



HOME American Rescue Plan

Multifamily Residential Rental Housing Program Guidelines

2023

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THIS DOCUMENT SETS FORTH THE REQUIREMENTS FOR THE STATE'S AWARD-OF HOME ARP FUNDS FOR RENTAL PROJECTS

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1. Summary

The West Virginia Housing Development Fund (the Fund) supports the rehabilitation and new construction of affordable rental housing for Qualified Populations (QPs) with its funding allocation from the U. S. Department of Housing and Urban Development's (HUD) HOME Investment Partnerships Program (HOME) for eligible HOME American Rescue Plan (HOME ARP) activities. HOME was created under Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990 with implementing regulations at 24 CFR Part 92. Requirements for HOME ARP funds appropriated under section 3205 of the American rescue Plan Act of 2021 which will provide homelessness assistance and supportive services are located at HUD Notice CPD 21-10.

Pursuant to the HOME ARP Allocation Plan, \$10,340,525 is earmarked for the development of affordable rental housing. This will expand the supply of decent, safe, sanitary, affordable housing for QPs.

Pursuant to the HOME ARP Allocation Plan, the Fund anticipates responses to one application cycle will result in HOME ARP funds being committed to eligible activities. However, if the HOME ARP funds are not fully committed following one application cycle, any remaining funds will be re-allocated to Supportive Services, Acquisition and Development of Non-Congregate Shelters, and/or Development of Affordable Rental Housing, based on need.

The Fund's HOME ARP funds will be used to provide financing for projects located in West Virginia. The program will target multifamily residential rental housing in eligible areas where a current market demand exists for the proposed project. In exchange for low-cost permanent financing, property owners will agree to income, rent, and other restrictions for a compliance period of at least 15 years, and projects will be monitored for compliance during the compliance period. Project developers, owners, and sponsors must coordinate funder's requirements when there are multiple funding sources.

This document sets forth the requirements for the Fund's awards of HOME ARP funds for multifamily residential rental projects.

2. Application and Evaluation Procedure

The Fund will issue a Rental Housing Request for Proposals (RFP). The RFP will outline specific application deadlines, any funding focus (e.g., project type, population served, etc.), and other special considerations.

A. Funding Availability

Upon submission of an RFP for HOME ARP funds, Fund staff will conduct a review and analysis of the project and developer(s) as presented in the proposal. Proposals will be scored based on criteria in the RFP. Regardless of strict numerical ranking, the scoring does not operate to vest in an applicant or project any right to a reservation or commitment of HOME ARP funds. The Fund

will, in all instances, commit HOME ARP funds consistent with sound and reasonable judgment, prudent business practices, and the exercise of its inherent discretion.

Projects seeking HOME APR funds prior to the receipt of all other funding sources may be provided with a non-binding Term Sheet. Further, for eligible rental housing projects receiving Term Sheets, said Term Sheets may be contingent upon the (1) Approval of the Allocation Plan; (2) the applicant's award from other funding sources, if applicable; (3) the Fund's receipt of the HUD Authority to Use Grant Funds following completion of the Environmental Review process, as applicable; and (4) other items noted in the Term Sheet.

B. Submission of Materials

All HOME ARP Rental Housing Program applicants must comply with the submission criteria set forth in the Fund's RFP. The Fund reserves the right to require the submission of additional information as needed to complete project underwriting.

3. Project Funding Requirements

A. Eligibility Criteria

Eligible Applicants

Developers and owners of affordable rental housing – including for-profit developers and nonprofit developers – are eligible to apply for HOME ARP funding.

Project Location

Projects must be located in the State of West Virginia.

Project Types

Funds will be provided for acquisition, new construction, and rehabilitation of multifamily residential rental projects. While the Fund will entertain any proposals meeting its criteria, in practice most projects will also require other financing sources to cover expenses ineligible for HOME ARP reimbursement.

Pursuant to the Notice, eligible HOME-ARP rental housing includes "housing" as defined at 24 CFR 92.2. This includes, but is not limited to, manufactured housing, single room occupancy (SRO) units, and permanent supportive housing. Emergency shelters, hotels, and motels (including those currently operating as non-congregate shelter), facilities such as nursing homes, residential treatment facilities, correctional facilities, halfway houses, and housing for students or dormitories do not constitute housing in the HOME ARP multifamily residential rental project program.

Parameters of HOME ARP Funding

HOME ARP funds do not have a maximum per unit subsidy. Nevertheless, all project costs must be reasonable and necessary. Funding limitations will be the result of cost reasonableness and HOME ARP funding availability.

