offer, there are several ways to alleviate the review appraiser's concern and ultimately gain approval. Once the appraisal is approved, the review appraiser must recommend the just compensation amount.

## **11. Property Owner Appraisals**

Owners must be informed of their right to obtain their own appraisal by a qualified appraiser. This appraisal may be reimbursed if the appraisal report is delivered to the UGLG within 60 days from receipt of the UGLG's appraisal. The condemning UGLG and the review appraiser must consider this appraisal when determining just compensation. The owner's appraisal must meet these three criteria before being reimbursed for the cost of the appraisal:

- All appraisal requirements are met;
- Analysis and presentation are documented with logical and reasonable conclusions of value; and
- Fees are reasonable and charges are typical for the type of appraisal.

## **12. Relocation Plan & Processes**

For involuntary acquisition, owner-occupants and tenant-occupants who will or potentially will be displaced as a result of the acquisition or the associated project may be entitled to relocation assistance and must be so informed. The relocation processes may fall earlier in the acquisition process. The UGLG is to proceed with the Relocation Plan and relocation processes as soon as it is known that the owner and/or tenants (or their possessions) are on the property to be acquired and the owner and/or tenants will or potentially will experience displacement as a result of the acquisition or project.

In accordance with state law, if the involuntary acquisition or associated project will result in the displacement of owners and/or tenants, the UGLG/buyer must file a Relocation Plan and receive approval in writing from DOA Division of Legal Services **before proceeding with the initiation of negotiations**. The UGLG/buyer must also complete the required relocation processes for owner-occupants and tenant-occupants who will or potentially will be displaced. Refer to Attachment 5-F through Attachment 5-J in this chapter for guidance on the Relocation Plan and relocation processes and requirements.

## **13. Just Compensation and Offering Price**

Before the initiation of negotiations, the UGLG must establish an amount which it believes is just compensation for the real property. The amount must not be less than the approved appraisal\* of the current FMV of the property. This will be the (initial) offering price.

*\*Exception: Refer to #4 under "Exceptions to Appraisal Requirement" above.*

## **14. Notice of Intent to Acquire (if Relocation is required)**

If relocation is required, a Notice of Intent to Acquire must be issued to trigger relocation eligibility. Refer to Attachment 5-F through 5-J for guidance on actions required for relocation rights/assistance for persons who will be displaced as a result of the acquisition or associated project. This notice may be combined with the initial informational notice or other notices associated with relocation.

## **15. Negotiations**

A written offer to purchase generally serves as the initiation of negotiations. However, the date of a verbal monetary offer to purchase authorized by the acquiring UGLG must be considered as initiation of negotiations to establish eligibility for a relocation benefit.

The URA requires that a written offer establishing just compensation is provided prior to initiation of negotiations. This may seem to contradict the requirements of the state law. However, a written offer of just compensation differs from the jurisdictional offer. The UGLG must provide the written offer of just compensation, along with the summary statement, prior to beginning negotiations. The written offer of just compensation must clearly state that it is not a jurisdictional offer to purchase. The jurisdictional offer to purchase must be provided if negotiations fail and the condemnation process must begin.

Negotiations are part of the eminent domain process outlined in Wis. Stats. Ch. 32.05(2a) and 32.06(2a). Negotiations must be attempted prior to the public acquisition of private property by exercise of eminent domain. When the condemnor enters negotiations, the condemnor is establishing a jurisdictional step necessary to the acquisition of the property by eminent domain providing an agreed price cannot be achieved. If negotiations are successful, displaced persons are still eligible for relocation payments. If the negotiations are not successful, then a jurisdictional offer is made.

## **16. Determine Final Offer**

Generally, no more than the current FMV should be offered when using CDBG funds. Paying above the current FMV requires documenting sufficient justification for how it is in the best interest of the public and a responsible use of public funds. In all cases, the purchase price cannot exceed 20% of the current FMV when using CDBG funds. Any value above this threshold must be paid by the UGLG. Regulatory provisions allow for a request for an exception when a higher amount is justified as necessary and in the public interest. For an exception to be considered, the UGLG must submit to DEHCR, prior to payment to the owner, a formal request for an exception with sufficient justification for the necessity of a higher settlement amount. The request must be on municipal letterhead and signed by the chief elected official. The request must be approved by DEHCR prior to the UGLG proceeding with offering a just compensation amount above the threshold.

