

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) HOUSING PROGRAM MANUAL

**Regions, Revolving Loan Fund (RLF),
Emergency Assistance Program (EAP)**

**WISCONSIN DEPARTMENT OF ADMINISTRATION
DIVISION OF ENERGY, HOUSING AND COMMUNITY RESOURCES (DEHCR)**



**Bureau of Community Development
101 East Wilson Street, 9th Floor
Madison, WI 53703**

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A. INTRODUCTION

OVERVIEW

The Wisconsin Department of Administration (DOA), Division of Energy, Housing and Community Resources (DEHCR), administers the federally funded Community Development Block Grant (CDBG) Housing Program. The State is responsible for distribution of funds to Wisconsin Units of General Local Government (UGLG) located in non-entitlement areas (communities who receive an allocation of CDBG funds directly from the United States Department of Housing and Urban Development (HUD)). Throughout this manual, all entities that receive funds from the state program are referred to as **Grantees**.

In 2012 the State of Wisconsin began to use a regional approach to allocate CDBG housing funds (see map on page 10). The state is divided into seven regions; each region includes 9-12 counties. Each Region has a lead county as the Grantee, and the Grantee has appointed or hired a Regional Administrator. Other UGLGs have funds remaining from the prior allocation system when funds were allocated directly to UGLGs. These are generally referred to as revolving loan fund (RLF) programs. **The policies and procedures in this manual apply to all Grantees**. Where differences exist, they are noted in the manual. For example, there are two chapters on Financial Management, one referring to those UGLGs with active grants and one for RLFs. In addition, a chapter on the Emergency Assistance Program (EAP) is also included.

CDBG PROGRAM OBJECTIVES

All CDBG funds must be used to meet one or more national objectives (low-moderate income, slum and blight, and/or urgent need) established by the federal government. DEHCR is responsible for the allocation of funds to local governments for programs to achieve these objectives.

The housing program is used to benefit low and moderate-income households by:

Expansion of affordable housing stock for low- and moderate- income (LMI) persons;

Elimination of housing conditions detrimental to public health, safety and welfare;

Conservation of the existing housing stock;

Provision of an opportunity for LMI renters to become homeowners;

Recover from natural or man-made disasters (see EAP Chapter M);

The State provides funds for the following:

No-interest, deferred payment home repair loans for LMI owner-occupants (owner-occupied housing rehabilitation loans);

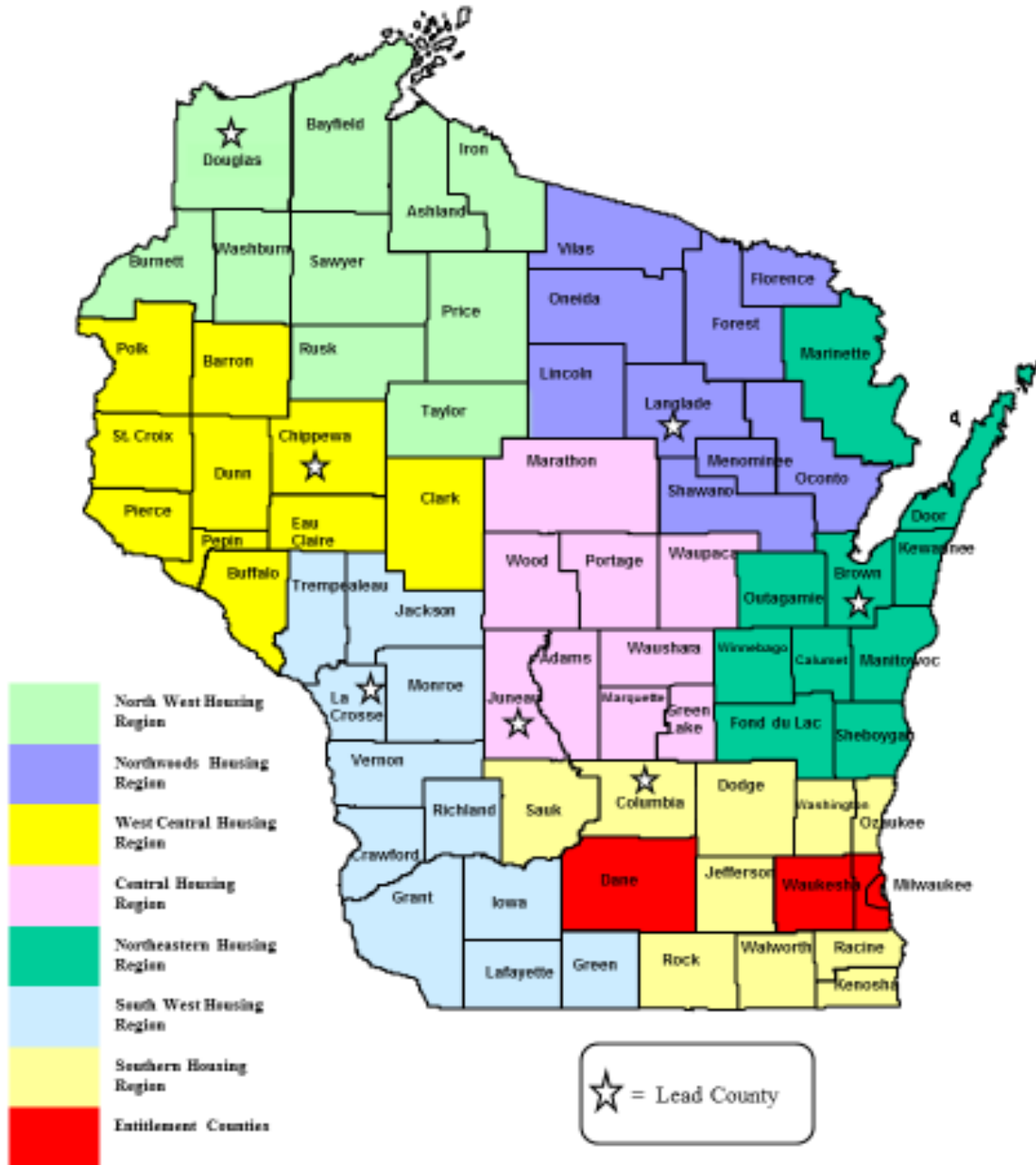
0% installment loans for repairing units rented to LMI tenants (rental rehabilitation loans);

0% installment loans for creating new LMI rental units by converting vacant properties into rental units and/or converting large single- family homes to duplexes (rental development loans);

No-interest deferred loans for down payment and closing costs to eligible LMI households (down payment loans);

Grants to communities recovering from natural or man-made disasters (See EAP Chapter M);

CDBG HOUSING REGIONS



Updated: 4/24/2017

CDBG HOUSING ADMINISTRATORS

North West Region

Sheldon Johnson
Northwest Regional Planning
Commission
1400 S. River Street
Spooner, WI 54801
Phone: 715-635-2197
E-mail: sjohnson@nwrpc.com

Northwoods Region

Barbara J. Gabrielson, Owner
BG & Associates
313 Prospect Street
Bear Creek, WI 54922
Phone: 715-752-4620
Fax: 715-752-4595
E-mail: barb.gabrielson@gmail.com

West Central Region

Jessica Oleson-Bue, Executive Director
Chippewa County Housing Authority
711 N. Bridge Street, Room 14
Chippewa Falls, WI 54729
Phone: 715-726-7933
Fax: 715-726-7936
E-mail: jolesonbue@co.chippewa.wi.us

Central Region

Julia A. Oleson, Executive Director
Juneau County Housing Authority
717 E. State Street
Mauston, WI 53948
Phone: 608-847-7309
Fax: 608-847-2278
E-mail: juncoha@frontier.com

Northeastern Region

Todd D. Mead
Brown County Planning Department
305 E. Walnut Street
Green Bay, WI 54305
Phone: 920-448-6480
Fax: 920-448-4487
E-mail: Mead_TD@co.brown.wi.us

South West Region

Sara Berger
Couleecap Inc.
700 North 3rd St., Suite 202B
LaCrosse, WI 54601
Phone: 608-796-2915
Fax: 608-782-4822
E-mail: Sara.Berger@Couleecap.org

Southern Region

Kari Justmann
MSA Professional Services
201 Corporate Drive
Beaver Dam, WI 53916
Phone: 1-800-552-6330
E-mail: Kjustmann@msa-ps.com

CDBG HOUSING MANUAL

This manual establishes the State of Wisconsin requirements for operation of the Wisconsin CDBG Housing Program including Regions, Revolving Loan Fund (RLF), and the Emergency Assistance Program (EAP). These policies and procedures use federal requirements as the basis for program operation.

This manual is a guide and may be modified when there are changes in federal regulations, state requirements, or new interpretations of existing federal requirements. This MAY result in the need to make changes in established local policies and procedures. In the event that changes are made to the manual, DEHCR will issue special notices and/or schedule training. The Grantee is responsible for implementing changes made in their program operation. In the event of conflict between the language specified in a grantee's contract and this handbook or other supporting documents, the provisions in the contract shall take precedence.

GRANTEE RESPONSIBILITIES

Policies and Procedures

Grantees are responsible for implementing the policies and procedures described in this manual.

Written policies and procedures MUST be in place for:

1. Program Operation—Overall policies and procedures must be developed that specify how Grantees will operate programs at the local level. Policies and procedures must clearly specify application and selection procedures, methods for identifying contractors, work to be completed, and procedures used for loans made with program funds;
2. Financial Management—Policies related to management of funds;
3. Monitoring Policies—If the Grantee procures for and uses any other entity (administrator) for the operation of the programs on their behalf, the Grantee is responsible for monitoring these entities;
4. Housing Committee —The Grantee is responsible for establishing a housing committee that represents the service area.

Grantees must ensure the following specific areas are addressed in the written policies and procedures:

1. Conflict of Interest
2. Internal Controls
3. Procurement
4. Allowable Costs (indirect vs. direct)
5. Record Retention/Destruction
6. Monitoring
7. Payments (advance vs. reimbursement)
8. Program Guidelines and Procedures (homeowner rehabilitation, home buyer assistance, etc.)
9. Complaint and Appeal Process

Staff Requirements

A single staff person must be designated by the Grantee to serve as the Grantee Program Manager. This person will serve as the primary contact for the staff administering the program for DEHCR. The Program Manager will oversee program compliance at the local level. If there is a change in the Grantee Program Manager, DEHCR staff must be informed.

In staffing the program, it is helpful to understand the specific skills that are required to administer a successful program. The Program Manager and program staff needs to include individuals who can work effectively with people from diverse backgrounds, process administrative work and manage contractors.

Each property must have a Housing Quality Standards (HQS) inspection. This inspector must possess experience and knowledge in the area of housing construction, local codes, inspection (building, electrical, and plumbing) and cost estimating.

The minimum qualifications of the inspector should include:

1. Hands-on experience in construction;
2. Hands-on experience in writing work specifications for residential rehabilitation;
3. Knowledge of lead-based paint safe work practices and requirements;
4. Knowledge of environmental review requirements.

A housing inspector is responsible for determining what repairs the home needs and if those repairs qualify under the program guidelines. A good housing inspector is crucial to your rehabilitation program, and must be able to:

1. Perform all HQS property evaluations, including initial, interim and final;
2. Ensure that the Grantee is in compliance with CDBG rules and regulations related to the activities she/he executes. All rules must be followed at all times, including but not limited to lead-based paint, asbestos, equal opportunity, fair housing, procurement, etc.;
3. Provide clear work specifications to contractors as a means to reduce the likelihood of change orders;
4. Provide work specifications (write-ups) that will ensure all health and safety issues are addressed;
5. Balance the relationship between the local government, the homeowner and the contractor;
6. Ensure that the work is of good quality and in accordance with the specifications;
7. Ensure that disputes about the quality of work or unforeseen obstacles to project completion are resolved in a manner that is fair to all parties;
8. Evaluate the need for change orders to the work scope;
9. Other duties as agreed upon between inspector and Grantee.

Housing Committee

Grantees must establish a CDBG Housing Committee. This committee will be responsible for the following:

1. Oversight of CDBG program compliance;
2. Timeliness and expenditures;
3. Provide outreach material throughout the community or region, which will include information about the program as well as eligibility criteria;
4. Setting priorities on how funds will be distributed including funds for emergency projects;
5. Evaluate rent limits for rental projects;
6. Review potential conflict of interest loan application(s) and ensure compliance with Conflict of Interest policy.

It is NOT the committee's responsibility to approve individual loans. If a project is eligible based on the policies established in this manual, the project is generally approved.

B. APPLICATION

The Grantee must develop an application process that ensures that:

1. The program benefits low and moderate income (LMI) households;
2. Each applicant is treated equitably;
3. Information about the program is widely available to the population to be served, including non-English speaking applicants;
4. There is adequate opportunity for appeal of decisions related to eligibility and other program decisions;
5. No conflict of interest exists, and
6. Applicants are made aware of all relevant program requirements.

APPLICATION CONTENTS

The State has developed an Application Form. This application must be used and can be modified with local agency and contact information. Any additional modifications to this application need to be approved by DEHCR.

The application materials must include:

1. Income Checklist (list of all information necessary for income verification)
2. General Release of Information Form (signed by all household members over the age of 18)
3. Conflict of Interest
4. Lead-Based Paint Brochure and Receipt
5. A general description of the terms and conditions of the program and loan process
6. The application must be accompanied by an appropriate Overview and Process form. This form must be signed by the applicant and a copy must be kept in the project file.

APPLICATION DISTRIBUTION

Grantees should allow applications to be requested and received in hard copy or electronically. Grantees are encouraged to make the application available on their website. Grantees should also provide the option for an applicant to come to their office for purposes of obtaining an application and/or assistance in completion of an application.

INTAKE

After receipt of an application, Grantee staff should contact the applicant either in person, by phone, email, or by mail to request additional information, explain program requirements (including financial, insurance and procurement requirements), and describe the program process.

LOAN APPROVAL PRIORITIES

The Housing Committee must establish the priority in which applications will be considered. It may not be possible to fund all applications. After the loan approval criteria have been established, these criteria should be strictly enforced to ensure equitable treatment of applicants.¹

APPLICATION-APPROVAL OR DENIAL

An application is complete after all required information is submitted. The Grantee must clearly understand all eligibility and underwriting criteria to be able to approve and/or deny applications.

After application information is reviewed and compared to eligibility criteria, a decision will be made regarding eligibility. Once the decision has been made, a written Notice of Eligibility or Denial will be sent to the applicant. A denial notice **must** clearly state the reason for denial and provide the opportunity for appeal.

APPEAL

Applicants may appeal any decision within 30 days after receipt of a denial notice. Every effort will be made to review and respond in a timely manner. **All CDBG Housing appeals will follow this process.**

The appeal process is as follows:

1. If the applicant would like to appeal the Grantee's decision, the applicant must submit the appeal in writing to the CDBG Housing Committee. The CDBG Housing Committee will review the appeal and a written response will follow to the applicant.
2. If the applicant would like to appeal the CDBG Housing Committee's decision, the applicant may appeal to the Bureau Director of DEHCR. DEHCR will review the appeal and a written response will follow to the applicant. The determination made by DEHCR on the appeal is final.

CONFLICT OF INTEREST²

The application process should ensure that there is no conflict of interest related to loan selection and approval. Conflict of interest provisions apply to any **person who is an employee, agent, consultant, officer, or elected official or appointed official of the state, or of a unit of general local government, or of any designated public agencies, or sub-recipients.** The general rule is that no persons described above who exercise or have exercised any functions or responsibilities with respect to CDBG activities and who are in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a financial interest or benefit from the activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for

¹ No application should be approved, nor loans made, which are in conflict with Chapter 946.13, Wisconsin Statutes. Private interest in public contract prohibited.

² The Conflict of Interest is defined in 24 CFR 570.489(h) and ss. 946.13, Wis. Stats and ss. 19.59, Wis. Stats.

themselves or those with whom they have family or business ties during their tenure or for one year thereafter.

For purposes of the CDBG Housing program “family” means:

1. Spouse
2. Fiancée/Fiancé
3. Children and Stepchildren
4. Brothers and Brothers-in-Law
5. Sisters and Sisters-in-Law
6. Parents and Parents-in-Law

Anyone who receives more than 50% of their support from the person (e.g., adopted child, foster child) is also ineligible.

CONFLICT OF INTEREST WAIVER OR EXCEPTION PROCESS

A waiver or exception from the Potential Conflict of Interest may be requested from DEHCR. Prior to submitting the request, public disclosure of the potential conflict must be made. An opinion must be obtained from the Grantee’s attorney stating that the interest for which the exemption or waiver is sought, would not violate state or local law.

Use the following steps to determine a potential conflict of interest:

1. Identify “covered persons” for your CDBG program;
2. Inform applicants with potential conflict of interest that their name will be disclosed at the local Housing Committee meeting or municipal council meeting;
3. The covered person(s) should not attend this meeting;
4. After loans have been presented (if applicable), disclose the names and the nature of the conflicts of interest (type of family or business tie) for applicable approved loans. DO NOT disclose loan number or proposed work;
5. Ask all in attendance at the loan approval meeting if there are any objections to awarding the loans in question. Document any objections in the meeting minutes;

Following the municipal or Housing Committee meeting the following process must occur.

1. Summarize the review of the potential conflict of interest, including all actions taken for the review [e.g., reviewed by Grantee employees involved with the program, reviewed by City Council and disclosed/reviewed at public meeting; review by legal counsel, etc.];
2. Inform DEHCR of the determination made and the basis for the determination - state all factors, such as:
 - a. basis of loan qualification/approval being the same objective criteria for all applicants (include list of the objective criteria, including applicants needing to be LMI status to qualify, etc.); noting the person being a municipal employee or having relationships with other municipal employees or elected officials has no bearing on the loan decision;

- b. the employee having no power, role or involvement in the decision-making process for the loan decision/award;
 - c. any actions that were/will be taken by the Grantee to remove any potential conflict of interest, such as reassigning/designating the employee's responsibilities for loan management (for the employee's loan, if approved); and
 - d. any other relevant considerations.
3. Request on Grantee's letter head DEHCR review the Grantee's potential conflict of interest review process and determination and provide a decision of whether DEHCR concurs with the Grantee's determination and the Grantee may proceed with the loan award/issuance to the individual.

DOCUMENTS THAT MUST ACCOMPANY THE GRANTEE LETTER FOR DEHCR'S REVIEW:

In addition to the Grantee's letter with the information listed above, DEHCR must also receive the documentation listed below for our review of the potential conflict of interest review process and determination:

1. A signed disclosure form from the loan applicant, disclosing the position and relationship to any persons involved with the decision making and management of the loan (these should be listed on the disclosure form).
2. Council meeting agenda and minutes for the meeting in which the potential conflict of interest was reviewed;
3. Proof of public disclosure, in both a public meeting and elsewhere outside the public meeting (for those that could not/did not attend the meeting), such as a list of public locations and dates of posting the council meeting agenda and minutes for the meeting in which the potential conflict of interest was disclosed and discussed. The Clerk must sign the list to certify the agenda and minutes were posted in the locations and on the dates specified. Note: The Grantee must show efforts of relaying the proceedings to residents, including those that did not attend the council meeting. Postings of the agenda and minutes would meet this requirement.
4. The letter from the legal counsel/attorney that verifies an exception would not violate local law.

DO NOT sign any loan closing documents until you have received approval from DEHCR. Any loan that is made where an appearance of conflict exists (and no exception has been approved) is subject to repayment.

Sample Application Language: Conflict of Interest

In order to assess whether there is an apparent conflict of interest, Grantee must gather this information at the point of application submittal. The following question must be included on the initial loan application form:

Do you have family or business ties to any of the following people? __yes __no

A list of covered persons (for example, Mayor, member of the Housing Committee, City Council member) must be included on the application form. The applicants must answer this question regardless of whether there is a relationship or not.

* The Grantee must work with their local attorney to identify the list of covered persons. Covered persons must be identified with their proper name(s).

C. DETERMINING INCOME

In order to receive CDBG assistance, households must have incomes at or below 80 percent of the median household income for the geographic area, adjusted for household size, and determined annually by HUD. The annual income definition found at 24 CFR Part 5 is used by a variety of Federal programs and must be used to determine eligibility for all Wisconsin CDBG Housing programs.

NOTE the Part 5 definition of income is used to determine eligibility; annual income is calculated by projecting a household's income and comparing this calculated amount to the HUD limits (by household size).

ANTICIPATING INCOME

For the purpose of determining eligibility, the Grantee must project a household's income in the future by evaluating current circumstances. The assumption is that today's circumstances will continue for the next 12 months unless there is verifiable evidence to the contrary. This method should be used even when it is not clear that the type of income received currently will continue in the coming year. For example, unemployment benefits must be included in income projections if the applicant is receiving unemployment and even if there is a chance a person may be employed in the future. The exception to this rule is when documentation is provided that current circumstances are about to change.

VERIFYING INCOME

The preferred method of determining income eligibility is by third-party verification. To conduct third-party verification, a Grantee must obtain a written release from the household member that authorizes the third party to release required information. Conversations with a third-party, such as an employer, may be acceptable if documented through notes in the file, including contact name, address, phone number, information conveyed, and date of a call.

NOTE: Income verification is valid for a twelve-month period (beginning with mailing of eligibility determination letter). If the project has not started (signed loan documents) within the twelve-month period, the household's income must be re-verified.

Another way to verify income is to collect source documentation. The source documents, such as wage statements, unemployment compensation statements, child support statements, Social Security and disability award letters, must be maintained in the file. Three (3) consecutive months of source documentation or (1) one current benefit award letter is an appropriate amount upon which to base a projection of income over the following 12-month period. Calculation of the annual income must include any expected cost of living increases (COLA's), bonuses, raises, and overtime pay. If it is determined that an applicant has earned overtime and will continue to earn overtime pay on a regular basis, the Grantee should calculate the average amount of overtime pay earned by the applicant.

For those whose annual employment is less stable or does not conform to a 12-month schedule, the Grantee should examine income documentation that covers the entire previous 12 months.

For those who are self-employed, three consecutive quarterly tax statements or three prior years of income taxes shall be averaged to project forward over the next 12 months.

Although it is not part of the income calculation, it is advisable to collect the prior year's taxes for all households to assure all sources of income are included in the income calculation.

INCOME CALCULATION

The CDBG program requires that income of all household members be included in the determination of income. The Part 5 definition of annual income provides specific guidance pertaining to whose income in a household must be included in that calculation.

Income Inclusions

1. The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips, bonuses, and other compensation for personal services.
2. The net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight-line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family.
3. Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation is permitted only as authorized in number 2 (above). Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of \$5,000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD.
4. The full amount of periodic amounts received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic amount (except as provided in number 14 of Income Exclusions).
5. Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation, and severance pay (except as provided in number 3 of Income Exclusions Section).
6. Welfare assistance payments made under the Temporary Assistance for Needy Families (TANF) program are included in annual income:
 - a. Qualify as assistance under the TANF program definition at 45 CFR 260.31; and
 - b. Are otherwise excluded from the calculation of annual income per 24 CFR 5.609(c);
 - c. *(If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income shall consist of):*
 - d. The amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus
 - e. The maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family's welfare assistance is reduced from the standard

of need by applying a percentage, the amount calculated per 24 CFR 5.609 shall be the amount resulting from one application of the percentage.

7. Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling.
8. All regular pay, special pay, and allowances of a member of the Armed Forces (except as provided in number 8 of Income Exclusions Section).

Income Exclusions

The following types of income are excluded:

1. Income from employment of children (including foster children) under the age of 18 years.
2. Payments received for the care of foster children or foster adults (usually persons with
3. disabilities, unrelated to the tenant family, who are unable to live alone).
4. Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains, and settlement for personal or property losses (except as provided in number 5 of Income Inclusions Section).
5. Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member.
6. Income of a live-in aide (as defined in 24 CFR 5.403).
7. Certain increases in income of a disabled member of qualified families residing in HOME assisted housing or receiving HOME Tenant Based Rental Assistance (24 CFR 5.671(a)).
8. The full amount of student financial assistance paid directly to the student or to the educational institution.
9. The special pay to a family member serving in the Armed Forces who is exposed to hostile fire.
 - (a) Amounts received under training programs funded by HUD.
 - (b) Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self- Sufficiency (PASS).
 - (c) Amounts received by a participant in other publicly assisted programs that are specifically for, or in reimbursement of, out-of-pocket expenses incurred (special equipment, clothing, transportation, childcare, etc.) and which are made solely to allow participation in a specific program.
 - (d) Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the PHA or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, resident initiatives coordination, and serving as a member of the PHA's governing board. No resident may receive more than one such stipend during the same period of time.

- (e) Incremental earnings and benefits resulting to any family member from participation in qualifying state or local employment training programs (including training not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives and are excluded only for the period during which the family member participates in the employment training program.
10. Temporary, nonrecurring, or sporadic income (including gifts).
 11. Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era.
 12. Earnings in excess of \$480 for each full-time student 18 years old or older (excluding the head of household or spouse). The first \$480 will be included in the income.
 13. Adoption assistance payments in excess of \$480 per adopted child.
 14. Deferred periodic amounts from supplemental security income and social security benefits that are received in a lump sum amount or in prospective monthly amounts.
 15. Amounts received by the family in the form of refunds or rebates under state or local law for property taxes paid on the dwelling unit.
 16. Amounts paid by a state agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home.
 17. Amounts specifically excluded by any other Federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions set forth in 24 CFR 5.609(c) apply. A notice will be published in the Federal Register and distributed to housing owners identifying the benefits that qualify for this exclusion.

Updates will be published and distributed when necessary. The following is a list of income sources that qualify for that exclusion:

- The value of the allotment provided to an eligible household under the Food Stamp Act of 1977.
- Payments to volunteers under the Domestic Volunteer Service Act of 1973 (employment through AmeriCorps, VISTA, Retired Senior Volunteer Program, Foster Grandparents Program, youthful offender incarceration alternatives, senior companions).
- Payments received under the Alaskan Native Claims Settlement Act.
- Income derived from the disposition of funds to the Grand River Band of Ottawa Indians.
- Income derived from certain sub-marginal land of the United States that is held in trust for certain Indian tribes.
- Payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program (this includes payments from DEHCR Public Benefits Fund)
- Payments received under the Maine Indian Claims Settlement Act of 1980 (25 U.S.C. 1721).
- The first \$2,000 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the U.S. Claims Court and the interests of individual Indians in trust or

restricted lands, including the first \$2,000 per year of income received by individual Indians from funds derived from interests held in such trust or restricted lands.

- Amounts of scholarships funded under Title IV of the Higher Education Act of 1965, including awards under the Federal work study program or under the Bureau of Indian Affairs student assistance programs.
- Payments received from programs funded under Title V of the Older Americans Act of 1985 (Green Thumb, Senior Aides, Older American Community Service Employment Program).
- Payments received on or after January 1, 1989, from the Agent Orange Settlement Fund or any other fund established pursuant to the settlement in the In Re Agent Orange product liability litigation, M.D.L. No. 381 (E.D.N.Y.).
- Earned income tax credit refund payments received on or after January 1, 1991, including advanced earned income credit payments.
- The value of any childcare provided or arranged (or any amount received as payment for such care or reimbursement for costs incurred for such care) under the Child Care and Development Block Grant Act of 1990.
- Payments received under programs funded in whole or in part under the Job Training Partnership Act (employment and training programs for Native Americans and migrant and seasonal farm workers, Job Corps, veteran's employment programs, state job training programs and career intern programs, AmeriCorps).
- Payments by the Indian Claims Commission to the Confederated Tribes and Bands of Yakima Indian Nation or the Apache Tribe of Mescalero Reservation.
- Allowances, earnings, and payments to AmeriCorps participants under the National and Community Service Act of 1990.
- Any allowance paid under the provisions of 38 U.S.C. 1805 to a child suffering from spina bifida who is the child of a Vietnam veteran.
- Any amount of crime victim compensation (under the Victims of Crime Act) received through crime victim assistance (or payment or reimbursement of the cost of such assistance) as determined under the Victims of Crime Act because of the commission of a crime against the applicant under the Victims of Crime Act, and;
- Allowances, earnings, and payments to individuals participating in programs under the Workforce Investment Act of 1998.

ASSET CALCULATIONS

An asset is a cash or non-cash item that can be converted to cash. The value of an asset is not included in annual income. Cash value assets have both a market value and a cash value. The market value of an asset is simply its dollar value on the open market. A property's market value is the amount it would sell for on the open market. This may be determined by comparing the property with similar, recently sold properties. An asset's cash value is the market value less reasonable expenses required to convert the asset to cash (such as settlement costs or penalties for withdrawal).

In order to calculate income from assets, a Grantee must recognize what to include in assets, how to compute the market and cash value of those assets, and how to determine the income from the asset to be included in annual income.

Assets – Inclusions

1. Cash held in savings accounts, checking accounts, safe deposit boxes, homes, etc. For savings accounts, use the current balance. For checking accounts, use the average 6-month balance. Assets held in foreign countries are considered assets.
2. Cash value of revocable trusts available to the applicant.
3. Equity in rental property or other capital investments. Equity is the estimated current market value of the asset less the unpaid balance on all loans secured by the asset and all reasonable costs (e.g., broker fees) that would be incurred in selling the asset. Equity in the family's primary residence is not considered in the calculation of assets for owner-occupied rehabilitation projects.
4. Cash value of stocks, bonds, Treasury bills, certificates of deposit, mutual funds, and money market accounts.
5. Individual retirement, 401(K), and Keogh accounts (even though withdrawal would result in a penalty);
6. Retirement and pension funds;
7. Cash value of life insurance policies available to the individual before death (e.g., surrender value of a whole life or universal life policy);
8. Personal property held as an investment such as gems, jewelry, coin collections, antique cars, etc.;
9. Lump sum or one-time receipts, such as inheritances, capital gains, lottery winnings, victim's restitution, insurance settlements and other amounts not intended as periodic payments.
10. Mortgages or deeds of trust held by an applicant.

Assets – Exclusions

1. Necessary personal property, except as noted in number 8 of Inclusions Section, such as clothing, furniture, cars, and vehicles specially equipped for persons with disabilities.
2. Interest in Indian trust lands.
3. Assets not effectively owned by the applicant. That is, when assets are held in an individual's name, but the assets and any income they earn accrue to the benefit of someone else who is not a member of the household and that other person is responsible for income taxes incurred on income generated by the asset.

4. Equity in cooperatives in which the family lives.
5. Assets not accessible to and that provide no income for the applicant.
6. Term life insurance policies (i.e., where there is no cash value).
7. Assets that are part of an active business. “Business” does not include rental of properties that are held as an investment and not a main occupation.

DETERMINING HOUSEHOLD SIZE

Household size must include all persons living in the home, including children and unrelated persons. A child must reside in the household at least 50% of the time to be counted as a household member. An unborn child is not counted. Live-in aides are not counted in the calculation of household size. If the household provides foster care to adults or children, they are NOT included in the calculation of household size. A temporarily absent household member must also be included when determining household size.

CERTIFICATION³

Income verification must be completed with certification that is signed and dated by the person evaluating and making household income determination. After calculating the annual household income, compare it to the annual income limits for household size for the county where the household will reside. The income limit for the county in which the applicant resides must be printed and attached to the income calculation worksheet and certification. Income limits are adjusted annually, current limits can be found at:

[Income Limits](#)

Once an income determination has been made, a letter must be sent to the applicant notifying them of income eligibility. If a project loan is not closed (signed loan or grant documents) within twelve months of the certification date, income must be recertified before project can be undertaken.

OTHER RESOURCES

Complete information on income calculation can be found in the “Technical Guide for Determining Income and Allowances for the HOME Program” which is published by HUD on the HUD Exchange website at:

<https://www.hudexchange.info/resource/786/technical-guide-for-determining-income-and-allowances-for-the-home-program/>

³ Note that there are some on-line income calculators that are available for use. If used, the Grantee is required to ensure that the calculation method and the income limits used are consistent with program requirements.

D. PROGRAM REQUIREMENTS

The priorities for the CDBG Housing Program are single-family rehabilitation, multi-family rehabilitation and homebuyer activities. Although there are other eligible CDBG uses, they are not discussed in this manual. The Grantee must review their Grant Agreement to determine eligible activities. If unforeseen circumstances occur, an amendment may be granted on a case-by-case basis. No project may be funded that is not consistent with the language in the original written contract, or amendment modifying the terms of the Grant Agreement without approval from DEHCR.

OWNER OCCUPIED REHABILITATION PROGRAM

The CDBG Housing rehabilitation program is designed to provide rehabilitation assistance for homes that are occupied by the owner of a property. Loans to owner-occupants are generally made to address health and safety issues, improve energy efficiency and to complete accessibility work that allows the homeowner to remain safely in their home.

A relatively new category of eligibility under rehabilitation is reconstruction. Reconstruction generally means demolishing and rebuilding a housing unit on the same lot in substantially the same manner. However, reconstruction may also include replacing an existing substandard unit with a new or standard manufactured housing unit. Deviations from the original design are allowed for reasons of safety or if otherwise impractical. The number of housing units may not increase or decrease as part of reconstruction but the number of rooms may decrease or increase. If a new foundation is necessary for reconstruction, it is generally limited to a slab only. All demolition costs associated with reconstruction are provided as a grant to the homeowner. Please contact DEHCR for guidance.

Properties should not be demolished or moved without all appropriate environmental approvals (including historical review).

General criteria must be used while designing underwriting criteria for owner-occupied rehabilitation loans which includes:

1. The property must be in need of rehabilitation work as determined by the Grantee, utilizing the Housing Quality Standards (HQS) Inspection form.
2. Eligible repairs are those necessary to correct health and safety issues, increase energy efficiency, replace non-cosmetic items that are beginning to deteriorate, and make handicap accessible repairs or adaptations per the HQS inspection form.
3. All work must be determined to be financially feasible, as determined by the property's estimated Fair Market Value upon completion.
4. The **Grantee** (not the administrator) must be added to the insurance policy as a mortgage holder at the time the mortgage is signed.
5. Properties scheduled for sale, acquisition, foreclosure, demolition or condemnation, are not eligible for rehabilitation.
6. Properties located in the floodplain are not eligible without initiating the 8-step environmental review process. If CDBG funds assist floodplain property, the owner will be required to purchase

flood insurance coverage for minimally one year, equal to or greater than the amount of the CDBG loan. If the owner cannot afford to purchase flood insurance, the cost of one year of flood insurance may be added to the CDBG loan.⁴

7. Properties that are being considered for reconstruction should compare the costs to demolish and rebuild the unit against the cost to demolish the unit and replace it with a manufactured unit. The needs of the family should also be taken into consideration when deciding which option is suitable.
8. **Project costs in excess of \$50,000 must be submitted to DEHCR for review and approval.**

GRANTS VERSUS LOANS

The CDBG Housing Program is a loan program. However, a grant to the recipient must be provided under the following circumstances:

1. If the presence of lead-based paint is documented through a risk assessment, a grant must be made for the cost of removal and replacement or repair of components.
2. All demolition costs associated with the reconstruction of a housing unit.

No lead-based paint rehabilitation costs may be granted, unless a risk assessment documenting the presence of lead-based paint is completed. All lead-based paint risk assessments and clearance tests must be provided as a grant to the homeowner.

Grants may also be provided under the following circumstances:

1. The environmental review standards may require higher quality materials (for example, if the home is a designated historical home and the cost of windows is higher because of replacement requirements i.e., wood windows versus vinyl). If there are unusually high and/or unanticipated costs related to these standards, the Grantee will pay the difference between the standard product and the higher cost product from project budget as a grant.
2. The funds are used for the rehabilitation of an LMI owner-occupied property AND no more than \$1,000 will be awarded to that property owner during a 12-month period. If additional funds are requested and approved within the 12-months of the grant approval, the entire amount will become a deferred payment, no-interest loan.

HOMEBUYER PROGRAM

The property to be purchased must be owner-occupied, occupied by the purchasing tenant, or vacant at the time of purchase. CDBG funds should be used for down payment and closing costs where the interest rate reflects local lending rates. CDBG housing funds may provide up to 50% of the required down payment costs, not to exceed ten percent (10%) of the purchase price of the home.

⁴ There may be additional requirements related to the construction work to be completed in order to flood proof the home.

All down payment assistance must be matched with a 1:1 ratio. The matching down payment may be from other grant or loan funds or the homebuyer's monetary contribution. Deferred payment loans offered by the grantee, another governmental agency, or a non-profit organization will also be considered match. The matching sources must be documented in the project file. Closing costs are not subject to the 1:1 ratio match.

Every homebuyer applicant must contribute at least \$1,000 of their own funds towards the purchase of the property. This amount may be applied towards down payment or eligible closing costs.

Eligible closing costs include:

1. Loan origination fees
2. Loan discount points
3. Appraisal costs
4. Credit report
5. Title search and preparation charges
6. Title insurance
7. Transfer fees
8. Recording costs
9. Surveyor charges
10. Private mortgage insurance premiums

Every homebuyer applicant must receive housing counseling, by a HUD Certified Housing Counselor **prior** to purchase, covering the following areas:

1. Homebuyer Education
2. Basics of the Home Purchase Process
3. Post-purchase Expectations

The grantee must maintain documentation within the project file that the applicant has received homebuyer counseling.

Loans should be structured to be affordable for LMI households. Homebuyer loans (rehabilitation and/or down payment and closing costs) are awarded **ONLY** to LMI individuals/families. Homebuyer loans may be awarded to LMI households currently owning a house only under exceptional situations. Grantee must receive written authorization from DEHCR before awarding homebuyer funds to a current LMI owner-occupant.

All homes purchased under the homebuyer program must meet Housing Quality Standards **at the time of purchase** or receive a rehabilitation loan that will bring it up to HQS within six months of purchase. If the home does not receive the required rehabilitation within six months, the homebuyer loan may be deemed ineligible and immediately due and payable. Homebuyers who are purchasing a home in need of repair must sign two mortgages with the CDBG program at closing. One mortgage will cover the assistance for down payment and closing costs, the additional mortgage will cover the cost to

rehabilitate the property after the homebuyer receives ownership of the property. **The program will not help purchase houses in need of major/substantial rehabilitation work.**

LOAN TERMS

When loans are made for owner occupied rehabilitation and/or homebuyer, the loan repayment will be deferred at no interest with no payment until ownership is transferred and/or the housing unit ceases to be the borrower's principal place of residence. A mortgage and mortgage note must be issued in the name of the Grantee against the property owner in the amount of the loan to ensure repayment of the loan.

When a deferred loan has reached 29 years, Grantees must re-record the mortgage to extend the effectiveness of the mortgage for an additional 30 years under Section 893.33 of the Wisconsin Statutes as long as the home remains the principle residence of the borrower (CDBG applicant).

RENTAL REHABILITATION PROGRAM

CDBG funds may be used to rehabilitate LMI occupied rental housing units. CDBG funds may also be used to rehabilitate vacant housing units that will be rented to LMI households within six months of project completion. If the rental unit is not occupied by an LMI tenant within six months of the completion of the rehabilitation project (documented by the final inspection), the loan will be deemed ineligible and immediately due and payable. CDBG funds may also be used to convert existing structures into affordable LMI rental housing units.

When rental rehabilitation loans are made, rents charged for those units after rehabilitation are limited to HUD designated rent limits for the geographic areas in which the unit is located or locally established affordable rents. Prior to initiation of a rental rehabilitation project (including vacant rehabilitation and conversion projects), the property owner must agree, in writing, to rent to LMI households and maintain affordable rents for the pre-determined timeframe. Rent limits must be kept current and provided to participating landlords as limits are amended. Affordable rents must be available to LMI tenants for a minimum of half the term of the mortgage but not less than five years.

A mortgage and mortgage note in the amount of the loan must be issued in the name of the Grantee against the owner of the property to ensure repayment of the loan. Rental rehabilitation loans are available as 0% installment loans. The repayment period must begin within 60 days of project completion and the terms should be negotiated with the property owner.

Rental projects may require additional funding sources, including commercial lending and/or other program(s) funds. If total project costs are in **excess of \$50,000**, information on the project must be **submitted to DEHCR for review and approval**.

Eligible properties are those where at least 51% of the units are occupied by LMI tenants. Duplexes are exempted from this provision. If one unit is vacant, the other one must be occupied by an LMI tenant. An increase in a current tenant's income to the point where it exceeds the current LMI income limits is NOT a reason for eviction; however, should the unit become vacant; it must be filled with an income qualified household.

These general criteria must be used while designing underwriting criteria for the CDBG rental rehabilitation loans:

1. The property must be in need of rehabilitation work determined by the Grantee utilizing the HQS Inspection form.

2. Eligible repairs are those necessary to correct health and safety issues, increase energy efficiency, replace non-cosmetic items that are beginning to deteriorate, and make handicap accessible repairs or adaptations per the HQS inspection form.
3. All work must be deemed financially feasible, as determined by the property's estimated FMV and 120% rule, upon completion of work.
4. Properties scheduled for sale, acquisition, foreclosure, demolition or condemnation, are not eligible for rehabilitation. Vacant properties may be rehabilitated; for example, conversion of space from single-family use or commercial use to LMI rental project. Please consult with DEHCR prior to rehabilitating vacant properties.
5. The property must be insured against loss by fire and other perils, in accordance with lending institution standards.
6. The Grantee (not the administrator) must be added to the insurance policy as a mortgage holder at the time the mortgage is signed.
7. Repayment of installment loans must begin within 60 days upon completion of the CDBG rehabilitation as determined by the final inspection and must be repaid in monthly installments.
8. Properties located in the floodplain are generally not eligible unless certain conditions are met. If CDBG funds assist floodplain property, the owner will be required to purchase flood insurance.
9. No tenants will be permanently displaced as a result of rehabilitation to a renter-occupied property.
10. All tenants will receive:
 - a. Lead-Based Paint Brochure
 - b. General Information Notice
 - c. Notice of Non-displacement
11. At a minimum, 51% of all tenants must be documented as LMI households. The Grantee must develop and implement an annual verification of LMI occupancy. The Grantee is required to keep this information with each rental project file. The annual verification documents:
 - a. The rents being charged are affordable and comply with the terms of the loan
 - b. The original tenant continues to reside in the unit or
 - c. The new tenant(s) met LMI income levels at the time of occupancy. The landlord will collect all required documents from potential occupants and the Grantee will determine income eligibility.
12. Labor standards apply to any building with eight or more units. Coverage is determined by the number of units in the building, not by the number to be rehabilitated.

ACQUISITION/DEMOLITION LOANS

Under unusual circumstances, the Grantee may choose to acquire dilapidated dwellings using CDBG funds. CDBG funds may be used to pay all displacement, relocation (see the Temporary Relocation Section) and demolition costs. The reuse of the land must meet a CDBG housing national objective. Properties must be acquired in accordance with all state and federal requirements: 24 CFR 42 and related portions of Wisconsin Statutes Chapter 32 (eminent domain). Copies of these regulations must be available for public review. The Grantee should contact the State Program Manager if considering

this activity to verify that all appropriate requirements are understood. Properties should not be demolished or moved without all appropriate environmental approvals (including historical review).