B. Eligible Costs

Costs funded with HOME ARP funds must be eligible according to HOME Final Rule 24 CFR 92.206. The following additional limitations also apply:

- i. HOME ARP shall not be used for luxury improvements according to 24 CFR 92.205.
- ii. HOME ARP funds shall not be used for non-residential accessory structures such as free-standing community/leasing buildings, garages, carports, or maintenance structures. HOME ARP funds may be used for community space or common laundry facilities included in residential buildings.
- iii. HOME ARP funds shall not be used for off-site infrastructure costs, including any costs associated with extending infrastructure to the project site. The cost of connecting to public infrastructure located in an adjacent right-of-way (e.g., water or sewer tap) is an eligible cost.

Fund Project-Related Soft Costs

The HOME ARP program allows the Fund to include, as project costs, its internal soft costs specifically attributable to a HOME ARP project. These may include consulting, legal, inspection, and staff costs associated with reviewing, processing, and overseeing the award of funds to the project. In its RFP, the Fund will provide a budget allowance for “Fund Soft Costs” to be included in the project’s total development costs.

Monitoring Fees

The project’s estimated annual expense information must include a monitoring fee as specified by the Fund in its RFP.

Cost Reasonableness

Per the requirements of 92.250(b) for HOME, all project costs must be reasonable, whether or not paid directly with HOME ARP. The Fund will review all project costs, including hard and soft costs, to evaluate their reasonableness and may, at its option, require applicants to obtain additional quotes, bids, or estimates of costs. Fund staff must be allowed the opportunity to conduct a cost analysis to determine cost reasonableness. RFPs may be determined ineligible if access is not granted or costs are determined to be unreasonable.

Identity of Interest

Owners must disclose any identity of interest situations that may occur when contracting with related companies during either the development or ongoing operation of the project.

C. Property Standards

To meet HOME ARP regulations and Fund goals, all projects must meet certain physical standards intended to provide quality affordable housing that is durable and energy efficient.

i. Construction must meet all local codes. For projects obtaining permits on or after August 1, 2022, the State of West Virginia has adopted and enforces the following codes with amendments:

- 2018 International Building Code
- 2018 International Residential Code
- 2018 International Mechanical Code
- 2015 International Energy Conservation Code
- 2018 International Existing Building Code
- 2018 International Plumbing Code
- 2018 International Fuel Gas Code
- 2018 International Property Maintenance Code
- 2020 National Electric Code
- 2013 ANSI/ASHRAE/IESNA Standard 90.1
- 2017 ANSI A117.1 American National Standards for Accessibility & Usable Buildings & Facilities

ii. All projects must meet applicable Section 504/UFAS requirements. New construction or substantial rehabilitation projects with five or more total units must provide 5% of the project's units designed to be accessible for tenants with mobility impairments and another 2% of the project's units designed to be accessible to tenants with sensory impairments. Other rehabilitation projects will be required, to the maximum extent feasible, to provide mobility and sensory accessible units in the same percentages. Additionally, covered multifamily dwellings, as defined at 24 CFR 100.201, must also meet the design and construction requirements required by the Fair Housing Act as outlined in 24 CFR 100.205.

iii. All buildings of five or more residential units in new construction or substantial rehabilitation HOME ARP projects must include the installation of "broadband infrastructure" as defined by 24 CFR 5.100. In limited circumstances, the Fund may waive this requirement if the project's location makes such an installation infeasible or creates an undue financial burden. In practice, this requires the developer to provide the wiring for high-speed internet but does not require the project to provide the internet service itself. The Fund does not anticipate circumstances under which it would waive this requirement.

iv. New construction projects must have washer and dryer hook-ups in each unit. Rehabilitation projects must have washer and dryer hook-ups in each unit, if the units can be adapted to add hook-ups. Otherwise, rehabilitation projects must include laundry facilities.

D. Unit Allocation

If applicable and in general, HOME ARP units will be “floating units” and evenly distributed among the unit types in the development. If the project’s units are not comparable, “fixed units” must be designated. In the case of projects with comparable units, the Fund will designate units as HOME ARP assisted in proportion to the percentage of HOME ARP investment in the transaction. For example, if HOME ARP represents 10% of the project’s total HOME ARP eligible cost, at least 10% of each unit type will be designated as HOME ARP assisted units.

E. Income and Rent Restrictions

To qualify as affordable housing, HOME ARP units must be rented only to QPs.