## **17. Official Determination/Approval To Acquire**

The UGLG must make an official determination to acquire the property and approve the just compensation/jurisdictional offer. Record of the UGLG's actions must be in the acquisition file for the CDBG project.

## **18. Written Offer of Just Compensation/Jurisdictional Offer to Purchase**

The federal written offer of just compensation and the state jurisdictional offer to purchase, including when each should be provided, are discussed above under #9 (Negotiations) above. Greater detail on what these offers must include is provided in the paragraphs that follow.

### ***Federal***

Under the URA, the UGLG must make a written offer to the owner to acquire the property for the full amount believed to be just compensation. The owner must be given a written statement of the basis for the offer of just compensation called the summary statement. The summary statement must include:

- A statement of the amount offered as just compensation;
- A description and location identification of the real property and the interest in the real property to be acquired; and
- The identification of the buildings, structures and other improvements that are included as part of the offer of just compensation.

The UGLG must make all reasonable efforts to contact the owner or the owner's representative and discuss its offer to purchase the property and explain its acquisition policies and procedures, including its payment of incidental expenses. The owner must be given reasonable opportunity to consider the

offer and present material which the owner believes is relevant to determining the value of the property. If the acquisition of only a portion of a property would leave the owner with an uneconomic remnant, the UGLG must offer to acquire the uneconomic remnant along with the portion of the property needed for the project.

### **State**

The written offer at the state level is called the *Jurisdictional Offer to Purchase*. The condemner must send to the owner, or one of the owners of record, and to the mortgagee, or one of the mortgagees of each mortgage of record, a notice:

- Briefly stating the nature of the project, with reference to the relocation order if required, and that the condemner in good faith intends to use the property sought to be condemned for such public purpose;
- Describing the property and the interest therein sought to be taken;
- Stating the proposed date of occupancy regardless of the date of taking;
- Stating the amount of compensation offered;
- Stating that the appraisal or one of the appraisals of the property on which condemner's offer is based is available for inspection at a specified place by persons having an interest in the lands sought to be acquired;
- Stating that the owner has 20 days from date of completion of service upon the owner of the offer in which to accept or reject the offer;
- Stating that if the owner has not accepted such offer the owner has 40 days from the date of completion of service upon the owner of the offer to commence a court action to contest the right of condemnation -- provided that the acceptance and retention of any compensation resulting from an award made prior to the commencement of such an action must be an absolute bar to such action; and
- Stating that the owner will have two (2) years from the date of taking the property by award in which to appeal for greater compensation without prejudice to the right to use the compensation given by the award.

## **19. Administrative Settlement**

When negotiations result in a purchase price exceeding the UGLG's estimate of just compensation, it is called an administrative settlement. Administrative settlements may be approved if considered to be reasonable, prudent and in the best interest of the public. UGLG files must include proper documentation to justify and support the decision for an administrative settlement, which is subject to HUD review.

Refer to #9 above regarding limitations for paying above the FMV when using CDBG funds for the acquisition.

## **20. Condemnation Proceedings**

If negotiations fail, the UGLG/public agency may consider acquiring the property through eminent domain, pursuing legal action through the court system using condemnation proceedings to take title of the owner's property. Consult legal counsel for this process. CDBG regulations restrict grantees from taking property for a CDBG funded project using its eminent domain authority, except for the acquisition of property for public use. Contact DEHCR immediately if the UGLG seeks to pursue condemnation proceedings.