CONVERSION OF EXISTING STRUCTURES FOR HOUSING

A community may increase its supply of housing by converting buildings to housing units. Existing housing units may become more affordable when grantees acquire those units and sell or lease them at reduced prices. Grantees may use CDBG funds to finance conversions in the following ways:

1. **Renovation of Closed Buildings.** The costs of converting existing non-residential structures to residential use is eligible as a rehabilitation activity [24 CFR 570.202 (e)].
2. **Acquisition for Rehabilitation.** CDBG funds may be provided to private individuals, nonprofit organizations, and for-profit entities to acquire property for rehabilitation which is then used for residential housing. [24 CFR 570.202(b)(1)]
3. **Acquisition for Housing.** Grantees and nonprofits may acquire housing units and either lease or sell them for residential purposes [24 CFR 570.201(a) and (b)(1)]. Manufactured homes may also be acquired for this purpose. As a general rule, newly constructed housing units may be acquired if the units will otherwise be available for rental or sale on the open market and to the extent that the grantee, prior to completing the construction, had not planned to use CDBG to assist the activity [24 CFR 570.207(b)(3)].

Grantees interested in conversion should contact DEHCR for additional information.

TEMPORARY RELOCATION

If a Grantee engages in any activity that requires a tenant or homeowner to be temporarily relocated (meaning that they will be returning to the housing unit after work is completed or safety violations repaired) or permanently removed from a property, CDBG funds **may** be used to pay relocation expenses. Grantees must develop a relocation plan.

For example, under some circumstances, it may be necessary to temporarily relocate homeowners or tenants when lead paint rehabilitation is being completed, or when a home has safety issues such as no heat. In this case, a hotel room or short-term rental should be provided during the duration the home is not safe for habitation. Prior to the relocation, the Grantee will provide a letter to the household specifying eligible costs such as:

1. **Meals** – The Grantee will use the state rate for meal allowances if displaced at a hotel without a kitchen facility (breakfast is not covered if the hotel offers). Grantees are encouraged to use rooms with kitchenette facilities.
2. **Mileage** – Additional mileage required due to temporary displacement. For instance, additional mileage to and from work or school.
3. **Costs in lieu of hotel** - A daily stipend of \$20 a day may be offered as an alternative to hotel stay if the household stays with family or friends to cover such costs as additional electricity, water, and use of accommodations.

PERMANENT RELOCATION

Federal relocation requirements are specific about the types and amount of assistance that must be provided to someone displaced when federal funds are used to engage in housing activities. The Grantee must provide relocation benefits to anybody who is involuntarily displaced due to public

acquisition by an agency with the power of eminent domain (Grantee) or anybody else carrying out a public project with CDBG funds. If this is to occur, a relocation plan must be submitted to DEHCR for approval. In most situations, compliance with State relocation regulations will satisfy federal relocation requirements since State benefits usually exceed federal benefits. The Grantee must establish and maintain a relocation file for each displaced household which will be monitored by DEHCR. Contact DEHCR if you have questions regarding relocation applicability and more information will be provided.

SUBORDINATION

The household may request the Grantee to subordinate the mortgage held by the CDBG program to refinance. Grantees should develop a subordination policy that will not jeopardize the Grantee's mortgage but will allow the homeowner to refinance when warranted.

DEHCR recommends that the Grantee subordinate in the following cases:

1. The monthly housing costs will be reduced;
2. To obtain a lower interest rate;
3. To prevent a foreclosure action;
4. To finance additional rehabilitation on the primary residence;
5. Other exceptions may be made on a case-by-case basis with the permission of DEHCR.

DEHCR does not allow **any** "cash back" or "cash out" with subordinations. Exceptions may be requested under extenuating circumstances. Please contact DEHCR for guidance.

CONVERSION FROM HOMEOWNER TO RENTAL

The Grantee may allow a homeowner to convert their deferred payment loan to a 0% installment loan, provided they agree to rent to LMI tenants and to keep the rents affordable. Annual monitoring and documentation by the Grantee will be required to verify tenant LMI eligibility and ensure affordable rents.

EMERGENCY REHABILITATION PROGRAMS

CDBG funds may be used for emergency rehabilitation. An emergency is defined as a housing condition which represents an **imminent threat to health and safety**, for example, a furnace failure or septic system failure. The emergency must be documented in the file with a statement from a contractor or from the program building inspector detailing the emergency. The maximum limit on emergency project costs is \$15,000.00; however, Housing Committees may allow exceptions.

All CDBG requirements apply to the emergency rehabilitation program except:

1. Homeowners will not be required to have an HQS inspection performed on their property. The homeowner has the **option** of re-applying to the CDBG owner-occupied rehabilitation program at a later date to correct other deficiencies.
2. Homeowners will not be required to have equity in their property. In addition, liens, judgements, and unpaid taxes do not preclude a homeowner from receiving assistance as it relates to emergency situations.
3. Homeowners will not be required to obtain three bids.

The emergency loans must have the same terms as regular owner-occupied loans. Please note the emergency situations are not the same as urgent need (Emergency Assistance Program– EAP) grants. For more information refer to Chapter M.

LABOR STANDARDS

Federal labor standards (also known as "Davis-Bacon") may apply to your project. Coverage is determined by the number of units in the building, not by the number to be rehabilitated. In addition, mixed-use buildings may also be subject to this requirement. See the Common Questions Related to Labor Standards Section to determine if your project is subject to Labor Standards. If federal labor standards apply, then federal wage rates will have to be paid to employees.

Labor standards apply to all contracts for construction, alteration, or repair of a public building or public work financed in whole or in part from federal funds, except as noted below:

1. Residential rehabilitation in structures with fewer than eight units.
2. Contracts that are part of a project of less than \$2,000 value.

Common Questions Related to Labor Standards

Do Davis-Bacon wage rates ever apply to single-family home or duplex rehabilitation?

A: No.

Do Davis-Bacon wage rates ever apply to apartment rehabilitation?

A: Yes. They apply to rehabilitation and/or conversion work in mixed-use buildings and to rehabilitation work in apartment buildings that contain eight or more apartments. A mixed-use building is one that contains or will contain both residential and commercial or industrial uses after the rehabilitation/ conversion work is completed.

Is rehabilitation work in a mixed-use building ever exempt from Davis-Bacon wages?

A: Yes. If there are less than eight apartments in the building, and the rehabilitation work is confined to the interior of the apartment(s) or the areas common to the apartments only (e.g., residential hallways, stairways) Davis-Bacon wage rates will not apply. However, no work can be done on siding or utilities that serve the entire building in this case.

We have a ten-unit apartment building where the owner wants to do the rehabilitation work himself. Is this subject to Davis-Bacon?

A: Yes. Since there are more than seven apartments, Davis-Bacon regulations will apply. The owner must submit a payroll form showing how many hours a day, he works on the project, but need not show any wage information for himself. If he/she hires someone to help him for any of the work, that person must be paid Davis-Bacon wages. If he subcontracts any part of the work (e.g., plumbing or electrical) the contractor(s) must pay Davis-Bacon wages and file all the required reports.

Would the same rule apply to the owner of a mixed-use building working on his own apartments?

A: Yes.

We have an empty warehouse which the owner wants to convert to apartments. The building will be all residential when it is done. Will Davis-Bacon apply?

A: It depends on the number of apartments he/she will create. If there will be eight or more units, Davis-Bacon wages will apply. If there will be seven or less, they will not apply.

We have an eight-unit apartment, but only four units need rehabilitation. Will this be covered?

A: Yes. Coverage is determined by the number of units in the building, not by the number to be rehabilitated.

Is a single-family dwelling containing a home occupation a mixed-use building?

A: Yes. In practical terms, we do not consider it a mixed-use building unless there have been additions or permanent modifications to the building which make part of it useable only for the business purpose. A spare bedroom used as an office would not count; a beauty parlor added to the side of a home and useable only for that purpose would make the building a mixed-use building.

Our program includes purchasing vacant homes and duplexes and renovating them for resale. Will Davis-Bacon apply?

A: No, Davis-Bacon will not apply.

OTHER CONSIDERATIONS

There are a number of other factors to consider in the design and administration of the program, including:

1. Dwellings should not be rehabilitated if they are structurally unsound or if the combined total of all debt against the property (usually identified on the title report and with third-party verification) and the cost of rehabilitating the structure exceed 120% of the after-rehab FMV of the property.
2. For the purpose of the Program the term **“land sales contract”** refers to any transaction, regardless of the nomenclature, in which the purchaser obtains fee simple title to the property only by completing a series of installment payments over a period of years. In order for a purchaser under a land sales contract to be eligible for a housing rehabilitation loan, the following requirements must be met:
 - a. The contract must be a written, legally binding, properly recorded instrument relating to the property to be rehabilitated.
 - b. The seller of the property must hold fee simple title to the property and while the contract is in good standing, must be unable to use the property for collateral or to convey the property to any other party, unless such use for collateral or conveyance of fee simple title is subject to the contract.
 - c. Under the contract, the seller and any subsequent holder of the fee simple title to the property must be obligated, without qualification, to deliver to the purchaser fee simple

title and a deed to the property upon full payment of the contract price, or some lesser amount.

- d. Under the terms of the contract, the purchaser must have full use, possession and quiet enjoyment of the property; equitable title to the property; and full rights of redemption for a period of not less than 60 days.
 - e. The purchaser must be legally able to mortgage, pledge or assign equitable title to the property to the Grantee, as required by the loan security provisions as set forth in this handbook. If, under the terms of the contract, the purchaser may only make such mortgage, pledge or assignment with the seller's consent, the purchaser must obtain such consent from the seller in a written and recordable form.
 - f. The CDBG Mortgage and Note must be signed by both the land contract holder (current owner) and the purchaser. In the event purchaser defaults on the land sales contract and is removed from the property or the land sales contract is terminated, the CDBG Mortgage and Note are due and payable in full; the CDBG Mortgage and Note are not transferrable.
2. Persons occupying a dwelling unit under a **life estate agreement** are eligible for a CDBG rehabilitation loan under the following conditions.
- a. The person(s) occupying the dwelling to receive CDBG rehabilitation must be LMI.
 - b. The life estate agreement terms must be written, signed and recorded.
 - c. The owner(s) of the dwelling must agree, in writing, prior to the initiation of the rehabilitation, to repay the loan when the dwelling ceases to be the principal place of occupancy of the current occupant (life estate tenant).
 - d. The CDBG Mortgage and Note must specify that the mortgage is due in full when the life estate tenant no longer owns or occupies the property.
 - e. ALL parties of the life estate (occupants AND owners) must sign the mortgage and the note.
 - f. The CDBG loan is treated as an owner-occupied loan.

E. PROPERTY ELIGIBILITY AND PROGRAM REQUIREMENTS

This chapter provides general background on the property eligibility criteria, including eligible programs and eligible properties. While a range of programs is possible using CDBG funds, the Grantee may only operate the types of programs that have been included in the written contract agreement with the State. In the event of conflict between the language specified in the contract and this handbook or other supporting documents, the provisions in the contract shall take precedence. In general, to be eligible for a rehabilitation loan, a property must be located within the limits of the service area defined in the Grantee written contract agreement with the State.

MINIMUM GENERAL PROGRAM REQUIREMENTS

The following sections describe the minimum requirements a Grantee must use when designing a local CDBG Housing program. Written policies and procedures must be developed and approved by the local Housing Committee. In addition, the written Grant Agreement between the State and the Grantee must describe the general terms of the loans offered at the local level.

There are some general rules that apply across all CDBG Housing programs.

Loan Security

It is the Grantee's responsibility to ensure that CDBG housing loans are as secure as reasonably possible. At a minimum, this includes the following:

1. Document ownership of the property through, at a minimum, a letter report from an accredited title company.
2. Rehabilitation loans may not exceed 120% of after-rehabilitation equity in the property. All mortgages, liens or any other encumbrance of the property must be reviewed and considered to ensure that there is adequate equity in the property to cover the CDBG loan. A property may not be considered for rehabilitation if the mortgage(s), judgments, and liens, in addition to the rehabilitation cost exceed the property's equity (based on the 120% rule). If a homeowner feels the value of their property is understated, he or she may provide an appraisal or a market analysis of the property to be rehabbed, provided it is within six-months of the date of application.
3. Require the borrower to sign a mortgage and note for the amount of the loan. All loan documents must be signed and properly recorded prior to any construction work beginning on the property.
4. Record the mortgage immediately after the mortgage and contract documents have been signed and the three-day rescission waiting period has expired.
5. Any project amount that exceeds \$50,000 requires **written approval** from DEHCR Program Manager, prior to commencing the project. A detailed description of the project must be submitted to the Program Manager for consideration, including a description of the financial considerations (equity calculation), bid, photos, tests performed, HQS and work specifications necessary in order for DEHCR review to take place.
6. Property taxes **must be paid up to date** before any rehabilitation work can begin.

Environmental Review

An environmental review process completed for a property must be considered as part of the eligibility process. Each project file must contain a properly completed Statutory Checklist. If the age of the structure is not known, it must be assumed to be over 50 years old. Please refer to the link below to the Environmental Review Manual, which is also located on DOA website.

[Environmental Review](#)

Property Insurance

Contact the borrower's property insurance company to verify adequate insurance and that the Grantee is listed as a mortgage holder of the property (obtain Certificate of Insurance to document this). The property owner must have adequate insurance coverage to cover the proposed improvements after rehabilitation.

In order to facilitate a CDBG rehabilitation loan, CDBG funds may be used to purchase one-year of property insurance; CDBG funds that are given as a grant in their entirety are not eligible. The cost of the insurance will become part of the property owner's loan and is for one-time only and not on-going. CDBG funds may also be used to purchase one-year of floodplain insurance if required.

No CDBG funds may be used to pay for the cost of property taxes.

Mobile Homes

In order to be eligible for rehabilitation, the mobile home must be located on a permanent foundation and hooked up to public or private utilities. Funds may be used to rehabilitate a mobile home **ONLY** if the mobile home is taxed as real property.

Emergency Assistance Program (EAP) funds may be used to rehabilitate mobile home **only** if the repairs do not exceed the pre-disaster assessed value, and the damage to the mobile home is a result of a disaster. For more information for EAP mobile homes refer to Chapter M.

REQUIREMENTS FOR ALL TYPES OF LOANS:

- ✓ The applicant must be the property owner of record.
- ✓ Considering all mortgages, liens, and any other encumbrances on the property, the after-rehab loan to value ratio cannot exceed 120%.
- ✓ Homeowner must have adequate property insurance coverage.
- ✓ Homeowner must sign mortgage and note to secure loans.
- ✓ Environmental review must be completed for assisted property when required.
- ✓ Loans greater than \$50,000 require prior written approval from DOA/DEHCR staff.

F. INSPECTION AND BIDDING

In order to determine the scope of rehabilitation work, an initial inspection and evaluation of the property must be done utilizing the Housing Quality Standard (HQS) form and a final HQS inspection is completed after all the work is finished. In addition, inspections should be conducted as needed during the rehabilitation construction to make sure that all work is performed according to work specifications.

The quality and success of the housing program depends on the quality and experience of the people implementing the program and the capacity and ability of local contractors.

INITIAL INSPECTION

All rehabilitation programs must use the Section 8 Housing Quality Standard (HQS) form to document the initial inspection. An initial inspection of the property must be conducted to determine the type and cost of work necessary to address health and safety issues. The work that will be required to correct these issues is conveyed to the homeowner and bidding contractors in a written form. Eligible repairs are not limited to health and safety issues; refer to page 37, under “Eligible Activities” and “Ineligible Activities” for further detail. CDBG projects **ARE NOT** required to meet HQS. Work specifications along with the cost estimates must be documented in the project file prior to bidding.

The inspector should specify actions needed to remedy all deficiencies found during initial inspection utilizing the HQS inspection form. In addition, the following items (but not limited to), must also be included in the inspection and corrected.

1. Properly located and working smoke and carbon monoxide detectors;
2. Identification of all chipping and peeling paint in a pre-1978 property (regardless of children present);
3. Ground Fault Circuit Interrupters (GFCI) within six feet of a water source including by a washing machine;
4. Installation or repair on handrails for a section of four or more steps;

- ✓ Inspections should identify all health and safety issues.
- ✓ To ensure competitive bidding, project specifications must list the quality or grade and type of materials to be used for the project.
- ✓ Administrators may not specify brand names when preparing project specifications.

Once the work write-up has been prepared, the cost of the work must be estimated. The cost estimate is necessary to know whether or not the work can be done within the program requirements. The cost estimate serves as a basis for determining if the bid or bids for the rehabilitation work are reasonable.

The inspector preparing cost estimates should be familiar with rates for materials and labor in the area and be able to accurately estimate the time required to complete each task. Good, reliable cost estimates are critical. This practice may protect the Grantee from contractors underbidding only to add charges after award.

Lead hazard reduction costs must be clearly identified as a part of the total rehabilitation costs and must be documented in the project file.

Adjustments should be made to the work write-up prior to requesting bids. This includes the possible necessity of reducing the work to address health and safety issues only if the property's equity does not allow for all rehabilitation.

All contractors bidding on rehabilitation projects should be provided with general specifications for acceptable materials and work standards.

The Grant Administrator must obtain approval (signature) of the final work specifications and estimates from the homeowner ***before*** the bidding process begins.

INTERIM AND FINAL INSPECTIONS

A thorough inspection of the work must be completed prior to authorizing the payment of funds for the rehabilitation work.

The Grantee is responsible to determine the number of payments per project. Each payment request must be accompanied with a copy of interim/final evaluation report. The report must list items installed and due for payment. **The initial and final inspection reports must include a line specifically noting the condition of the paint on all impact, friction and accessible surfaces, as well as the presence of smoke and carbon monoxide detectors.**

No payments may be made to a contractor without completion of an interim inspection that documents work that has been completed and for which reimbursement has been requested by the contractor.

The evaluation/inspection fees will be paid out of the project budget with the exception of projects that are not funded.

ELIGIBLE ACTIVITIES

Eligible activities include any repairs necessary to ensure that health and safety issues are addressed based on an HQS Inspection/Evaluation of property. Activities to make the home energy efficient, repair or replace equipment or components that are nearing the end of their useful life or are beginning to deteriorate, and accommodations for accessibility are also eligible. The HQS inspection must clearly state the reason the item is being replaced or repaired. **Upon completion of the work (emergency and/or non-emergency), all units must have an adequate number of functioning, properly placed smoke and carbon monoxide detectors and must be documented in the project file.**

INELIGIBLE WORK

Work not allowed by CDBG federal program requirements, includes:

1. CDBG funds may not be used to pay for the same work twice. There are exceptions; please contact your DEHCR representative for guidance.
2. Repairs to unoccupied buildings (unless rental property).
3. Repairs to any outbuildings.
4. Repairs to detached garages, except where the building poses a lead-based paint hazard or is unstable and is an imminent threat of collapse. Detached garages that pose other health and safety issues may also be addressed; prior authorization from DEHCR is required.
5. New construction, expansion of the size of the structure, the rehabilitation of uninhabited space, or the finishing of unfinished spaces, except as required to eliminate overcrowding of bedrooms (per Housing Code), to floodproof the home, or for handicap accessibility.
6. Repairs or replacement of items for cosmetic purposes.

7. CDBG funds may NOT be used to reimburse property owners for work which has been contracted for or completed prior to the property owner signing agreements with the Grantee except for emergency projects.
8. CDBG funds may not be used for the labor costs of any household member, of any non-insured person/contractor, of any non-licensed person/contractor, or of any person/contractor that does not submit a bid.
9. Rehabilitation work that was completed and not submitted for environmental review but would otherwise have required additional Environmental Review Record compliance, will be identified as “ineligible” and the funds will be reimbursed to the program by the Grantee.
10. Materials, fixtures, equipment or landscaping of a type or quality which exceeds that customarily used in properties of the same general type as the property to be rehabilitated.
11. Purchase, installation or repair of furnishings, and appliances (except for a refrigerator to properly cool food and/or a stove to properly heat food).
12. Automatic garage door opener unless required for handicapped accessibility documented by a written medical recommendation in the project file.
13. Performing rehabilitation work on a business is generally not an eligible expense through the CDBG Housing Program. If a business resides in or is attached to the homeowner’s house, contact the DEHCR for further guidance.

WORK BY APPLICANT

Homeowners (including landlords and other occupants) are **not** allowed to complete any rehabilitation or renovation activities on their property while a CDBG-funded rehabilitation project is underway.

In the event an applicant is a certified contractor, the program may pay for materials but not labor. The applicant must demonstrate to the satisfaction of the Administrator that he or she is able to complete the work in a timely fashion. If accepted, the applicant will sign **the Borrower Labor Agreement**.

The Borrower-Labor Agreement MUST include:

1. An itemized list of the necessary materials for the repair. The list must include product name(s), store of purchase, and cost of each item necessary for the repair. Payments to the homeowner will be made after the work is completed and inspected.
2. An identification of all paint hazards.
3. A clear statement that no untrained persons can be within ten (10) feet of the work site until it has passed clearance for lead-based paint.
4. A Breach of Condition Clause that immediately terminates the Borrower-Labor Agreement if lead paint is present and:
 - a. Any untrained persons are within ten (10) feet of the work site;
 - b. Any applicable permits or lead-safe work practices are violated;
5. A statement that if the Borrower-Labor Agreement is terminated:
 - a. All work must cease immediately upon notification.

WORK PERFORMANCE

All work is performed in accordance with, “A Working Guide to Lead-Based Paint Regulations in Wisconsin.” All work will be performed in accordance with local municipal housing codes and other standards of acceptable performance.

In all pre-1978 units where the rehabilitation activities will disturb painted surfaces, all workers must be trained in lead-safe work practices (eight-hour training by an accredited instructor) in accordance with the U.S. Department of Housing and Urban Development’s Lead Safe Housing Rule at 24 CFR Part 35, Subparts B through M. The rehabilitation must be designed to prevent lead dust from being disbursed to other areas of the unit.

In any unit where rehabilitation activities will remove a product suspected to contain asbestos the work must comply with state and federal asbestos removal requirements. Please refer to the Department of Health Services (DHS) website for more information at the following link: (<https://www.dhs.wisconsin.gov/asbestos/index.htm>).

Only contractors certified by DHS may remove asbestos-containing products. The rehabilitation will be designed to limit release of asbestos fibers and ensure disposal in an approved landfill.

BIDDING

The Grantee must establish clear and consistent policies and procedures on the procurement of private contractors by the grantee, sub-recipients, and program administrators. Procurement procedures must consider the federal and state requirements as discussed in this section, but also must be in compliance with any procurement policies in place at the local level. Competitive bidding provides the framework for this process. Based on the work write-ups, an attempt to secure a minimum of three bids from eligible contractors must be documented in the file. Emergency projects are excepted from this requirement.

The Administrator or homeowner shall mail and/or email bids to the contractors selected by the homeowner. **The Grantee/Administrator may not recommend any contractors to the homeowner.**

Written bids may be submitted to and accepted by the Grantee/Administrator via email, fax, in person, or mail.

The Administrator must provide the homeowner with copies of all bids prior to selection.

Each project file must contain a separate authorization form, signed by the homeowner, identifying the selected bid(s). The signature of the homeowner on the rehabilitation contract is **not** considered to be approval of the selected bid.

The lowest, reasonable and responsible bid is normally the awarded bid; however, the homeowner may select a bid within 10% of the lowest, reasonable and responsible bid. Some localities have added language to their local policy manual that the contractor cannot be awarded to the low bidder if that contractor has a backlog of incomplete rehabilitation jobs.

Additionally, the Grantee may consider bids below 20% of the cost estimate non-reasonable and/or non-responsive. This may protect the Grantee from contractors underbidding only to add charges later (change order) after the contract has been awarded.

When a Grantee undertakes a construction project (e.g., neighborhood improvements, public facility) utilizing CDBG dollars, the following state statutes regarding procurement apply s. 66.29, Wis. Stats., and if a county, s. 59.52; if a town, s. 60.47; if a village, s. 61.54-61.56; and, if a city, s. 62.15. Please see Chapter H of this manual for more information.

CONTRACTOR VERIFICATION

Federal requirements preclude hiring contractors that have been debarred. Contractors must also carry appropriate insurance, as defined in this manual and by local procurement requirements. Contractors and subcontractors must also have the appropriate licenses or certifications for the work to be performed. The bidding packet provided to contractors must include a complete contractor verification application. The Administrator must verify and document in the project file the following:

1. Contractor's debarment status. Grantee must verify all contractors through System for Award Management Refer to the System for Award Management (SAM) website - <https://www.sam.gov/SAM/pages/public/searchRecords/search.jsf>.
2. Contractor's Liability Insurance (\$300,000 bodily injury and \$100,000 property damage coverage). The Insurance coverage must be verified at the time of bidding.
3. Contractor's lead-based paint and/or asbestos certification(s).
4. Contractor's worker's compensation policy, if applicable.⁵
5. Minority Business Enterprise / Women Business Enterprise (MBE/WBE).
6. Section 3 Economic Opportunities.

The same verifications **must** be performed and documented for all work done by the sub-contractors.

CHANGE ORDERS

In the event the rehabilitation contract needs to be adjusted from the amount originally approved, the Administrator will complete a change order approval form. This form must be signed by all parties: administrator, contractor, and homeowner before an adjustment is executed.

Generally, change orders should not be accepted unless they are due to conditions that the inspector and/or contractor could not have seen or anticipated, for example; the condition of additional decking related to roof replacement job or areas of drywall not visible behind the tub.

⁵ It is expected that contractors meet workers compensation requirements. If the company bidding on the project believes that it is exempt from Worker's Compensation requirements (based on s. 102.07(8) Wisconsin Statute), the contractor must present that information to the Program Administrator.

G. LEAD BASED PAINT AND ASBESTOS

Both asbestos and lead-based paint (LBP) may cause adverse effects on human health. It is important to follow the protocol when disturbing materials containing LBP and Asbestos. Various federal and state agencies are involved in compliance activities related to hazardous activities, for example, a contractor working on the CDBG Housing project must follow both state and federal regulations. Program Administrators and Inspectors are responsible to make sure contractors are informed of applicable regulations. Inspectors must follow through with appropriate inspection to make sure the contractors follow requirements.

ASBESTOS

Asbestos is a mineral fiber that was commonly added to products to strengthen them, and to provide heat insulation and fire resistance. Asbestos is commonly found in older homes where it was used for pipe and furnace insulation, asbestos shingles, millboard and Transite siding, floor tiles, and a variety of other coating materials. The only way to determine whether a material is asbestos (containing more than 1% asbestos by volume) is through Polarized Light Microscopy.

Asbestos testing is an eligible CDBG expense and should be taken from the rehabilitation project funds; these costs may be granted to the applicant or charged to their mortgage.

The handling of asbestos-containing materials is regulated by the Environmental Protection Agency (EPA) under the National Emissions Standards for Hazardous Air Pollutants (NESHAP), 40 CFR Part 61, and the Occupational Safety and Health Administration (OSHA) under regulations delineated in 29CFR 1926.1101.

In Wisconsin, the Department of Natural Resources (DNR) enforces the control of asbestos emissions through chapter NR447 Wisconsin Administrative Code. The Wisconsin Department of Health Services (DHS) requires and enforces training and certification of individuals involved in asbestos-related activities through chapter DHS159, Wisconsin Administrative Code.

All rehabilitation that is done in whole or part with CDBG funds must comply with state and federal asbestos removal requirements.

1. Leave undamaged asbestos in place. Asbestos should only be removed when it is friable (which means that it can be crumbled to a powder by hand pressure) or when it will be disturbed by building rehabilitation or demolition.
2. Removal of asbestos-containing material can only be legally performed by contractors certified by DHS.
3. Regulations regarding disposal in an approved landfill must be followed. Disposal is regulated by DNR, Bureau of Solid Waste Management.

Only glass, wood, metal and fiberglass do not contain asbestos. Any other materials which will be disturbed or has the potential to be disturbed as a result of renovation activities must be presumed and treated as Asbestos Containing Material (ACM).

DHS regulations regarding certification and training accreditation of workers are applicable. If a contractor is removing or disturbing asbestos-containing materials, he/she must be certified and provide a notification prior to the start of a project to DHS or DNR.

For more information, please review the following web resources:

<http://dnr.wi.gov/topic/Demo/>

<http://www.dhs.wisconsin.gov/asbestos/>

LEAD-BASED PAINT (LBP)

Any housing unit rehabilitated in whole or part with CDBG funds must comply with the lead-based paint requirements in Title X of the Housing and Community Development Act of 1992, as amended, Section 1012 of the Residential Lead-Based Paint Hazard Reduction Act of 1992 (Title X Subpart J), DHS 163, and 24 CFR 35.

Lead-based paint (LBP) hazards include:

1. Deteriorated LBP: any interior or exterior LBP that is peeling, chipping, chalking, or cracking, or located on any surface or fixture that is damaged or deteriorated;
2. LBP on a friction surface: an interior or exterior surface subject to abrasion or friction, such as painted floors and friction surfaces on windows;
3. LBP on an impact surface: an interior or exterior surface subject to damage by repeated impacts, such as parts of door frames;
4. LBP on an accessible surface: an interior or exterior surface accessible for a young child to mouth or chew, such as a windowsill, or door frame;
5. Lead-contaminated dust: surface dust in residential dwellings that contains an area or mass concentration of lead in excess of current federal guidelines;
6. Lead-contaminated soil: bare soil on residential property that contains lead (often from chipping and peeling exterior paint) in excess of current federal guidelines;

All contracts for housing rehabilitation and/or housing development must prohibit the introduction of lead-based paint.

All OCCUPANTS of housing units built prior to 1978 (regardless of work to be performed) must be notified of the hazards of lead-based paint, of the symptoms and treatment of lead-based paint poisoning, of the need to identify lead-based paint hazards through environmental inspection and blood lead tests, and of the importance and availability of maintenance and removal techniques to eliminate such hazards. The following website has the required pamphlet, [Protect Your Family from Lead in Your Home](#), as well as other good information to increase awareness about the continuing problem of lead-based paint poisoning:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/healthy_homes/enforcement/disclosure

All occupants of units built before 1978 must be notified of the importance of monitoring and continual maintenance unless the lead-based paint has been permanently removed.

All units built prior to 1978 must be inspected for deteriorated paint. If there is deteriorated paint, this condition **MUST** be reflected on the HQS inspection form. All deteriorated paint must be addressed by the rehabilitation activities.

All federal and state laws must be followed when completing rehabilitation work where lead-based paint is known or presumed to be present. All inspection forms, the Risk Assessment, or if there is none, the Presumption Notice, must be given to the occupants.

Lead Based Paint (LBP) Process

1. Upon receipt of the application, determine the age of the home. In 1978, federal regulations effectively banned the use of lead in residential paint. Any home built pre-1978 must be assumed to contain lead.
2. Provide occupants with the pamphlet, **Protect Your Family from Lead in Your Home**. Receipt of the pamphlet must be documented.

3. Contractors are required to distribute the **Renovate Right** brochure to the occupants prior to project execution. The contractor must document the homeowner received this brochure. The program administrator may want to secure a copy of the signature page the contractor received to document the homeowner received this brochure.
4. Children under the age of six (6) may not be required to be tested for elevated levels of lead in their blood as a requirement to receive the CDBG loan. It is **STRONGLY** urged that such testing take place prior to the initiation of rehabilitation that addresses deteriorated paint or that will disturb a painted surface in a pre-1978 unit.
5. During the initial inspection, the condition of painted or varnished surfaces must be noted and the existence of assumed lead-based paint hazards must be evaluated. Either a Risk Assessment or the Presumption of the Presence of Lead-Based Paint must also be completed.
6. Write the bid specifications, making sure to identify deteriorated paint that must be corrected or work items that will break a painted surface. Estimate the project cost:
 - a. If the estimated cost exceeds \$25,000 in a pre-1978 home (regardless of work to be performed), any hazards identified on the risk assessment that were NOT identified in the HQS Inspection, **MUST** be abated with a certified lead abatement company. If all hazards were identified on the HQS Inspection, then paint/varnish disturbing work can be performed by 8-hour trained lead safe renovators. ALL rehab performed on a pre-1978 home that disturbs painted/varnished surfaces **REQUIRE** a Lead Clearance test. Lead Risk Assessments and Lead Clearance testing costs are eligible CDBG expenses to be taken from the rehabilitation project funds but NOT charged to the homeowner's mortgage. The Risk Assessment and Clearance testing fees may also be included in the administrative costs.
 - b. Clarify in work specifications what must be done with lead safe renovators vs. lead abatement company.
 - c. When conducting lead safe renovations –
 - i. Everyone on the jobsite must be 8-hour trained by an approved State of Wisconsin training provider - OR - one supervisor must be a Certified Lead Abatement Supervisor and the workers must obtain on-the-job training in lead-safe work practices.
 - ii. One Lead Safe Renovator or Lead Abatement Supervisor must be Wisconsin certified.
 - iii. Lead Safe Company must be Wisconsin certified.
 - d. When conducting lead abatement –
 - i. Everyone on the jobsite must be a certified Lead Abatement Worker or Lead Abatement Supervisor.
 - ii. Lead Company must be Wisconsin certified.

The HQS inspection report must be thorough and identify all deteriorated paint in the home, inside and out. Failure to do so may jeopardize the ability of the contractor to achieve project clearance.

*Lead Clearance is **REQUIRED** if a painted/varnished surface is disturbed on a pre-1978 home.*

Interim Control can be performed by a Lead Safe Renovator.

1. Determine whether the household should be temporarily relocated during the rehabilitation. The trained contractor being used to do the lead-based paint related work must develop an occupancy protection plan for the project. Depending on the nature of the rehabilitation project, the occupants may need to be temporarily relocated from the unit. The cost of the temporary relocation is an eligible CDBG project expense but IS NOT an expense to be included in the loan to the property owner.
2. Make sure the CDBG contract includes language which will ensure that the contractor is responsible for cleaning the unit so that it will pass clearance when all work is done, and before payment is made. The contract should also contain language that requires the contractor to document receipt by the property owner of the **Renovate Right** pamphlet.
3. Make frequent site visits to ensure compliance by all contractors of the lead-safe work rules.
4. Arrange for Clearance Testing, both visual and sampling. The CDBG program will pay for the first clearance test. If the clearance test fails, the contractor is responsible for the cost of any subsequent cleaning and clearance testing. Final payment may not be issued to the contractor until the lead clearance test passes.

Lead-based paint web resources:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/healthy_homes/enforcement/regulation

<http://www.dhs.wisconsin.gov/lead/>

<http://www2.epa.gov/lead>

H. PROCUREMENT & CONTRACTING

Units of General Local Government (UGLGs) must comply with all applicable federal, state and local procurement and contracting regulations and policies for the Community Development Block Grant (CDBG) project. Conflict of interest provisions within the Code of Federal Regulations must be addressed as part of procurement and contracting processes. The following chapter applies to UGLGs, sub-recipients and program administrators. **This chapter does not apply to program beneficiaries (property owners) that select contractors for their projects.**

LOCAL PROCUREMENT POLICY

The Division of Energy, Housing and Community Resources (DEHCR) requires all UGLGs to adopt written procurement/purchasing procedures **prior** to the *Grant Agreement* being executed for the CDBG monies. An UGLG must use procurement/purchasing procedures that are in conformance with federal, state and local laws and regulations. Federal regulations and standards are identified in 24 CFR 85, which sets forth the standards that are applicable to procurement for federal grants, cooperative agreements, and sub-awards to state, local, and Indian tribal governments. State and federal CDBG procurement and guidance are provided in the chapter and are published on the State of Wisconsin VendorNet System: <https://vendornet.wi.gov/>.

The UGLG must have written selection procedures for adequate procurement and contracting to ensure that:

1. The purchase of unnecessary or duplicate items is avoided. Where appropriate, an analysis should be made of lease vs. purchase alternatives [24 CFR 85.36(b)(4)];
2. Whenever possible, use of federal excess and surplus property, or of intergovernmental agreements for procurement or use of common goods and services should be considered as a way to foster greater economy and efficiency [24 CFR 85.36(b)(5) and (6)];
3. All purchase orders (and contracts) are signed by the UGLG's authorized official(s);
4. Items delivered and paid for are consistent with the purchase order and/or contract for the goods or services;
5. Timely payment to vendors occurs when the order is delivered, inspected, accepted and payment is authorized;
6. **A cost or price analysis is performed for every procurement action**, with contract modifications, and documentation to that effect is maintained in the UGLG's files. The method and degree of analysis is dependent on the facts surrounding the particular procurement method, but as a starting point, **the UGLG must make independent estimates before receiving bids or proposals [24 CFR 85.36(f)]**; and
7. Profit or fee is negotiated separately from price where competition is lacking or a cost analysis is performed. To establish a fair and reasonable profit, consideration will be given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of sub-contracting, the quality of past performance, and industry rates for the area [24 CFR 85.36(f)(2)].

When the UGLG is using CDBG funds to cover the costs for a CDBG project purchase or contract, the UGLG must comply with its local procurement/purchasing policy(ies) *and* state and federal CDBG procurement/purchasing requirements summarized in this chapter; following the most restrictive of the three when there are differences. When not using CDBG funds to cover the costs for a CDBG project purchase or contract, then the UGLG must comply with its local procurement/purchasing policy(ies).

See Attachments 3-A1 and 3-A2 for sample procurement/purchasing policies

INITIAL PROCUREMENT DECISIONS

Questions to consider when determining the procurement requirements that apply for each CDBG project activity include:

1. Will a third party be selected to perform all or part of the CDBG project activity, using some method of procurement, or will the work be performed in-house by municipal employees (either the UGLG's own employees or through a cooperative agreement with a partnering UGLG or other governmental entity)?
 - If the work will be performed in-house by municipal employees or a regional planning commission, then no procurement process is required to be completed.
 - If contracting with a third party, then some or all federal, state and local procurement requirements will apply.
2. Will the contract be for construction, professional services (e.g., engineering, grant administration, planning, auditing, legal, etc.), or some other non-construction related work/purchase (e.g., equipment, supplies, etc.), and will CDBG funds be used to fund all or part of the contract?
 - If the contract is a construction contract, competitive procurement,* with adherence to federal, state, and local procurement regulations and policies, is required. Refer to the procurement options summarized later in this chapter to determine which option is most appropriate based on the anticipated amount of the construction contract.
 - If the contract is a professional services contract or other non-construction contract and CDBG funds are not funding any part of the contract, then the UGLG must ensure compliance with its local procurement policy.
 - If CDBG funds are funding all or part of the professional services contract or other non-construction contract, and the contract is *not* with another governmental entity and *not* with a quasi-governmental entity (e.g., Wisconsin Regional Planning Commissions and certain non-profit publicly/government-funded Economic Development Organizations), then the UGLG must ensure compliance with federal, state, and local procurement regulations and policies. Federal regulations require that professional services and other non-construction work/purchases funded with CDBG monies generally must be competitively procured.* Refer to the procurement options summarized later in this chapter to determine which option is most appropriate based on the type of the professional services contract or other non-construction contract.

**Other exceptions for federal competitive procurement requirements are noted under the sole source procurement option summarized later in this chapter.*

CONFLICT OF INTEREST

Applicability

The conflict of interest provision applies to any individual who is an employee, agent, consultant, officer, or elected official or appointed official of the state, or of an UGLG, or of any designated public agencies, or sub-recipients. Except for eligible administrative or personnel costs, the general rule for those individuals described above (who exercise or have exercised any functions or responsibilities with respect to CDBG activities and who are in a position to participate in a decision-making process or gain inside information with regard to such activities) is that they **may not**:

- Obtain a financial interest or benefit from the activity;
- Have an interest or benefit from the activity; nor
- Have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder.

This rule also applies during their tenure or for one year thereafter to themselves and to those individuals with whom there is a family or business tie.

IMPORTANT NOTE!

The UGLG's Chief Elected Official may not receive a CDBG loan or any financial interest from the CDBG activity.

To determine if there are any potential conflicts of interest, the UGLG should gather the above information at the point of bid submittal (for construction contracts), proposal submittal (for professional services contracts) or property identification (acquisition/relocation). Potential contractors or sellers should be asked to disclose family or business ties to persons involved with the CDBG project that may be potential conflicts of interest. The *Potential Conflict of Interest Disclosure* form (Attachment 3-B) may be used as a template for preparing a disclosure form. The *24 CFR 570.489(h) Conflict of Interest Clause* (Attachment 3-C) must be included in all bid packets for construction contracts.

Conflict of Interest Reviews and Exceptions/Waivers

An exception/waiver to the federal conflict of interest provisions may be requested by the UGLG and requires DEHCR approval, and may require HUD approval, depending on the nature of the conflict of interest. Contact the assigned DEHCR Project Representative for further guidance on submitting a request for such exception/waiver. Prior to submitting an exception/waiver request, public disclosure of the potential conflict must be made. A legal opinion must be obtained from the corporate or municipal counsel stating that the interest for which the exemption is sought would not violate state or local law.

The following steps may be used to identify and review potential conflicts of interest, and request an exception/waiver to the federal conflict of interest provisions, if determined necessary:

1. Identify “covered persons” for the CDBG program;
2. Have potential contractors complete a *Potential Conflict of Interest Disclosure* form (Attachment 3-B) or similar document when responding to procurement solicitations (e.g., request for bids [RFB], request for proposals [RFP], request for qualifications [RFQ], etc.) or prior to contracting;
3. Inform any contractors with a potential conflict of interest that their name will be disclosed at the local Board/Council/Committee meeting;
4. Add “disclosure of potential conflicts of interest” as a discussion item on the Board/Council/Committee meeting agenda (any covered person identified in the disclosure of the potential conflict of interest should not attend this meeting or must recuse herself/himself from voting on a determination regarding the potential conflict of interest); and review the potential conflict of interest at the public meeting;
5. Adhere to the UGLG’s applicable local policies (e.g., ethics and conflict of interest policies related to decision-making, voting, procurement and contracting) in reviewing all potential conflicts of interest;
6. If a contractor has been identified as having a potential conflict of interest, disclose the name of the person and company/firm, and the nature of the potential conflict of interest (family or business tie[s]) applicable to the project at the public meeting;
7. Ask all in attendance at the public meeting if there are any objections to awarding the contract to the contractor in question, with the objective being to review the potential conflict of interest publicly and determine if there are any objections to awarding the contract;
8. The UGLG’s legal counsel must provide a letter of opinion certifying that the UGLG’s contracting with the entity or person identified as having the potential conflict(s) would not violate state or local law. Refer to the federal regulations [24 CFR 570.489(h)] for guidance on the requirements to request for a waiver to the conflict of interest (Attachment 3-C);
9. If the UGLG’s determination after reviewing the potential conflict of interest and the legal opinion is that no conflict of interest exists, then the UGLG is to submit to DEHCR:
 - a summary on municipal letterhead signed by the chief elected official summarizing the UGLG’s review, determination and basis of the determination regarding the potential conflict of interest;
 - the legal opinion letter from the UGLG’s legal counsel certifying that the UGLG’s contracting with the entity or person identified as having the potential conflict(s) would not violate state or local law;
 - proof of proper notice of the public meeting in which the potential conflict of interest will be publicly disclosed and discussed;
 - the agenda and minutes of the public board/council/committee meeting in which the potential conflict of interest was disclosed and reviewed;
 - proof of public sharing of the meeting proceedings (e.g., proof of public posting(s) [at public locations and/or the UGLG’s website] and/or newspaper publication(s) of the meeting minutes).