Targeting and Occupancy Requirements

1. **Targeting and Occupancy Requirements:** HOME-ARP activities are required to primarily benefit households in the qualifying populations. To improve the feasibility and maintain the long-term viability of projects with HOME-ARP rental units for qualifying households, the Fund may invest HOME-ARP funds in units that are not restricted for occupancy solely for QPs as described in this section. Specifically, HOME ARP-funded projects must comply with the following requirements:
 - a. **Targeting:** HOME ARP funds can only be invested in units restricted for qualifying households or low-income households as follows:
 - i. Not less than 70 percent of the total number of rental units assisted with HOME-ARP funds must be restricted for occupancy by households that are qualifying households at the time of the household’s initial occupancy; and,
 - ii. Not more than 30 percent of the total number of rental units assisted with HOME ARP funds may be restricted to low-income households. These rental units do not have to be restricted for occupancy by qualifying households, however rental units restricted to low-income households are only permitted in projects that include HOME ARP units for qualifying households.
 - b. **Occupancy Requirements:**
 - i. **Qualifying Households.** Units restricted for occupancy by qualifying households must be occupied by households that meet the definition of a QP at the time of

admission to the HOME ARP unit. A qualifying household after admission retains its eligibility to occupy a HOME ARP rental unit restricted for QPs, irrespective of the qualifying household's changes in income or whether the household continues to meet the definition of a QP. As such, a unit restricted for a qualifying household remains in compliance with the HOME ARP unit restriction as long as the unit is occupied by a qualifying household that met the definition of a QP at the time of admission.

- ii. **Low-Income Households.** At initial occupancy, units restricted for low-income households must be occupied by households that meet the definition of low-income in 24 CFR 92.2. If a tenant's income increases above the applicable low-income limit during the compliance period, the unit will be considered temporarily out of compliance. Noncompliance requires the project owner to take action in accordance with the rent and unit mix requirements in Sections VI.B.15 and VI.B.17 of the Notice, respectively.

Rent Limitations

Rent limitations: Following are the rent limits requirements for HOME ARP units restricted for QPs and for units that may be restricted for low-income households.

- a. Units Restricted for Occupancy by Qualifying Households: In no case can the HOME ARP rents exceed 30% of the adjusted income of a household whose annual income is equal to or less than 50% of the median income for the area, as determined by HUD, with adjustments for number of bedrooms in the unit. HUD publishes the HOME ARP rent limits on an annual basis.

Notwithstanding the foregoing, a unit that receives a Federal or state project-based rental subsidy and is occupied by a qualifying household that pays as a contribution to rent no more than 30 percent of the household's adjusted income, may charge the rent allowable under the Federal or state project-based rental subsidy program (i.e., the tenant rental contribution plus the rental subsidy allowable under that program). If a household receives tenant-based rental assistance, the rent is the rent permissible under the applicable rental assistance program (i.e., the tenant rental contribution plus the rental subsidy allowable under that rental assistance program).

The rent limits for HOME ARP units for qualifying households include the rent plus the utility allowance.

- b. Rent limitations – low-income households: HOME ARP rental units occupied by low-income households must comply with the rent limitations in 24 CFR 92.252(a) (i.e., the lesser of the Fair Market Rent for existing housing for comparable units in the area, as established by HUD, or a rent equal to 30 percent of the income of a family at 65 percent of median income for the area, as determined by HUD, with adjustments

for number of bedrooms in the unit). Notwithstanding the foregoing, when a household receives a form of Federal tenant-based rental assistance (e.g., housing choice vouchers), the rent is the rent permissible under the applicable rental assistance program (i.e., the tenant rental contribution plus the rent subsidy allowable under the rental assistance program). The rent limits for low-income households apply to the rent plus the utility allowance.

- c. Rent limitations – Single Room Occupancy (SRO) Units: A HOME ARP rental project may consist of SRO units. For the purposes of HOME ARP rental, an SRO unit is defined as a unit that is the primary residence of the occupant(s) and must at least contain sanitary facilities but may also contain food preparation facilities. A project’s designation as an SRO cannot be inconsistent with the building’s zoning and building code classification.

If the SRO units have both sanitary *and* food preparation facilities, the maximum HOME ARP rent is based on the zero-bedroom fair market rent. If the SRO unit has only sanitary facilities, the maximum HOME ARP rent is based on 75 percent of the zero-bedroom fair market rent. The rent limits for SRO units must also include the utility allowance established.