## **21. Purchase Agreement and Title Transfer**

Upon finalizing negotiations and settlement, if required, a written agreement for the purchase of property with the purchase terms and amount must be executed, signed by the seller and buyer. The purchase agreement must be in writing and include details of the property and purchase amount. Provide a copy of the executed purchase agreement to the seller. The signed purchase agreement and records of the

financial transaction and title transfer must be maintained in the acquisition file for the CDBG project. *[Note: If the acquisition is to be paid/reimbursed with any CDBG funds, the Grant Agreement must be fully executed, and the Environmental Review must be certified by DEHCR prior to the acquisition purchase being completed/closed. Construction cannot begin on any property until the acquisition is complete (purchase completed and title transferred).]*

## **22. Acquisition Financial Records to DEHCR**

### **Using CDBG Funds for Acquisition Costs**

If the UGLG seeks to draw down CDBG funds ‘up front’ to cover all or a portion of the acquisition transaction cost, then submit the FMV determination record and unexecuted purchase agreement (as the ‘invoice’) to DEHCR with a CDBG Payment Request. The offer of just compensation or administrative settlement agreement if applicable, purchase agreement, title transfer record, and record of payment to the owner must be submitted on the next CDBG Payment Request that follows the completion of the acquisition.

If the UGLG seeks to draw down CDBG funds as ‘reimbursement’ to cover all or a portion of the acquisition transaction cost after the acquisition has occurred, submit the FMV determination record, offer of just compensation or administrative settlement agreement if applicable, executed purchase agreement (as the ‘invoice’), record of payment to the owner, and title transfer record to DEHCR with a CDBG payment request.

Acquisition costs are to be recorded on the CDBG Disbursements Journal if CDBG funds are used to cover all or a portion of the acquisition costs, and/or recorded on the Matching Funds Journal if non-CDBG funds (i.e., matching funds) are used to cover all or a portion of the acquisition costs.

IMPORTANT NOTE: Professional services for acquisition processes and activities provided by a third-party (versus the UGLG’s/buyer’s own employees) must be competitively procured, meeting the procurement requirements in Chapter 3: *Procurement and Contracting* of the [CDBG Implementation Handbook](#), to be eligible to be paid using CDBG funds.

### **Using Only Match/Non-CDBG Funds for Acquisition Costs**

If the UGLG is not using CDBG funds for the acquisition and the acquisition occurs after the CDBG Award, then the UGLG must still submit the records of the acquisition transaction and record the costs on the Matching Funds Journal. Submit the FMV determination record, executed purchase agreement (as the ‘invoice’), record of payment to the owner, and title transfer record to DEHCR with a CDBG payment request.

If the UGLG is not using CDBG funds for the acquisition and the acquisition occurs prior to the CDBG Award, then the UGLG is to maintain the records of the acquisition transaction in the project file and provide them to DEHCR (and other regulating entities) only upon request. Do not record pre-Award acquisition costs on the CDBG Disbursements Journal or the Matching Funds Journal.

## **23. Records of Notices**

Refer to the “General Standards for All Notices” section on within this chapter regarding specifications for notices and record keeping requirements. Note that in addition to all correspondence and records of communication with owners and tenants (and/or their designated authorized representative), the case file must include the records of the method of delivery of the required acquisition and/or relocation notices [which must be via official certified or registered First Class mail, return receipt requested, or personal delivery, *unless* they voluntarily agree to receive notices electronically] to owners and tenants (and/or their designated authorized representative), as applicable; the date of delivery; and signed confirmation of receipt (e.g., signed official mail returned receipt or signed statements of acknowledgement of receipt from the owners/tenants that specify the type/nature/titles of the documents received and date of receipt; or the electronic tracking information documents and electronic signature that are date- and time-

stamped for electronic delivery). If additional optional notices are provided using other methods of delivery, the copies of the notices, methods of notices (e.g., newspaper or other publication, online/website publication, postings at central locations within the community, etc.) and the dates of the notices must also be in the case file. These additional methods of notices are allowed as supplemental optional efforts but **cannot** be *in lieu* of the required personal delivery or certified/registered mail delivery, or electronic delivery if voluntarily agreed upon by the intended recipient.

#### **24. Recordkeeping in Project File**

All documentation for the acquisition process must be maintained in the CDBG project acquisition file. A separate file for each property acquisition and each relocation case must be maintained. Refer to *Chapter ADM 92.20 Acquisition/Relocation File (Attachment 5-J)* and *Acquisition/Relocation Monitoring Checklist (Attachment 5-K)* for further details on the documentation required to be maintained.