10. DEHCR will review the documentation submitted by the UGLG for the potential conflict of interest review and make a determination of whether the Division concurs with or disagrees with the UGLG's determination.
11. If the UGLG's determination or the legal opinion or DEHCR's opinion after reviewing the potential conflict of interest is that a conflict of interest *does* exist, then the UGLG cannot award the contract without a waiver. The UGLG may request a waiver to the federal conflict of interest provisions to award the contract by submitting to DEHCR:
 - a request on municipal letterhead signed by the chief elected official requesting a waiver to the federal conflict of interest provisions, with a summary of the UGLG's review and determination regarding the conflict of interest, and the justification or basis on which the waiver should be allowed, citing all applicable factors for to be considered from the list provided in the federal regulations [24 CFR 570.489(h)(5)] (Attachment 3-C: *Conflict of Interest Clause*).
 - the legal opinion letter from the UGLG's legal counsel certifying that the UGLG's contracting with the entity or person identified as having the conflict(s) would not violate state or local law;
 - proof of proper notice of the meeting in which the potential conflict of interest will be publicly disclosed and discussed;
 - the agenda and minutes of the board/council/committee meeting in which the conflict of interest was disclosed and reviewed; and
 - proof of public sharing of the meeting proceedings (e.g., proof of public posting(s) of the meeting minutes.
12. The UGLG should avoid signing the contract(s) in question until an exception/waiver decision has been issued by DEHCR (and HUD if applicable).

Please become familiar with the conflict of interest language included in the Code of Federal Regulations before undertaking any projects paid with CDBG funds. For more information, please refer to the 24 CFR 570.489(h) *Conflict of Interest Clause* (Attachment 3-C) provided in this chapter. This *Clause* must be inserted in all contracts for the CDBG project.

IN-HOUSE WORK (BY MUNICIPAL EMPLOYEES)

Officials of the UGLG who are acting in their official capacity are considered in-house and are eligible to be compensated for CDBG-related duties if certain conditions are met. For example, if the City Council has officially designated an attorney as City Attorney or an engineer as City Engineer, the individual or firm so designated becomes an official of the city. As an official of the city performing CDBG related duties, his/her legal or engineering service charges are eligible program costs to the extent that:

- They are reasonable for the services provided;
- They follow an appointment made in accordance with state and local laws; and
- The amount of compensation charged to the program will be based on payrolls documented and provided upon request in accordance with generally accepted practices of state and local governments, such as time sheets and other payroll records.

DEHCR will disallow costs for UGLGs that abuse these in-house provisions. For instance, appointments of City Engineers must not be made for the purpose of selecting an engineer to work on an anticipated CDBG project. The UGLG must show evidence that they have a history of appointment, unrelated to any current or anticipated CDBG project.

PROCUREMENT AND CONTRACTING GENERAL PROVISIONS

The federal standards for procurement and contracting are intended to ensure that supplies, equipment, construction, and other services are:

- Obtained as efficiently and economically as possible; and
- Procured in a manner that provides, to the maximum extent practical, open and free competition.

Contract solicitations for goods and/or services must explain all requirements the bidder/offeror must meet for his or her bid/offer to be evaluated by the UGLG. Each solicitation must be based on a clear and accurate description of the material, product, or service to be procured and cannot contain features which unduly restrict competition.

Some of the situations considered to be restrictive of competition include, but are not limited to:

- Placing unreasonable qualifying requirements on firms;
- Requiring unnecessary experience or excessive bonding;
- Specifying only brand name products, instead of allowing an equal product;
- Non-competitive pricing practices between firms or affiliated companies; and
- Non-competitive awards to consultants on retainer contracts.*

**Non-competitive awards to professional services contractors may be allowed when no CDBG funds will be applied to the costs, subject to compliance with the UGLG's local procurement policy, or when Sole Source requirements listed later in this chapter are met. However, competitive procurement for all contracting is recommended, even when not required.*

Awards are to be made to the bidder/offeror whose bid/offer is responsive to the solicitation and is most advantageous to the UGLG, price and other factors considered, as permitted for the method of procurement being applied. Any and all bids/offers may be rejected when it is in the UGLG's interest to do so. The UGLG must ensure that contracts are awarded only to responsible contractors possessing the ability to perform successfully under the terms and conditions of the proposed procurement. Considerations may include but are not limited to compliance with regulatory requirements and public policy, contractor integrity, record of past performance, financial capabilities, and technical capabilities.

DEBARRED AND INELIGIBLE CONTRACTORS

The UGLG must ensure that awards are not made to any party which is debarred or suspended, or is otherwise excluded from or ineligible for, participation in federal assistance programs under Executive Order 12549 "Debarment and Suspension" [24 CFR 85.35]. The UGLG must check the status of all contractors

and sub-contractors on the System for Award Management (SAM) at <https://sam.gov/SAM/> **prior to the award** of any prime contract or sub-contract and prior to the amendment of any prime contract or sub-

contract. Debarment checks must be made on the *official* federal SAM website. Private third parties have created sites that look very similar to the <https://sam.gov/SAM> website but they are not the *official* federal site and may not be used for SAM debarment checks for the CDBG program. The UGLG must also maintain a record of the debarment checks in the CDBG project file.

USE OF LOCAL, SMALL, MINORITY-OWNED and/or WOMEN-OWNED BUSINESSES

Federal regulations make it very clear that UGLGs should make every effort to use local business firms and contract with small, minority-owned, and women-owned businesses in the procurement process. Specifically, the UGLG must take affirmative steps to use small firms, minority-owned business enterprise (MBE) firms, women-owned business enterprise (WBE) firms, or labor surplus area firms [24 CFR 85.36(e)]. For example, the UGLG should:

- Incorporate such businesses in solicitation lists whenever they are potential sources;
- Ensure that such businesses are solicited when identified as potential sources;
- Divide procurement requirements, when economically feasible, to permit maximum participation of such businesses; and
- Require prime contractors, when sub-contracts are let, to take affirmative steps to select such firms.

Refer to Chapter 6: *Equal Opportunity, Fair Housing and Section 3* of the BCD Handbook for additional details on MBE/WBE contracting related requirements. The handbook can be found at: <https://doa.wi.gov/Pages/LocalGovtsGrants/CDBGImplementationHandbook.aspx>

USE OF SECTION 3 BUSINESSES

In conformance with requirements of Section 3 of the Housing and Community Development Act of 1968, to the greatest extent feasible, the UGLG must award contracts for work to be performed to eligible businesses located in or owned by residents of the distribution area to ensure that employment and other economic opportunities generated by federal financial assistance for housing and community development programs shall, to the greatest extent feasible, be directed toward low- and very low-income persons, particularly those who are recipients of government assistance for housing [24 CFR 570.607(b)].

Refer to Chapter 6: *Equal Opportunity, Fair Housing and Section 3* of the CDBG Implementation Handbook for additional details on Section 3 contracting related requirements. The handbook can be found at: <https://doa.wi.gov/Pages/LocalGovtsGrants/CDBGImplementationHandbook.aspx>

IMPORTANT NOTE!

The desire to award contracts to local firms is **NOT** an acceptable justification for avoiding an open and competitive procurement process and encouraging participation of MBE/WBE firms and Section 3 firms in competing for contracts for the CDBG project.

LOBBYING RESTRICTIONS

In accordance with Section 1352, Title 31, U.S. Code, no CDBG funds may be paid to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.

If any funds other than CDBG or other federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the CDBG contract, the UGLG or contractor representative shall complete the federal Standard Form-LLL in accordance with the instructions. This form is provided in this chapter as Attachment 3-E: *Disclosure of Lobbying Activities*, to report any lobbying activity.

The UGLG and all contractors and sub-contractors (including any hired for engineering and grants administration) for the CDBG project must include the language regarding lobbying restrictions (Attachment 3-D: *Lobbying Certification* and Attachment 3-E: *Disclosure of Lobbying Activities*) in all contract documents for all sub-award/sub-contracts at all tiers, and the UGLG and all contractors shall certify and disclose lobbying activities accordingly. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

CONTRACTING FOR PROFESSIONAL SERVICES

Use of One Firm for Grant Administration and Professional Services such as Engineers, Planners or Architects

The use of a single firm for grant administration and engineering and/or planning professional services is generally acceptable provided that separate procurement and contracting processes are conducted for each of the separate services.

However, a firm serving as the Grant Administrator for the UGLG is not allowed to bid on or compete for a contract for services if the firm assists the UGLG with preparation of the procurement advertisement or assists in any aspect of the procurement process, as this presents a conflict of interest that gives an unfair advantage to the firm. Assistance with the procurement process includes but is not limited to the

preparation of advertisements and/or RFPs/RFQs/RFBs for the services contract, or the evaluation and scoring of bids/proposals for the services contract.

Selection of Engineers, Planners or Administrative Consultants Prior to Grant Award

Generally, the use of multi-services procurement and contracting is prohibited except:

- When local officials decide to procure the services of an engineer to assist them with both preparation of preliminary engineering plans (which may be prior to grant application) **and** project engineering (during the project) in the event their community is selected for grant award;
- When an UGLG wants to conduct one procurement process to cover both grant preparation **and** grant administration; and
- When an UGLG wants to conduct one procurement process to cover both CDBG-Planning (CDBG-PLNG) grant application preparation **and** CDBG-Planning (CDBG-PLNG) grant implementation.

Any agreement between the UGLG and the engineer or consultant that includes preliminary and project engineering or grant writing/application preparation and grant administration services, would have to be contingent upon the award of CDBG funds. The UGLG must meet federal competitive procurement requirements when CDBG funds are being applied to the professional services contract costs.

Additional requirements the UGLG must take into consideration when procuring professional services, include:

- No loss-leader arrangements; and
- Types of professional service(s) needed for the CDBG project (for engineering, grant administration, planning, etc.).

Loss-leader arrangements violate federal regulations which require maximum open and free competition. Professional organizations also consider this practice unethical because it deprives the UGLG of the benefits that can result from competition among competent, professional firms.

WARNING!

No loss-leader arrangements: Federal regulations require maximum open and free competition. Loss-leader arrangements, in which a consultant offers to prepare a grant application or preliminary engineering estimates at reduced rates or at no cost *in return for* a future contract if the application is funded, are prohibited by federal regulations.

PROCUREMENT METHOD OPTIONS

Depending on the type of the contract, scarcity of the item or service desired, and the amount of the contract or purchase, four (4) different options for procurement methods are available under the federal regulations:

- Small purchase(s)/simplified acquisition option;
- Competitive sealed bids option;
- Competitive proposals option; and

- Non-competitive proposals/sole source option.

These procurement method options are summarized below. A brief overview of the four (4) options is also presented in Attachment 3-F: *Overview of Procurement Method Options*.

OPTION #1 – SMALL PURCHASE/SIMPLIFIED ACQUISITION OPTION [24 CFR 85.36 (d)(1)]

DEHCR considers procurement by small purchase (also referred to as simplified acquisition) procedures best suited for obtaining small quantities of supplies.

UGLGs may follow their local, state or federal policy for small purchase/ simplified acquisition, whichever is more restrictive.

The federal regulations allow for the small purchase/simplified acquisition method for the procurement of a good/service/supply/product that in aggregate totals \$250,000 or less for the CDBG project (per 2 CFR 200 [specified in 2 CFR 200.88, 2 CFR 320 and the OMB update letter to federal agencies 6/20/18]). The state requirements have been changed to be consistent with federal regulations for *non-construction* purchases/contracting, now specifying that the small purchase/simplified acquisition method is allowed for the procurement of a good/service/supply/product that in aggregate totals \$250,000 or less for non- construction contracts/items, or \$25,000 or less for a construction contract for the CDBG project (*with the exception of professional services contracting, for which a competitive proposal procurement method is allowed, regardless of the contract amount.*)

The Simplified Acquisition method includes a **micro-purchase** provision allowing for UGLGs to make purchases of **\$10,000 or less** without soliciting competitive quotations if the UGLG considers the price to be reasonable.

The state requirements must be followed, or the UGLG’s local policy if it is more stringent.

A procurement/purchase of an item may not be inappropriately broken up into smaller components solely to qualify for the small purchase/simplified acquisition approach

NOTICE!

The Wisconsin CDBG Program’s cost threshold for using the small purchase/simplified acquisition procurement method is now **\$250,000 for a non-construction item/contract*** or **\$25,000 for a construction contract.****

The provision for **micro-purchases of \$10,000 or less** allows for purchasing/contracting without soliciting competitive quotations if the UGLG considers the price to be reasonable.**

**Professional services may be procured using the simplified acquisition, competitive bid, or competitive proposal procurement method, regardless of the contract amount.*

***These provisions are allowed, contingent upon the UGLG meeting local procurement policy requirements.*

In the small purchase method, competition must be sought written price quotations. **The UGLG must document the receipt of at least three (3) price or rate quotations from qualified providers/vendors (except for micro-purchases of \$10,000 or less, as noted in this section of the chapter).** The UGLG's small purchase/simplified acquisition procurement process documentation is to include:

- Correspondence with providers/vendors in which the request for quotes was made (including a description of the good/service/product/supply to be procured); or if obtaining the quotes online, the printed record of the source of the quote and the item and quote details to verify the price comparisons are for comparable items and specifications *[Note: The request for quotes must include enough detail to solicit responses that will provide adequate information to verify that the quotes are for comparable products or services. If the quotes are obtained online, the detailed description of the item must be included with the price quote amount.]*;
- Record of the cost/price analysis conducted, including the quotes collected/documented;
- Record of written notifications given to each vendor/quote responder in writing, indicating whether they were or were not selected as the lowest responsive, responsible quote submitter for the contract or good/service/product/supply (if the quotes were solicited through direct correspondence to the vendor); and
- The executed contract (if for construction or other services) or other written purchase agreement record (for goods/products/supplies) with the lowest responsible quote provider/vendor (or terms of sale and delivery and invoice/receipt for a product purchased through obtaining quotes online).
- Micro-Purchase Exception: If the cost of the good/product/service (including the total quantity needed for the CDBG project) will total less than \$10,000, then a cost-price analysis should be made but obtaining competitive quotations is not required if the UGLG considers the price to be reasonable. This exception is allowed contingent upon the UGLG complying with its own local procurement policies.

OPTION #2 – COMPETITIVE SEALED BID OPTION [24 CFR 85.36 (d)(2)]

DEHCR considers this method of procurement best suited to obtaining contractors for construction projects and for large quantities of goods or materials. The competitive sealed bid procurement method must be used by an UGLG for any prime construction contract that will exceed \$25,000 and a non-construction contract and/or a good/product/supply/purchase that in aggregate will exceed \$250,000 for the CDBG project *(excluding professional services contracts, for which a competitive proposal process may be used, regardless of contract amount)*

This method of selection can be made principally on the basis of price (fixed price contract using lump sum or unit price). Requirements for using the Competitive Sealed Bid method are as follows:

- The UGLG shall advertise the invitation for bids in publications of general circulation (i.e., newspapers, on-line bidding opportunities), solicit bids from an adequate number of known suppliers, providing them sufficient time to respond prior to bid opening;
- The UGLG shall comply with the advertisement for bids requirements set forth in the Wis.Stats.62.15(3) for UGLGs for public works projects, including publishing a class 2 notices in accordance with Wis. Stats. ch. 985
- The advertisement for bids shall include:

- complete and accurate specifications
- pertinent attachments, and
- clearly defined items or services needed, in sufficient detail for the bidders to properly respond;
- UGLGs may refer to the Attachment 7-F: Advertisement for Bids template provided as an attachment to Chapter 7: Labor Standards in the CDBG Implementation Handbook for guidance.
- Bids shall be opened publicly at the time and place stated in the invitation for bids;
- The UGLG shall receive at least two (2) or more responsible bids for each procurement transaction; and
- If awarded, a firm fixed-price contract award shall be made in writing to the lowest responsible bidder. The UGLG can, however, decide not to make the award to any of the bidders. The UGLG may re-bid the project under certain conditions (i.e., bids are not responsible, or the proposals do not contain information necessary to evaluate the bids).

NOTICE REGARDING BIDDING FOR MULTIPLE UGLG PROJECTS:

An UGLG may bid the CDBG project in conjunction with another non-CDBG project for economy and efficiency purposes, contingent upon the CDBG project components being clearly defined separately and the CDBG component costs being clearly distinguishable and separate from the non-CDBG component costs in the bid. Future pay applications/invoices from the contractor(s) awarded contract(s) must have CDBG project activities and costs clearly separated from the non-CDBG project activities and costs on the pay application/invoices.

Also note that federal regulations specify that a contract funded “in whole or in part” with federal funds must adhere to all federal procurement, contracting and labor standards requirements. Therefore, if one contract covers both CDBG project activities and non-CDBG project activities, then the contract is ultimately funded “in part” with federal funds. Therefore, the non-CDBG portion of the contract would be subject to federal labor standards requirements, in addition to the CDBG portion of the contract. All contract regulatory language and attachments required for bidding for CDBG projects must be included in the bid packet and contract.

Refer to Chapter 7: *Labor Standards* of the BCD Handbook for additional guidance on procurement and contracting for construction contracts. The handbook can be found at:
<https://doa.wi.gov/Pages/LocalGovtsGrants/CDBGImplementationHandbook.aspx>

NOTICE REGARDING BIDDING THAT RESULTS IN A SOLE BIDDER:

A minimum of two (2) bids is generally required when selecting a contractor through the open bidding process. When there is a sole bidder, DEHCR requires that the project be rebid to attempt to obtain additional bids, or that justification be submitted for DEHCR’s review and approval *prior* to awarding the contract to a sole bidder.

The following must be submitted to DEHCR for consideration of an exception *prior* to awarding a contract to a sold bidder (whether it is a result of the initial bidding process or after a second bidding process):

1. A copy of advertisement for bids with the publisher’s affidavit of publication that verifies that the grantee used an open/public sealed bidding process following State Statutes (Counties: Wis. Stats. 66.0901; Cities and other UGLG types (and potentially grantee sub-recipients, depending on the nature of the sub-recipient organization): Wis.Stats. 62.15(1); and CDBG requirements (in the CDBG Implementation Handbook; 24 CFR 85.36(d)(2) and 2CFR 200.320(b)(1)), including appropriate notice for the bid advertisement, etc. [The advertisement for bids must allow for reasonable time for potential bidders to respond. Generally a minimum Class 2 notice must be given in accordance with Wis. Stats. 985 (to comply with Wis.Stats. 62.15(3) for Public Works- Advertisement for Bids). Providing 30 days for a response is a best practice.]; **and**
2. An email from the UGLG confirming the documents specified in the CDBG Implementation handbook as required for the construction contract/bid packet were included in the bid packet; **and**
3. A request from the UGLG (an email or signed letter) with a brief justification for awarding the contract to the single bidder, stating **all** circumstances and/or conditions that have led the grantee to determine that re-bidding the project would not serve the public’s best interest, as it would:
 - a. Not render a different result (i.e. more bids/ and/or lower bids), providing an explanation; and/or cause undue hardship due to the need for completing the scope to meet public needs within a certain time period; and/or restrict timeliness of project completion; and/or not serve the public’s best interest for the one or more other reasons (state the other reason(s)); **and**
 - b. A copy of a legal opinion from legal counsel (an email or signed letter) that verifies that the UGLGS awarding the contract to the sold bidder complies with local and state laws for bidding and contracting for UGLG public works projects.

OPTION #3 – COMPETITIVE PROPOSALS OPTION [24 CFR 85.36(d)(3)]

DEHCR considers this procurement method best suited to obtaining professional services.

This is normally conducted with more than one source submitting an offer, which results in either a fixed-price or not-to-exceed type contract being awarded. It is generally used when conditions are not appropriate for the use of sealed bids. This method has two sub-parts:

1. The **Request for Proposal (RFP)**, and
2. The **Request for Qualifications (RFQ)**.

The review process for both statements of qualification and proposals should be thorough, uniform, and well documented. DEHCR prefers that this review be conducted by a committee, council or board which, to the extent possible, includes persons with technical skills relevant to the requests being sought.

Reviewers should have no potential conflicts of interest with the firms or individuals under review, such as family relationships, close friendships, or business partnerships. Refer to 24 CFR 85.36(b) procurement standards, which in part states: *UGLGs and sub-Grantees will maintain a written code of standards of conduct governing the performance of their employees engaged in the award and*

administration of contracts. No employee, officer, or agent of the UGLG or sub-Grantee shall participate in the selection, or awarding, or administration of a contract supported by federal funds if a conflict of interest, real or apparent, would be involved.

Evaluation criteria for reviewing competitive proposals should take into consideration:

- Specialized experience or technical expertise of the firm and its personnel in connection with the type of services to be provided and the complexity of the project;
- Past record of performance on contracts with the municipality and other clients, including quality of work, timeliness, and cost control;
- Capacity of the firm to perform the work within time limitations, taking into consideration the current and planned workload of the firm; and
- Familiarity of the firm with the type of problems applicable to the project.

RECOMMENDED BEST PRACTICE

The above-listed evaluation criteria can be scored using a weighted point system based on their importance. A side-by-side comparison of the numerical scores will determine which proposal receives the award.

Request for Proposal (RFP)

The following requirements must be met:

- The *Request for Proposals* (RFP) must clearly and accurately state technical requirements for goods and services required. It should specify scope of services and the type of contract to be provided – cost reimbursement (also known as cost plus fixed fee), fixed price or per diem contract;
- The RFP also should specify the cost and pricing data required to support the proposed cost, anticipated start and completion dates, and evaluation criteria to be used in ranking proposals. The UGLG should make available pertinent materials, such as reports, maps and site plans to assist the bidders in preparing proposals. For complicated projects, the UGLG may wish to conduct a pre-bid conference to discuss the project, describe available materials and explain relevant CDBG contract regulations;
- The UGLG shall publicize the RFP (making the RFP publicly available, e.g., posting on the UGLG’s website, publishing in the newspaper, posting on one or more professional association website(s), etc.) and to the maximum extent practicable, honor reasonable requests by parties to have an opportunity to compete;*
- Proposals shall be solicited from an adequate number of qualified sources, consistent with the nature and requirements of the procurement;
- The UGLG shall conduct a technical evaluation of the submitted proposals to identify the responsible offers; and

- The UGLG shall award the contract to the most responsive and responsible contractor after price and other factors are considered through scoring the proposals according to predetermined evaluation criteria. The successful proposal/offer must clearly be the most advantageous source of the goods and services.
- The UGLG shall follow its local procurement policy(ies) in approving and executing the contract.

**The RFP may be sent to particular firms to encourage participation, in addition to making the RFP publicly available, but sending the RFP to the particular firms may not be in lieu of making the RFP publicly available.*

A Request for Proposals (RFP) Template is provided in Attachment 3-G.

Request For Qualifications (RFQ)

For procurement involving architectural or engineering services, the UGLG may use the *Request for Qualifications* (RFQ) competitive proposal procedure whereby competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. **In these instances, price is NOT used as a selection factor.** The UGLG should review and rank every statement of qualifications received.

Once the most-qualified firm is identified, only that firm is asked for a price proposal, which is subject to negotiation of a fair and reasonable price. If negotiations with the selected firm are unsuccessful, this process is repeated with the next highest-ranked firm, until a fair and reasonably priced contract can be awarded.

The qualifications-based (RFQ) competitive proposals method may not be used to purchase anything other than architectural and engineering services [24 CFR 85.36(d)(3)(v)].

Note: The federal rule cited in the previous paragraph, relating to the procurement of architectural and engineering (A/E) services, is quoted below verbatim:

UGLGs and sub-Grantees may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. This method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services though A/E firms are a potential source to perform the proposed effort.

This language means that the Qualifications-based Procurement Method can be used only for A/E services. If an RFQ is issued, the competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation.

In addition, federal procurement regulations generally discourage the use of local geographical preferences in the evaluation of bids or proposals except where mandated by federal statutes, due to the resulting geographical restrictions unnecessarily placed upon open competition. However, in procuring architectural and engineering services, geographic location is permitted as a selection criterion provided this criterion results in an appropriate number of qualified firms still being allowed to submit their qualifications for review [24 CFR 85.36(c)(2)].

WARNING!

A *Request For Qualifications* (RFQ) cannot be used to purchase other types of services, even though A/E firms are potential sources to perform other types of services.

GUIDANCE AND REQUIREMENTS FOR USING THE RFQ PROCUREMENT METHOD

- The *Request for Qualifications* (RFQ) must clearly and accurately state the qualifications submission content and formal required;
- The RFQ also should specify relevant project details and evaluation criteria to be used in ranking qualifications submitted.
- The UGLG may invite specific firms (must be at least three (3) to submit their qualifications and/or may publicize the RFQ- DEHCR recommends but does not require that RFQ be advertised and made publicly available (e.g., posting on the UGLG's website, publishing in the newspaper, posting on one or more professional association website(s), etc.); and recommends that the UGLG, to the maximum extent practicable, honor reasonable requests by parties to have an opportunity to compete
- The UGLG shall conduct a technical evaluation of the submitted qualifications to select the firm(s) to move forward with additional information and contract negotiations;
- The UGLG shall award the contract on the basis of/with consideration for factors in the pre-established evaluation criteria set forth in the RFQ, and after satisfactory negotiations with the selected firm;
- The UGLG shall document the basis for its determination of the most qualified competitor and the reasonableness of the contract price; and
- The UGLG shall follow its local procurement policy(ies) in approving and executing the contract.

A *Request for Qualifications (RFQ) Template* is provided in *Attachment 3-H* as additional guidance.

OPTION #4 – NON-COMPETITIVE PROPOSALS/SOLE SOURCE OPTION [24 CFR 85.36 (d)(4)]

This method may be used only under very limited circumstances and **the UGLG must obtain DEHCR approval before using this method.** When requesting approval to use this method, the UGLG will have to demonstrate that another method of procurement was not feasible because:

- The item or service was only available from a single source;
- A public emergency or condition requiring urgency existed which did not permit the use of competitive procurement; or
- Competition was determined to be inadequate after solicitation of proposals from a number of sources.
- Refer to the guidance earlier in this chapter regarding sole bidders when using the competitive bid procurement method.

SUB-RECIPIENTS

A sub-recipient is a public or private non-profit agency or organization receiving CDBG funds from a UGLG or another sub-recipient to undertake eligible activities. Another way to say this is that sub-recipients are organizations that are **provided** CDBG funds by an UGLG **for their use** in carrying out agreed-upon, eligible activities. Sub-recipients are subject to all the same procurement requirements as the UGLG that was awarded the CDBG funds. There are some rare exceptions for certain types of contracting by certain types of sub-recipients such as developers. Contact DEHCR for guidance regarding sub-recipient requirements.

WARNING!

The UGLG must consult with DEHCR prior to entering into an agreement with a sub-recipient.

STARTING THE WORK

Refer to *Chapter I: Financial Management and Monitoring- Active Grants* in this Handbook and the terms set forth in the UGLG's *Grant Agreement* with DEHCR for specifications for starting work and incurring costs for the CDBG project.

RECORDS AND FILES

According to 24 CFR 85.36(b)(9), the UGLG shall maintain records to detail the significant history of a procurement and contracting.

The UGLG must establish procurement and contracting files and monitor the contracts to assure that the contracts are completed in a satisfactory and timely manner.

The Procurement and Contracting records* must contain (if applicable):

- UGLG's local procurement policy;
- Descriptions of methods used to select consultants and contractors [e.g., Small Purchase/Simplified Acquisition, *Request for Bids* (RFB), *Request of Qualifications* (RFQ), *Request of Proposals* (RFP), Sole Source];
- Copies of quote request, RFB, RFQ and/or RFP documents used for soliciting responses from contractors/service providers, and related procurement correspondence/communications;
- Advertisement(s) for bids and/or proposals and proof of publication (as applicable);
- Quotes/bids/qualifications/proposals received and evaluation method(s) (e.g., quote review summary, bid tabulation detailed summary, qualifications review summary, proposal evaluation scoring summary, etc.);
- Cost and pricing data;
- Record of the approval by the governing body of the quote/bid/qualifications/proposal accepted/selected (as applicable);
- Contract(s) for goods/services;

- Conflict of Interest related documentation (e.g., contractors' potential conflict of interest disclosure statements, local policy regarding conflicts of interest, UGLG public disclosure and review records [if applicable], legal opinion(s) [if applicable], related correspondence to DEHCR [if applicable], request(s) for waiver [if applicable], etc.);
- Records of <https://sam.gov/SAM/> debarment searches;
- Signed Lobbying Certifications for all contractors; and
- Completed Disclosure of Lobbying Activities forms (as applicable).

**Contracting documents related to construction may be maintained in the Labor Standards files established for contractors and sub-contractors.*

The UGLG may be asked to provide procurement documentation related to any or all contractors, suppliers and service providers applicable to the project at any time. Improperly procured services or goods will be deemed ineligible costs and DEHCR may deny payment or prohibit the costs from being counted towards the UGLG's match funding for the CDBG project.

RELEVANT LAWS

Procurement laws governing public construction in Wisconsin are as follows:

- Wisconsin State Statutes concerning advertising and bidding of public construction projects: 66.0901 (general); 59.03-04, 59.06 (county), 60.47 (town), 61.50 and 61.54 through 61.57 (village), and 62.15 (cities); and ch. 985.

Procurement and contracting laws governing federal CDBG projects are as follows:

- Code of Federal Regulations: 2 CFR 200, 24 CFR 85.36, 24 CFR 570.489, 24 CFR 570.503, 24 CFR 570.607, 24 CFR 570.609, 24 CFR 570.610, 24 CFR 570.611

Refer to Chapter 6: *Equal Opportunity, Fair Housing & Section 3* and Chapter 7: *Labor Standards* of the BCD CDBG Implementation Handbook for additional relevant laws for contracting. The handbook can be found at: <https://doa.wi.gov/Pages/LocalGovtsGrants/CDBGImplementationHandbook.aspx>

CONTRACT LANGUAGE AND FORMS

*Denotes the Attachment or similar form is recommended to be included in the contract, but it is not required. All other items listed in the category must be included in the contract (cannot be by reference only) unless otherwise noted.

**Required to be in the contract only if federal labor standards (i.e., Davis-Bacon and Related Acts [DBRA]) are applicable to the project.

***Section 3 requirements for which the insertion is not applicable to projects awarded CDBG funds on or after 11/30/2020 that have no construction (e.g., Planning-Only and Public Services-Only projects)de the language and forms as indicated in the following table.

Construction Contracts of \$10,000 or <u>LESS</u>	Construction Contracts of <u>GREATER</u> Than \$10,000
<p><i>Must be included <u>in</u> contracts & bidding packet:</i></p> <ul style="list-style-type: none"> • Attachment 3-C [24 CFR 570.489(h) Conflict of Interest Clause] • Attachment 6-B(1) or 6-B(2) (depending on when Grant was awarded to UGLG) [Section 3 Contract Requirements] • Attachment 7-B** [Davis-Bacon and Related Acts (DBRA)] • Attachment 7-G** [Federal Labor Standards Provisions (4010)] • Applicable Davis-Bacon/Federal Wage Decision(s)** 	<p><i>Must be included <u>in</u> contracts & bidding packet:</i></p> <ul style="list-style-type: none"> • Attachment 3-C [24 CFR 570.489(h) Conflict of Interest Clause] • Attachment 6-A** [Equal Opportunity Clause (EO 11246)] • Attachment 6-B(1) or 6-B(2) (depending on when Grant was awarded to UGLG) [Section 3 Contract Requirements] • Attachment 6-C** [Affirmative Action Requirements (EO 11246)] • Attachment 6-D** [Federal Equal Employment Opportunity Clauses Construction Contract Specifications (EO 11246)] • Attachment 7-B** [Davis-Bacon and Related Acts (DBRA)] • Attachment 7-G** [Federal Labor Standards Provisions (4010)] • Attachment 7-R [MBE/WBE/DBE Web Resources] • Applicable Davis-Bacon/Federal Wage Decision(s)**

Construction Contracts of \$10,000 or <u>LESS</u>	Construction Contracts of <u>GREATER</u> Than \$10,000
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<p>To be provided to construction contractor (either as part of contract & bidding packet or may be provided separately):</p> <ul style="list-style-type: none"> • Attachment 3-B* [Conflict of Interest Disclosure Form] – <i>Recommended for prime contracts</i> • Attachment 3-D [Lobbying Certification Form] – <i>Must obtain signed copy from contractor at time of contract award</i> • Attachment 3-E [Disclosure of Lobbying Activities Form] – <i>Must obtain signed copy from contractor if has lobbying activities to disclose</i> • Attachment 7-I* [Pre-Construction Meeting Items to be Discussed] • Attachment 7-J* [Pre-Construction Checklist for Contractors] • Attachment 9-K(1) or 9-K(2) (depending on when Grant was awarded to UGLG) [Section 3 Employee Income Certification Form] • Attachment 9-L [Section 3 Business Concern Certification Form] • Attachment 9-M [Individual Contractor Section 3 Report Form]* 	<p>To be provided to construction contractor (either as part of contract & bidding packet or may be provided separately):</p> <ul style="list-style-type: none"> • Attachment 3-B* [Conflict of Interest Disclosure Form] – <i>Recommended for prime contracts</i> • Attachment 3-D [Lobbying Certification Form] – <i>Must obtain signed copy from contractor at time of contract award</i> • Attachment 3-E [Disclosure of Lobbying Activities Form] – <i>Must obtain signed copy from contractor if has lobbying activities to disclose</i> • Attachment 7-I* [Pre-Construction Meeting Items to be Discussed] • Attachment 7-J* [Pre-Construction Checklist for Contractors] • Attachment 9-K(1) or 9-K(2) (depending on when Grant was awarded to UGLG) [Section 3 Employee Income Certification Form] • Attachment 9-L [Section 3 Business Concern Certification Form] • Attachment 9-M [Individual Contractor Section 3 Report Form]*
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Professional Services and Other Non-Construction Contracts <u>Funded in Whole or In Part with CDBG</u>	Professional Services and Other Non-Construction Contracts <u>NOT</u> Funded with CDBG
<p>Must be included <u>in</u> contract:</p> <ul style="list-style-type: none"> • Attachment 3-C [24 CFR 570.489(h) Conflict of Interest Clause] • Attachment 6-B(1) or 6-B(2)*** (Depending on when Grant was awarded to UGLG) [Section 3 Contract Requirements] – <i>Required if Section 3 requirements are applicable to project</i> 	<p>Must be included <u>in</u> contract:</p> <ul style="list-style-type: none"> • Attachment 3-C [24 CFR 570.489(h) Conflict of Interest Clause] • Attachment 6-B(1) or 6-B(2)*** (Depending on when Grant was awarded to UGLG) [Section 3 Contract Requirements]* - <i>Recommended if Section 3 requirements are applicable to project</i>
<p>To be provided to contractor (either as part of contract or may be provided separately):</p> <ul style="list-style-type: none"> • Attachment 3-B* [Conflict of Interest Disclosure Form] – <i>Recommended for prime contracts (i.e., contracts directly with UGLG or sub-recipient)</i> • Attachment 3-D [Lobbying Certification Form] – <i>Must obtain signed copy from contractor at time of contract award</i> • Attachment 3-E [Disclosure of Lobbying Activities Form] - <i>Must obtain signed copy from contractor if has lobbying activities to disclose</i> • Attachment 9-K(1) or 9-K(2)*** (depending on when Grant was awarded to UGLG) [Section 3 Employee Income Certification Form] – <i>Required if Section 3 requirements are applicable to project</i> • Attachment 9-L*** [Section 3 Business Concern Certification Form] – <i>Required if Section 3 requirements are applicable to project</i> • Attachment 9-M*** [Individual Contractor Section 3 Report Form]* - <i>Recommended if Section 3 requirements are applicable to project</i> 	<p>To be provided to contractor (either as part of contract or may be provided separately):</p> <ul style="list-style-type: none"> • Attachment 3-B* [Conflict of Interest Disclosure Form] - <i>Recommended for prime contracts (i.e., contracts directly with UGLG or sub-recipient)</i> • Attachment 3-D [Lobbying Certification Form] – <i>Must obtain signed copy from contractor at time of contract award</i> • Attachment 3-E [Disclosure of Lobbying Activities Form] - <i>Must obtain signed copy from contractor if has lobbying activities to disclose</i> • Attachment 9-K(1) or 9-K(2)*** (depending on when Grant was awarded to UGLG) [Section 3 Employee Income Certification Form] – <i>Required if Section 3 requirements are applicable to project</i> • Attachment 9-L*** [Section 3 Business Concern Certification Form] – <i>Required if Section 3 requirements are applicable to project</i> • Attachment 9-M*** [Individual Contractor Section 3 Report Form]* - <i>Recommended if Section 3 requirements are applicable to project</i>

ATTACHMENTS

Attachments for this chapter can be found in the BCD CDBG handbook located at <https://doa.wi.gov/Pages/LocalGovtsGrants/CDBGImplementationHandbook.aspx> .

I. FINANCIAL MANAGEMENT AND MONITORING-ACTIVE GRANTS

This chapter provides the guidelines for the financial management and monitoring requirements for CDBG housing programs, **specifically for those entities with a current active grant with the State of Wisconsin**. If you do not have an active grant, but are operating programs using funds only from previous grants, you should review this chapter along with Chapter L.

The key to efficient and acceptable financial management of the CDBG-Housing program is outlined in 24 CFR Part 570 and OMB Circular 2 CFR Part 200. This requires the Grantee to establish record-keeping requirements sufficient in detail to determine whether program funds are being spent in accordance with federal and state laws.

INITIATING CONTRACT ACTIVITY

Once an award of funds is made, the Grantee must undertake a series of steps before signing contracts and engaging in projects. The State of Wisconsin must diligently track all disbursements made for the CDBG-Housing Program; therefore, Grantees and the State, are required to establish unique documentation and/or accounts dedicated specifically to this program prior to the first payment. These steps include the completion of the **Electronic Deposit Authorization Form (to receive electronic transfer of funds)** and the **Signature Certification**. From the data on these certifications, the State will prepare a **Request for Disbursement** form specific to the program. These documents provide information regarding the account into which funds will be deposited by the State, and certification of who at the local level can request funds. These steps are described in detail below.

Two disbursement options are offered to Grantees:

1. A Grantee may request grant funds, provided sufficient invoices have been received. Under this arrangement, the Grantee must establish TWO checking accounts to properly document program expenditures.

The first checking account is the Grant Account, the account which receives grant funds from the State. This must be a noninterest-bearing account from which all non-rehabilitation expenses are paid directly. Funds used to pay contractors for rehabilitation activity are transferred to the second account, called the Working Account. This account **MUST** be an interest-bearing account.

Both accounts require activity documentation – financial logs named, respectively, the Grant Account Transactions Journal and the Working Account Transactions Journal.

2. A Grantee may choose to pay all program invoices upon receipt and then request reimbursement. Payments for CDBG-Housing Program activity will be made to the Grantee as requested to reimburse their account for these expenditures. If this method is selected, this option is managed by a Reimbursement Account Transactions Journal.

In both cases, the Grantee must complete an **Electronic Deposit Authorization Form** that provides information on the account into which program funds will be deposited by the State. This form provides required routing information from the participating financial institution. As these details allow State CDBG Grant Specialists to create the disbursement process through the State fiscal system, the form must be complete and accurate before any payments can be made.

To finalize the set-up process for CDBG-Housing funds disbursement, the Grantee's Chief Elected Official (CEO) must authorize those individuals eligible to request grant funds. Grantees must complete the

Signature Certification form. All individuals to be authorized must complete, sign and date the form. When completed, the CEO must sign the Certification to authorize those signatures. The date of the CEO's certification **may not** precede the signature date of those being authorized to request disbursements from the CDBG-Housing program, and the CEO **may not** authorize him/herself to request funds.

If either the participating financial institution or those individuals authorized to request disbursements change during the life of the grant, the Grantee must request, complete and submit a new Electronic Deposit Authorization and/or Signature Certification forms prior to initiating any new disbursement activity.

The last step in establishing the CDBG-Housing grant disbursement process is creation of the **Request for Disbursement** form by DEHCR. This form will include routing information from the Electronic Deposit Authorization Form, as well as specific spending category indicators derived from the federal reporting system.

In summary, there are a number of steps required prior to initiating the first request for disbursement of CDBG-Housing funds, including the following:

3. A signed Electronic Deposit Authorization Form has been received;
4. A signed and dated Signature Certification has been received;
5. A fully executed CDBG-Housing grant agreement is in force;
6. An Environmental Review has been completed and an Environmental Certification has been issued. This certificate is provided by State staff after submission of information by the Grantee.
7. If applicable, a proposed or approved consultant administrative contract is in place;
8. If applicable, submittal of up-to-date documentation in compliance with proper labor standards procedures;
9. The Request for Disbursement form has been received from DEHCR with appropriate supporting documentation.

CDBG project funds may not be requested for payment of work that was initiated prior to receipt of the grant award letter. After receiving the grant award letter – but prior to completion of the Environmental Review process – administrative and engineering costs incurred may be reimbursed.

No individual project rehabilitation funds may be requested for mortgages signed **prior** to the execution of the grant agreement with DEHCR, or after the expiration date of that contract.

REQUESTING CDBG-HOUSING GRANT FUNDS

Project Funds

Grantees may submit a Request for Disbursement at any time reimbursement activity reaches the \$5,000 minimum disbursement request (with the exception of the program's final disbursement request, for which there is no minimum). Invoices that total the disbursement request must accompany each request. Grantees must spend program income (RLF) prior to requesting grant funds. This includes both rehabilitation funds and administration funds.

Grantees may submit a request totaling \$5,000 or more which includes all invoices that have been received and need to be paid. Invoices that total the disbursement request must accompany each

request. ONCE FUNDS ARE RECEIVED, eligible funds must be transferred to the Working Account within three days and expended from that account within seven working days. ¹

If the Grantee advances funds to the CDBG program, the Grantee **cannot** use CDBG funds to pay interest to themselves for use of the advanced funds.