- d. Initial Rent Schedule and Utility Allowance: HOME ARP projects will use the utility allowance schedule of the public housing authority whose service area includes the county in which the project is located.

The Fund must review and approve the HOME ARP rents proposed by the owner, subject to the HOME ARP rent limitations. For HOME ARP units where the tenant is paying for utilities and services (e.g., trash collection), the Fund will confirm that the rent for the unit does not exceed the maximum rent minus the monthly allowance for utilities and services.

Initial Rent Schedule and Utility Allowance

The Fund must review and approve the project’s rent schedule annually.

Determining Household Income: All HOME ARP units must be restricted for eligible households (i.e., either qualifying or low-income households) throughout the minimum compliance period. Qualifying households are eligible for admission to HOME ARP rental units solely by meeting the definition of one of the QPs (i.e., HOME ARP does not impose income restrictions on units restricted for QPs). If there is no income requirement in the QP’s definition, an initial determination of household income is not required, except as necessary to determine an affordable rental contribution by the qualifying household or to establish eligibility for another funding source in the unit that imposes income restriction, if applicable. Each subsequent year during the compliance period, starting one year after initial occupancy, the definition of annual income, as defined in 24 CFR 5.609, must be used to examine the income of qualifying households

to determine the household's contribution to rent. For low-income households, the definition of annual income, as defined in 24 CFR 5.609, must be used to examine the household's income at initial occupancy and each subsequent year during the compliance period to determine the household's ongoing income eligibility and applicable rental contribution.

- a. Qualifying populations: For purposes of establishing the qualifying household's rental contribution after initial occupancy, the HOME ARP qualifying household's income using 24 CFR 92.203(a)(1)(i) or (iii), starting one year after initial occupancy must be examined. Each year during the minimum compliance period, the owner must examine the household's annual income in accordance with any one of the options in 24 CFR 92.203(a)(1) as specified by the Fund, if applicable. A project owner who re-examines household income through a statement and certification in accordance with 24 CFR 92.203(a)(1)(ii), must examine the income of each household, in accordance with 24 CFR 92.203(a)(1)(i), every sixth year of the compliance period. Otherwise, the project owner who accepts the household's statement and certification in accordance with 24 CFR 92.203(a)(1)(ii) is not required to examine the household's income unless there is evidence that the household's written statement failed to completely and accurately state information about the household's size or income.
- b. Low-income Households: In accordance with 24 CFR 92.252(h), the income of each low-income household must be determined initially in accordance with 24 CFR 92.203(a)(1)(i), and each year following the initial determination during the minimum compliance period in accordance with any one of the options in 24 CFR 92.203(a)(1) as specified by the Fund, if applicable. An owner who re-examines household income through a statement and certification in accordance with 24 CFR 92.203(a)(1)(ii), must examine the income of each household, in accordance with 24 CFR 92.203(a)(1)(i), every sixth year of the minimum compliance period. Otherwise, an owner who accepts the household's statement and certification in accordance with 24 CFR 92.203(a)(1)(ii) is not required to examine the household's income unless there is evidence that the household's written statement failed to completely and accurately state information about the household's size or income.
- c. Households Assisted by Other Programs: Notwithstanding paragraphs (a) and (b), if a family is applying for or living in a HOME ARP-assisted rental unit, and the unit is assisted by a Federal or State project based rental subsidy then the project owner and the Fund must accept a public housing agency, section 8 project owner, or CoC recipient or subrecipient's determination of the family's annual income and adjusted income under that program's rules and does not need to obtain source documentation in accordance with 24 CFR 92.203(a)(1) or calculate the annual income of the family. If a family is applying for or living in a HOME ARP rental unit, and the family is assisted by a Federal tenant-based rental assistance program (e.g. housing choice vouchers) then the project owner and the Fund may choose to accept the rental assistance provider's determination

of the family's annual and adjusted income under that program's rules without need for review under 24 CFR 92.203(a)(1).

Maintaining Unit Mix: At the time of admission to a HOME ARP rental unit, a household must meet the definition for at least one QP or be determined to be a low-income household, depending on the applicable HOME ARP restriction on the rental unit to which it is being admitted and in accordance with the written agreement.