CDBG grant funds are transferred electronically from the State to the grantee, guided by information provided on the Electronic Deposit Authorization form.

Regardless of the disbursement option, all Requests for Disbursement **must** include the following information:

1. Invoices must be published on company letterhead;
2. Invoices must be dated and signed;
3. Must include a brief description of the services provided, including the time period over which services were offered, cost breakdown, and the name of the CDBG client and address of work completed.
4. Contractor’s Payment Request form signed by the inspector and/or administrator, contractor, and homeowner authorizing payment.

The invoice must state that the request for payment reflects “allowable costs and activities” as outlined in the contract. ²

Under certain circumstances - and with prior approval from DEHCR staff - CDBG-Housing payments may be expedited. This request must be submitted on Grantee letterhead, signed by the Chief Elected Official, and include: (1) the reason for the expedited payment request, (2) the amount of the payment, and (3) the date the payment would need to be received.

Administrative Funds

DEHCR will only release administrative funds in proportion to requests from project budget lines (*expenses must be incurred prior to request and supported by invoices*).

FINAL REQUEST FOR CDBG FUNDS

Eligible costs must be incurred and requested as outlined in your grant contract.

A Grantee will designate its final request for funds in a CDBG-Housing grant program by indicating “Yes” to the “Final Request” question on the Request for Disbursement form. The final request is the only disbursement request which may be less than \$5,000. Grant money received from the final request remains subject to the timeliness requirement for expending funds (within three working days of receipt).

TREATMENT OF PROGRAM INCOME AND REVOLVING LOAN FUNDS (RLF)

Another source of revenue is that which results from the operation of CDBG projects. When revenue from a CDBG project operation is received (i.e., loan payoff or monthly rental-unit installments, interest

¹ REMINDER: Payments made directly from the Grant Account must be completed within three working days of receipt and include administrative expenses, down payment/closing costs, public facility project costs and acquisition/demolition/relocation expenses. All payments to contractors for rehabilitation activity must be paid from the Working Account after funds are transferred from the Grant Account.

² Source documentation must be provided “in accordance to generally accepted accounting practices” (OMB Circular A-87).

income), it should be identified as PROGRAM INCOME. If an entity receives program income or revolving loan funds, it must be used to continue the same type of activity that generated it. ³

REVOLVING LOAN FUNDS (RLF) RLFs are the repaid dollars which have a reuse designated in the CDBG contract and are currently being classified as Program Income. Two examples of existing RLFs are the repayment of housing rehabilitation loans and interest earned from funds held in an account by the Grantee.

This type of Program Income will continue to be reported in the Grantee's Working Account Transactions Journal and deposited into the Grantee's Working Account. The funds **must** be disbursed prior to requesting new CDBG funds. Program Income of this type received between disbursement requests must be reported on the subsequent Request for Disbursement. Grant Specialists will monitor the use of RLF dollars prior to any requests for new funds.

Program income earned from a prior state funded CDBG housing grant must be applied to the active CDBG housing grant and must be spent prior to requesting new funds.

Grantees must report to DEHCR the bank interest earned from January 1 to December 31 of each year. If the amount exceeds \$500 the funds must be remitted to DEHCR, which will in turn remit the funds to the U.S. Treasury. If the amount is less than \$500 the Grantee may retain the funds and use them for administrative expenses. ⁴

Interest earned on federal *advances* to a community is **not** program income. Any such earnings must be immediately returned to DEHCR for forwarding to the U.S. Treasury. To prevent such earnings, DEHCR requires Grantees to use noninterest-bearing checking accounts for their CDBG Grant Account.

REVOLVING LOAN FUND (RLF) and ACTIVE GRANTS

The following guidelines apply when a Grantee receives repaid funds from a CDBG housing rehabilitation program *and* has an active grant with the State.

All rehabilitation funds repaid from a current or previous state funded CDBG housing program must be deposited into the Working Account (usually, 83% project and 17% admin). The Grantee must track payments and deposits, identify and record interest earned on the funds, and document that RLF rehabilitation funds and RLF administrative funds are spent prior to requesting new funds from DEHCR. CDBG Housing Program income (RLF) generated through the regional housing program must be **spent** prior to utilizing CDBG contract funds.

A municipality with an excessive RLF administration balance may, with the local housing committee approval, transfer RLF funds from administrative to rehabilitation (DEHCR must be notified). RLF rehabilitation funds spent should be accompanied by a corresponding RLF administration amount to maintain a reasonable RLF administration balance.

If a Grantee plans to request funds from DEHCR for a new non-rehabilitation activity (administration, Direct Homeownership Assistance), the municipality should request an amount that is supported by invoices (i.e., a non-rehabilitation activity fund request **should never** be reduced by the amount in the revolving loan fund).

³ **PROGRAM INCOME** is revenue received which does not have a reuse designated in the current CDBG contract. Examples of possible program income are service fees, usage or rental fees.

⁴ If the funds are held in a general account, including more than just CDBG funds, calculate the interest by looking at the ratio of CDBG funds to all funds.

If RLF dollars are received **after** a disbursement request is submitted or received, the Grantee must spend the grant dollars first and then spend the RLF dollars on the next authorized activity.

REVOLVING LOAN FUND and NON-REGIONAL CDBG PROGRAMS

If the applicant resides in a community that has a local CDBG Housing Revolving Loan Fund (RLF), the applicant must be served first by the local RLF program. If the local RLF program does not have funds available to serve the applicant, the Regions may serve the applicant. Grantees must verify with local CDBG-RLF administrators that program income (RLF) is obligated prior to utilizing CDBG Regional funds. The Division recommends the Grantee obtain letters and/or emails of verification from RLF administrators showing that the balance of their RLF Account has been obligated.

FINANCIAL RECORDS

Basic Requirements

Federal regulations governing the CDBG program require Grantees to establish adequate recordkeeping. A key provision requires records pertaining to authorizations, obligations, unobligated balances, assets, liabilities, outlays and income be maintained. In the event of conflict between the language specified in the contract and this handbook or other supporting documents, the provisions in the contract regarding financial records shall take precedence.

To meet such standards, the Grantee must maintain the following financial records:

1. Disbursement Summary Register;
2. Grant Account Transactions Journal (*if applicable*);
3. CDBG Reimbursement Request Form;
4. Working Account Transactions Journal (*or Reimbursement Account Transactions Journal*);
5. Rehabilitation Obligations Tracking Journal;
6. Individual Obligation Journal;
7. Program Beneficiaries Data Sheet;
8. Outstanding Loan Ledger;

Disbursement Summary Register

The Disbursement Summary Register keeps a running balance of disbursements allocated to each budget category of a grant. Its purpose is to help the Grantee keep track of which budget category funds have been drawn and the balance of each budget category. This report should be maintained by the Grantee and made available at monitoring.

Grant Account Transactions Journal

The Grant Account Transactions Journal collects information required for all federal grants, maintaining a detailed record of daily activity in the Grant Account. It also provides documentation that CDBG Grant funds have been disbursed in a timely manner.

Each deposit or disbursement in the Grant Account Transactions Journal must be recorded on a new line – NEVER show a deposit and disbursement on the same line.

The Grant Account Transactions Journal will record grant award deposits and disbursements. For all deposits, the date, description of activity and amount are recorded

in the

Some financial institutions require a minimum deposit to open a checking account. If so, a Grantee may use municipal funds to open the account and repay the municipality once funds are deposited in the Grant Account. Here's how:

1. Deposit minimum amount required to open account;
2. Enter amount as "Miscellaneous Deposit" in the Grant Account Transactions Journal;
3. Increase "Federal Cash on Hand" by the amount;
4. Reimburse municipality when initial disbursement is received;
5. Enter reimbursement on Grant Account Transaction Journal as payment to municipality (admin expense).

appropriate columns. When checks are written - or funds are transferred from the Grant Account - the date, description of activity (payee), check number, amount and budget category are recorded.

Every entry in the Grant Account Transactions Journal must be supported by proper documentation including bank statements, vouchers and invoices. Do not enter any payments made by the municipality which will be reimbursed later by CDBG funds (see CDBG Reimbursement Request Form Section).

The Grant Account Transactions Journal provides disbursement data needed to complete the Request for Disbursement of Community Development Block Grant Funds form. Grantees with concurrent contracts must maintain a separate Grant Account Transactions Journal for each contract.

The Grant Account Transactions Journal must be updated by the Grantee with each transaction and submitted with each disbursement request.

CDBG REIMBURSEMENT REQUEST FORM

Some Grantees will find it necessary to advance funds to the CDBG program and be reimbursed at a later time. When this happens, use the CDBG Reimbursement Request Form to track the payments as they are made. This form records:

1. When the municipality made each payment;
2. To whom each payment was made;
3. The number of the supporting invoices;
4. The check numbers;
5. The amount of each payment;

*The Grant Account Transactions Journal will **never** show a check paid by the municipality. All checks issued by the municipality, to be reimbursed by the CDBG-Housing program, will be listed on the CDBG Reimbursement Request Form.*

To use the CDBG Reimbursement Request Form:

1. Fill in the required information as payments are made by the Grantee and attach a copy of each paid invoice.
2. Sign the form to request reimbursement from the CDBG Grant Account, entering the full reimbursement amount and date on which the CDBG Grant Account check was written on the Grant Account Transactions Journal.
3. File the CDBG Reimbursement Request Form - and supporting documents – with the financial records for the CDBG program. The CDBG Reimbursement Request Form should be prepared by the Grantee and submitted with each related disbursement request.

WORKING ACCOUNT TRANSACTIONS JOURNAL

Just as the Disbursement Summary Register, Grant Account Transactions Journal, and Reimbursement Request forms reflect the activity of your Grant Account, the Working Account Transactions Journal will reflect rehabilitation and RLF activities. This journal records funds that have been transferred from the grant account and disbursed for housing rehabilitation projects, repaid housing rehabilitation loans, and interest earned.

The Working Account must earn interest (24 CFR 570.511) and must be separate from your Grant Account which is non-interest bearing.

All deposits must contain the date, description of activity and amount are recorded in the appropriate columns. When checks are written - or funds are transferred from the Grant Account - the date, description of activity (payee), check number, amount and budget category are recorded.

Whenever money is **returned** to the community as the result of a housing rehabilitation project - whether it is a monthly loan payment or the return of deferred loan funds - it is deposited into the Working Account and recorded in both the Working Account Transactions Journal as well as the Rehabilitation Obligations Tracking Journal. All interest earned on the Working Account must also be recorded in both Journals.

The Working Account Transactions Journal documents that grant funds are disbursed for housing rehabilitation projects within ten (10) *working days* of receipt (three days allowable in Grant Account, seven days in Working Account). It also documents that available RLF project funds are disbursed *prior* to the request for new CDBG grant funds.

All RLF dollars (including interest earned) are to be recorded in the Working Account Transactions Journal as soon as they are received.

The Working Account Transaction Journal must be updated with each transaction by the Grantee and submitted with each disbursement request.

REHABILITATION OBLIGATIONS TRACKING JOURNAL

Grantees must maintain a system for tracking obligated and unobligated balances. The purpose of such a system is to help a Grantee from over-committing funds. The Rehabilitation Obligations Tracking Journal must include date of loan approval, loan number, loan/grant amount (how much is obligated), loan reductions (unused funds), and balance available. Grant awards and program income are also entered by date on this journal.

Note: *Obligated funds* are **not** *committed funds* and should not be used to complete the Accomplishment Report. Committed funds are reported **only** after the mortgage and rehabilitation contracts are signed, while obligated funds are the anticipated costs based on rehabilitation estimates.

INDIVIDUAL TRACKING JOURNAL

A separate record of all funds paid out on a project specific to each applicant must be maintained, enabling administrators to account for all funds paid out on a project. A copy of the RLF Individual Project Journal must be kept in each individual rehabilitation project file.

PROGRAM BENEFICIARIES DATA SHEET

The program beneficiary data sheet records data for applicants that have closed loans or received a grant with the CDBG Housing program. The data to be reported includes application number, date the mortgage was signed, loan/grant amount, and beneficiary demographics.

PROJECT LOAN TRACKING REPORT/LOAN PORTFOLIO

This ledger includes a list of all loans that have been made by the Grantee, including whether the mortgage is outstanding or paid off. This is an ongoing list of loans, property address, and payment status.

OTHER FUNDS

If other public/private funds are used, the Grantee must maintain records to document the amount, date and purpose of these funds. If a Grantee utilizes more than one funding source for a project, the Grantee may not charge duplicate fees to each funding source. For example, a Grantee may not charge the CDBG program an inspection fee and also charge another program that same inspection fee. Cost sharing of an expense is allowed; however, the total cost of the expense cannot exceed the standard fee charged by the Grantee for that service.

Homebuyer Projects- For homebuyer projects, a copy of all bank mortgages (between the homeowner and the bank) and the closing statement must be kept in the project file. When funds are used for down payment assistance for a homebuyer project, a copy of the letter to the homeowner, detailing the homeowner contribution, must be on file.

Donations- Cash donations to the rehabilitation program must be deposited in the Working Account and recorded on the Rehabilitation Obligations Tracking Journal and the Working Account Transactions Journal as an RLF project deposit with a notation in the description column that it is a “donation” to the program or for a specific purpose (e.g., a donation to be used for paint or a specific homeowner project). A copy of the check must be in the file for documentation of other funds brought into the program. Donations received for a specific homeowner project need not be disbursed until the appropriate project payment is ready to be made.

Cash contributions from a homeowner for his/her individual project must be recorded on the Working Account Transactions Journal (under RLF project deposit). A copy of the check must be on file for documentation of Other Funds brought into the program. Cash contributions for any non-rehabilitation purpose (e.g., down payment, site acquisition) must be paid directly to the individual project and documented with a copy of the check.

ADMINISTRATIVE EXPENSES

Administrative costs must be paid from the 17% administration funds that are set aside from an active grant and/or from program income (RLF).

A Grantee may use CDBG funds to pay the salaries of *municipal* employees who administer the CDBG programs. These expenses need to be documented and based on actual time worked in support of project administration. Examples of eligible administrative expenditures include; (1) general management, oversight and coordination, (2) attendance at trainings, (3) fair housing, and (4) indirect costs.

When requesting payment for administrative expenses (or drawing administrative costs from program income), the request must be based on actual time spent administering the program and actual costs associated with the employee (salary, taxes, insurance, etc.). The information required for reimbursement includes the number of hours worked and the hourly rate. Time sheets **must** be maintained to document the number of hours worked, and documentation must be developed and maintained that justifies the hourly rate charged. This information will be reviewed during monitoring or can be requested when the request for payment is received.

Administrative costs may also be paid to third-party program administrators. Time spent by third-party administrators on program administration must likewise be documented (using a time sheet) and an hourly rate. If administrators elect to be paid a fixed amount per project, a time sheet must demonstrate that these project specific costs are justified. Program Administrators may **not** make a “profit” on management of programs.⁵ All payments made must be based upon the actual cost of operating the program. Grantees may not charge applicants or the program for services that are also paid with administration dollars. For example: the normal duties of a loan processor include preparing loan documents and that individual is paid an hourly wage or a salary with CDBG administration fees. The program administrator cannot also charge a separate fee for preparing loan documents as this service is already being paid with CDBG administration dollars.

Wages paid to hired or appointed employees for work on the CDBG program must be comparable to wages paid for comparable work in the area. Elected officials may only be paid for time spent on the CDBG program if they request and receive a waiver of conflict of interest from DEHCR **prior** to performing the work for which they will be paid.

CDBG may not be used to pay for administrative expenses incurred after the expiration date of the contract with DEHCR.

Refreshments (for meetings) and meals are **not** an eligible CDBG expense (except when traveling on CDBG-related business).

A Grantee may elect to pay a per diem or salary to members of the CDBG committee **only** if all other such committees (e.g., public works committee, zoning committee, council) receive a similar payment.

ACQUISITION/DISPOSITION REGISTER

All Grantees are required to maintain an Acquisition/Disposition Register if federal funds are used for approved purchases. This document reports all property (including real property) acquisitions for items costing over \$500 if CDBG funds were used for those purchases. The register should include a description of the item, cost, date purchased, how disposed, and when.

If a purchase with CDBG dollars is made that is less than \$500, the grantee must maintain a register to show all purchases. All dispositions of CDBG-purchased items (including those purchased with previous state-administered grants) must be recorded on this Register.

⁵ There are exceptions to this when a company is a for-profit company.

The Acquisition/Disposition Register is to be maintained in the Grantee's closeout file and be submitted with the Closeout Report when an individual program is completed.

Items (including computer software) valued in excess of \$2,000 are not normally eligible expenses. These items should be of a size and capacity appropriate to the current CDBG program administrative needs. If the Grantee wishes to acquire an item with greater capacity than is needed for current administrative needs, the CDBG administrative funds will pay for only that size/capacity needed to serve the CDBG program. If the Grantee wishes to purchase equipment with the intention of also using it for other local government needs, the cost should be prorated with other users based upon the percentage of usage.

Equipment valued in excess of \$2,000 may be acquired in one of the following ways:

1. Items may be leased from a vendor based on a 5-year amortization of the cost of the item, or the life of the item, whichever is greater. In this case, the CDBG administrative budget will cover the monthly cost of this lease for the eighteen (18) month contract period; or
2. The local unit of government may purchase the item and then charge the CDBG administrative budget the equivalent of the lease cost of the item for the life of the program. The remaining cost above the life of the program becomes the responsibility of the local government; or
3. The Grantee may purchase the item outright using the CDBG administrative budget funds. At the end of the contract period the Grantee must appraise the trade-in value of the item and add that trade-in value to the calculation of the amount to be returned to DEHCR at the end of the contract period.

A Grantee may not purchase equipment or computer software valued in excess of \$2,000 without *prior* written approval from DEHCR. If equipment is purchased with federal funds, a fixed asset register must be maintained. Items valued at less than \$2,000 may be purchased with the CDBG funds designated for grant administration.

Disposition of Equipment

At the time of closeout of a CDBG program, the Grantee must assess the trade-in value of those items purchased with CDBG funds and reimburse DEHCR for the assessed trade-in value of that equipment if the aggregate value of the items exceeds \$2,000. This amount should be included online D.3 of the Certificate of Completion.

INDIRECT COSTS

In addition to direct administrative expenses (salaries), Grantees may charge indirect costs. Indirect costs are those expenses that are incurred incidental to operating the program. It includes things like rent, office supplies, administrative services, etc. For UGLGs, certain services, such as purchasing and accounting, are provided to operating agencies on a centralized basis. For UGLGs and Nonprofits that want to charge indirect costs to the federal award, an **indirect cost rate proposal** must be developed in accordance with 2 CFR Part 200.

Indirect costs may be charged under the following circumstances:

1. The UGLG must develop and maintain the plan, but it does not need to be submitted for federal approval unless requested by DEHCR. This plan and associated costs will be monitored by DEHCR during the monitoring process.

2. The organization must develop and maintain the plan, and it must be submitted annually to the cognizant agency for approval. The negotiated indirect cost rate agreement and associated costs will be monitored by DEHCR during the monitoring process. IF the nonprofit has never received a negotiated indirect cost rate, they may elect to charge the de minimus rate of ten (10%) of direct costs.

Costs may be charged either directly or indirectly. A direct cost can be directly attributed to the project. For example, if a staff person shows ten (10) hours working on property 123 Main Street on their timesheet, that time is directly attributed to that project.

PROJECT DELIVERY COSTS/ PROJECT-RELATED SOFT COSTS

The cost of carrying out an activity includes salary-related costs incurred by the local government or program administrator directly related to carrying out the project. Examples of eligible project delivery costs include (1) loan processing and underwriting, (2) preparation of work specifications, (3) construction inspections and oversight, (4) project-specific environmental reviews, etc. These costs are considered part of the cost of implementing CDBG activities. If a delivery cost is charged to a homeowner, it cannot also be paid out of administrative costs in the form of an hourly wage or salary.

Implications of charging project delivery costs to a project:

1. Administrative costs charged to the project are not included in the loan to the project owner.
2. If the project does not go forward, project costs that have been incurred for the project (inspection fees, etc.) must be charged as an administrative cost.
3. Staff must track and report their time by property address.

J. MONITORING

The State of Wisconsin bears responsibility for ensuring the CDBG funds are used according to all regulatory requirements. As a result, Grantees, using funds from an active contract or those using CDBG-RLF funds will be monitored in order to ensure that the programs are managed according to all federal program rules and that cross-cutting requirements are applied, as necessary. In addition, state staff reviews written policies and procedures for all Grantees and ensure that these policies are applied consistently and routinely. Monitoring may include a review of written policies and procedures, a review of project files, on-site visits to verify information in the files, and a review of financial documents and administrative policies.

This section discusses the objectives of monitoring, and what Grantees can expect when a monitoring is scheduled. Some requirements differ for those with active grants and those Grantees using only CDBG-RLF funds. Differences are noted where appropriate.

OBJECTIVES OF MONITORING

Monitoring of Grantees is a way to:

1. Evaluate organizational and project performance and ensure that the organization has adequate capacity to administer the CDBG program(s).
2. Ensure the CDBG resources are being used effectively and meet the Low to Moderate Income (LMI) national objective.
3. Ensure production and accountability.
4. Evaluate responsiveness to community needs.
5. Adjust and modify program policy and procedures.

In order to determine that all areas are addressed, several types of monitoring will be completed by state staff. These include:

1. **Program Monitoring:** This ensures that programs are being managed effectively and in compliance with CDBG rules and regulations. This will include a review of written policies and procedures.
2. **Administrative Monitoring:** This includes a review of the organizational capacity related to program administration and a general review of grant and financial management procedures.
3. **Project Monitoring:** This includes a determination that each project complies with the policies and procedures. It will include a physical inspection of selected projects that have been completed and a review of files to determine that adequate documentation is in place to demonstrate compliance.
4. **Long-Term Monitoring:** Ongoing monitoring is required during the loan term for some programs. For example, during the term of the loan, the address that was assisted must be the primary residence and must be insured, with the Grantee as a named insured.

For rental projects, compliance related to income and rents must be verified. Each Grantee must establish an annual system to ensure that landlords rent to eligible tenants and that they are aware of

current rental and income limits for those renting assisted units. State staff may monitor for consistency as required by program rules.

For homeowners, a letter or postcard (with return service requested) must be sent to verify continued residency of the assisted property. Alternatively, utility or tax bills can also be monitored to ensure that the owner continues to live in the home.

State staff will verify that required long term monitoring system(s) are in place and documentation of compliance is maintained.

FREQUENCY OF MONITORING

Desk Review

State staff completes desk reviews of local and regional program activity and production on an ongoing basis using quarterly and annual reports. These reports help determine if the program is on target for meeting production goals and that complete and accurate reporting takes place.

Grantee Technical Assistance

Grantees may also receive technical assistance from State staff to assist them with program set-up and/or any concerns related to management of their program. Assistance may be provided by phone or as part of an on-site visit. Grantees facing problems are encouraged to be pro-active in obtaining assistance from State staff to review programs or policies if there are questions or concerns.

On-Site Monitoring

More thorough monitoring is done with an on-site visit to the Grantee that may last 1-3 days. It is the intention of DEHCR to conduct on-site monitoring of every regional program at least once during the performance period. More frequent visits could be triggered if one of the following occurs:

1. New staff;
2. Inaccuracies reported during quarterly or annual reports;
3. Reported concerns/low activity level;
4. Concerns about staff program knowledge/experience.

In addition to these factors, complaints about program operation from consumers or concerns on the part of elected officials, may trigger an on-site visit. Finally, if there were complex or large projects in that region, regardless of other factors, on-site monitoring may be considered a higher priority.

When DEHCR representatives come to the community to monitor the CDBG program the grantee can expect the following:

1. To be notified in advance of the monitoring visit. State CDBG staff will never pay a “surprise” visit to your office. Dates and times are usually not negotiable unless unforeseen circumstances exist.
2. To receive a letter and/or email prior to the monitoring visit describing when state staff will arrive on site. The letter will also include a description of the scope of monitoring, the files that should be available and the length of the visit. Local staff should be available during the on-site visit and should arrange their schedules accordingly.
3. To provide a conference room or other enclosed area in which at least two people can work comfortably.

4. To be required to have the necessary forms and documentation ready and available during the monitoring visit. This will assist the monitoring visit to go quickly and smoothly.

State CDBG staff has the right to review any file or record that is associated with the CDBG program.

When on-site, staff will want to review project files, visit the site of a sample of completed and/or on-going projects, and review your financial management procedures. As part of the financial management review, DEHCR may ask to review documentation for invoices that were submitted for payment to ensure that appropriate documentation is maintained in the file.

Grantees must be able to fully document the management of CDBG Housing program in order to demonstrate compliance with all applicable regulations. During the on-site monitoring, DEHCR will review a variety of files that are maintained at the local level.

The filing system you establish should be easy to follow, and must provide chronological account of your activities for examination and review by DEHCR staff, HUD staff, and other entities such as financial auditors, etc. A separate administrative file system must be established for each CDBG housing contract.

ADMINISTRATIVE REVIEW

This portion of the monitoring will focus on program administration and will include records related to pre-award, implementation, and closeout process. The administrative review will differ depending on whether an active grant is in place or not. If a Grantee is using CDBG-RLF funds only (and no active grant is in place), this review will not include all of the documents listed below, as they will not apply to CDBG-RLF Grantees.

In the case of Grantee with an active grant, the following sections describe the types of information that may be reviewed:

1. Original Application to DEHCR and Grant Agreement;
2. Correspondence about the application;
3. Citizen Participation Plan and documentation showing requirements have been met before and during public hearing: published notices, 14-day evidence, clerk's certification, hearing date and minutes;
4. Signed "Lobbying" Certification Form;
5. A copy of Non-Violent Demonstration Policy;
6. A copy of Anti-Displacement Policy;
7. Relocation Plan;
8. Procurement Records: we will review local procurement activities. (More detail related to procurement process is included elsewhere in this Manual). We will expect to see, and review written local procurement policies demonstrating evidence of fair procurement practices when hiring contractors/consultants/program administrators/ inspectors/engineers, including:
 - a. Request for Proposals or Bid Packets;
 - b. Method used to evaluate proposals;
 - c. Selection committee/board approval of successful bidder(s) and rationale;
 - d. A copy of the executed contract;

9. Environmental Review Record Tier I (including the copy of the letter received from DEHCR); and
10. Grant Award Letter from DEHCR.

Housing Committee Records

Monitoring will include a review of the minutes of meetings and information approved by the Housing Committee, such as:

1. Evidence of adoption of a Policies & Procedures Manual;
2. Committee member names and contact information; and
3. Meeting minutes and evidence of open public meeting requirements.

Grant Agreements

During monitoring, DEHCR staff will ensure that there are adequate agreements in place related to program operation. This might include:

1. Grant Agreement signed by both parties; and
2. Regional Cooperative Agreement and adopting resolutions (if applicable).

Equal Opportunity Files

During the monitoring, DEHCR staff may review:

1. Demographic profile of distribution area;
2. Affirmative Action Plan (AAP) notice posted in conspicuous place, visible for all to see;
3. Grantee employment data;
4. Current chart of MBE/WBE contracts/subcontracts;
5. Current chart of Section 3 businesses (active Grantees only);
6. Evidence of efforts made to promote the use of local businesses;
7. Actions taken to implement Title VI and Section 109;
8. Record of promotion local LMI employment/training;
9. Fair Housing Ordinance(s); and
10. Evidence of minimum three actions to further fair housing (active Grantees only).

Administrative Expenditures

Each CDBG contract includes a budget line for administrative expenses. Eligible administrative expenses include:

1. Salary
2. Fringe benefits
3. Office rent
4. Travel
5. CDBG-related training
6. Consultant payments

During monitoring, DEHCR staff will review this information to verify that administrative payment requests have been accurately determined.

Financial Management Files

State and federal regulations set forth the financial management procedures which must be followed in administering a CDBG grant. For details on how to comply with these requirements see Chapter I of this manual. If there are questions concerning the requirements, contact DECHR.

The following must be maintained by grantees with active contracts to document financial management activities:

1. Disbursement Summary Register;
2. Depository Certification Form;
3. Signature Certification Form;
4. Requests for payment of CDBG funds;
5. Grant Account Transactions Journal;
6. CDBG Reimbursement Request Form;
7. Rehabilitation Obligations Tracking Journal;
8. Working Account Transactions Journal;
9. Individual Project Tracking Journal;
10. Program Beneficiaries Data Sheet;
11. Source documentation for administrative costs (invoices, payrolls, contracts, etc.);
12. Cancelled checks, deposit slips, bank statements, etc.; and
13. Other funds documentation (bank mortgages, donation checks, materials receipts).

For those Grantees using only CDBG-RLF funds, the following will be reviewed:

1. RLF Account Transactions Journal;
2. Rehabilitation Obligation Journal;
3. Program Beneficiaries Data Sheet;
4. Individual Project Tracking Journal'
5. Source documentation for administrative costs (invoices, payrolls, contracts, etc.);
6. Cancelled checks, deposit slips, bank statements, etc.; and
7. Other funds documentation (bank mortgages, donation checks, materials receipts).

Conflict of Interest Files

The Conflict of Interest File includes:

1. A copy of the legal opinion signed by the attorney;
2. Meeting minutes showing disclosure of the conflict and attendees; and
3. Correspondence from DEHCR.

PROJECT FILES

Individual project files should include a complete record of all project activities. Each project must have its own file. Within each file there should be documentation to record the chronological history of the project. Grantees should establish a checklist for each phase of the project. The checklist shall be attached to the project file, so the process is easy to follow. Here are the phases of the CDBG Housing project:

1. Application Intake

- a. Signed and dated application form, including statements related to marital status, citizenship, conflict of interest, release of information, Overview and Process form;
- b. Subordination policy;
- c. Homeowner Rehabilitation Process overview;
- d. Proof of homeowner's insurance;
- e. Proof of ownership;
- f. Determination of property address;
- g. Documentation the property taxes are paid and current;
- h. Verification of local RLF availability.

2. Income Verification – LMI limits must be included in project file

- a. All required information necessary to verify income using the Part 5 definition;
- b. Correspondence to employers requesting information;
- c. Correspondence to homeowner;
- d. A signed and dated income verification sheet;
- e. Copy of published income limits by county.

3. Application approval

- a. Correspondence approving/denying application;
- b. Letter report from accredited title company.

4. Environmental Review (see Environmental Chapter)

- a. Statutory Checklist, which specifies the age of structure. (If unknown it is assumed to be 50 years old);
- b. Environmental review, completed, dated and signed;

- c. All supporting ER documentation must be present (maps & attachments); and
- d. Other ER correspondence, if necessary.

5. Inspection

- a. HQS Report completed and signed;
- b. Before and after pictures of the property (including items to be repaired/replaced);
- c. Lead-based paint brochure receipt;
- d. Lead-based paint presumption notice or lead risk assessment;
- e. Lead risk assessment results or lead presumption notice given to property owner and tenants within 15 days of results.
- f. Asbestos test results
- g. Detailed work specifications and Grantee estimate for the cost of the project;
- h. Equity Determination (120%) and;
- i. Work specifications signed by the homeowner.

6. Bidding

- a. Evidence to obtain three bids;
- b. Evidence of MBE/WBE and Section 3 requirements;
- c. List of contractors selected by homeowner to bid on the project;
- d. Letter from Grantee to homeowner specifying bid deadline;
- e. Returned bid packets from minimum three bidders (or at a minimum effort to obtain three bids). The bids must be dated;
- f. Contractor verification form and required copies of certification and licenses, debarment check.

7. Contracting

- a. Acceptance of bids signed by the homeowner;
- b. Borrowers agreement;
- c. A copy of rehabilitation contract signed by homeowner and contractor. Signature block shall include signature, printed name, and date; and
- d. Relocation analysis and completion.

8. Loan Closing Documents

- a. Terms & Conditions;
- b. Mortgage – signed and recorded;
- c. Promissory Note;
- d. Right of Rescission;
- e. Truth-in-Lending statement;
- f. Add Grantee to homeowner's insurance; and
- g. Documentation of match funds, if applicable.

9. Project payments

- a. Individual obligation journal;
- b. Contractor's invoices;
- c. Interim Inspection Reports;
- d. Payment Request form signed by homeowner, administrator and inspector;
- e. Lien Waiver(s); and
- f. Written and authorized change orders.

10. Final Inspection and project closeout

- a. Final Inspection Report/Final Inspection checklist/correspondence to homeowner;
- b. Lead-based paint compliance;
- c. Lead Clearance report sent to homeowner;
- d. Evidence of smoke and carbon monoxide detectors; and
- e. Project pictures prior to rehabilitation and at project completion, as well as interim inspections if performed.

K. SINGLE AUDIT

The State of Wisconsin has adopted the single audit concept for local governments beginning with FY 1987. Single audits being performed for local governments and nonprofit administrators to satisfy the federal requirement will also include the state compliance features for the selected state programs. The selected state programs are itemized in the Wisconsin State Single Audit Guidelines.

OMB Circular 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit

Requirements for Federal Awards: Subpart F includes information on the audit requirements. These requisites require that a single audit be conducted when a grantee reaches a threshold of \$750,000 in federal expenditures. Grantees with active grants and/or revolving loan funds are required to comply with the single audit requirement.

SINGLE AUDIT DETERMINATION

Recipient local governments that expend a combined total of \$750,000 or more in federal financial assistance (from all sources including RLF expenditures) in any fiscal year must have a single audit for that year. A letter confirming that an audit will be conducted must be provided to the Department of Administration (contact DEHCR for form) by January 31 of the subsequent year.

If a combined total of less than \$750,000 in federal funds (from all sources including RLF expenditures) is expended in a year, the single audit requirement does not apply. A confirmation of non-requirement must be provided to the Department of Administration (contact DEHCR for form). Please list sources of any federal funds received during calendar year. NOTE: CFDA means Catalog of Federal Domestic Assistance.

A Grantee must submit a letter to the Department of Administration regardless of audit determination.

The Grantee is required to maintain detailed records of financial assistance and to provide access to those records to federal and state agencies.

SECURING AND COST SINGLE AUDIT

The local government is required to select an independent certified auditor to perform the Single Audit. Audit costs made in accordance with the provisions of OMB Circular 2 CFR Part 200 are allowable charges to the Community Development Block Grant (CDBG) program. You may charge a proportionate share of the cost of your single audit to your CDBG administrative budget. The allowable percentage of your audit costs cannot exceed the percentage of your local budget represented by the audited CDBG funds. If CDBG funds will be used to pay for part of the Single Audit, compliance with procurement procedures is required.

L. SMALL CITIES HOUSING REVOLVING LOAN FUND (CDBG-RLF)

INTRODUCTION

Approximately 280 Wisconsin counties, cities, villages, and towns, have received Community Development Block Grant (CDBG) funding for single-family housing rehabilitation since the program's inception over 30 years ago. Under the CDBG Small Cities Housing program, administered by the Wisconsin Department of Administration (DOA) – Division of Energy, Housing, and Community Resources (DEHCR), homeowners and households earning less than eighty percent (80%) of Area Median Income (AMI), hereafter referred to as Low- to Moderate-Income households (LMI), or landlords providing rental housing to LMI households, qualify for rehabilitation funding. Disbursed as a 0% deferred payment loan, CDBG Housing funds are repaid when the home is no longer owned or when it ceases to be the primary residence of the CDBG applicant (homeowner) or property owner. Rental loans are offered at 0% interest with immediate monthly repayment terms.

CDBG Small Cities Housing funds repaid by Grantees remain with the counties, cities, villages, or towns that originally disbursed the funds. Repaid funds thereafter are considered part of the community's CDBG Housing Revolving Loan Fund (CDBG-RLF), available on a rolling basis for future housing rehabilitation activities undertaken within the locality. Communities unwilling or unable to continue participating in the CDBG – RLF program must return all program dollars to DEHCR.

This chapter deals specifically with the required administrative financial and management procedures for maintaining a local CDBG – RLF program. Participating localities must adhere to the procedures, guidelines, and stipulations maintained in this manual, as well as all additional relevant federal, state, and local ordinances, codes, and statutes. The contents of this manual provide the basis by which DEHCR will assess the performance and operation of local CDBG – RLF programs.

This chapter, and all sections contained in this guide, will be continually revised as federal and state regulations and requirements change. Only the most recent edition of this guide will contain the rules and regulations applicable at any given time. Grantees and participating communities are advised to remain flexible and alert to program updates or other important revisions as the statutory landscape may shift from time to time.

CDBG – RLF PROGRAM MANAGEMENT

This section describes the requirements for managing and maintaining a local CDBG – RLF program, with special emphasis on properly completing and retaining CDBG – RLF financial management documentation. It is important to note that Grantees are expected to adhere to all other stipulations described elsewhere in this manual, including all relevant guidelines for: eligible activities, household income eligibility and verification; application procedures, bidding, contracting, and labor standards; equal opportunity and nondiscrimination requirements; environmental, historic, and archeological review; property acquisition and occupant relocation; asbestos and lead-based paint policies; and annual single audit requirements.

The CDBG – RLF is a separate fund, independent of other CDBG program accounts. As CDBG loans are repaid, these payments are deposited into an interest-earning working account, maintained by the local community for future home rehabilitation activities. CDBG – RLF must be used for the same type of activity for which CDBG funds were awarded initially (e.g., CDBG home rehabilitation funds repaid into a CDBG – RLF account **must** be used for future home rehabilitation activities). Fund repayments into an RLF account are considered program income and are subject to all CDBG and other regulatory compliance rules, including those established by the State. RLF accounts cannot be capitalized with grant funds. As long as a locality continues to use the RLF for home rehabilitation, funds will remain with the locality. If, however, a locality no longer continues home rehabilitation activities with RLF funds, then the funds must be returned to DEHCR.

Wisconsin counties, cities, villages, and towns maintaining an active CDBG – RLF account may utilize up to 17% of the sum of loan repayments and interest earned on the Working Account for administration of the CDBG – RLF program. Program administration funds drawn from the RLF account must be for expenditures associated with CDBG – RLF program management and **cannot** exceed the 17% cap.

Further clarifications on eligible and ineligible expenditures for program administration are as follows:

1. Office rent is an eligible expense **ONLY** if:
 - a. All other departments pay office rent, or
 - b. The CDBG – RLF office is located in a non-municipal building.
2. A per diem or salary may be paid to members of the CDBG – RLF committee **only** if all other such committees (e.g., public works committee, zoning committee, common council, etc.) receive a similar payment.
3. Equipment or computer software valued in excess of \$2,000.00 may **not** be purchased without prior written approval from DEHCR.
4. The CDBG – RLF may be used to pay the salaries of municipal employees under the following conditions:
 - a. CDBG – RLF may be used to pay for documented time spent managing the RLF by all hired or appointed employees **only** if accurate timesheets documenting hours worked are maintained **and** employee wages are comparable wages paid for comparable work in the area.
 - b. Elected officials may be paid for time spent managing the RLF **only** if they request and receive a waiver of conflict of interest from DEHCR **prior** to performing the work for which they will be paid.
5. Refreshments and meals for meetings are **not** an eligible CDBG – RLF expense except when traveling on CDBG-related business.
6. Examples of other eligible administrative expenses include fringe benefits, travel expenses, office supplies, consultant fees, inspection fees, and CDBG-related training.

CDBG – RLF MONITORING AND FILE MANAGEMENT

DEHCR may elect to monitor any locality maintaining a CDBG – RLF program for compliance with the requirements described in herein or stipulated in the monitoring worksheets attached in the appendix at the end of this manual. When the CDBG – RLF program manager or other DEHCR representative visits a participating locality, the following requirements apply:

1. CDBG – RLF communities will be notified at least 30 days in advance of an upcoming monitoring visit. DEHCR monitoring personnel will never conduct a ‘surprise’ visit to CDBG – RLF communities.
2. CDBG – RLF communities will receive a letter from DEHCR personnel prior to a monitoring visit detailing the date and location of the monitoring as well as the documentation to be provided by the community.
3. DEHCR monitoring personnel will assess CDBG – RLF communities using the forms included in this chapter.
4. DEHCR monitoring personnel reserve the right to review any file or record that is associated with the CDBG program.
5. CDBG – RLF communities are required to provide an area in which at least two (2) people can work comfortably.
6. Have the necessary documentation ready, available, and accessible will ensure that monitoring visits proceed smoothly and quickly.

Grantees should have the following forms and documents ready for DEHCR monitoring inspectors:

1. Invoices, timesheets, and other documents needed to support CDBG payments;
2. All financial management forms – with current entries;
3. Bank statements;
4. Individual project files – with documentation in an orderly fashion;
5. Housing Procedures Manual and minutes of meetings adopting amendments; and
6. Acquisition/Disposition Register.

M. FINANCIAL MANAGEMENT AND MONITORING-RLF PROGRAMS

OVERVIEW

CDBG funds are repaid to the community when the borrower sells the property, or the property ceases to be the borrower's primary place of residence. Loans to landlords are usually repaid on a monthly basis. When owner-occupied or tenant-occupied loans are repaid to the community, the funds are identified as CDBG- RLF funds.

Financial management and reporting of the CDBG-RLF differs from active grant programs. As a result, DEHCR will monitor CDBG-RLF Grantees based on the content of this manual and will provide technical assistance/program compliance training for all CDBG-RLF Grantees.

CDBG-RLF program administrators should also consult state and local statutory requirements, such as Wisconsin Open Meetings law, local housing and building ordinances in operating this program.

If a community is no longer interested in operating an existing CDBG-RLF program, a process is in place to return CDBG-RLF dollars to DEHCR (see Discontinuation of RLF Housing Program Section).

CDBG-RLF COMPLIANCE ISSUES

When a homeowner repays a loan, the funds must be deposited into a CDBG-RLF Account_Transactions Journal (*formerly called Working Account Transactions Journal during the active grant cycle*). The Grantee must track funds to and from recipients, identify and record interest earned on these funds, with this transactions journal.

When loans are repaid, the funds may either be reused by providing another loan to a homeowner or the funds must be repaid to DEHCR.

If the funds are reused to make additional homeowner loans, up to 17% of loan repayments and any interest earned on the RLF Account Transactions Journal may be used for CDBG-RLF administration. The balance (usually 83% of repayments and interest) is available for eligible loans.

Administrative Funds

As noted above, up to seventeen percent (17%) of loan repayments deposited into a revolving loan fund may be used to administer loans made from the revolving loan fund.

Financial Records

The following financial records are used to track the activity of CDBG-RLF dollars:

1. RLF Rehabilitation Obligation Tracking Journal
2. RLF Accounting Journal
3. RLF Individual Project Journals
4. Project Loan Tracking Report/Loan Portfolio
5. Program Beneficiary data sheet

If a community receives funds from selling property acquired during a previously funded acquisition program, it may elect to keep the acquisition RLF separate from the housing RLF. A separate set of

acquisition RLF records must be maintained, and those funds may only be used for additional, pre-approved (by DEHCR) acquisition activity.

The following section describes each of these CDBG-RLF financial tracking documents in detail, with the forms included in the forms section of the manual.

RLF Rehabilitation Obligation Tracking Journal

The Obligation Tracking Journal records loans/grants approved, loan reductions, program income, and how much CDBG-RLF monies remain available that may be loaned to LMI households. The purpose of this journal is to help program administrators from over-committing available funds.

RLF Accounting Transactions Journal

The RLF Accounting Transactions Journal tracks all RLF-related deposits (repaid loans, interest earned) and disbursements and records payments made to contractors as well as payments made for program administration. The **Total Balance** column of this journal must reconcile with the program checkbook balance.

RLF Individual Project Journal

A separate record of all funds paid out on a project specific to each applicant must be maintained, enabling administrators to account for all funds paid out on a project. A copy of the RLF Individual Project Journal must be kept in each individual rehabilitation project file.

Project Loan Tracking Report/Loan Portfolio

This ledger includes a list of all loans that have been made by the Grantee, whether the loan is outstanding or paid off. This is an ongoing list of loans, dates, property address, and payment status.

Program Beneficiaries Data Sheet

The program beneficiary data sheet records data for applicants that have closed loans or received a grant with the CDBG Housing program. The data to be reported includes application number, date the mortgage was signed, loan/grant amount, and beneficiary demographics.

Cash Donations

Cash donations to the rehabilitation program must be deposited in the CDBG-RLF Account and recorded in the Rehabilitation Obligation Tracking Journal as well as the RLF Account Transactions Journal (under RLF project deposit). A copy of the check must be on file for documentation of Other Funds brought into the program.

Cash contributions for any non-rehabilitation purpose (e.g., down payment, site acquisition) must be paid directly to the individual project and documented with a copy of the check.

INDIRECT COSTS AND PROJECT DELIVERY COST (OR PROJECT RELATED SOFT COSTS)

Refer to Chapter H Financial Management and Monitoring-Active Grants.

REVOLVING LOAN FUND (RLF) COMPLIANCE REPORTING

Grantees must comply with all applicable **current** rules when making new loans using CDBG-RLF funds. This includes all environmental and Davis-Bacon requirements (if applicable). The Grantee must report use of funds to DEHCR and expect to be monitored by State personnel. DEHCR is required to gather and maintain information regarding all CDBG-RLF Program funds. This information is collected annually (in April) to comply with federal reporting requirements and to determine which programs, if any, may be in need of additional training/technical assistance across the state.

To gather this data, DEHCR provides an RLF Activity Report to all CDBG-RLF Grantees. Municipalities must complete and submit this document on-line with the following documents:

1. RLF Account Transactions Journal
2. Bank Statement
3. Program Beneficiary Data Sheet

Failure to provide information may result in DEHCR taking additional enforcement measures to ensure compliance. This includes, but is not limited to, suspension of the local CDBG-RLF program.

DISCONTINUATION OF CDBG-RLF HOUSING PROGRAM

The RLF Grantee must send the following to the CDBG-Revolving Loan Fund Program Manager at the State of Wisconsin, DEHCR for approval:

1. A letter expressing the Grantee's desire to terminate its participation in the RLF program, signed by the Grantee's Chief Elected Official or his/her designated representative.
2. Minutes from a formal municipal or committee meeting approving the termination of administering the RLF program.
3. The following updated documents:
 - a. CDBG-RLF Accounting Transaction Journal
 - b. Bank statement
 - c. Project Loan Tracking Report /Loan Portfolio

Upon approval by DEHCR, the Grantee will be required to submit the following to the RLF Program Manager:

1. Account Closure:
 - a. A check for the remaining balance of the CDBG-RLF funds, accompanied by the most recent checking account statement. The check must be made out and mailed to:

Wisconsin Department of Administration
101 East Wilson Street
PO Box 7970
Madison, WI 53707
 - b. Proof of the closed CDBG-RLF account; and
 - c. Final Annual RLF Account Activity Report.
2. File Management:

- a. The most current and accurate loan portfolio, which includes a list of all outstanding loans with beneficiary name, property address, project loan number, the amount of the loan, mortgage signing date, existing loan balance and payment history, payoff date and payment arrangements.

The grantee will continue to “own” the loans currently in their portfolio. As loans are repaid, the grantee will prepare the Satisfaction of Mortgage for the borrower and forward the funds (in the form of a check) to DEHCR.

N. EMERGENCY ASSISTANCE PROGRAM (EAP)

EMERGENCY ASSISTANCE PROGRAM OVERVIEW

The Wisconsin Department of Administration (DOA), Division of Energy, Housing and Community Resources (DEHCR), administers the federally funded Community Development Block Grant (CDBG) Housing Program. The State is responsible for distribution of Emergency Assistance Program (EAP) funds to Wisconsin Units of General Local Government (UGLGs) located in non-entitlement areas (i.e., outside of communities who receive an allocation of CDBG funds directly from the United States Department of Housing and Urban Development, (HUD)). UGLGs may be towns, cities, villages, or counties.

PRECIPITATING DISASTER EVENT

EAP funds are linked directly to a natural or man-made disaster affecting Low – to Moderate – Income (LMI) households. Assistance may include, but is not limited to the following activities:

1. Housing Rehabilitation
 - Non-Floodplain Housing Replacement (Reconstruction)
2. Acquisition
3. Demolition
4. Relocation
5. Floodplain Housing Replacement
6. Public Facilities
7. Business Assistance

DIFFERENCES BETWEEN EAP AND CDBG-HOUSING

1. EAP funds are grants (vs. loans) to LMI Households.
2. EAP funds are limited to necessary repairs stemming from the precipitating disaster event.
3. EAP project inspections for housing rehabilitation are limited to the necessary repairs of disaster affected area (i.e., roof, windows, or furnace replacement). An HQS inspection of the total residence is not required for CDBG-EAP grants.
4. While recommended, homeowner's insurance is not required to receive EAP housing rehabilitation assistance. Homeowner's insurance is a requirement for a 5-year period for housing relocation or replacement activities (see Additional Program Requirements section).
5. Public Facilities and Business Assistance projects shall follow the rules and regulations of the respective program including but not limited to the most current CDBG Implementation Handbook, except as directed by a CDBG Program Representative.

AVAILABILITY OF FUNDING

CDBG EAP funding is available to non-entitlement Units of Local Government throughout the State of Wisconsin. The maximum request is \$500,000 (or an amount as determined by DEHCR necessary to address the disaster).

APPLYING FOR EAP ASSISTANCE

Affected communities have ninety (90) days from the date of the disaster event to submit a letter of intent to apply to DEHCR. The EAP application is due as directed by DEHCR following review of the intent to apply letter. The EAP

application (including instructions and forms) can be accessed on the DOA website via the following link: <https://doa.wi.gov/Pages/LocalGovtsGrants/CommunityDevelopmentPrograms.aspx>. Under the Community Development Block Grant – Emergency Assistance Program Section – select **Application**.

In certain circumstances an abbreviated EAP application may be submitted by a unit of local government where a contract to provide similar activities (i.e., housing rehabilitation) already exists.

CDBG-EAP ACTIVITIES

1. REHABILITATION

Other than the differences between EAP and CDBG Housing (noted previously), the housing rehabilitation policies in this manual apply. Grantees should contact CDBG-EAP staff with specific rehabilitation repair questions.

Any duplication of benefits for housing repairs (homeowner insurance settlement or FEMA rehab assistance award) will need to be deducted from the CDBG-EAP assistance provided.

2. RECONSTRUCTION

Reconstruction is an eligible CDBG activity where the previous structure is demolished, and a replacement unit is placed on the property. Because the damaged property will involve “demolition”, this activity will require environmental review compliance.

The Grantee must determine the most financially feasible option when determining the type of assistance to provide the property owner. The following must be considered prior to making the assistance determination:

- a. Prepare a cost estimate of repairs needed to bring the home back to pre-disaster condition.
- b. Obtain a complete cost estimate to demolish the damaged structure and replace it with a manufactured (sectional or double-wide) or mobile home. The manufactured replacement should be similar in size (# bedrooms, sq. ft., etc.) to the damaged home. The complete costs shall also include all connections, delivery and set-up costs, and foundation cost (slab only).

If the estimate to repair the home back to pre-disaster condition is less than the cost to replace the home with a manufactured (sectional or double-wide) or mobile home, the Grantee must repair the home. The guidelines for rehabilitation as listed on Page 76 of this chapter under “Eligible and Ineligible Activities,” apply.

If the cost estimate to demolish the damaged structure and replace it with a manufactured (sectional or double-wide) or mobile home is less than repairing the damaged structure, on-site reconstruction (housing replacement) will apply.

Local building code and zoning requirements may prevent the Grantee from replacing an existing structure with a manufactured (sectional or double-wide) or mobile home. Under this circumstance, the Grantee may repair the existing structure to bring the home back to pre-disaster condition.

Under most circumstances, the least expensive option should be the type of assistance provided. However, if household is not able to live in the structure because it is not safe due to the disaster, and it will take longer to complete the repairs than to replace the unit with a manufactured (sectional or double-wide) or mobile home, the Grantee may choose to demolish the structure and replace it with a manufactured (sectional or double-wide) or mobile home.

Eligible and ineligible activities:

The CDBG-EAP housing rehabilitation and reconstruction activities are generally the same as those covered by the CDBG Housing Program (see page 25) however, EAP rehabilitation repairs must be directly related to damages incurred during a disaster event. Verification and documentation that the damages were a direct result of the event is required. Grantees should contact CDBG-EAP staff with specific rehabilitation repair questions. Repairs not eligible for CDBG-EAP assistance may be covered by CDBG Housing assistance. Contact your local housing administrator.

Ineligible Activities:

1. Repairs to vacation (non-primary residence) homes
2. Repairs to storage sheds, outbuildings and other non-dwelling units
3. Repairs to driveways or other means of ingress and egress (unless related to accessibility and/or emergency services response)
4. Clean-up activities unless directly associated to a disaster related repair
5. Repair or replacement of components that are not a direct result of damages caused by the precipitating event
6. Mitigation activities unless the mitigation activity is a direct result of damages caused by the precipitating event. Contact your DEHCR representative for further guidance
7. Replacement of personal items (excluding stoves and refrigerators)
8. Cosmetic repairs
9. Detached garages (unless in danger of collapse)
10. Homeowner's insurance unless provided with a supplemental buyout payment

When initiating a housing rehabilitation project, the grantee must verify whether the homeowner has received compensation or assistance from other funding sources such as:

- Homeowner's Insurance
- Donations- public or private
- FEMA individual assistance
- Small Business Administration (SBA)

Applicants are required to sign a statement that should a duplication of benefits occur, the applicant will repay the CDBG program the amount of the overpayment.

ACQUISITION/DEMOLITION/RELOCATION

On occasion, depending on the severity and location of a disaster event, a home may become uninhabitable and/or the cost of rehabilitating the structure to meet local/state environmental compliance may be prohibitive. In these situations, CDBG-EAP will make available Acquisition/Demolition/Relocation (A/D/R) assistance to a displaced

family in locating replacement housing that offers reasonable health and safety for the household. **NOTE – ONLY HOMES LOCATED IN THE FLOODPLAIN ARE ELIGIBLE FOR A/D/R.**

CDBG-EAP funds for A/D/R are limited to homeowners. LMI tenants may be eligible for relocation benefits.

3. ACQUISITION

Steps to be followed for acquiring property include:

1. Obtain a signed letter of voluntary participation (see sample letter on page 199 in the attachments).
2. Properly procure, select and contract with a Wisconsin Licensed Real Estate appraiser to complete an appropriate appraisal on the property.
3. Invite the property owner to accompany the appraiser for the appraisal.
4. If the homeowner disagrees with the initial appraisal, a second appraisal can be conducted. Should the second appraisal result in a higher pre-disaster FMV, CDBG will cover the cost of the appraisal. However, should the second appraisal come in the same or less than the original appraisal amount, the homeowner will be responsible for the cost of the second appraisal.
5. Establish, in writing, a summary statement detailing how the amount of just compensation to the property owner was derived and a description of the property. In calculating the just compensation offer amount, the grantee must consider all other financial assistance the homeowner may have already received (FEMA, SBA loan, homeowner's insurance, etc.) if those funds can be applied toward housing replacement.
6. Make an offer to purchase for established just compensation. Deliver the summary statement determining just compensation at the same time as the offer to purchase. The date of the offer to purchase begins the displacement process if relocation applies.
7. Sign the purchase agreement.
8. Execute the deed, complete settlement cost statement and make appropriate payment including incidental costs.
9. Record title to property now in the grantee's name.
 - i. NOTE – for floodplain acquired properties, a deed restriction in compliance with the local floodplain ordinance must be placed on the title. (Suggested deed restriction language can be found on page 200)
 - ii. Typically, such deed restrictions prohibit any future construction on the property.
 - iii. Floodplain acquisitions in coordination with FEMA and Wisconsin Emergency Management may differ from those funded 100% by CDBG (see Property Disposition section on page 80)
10. Prepare files for DEHCR review

4. DEMOLITION

Demolition Requirements:

1. Coordinate demolition activities with acquisition
 - a. Prepare for demolition activities while going through the acquisition process
2. Procure contractor for demolition
 - a. Competitive bid, or

- b. simple procurement
 - c. Develop demolition contract between UGLG and Contractor
3. Complete and inspect the demolition/reclamation site

5. RELOCATION

Under the Emergency Assistance Program, CDBG-EAP grantees may offer optional relocation assistance to owner-occupants or tenants that meet income guidelines (below 80% of County Median Income) and have been or are in the process of being displaced from their homes by a natural or man-made disaster and need shelter. The policy to assist this population is as follows:

1. Income eligible owner occupants or tenants displaced due to hazardous conditions may be eligible for the following:
 - a. Immediate hotel or transitional housing expenses (up to two months),
 - b. Security deposit on permanent replacement housing and the first two month's rent, up to a total of \$3,000. Assistance will be provided to the tenant to locate a replacement dwelling, and
 - c. Temporary storage and/or moving expenses not to exceed \$500.
 - d. Total project costs shall not exceed \$8,000 per household.

6. FLOODPLAIN HOUSING REPLACEMENT

When the determination has been made that the home is substantially damaged and uninhabitable, CDBG funding may be used to assist with housing replacement and household relocation.

Steps to follow for housing replacement in the floodplain

1. Follow the housing acquisition steps outlined in the Acquisition section (#2 above).
2. If necessary, assist the LMI household in locating replacement housing.
3. Apply the acquisition/buyout offer amount toward the purchase of the replacement housing.

SUPPLEMENTAL HOUSING PAYMENTS

Finding replacement housing within a community after a household has been displaced by a disaster event can often be challenging. While CDBG-EAP funds cannot be used to “enrich” a homeowner, it is understood that the pre-disaster Fair Market Value (FMV) or appraised value of a home may not be sufficient to purchase replacement housing.

In recognition of the funding gap between the pre-disaster FMV or appraised value and housing replacement costs, CDBG-EAP will offer a supplemental housing payment of up to \$31,000 toward housing replacement. The supplemental payment must be applied toward the difference between the pre-disaster FMV value and the cost of housing replacement up to a maximum of \$31,000.

A supplemental housing payment is only available when a formal commitment to housing replacement (purchase offer or documentation of permanent housing attainment) has been made by the LMI homeowner. Supplemental Housing Assistance is only available when the homeowner intends to obtain (rebuild/replace or purchase) permanent housing.

Should the homeowner elect to move to a rental situation they would not receive a supplemental housing payment.

Additional Housing Replacement Program Requirements

- A five-year forgivable loan (mortgage document and real estate note) must be filed with the Register of Deeds for all housing replacements funded through the CDBG Emergency Assistance Program.
 1. The mortgage amount will equal the CDBG-EAP supplemental assistance offered.
 2. The buyout amount will not be included in the forgivable loan.
 3. 1/60 of the mortgage amount will be forgivable each month that the household occupies the replacement housing.
 4. Should the household sell the property prior to the end of the five-year period the homeowner will be responsible to repay the remaining amount of the forgivable loan.

- The homeowner will be required to demonstrate ongoing proof of homeowner insurance for the entire five-year period.
 1. CDBG-EAP funds may be used to pay the expense of the 1st year of homeowner insurance. This applies only to homes that receive supplemental assistance.
 2. Should a homeowner insurance policy lapse due to payment default, that individual household will be ineligible for additional CDBG-EAP assistance during the remainder of the five-year forgivable mortgage period.

7. PUBLIC FACILITIES

CDBG-EAP public facility assistance is available to communities where 51% or more of the population is low-to-moderate income (LMI) or where the activity will benefit LMI households. Funds are awarded as a grant, requiring a 25% local match for the total project expense.

8. BUSINESS ASSISTANCE

CDBG-EAP business assistance is available to eligible businesses that have been affected by a natural or manmade disaster. Funds may be awarded as a loan or a grant. To qualify, a business must demonstrate that:

Damages are linked directly to a disaster event.

They employ LMI individuals.

CDBG-EAP assistance will result in creating new or retaining existing LMI jobs.

51% of the jobs created and/or retained must be held by LMI individuals.

FLOODPLAIN PROPERTY DISPOSITION

CDBG-EAP frequently partners with other agencies; most notably the Wisconsin Department of Natural Resources (WI-DNR) Municipal Flood Control Grant Program or Wisconsin Emergency Management (WEM) using the Hazard Mitigation Grant Program. CDBG-EAP typically assists with property acquisition/demolition/relocation when the property is in the floodplain. As CDBG-EAP is often a secondary source of funding, DEHCR will defer to WI-DNR or WEM in respect to

environmental review and floodplain ordinance compliance. This may result in a deed restriction that limits the sale and use of the acquired property in the future.

Floodplain property acquired by the Grantee with 100% CDBG-EAP assistance after a disaster event-related event can either be retained as green space in perpetuity or leased to adjacent property owners or other parties for compatible uses in return for a maintenance agreement. Although federal policy encourages leasing rather than selling acquired property, the property may be sold. In all cases, a deed restriction or covenant running with the land (Sample deed restriction language can be found on page 196) must require that floodplain properties be dedicated and maintained for compatible uses in perpetuity. All local flood plain ordinance requirements must also be complied with.

Any proceeds from the sale of a floodplain or non-floodplain property acquired with CDBG funding are considered “program income” and must be returned to the Department of Administration.

MOBILE HOME GUIDELINES

CDBG-EAP funds may be used to rehabilitate mobile homes (either free-standing where the homeowner owns the land underneath or located in a mobile home park).

CDBG-EAP funds may be used to replace a mobile home damaged because of a disaster using the same guidelines identified under reconstruction for homes not in a floodplain.

If a mobile home is located within the floodplain and it becomes uninhabitable and/or the cost of rehabilitating the structure to meet local/state environmental compliance is prohibitive, CDBG-EAP will make available Acquisition/Demolition/Relocation (A/D/R) assistance to a displaced family in locating replacement housing that offers reasonable health and safety for the household. For mobile homes located within the floodplain the following guidelines shall apply:

1. Determine the value of the substantially damaged or destroyed mobile home through:
 - a. A licensed appraiser,
 - b. Records available through the mobile home park confirming the value of the mobile home,
 - c. A local taxing authority (Village, City, County, etc.),
2. If a value cannot be determined utilizing any of the above methods, a \$5,000 salvage value buy-out will be awarded.
3. Assist the homeowner in locating replacement housing (mobile home or other housing in the community).
4. Apply the buyout offer amount toward the purchase of the replacement housing.
5. Any housing assistance (insurance settlement, FEMA, or public/private funds) received by the mobile homeowner for disaster recovery purposes must be deducted from the housing replacement costs before receiving a CDBG-EAP grant. Payments received by the owner that have been designated solely for replacement contents or living expenses are excluded from this calculation. Documentation showing the designation of these funds is required. For example, proceeds from property insurance that is for the reimbursement/replacement of contents within the mobile home and not the actual structure.
6. The owner of the mobile home must use CDBG-EAP funds toward the purchase of permanent replacement housing (including another mobile home). In no case, will any funds be disbursed that exceed the actual cost of the replacement housing.
7. Award supplemental housing assistance (up to \$31,000) if needed to obtain replacement housing.

8. If the mobile homeowner elects to purchase another mobile home in a mobile home park or on land they do not own, the grantee will be required to file a lien against the title to the mobile home with the State of Wisconsin Department of Safety and Professional Services. The lien establishes a five-year period of affordability. As with the housing replacement policy described previously, the lien amount will equal only the CDBG-EAP supplemental assistance offered.
9. The homeowner will be required to demonstrate ongoing proof of homeowner insurance for the entire five-year period. Should a homeowner insurance policy lapse due to payment default, that individual household will be ineligible for additional EAP assistance during the remainder of the five-year forgivable mortgage period.

O. REPORTING AND CLOSEOUT

Accurate and timely reporting of accomplishments by each CDBG-Housing Program serves a variety of purposes. It demonstrates the progress of each program and alerts DEHCR to any potential difficulties in program implementation, including whether program funds are being spent in accordance with federal and state laws. Additionally, it provides DEHCR with the data required to complete mandatory program reporting to the federal government.

ANNUAL REPORT

CDBG-Housing Grantees are required to provide DEHCR with a twelve month report each calendar year a grant contract is in force. This report is due by the 10th working day of April and it will cover an annual reporting period of 4/1 - 3/31.

The Annual Report consists of:

1. Beneficiaries/Applicant's Report
2. Accomplishments Report
3. Grant Account Transactions Journal
4. Working Account Transactions Journal
5. Beneficiary Data Sheet
6. Fair Housing Actions

The CDBG Reports MUST be submitted on the forms provided by DOA/DEHCR. Substitutes for these documents will not be accepted. Reporting due dates are subject to change and Grantees will be notified of changes.

Requests for disbursement of CDBG funds will **not** be processed after the 10-day period until DEHCR receives a correctly completed report.

Beneficiaries / Applicants Report and Accomplishments Report

Beneficiaries / Applicants and Accomplishments Reports are two documents which detail activity for each grant program. The Beneficiary Data Report must be submitted in a format specified by DEHCR. Beneficiary data for each loan is recorded **after** the mortgage has been signed and recorded. The beneficiary amount includes all project funds granted and/or mortgaged. If changes are made to beneficiary data after it has been reported to DEHCR, the adjustments must be made on a new line.

Copies of the current Grant Account and Working Account transaction journals – or Reimbursement Account Transactions Journal, if applicable – must accompany the report.

Fair Housing Report

This report will include documentation of Fair Housing activities addressed during the year and must accompany the annual report.

Other Required Reports

The following reports are also due during the year.

1. **MBE/WBE/Beneficiaries/Applicant's Report** indicates whether any MBE/WBE contractors or subcontractors were contracted during the reporting period. The reporting period for this report is 4/1-9/30 due by 9/25 and 10/1-3/31 due by 3/25.
2. **Section 3 Report** indicates whether any action was taken by the Grantee to promote employment of low-and moderate-income individuals during the reporting period. The reporting period for this report is 4/1-9/30 and is due by 10/10.

RECORD RETENTION/DESTRUCTION

Under the uniform administrative requirements, Grantees are required to retain CDBG records for a period of not less than five (5) years after the fiscal year of their grant or three (3) years after the closeout of the grant from the State, whichever is longer. This includes:

1. Project files, including beneficiary data
2. Financial Management
3. Cross-cutting records

If a project is ongoing (ex. a loan is outstanding), the file must be retained until three years after the payoff/satisfaction of the loan.

Example: A homeowner receives a rehabilitation loan in 2003 and the loan is deferred until sale. The sale occurs in 2015 and the loan is repaid. The file must be maintained until three (3) years after the sale or year 2018.

HUD, the Comptroller General, the State, or their authorized representatives have the right to access Grantee program records.

PREPARATION OF THE CDBG-HOUSING PROGRAM CLOSEOUT REPORT

Certification of Completion is the report of all financial activity that occurred during the grant period. The following outlines the information to be provided in each section of the completion report. The final closeout report for each CDBG-Housing program – the Certificate of Completion and associated documentation – must be submitted to DEHCR no later than 60 days after the close of the final contract quarter

FINANCIAL CERTIFICATE OF COMPLETION (INSTRUCTIONS)

- A. Enter the name of the UGLG as it appears on the *Grant Agreement*.
- B. Enter the *Grant Agreement* number.
- C. Final Standards of Cost:
 1. In column 1, list project activities as shown in the CDBG budget, i.e., rehab, general program administration, direct homeownership assistance.
 2. In column 2, enter budget amounts for each project activity, as shown in the CDBG budget in total. Figures must reflect the budget in the most recent *Grant Agreement* Amendment, if applicable.
 3. In column 3, enter the amount of CDBG funds drawn (received by the UGLG), by budget item and in total.
 4. In column 4, enter the amount of CDBG funds pending (requested by the Grantee, but not yet received), by budget item and in total.

5. In column 5, enter costs that have been paid and will be paid with CDBG funds, by budget item and in total.
6. Subtract column 5, "Total CDBG Costs," from column 2, "CDBG Project Budget," to obtain the totals for column 6, "CDBG to be Canceled." This amount represents both funds not drawn and funds drawn but not used. **Any funds drawn but not used must be returned** to DEHCR. The funds must be returned by check, **payable to the Wisconsin Department of Administration**, at the following address:

Attn: Grants Specialist-Advanced
Wisconsin Department of Administration
Division of Energy, Housing and Community Resources
Bureau of Community Development
P.O. Box 7970
Madison, WI 53707-7970

Documentation identifying the CDBG project budget activity to which the funds are being returned should accompany the check.

- A. Enter the date signed, the typed name and title of the UGLG's Chief Elected Official (CEO), and the CEO's signature.
- B. DEHCR will complete this section upon approval of all completion documents.

Include the following with the Completion report.

1. Grant Account Transaction Journal, current through the date of submission of the closeout report.
2. Working Account Transaction Journal, current through the date of submission of the closeout report.
3. Reimbursement Account Transaction Journal, if applicable, current through the date of submission of closeout report.

FORMS

Application Forms

(Forms can be found on the following pages.)

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

HOMEOWNER APPLICATION

Date Received _____
(For Office Use Only)

Applicant Name(s) _____

Note: Please list names of all property owners as shown on deed or land contract.

Telephone Number: _____ / _____ (home) _____ / _____ (work)

Residence Address: _____
(Street Address)

(City/Village/Town) (State) (Zip Code)

Mailing Address: _____
(if different) (Street Address)

(City/Village/Town) (State) (Zip Code)

Age of Structure: _____

Total number of people living in the home (including Applicant): _____

Is there currently a mortgage, lien, land contract, or other debt against this property? Yes _____ No _____

If yes, please state below the type of debt, amount currently owed, and to whom it is owed. If there is more than one loan against the property, please list each one separately.

Type of Loan	Amount Owed	Lender Name

Household Composition and Income

Please list below all persons who live in your household, beginning with yourself. List the incomes of all persons. Income includes, but is not necessarily limited to, income from all gross wages, salaries, commissions; net income from self-employment, net income from the operation of real property; interest and dividend income; Social Security, SSI, pensions, AFDC, alimony, child support, and other benefit income.

If you are uncertain about including something as income, please list it below and the Division of Energy, Housing and Community Resources will advise you about it.

Name	Relationship to Applicant	Date of Birth	Source of Income	Monthly Gross Income
	Self			

Are you a United States Citizen or a Qualified Alien? YES NO

CONFLICT OF INTEREST

Do you have family or business ties to any of the following people? If **yes**, disclose the nature of the relationship.

Names of covered persons	Relationship

No provision of a marital property agreement (including a Statutory Individual Property Agreement pursuant to Sec. 766.587, Wis. Stats.), unilateral statement classifying income from separate property under Sec. 766.59, or court decree under Sec. 766.70 adversely affects the creditor unless the creditor is furnished with a copy of the document prior to the credit transaction or has actual knowledge of its adverse provisions at the time the obligation is incurred.

I certify that the information in this application is correct and accurate to the best of my knowledge.

Signature of Applicant Date

Signature of Applicant Date

You are not required to answer the questions below. If you choose not to answer them, please check this box.

Racial/Ethnic Background, Check One:

- | | | |
|---|--|---|
| <input type="checkbox"/> White
<input type="checkbox"/> Black/African American
<input type="checkbox"/> Asian
<input type="checkbox"/> American Indian/Alaskan Native
<input type="checkbox"/> Native Hawaiian/Other Pacific Islander | <input type="checkbox"/> American Indian/Alaskan Native & White
<input type="checkbox"/> Asian & White
<input type="checkbox"/> Black/African American & White
<input type="checkbox"/> American Indian/Alaskan Native & Black/African American
<input type="checkbox"/> Balance/Other | Hispanic: <input type="checkbox"/> Yes
<input type="checkbox"/> No |
|---|--|---|

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

HOMEBUYER APPLICATION

Date Received _____
(For Office Use Only)

Applicant(s) Name _____

Telephone Number: _____ / _____ (home) _____ / _____ (work)

Address: _____
(Street Address)

(City/Village/Town) (State) (Zip Code)

Mailing Address: _____
(if different) (Street Address)

(City/Village/Town) (State) (Zip Code)

Total number of people living in the home (including Applicant): _____

HOUSEHOLD COMPOSITION AND INCOME

List all persons who live in your household, beginning with yourself. List the incomes of all persons. Income includes, but is not necessarily limited to, income from all gross wages, salaries, commissions; net income from self-employment, net income from the operation of real property; interest and dividend income; Social Security, SSI, pensions, AFDC, alimony, child support, and other benefit income.

If you are uncertain about including something as income, please list it below and the Division of Energy, Housing and Community Resources will advise you about it.

Name	Relationship to Applicant	Date of Birth	Source of Income	Monthly Gross Income
	Self			

Have you found a house you wish to purchase?

____ Yes. Address _____
____ No

If No, what is the timeframe within which you would like to acquire a home? _____

Name of financial institution through which home would be financed? _____

Are you pre-approved for a loan?

____ Yes. Amount: \$ _____
____ No

Amount of money your household can contribute toward the down payment on a home: \$ _____

Are you a United States Citizen or a Qualified Alien? YES NO

CONFLICT OF INTEREST

Do you have family or business ties to any of the following people? If **yes**, disclose the nature of the relationship.

Names of covered persons	Relationship

No provision of a marital property agreement (including a Statutory Individual Property Agreement pursuant to Sec. 766.587, Wis. Stats.), unilateral statement classifying income from separate property under Sec. 766.59, or court decree under Sec. 766.70 adversely affects the creditor unless the creditor is furnished with a copy of the document prior to the credit transaction or has actual knowledge of its adverse provisions at the time the obligation is incurred.

I certify that the information in this application is correct and accurate to the best of my knowledge.

Signature of Applicant Date

Signature of Applicant Date

You are not required to answer the questions below. If you choose not to answer them, please check this box.

Racial/Ethnic Background, Check One:

- | | | |
|---|--|---|
| <input type="checkbox"/> White | <input type="checkbox"/> American Indian/Alaskan Native & White | Hispanic: <input type="checkbox"/> Yes
<input type="checkbox"/> No |
| <input type="checkbox"/> Black/African American | <input type="checkbox"/> Asian & White | |
| <input type="checkbox"/> Asian | <input type="checkbox"/> Black/African American & White | |
| <input type="checkbox"/> American Indian/Alaskan Native | <input type="checkbox"/> American Indian/Alaskan Native & Black/African American | |
| <input type="checkbox"/> Native Hawaiian/Other Pacific Islander | <input type="checkbox"/> Balance/Other | |

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

RENTAL UNIT APPLICATION

Date Received _____
(For Office Use Only)

Landlord Name _____

Telephone Number: _____ / _____ (home) _____ / _____ (work)

Landlord Address: _____
(Street Address)

(City/Village/Town) (State) (Zip Code)

Rental Unit Address: _____
(Street Address)

(City/Village/Town) (State) (Zip Code)

Age of Structure: _____

(Rental Rehabilitation Applications must be completed for each building you wish to rehabilitate.)

APARTMENT INFORMATION

Apartment #	No. of People	No. of Bedrooms	Monthly Rent	Utilities Included (Yes/No)
1				
2				
3				
4				
5				
6				

REHABILITATION REQUEST

What areas of rehabilitation would you request to be done on your rental unit(s)? Check all that apply.

- | | | |
|---|---|--|
| <input type="checkbox"/> Electrical | <input type="checkbox"/> General Carpentry | <input type="checkbox"/> Chimney |
| <input type="checkbox"/> Heating | <input type="checkbox"/> Siding | <input type="checkbox"/> Flooring |
| <input type="checkbox"/> Insulation & Venting | <input type="checkbox"/> Masonry | <input type="checkbox"/> Interior/Exterior Painting & Drywalling |
| <input type="checkbox"/> Plumbing | <input type="checkbox"/> Gutters & Downspouts | <input type="checkbox"/> Other _____ |

Do you have any peeling or chipping paint in the rental units? _____ Yes _____ No

HANDICAPPED ACCESS REQUEST

Are you requesting handicapped access work? _____ Yes _____ No

Explain: _____

EQUITY INFORMATION

Is there currently a mortgage, lien, land contract, or other debt against this property? _____ Yes _____ No

If yes, please state below the type of debt, to whom it is owed, and amount currently owed. If there is more than one loan against the property, please list each one separately.

Type of Loan	Lender Name	Amount Owed

Are you a United States Citizen or a Qualified Alien? YES NO

CONFLICT OF INTEREST

Do you have family or business ties to any of the following people? If **yes**, disclose the nature of the relationship.

Names of covered persons	Relationship

No provision of a marital property agreement (including a Statutory Individual Property Agreement pursuant to Sec. 766.587, Wis. Stats.), unilateral statement classifying income from separate property under Sec. 766.59, or court decree under Sec. 766.70 adversely affects the creditor unless the creditor is furnished with a copy of the document prior to the credit transaction or has actual knowledge of its adverse provisions at the time the obligation is incurred.

I certify that the information in this application is correct and accurate to the best of my knowledge.

Applicant Signature

Date

Applicant Signature

Date

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

TENANT ELIGIBILITY STATEMENT

Property Owner Name: _____

Address: _____

The above property owner of your unit has applied for a rehabilitation loan which would improve the unit you now live in, at no additional cost to you as a tenant. Please provide the following information:

TENANT DATA

Tenant Name _____

Social Security Number _____ Age _____

Spouse/Tenant Name _____

Social Security Number _____ Age _____

Address: _____
(Street Address)

(City/Village/Town) (State) (Zip Code)

Mailing Address: _____
(if different) (Street Address)

(City/Village/Town) (State) (Zip Code)

Phone Number: _____ / _____ (home) _____ / _____ (work)

Total Number of People Living in the Home: _____

HOUSEHOLD INFORMATION:

Please list below **all persons** who live in your household starting with yourself. List the incomes of all persons. Income includes, but is not limited to, income from all gross wages, salaries, commissions; net income from self-employment, net income from the operation of real property; interest and dividend income; Social Security, SSI, pensions, AFDC, alimony, unemployment, child support, and other benefit income.

If you are uncertain about including something as income, please list it below and the Division of Energy, Housing and Community Resources will advise you.

Household Member's Name	Relationship to Applicant	Source of Income-Name and Address	Monthly Gross Income
	SELF		

Are you a United States Citizen or a Qualified Alien? YES NO

AUTHORIZATION AND SIGNATURES:

I certify that the above information is true and correct. I authorize the CDBG Program and its agents to contact any source identified to confirm the above information is necessary.

I understand that, except as authorized in this paragraph, the CDBG Program will keep all information contained in this application strictly confidential and will not release it to any other party without my written authorization.

Tenant Signature Date

Tenant Signature Date

HOMEOWNER REHABILITATION PROCESS OVERVIEW

- 1. Homeowner submits an application along with all documents required for processing**
Applications will not be processed until all of the required documents have been submitted to the Administrator.

- 2. Administrator determines if the homeowner is income eligible**
Verification of all income and assets will be completed via third party or check stubs and statements, and income taxes. Income includes gross income plus interest or earnings from any type of asset such as savings and checking accounts, investment accounts, bonds, other property etc.

- 3. Administrator determines if the property is eligible**
The administrator will take into consideration the following items:
 - How much equity you have in your property by looking at how much you owe on the property compared to the market value that is listed on the property tax statement.
 - Mortgage balance(s) and whether you are current in making payments.
 - Confirm that property taxes are paid. All applicants with delinquent property taxes must satisfy that debt before any loan is approved. Emergency loans may be excepted.
 - The applicant is responsible for clearing any liens, judgments, title ownerships, or payment of taxes in order to be eligible to proceed.
 - Properties must be owner occupied and must be the owner's principal place of residence.
 - If there is a land contract, the land contract holder must sign the loan. The land contract must be legally binding and properly recorded.
 - If the occupant has a life estate, all owner(s) of the property must sign the loan.

- 4. Initial appointment with the administrator**
Applicant will receive a thorough explanation of the program and acknowledge the procedures and costs associated with proceeding with the loan. An appointment for the inspection will be scheduled at this time.

- 5. Inspection and specification preparation**
The building inspector meets with the homeowner to inspect the property and determine which rehab work the homeowner wants and what will be recommended. The program requires that repairs that affect the occupant's health and safety must be addressed and all code violations will be given top priority. Other types of repairs cannot be completed unless all health and safety repairs are also addressed. No cosmetic work or new construction is permitted unless the new construction is for overcrowding or handicap accessibility. No work may begin on the project until the mortgage has been signed and recorded and the contract(s) between the homeowner and contractor have been signed. Funds cannot be used to reimburse you for work that has already been completed.

- 6. If the project includes lead-based paint work, soil testing for a septic system, asbestos or mold remediation, additional inspections will be required**
These items may require special testing procedures in order to complete the inspection process. These tests will be conducted by a company that is specialized and certified in that area of work.

- 7. Homeowner obtains bids for the rehab work**
Homeowners are expected to obtain three bids for each area of work. All bids must be mailed, delivered in person, emailed, or faxed to the grant administrator.

8. Review of bids and loan approval

a. Bids reviewed and contractors selected

The homeowner reviews the bids with the Administrator. The homeowner may choose the lowest, reasonable, and responsible bid or a bid that is within 10% of the lowest, reasonable, and responsible bid. The homeowner may select any contractor he or she chooses, but if he/she does not want to choose the contractor with the lowest bid or the bid within 10% of the lowest bid, the homeowner must escrow the difference. The homeowner must escrow the difference at the time the loan is signed.

b. Loan approval

The Administrator will take into consideration the overall condition of your property compared to the market value. There must be sufficient equity in the home to cover the existing liens and the home repair loan. If the bids for all of the work would have a **negative equity effect** or exceed 120% of the after-rehab value, then some of the repairs may be eliminated from the scope of work. The repairs will be prioritized according to code violations and health and safety repairs. Those repairs must be completed before other work will be approved. The administrator will estimate the increase in market value (no more than ____% of the repairs cost) as a result of the home repairs and take this into consideration when calculating equity.

Applicants who disagree with the administrator's calculations for determining equity may appeal the decision by providing a market analysis by a licensed Real Estate Agent or an appraisal by a licensed Appraiser. These documents must be no more than six months old and should take into consideration the repairs being considered.

9. Administrator will request a title search on the property

A Title search will confirm ownership and reveal debts against the property. When the title search reveals unusual information, a legal opinion of ownership or financial obligation is requested of legal counsel.

10. Loan Closing

a. Lending documents will be executed

Mortgages and Promissory Notes are recorded with the County Register of Deeds. Loans are deferred with no interest or payments until you no longer own or occupy the property as your primary place of residence. The mortgage information is forwarded to the homeowner's insurance carrier and a certificate of insurance is kept on file. Participants must keep their property insured as long as they have the home repair mortgage.

b. Contract(s) signed

The homeowner enters into a written contract(s) with the contractor(s). Contractors are given ____ days to complete the work. Sometimes the timeline is extended if the work cannot be done within ____ days due to weather restrictions. A good example might be the replacement of a septic system. The contract is between the homeowner and the contractor, not the Grantee or Administrator. The homeowner is ultimately responsible for supervising and monitoring the contractors and the quality of their work.

11. Payments and inspection of completed work

Payment request forms and lien waivers will be submitted to the Administrator by the contractor(s) signifying part or all of the work completed. The building inspector will schedule an appointment with the homeowner to determine if the work has been completed satisfactorily. The homeowner will be asked to sign the payment request signifying their acceptance of the work and approving the amount to be paid to the contractor. Approved payments will be made directly to the contractor.

12. Loan closure

Participants are provided with important information about their loan when the rehab is complete. They are reminded that as a condition of the mortgage, they must carry liability insurance on the property to cover at least the home repair mortgage and property taxes must be kept current. Periodic examinations are made on all loans to verify insurance coverage and tax payments. Notices are sent to homeowners when violations in the terms of the mortgage are discovered.

13. Loan repayment

The loan is due in full when the homeowner no longer owns or occupies the property.

14. Loan default

When a homeowner has been found to be in violation of the terms of the mortgage, a notice is sent with procedures for remedy. All attempts are made to resolve the situation with the homeowner. Remedy of the violation or repayment of the loan is the preferred way to settle and all reasonable ways that still meet the requirements set forth by the State are considered. When a reasonable solution cannot be reached with the homeowner, advice is sought with the legal counsel and the Loan Committee.

15. Subordinations

When a homeowner wishes to refinance a superior mortgage and does not intend to pay off the CDBG mortgage, their refinancing lender will most likely require that the CDBG mortgage subordinate or allow the refinancing lender to be in a superior position to the CDBG mortgage. It is important to tell the lender about the CDBG mortgage when you apply for a refinance loan. The CDBG loans do not automatically subordinate and you will be required to submit a request for subordination. A copy of the subordination policy has been provided for you in your application packet.

16. Grievance Procedure

All applicants or participants have the right to file an appeal/grievance when there is a disagreement or dissatisfaction with a decision by our agency. The appeal process is initiated by filing a written letter regarding the grievance within fifteen (15) business days of the service decision. A copy of the grievance procedure has been provided for you in your application packet.

I have received a copy of this form.

Homeowner Signature Date

Homeowner Signature Date

Program Administrator

PART 5 ANNUAL HOUSEHOLD INCOME CALCULATION FORM

1. Name:		2. Identification:			
ASSETS					
Household/Family Member	Asset Description	Current Cash Value of Assets	Actual Income from Assets		
3. Net Cash Value of Assets		\$ _____			
4. Total Actual Income from Assets			\$ _____		
5. If line 3 is greater than \$5,000, multiply line by _____ (Passbook Rate) and enter results here; otherwise, leave blank			\$ _____		
ANTICIPATED ANNUAL HOUSEHOLD INCOME (show or attach calculations)					
Household/ Family Member	Wages/ Salaries	Benefits/ Pensions	Public Assistance	Other Income	Asset Income
					Enter the greater of lines 4 or 5 from above in line 6 below. ↓
6. Totals	a.	b.	c.	d.	e.
7. Enter total of values 6a – 6e to determine <i>Annual Household Income</i>			\$ _____		

*This form must be signed and dated by the individual certifying income eligibility and a copy of the current program income limits for the residing county must be attached to this form. You must also attach your calculations to this form.

PART 5 ANNUAL HOUSEHOLD INCOME CALCULATION FORM (EXAMPLES)

Example #1: Four-person household, 2 adults and 2 children under age 18.

Assets include:

1. Non-interest-bearing checking account with average 6-month balance of \$1,500.
2. Interest bearing savings accounts with current balance of \$2,614.78 earning 1% interest.
3. Retirement accounts with current balance of \$20,000 and rate of return of 4%.

Sources of income:

1. John – salaried position at \$32,500/year. Three months of pay information showing \$1,250 bi-weekly pay. YTD gross pay from most recent paystub projected for full year to determine annual pay.
2. Mary – hourly position at \$10/hour. Three months of pay information showing average of 30 hours per week.

1. Name: WINCHESTER		2. Identification: DRIVER'S LICENSE			
ASSETS					
Household/Family Member	Asset Description	Current Cash Value of Assets	Actual Income from Assets		
John/Mary (joint)	Checking	\$ 1,500.00	\$ 0.00		
John/Mary (joint)	Savings	\$ 2,614.78	\$ 34.78		
John	Retirement	\$ 20,000.00	\$ 800.00		
3. Net Cash Value of Assets		\$ 24,114.78			
4. Total Actual Income from Assets			\$ 834.78		
5. Estimated Income from Assets [If line 3 is greater than \$5,000, multiply line by 2% (Passbook Rate) and enter results here; otherwise, leave blank.]			\$ 482.29		
ANTICIPATED ANNUAL INCOME					
Household/Family Member	Wages/Salaries	Benefits/Pensions	Public Assistance	Other Income	Asset Income
John	\$32,500.00				Enter the greater of lines 4 or 5 from above in line 6 below.
Mary	\$15,600.00				
6. Totals	a. \$48,100.00	b.	c.	d.	e. \$ 834.78*
7. Enter total of values 6a – 6e to determine <i>Annual Household Income</i>					\$ 48,934.78

*The asset income used in the annual income calculation is \$834.78 since the Actual Income from Assets is greater than the Estimated Income.

Example #2: One-person household with no employment income.

Assets include:

1. Non-interest-bearing checking account with average 6-month balance of \$2,000.
2. Interest bearing savings account with current balance of \$2,000 earning 1% interest.

Sources of income:

1. Social Security \$750/month.
2. Pension with current value of \$100,000 with payments to household of \$500/month.

1. Name: SINGER		2. Identification: DRIVER'S LICENSE			
ASSETS					
Household/Family Member	Asset Description	Current Cash Value of Assets	Actual Income from Assets		
Robert	Checking	\$ 2,000.00	\$ 0.00		
Robert	Savings	\$ 2,000.00	\$ 20.00		
3. Net Cash Value of Assets		\$ 4,000.00			
4. Total Actual Income from Assets			\$ 20.00		
5. Estimated Income from Assets [If line 3 is greater than \$5,000, multiply line by 2% (Passbook Rate) and enter results here; otherwise, leave blank.]					
ANTICIPATED ANNUAL INCOME					
Household/Family Member	Wages/Salaries	Benefits/Pensions	Public Assistance	Other Income	Asset Income
Robert				\$ 9,000.00	Enter the greater of lines 4 or 5 from above in line 6 below.
Robert		\$ 6,000.00			
6. Totals					
a.		b. \$ 6,000.00	c.	d. \$ 9,000.00	e. \$ 20.00
7. Enter total of values 6a – 6e to determine <i>Annual Household Income</i>					\$ 15,020.00

Example #3:

- **Tim and his 7-year-old son (who is there every other weekend).**
- **Kristy and her 2 children (who are there full time) and she is pregnant.**


How many people are in this household? **FOUR** – do not include a child that is there less than 50% of the time and do not include unborn children.

Assets include:

1. Noninterest-bearing checking account with average 6-month balance of \$1,000.

Sources of income:

1. Tim works full time at a school as a janitor when school is in session (39 weeks/yr.). He works the 3 summer months at the Parks Department (11 weeks/yr.). The household takes a 2 week vacation every summer after school is out. His hourly wage is \$11/hr. at the school. He averages 25 hrs./week at the Parks Department, at \$8.50/hr.
2. Tim pays child support of \$200/month for his son.
3. Kristy is a waitress at a local bar and grill. She works 6 hrs./night, 5 nights/week at \$5/hr. and earns an average of \$40/night in tips.
4. Kristy receives child support for her 2 children at \$450/month.
5. The household receives \$60/week in food stamps.

1. Name: THOMAS		2. Identification: STATE ID			
ASSETS					
Household/Family Member	Asset Description	Current Cash Value of Assets	Actual Income from Assets		
Tim/Kristy (joint)	Checking	\$ 1,000.00	\$ 0.00		
3. Net Cash Value of Assets		\$ 1,000.00			
4. Total Actual Income from Assets			\$ 0.00		
5. Estimated Income from Assets [If line 3 is greater than \$5,000, multiply line by 2% (Passbook Rate) and enter results here; otherwise, leave blank.]			\$ 0.00		
ANTICIPATED ANNUAL INCOME					
Household/Family Member	Wages/Salaries	Benefits/Pensions	Public Assistance	Other Income	Asset Income
Tim (School)	\$17,160.00				Enter the greater of lines 4 or 5 from above in line 6 below. 
Tim (Parks)	\$ 2,337.50				
Kristy (Wages)	\$ 7,800.00				
Kristy (Tips)				\$10,400.00	
Child Support				\$ 5,400.00	
6. Totals	a. \$27,297.50	b.	c.	d. \$15,800.00	e. \$ 0.00
7. Enter total of values 6a – 6e to determine <i>Annual Household Income</i>					\$ 43,097.50

Example #4: Two adult person household, with second home.

Assets include:

1. Interest bearing checking account with average 6-month balance of \$3,400 earning 1.2% interest.
2. Mutual fund account with current balance of \$15,000 and rate of return of 5.2%.
3. Cabin up North with fair market value of \$34,000, no outstanding loans on property, average sales cost of 8%.

Sources of income:

1. Jim has a retirement account and receives \$530/month.
2. Betty receives social security of \$293/month.
3. Betty is a substitute teacher and works on average 1 day/week for the 40 weeks school is in session. She earns \$100/day.

1. Name: DAVIDSON		2. Identification: DRIVER'S LICENSE			
ASSETS					
Household/Family Member	Asset Description	Current Cash Value of Assets	Actual Income from Assets		
Jim/Betty (joint)	Checking	\$ 3,400.00	\$ 40.80		
Jim/Betty (joint)	Mutual Fund	\$ 15,000.00	\$ 780.00		
Jim/Betty (joint)	Cabin up North	\$ 31,280.00	\$ 0.00		
3. Net Cash Value of Assets		\$ 49,680.00			
4. Total Actual Income from Assets			\$ 820.80		
5. Estimated Income from Assets [If line 3 is greater than \$5,000, multiply line by 2% (Passbook Rate) and enter results here; otherwise, leave blank.]			\$ 993.60		
ANTICIPATED ANNUAL INCOME					
Household/Family Member	Wages/Salaries	Benefits/Pensions	Public Assistance	Other Income	Asset Income
Jim				\$6,360.00	Enter the greater of lines 4 or 5 from above in line 6 below.
Betty	\$4,000.00			\$3,516.00	
6. Totals	a. \$4,000.00	b.	c.	d. \$9,876.00	e \$ 993.60
7. Enter total of values 6a – 6e to determine <i>Annual Household Income</i>					\$ 14,869.60

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

GENERAL RELEASE OF INFORMATION

To Whom It May Concern:

I/We have applied for a loan and hereby authorize you to release to the Grantee Name the requested information listed below:

1. Previous and past employment history including employer, period employed, title of position, income, and hours worked.
2. Disability payments, social security, and pension funds.
3. Any information deemed necessary in connection with a consumer credit report or a real estate transaction.

This information will be for the confidential use of the Grantee in determining my/our eligibility for a mortgage loan or to confirm information I/we have supplied. Please complete the attached verification request.

A photo or fax copy of this document may be deemed to be the equivalent of the original and may be used as a duplicate original. The original signed release of information form will be kept on record with the Grantee.

Last, First, M.I.

Last, First, M.I.

Social Security #

Social Security #

Street Address

Street Address

City, State, Zip Code

City, State, Zip Code

Signature

Date

Signature

Date

NOTICE TO BORROWERS: This notice to you is required by the Right to Financial Privacy Act of 1978. The Department of Housing and Urban Development, Federal Housing Administration or Veterans Administration have a right of access to financial records held by financial institutions in connection with the consideration or administration of assistance to you. Financial records involving your transaction will be available to HUD, FHA, or VA without further notice or authorization but will not be disclosed or released by this institution to another government agency without your consent except as required by law.

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

TENANT'S RELEASE OF INFORMATION

This is to certify that I/we have given my/our permission to the "Grantee" Community Development Block Grant (CDBG) Program to verify employment, sources of monthly income, and any additional required information. I understand that this information will be for the confidential use of the Grantee in reviewing the property owner's application for a rehabilitation loan.

A photo or fax copy of this document may be deemed to be the equivalent of the original and may be used as a duplicate original. The original signed release of information form will be kept on record with the Grantee.

Rental-Rehabilitation Property Address: _____

Property Owner Name: _____

Last, First, M.I.

Last, First, M.I.

Social Security #

Social Security #

Street Address

Street Address

City, State, Zip Code

City, State, Zip Code

Signature Date

Signature Date

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

VERIFICATION OF EMPLOYMENT

Date:

To:

RE:

The applicant identified above has applied for a housing rehabilitation loan through the Grantee Community Development Block Grant Program. To be eligible for a loan under this program, an applicant's income may not exceed certain levels. Please provide the following information to verify the applicant's financial eligibility.

The information requested is for the confidential use of this agency and the Division of Energy, Housing and Community Resources. Below is the signature of the applicant authorizing us to obtain this information. Thank you for your cooperation.

Sincerely,

Program Administrator

* * * * *

Position: _____

Dates of Employment: _____

Current Hourly Rate: _____

Estimated Commission/Bonus: _____ Overtime: _____

You have my permission to release the above information.

Signature of Applicant

Date

The above information is furnished in strict confidence, in response to your request.

Signature of Employer

Date

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

VERIFICATION OF RETIREMENT OR DISABILITY PENSION

Date:

To:

RE: Loan Applicant:

Address:

The applicant identified above has applied for a housing rehabilitation loan through the Grantee Community Development Block Grant Program. To be eligible for a loan under this program, an applicant's income may not exceed certain levels. Please provide the following information to verify the applicant's financial eligibility.

The information requested is for the confidential use of this agency and the Division of Energy, Housing and Community Resources. Below is the signature of the applicant authorizing us to obtain this information. Thank you for your cooperation.

Sincerely,

Program Administrator

* * * * *

Type of monthly benefits: _____

Monthly amount: _____

You have my permission to release the above information.

Signature of Applicant

Date

The above information is furnished in strict confidence, in response to your request.

Signature of Employer

Date

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

VERIFICATION OF UNEMPLOYMENT COMPENSATION

Date:

To:

RE: Loan Applicant:

Address:

Social Security No.:

The applicant identified above has applied for a housing rehabilitation loan through the Grantee Community Development Block Grant Program. To be eligible for a loan under this program, an applicant's income may not exceed certain levels. Please provide the following information to verify the applicant's financial eligibility.

The information requested is for the confidential use of this agency and the Division of Energy, Housing and Community Resources. Below is the signature of the applicant authorizing us to obtain this information. Thank you for your cooperation.

Sincerely,

Program Administrator

* * * * *

Weekly Compensation Amount: _____

You have my permission to release the above information.

Signature of Applicant

Date

The above information is furnished in strict confidence, in response to your request.

Signature of Unemployment
Compensation Official

Date

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

GENERAL INFORMATION NOTICE -- RESIDENTIAL TENANT THAT WILL NOT BE DISPLACED

Date _____

Dear _____:

On _____ (date), _____ (property owner) submitted an application to the _____ (Grantee) for financial assistance to rehabilitate the building which you occupy at _____ (address).

This notice is to inform you that, if the assistance is provided and the building is rehabilitated, you will not be displaced. Therefore, we urge you not to move anywhere at this time. (If you do elect to move for reasons of your choice, you will not be provided relocation assistance.)

If the application is approved and Federal assistance is provided for the rehabilitation, you will be able to lease and occupy your present apartment (or another suitable, decent, safe and sanitary apartment in the same building/complex) upon completion of the rehabilitation. Of course, you must comply with standard lease terms and conditions.

After the rehabilitation, your rent (including/not including monthly utility costs) will not exceed \$_____ per month. If you must move temporarily so that the rehabilitation can be completed, suitable housing will be made available to you for the temporary period, and you will be reimbursed for all reasonable extra expenses, including all moving costs and any increase in housing costs.

Again, we urge you not to move. If the project is approved, you can be sure that we will make every effort to accommodate your needs. Because federal assistance would be involved, you would be protected by the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended.

This letter is important and should be retained. You will be contacted soon. In the meantime, if you have any questions about our plans, please contact _____ (name), _____ (title), at _____ (phone), _____ (address).

Sincerely,

Program Administrator

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

NOTICE OF ELIGIBILITY

Date:

To:

RE:

Dear

Your application for a housing rehabilitation loan under the Community Development Block Grant Program has been reviewed and the financial information provided has been verified. Using pre-established criteria, we have determined that you are eligible for a housing rehabilitation loan.

Please contact this office by calling _____ to arrange a time for our inspector to visit your home to prepare a work write-up.

Sincerely,

Program Administrator

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

NOTICE OF INELIGIBILITY

Date:

To:

RE:

Your application for a housing rehabilitation loan under the Community Development Block Grant Program has been reviewed and the financial information provided has been verified.

We regret to inform you that you do not qualify for a rehabilitation loan for the following reasons:

- Household income limits _____
- Housing repair needs _____
- Inadequate equity _____
- Lack of adequate ownership position _____
- Other _____

All applications were ranked using identification numbers, rather than applicant's names, to ensure that all selections were fair and unbiased.

If you feel that this determination is based on inadequate or incorrect information or was improperly made, please call me at _____. You may appeal this decision to the CDBG Housing Committee.

Thank you for your interest in this program.

Sincerely,

Program Administrator

INSPECTION(S)

Housing Quality Standards (HQS) Inspection Form

Link here to HQS Form: <https://www.hudexchange.info/resource/2091/home-housing-quality-standards-hqs-inspection-form/>

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

PROGRESS INSPECTIONS

Applicant: _____

Address: _____ Application Number: _____

Contractor: _____

Job Starting Date: _____

PERIODIC REHABILITATION INSPECTIONS

Date: _____ Inspector: _____

Remarks: _____

_____ % Complete: _____

Date: _____ Inspector: _____

Remarks: _____

_____ % Complete: _____

Date: _____ Inspector: _____

Remarks: _____

_____ % Complete: _____

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

FINAL INSPECTION CHECKLIST

(This form must be used and in each project file)

Application Number: _____ Date of Inspection: _____

Applicant: _____

Address: _____

Contractors:

1. _____ Final Lien Waiver Rec'd: _____

Contract Award: _____ Final Amount: _____

2. _____ Final Lien Waiver Rec'd: _____

Contract Award: _____ Final Amount: _____

3. _____ Final Lien Waiver Rec'd: _____

Contract Award: _____ Final Amount: _____

Work Completed:

_____ See attached checklist of project specifications.

_____ Property has been checked for lead paint hazards.

_____ Adequate number and properly placed on each floor, smoke and carbon monoxide detectors.

_____ Change orders, if necessary are signed.

Reason for change orders: _____

Unit meets Section 8 Housing Quality Standards: _____ Yes _____ No

This inspection finds construction work completed in accordance with the construction contract.

_____ Date: _____

Photo Taken: _____ Date: _____

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

CONTRACTOR'S APPLICATION FOR APPROVAL

All information received will be considered confidential. If you have any questions concerning this rehabilitation program, please call the office at _____. (TYPE OR PRINT)

Federal I.D. Number or Social Security Number: _____

Company Name: _____ Phone: _____

Company Address: _____

Officers Authorized to Execute Documents: _____

How Long in Business: _____ Are you Bondable? _____ At What Rate: _____

Insurance Company: _____

How Much Insurance Carried: _____ Type: _____

Character of Work Performed by Your Firm: _____

Have You Ever Failed to Complete Any Work Awarded to You? Yes _____ No _____

If so, Where and Why: _____

Have You Ever Failed to Complete Within Contracted Time Limits Work Awarded to You?

Yes _____ No _____ If so, Why? _____

List Work References, Addresses and Phone Numbers (list most recent, including present jobs):

List Business References (Banks, etc.), Addresses and Phone Numbers:

List Suppliers, Addresses and Phone Numbers:

Is at least 51% of the company owned by a minority or female? Yes _____ No _____

Signature of Contractor

Date

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

CONTRACTOR PREFERENCE FORM

Date:

To: Program Administrator

I, _____, have freely chosen the contractors listed below to submit a bid for rehabilitation work to be done on my property located at: _____.

Contractor/Contractor's Address: _____

Contractor/Contractor's Address: _____

Contractor/Contractor's Address: _____

Further, I understand that I have the right to reject any and all bids and it is my responsibility to select contractors for the rehabilitation work to be done on my property stated above.

I have been advised of the intended work to be done on my property and I have reviewed the specifications and they meet with my approval.

Further, I agree that there will be no changes in the specifications unless they are in writing and agreed to by the Program Administrator, contractor and myself.

Property Owner

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

WORK WRITE-UP

Project No.: _____ Date: _____

Owner: _____

Project Address: _____

Contractor: _____

ITEM	DESCRIPTION OF WORK	COST
TOTAL Lead Based Paint Cost		TOTAL COST

Contractor

Date

Owner

Date

Program Administrator

Date

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

NOTICE OF AWARD

Date:

To:

RE:

Dear

You are hereby advised that (homeowner name) has chosen your firm for their CDBG housing project. Please sign the enclosed contract and return it to this office for further processing. Following execution by the Grantee and homeowner, a fully executed copy will be returned to you for your files.

Work may begin on this project only after you have been issued a written Notice to Proceed.

Sincerely,

Program Administrator

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

NOTICE OF REJECTION

Date:

To:

RE:

Dear

You are hereby advised that (homeowner name) has not chosen your firm as the contractor for their CDBG housing project; Your efforts are appreciated, and we hope you will continue to bid on future rehabilitation projects funded through this program.

Sincerely,

Program Administrator

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

REHABILITATION CONTRACT

Property Owner(s): _____ Project #: _____

Property Address: _____

Contractor: _____

The undersigned contractor shall furnish labor, equipment, supplies and materials required for proper execution and completion of the contract work in accordance with the attached specifications for the sum of \$ _____.

The following are attached to and hereby made part of this contract:

- ATTACHMENT A: Contractor proposal and quote;
- ATTACHMENT B: General Conditions;
- ATTACHMENT C: Bid specifications and/or drawings for project at the above address.

MATERIALS AND WORKMANSHIP: All materials are guaranteed to be as specified in the bid specifications. No lead-based paint shall be used. Any alteration or deviation from the attached specifications will be executed only upon written consent of the property owner, contractor, and the CDBG Office. All work will be completed in a professional manner according to standard construction practices. The contractor, in all cases, shall leave the work in a finished condition as determined acceptable by the CDBG Program Building Inspector. All agreements are contingent upon strikes, accidents, or acts of God.

GENERAL GUARANTEE. The contractor shall remedy any defect due to faulty material or workmanship and pay for any damage to other work resulting therefrom which appears within the period of one year from the date of final payment of all work required by the contract. This includes completing any items listed on the specs that may have been missed during the rehabilitation and inspection process that are discovered within one year.

PAYMENTS: Payments shall be made to contractor as specified in the General Conditions. No extra costs will be paid when the contractor has neglected to properly evaluate the extent of the rehabilitation work. The contractor agrees that they will not, under any circumstances, seek payment from the owner or occupant of the premises improved.

INSURANCE: The owner shall carry fire, extended coverage and all other necessary insurance. The contractor shall carry comprehensive liability insurance as specified in the General Conditions. Contractor's workers shall be covered fully by Workmen's Compensation Insurance.

CONTRACT TERMINATION: Owner may terminate contract for poor work performance and inability of contractor to correct; inability of contractor to perform work within allotted time. Contractor may request to be removed from contract without penalty within 30 days of receiving Notice to Proceed. Contract may be terminated based on irreconcilable differences. Contract will be terminated if contractor has been debarred or is otherwise ineligible to work on federal contracts.

No work shall commence by the contractor until a written *Notice to Proceed* is received.

The Owner and Contractor hereby agree to the conditions set forth above and Attachments A through C which are attached and made part of this contract.

Contractor

Date

Owner

Date

Owner

Date

ATTACHMENT B

GENERAL CONDITIONS

1. REHABILITATION LOAN. The Block Grant Program shall pay for the work listed in the Itemized Work Specifications (Specs) by means of a rehabilitation loan from the Grantee to the property owner, payable through the Block Grant Program.
2. ADMINISTRATOR'S EXCLUSION. No member of the governing body of the locality and no other official, employee, or agent of the municipal government who exercises policy, decision-making functions or responsibilities in connection with the planning and implementation of the Block Grant Program shall have any interest, direct or indirect, in this contract.
3. PROVISIONS FOR OWNER. The owner shall permit the contractor to use, at no cost, existing utilities, such as light, heat, power and water, necessary to carry out and complete the work. Further, the owner shall cooperate with the contractor to facilitate the performance of the work, including the removal and replacement of rugs, coverings, and furniture, as necessary. The premises are to be occupied during the course of the construction work.
4. INSURANCE. Before commencing work, the contractor shall furnish the Block Grant Program with certificates showing evidence of comprehensive public liability insurance coverage protecting the owner for not less than ONE HUNDRED THOUSAND/THREE HUNDRED THOUSAND DOLLARS (\$100,000/\$300,000) in the event of bodily injury including death and ONE HUNDRED THOUSAND DOLLARS (\$100,000) in the event of property damage arising out of work performed by the contractor, and if applicable, show proof of his participation under Workman's Compensation Laws of the State of Wisconsin. The owner will carry fire extended coverage and other necessary insurance.
5. SUBCONTRACTORS AND ASSIGNMENTS. No subcontract or assignment of this contract shall be made without the written consent of the owner and the Block Grant Program.
6. SPECIAL CONDITIONS, SUBSTITUTIONS AND ADDITIONAL ITEMS. Any special conditions found and noted by the contractor during the initial examination of the property or during work which may require special work deviating from the Itemized Work Specifications, must receive approval in writing by the Block Grant Program and the owner before being carried out. No substitutions or alternatives for any part of this contract shall be accepted unless approved in writing by the Block Grant Program. Methods and types of construction for any such alternatives shall be submitted in drawings and/or specifications, prepared by the contractor, as part of the bid packet. The contractor shall notify the Block Grant Program of any obvious violations of applicable codes or omissions, which are not listed before the proposal is submitted.
7. COMMENCING AND COMPLETE WORK. The contractor shall commence work within 15 days after the Order to Proceed is issued and shall proceed with diligence to complete the work within 60 days thereafter. No work shall commence by the contractor until the contract is signed and a Notice to Proceed is issued. Contract extensions may be granted upon request and must be approved by the Block Grant Program and the owner.
8. CODES, PERMITS AND INSPECTIONS. All materials and work shall comply with applicable codes and regulations of Grantee, including the local and state building codes, housing codes, zoning ordinance, state and local plumbing codes, heating codes, National Electric Code, floodplain ordinance, and property rehabilitation standards, whether or not covered by the Itemized Work Specifications. The contractor shall secure at his own expense all necessary permits prior to the start of work. The contractor shall call the appropriate inspector when ready for any required inspections and shall secure approval by the appropriate inspector, including taking action to comply with any notice or orders issued by the inspector. The contractor shall permit representatives of the Department of Housing and Urban Development (HUD), State of Wisconsin, and Grantee to inspect all work under this contract.

9. **PAYMENTS.** The contractor shall be paid the contract price in one lump sum amount after the work is satisfactorily completed for contracts less than \$2,000. Contracts greater than \$2,000 shall be paid in a maximum of three lump sum payments. Progress payment requests shall be accompanied by a bill showing the amount of work completed and a lien waiver in the same amount. Up to 90% of work completed will be paid under a progress payment, with the balance due under the final payment. Work shall be inspected and approved by the Block Grant Program before any payments will be made. Progress payments are made at the discretion of the Administrator and the Inspector of the Block Grant Program. If disputes arise concerning payments for contract work, final determination will be made by the Grantee CDBG Housing Committee and the contractor agrees to abide by that decision.
10. **LIEN WAIVERS.** By entering into this contract, you are agreeing to perform work under the CDBG Housing Program. The contractor agrees to the following terms and agrees to pass along the following requirements to their suppliers and any subcontractors. Payment shall not be due until the contractor has delivered to the Block Grant Program complete release of all liens arising out of this contract, or receipts in full covering all labor and materials for which a lien could be filed, or a bond satisfactory to the owner indemnifying him against any lien, all to the satisfaction of the Block Grant Program.
- a. The contractor shall not file, suffer or permit any lien or other encumbrance of record as a claim against any site of a CDBG housing project in recognition that their only recourse for payment is from the CDBG Grantee (Insert Grantee Name)
 - b. Any lien notice action by a contractor, and/or any of their subcontractors and/or material suppliers, against a property owner shall be considered non-performance by the terms and conditions of this contract, and the CDBG Grantee (Insert Grantee Name), may refuse to accept bids from the contractor for a period of up to five years, for any future CDBG housing projects.
 - c. **PAYMENTS OWED BY CONTRACTORS:** By engaging in this contract with the owner and agreeing to perform work through the CDBG Housing program, the contractor agrees that if they do not pay for materials and labor taking place through this contract, the CDBG Grantee (Insert Grantee Name) has the option to use payments owed to the contractor to pay such subcontractors and suppliers.
 - d. The owner reserves the right to cancel this contract in whole or in part without penalty, upon written notice to the contractor if any lien notice action is taken by the contractor, and/or any of their subcontractors and/or material suppliers, against a property owner
11. **HOLD HARMLESS.** The contractor shall defend, indemnify and hold harmless the owner and the Grantee Block Grant Program, its officers, commissioners and employees from liability and claim for damages because of bodily injury, death, property damage, sickness, disease or loss and expense arising from the contractor's operations under this contract.
12. **CONDITION OF PREMISES AND EXCESS MATERIALS.** The contractor shall keep the premises clean and orderly during the course of the work and at the completion of the work shall remove all debris, except materials that have been removed and replaced as part of the work that the owner wishes to keep. All excess new materials shall belong to the contractor, except that the owner shall have the right to keep small quantities for "touch-up" or other small repairs.
13. **GENERAL REHABILITATION SPECIFICATIONS FOR PAINTING.** All painting products shall be standard nationally known brands of "best grade" first-line quality. No lead-based paint shall be used. The owner shall select paint colors only. All paint shall be delivered to the job site in unopened labeled containers. All painting products shall be applied in strict accordance with manufacturer's recommendations and specifications. Interior and exterior surfaces shall be prepared by scraping loose paint, pointing up all cracks and holes, patching plaster surfaces on interior work, removing nails, hooks, fasteners, etc., and sanding smooth. All joints in exterior trim, siding and frames shall be caulked before painting. The painting of a room shall include all ceilings, walls, base, window and door trim, interiors and exteriors of all closets, and both sides and edges of doors. All surfaces, including floors, walls, ceilings, trim, doors and windows shall be cleaned and excessive paint removed from same upon completion of painting work. When the house was built before 1978, all painted surfaces are to be treated as if they contain lead-based paint, with the proper precautions to be taken when completing rehabilitation work and clean up. Reasonable care

shall be exercised in moving ladders and scaffolding about the dwelling to avoid damage to shrubbery and premises.

14. EQUAL OPPORTUNITY. The owner, contractor, subcontractor, and Grantee shall comply with all requirements of Section 503 of the Rehabilitation Act of 1973. The requirements prohibit discrimination against any employee or applicant for employment because of physical or mental handicap. All requirements with respect to Section 109 of the Housing and Community Development Act of 1974 shall be complied with. These requirements state that no person shall, on the grounds of race, color, national origin, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or part with funds made available for Community Development Block Grant Housing Rehabilitation projects.
15. ADDITIONAL PROVISIONS. The contractor shall be required to:
 - a. Minimize inconvenience to the owner and occupants. At least one toilet and sink with hot and cold running water shall be connected at the end of each workday. Arrangements shall be made to provide temporary heat to the structure whenever a furnace is disconnected for more than 12 hours when the outside temperature is below 40° F.
 - b. Work only during normal work hours (weekdays 7:30 a.m. to 6:30 p.m.) unless authorized by the owner.
 - c. Take reasonable precautions to protect the structure and its contents from weather damage during the course of the work.

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

NOTICE TO PROCEED

Date:

To:

Re:

You are hereby notified to commence work on the above-referenced project. Work is to begin on or before _____ . It is expected the contracted work will be completed within _____ days. Notify the CDBG office immediately with any change in schedule.

Property Owner

Date

Program Administrator

Date

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

CONTRACTOR'S PAYMENT REQUEST NO.

Project No.: _____ Date: _____

Owner: _____

Project Address: _____

Contractor: _____

CONTRACT SUMMARY

Original Contract Amount _____

Change Order Addition _____

Change Order Deduction _____

Net Change by Change Orders _____

Net Revised Contract Amount _____

THIS REQUEST

Completed to Date _____

Less Amount Retained (10%) _____

Less Previous Balance _____

Amount Due This Request _____

I hereby certify that the data reported above is correct, rehabilitation work has been performed in a satisfactory manner and in full compliance with the contract. The amount requested is justified by the work which has been completed. I hereby authorize the _____ to disburse, on my behalf, CDBG funds directly to the contractor contributing services or materials for the approved improvements.

Contractor Date

Owner Date

Program Administrator Date

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

CHANGE ORDER NO.

Project No.: _____ Date: _____

Owner: _____

Project Address: _____

Contractor: _____

Change Ordered:

Reason for Change Order:

CONTRACT AMOUNT

Original Contract Amount _____

Previous Change Orders _____

Change Order Addition _____

Change Order Deduction _____

Revised Contract Amount _____

This document shall become an amendment to the Contract and all stipulations and covenants of the Contract shall apply hereto.

Contractor Date

Owner Date

Program Administrator Date

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

MATERIAL/SUPPLIES LIEN WAIVER

For value received, I hereby waive my rights and claims for lien on land, buildings or appurtenances altered or repaired or constructed for _____, Owner;
_____ Contractor, the property situated in _____ County, State of Wisconsin, and located at: _____
_____ for all materials furnished for the construction, alteration or repair of said building and appurtenances to date.

Name of Supplier

Signature of Supplier Date

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

LABOR LIEN WAIVER

For value received, I hereby waive my rights and claims for lien on land and on buildings or appurtenances altered or repaired or constructed, for _____, owner, by

_____, Contractor, the property situated in

_____ County, State of Wisconsin, and located at:

_____ for all labor performed and

for all material furnished for the construction, alteration or repair of said building and appurtenances to date.

Name of Firm

Contractor/Subcontractor Signature Date

LOAN CLOSING

REQUIRED LENDING LANGUAGE

For all loans made in whole or part with CDBG funds, certain specific language must be included in particular loan documents. Review all CDBG loan documents to be sure that the following language requirements have been met.

APPLICATION

All applications must include:

- The marital agreement notice.

“No provision of a marital property agreement (including a Statutory Individual Property Agreement pursuant to Sec. 766.587, Wis. Stats.), unilateral statement classifying income from separate property under Sec 766.59, or court decree under Sec. 766.70 adversely affects the creditor unless the creditor is furnished with a copy of the document prior to the credit transaction or has actual knowledge of its adverse provisions at the time the obligation is incurred.”

and

- The verification of U.S. Citizenship or qualified alien status. HUD has asked that we use the terms, Qualified and Non-qualified Alien, as much as possible. Those are the terms used by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), also known as the Welfare Reform Act. The PRWORA prohibits the provision of federal public benefits to a non-qualified alien as defined by section 431. It is HUD’s opinion that CDBG and HOME assistance in the form of loans/grants, down payment and closing cost assistance qualify as federal public benefits under PRWORA. This means that we cannot use funds to provide assistance to a non-qualified alien.

In order to show compliance with PRWORA, HUD Milwaukee and the state Division of Housing are asking that you add the following question to your application form(s):

“Are you a United States Citizen or a Qualified Alien? YES NO “

The question must be answered but HUD does not require that we verify or document the answer.

SPOUSES

If an applicant for CDBG funds receives a loan and is the sole owner of the property and therefore the sole signer of the loan documents, the borrower’s spouse **MUST** receive written notice of the loan transaction. Send to the non-applicant spouse:

1. A copy of the document evidencing the obligation to pay.
2. A copy of the credit disclosures given to the applicant; OR
3. A brief description of the nature of the credit extended.

This "tattle-tale" notice must be sent before the work on the unit begins.

MORTGAGE NOTES

All notes which are used to secure a mortgage must contain the following language:

I am ___ married ___ unmarried ___ legally separated. If I am married and my spouse is not signing below, the name of my spouse is, _____ and my spouse resides at _____

If I am a married Wisconsin resident, the obligation evidenced by this Note is being incurred in the interest of my marriage or family.

SECOND MORTGAGE NOTES

All notes which are used to secure a second mortgage must contain the following language:

NOTICE TO CUSTOMER

- (a) **DO NOT SIGN THIS BEFORE YOU READ THE WRITING ON THE REVERSE SIDE, EVEN IF OTHERWISE ADVISED.**
- (b) **DO NOT SIGN THIS IF IT CONTAINS ANY BLANK SPACES.**
- (c) **YOU ARE ENTITLED TO AN EXACT COPY OF ANY AGREEMENT YOU SIGN.**
- (d) **YOU HAVE THE RIGHT AT ANY TIME TO PAY IN ADVANCE THE UNPAID BALANCE DUE UNDER THIS NOTE AND YOU MAY BE ENTITLED TO A PARTIAL REFUND OF FINANCE CHARGE.**

TRUTH-IN-LENDING

All Truth-In-Lending statements must include the following language:

ANNUAL PERCENTAGE RATE: _____
(The cost of my credit as a yearly rate)

FINANCE CHARGE: _____
(The dollar amount the credit will cost me)

AMOUNT FINANCED: _____
(The amount of credit provided to me or on my behalf)

TOTAL OF PAYMENTS: _____
(The amount I will have paid after I have made all payments as scheduled)

LENDING OPTIONS

(For landlords and developers)

Repayment of installment rehabilitation loans must begin within 60 days of the initiation of the rehabilitation. Loans to landlords and/or developers must be repaid in monthly or quarterly installments.

1. RE: ALL LOANS FOR RENTER-OCCUPIED UNITS

Property owner must guarantee LMI occupancy for five years, or the term of the CDBG loan, whichever is less.

The length of time given for repayment of the CDBG funds is left to the Grantee's discretion.

2. GRANTS should be an incidental part of a housing rehabilitation program.

Grants for housing rehabilitation should be included as a separate activity in a CDBG Housing and Neighborhood Revitalization application only for "public facilities" type activities (e.g., program area lateral replacement or well replacement).

Grants are permitted for LMI owner-occupants only.

3. SITE IMPROVEMENTS

The cost of the CDBG-financed site acquisition (land only) and site improvements must be passed along to the project developer at terms consistent with DEHCR's "LENDING OPTIONS". The cost of any structures on the site, and their demolition, may be passed along to the project developer or absorbed by the Grantee, at the Grantee's option.

4. NON-PROFIT AGENCIES

Grant for housing development projects will be permitted only when the project developer is a public agency or a private non-profit agency which will pass along project ownership to the LMI occupants. The CDBG projects will then be financed as a deferred payment loan.

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

HOMEBUYER LOAN CALCULATION

Applicant Name: _____

Mailing Address: _____

Phone: _____

_____ Home passes HQS

_____ Repairs required to pass HQS: _____

Purchase price of home \$ _____

Total required down payment \$ _____

Mortgage amount \$ _____

	Amount Paid by CDBG	Amount Paid by Owner	Amount Paid by Others
Down payment*	\$ _____	\$ _____	\$ _____
Closing costs	\$ _____	\$ _____	\$ _____
Estimated repair costs	\$ _____	\$ _____	\$ _____
TOTAL	\$ _____	\$ _____	\$ _____

* CDBG will pay a maximum of 50% of the required down payment, or 10% of the purchase price, whichever is less.

Rehabilitation equity credited toward down payment: \$ _____

Name of Lender: _____

CERTIFICATION: I certify that the above information is true, accurate and complete to the best of my knowledge. I understand that giving false information is considered fraud and will result in loss of program benefits.

Lender Representative

Date

Applicant

Date

Applicant

Date

Program Administrator

Date

In lieu of this document a final copy of a signed closing statement by the homeowner may be substituted.

HOMEBUYER EDUCATION CHECKLIST

Homebuyer Education

- _____ Personal and financial advantages of homeownership; rent vs. buy
- _____ Credit analysis, including review of borrower's credit report and assessments of current financial situation and housing purchase capability as it relates to the individual household budget needs
- _____ Basic terms of the real estate transaction, explanation of disclosures, e.g., Good Faith Estimate of Closing Costs, Truth-in-Lending Disclosure, HUD 1 Settlement Statement
- _____ Selecting a real estate broker, lender, attorney
- _____ Fair Housing Laws as they relate to borrower's rights to disclosure in a lending transaction
- _____ The purchase process, i.e., writing an offer, counter offers, inspection requirements, contingencies, closing documents
- _____ Insurance needs, e.g., homeowner's insurance, flood insurance, life insurance
- _____ Budget for future home maintenance
- _____ Review of payment affordability including PITI and how it may change annually, e.g., due to increased real estate taxes
- _____ Calculation of cash needed to purchase, application fees, inspection fees, insurance, cash to close costs, reserves
- _____ Explanation of private mortgage insurance

APPLICANT'S AUTHORIZATION TO TERMS AND CONDITIONS

Community Development Block Grant –Housing (CDBG- Housing) and Revolving Loan Fund (RLF)

You have completed an application for rehabilitation assistance through the (Grantee Name)(Grantee Name) Community Development Block Grant (CDBG) program for your property located at (Applicant's Address). Before any work may begin, we want to be certain that you understand the application process and that you understand your responsibilities before we may proceed with the rehabilitation work on your home/property.

Please read each statement below carefully and initial each line. By initialing and signing below, you are stating that you understand and agree to the terms and conditions outlined below. This authorization form will become part of our file. A copy of this document will be given to you for your records.

- _____ 1. I understand that the CDBG loan will be deferred at 0% interest for as long as I occupy the property as my primary residence and agree re-recording of the mortgage after 30 years.
- _____ 2. I understand that unforeseen costs may be incurred which may increase the cost of the project if contractors discover code violations in the process of bringing the home up to standards that could not be documented in the original inspection (i.e., contractor removes drywall and, in the process, discovers mold or code violations behind the walls that must be addressed). I understand any additional items that are discovered through the rehabilitation process that are unsafe must be corrected, and I agree to sign additional mortgage(s).
- _____ 3. I understand that if unforeseen or unexpected conditions arise that would delay my project; I will be notified.
- _____ 4. With reasonable notice, (Grantee Name) or Program Administrator and the Division of Energy, Housing and Community Resources (DEHCR), and applicable assignees reserve the right to enter and inspect any in-progress or completed project.
- _____ 5. (Grantee Name) or Program Administrator staff must have access to all areas of the home at the time of inspection. Rooms should not be shut off to (Grantee Name) staff for any reason, including sleeping family member(s). Contractors must have access to the home to complete the contracted work.
- _____ 6. I understand that household pets must be controlled at all times. If the (Grantee Name) or Program Administrator staff member(s) believes that any pet acts aggressively or is dangerous, the pet must be contained or removed from the home for the safety of (Grantee Name) or Program Administrator staff and the contractors. If the pet is not contained or removed, the (Grantee Name) or Program Administrator staff member(s) and/or the contractor will leave the premises without completing the scheduled work and may result in the cancellation of the project.
- _____ 7. I understand and agree to keep the premises free of all hazards. All improperly stored chemicals, combustible materials, or other fire hazards that present a danger to the inspector and/or contractor(s) must be removed. The home should also be free of maintenance or housekeeping practices that limit the access of the contractors to the dwelling or create an unhealthy work environment (i.e., animal feces or raw sewage in the home). If this is not completed, the project may be cancelled.
- _____ 8. I understand that after receiving notification from (Grantee Name), that (Grantee Name) reserves the right to cancel a project at any time with reason. Reasons for cancellation may include but are not limited to: work exceeding the original allocation, loss of funding, failure of homeowner to comply with the terms of the funding and/or contract, the homeowner or property has been determined to be ineligible for funding.
- _____ 9. I understand that I or any other members of the household, relatives, friends...etc. may not engage in any abusive behavior towards contractors, subcontractors, or Program Administrator staff. "Abusive behavior" includes, but is not limited to, kicking (Grantee Name) or Program Administrator staff or contractors off of

the property, use of profanity, yelling, or any threatening or intimidating actions. Violation of the provision may result in cancellation of the project. Any costs incurred at that point will be the responsibility of the homeowner.

- ____ 10. I understand that in matters concerning the selection of paint colors, types of fixtures and other items not involving a change in the specifications of work write-up, the choice will be mine and I will deal directly with the contractor.
- ____ 11. I understand and agree that it will be necessary to allow authorized personnel **to take pictures before, during (if an interim inspection is performed) and after the home rehabilitation process.** (Grantee Name) will inspect the work in progress and upon completion, in order to assure that work meets the specifications.
- ____ 12. I understand and agree that I will **NOT** make any changes to the work write-ups or specifications without prior written approval of the CDBG administrator.
- ____ 13. I understand and agree that I cannot perform any rehabilitation or renovation work on my property during the CDBG project until all work has been completed. If I perform any rehabilitation or renovation work during the project, my project may be deemed ineligible and all cost including labor and materials incurred will become my responsibility and/or CDBG program will not be held liable to correct any mistakes that may occur during my renovation. I further understand that work may cease until I complete my renovation work. The only exception, with prior written authorization of (Grantee Name) is if I, the homeowner, am licensed to conduct a specific type of activities, such as a licensed electrician.
- ____ 14. I understand that I must maintain my homeowner's insurance, remain current on my property taxes during the entire period that the lien is in place against my property and will not transfer title of the property.
- ____ 15. I understand that if my house was built prior to 1978, a lead base paint clearance test may be completed at the end of my rehabilitation project based on the scope of work completed. The lead clearance test is to ensure that no lead hazards exist, following the completion of the rehabilitation project. I understand that I will receive a copy of the clearance report.
- ____ 16. I understand that if disputes arise, that it may delay my project completion date.
- ____ 17. I understand payment(s) will be made in the form of a single party check made out to the Contractor. I understand that authorization must be made by myself, the homeowner, for release of funds to the Contractor by signing the payment request form.
- ____ 18. I agree that should disputes concerning payment to contractors arise, final determination will be made by the CDBG administrator for (Grantee's Name), and I agree to abide by the decision of the administrator.

I have read, understand, and accept all of the Terms and Conditions as outlined above.

Owner Name and Signature

Date

Owner Name and Signature

Date

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

TRUTH IN LENDING DISCLOSURE STATEMENT

A.	Amount Financed - (Amount of credit provided to me or on my behalf)	\$0.00
B.	Previous Amounts Financed -Date	\$0.00
C.	Current Contractor(s)	\$0.00
	List:	\$0.00
	Current Contractor Total -	\$0.00
D.	Current Fees Charged	
	Inspection Fee	\$0.00
	Title Work Fee	\$0.00
	Recording Fees -	\$0.00
	LRA/Clearance Test-	\$0.00
	Asbestos Test-	\$0.00
	Testing Fee - Other	\$0.00
	Total Fees	\$0.00
E.	Total Program Funds to be Spent	\$0.00
F.	Less Escrow by Homeowner	()
G.	Less Amount Paid by Program (Granted)	()
	List:	
	Total Amount Due	\$0.00
H.	Amount to be Recorded	\$0.00
I.	Annual Percentage Rate (The cost of my credit as a yearly rate)	0%
J.	Finance Charge (Dollar amount credit will cost me)	\$0.00
K.	Amount Financed (The amount of credit provided to me or on my behalf)	\$0.00
L.	Total Payment	\$0.00
M.	I have received a completed copy of this statement.	

Signature of Borrower	Date
-----------------------	------

Signature of Borrower	Date
-----------------------	------

NOTICE OF RIGHT OF RESCISSION

(For Security Interest in Customer's Principal Residence)

This Notice relates to a consumer credit transaction dated _____, 20 ____, in the amount of \$ _____

between the Creditor named below and _____
(Customer(s))

NOTICE TO CUSTOMER REQUIRED BY FEDERAL LAW:

You have entered into a transaction on _____, 20 ____, which may result in a lien, mortgage, or other security interest on your home.* You have a legal right under federal law to cancel this transaction, if you desire to do so, without any penalty or obligation within three (3) business days from the above date or any later date on which all material disclosures required under the Truth in Lending Act have been given to you. If you so cancel the transaction, any lien, mortgage, or other security interest on your home* arising from this transaction is automatically void. You are also entitled to receive a refund of any down payment or other consideration if you cancel. If you decide to cancel this transaction, you may do so by notifying

(Name of Creditor)
at _____
(Address of Creditor's Place of Business)

by mail or telegram sent not later than midnight of _____, 20 ____. You may also use any other form of written notice identifying the transaction if it is delivered to the above address not later than that time. This notice may be used for that purpose by dating and signing below.

I hereby cancel this transaction.

_____, 20 ____
(Date) (Customer's Signature)

EFFECT OF RESCISSION

When a customer exercises his right to rescind under paragraph (a) of Section 226.9 of Regulation Z, he is not liable for any finance or other charge, and any security interest becomes void upon such a rescission. Within 10 days after receipt of a notice of rescission, the Creditor shall return to the Customer any money or property given as earnest money, down payment, or otherwise, and shall take any action necessary or appropriate to reflect the termination of any security interest created under the transaction. If the Creditor has delivered any property to the Customer, the Customer may retain possession of it. Upon the performance of the Creditor's obligations under this section, the Customer shall tender the property to the Creditor, except that if return of the property in kind would be impracticable or inequitable, the Customer shall tender its reasonable value. Tender shall be made at the location of the property or at the residence of the Customer, at the option of the Customer. If the Creditor does not take possession of the property within 10 days after tender by the Customer, ownership of the property vests in the Customer without obligation on his part to pay for it.

RECEIPT

Each of the undersigned acknowledges receipt of 2 copies of this Notice and warrants that the undersigned are all the persons obligated (including guarantors) on the note or contract who use or expect to use the home at

_____, as their principal residence.
(Customer(s))

Date _____, 20 ____ X _____
X _____

* When the transaction does not include a dwelling, this means "the property you are purchasing" or "your lot" rather than "your home." X _____

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

INSURANCE NOTIFICATION

Date:

Dear Insurance Agent:

The Grantee holds a mortgage against the property owned by _____ located at _____ in _____, Wisconsin. The Grantee requests that you list the Grantee as a mortgagor on the property owner's insurance policy. The amount of coverage should be \$____

Further, please notify _____ in the event the policy is canceled, expired, or changed. The Community Development Block Grant (CDBG) Program requires that the municipality have protection for its loan to the homeowner.

After the municipality is listed on the above property owner's insurance policy, please return the certification to the housing office as soon as possible. If you have any questions regarding my request, please contact our office at _____.

Thank you in advance for your cooperation.

Sincerely,

Program Administrator

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

BORROWER LABOR AGREEMENT

This Agreement between _____(municipality) and _____ (Borrower) certifies that all parties have agreed to the warranties and declarations below:

1. Borrower has the ability and skills to perform the work agreed to on the Work Write-Up.
2. Borrower will secure all necessary permits and comply with all applicable building codes, regulations and ordinances.
3. Borrower will defend, indemnify, and hold harmless the officers, members, and employees of the municipality from any and all damages and claims for damages resulting from personal injury and property damage, arising or in any way resulting from his/her performance under this Agreement.
4. Borrower has agreed to supply his/her services without compensation to accomplish the work agreed to in the Work Write-Up.
5. Borrower certifies that there will be no unpaid claims for materials, supplies or equipment and no claims of subcontractors or other workers for unpaid wages arising out of the performance of this Agreement.
6. Borrower agrees to supply the Program Administrator with a lien waiver or receipts for materials from all suppliers prior to receiving payment.
7. No lead- based paint may be used and no person who is not currently licensed as a lead certified contractor in the state of Wisconsin may perform rehabilitation work if lead based paint is present.
8. In the event that the Borrower breaches any of the declarations and warranties herein, Borrower hereby agrees that the municipality has the following remedies:
 - a. The municipality may require the completion of the work cited in the Work Write-Up by contractors designated by the municipality. In the event the above option is exercised, Borrower understands that the costs of all necessary work will be added to a deemed part of the debt received by the mortgage and from a lien on the mortgage property. In this case, the Borrower will permit entry into the premises to be improved to the extent necessary to complete those improvements.
 - b. The municipality may declare the loan in default and demand repayment of the loan at that time.
9. Borrower agrees to the following work schedule. Failure to complete work according to the schedule in and acceptable manner may constitute a breach of this Agreement.

Dollars Disbursed	Work to be Done	Work to be Completed by
-------------------	-----------------	-------------------------

Borrower Date Borrower Date Program Administrator Date

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

COMMITMENT OF LANDLORDS TO RENT TO LMI FAMILIES

Date:

RE:

This is to certify that I (we) have given our commitment to the “Grantee” to rent the above-referenced property to low- and moderate-income families for a period of _____ years or the term of the loan, whichever is less. I (We) further agree not to raise rent charges in excess of levels established by the Grantee for a period of _____ years or the term of the loan whichever is less. The current established rent level is \$_____ for a _____ bedroom apartment with/without utilities.

I (We) agree not to discriminate because of race, color, religion, sex, age, handicap, national origin, or familial status in the renting of any rehabilitated units.

I (We) further understand and agree that should the conditions of this loan be violated; the principal balance of the loan will become immediately due and payable at conventional interest rates.

Owner

Owner

Program Administrator

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

ASSIGNMENT OF RENTS

_____, of _____, _____ County, Wisconsin, referred to as purchaser, has this date executed and delivered to _____, _____ County, Wisconsin, referred to as lender, a promissory note for \$ _____ secured by a real estate mortgage on real estate described as:

ALL OF THE ABOVE DESCRIBED LANDS being in the County of _____, and State of Wisconsin. (Street Address: _____)

Purchaser desires to further secure lender, and lender has required as additional and further security for the payment of the indebtedness, an assignment of rents, profits, and income of the above-described real estate, in case of default in the payment of any sums maturing, including taxes and insurance falling due, and as a further security for the performance of all the terms and conditions expressed in the note and mortgage.

Purchaser, for and in consideration of \$ _____ and other valuable consideration, the receipt of which is acknowledged, assigns, transfers, and sets over to lender the rents, profits, and income derived from the real estate and the building and improvements thereon, with full and complete authority and right in lender, in case of default in the payment of the indebtedness or any part thereof or failure to comply with any of the terms and conditions of the note and mortgage, or demand, collect, receive, and receipt for such rents, income and profits; to take possession of the premises without having a receiver appointed therefore; to rent and manage the same from time to time and apply the net proceeds of the rents, income, and profits from the property, on the indebtedness until all delinquencies, advances, and the indebtedness are paid in full by the application of the rents, or until title is obtained through foreclosure or otherwise.

A release or satisfaction of the mortgage referred to above shall also release or satisfy this Assignment.

IN WITNESS WHEREOF, I have signed and sealed this Assignment on the _____ day of _____.

STATE OF WISCONSIN
SS
_____ COUNTY

_____ (seal)

(Typed/Printed Name)

_____ (seal)

(Typed/Printed Name)

STATE OF WISCONSIN
SS
_____ COUNTY

Personally, came before me this _____ day of _____, the above-named _____ and _____ to me known to be the person(s) who executed the foregoing instrument and acknowledged the same.

Notary Public _____ County, Wisconsin _____ (seal)

My Commission (Expires) (Is) _____
(Typed/Printed Name)

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

NOTICE OF NONDISPLACEMENT TO RESIDENTIAL TENANT

Date _____

Dear _____:

On (date), we notified you that the owner of your building had applied for assistance to make repairs to the building you occupy. On (date), the owner's request was approved, and the repairs will begin soon.

This is a notice of non-displacement. You WILL NOT be required to move permanently as a result of the rehabilitation. This notice guarantees you the following:

1. You will be able to lease and occupy your present apartment (or another suitable, decent, safe and sanitary apartment in the same building/complex) upon completion of the rehabilitation. Your monthly rent (including/not including monthly utility costs) will not exceed \$_____ per month. Of course, you must comply with the reasonable terms and conditions of your lease.
2. If you must move temporarily so that the repairs can be completed, you will be reimbursed for all of your extra expenses, including the cost of moving to and from the temporarily occupied unit and any additional housing costs. The temporary unit will be decent, safe and sanitary, and all other conditions of the temporary move will be reasonable.

Since you will have the opportunity to occupy a newly rehabilitated apartment, I urge you not to move. (If you do elect to move for your own reasons, you will not receive any relocation assistance.) We will make every effort to accommodate your needs. Because federal assistance is involved, you are protected by the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended.

If you have any questions, please contact (name), (title), at (phone), (address). Remember, do not move before we have a chance to discuss your eligibility for assistance. This letter is important to you and should be retained.

Sincerely,

Program Administrator

GENERAL

STATUTORY CHECKLIST FOR HOUSING

Comparison with federal laws and authorities: This project has been compared with applicable federal laws and authorities, with the following results:

The project is either: _____ rehabilitation or _____ new construction (check one).

Project Address: _____

Environmental Issue	Property is in Compliance if:	Compliance Status
Historic Properties— rehab of existing buildings	Property is less than 50 years old, or if the activity is listed on “Activities Exempt from Further Review”	<input type="checkbox"/> Age of Property <input type="checkbox"/> Compliance or NOT APPLICABLE <input type="checkbox"/> Consultation w/ Environmental Desk required <input type="checkbox"/> Conditions and/or mitigation actions required <input type="checkbox"/> Environmental Desk OK received Date: _____
Historic Properties— new construction	Property to be developed is less than ½ acre in size and approval has been obtained from the DOA environmental review officer; OR property is > ½ acre is size, and an archeological survey has been completed by a professional archeologist	<input type="checkbox"/> Compliance or NOT APPLICABLE <input type="checkbox"/> Consultation w/ Environmental Desk required <input type="checkbox"/> Conditions and/or mitigation actions required <input type="checkbox"/> Environmental Desk OK received Date: _____
Floodplain management	Property is not located in a 100-year floodplain	<input type="checkbox"/> Floodplain Map # <input type="checkbox"/> Compliance or NOT APPLICABLE <input type="checkbox"/> Consultation w/ Environmental Desk required <input type="checkbox"/> Conditions and/or mitigation actions required Note: Attach copy of map segment to project file
Coastal Areas Protection and Management	Property not located on a river or stream flowing into, or is within ½ mile of Lake Michigan, Lake Superior, or located on shoreline of either lake	<input type="checkbox"/> County in which project will occur <input type="checkbox"/> Compliance or NOT APPLICABLE <input type="checkbox"/> Consultation w/ Environmental Desk required <input type="checkbox"/> Conditions and/or mitigation actions required
Wild and Scenic Rivers	Property not located on either the St. Croix or Wolf Rivers, or national Wild and Scenic Rivers System Components— Wisconsin (Attachment 12)	<input type="checkbox"/> Project site is on a river (Y/N) <input type="checkbox"/> Compliance or NOT APPLICABLE <input type="checkbox"/> Consultation w/ Environmental Desk required <input type="checkbox"/> Conditions and/or mitigation actions required Name of river: _____
Runway Clear Zones	Property not listed on HUD Circular Letter HD 85-8, dated 5/23/85 (applies to Milwaukee, La Crosse, Green Bay)	<input type="checkbox"/> Name of airports with scheduled service within 5 miles <input type="checkbox"/> Compliance or NOT APPLICABLE <input type="checkbox"/> Consultation w/ Environmental Desk required <input type="checkbox"/> Conditions and/or mitigation actions required
Manmade Hazards	Not located on, or adjacent to, site of a previous not remediated chemical spill, leaking underground storage tank, Superfund site, or landfills	<input type="checkbox"/> Compliance or NOT APPLICABLE <input type="checkbox"/> Consultation/review required <input type="checkbox"/> Conditions and/or mitigation actions required Note: attach results of searches http://dnr.wi.gov/botw/SetUpBasicSearchForm.do and https://www3.epa.gov/myem/envmap/find.html

Environmental Issue	Property is in Compliance if:	Compliance Status
Noise	Not applicable to non-residential projects	<input type="checkbox"/> Not applicable to this project. In compliance <input type="checkbox"/> Located near a noise source; consultation required. Note: Attach a copy of the DOT map showing traffic counts https://wisconsin.gov/Pages/projects/data-plan/traf-counts/default.aspx
Wetlands Protection	Project site not located in an existing wetland, or impacting an existing wetland; No direct or <u>indirect</u> effects	<input type="checkbox"/> Compliance or NOT APPLICABLE <input type="checkbox"/> Consultation/review required <input type="checkbox"/> Conditions and/or mitigation actions required <input type="checkbox"/> Environmental Desk OK received Date: _____
Water Quality	Project causes no dredged or fill materials in navigable waters, including wetlands; preapproved general permit or 'no effect' finding	<input type="checkbox"/> Compliance or NOT APPLICABLE <input type="checkbox"/> Consultation/review required <input type="checkbox"/> Conditions and/or mitigation actions required <input type="checkbox"/> Environmental Desk OK received Date: _____
Water Quality: sole source aquifers	None in WI, per EPA	<input type="checkbox"/> Not applicable to this project: in compliance
Solid Waste Disposal Availability; renovation and/or demolition of buildings containing asbestos or lead-based paint	No hazardous waste is generated; no excessive pressure placed on existing landfills; waste is removed in accordance with DNR procedures	<input type="checkbox"/> Compliance or NOT APPLICABLE <input type="checkbox"/> Consultation/review required <input type="checkbox"/> Conditions and/or mitigation actions required
Endangered Species	No threats to either species or habitats	<input type="checkbox"/> Compliance or NOT APPLICABLE <input type="checkbox"/> Consultation/review required <input type="checkbox"/> Conditions and/or mitigation actions required Note: attach results of Fish & Wildlife Service search http://www.fws.gov/midwest/endangered/lists/wisc-cty.html
Farmland Protection	Unique or protected farmland is not developed; construction takes place within properly zoned sites adjacent to existing development	<input type="checkbox"/> Compliance or NOT APPLICABLE <input type="checkbox"/> Consultation/review required <input type="checkbox"/> Conditions and/or mitigation actions required Note: Attach evidence of zoning, as appropriate
Air Quality	No permanent effects on air quality; or permitting for installation of large, fuel- burning equipment obtained	<input type="checkbox"/> Compliance or NOT APPLICABLE <input type="checkbox"/> Consultation/review required <input type="checkbox"/> Conditions and/or mitigation actions required
Thermal and Explosive Hazards	Property not located on, or adjacent to, an industrial facility that creates explosive or thermal hazards, past spills, Superfund sites, or hazardous industries	<input type="checkbox"/> Compliance or NOT APPLICABLE <input type="checkbox"/> Consultation/review required <input type="checkbox"/> Conditions and/or mitigation actions required <input type="checkbox"/> Environmental Desk OK received Date: _____ Note: Include results of search https://datcp.wi.gov/Pages/Programs_Services/PetroleumHazardousStorageTanks.aspx

Certification:

I certify that, to the best of my knowledge, this activity is in compliance with NEPA and the implementing regulations of the program funding this activity.

Grant Administrator

Date

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

INITIAL PROJECT REVIEW FORM - ARCHITECTURE/HISTORICAL RESOURCES

Date: _____

County Where Project Located: _____ Age: _____

Project Address: _____

Owner Name: _____

Requesting Agency: _____

Contact Person: _____

Title: _____

Mailing Address: _____

City: _____ State: _____ Zip: _____

Phone: _____ Fax: _____

E-mail: _____

Please complete and return form to: Environmental Desk
DEHCR
P. O. Box 7970
Madison, WI 53707-7970

I. ADMINISTRATIVE DATA

Program Category Name: CDBG Regions RLF

Grantee name: _____ Contract # _____

Name(s) of Federal and/or State Agencies Involved in Project:

Description of Project: Use the following procedure to describe the nature and extent of work involved in the proposed project:

1. Submit list of proposed work to be done.
2. Submit list of proposed work items which DO NOT appear on the Activities Exempt from Further Review list (Attachment 10).

II. ARCHITECTURAL/HISTORIC RESOURCES CHECKLIST

To the best of your ability, indicate if the Project site may impact property on the following lists:

- _____ National Register of Historic Places
- _____ Properties determined eligible for the National Register
- _____ State Register of Historic Places
- _____ Wisconsin inventory of historic places
- _____ Locally designated historic property
- _____ Local intensive survey--see attached list of community surveys (Give name and date _____)
- _____ None of the above

III. PROJECT LOCATION AND MAPS

A. If the project is within an **incorporated** community, fill out this section:

Location of Project _____ (Village/City) _____ (Town) _____ (County)

Name of Project Map, if available: _____

[Note: If the project is within an incorporated area an accompanying City Map (such as a DOT map) is required for review.]

B. If the project is within an **unincorporated** area, fill out this section:

Township(s) _____ Range(s) _____ Section(s) _____

[Note: If the project is within an incorporated area a township map is acceptable, a 7.5" USGS Quad Map is most helpful, copies of quad maps (available from surveyor or planning offices) **must** include the map's name.]

IV. PHOTOGRAPHS

Please include clear general photographs of each building 50 years or older and specific photos of areas in which work will be carried out. Photographs should be appropriately labeled (i.e., name of property, location of property, description of view, name of photographer and date photograph was taken.) All photographs must be keyed on the accompanying map.

[Note: Either black and white or color photographs or Polaroids or colored copies are acceptable. Black and white photocopies are not acceptable. Photographs must be unobstructed, in focus and properly developed to be acceptable. Your project may be delayed if the photographs do not meet these requirements.]

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

ANNUAL TENANT VERIFICATION

RE: _____

Dear (Tenant's Name):

The above-named landlord of your apartment received a rehabilitation loan for the unit in which you live. Because he/she received the rehabilitation funds as a part of a federally funded program, your landlord agreed to rent only to households with low-to-moderate incomes at the time of the initial rental, and to keep the rent at an affordable level for at least five years. To verify compliance with these requirements, please complete the following:

Your name: _____

Your telephone number: _____

Monthly rent: _____ with utilities _____ without utilities)

I certify that I have lived in this unit since: _____.

Signature of Renter

Date

Please return this completed form in the enclosed self-addressed stamped envelope. If you have any questions, please contact me at _____.

Thank you for your cooperation.

Sincerely,

Program Administrator

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

LEAD-BASED PAINT PAMPHLET RECEIPT FORM

I have received a copy of the EPA pamphlet entitled "Protect Your Family from Lead in Your Home."

Signature of Applicant

Date

Signature of Applicant

Date

“Protect Your Family from Lead in Your Home” pamphlet

This brochure is available at:

http://www2.epa.gov/sites/production/files/documents/pyf_brochure_landscape_b_w_1-16-13.pdf

“Renovate Right” pamphlet

<https://www.cpsc.gov/PageFiles/121915/renovateright.pdf>

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

CLOSEOUT LETTER FOR OWNER-OCCUPIED UNIT

Date:

Dear:

This letter serves as the official closing notice for your CDBG housing rehabilitation loan with the "Grantee Name".

A final inspection of your property has been made and all specifications for work to be done are complete. The final payment to the hired contractor(s) has been made.

The final balance on your CDBG housing rehabilitation loan with the Grantee is \$_____. Payments made to contractor(s) are listed below:

<u>Date</u>	<u>Contractor Name</u>	<u>Amount</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
Total Amount of Payments		_____

In the event that this rehabilitated property ceases to be your principal place of residence, please contact the Clerk or the CDBG Housing Office.

Thank you for your participating in the CDBG Program. Please contact our office if you have any concerns.

Sincerely,

Program Administrator

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

CLOSEOUT LETTER FOR RENTAL UNIT

Date:

RE:

Dear :

This letter serves as the official closing notice for your CDBG housing rehabilitation loan with the "Grantee Name".

This notice is to inform you that the final inspection of the contracted work on your rental property at _____ has been completed.

You are reminded of your agreement to rent this/these units to low- and moderate-income tenants for the next five years (current income limits are enclosed), and to keep rents at the agreed upon level.

Your monthly payment of \$ _____ is due the first of each month beginning _____.

The final balance on your CDBG housing rehabilitation loan with the Grantee is \$ _____.
Payments made to contractor(s) are listed below:

<u>Date</u>	<u>Contractor Name</u>	<u>Amount</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
Total Amount of Payments		_____

In the event that new tenants occupy the above stated property, you are required to contact the CDBG Office. Your obligation for renting to low- or moderate-income tenants ends _____.

The Grantee appreciates your participation in this program. If you have any concerns or questions, please contact the CDBG Office at _____.

Sincerely,

Program Administrator

NOTICE OF RECORDED MORTGAGE

DOCUMENT NO. _____

DOCUMENT NAME _____

_____ was granted a mortgage by _____ dated _____, and recorded _____, in Volume _____ of Records, at Page _____, as Document No. _____ ("Mortgage"). The Mortgage affects the real estate described below.

This Notice is being recorded to extend the effectiveness of the Mortgage for an additional 30 years under Section 893.33 of the Wisconsin Statutes.

Recording Area _____

Name and Return Address _____

Parcel Identifier No. _____

If checked here, description continues or appears on attached sheet.

STATE OF WISCONSIN

County of _____

This instrument was acknowledged before me

on _____

by _____
(Name(s) of person(s))

as _____
(Type of authority; e.g., officer, trustee, etc., if any)

of _____
(Name of party on behalf of whom instrument was executed)

* _____
Notary Public, Wisconsin

My Commission (Expires) _____

Dated _____

NAME OF LENDER _____

By _____

* _____

Title _____

Attest _____

* _____

Title _____

This instrument was drafted by _____

*Type or print name signed above

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

CDBG REHABILITATION LOAN REVIEW FORM

Loan #: _____

PROPOSED REHABILITATION SUMMARY:

Item Approved:

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

COMMENTS:

MORTGAGE SECURITY:

Estimated market value:		\$ _____
Outstanding mortgage amount(s):	-	_____
Available equity:	=	_____
Rehabilitation cost estimate:		_____
Estimated after Rehabilitation value:		_____

Authorized loan amount: \$ _____

Approved / Disapproved: _____
(circle one) Authorizing Signature Date

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

LAND CONTRACT CONSENT

FOR ALL MEN BY THESE PRESENT, that _____ (occupant) _____, and his wife, _____ (occupant) _____ of _____ (street address) _____, Wisconsin, as PURCHASER under that certain land contract, heretofore, executed between _____ (property owner) _____, VENDOR, and that _____ (occupants) _____, PURCHASER, and land contract being dated _____, and being recorded on _____, in the Office of the Register of Deeds for _____ County, Wisconsin, in Volume _____ Page _____, as Document No. _____, do hereby expressly consent in writing that _____ (occupants) _____, PURCHASER, under the land contract hereinabove recited, may execute a mortgage against the premises subject to the terms of said land contract in favor of the Grantee, _____ County, Wisconsin.

PROPERTY OWNER _____ DATE _____

PROPERTY OWNER _____ DATE _____

STATE OF WISCONSIN }
} ss.
Noah County }

Personally, came before me on _____ day of _____, 20____ the above named _____ to be known to be the persons who executed the foregoing instrument and acknowledged the same.

(Signature)

* _____
(Typed or Printed Name)

Notary Public _____ County, Wisconsin.
My Commission (Expires) _____

~ SUMMARY ~
CDBG FINANCIAL MANAGEMENT RECORDS AND FORMS

DEPOSITORY CERTIFICATION & SIGNATURE CERTIFICATION (forms & instructions)

GRANT ACCOUNT DOCUMENTS

Request for Disbursement Form

Disbursement Register

- Records requests for CDBG funds by budget category

Grant Account Transaction Journal

- Records receipt of CDBG Grant funds
- Documents payments from the Grant Account
- Documents compliance with the three-day rule

CDBG Reimbursement Request Form (and attached documentation)

- Documents payments made by the municipality which will be reimbursed by CDBG funds

WORKING ACCOUNT DOCUMENTS

Rehabilitation Obligation Tracking Journal

- Documents funds still available for loans
- Adjusted for loan reductions or changes in mortgage amount

Working Account Transactions Journal (Working Account)

- Documents deposits and payment of all funds used for rehabilitation
- Documents compliance with 10-day disbursement requirement
- Documents repaid loans, loan payments, and interest received
- Documents administrative and rehabilitation payments made with revolving loan funds

Individual Obligation Journal

- Documents all payments for rehabilitation
- Documents balance remaining to pay for borrower

Lead-Based Paint (LBP) Training Reimbursement Request Form

- Includes Commitment to Work form for contractors

DEPOSITORY CERTIFICATION FORM AND INSTRUCTIONS

A checking account must be established **by the municipality** specifically for CDBG funds. This account must be a **NON-INTEREST-BEARING** checking account. If interest is inadvertently earned on this account, it must be returned to the Department of Housing and Urban Development via DEHCR.

This account should be set up so that you receive your cancelled checks with your monthly bank statement.

CDBG funds requested will be deposited directly into your Grant Account, and **your bills should be paid from this account**. This allows for a clear audit trail of CDBG funds deposited to, and disbursed from, your account.

- Fill in the “Grantee Name” and “Contract #” AND **“Grantee’s DUNS #”** in the upper right corner of the form.
- **Section I** identifies the financial institution where the various installments of your grant payments will be sent, and the checking account number for the deposit of grant payments. (Note: Be sure to fill in the complete address of the financial institution.)

The signature in Section I is that of the chief elected official (i.e., Mayor, City Council President, Village President, Town Board Chairman, County Board Chairman, or County Executive).

- **Section II** requires the local financial institution to notify the grantee when each grant payment has been received. It also identifies the insurer of the CDBG deposits.

The signature in Section II is that of an official in the designated local financial institution. **It is important for the bank official to know that the Community must be notified by telephone the same day CDBG funds are received by the bank.**

- Should the local financial institution's name, address, or the account number change, a new form must be completed. If you have any questions, contact Department of Administration, Division of Housing.
- When the *Depository Certification* form has been completed, retain a photocopy of the form for your grant files. Mail the **original form, with original signatures**, to:

Grants Specialist
CDBG-Housing Program
101 E. Wilson St., 6th Floor
P. O. Box 7970
Madison, WI 53707-7970

GRANTEE NAME: _____
CONTRACT #: _____
GRANTEE DUNS #: _____

DEPOSITORY CERTIFICATION

SECTION I

The _____ has
Name, Address and Zip Code of Bank

been designated to receive all funds resulting from the contract executed between the Wisconsin

Dept. of Administration and the _____ of _____
(City, town, village, county) Grantee Name

The funds should be deposited to account # _____

Signature of Chief Elected Official Title Date

Typed Name _____

SECTION II

The account identified in Section I has been established with this bank. All necessary documentation to legally enable this bank to receive direct deposits to this account without payee's endorsement are in this bank's custody. All deposits are insured by _____. The Depository hereby agrees to immediately notify the recipient local government when a deposit is made to the above account.

Signature of Bank Official Title Date

Typed Name _____

SIGNATURE CERTIFICATION FORM AND INSTRUCTIONS

- Fill in the “Grantee’s Name” and “Contract #” in the upper right corner of the form.
- The *Signature Certification* form identifies up to three individuals, authorized by the chief elected official (CEO), to make requests for grant funds. Any local official or employee may be authorized to request funds. (They do not have to be the same individuals that sign the community checks.) However, the **CEO is disqualified** from being authorized to request funds, as the CEO is responsible for certifying the authorized signatories. **The CEO shall only sign the *Signature Certification* form after the authorized individuals have signed and dated the form.**
- Only the three individuals authorized on the *Signature Certification* form may sign the *Request for Disbursement of Community Development Block Grant Funds* form. If at any time an authorized signatory is unable to continue signing the *Request for Disbursement of Community Development Block Grant Funds* forms, or a name change occurs, a new form must be completed and mailed to the address below. Please be sure to complete the line that indicates the “**previously authorized signature.**”
- When the *Signature Certification* form has been completed, retain a photocopy of the form for your grant files. Mail the **original form, with original signatures**, to:

Grants Specialist
CDBG-Housing Program
101 E. Wilson St., 9th Floor
P. O. Box 7970
Madison, WI 53707-7970

Request For Disbursement of Community Development Block Grant Funds FORM AND INSTRUCTIONS

To request funds from your contract budget, you must complete the Request for Disbursement of Community Development Block Grant Funds form. Much of the information on the form will be preprinted by DEHCR. **YOU MUST USE THIS FORM TO REQUEST DISBURSEMENT OF FUNDS.** The request for disbursement must be submitted in Excel format.

To begin your request, you must select the “Start Next Report” button on the form. This will allow the form to update for the new request.

Each time a request is made you will enter the current request number in the “Request Number” column. The previous request number will automatically populate.

Enter the amount(s) you are requesting in the appropriate cell of the “Current Invoice” column. If you are requesting homebuyer funds, you will enter those amounts in the “Direct Homeowner Assistance” box . The amounts in the “Previously Invoiced,” “Total Invoiced to Date,” and “Activity/Admin Program Balance,” columns will automatically populate.

Enter the program income received in the “Program Income” box. Enter the amount of program income received since your last draw in the appropriate cell of the “Activity/Admin Program Earned” column. The columns titled “Previous Program Income Earned” and “Total Activity/Admin Earned to Date” will automatically populate.

Community Development Block Grant Funds (CDBG)																	
Department of Administration																	
Division of Energy, Housing and Community Resources (DEHCR)																	
Make Check Payable To:				Grantee				Contract Number:		Contract Number							
				Bank Name and Account Number				Contract Period:		Contract Start Date		Contract End Date					
				Street Address				PO Number:		000000000							
				City, State, Zip Code													
Person Completing this Form:								Request Date:									
Phone Number:								Amended Request?									
								Final Request?									
DIRECT HOMEOWNER ASSISTANCE								Start Next Report									
Downpayment Costs:				\$0.00													
Closing Costs:				\$0.00													
Contract Amount:				\$0.00													
Program Income																	
Category of Activity	Activity Number	Previous Request Number	Request Number	Activity/Admin Program Authorized Budget	Previously Invoiced	Current Invoice	Total Invoiced to Date	Activity/Admin Program Balance	PI Activity Number	Previous Program Income Earned	Activity/Admin Program Earned	Total Activity/Admin Earned To Date					
Rehab Single Unit Residential	#####	0	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	CDBGR	\$0.00	\$0.00	\$0.00	\$0.00				
Direct Homeowner's Assistance	#####			\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	CDBGD	\$0.00	\$0.00	\$0.00	\$0.00				
General Program Administration	#####			\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	CDBGGA	\$0.00	\$0.00	\$0.00	\$0.00				
TOTALS:				\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00	\$0.00	\$0.00	\$0.00				
Certification:				By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the Federal award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise. (U.S. Code Title18, Section 1001 and Title 34, Code of Federal Regulations 27.20, 27.20, and 28.01, 28.12)				Grantee Representative									
								Name:									
								Title:									
								Date:									
								Grantee Representative									
								Name:									
								Title:									
								Date:									
								DEHCR Payment Authorization		Date Signed							
EMAIL COMPLETED FORM TO: DOADEHCRFISCAL@WISCONSIN.GOV WITH A COPY TO YOUR GRANT SPECIALIST.																	

Fill in the name of the person completing the form, his or her phone number, the date of the request, and indicate if the request is amended or final. Fill in both the information box for Grantee Representative and email the request, in Excel format, as indicated on the form.

You must also submit an updated copy of your Working Account and Grant Account Transaction Journal along with copies of invoices for the amounts you are requesting. **This additional information should be sent to your Grant Representative only.**

CDBG-HOUSING PROGRAM DISBURSEMENT REGISTER (EXAMPLE)

CONTRACT #: H 17 - 25

	H-1	H-2	H-3	
ACTIVITY:	<u>REHABILITATION</u> (Includes: Homeownership Assistance, Rehabilitation: Single Unit and Multi-Unit Residential)	<u>STREETS</u> (Includes: Street repairs/resurface, street/storm drains, curb/gutter work)	<u>ADMIN</u> (Includes: general program administration)	TOTAL HOUSING BUDGET
BUDGET:	<u>385,000</u>	<u>50,000</u>	<u>65,000</u>	<u>500,000</u>

REQUEST NO.	DATE OF REQUEST				
1	5/19/17	-0-	20,000	2,000	22,000
BALANCE		385,000	30,000	63,000	478,000
2	6/12/17	11,345		1,500	12,845
BALANCE		373,655	30,000	61,500	465,155
3	8/15/17	10,000		3,000	13,000
BALANCE		363,655	30,000	58,500	452,155

Grant Account Transactions Journal

When making entries in this journal, report **only one entry in any one row** (i.e., receipt of CDBG funds, miscellaneous collection, or disbursement of CDBG funds). For every entry, the Federal Cash on Hand **must be shown**. **All funds deposited to the grant account must be disbursed within three business days of receipt.**

DATE	Enter the date of the transaction.
DESCRIPTION	Enter a description of the transaction.
DEPOSIT	If transaction is a deposit of grant funds, enter amount deposited.
MISC DEPOSIT	If transaction is a deposit of miscellaneous funds, enter amount deposited.
CHECK #	If a disbursement is made, enter check number.
AMOUNT	If a disbursement is made, enter amount of check.
H-1 – Rehabilitation	If disbursement is for contractor payments or down payment/closing costs, enter amount of check.
H-2 – Streets	If disbursement is for streets project, enter amount of check.
H-3 – Admin.	If disbursement is for administrative costs, enter amount of check.
Payments to Date	Add amount entered in H-1, H-2, etc., to amount shown on previous line--to obtain total payments to date.
Federal Cash on Hand	If a deposit ADD amount of deposit to amount shown on previous line. If a disbursement, SUBTRACT amount of disbursement from amount shown on previous line.

Explanation of Sample Entries

On May 12, the Village wrote a \$20.00 check for the CDBG Implementation Training Session. They knew they would be reimbursed after they made their first drawdown.

May 15 through June 2 additional village checks were written. On June 5, the CDBG program wrote a \$1,225 check to reimburse the Village. Only the disbursement of \$1,225 on June 5 is shown on the Grant Account Transactions Journal. The individual payments by the Village are recorded on the Reimbursement Request Form.

Grant Account Transactions Journal (EXAMPLE)

DATE	DESCRIPTION	GRANT DEPOSIT	MISC DEPOSIT	CHECK #	AMOUNT	H-1 Rehabilitation Payment	H-2 Streets Payment	H-3 Admin Payment	Payments to Date	Federal Cash on Hand
06/05/17	Drawdown #1	22,000.00								22,000.00
06/05/17	Reimburse Village			101	1,225.00			1,225.00	1,225.00	20,775.00
06/05/17	Toose Company			102	20,000.00		20,000.00		21,225.00	775.00
06/23/17	Drawdown #2	12,845.00							21,225.00	13,620.00
06/23/17	Ellie Phant			103	1,000.00			1,000.00	22,225.00	12,620.00
06/23/17	Demmo Graphics			104	100.00			100.00	22,325.00	12,520.00
06/23/17	Wisconsin Bell			105	50.00			50.00	22,375.00	12,470.00
06/23/17	Less Hassell Supply			106	125.00			125.00	22,500.00	12,345.00
06/26/17	Working Acct			107	7,845.00	7,845.00			30,345.00	4,500.00
07/11/17	Wells Fargo			108	3,500.00	3,500.00			33,845.00	1,000.00
08/29/17	Drawdown #3	13,000.00							33,845.00	14,000.00
08/29/17	Working Acct			109	10,000.00	10,000.00			43,845.00	4,000.00
08/29/17	Voided check #108		3,500.00						43,845.00	7,500.00
08/29/17	Ellie Phant			110	2,500.00			2,500.00	46,345.00	5,000.00
09/01/17	Real Title Company			111	3,500.00	3,500.00			49,845.00	1,500.00

Grant Account Transactions Journal

DATE	DESCRIPTION	GRANT DEPOSIT	MISC DEPOSIT	CHECK #	AMOUNT	H-1 Rehabilitation Payment	H-2 Streets Payment	H-3 Admin Payment	Payments to Date	Federal Cash on Hand

CDBG-HOUSING REIMBURSEMENT REQUEST FORM (EXAMPLE)

Date Paid	Payee	Voucher/ Invoice #	Paid With Check #	Amount Paid
5/12/17	Dept of Commerce—training		37028	\$ 20.00
5/15/17	Liddle-Black Books, supplies	V009	37915	\$ 175.00
5/16/17	Ellie Phant	V115	38125	\$ 500.00
5/22/17	Mounte Bank – checks		38307	\$ 30.00
6/2/17	Ellie Phant	V146	38927	\$ 500.00
TOTAL AMOUNT TO BE REIMBURSED BY CDBG PROGRAM				\$ 1,225.00

I hereby certify that these amounts have been paid by the municipality and the Amount Requested for Reimbursement is not in excess of **ATTACHED** paid invoices.

Signature (Local Official)

Date

Attachments

NOTES:

TO BE FILLED IN BY CDBG PROGRAM ADMINISTRATOR	Check # _____	Date Paid _____
--	----------------------	------------------------

CDBG-HOUSING REIMBURSEMENT REQUEST FORM

Date Paid	Payee	Voucher/ Invoice #	Paid With Check #	Amount Paid
TOTAL AMOUNT TO BE REIMBURSED BY CDBG PROGRAM				\$

I hereby certify that these amounts have been paid by the municipality and the Amount Requested for Reimbursement is not in excess of **ATTACHED** paid invoices.

Signature (Local Official)

Date

Attachments

NOTES:

TO BE FILLED IN BY CDBG PROGRAM ADMINISTRATOR	Check # _____	Date Paid _____
--	---------------	-----------------

RLF ACCOUNT TRANSACTIONS JOURNAL (EXAMPLE)

Date	Description	Check #	Total Payment	RLF Deposit	RLF Admin			RLF Project			Grant			TOTAL
					Admin Deposit	Admin Payment	Admin Balance	Project Deposit	Project Payment	Project Balance	Deposit	Payment	Balance	PROJECT BALANCE
06/15/17	RLF Balance Forward			2,300.00	345.00		345.00	1,955.00		1,955.00			0.00	1,955.00
06/20/17	Loan 96-17 repaid			12,000.00	1,800.00		2,145.00	10,200.00		12,155.00			0.00	12,155.00
06/26/17	Draw #2 received				0.00		2,145.00	0.00		12,155.00	7,845.00		7,845.00	20,000.00
06/30/17	Interest			1.10	0.17		2,145.17	0.94		12,155.94			7,845.00	20,000.94
07/05/17	Sure-Lock Homes (98-2)	310	2,000.00		0.00		2,145.17	0.00		12,155.94		2,000.00	5,845.00	18,000.94
07/06/17	Loan 96-20 repaid			7,500.00	1,125.00		3,270.17	6,375.00		18,530.94			5,845.00	24,375.94
07/06/17	Watts-On Electric (98-2)	311	4,500.00		0.00		3,270.17	0.00		18,530.94		4,500.00	1,345.00	19,875.94
07/07/17	Steava Doors (98-1)	312	6,000.00		0.00		3,270.17	0.00	4,655.00	13,875.94		1,345.00	0.00	13,875.94
07/25/17	The Kitchens, Inc. (98-1)	313	3,000.00		0.00		3,270.17	0.00	3,000.00	10,875.94			0.00	10,875.94
07/31/17	Interest			2.32	0.35		3,270.51	1.97		10,877.91			0.00	10,877.91
08/01/17	Landlord Contribution (98-3)			2,500.00	375.00		3,645.51	2,125.00		13,002.91			0.00	13,002.91
08/03/17	Q. P. Dahl	314	500.00		0.00		3,645.51	0.00	500.00	12,502.91			0.00	12,502.91
08/15/17	Starr & Sons (98-4)	315	10,000.00		0.00		3,645.51	0.00	10,000.00	2,502.91			0.00	2,502.91
08/29/17	Draw #3 received				0.00		3,645.51	0.00		2,502.91	10,000.00		10,000.00	12,502.91
08/29/17	Hipp Roofing (98-4)	316	7,875.00		0.00		3,645.51	0.00		2,502.91		7,875.00	2,125.00	4,627.91
08/29/17	Back Doors (98-4)	317	1,500.00		0.00		3,645.51	0.00		2,502.91		1,500.00	625.00	3,127.91
08/29/17	Home Depot (98-4)	318	625.00		0.00		3,645.51	0.00		2,502.91		625.00	0.00	2,502.91
08/29/17	Interest			1.57	0.24		3,645.75	1.33		2,504.24			0.00	2,504.24
09/01/17	Hipp Roofing (98-3)	319	2,000.00		0.00		3,645.75	0.00	2,000.00	504.24			0.00	504.24

The Working Account Transactions Journal is used to record all housing rehabilitation (owner and renter) payments and deposits.

The Grantee may use up to 17% of repaid loans, loan payments, and interest earned for administration of the RLF.

WORKING ACCOUNT TRANSACTIONS JOURNAL (EXAMPLE)

Date	Description	Check #	Total Payment	RLF Deposit	RLF Admin			RLF Project			TOTAL
					Admin Deposit	Admin Payment	Admin Balance	Project Deposit	Project Payment	Project Balance	Admin and Project Balance
06/15/17	RLF Balance Forward			2,300.00	345.00		345.00	1,955.00		1,955.00	2,300.00
06/20/17	Loan 96-17 repaid			12,000.00	1,800.00		2,145.00	10,200.00		12,155.00	14,300.00
06/26/17	Draw #2 received				0.00		2,145.00	0.00		12,155.00	14,300.00
06/30/17	Interest			1.10	0.17		2,145.17	0.94		12,155.94	14,301.11
07/05/17	Sure-Lock Homes (98-2)	310	2,000.00		0.00		2,145.17	0.00		12,155.94	14,301.11
07/06/17	Loan 96-20 repaid			7,500.00	1,125.00		3,270.17	6,375.00		18,530.94	21,801.11
07/06/17	Watts-On Electric (98-2)	311	4,500.00		0.00		3,270.17	0.00		18,530.94	21,801.11
07/07/17	Steava Doors (98-1)	312	6,000.00		0.00		3,270.17	0.00	4,655.00	13,875.94	17,146.11
07/25/17	The Kitchens, Inc. (98-1)	313	3,000.00		0.00		3,270.17	0.00	3,000.00	10,875.94	14,146.11
07/31/17	Interest			2.32	0.35		3,270.51	1.97		10,877.91	14,148.42
08/01/17	Landlord Contribution (98-3)			2,500.00	375.00		3,645.51	2,125.00		13,002.91	16,648.42
08/03/17	Q. P. Dahl	314	500.00		0.00		3,645.51	0.00	500.00	12,502.91	16,148.42
08/15/17	Starr & Sons (98-4)	315	10,000.00		0.00		3,645.51	0.00	10,000.00	2,502.91	6,148.42
08/29/17	Draw #3 received				0.00		3,645.51	0.00		2,502.91	6,148.42
08/29/17	Hipp Roofing (98-4)	316	7,875.00		0.00		3,645.51	0.00		2,502.91	6,148.42
08/29/17	Back Doors (98-4)	317	1,500.00		0.00		3,645.51	0.00		2,502.91	6,148.42
08/29/17	Home Depot (98-4)	318	625.00		0.00		3,645.51	0.00		2,502.91	6,148.42
08/29/17	Interest			1.57	0.24		3,645.75	1.33		2,504.24	6,149.99
09/01/17	Hipp Roofing (98-3)	319	2,000.00		0.00		3,645.75	0.00	2,000.00	504.24	4,149.99

The RLF Accounting Journal is used to record all housing rehabilitation (owner and renter) payments and deposits.

The Grantee may use up to 17% of repaid loans, loan payments, and interest earned for administration of the RLF.

(EXAMPLE)

LOAN #: 1
NAME: Q. P. Dahl
ADDRESS: 123 Common Place
LOAN AMOUNT: \$9,500
APPROVAL DATE: 6/26/07
LOAN TYPE: 0%, DPL

SOURCE OF FUNDS	
CDBG LOAN:	\$9,500
CDBG GRANT:	
BORROWER CONTRIBUTION:	
OTHER:	

Date	Description	Obligation	Check #	Payment	Balance
6/30/17	Mortgage signed	9,500			9,500
7/07/17	Steava Doors		312	6,000	3,500
7/25/17	The Kitchens, Inc.		313	3,000	500
8/03/17	Q. P. Dahl		314	500	0

INDIVIDUAL OBLIGATION JOURNAL

LOAN #: 2
NAME: Barb & Guy Wire
ADDRESS: 910 Hyer Court
LOAN AMOUNT: \$8,000
APPROVAL DATE: 6/26/07
LOAN TYPE: 0%, DPL

SOURCE OF FUNDS	
CDBG LOAN:	\$8,000
CDBG GRANT:	
BORROWER CONTRIBUTION:	
OTHER:	

Date	Description	Obligation	Check #	Payment	Balance
6/30/17	Mortgage signed	8,000			8,000
7/05/17	Sure-Lock Homes		310	2,000	6,000
7/06/17	Watts-On Electric		311	4,500	1,500
7/17/17	Loan reduction			1,500	0

INDIVIDUAL OBLIGATION JOURNAL (EXAMPLE)

LOAN #: 3
 NAME: Harry & Hope Chest
 ADDRESS: 2 Wonweigh Street
 LOAN AMOUNT: \$2,500
 APPROVAL DATE: 6/26/07
 LOAN TYPE: 0%, 50:50

SOURCE OF FUNDS	
CDBG LOAN:	\$2,500
CDBG GRANT:	
BORROWER CONTRIBUTION:	\$2,500
OTHER:	

Date	Description	Obligation	Check #	Payment	Balance
6/30/17	Mortgage signed	2,500			2,500
8/01/17	Owner contribution	2,500			5,000
9/01/17	Hipp Roofing		319	2,000	3,000

INDIVIDUAL OBLIGATION JOURNAL

LOAN #: 4
 NAME: Phil & Delphia Penn
 ADDRESS: 2599 Della Street
 LOAN AMOUNT: \$20,000
 APPROVAL DATE: 08/04/07
 LOAN TYPE: 0%, DPL

SOURCE OF FUNDS	
CDBG LOAN:	\$20,000
CDBG GRANT:	
BORROWER CONTRIBUTION:	
OTHER:	

Date	Description	Obligation	Check #	Payment	Balance
8/10/17	Mortgage signed	20,000			20,000
8/15/17	Starr & Sons		315	10,000	10,000
8/29/17	Hipp Roofing		316	7,875	2,125
8/29/17	Back Doors		317	1,500	625
8/29/17	Home Depot		318	625	0

INDIVIDUAL OBLIGATION JOURNAL

LOAN #: _____
 NAME: _____
 ADDRESS: _____
 LOAN AMOUNT: _____
 APPROVAL DATE: _____
 LOAN TYPE: _____

SOURCE OF FUNDS	
CDBG LOAN:	
CDBG GRANT:	
BORROWER CONTRIBUTION:	
OTHER:	

Date	Description	Obligation	Check #	Payment	Balance

INDIVIDUAL OBLIGATION JOURNAL

LOAN #: _____
 NAME: _____
 ADDRESS: _____
 LOAN AMOUNT: _____
 APPROVAL DATE: _____
 LOAN TYPE: _____

SOURCE OF FUNDS	
CDBG LOAN:	
CDBG GRANT:	
BORROWER CONTRIBUTION:	
OTHER:	

Date	Description	Obligation	Check #	Payment	Balance

LEAD-BASED PAINT TRAINING REIMBURSEMENT REQUEST SAMPLE FORM

FORM MUST BE PUT ON GRANTEE'S (MUNICIPALITY) LETTERHEAD

REIMBURSEMENT REQUEST FORM

The following individuals have attended a lead-based paint training course and have been certified and/or licensed to work on lead-based paint rehabilitation projects:

The Grantee would like to be reimbursed for the following amount:

_____.

Enclosed is a copy of the certificate of completion and/or license for each person, along with a signed "Commitment to Work" on CDBG projects form. Attached is a copy of an invoice, cancelled check or receipt from trainer verifying costs paid.

The Grantee hereby certifies that this amount has been paid by the municipality and the Lead-Based Paint Training Reimbursement Guidelines have been followed.

Signature (Local Official) Date

- Attachments: License and/or Certificate of Completion
 Commitment to Work Form
 Invoice, Cancelled Check or Receipt from Trainer
 W9 Form

COMMITMENT TO WORK

I, _____ (contractor name) am a _____ (type) contractor,

and do rehabilitation work in the _____ (municipality) for the Community Development Block Grant (CDBG) program.

I participated and completed the _____ (course) on _____ (date).

I understand that the _____ (municipality) will pay the course fee if I:

1. Obtain and maintain my certification for at least one year;
2. Agree to submit reasonable competitive bids to the _____ (municipality) for CDBG rehabilitation work for a period of at least one year from the date of this commitment; and
3. Agree that should I breach the terms of this commitment; I will reimburse the _____ (municipality) \$ _____ course fee paid on my behalf.

I understand and agree to these terms. A copy of my certification license is attached.

Contractor Name

Date

REPORTING & CLOSEOUT FORMS

FINANCIAL CERTIFICATE OF COMPLETION

Wisconsin's Community Development Block Grant Program

A. NAME OF UGLG:
B. DEHCR GRANT AGREEMENT #:

C. FINAL STATEMENT OF COST AND COMPUTATION OF GRANT BALANCE					
Project Activity By Budget Item (1)	CDBG Budget (2)	CDBG Funds Drawn (3)	CDBG Funds Pending (4)	Total CDBG Costs (5)	Grant Funds to Be Canceled (6)
TOTAL					
<i>For DEHCR Use Only</i>					

D. CERTIFICATION OF UGLG		
It is hereby certified that all activities undertaken by the UGLG with funds provided under the <i>Grant Agreement</i> identified in B above have, to the best of my knowledge, been carried out in accordance with the <i>Grant Agreement</i> ; and that the amounts set forth in this instrument are, to the best of my knowledge, true and correct as of this date.		
Date Signed	Typed Name and Title of UGLG's Chief Elected Official	Signature of UGLG's Chief Elected Official

E. CERTIFICATION OF DEHCR		
Date Signed	Typed Name and Title of DEHCR Authorized Official	Signature of DEHCR Authorized Official
	Division of Energy, Housing and Community Resources	

FINANCIAL CERTIFICATE OF COMPLETION (INSTRUCTIONS)

- A. Enter the name of the UGLG as it appears on the *Grant Agreement*.
- B. Enter the *Grant Agreement* number.
- C. Final Standards of Cost:
 - 1. In column 1, list project activities as shown in the CDBG budget, i.e., rehab, general program administration, direct homeownership assistance.
 - 2. In column 2, enter budget amounts for each project activity, as shown in the CDBG budget in total. Figures must reflect the budget in the most recent *Grant Agreement* Amendment, if applicable.
 - 3. In column 3, enter the amount of CDBG funds drawn (received by the UGLG), by budget item and in total.
 - 4. In column 4, enter the amount of CDBG funds pending (requested by the UGLG, but not yet received), by budget item and in total.
 - 5. In column 5, enter costs that have been paid and will be paid with CDBG funds, by budget item and in total.
 - 6. Subtract column 5, "Total CDBG Costs," from column 2, "CDBG Project Budget," to obtain the totals for column 6, "CDBG to be Canceled." This amount represents both funds not drawn and funds drawn but not used. **Any funds drawn but not used must be returned** to DEHCR. The funds must be returned by check, **payable to the Wisconsin Department of Administration**, at the following address:

Attn: Grants Specialist-Advanced
Wisconsin Department of Administration
Division of Energy, Housing and Community Resources
Bureau of Community Development 9TH Floor
P.O. Box 7970
Madison, WI 53707-7970

Documentation identifying the CDBG project budget activity to which the funds are being returned should accompany the check.

- D. Enter the date signed, the typed name and title of the UGLG's Chief Elected Official (CEO), and the CEO's signature.
- E. DEHCR will complete this section upon approval of all completion documents.
- F. Include the following with the Completion report.
 - 1. Grant Account Transaction Journal, current through the date of submission of the closeout report.
 - 2. Working Account Transaction Journal, current through the date of submission of the closeout report.
 - 3. Reimbursement Account Transaction Journal, if applicable, current through the date of submission of closeout report.

ANNUAL REPORT INSTRUCTIONS

All Grantees must submit a Program Beneficiary report to DEHCR on an annual basis. The report will consist of the Beneficiaries/Applicants Report, the Accomplishments Report, current Grant Account Transactions Journal, current Working Account Transactions Journal (Reimbursement Transactions Journal is applicable) and if applicable, the MBE/WBE Report, the Fair Housing Actions and Section 3 report. **ONE** copy of the report must be submitted to DEHCR no later than ten (10) working days after the end of the reporting period.

A. BENEFICIARIES AND APPLICANT REPORT

DEHCR will send a BENEFICIARIES / APPLICANT REPORT page with Grantee name, contract number, reporting period and program activities filled in.

1. If any of the following activities applied to your program during the reporting period, please provide appropriate information.

Leveraged Funds: indicate the amount of public and private funds leveraged for the reporting period.

- ◆ When reporting PUBLIC funds, include money that is actually 'government' money, e.g., HCRI funds, HOME funds, funds from a CAP agency, or if a city, town, village, or county would contribute money to the program.
- ◆ When reporting PRIVATE funds, include such funding sources as a first mortgage with a bank (for homebuyer projects), homeowner contributions for rehabilitation projects or down payment amounts (for homebuyer projects).

Handicap Accessibility: indicate how many households involved handicap accessibility improvements (i.e., making the household handicap accessible) during the reporting period.

Faith-Based Activities: indicate any partnership(s) formed during the course of the grant contract with any faith-based organization and the number of units involved.

2. **PROGRAM BENEFICIARIES AND APPLICANTS:** For each contract budget item and activity, list the total number of program beneficiaries **AND** applicants for the period.

Program Beneficiaries: Enter data for each beneficiary **after** loan agreement has been signed. Indicate in the appropriate box, the number of households receiving loans that are: VLI, LI, MI, minorities, female-headed households, or other protected classes, e.g., handicapped, elderly, or families with children.

B. ACCOMPLISHMENTS REPORT

DEHCR will send an ACCOMPLISHMENTS REPORT page with grantee name, contract number, reporting period and contract timetable activities filled in. In the space provided, indicate the number of units brought up to **Section 8 HQS** during the period, even if that number is 0.

1. If any of the following activities applied to your program during the reporting period, please check YES or NO, and provide appropriate documentation where applicable.

MBE/WBE: If you contracted or subcontracted with an MBE/WBE during this reporting period, please fill out **and** attach a copy of the MBE/WBE Report.

Fair Housing Actions: If you undertook any actions to affirmatively further fair housing during the reporting quarter, please complete Fair Housing page and provide documentation to verify actions. Your contract specifies the minimum fair housing activities to which you are committed.

Section 3 Report: Report any actions taken to ensure that employment, and other economic activities generated by this program, were directed toward low- and moderate-income people (below 80% of county median income).

2. **ACCOMPLISHMENTS REPORT**. Complete the Accomplishments Report for all activities completed during the quarter

"Activities" means grants awarded and/or completion of administrative requirements (e.g., request Davis-Bacon wage rates, submit Quarterly Report, hold citizen participation meeting, etc.).

Column #2:

Answer questions and/or fill in blanks regarding all **activities completed during the reporting period**. Activities, which were accomplished during the reporting period, but were not listed in the contract timetable, should be listed at the bottom of column #2.

Column #3:

List the **total number of units assisted to date**.

Column #4:

Add any **comments** which may be applicable to the activities accomplished during the reporting period or activities which are anticipated to be completed during the next period.

CDBG-HOUSING REGIONS- LBP Addendum

GRANTEE: _____ CONTRACT #: _____

REPORTING PERIOD: _____ TO _____

*Applicable Lead Paint Requirement:

	# Units
Housing constructed before 1978	<input type="text"/>
¹ Exempt: housing constructed 1978 or later ⓘ	<input type="text"/>
Exempt: No paint disturbed	<input type="text"/>
² Otherwise exempt ⓘ	<input type="text"/>
Total ^a	<input type="text"/>

^a **Total should equal total number of rehab projects reported in this period.**

¹ A residential property for which construction was completed on or after January 1, 1978, or, in case of jurisdictions which banned the same or residential use of lead-containing paint prior to 1978, an earlier date as HUD may designate.

² Exempt:

1. 0 bedroom,
2. Elderly/disabled with no children under 6,
3. Lead-based paint free, and/or
4. Used no more than 100 days in a year

*Lead Hazard Remediation Actions: (For rehabilitation only)

	# Units
Lead Safe Work Practices (24 CFR 35.930(b)) (Hard costs <= \$5,000)	<input type="text"/>
Interim Controls or Standard Practices (24 CFR 35.930(c)) (Hard costs \$5,000 - \$25,000)	<input type="text"/>
Abatement (24 CFR 35.930(d)) (Hard costs > \$25,000)	<input type="text"/>
Total ^b	<input type="text"/>

^b **Total should equal total number of LBP rehab projects reported in this period.**

BENEFICIARY REPORT CDBG-HOUSING REGIONS

GRANTEE: _____ CONTRACT # _____

REPORTING PERIOD: 4/1/ _____ to 3/31/ _____

LEVERAGED FUNDS: How much money was leveraged during this period? Public funds \$ _____ Private funds \$ _____

HANDICAP ACCESSIBILITY: How many units involved handicap accessibility improvements during this period? _____

PROGRAM Beneficiaries

Activity During Reporting Period(<i>Mortgages Signed</i>)	Total Results	Income Level				RACE*														
		%CMI	%CMI	%CMI	%CMI															
		0-30	31-50	51-80	81-100	A	B	C	D	E	F	G	H	I	J	FHOH	PD	E	H	
Rehab - Owner-Occupied (w/lead)																				
Rehab - Owner-Occupied																				
Rehab - Renter-Occupied (w/lead)																				
Rehab - Renter-Occupied																				
Homebuyer																				

*** R A C E**

- | | |
|--|---|
| A – White | F – American Indian/Alaskan Native & White |
| B – Black/African American | G – Asian & White |
| C – Asian | H – Black/African American & White |
| D – American Indian/Alaskan Native | I – American Indian/Alaskan Native & Black/African American |
| E – Native Hawaiian/Other Pacific Islander | J – Balance/Other |

FHOH – Female Head of Household
PD – Households with Persons with Disabilities
E – Elderly (>62)
H - Hispanic

*You must attach a copy of your beneficiary data tracking sheet with this report.

ACCOMPLISHMENTS REPORT CDBG HOUSING REGIONS

GRANTEE: _____ CONTRACT # _____ NUMBER OF UNITS MEETING HQS
THIS PERIOD: _____

REPORTING PERIOD: _____ 04/01/ _____ to _____ 03/31/ _____

MBE/WBE:	Did you contract with any MBE/WBE contractors/subcontractors during this period?	Yes _____ No _____	This report is due by March 25 and September 25.
FAIR HOUSING	Did you undertake any Fair Housing activities during this period?	Yes _____ No _____	If yes, please attach Fair Housing reporting form and documentation.
SECTION 3	Did you take any actions to promote employment of low- and moderate-income people?	Yes _____ No _____	This report is due in October.

(1) (2) (3) (4)

FROM CDBG CONTRACT TIMETABLE FOR THE REPORTING PERIOD	ACTIVITIES COMPLETED DURING REPORTING PERIOD	TOTAL COMPLETED TO DATE	COMMENTS
---	--	-------------------------------	----------

<p>Amount committed this period: \$ _____</p> <p>_____ owner-occupied units _____ renter-occupied units _____ homebuyer units</p>	<p>Amount committed to date: \$ _____</p> <p>_____ owner-occupied units _____ renter-occupied units _____ homebuyer units</p>	
--	--	--

I hereby certify that to the best of my knowledge and belief the data in this report are true and correct.

Signature of Person Preparing Report: _____

FEDERAL GRANT #:

- B - ___ - DC - 55 - 0001
- B - ___ - DF - 55 - 0001
- B - ___ - DI - 55 - 0001
- B - ___ - DN - 55 - 0001
- E - ___ - DC - 55 - 0001
- M - ___ - SG - 55 - 0001

For DEHCR Use ONLY

GRANTEE/UGLG NAME: _____
 DEHCR GRANT AGREEMENT #: _____

MBE/WBE REPORT

Program (Choose One):

- Community Development Program
- HOME RHD / HHR
- Housing Program
- ESG

Report Type (Choose One):

- Semi-Annual Report
- Quarterly Report

Reporting Period Covered (Choose One):

Semi-Annual Report:

- April 1 – September 30, 20__
- October 1, 20__ – March 31, 20__

Quarterly Report:

- January 1 – March 31, 20__
- April 1 – June 30, 20__
- July 1 – September 30, 20__
- October 1 – December 31, 20__

PREPARER CERTIFICATION

I hereby certify that, to the best of my knowledge and belief, the contents in this report are true and correct.

Full Name of
Report Preparer:Preparer's
Signature:Preparer's Job Title &
Company/Employer:

Date Signed:

Preparer's
Telephone () _____ - _____ ext. _____
Number:Preparer's
Email Address:_____
*For Grantees / UGLGs: Signature of the Chief Elected Official*_____
*Typed Name of the Chief Elected Official*_____
*Title*_____
Date Signed

Contractor/Sub-Contractor Name & Address 1a.				Contractor FEIN # 1b.	Sub- Contractor FEIN # 1c.	Amount of Contract or Sub- Contract 1d.	Type of Trade Code (See below.) 1e.	Contractor or Sub- Contractor Business' Race / Ethnicity (See below.) 1f.	Woman Owned Business? (Yes or No) 1g.	Section 3 Business? (Yes or No) 1h.
Name	Street Address	City	State / ZIP							
<input type="checkbox"/> Contractor <input type="checkbox"/> Sub-Contractor										
<input type="checkbox"/> Contractor <input type="checkbox"/> Sub-Contractor										
<input type="checkbox"/> Contractor <input type="checkbox"/> Sub-Contractor										
<input type="checkbox"/> Contractor <input type="checkbox"/> Sub-Contractor										
<input type="checkbox"/> Contractor <input type="checkbox"/> Sub-Contractor										
<input type="checkbox"/> Contractor <input type="checkbox"/> Sub-Contractor										
<input type="checkbox"/> Contractor <input type="checkbox"/> Sub-Contractor										
<input type="checkbox"/> Contractor <input type="checkbox"/> Sub-Contractor										
<input type="checkbox"/> Contractor <input type="checkbox"/> Sub-Contractor										
<input type="checkbox"/> Contractor <input type="checkbox"/> Sub-Contractor										

PLEASE NOTE: If you need to list more than 9 (nine) Contractors or Sub-Contractors (in the space provided in this report), copy and attach additional page(s) to your MBE/WBE Report submission.

1e. Type of Trade Codes:

- 1 = New Construction
- 2 = Substantial Rehab.
- 3 = Repair
- 4 = Service
- 5 = Project Management
- 6 = Professional
- 7 = Tenant Services
- 8 = Education / Training
- 9 = Architectural / Engineering Appraisal
- 0 = Other

1f. Racial / Ethnic Codes:

- 1 = White Americans
- 2 = Black Americans
- 3 = Native Americans
- 4 = Hispanic Americans
- 5 = Asian / Pacific Americans
- 6 = Hasidic Jews

MBE/WBE REPORT FORM DEFINITIONS:

1. A **Minority-owned Business Enterprise (MBE)** is a business that is both owned **and** controlled by minorities. This means that there must be not less than 51 percent minority ownership of the business (a business in which more than 50 percent of the ownership or control is held by one or more minority individuals, and more than 50 percent of the net profit or loss which accrues is to one or more minority individuals), and that the minority ownership must control the management and daily operations of the business. When 51% or more of the business is not owned and controlled by any single racial/ethnic category, enter the race/ethnicity code which best classifies the majority of employees working for the Contractor or Sub-Contractor.
2. A **Woman-owned Business Enterprise (WBE)** is a business that is both owned **and** controlled by women. This means that there must be not less than 51 percent women ownership of the business (a business in which more than 50 percent of the ownership or control is held by one or more female individuals, and more than 50 percent of the net profit or loss which accrues is to one or more female individuals), and that the women ownership must control the management and daily operations of the business.
3. A **Section 3 Business** is a business that provides economic opportunities to low-income & very low-income persons. A Section 3 Business must be able to provide documentation to support at least one of the following situations:
 - The business has at least 51 percent ownership by Section 3 residents (a business in which 51 percent or more of the ownership is held by one or more Section 3 residents, and 51 percent or more of the net profit or loss which accrues is to one or more Section 3 residents); **OR**
 - At least 30 percent of the full-time employees of the business include persons that are currently Section 3 residents, or were Section 3 residents within 3 (three) years of their date of first hire by the Section 3 business; **OR**
 - The business provides evidence, as required, of a commitment to sub-contract in excess of 25 percent of the dollar amount awarded of all sub-contracts to business concerns that meet one of the first two qualifications for being a Section 3 Business (as listed above).
4. A **Section 3 resident (or Section 3 person)** is an individual that:
 - Is a public housing resident; **OR**
 - Is a low-income or very low-income person (as defined below):
 - i. A **Low-Income** level is defined as being 80% (or less than 80%) of the median income of that area.
 - ii. A **Very Low-Income** level is defined as being 50% (or less than 50%) of the median income of that area.

MBE/WBE REPORT FORM INSTRUCTIONS:

***This report must list all contractors and sub-contractors used during this reporting period.**

The Division of Energy, Housing and Community Resources' (DEHCR's) grant recipients are required to submit MBE/WBE Reports to the Division either Semi-Annually or Quarterly. Questions regarding project-specific reporting requirements should be directed to the assigned DEHCR Program Representative. For each MBE/WBE Report submitted, the following items must be completed:

- Provide your project's "Grantee/UGLG Name" and the "DEHCR Grant Agreement Number" information in the upper-right corner on the first page of the report.
- Check mark the appropriate box (e.g., Community Development Program, HOME RHD/HHR, or Housing Program) to specify the DEHCR Program that is funding the project for which the MBE/WBE Report is being submitted.
- Check mark the appropriate box (e.g., Semi-Annual Report or Quarterly Report) to specify the type of report being submitted.
- Check mark the appropriate box (e.g., 4/1–9/30/20YY, 10/1/20YY–3/31/20YY, 1/1–3/31/20YY, 4/1–6/30/20YY, 7/1–9/30/20YY, or 10/1-12/31-20YY) to indicate which semi-annual or quarterly reporting period is applicable.
- **PREPARER CERTIFICATION:** Provide the name, job title, company/employer, telephone number, and email address of the person preparing this MBE/WBE report. The preparer must certify that they have prepared this report by signing and dating the report prior to submitting it to DEHCR.
- **All MBE/WBE Reports must be signed and dated** by the Chief Elected Official (i.e., Mayor, City Council President, Village President, Town Board Chairman, County Board Chairman, or County Executive), and contain the printed/typed name and title of the Chief Elected Official (CEO).
- **MBE/WBE CONTRACTOR & SUB-CONTRACTOR INFORMATION (Table on Page 2):** Begin by individually listing the **Business Name** (1a.) of **each Contractor and Sub-Contractor** awarded contracts (funded with program dollars) for the project during the reporting timeframe listed.
 - **For each** business (i.e., contract recipient) listed in the table:
 - Column **1a:** Indicate whether the business is a **Contractor** or **Sub-Contractor** by check marking the appropriate box. Also provide the **Street Address, City, State, & ZIP Code** for the business.
 - Column **1b:** For each business that is listed as a Contractor (1a.), provide that **Contractor's FEIN #**. *If a business is listed as a Sub-Contractor (1a.), provide the FEIN # of the Prime Contractor overseeing the Sub-Contractor's work on the project.*
 - Column **1c:** For each business that is listed as a Sub-Contractor (1a.), provide that **Sub-Contractor's FEIN #**. *If a business is listed as*

a Contractor (1a.), then leave the Sub-Contractor's FEIN # (1c.) **blank**.

Column **1d**: Provide the contracted **dollar amount** for the business' services and materials. **DO NOT DOUBLE-COUNT** overlapping contract amounts. Funds awarded by a Contractor for sub-contracted work to Sub-Contractor(s) should be listed with the Sub-Contractor(s) information, **NOT** with the Contractor's awarded dollar amount. (Refer to the examples provided below for further clarification.)

EXAMPLE #1:

A project has awarded \$100,000 in funds to **each** of two (2) Contractors, for a total of \$200,000 during the current reporting period. Neither Contractor sub-contracts any work to Sub-Contractor(s). A portion of the MBE/WBE Report form would be completed as follows:

Contractor/Sub-Contractor Name & Address 1a.					Contractor FEIN # 1b.	Sub-Contractor FEIN # 1c.	Amount of Contract or Sub-Contract 1d.
Name	Street Address	City	State / ZIP				
<input checked="" type="checkbox"/> Contractor <input type="checkbox"/> Sub-Contractor	ABC Construction	123 Main Street	Youreville	WI 54000	XX - XXXXXXXX		\$100,000.00
<input checked="" type="checkbox"/> Contractor <input type="checkbox"/> Sub-Contractor	XYZ Construction	456 First Street	Youreville	WI 54000	XX - XXXXXXXX		\$100,000.00

EXAMPLE #2: A project has awarded \$100,000 in funds to **each** of two (2) Contractors, for a total of \$200,000 during the current reporting period. The first Contractor (ABC Construction) does not sub-contract any work to Sub-Contractor(s). The second Contractor (XYZ Construction) sub-contracts a **total** of \$25,000 (of their \$100,000 contract) to two (2) Sub-Contractors (DEF Plumbing & GHI Paving). A portion of the MBE/WBE Report form would be completed as follows:

Contractor/Sub-Contractor Name & Address 1a.					Contractor FEIN # 1b.	Sub-Contractor FEIN # 1c.	Amount of Contract or Sub-Contract 1d.
Name	Street Address	City	State / ZIP				
<input checked="" type="checkbox"/> Contractor <input type="checkbox"/> Sub-Contractor	ABC Construction	123 Main Street	Youreville	WI 54000	XX - XXXXXXXX		\$100,000.00
<input checked="" type="checkbox"/> Contractor <input type="checkbox"/> Sub-Contractor	XYZ Construction	456 First Street	Youreville	WI 54000	XX - XXXXXXXX		\$75,000.00
<input type="checkbox"/> Contractor <input checked="" type="checkbox"/> Sub-Contractor	DEF Plumbing	873 Main Street	Youreville	WI 54000	XX - XXXXXXXX (fgr. XYZ Constr.)	XX - XXXXXXXX	\$5,000.00
<input type="checkbox"/> Contractor <input checked="" type="checkbox"/> Sub-Contractor	GHI Paving	925 Main Street	Youreville	WI 54000	XX - XXXXXXXX (fgr. XYZ Constr.)	XX - XXXXXXXX	\$20,000.00

Column **1e**:

Provide the **Trade Code** for the type of work that each business (1a.) was hired to perform. (Refer to the list of Trade Codes provided at the bottom of page 2.)

Column **1f**:

Indicate whether each business is a **Minority-owned Business Enterprise (MBE)** by listing the **Race/Ethnicity Code** designation for each business. (Refer to the definition of an MBE listed on page 3. A list of race/ethnicity codes is provided at the bottom of page 2.)

PLEASE NOTE: If 51% or more of the business is **not** owned and controlled by any **single** racial/ethnic category, input the race/ethnicity code which best classifies the majority of minority employees working for the individual business.

Column **1g**:

Indicate whether each business is classified as a **Woman-owned Business Enterprise (WBE)**. (*Refer to the definition of a WBE listed on page 3.*)

Column **1h**:

Indicate whether each business is classified as a **Section 3 Business**. (*Refer to the definition of a Section 3 Business listed on page 3.*)

- Retain the completed **MBE/WBE Report** form in your project file **and submit a copy** of the completed report (email is preferred) to your assigned Program Representative at DEHCR.

PLEASE NOTE: If submitting the MBE/WBE Report via postage-paid mail, use the DEHCR mailing address (listed below):

ATTN: CDBG Grants Specialist Advanced
Division of Energy, Housing and Community Resources
Wisconsin Department of Administration
P.O. Box 7970
Madison, WI 53707-7970

FAIR HOUSING

GRANTEE:

CONTRACT NUMBER:

REPORTING PERIOD: from _____ to _____

All CDBG Grantees are required to initiate Affirmative Fair Housing Actions in conjunction with the expenditure of CDBG funds. Please report on any Fair Housing actions taken during the reporting quarter. A nonexclusive list of suggested affirmative fair housing actions can be found in the CDBG Implementation Handbook. Which fair housing affirmative action did your community exercise? If no action has been implemented, what actions are planned? Please describe the planned action and when it is expected to be initiated.

EXAMPLE: The local boy scouts and girl scouts designed 2 Fair Housing Posters for the local library. Prior to designing the posters, they all heard a presentation on the meaning of Fair Housing. The posters will remain on display for 1 month. Pictures of the display are in our Fair Housing file.

SECTION 3 REPORT

DOA AGREEMENT # _____
(Contract #)

CONTACT INFORMATION
Preparer's Name _____
Title _____
Telephone _____
E-mail _____

NAME OF GRANTEE _____

HUD REPORTING PERIOD **Semi-Annual Report:** October 1, 20__ to March 31, 20__
 Annual Report: October 1, 20__ to September 30, 20__

Complete one form for each program/contract with DEHCR.

Please check program CDBG NSP HOME HOPWA
 CDBG-DR (Disaster Recovery) ESG

Part I: Employment and Training			
Job Category	Number of New Hires	Number of New Hires that are Section 3 Residents	Number of Section 3 Trainees
Professionals	0	0	0
Clerical	0	0	0
Case Management	0	0	0
Facilities / Maintenance	0	0	0
Technical (Bookkeeping, IT, etc.)	0	0	0
Carpentry	0	0	0
Masonry	0	0	0
Plumbing	0	0	0
Electrical	0	0	0
Administration	0	0	0
Define Other:	0	0	0
Define Other:	0	0	0
Define Other:	0	0	0

Part II: Contracts Awarded	
<u>Construction Contracts</u>	
1. Total dollar amount of all contracts award on the project	\$ 0
2. Total dollar amount of contracts awarded to Section 3 businesses	\$ 0
3. Percentage of the total dollar amount that was awarded to Section 3 businesses	0 %
4. Total number of Section 3 businesses receiving contracts	0
<u>Non-Construction Contracts</u>	
1. Total dollar amount of non-construction contracts award on the project	\$ 0
2. Total dollar amount of non-construction contracts awarded to Section 3 businesses	\$ 0
3. Percentage of the total dollar amount that was awarded to Section 3 businesses	0 %
4. Total number of Section 3 businesses receiving non-construction contracts	0

Part III: Best Efforts

Describe the Grantee's best efforts to give training and employment opportunities to LMI residents and/or businesses, check all that apply:

- Job Posting at Job Centers
- Job Posting in Local Newspaper/Shopper
- Job Posting at Housing Authority
- Website or Social Media Outreach
- No new hires during reporting period
- Other: _____
- Job Posting in Community List Serves
- Job Posting at Public Municipal Building
- Job Posting at Technical College or University
- Disadvantage Business Outreach
- Project Complete – No Activity

Comments:

Signature of Preparer

Title

Date Signed / /

Printed Name of Preparer

UGLG/Grantee Signature

Title

Date Signed / /

MANUAL UPDATES:

Date	Page	Chapter - Additions and Updates

SUGGESTED DEED RESTRICTION LANGUAGE

The following restrictions shall apply to the conveyed real estate:

1. The intention of these Deed Restrictions is that the conveyed real estate remain as permanent green space.
2. No structures of any nature whatsoever shall be constructed on the conveyed real estate.
3. No permanent land attachments of any nature shall be attached to or constructed on the conveyed real estate. This restriction includes, but is not limited to, land attachments such as flagpoles, fences, gazebos, swimming pools, billboards, paving, signs, etc.
4. No personal property of any nature whatsoever shall be placed on or stored on the conveyed real estate.
5. The **level** of the land (grade) shall not be changed.
6. The above Deed Restrictions are permanent and are binding up on the **City/Village/Township of _____** and upon its heirs, successors and assigns and these Deed Restrictions shall run with the land.

Note –

- A. CDBG EAP grantees should always consult their legal representation when developing any legal documents including deed restrictions regarding property acquisitions and dispositions
- B. CDBG-EAP should also consult with local parties charged with developing and enforcing local floodplain ordinances to assure compliance of deed restrictions.

CDBG-EAP VOLUNTARY ACQUISITION OF SUBSTANTIALLY DAMAGED PROPERTY

-

- Informational Notice -
(Agencies with Eminent Domain Authority)

Grantee or Agency Letterhead

(date)

Dear _____:

(City, County, State, other) _____, is interested in acquiring property you own at (address) _____ for a project receiving funding assistance from the U.S. Department of Housing and Urban Development (HUD) under the Community Development Block Grant Program (CDBG-EAP).

Please be advised that, (City, County, State, other) _____ possesses eminent domain authority to acquire property, however, in the event you are not interested in selling your property, or if we cannot reach an amicable agreement for the purchase of your property, we will not pursue its acquisition under eminent domain. Your property is not a necessary part of the proposed project and is not part of an intended, planned, or designated project area where substantially all of the property within the area is to be acquired.

The subject property is assessed at \$ _____. (If currently on the local tax roll)

Select one: a) We currently believe the property’s market value is \$ _____. We are prepared to purchase your property; however, depending on the results of the appraisal, our written offer may differ from this amount.

b) Our appraisal indicates the property’s market value is \$ _____. We are prepared to offer you \$ _____ to purchase your property.

Please contact us at your convenience if you are interested in selling your property.

If your property is in default, but foreclosure proceedings have not been initiated/completed, and our offer is for less than the current balance of your mortgage loan(s), we suggest that you seek legal counsel or guidance. We cannot provide you with legal advice regarding any tax, credit, or deficiency judgment consequences to you related to the sale.

In accordance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA), owner-occupants who move as a result of a voluntary acquisition are not eligible for relocation assistance. A tenant-occupant who moves as a result of a voluntary acquisition for a federally assisted project may be eligible for relocation assistance as a displaced person. Such displaced persons may include not only current lawful occupants, but also former tenants required to move for any reason other than an eviction for cause in accordance with applicable federal, state, and local law. If your property is currently tenant-occupied or a tenant lawfully occupied your property within the past 3 months prior to our offer, we need to know immediately. Further, you should not order current occupant(s) to move, or fail to renew a lease, in order to sell the property to us as vacant.

If you have any questions about this notice or the proposed project, please contact
(name) _____, (title) _____,
(address) _____, (phone) _____.

[06/2019]

ACCOMPLISHMENTS REPORT-CDBG - EAP HOUSING

GRANTEE: _____

CONTRACT #: _____

REPORTING PERIOD: 4/1/ TO 03/31/

MBE/WBE	Did you contract with any MBE/WBE contractors/subcontractors during this reporting period ?	Yes ___ No ___	This report is due in March 25 and September 25.
FAIR HOUSING	Did you undertake any Fair Housing activities during this reporting period ?	Yes ___ No ___	If yes, please attach Fair Housing reporting form and documentation.
SECTION 3	Did you take any actions this reporting period to promote employment of low- and moderate-income people?	Yes ___ No ___	This report is due in October.

(1) FROM CDBG CONTRACT FOR TIMETABLE FOR THIS PERIOD	(2) ACTIVITIES COMPLETED DURING THIS 12-MO. PERIOD	(3) TOTAL COMPLETED TO DATE FOR ENTIRE CONTRACT	(4) COMMENTS
	Amount committed this period: \$ _____ _____ owner occupied units _____ renter occupied units _____ homebuyer units	Amount committed to date: \$ _____ _____ owner occupied units _____ renter occupied units _____ homebuyer units	

I hereby certify that to the best of my knowledge and belief, the data in this report are true and correct.

Person Preparing Report: _____ Signature of Person Preparing Report: _____

BENEFICIARY REPORT - CDBG-HOUSING EAP

GRANTEE: _____ CONTRACT # _____

REPORTING PERIOD: 4/1/ to 3/31/

LEVERAGED FUNDS: How much money was leveraged during this period? Public funds \$ _____ Private funds \$ _____

PROGRAM Beneficiaries

Activity During Reporting Period(<i>Mortgages Signed</i>)	Total Results	Income Level				RACE*												FHOH	PD	E	H
		%CMI	%CMI	%CMI	%CMI																
		0-30	31-50	51-80	81-100	A	B	C	D	E	F	G	H	I	J						
Rehab - Owner-Occupied (w/lead)																					
Rehab - Owner-Occupied																					
Rehab - Renter-Occupied (w/lead)																					
Rehab - Renter-Occupied																					
Acquisition/Demolition/Relocation																					
Other ()																					

*** RACE**

- | | |
|--|---|
| A – White | F – American Indian/Alaskan Native & White |
| B – Black/African American | G – Asian & White |
| C – Asian | H – Black/African American & White |
| D – American Indian/Alaskan Native | I – American Indian/Alaskan Native & Black/African American |
| E – Native Hawaiian/Other Pacific Islander | J – Balance/Other |

FHOH – Female Head of Household PD – Households with Persons with Disabilities E – Elderly (>62) H - Hispanic
--

*You must attach a copy of your beneficiary data tracking sheet with this report.

CDBG-HOUSING EAP - LBP Addendum

GRANTEE: _____ CONTRACT #: _____

REPORTING PERIOD: _____ TO _____

***Applicable Lead Paint Requirement:**

	# Units
Housing constructed before 1978	<input type="text"/>
¹ Exempt: housing constructed 1978 or later ⓘ	<input type="text"/>
Exempt: No paint disturbed	<input type="text"/>
² Otherwise exempt ⓘ	<input type="text"/>
Total ^a	<input type="text"/>

^a **Total should equal total number of projects reported in this period.**

¹ A residential property for which construction was completed on or after January 1, 1978, or, in case of jurisdictions which banned the same or residential use of lead-containing paint prior to 1978, an earlier date as HUD may designate.

² Exempt:

- 5. 0 bedroom,
- 6. Elderly/disabled with no children under 6,
- 7. Lead-based paint free, and/or
- 8. Used no more than 100 days in a year

***Lead Hazard Remediation Actions: (For rehabilitation only)**

	# Units
Lead Safe Work Practices (24 CFR 35.930(b)) (Hard costs <= \$5,000)	<input type="text"/>
Interim Controls or Standard Practices (24 CFR 35.930(c)) (Hard costs \$5,000 - \$25,000)	<input type="text"/>
Abatement (24 CFR 35.930(d)) (Hard costs > \$25,000)	<input type="text"/>
Total ^b	<input type="text"/>

^b **Total should equal total number of LBP rehab projects reported in this period.**

FAIR HOUSING

GRANTEE:

CONTRACT NUMBER:

REPORTING PERIOD: from _____ to _____

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