For HOME ARP rental units restricted for occupancy by QPs, a household that meets the definition of a QP at the time of admission retains its eligibility to occupy a HOME ARP rental unit restricted for occupancy by qualifying populations, irrespective of changes in income or whether the household continues to meet the definition of a QP after initial occupancy. As an example, a household that qualifies as "Homeless" at admission does not meet the Homeless definition once the household occupies a HOME ARP unit but remains a qualifying household and is eligible to remain in a HOME ARP rental unit restricted for qualifying populations. Income determinations for qualifying households are therefore only for purposes of establishing a qualifying household's rental contribution and not for maintaining continued eligibility in the HOME ARP program. In a project with floating units, project owners are encouraged but not required to shift the HOME ARP QP designation to another unit to serve another qualifying household if the household's income subsequently is certified to be at or above 80 percent AMI and the household no longer meets the definition of any QP.

For HOME ARP rental units restricted for occupancy by low-income households, units will be considered temporarily out of compliance if the household's income increases above 80 percent of area median income. The requirements for correcting any noncompliance using vacancies or redesignation of units depends on whether the HOME ARP rental units are fixed or floating and whether other funding sources, if applicable, impose income or other restrictions on the units.

Rent Adjustments

HUD provides HOME ARP income and rent limits on an annual basis. Current income and rent limits are available on the Fund website. Utility allowances will also be reviewed and approved annually. Owners must obtain approval before implementing HOME ARP unit rent increases. Owners shall also provide not less than 30 days' written notice to tenants upon receiving Fund approval for HOME ARP unit rent increases.

F. Environmental Review Requirements

Federally assisted projects are subject to a variety of environmental requirements. Developers should be familiar with these requirements and are strongly encouraged to discuss any questions they have with Fund staff prior to entering into a purchase agreement or submitting an application.

i. All HOME ARP assisted projects shall be implemented in accordance with environmental review regulations as defined in 24 CFR Part 58.

ii. The Fund shall be responsible for conducting the environmental review and completing all necessary public notifications, and the request for release of funds (RROF), as applicable, from HUD. The applicant is responsible for cooperating with the Fund in the environmental review process and providing information necessary for the Fund to fulfill its responsibilities under Part 58 and other applicable regulations.

iii. Submitting an application for HOME ARP funds triggers environmental review requirements under 24 CFR Part 58, including the National Environmental Policy Act (NEPA). Once an application for federal funds is submitted, a project proposal is now subject to the environmental review requirements and requires an environmental clearance and issuance of a Release of Funds (ROF), as applicable, by the U. S. Department of Housing and Urban Development.

iv. Developers are prohibited from undertaking or committing or expending any funds (including non-federal funds) to any physical or choice-limiting actions on the site prior to an environmental clearance as required by Part 58. Physical and choice-limiting actions include, but are not limited to, property acquisition, demolition, movement, rehabilitation, conversion, repair or construction. This prohibition applies regardless of whether federal or non-federal funds are used and taking a choice limiting action prior to completion of the required environmental clearance process will result in the denial of any HOME ARP funds from the Fund.

G. Other Federal Requirements

Nondiscrimination and Equal Opportunity

The following federal nondiscrimination and equal opportunity guidelines apply to all Rental Housing projects and affect both development and operation of assisted housing:

i. The Fair Housing Act (42 U.S.C. 3601-19) and implementing regulations at 24 CFR part 100 et seq.;

ii. Executive Order 11063, as amended by Executive Order 12259 (3 CFR, 1959-1963 Comp., p. 652 and 3 CFR, 1980 Comp., p. 307) (Equal Opportunity in Housing Programs) and implementing regulations at 24 CFR part 107;

iii. Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d-2000d-4) (Nondiscrimination in Federally Assisted Programs) and implementing regulations at 24 CFR part 1;

iv. The Age Discrimination Act of 1975 (42 U.S.C. 6101-6107) and implementing regulations at 24 CFR part 146;

v. Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and implementing regulations at part 8 of this title;

vi. Title II of the Americans with Disabilities Act, 42 U.S.C. 12101 et seq.; 24 CFR part 8; Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) and implementing regulations at 24 CFR part 75;

vii. Executive Order 11246, as amended by Executive Orders 11375, [[Page 41]] 11478, 12086, and 12107 (3 CFR, 1964-1965 Comp., p. 339; 3 CFR, 1966- 1970 Comp., p. 684; 3 CFR, 1966-1970 Comp., p. 803; 3 CFR, 1978 Comp., p. 230; and 3 CFR, 1978 Comp., p. 264, respectively) (Equal Employment Opportunity Programs) and implementing regulations at 41 CFR chapter 60;

viii. Executive Order 11625, as amended by Executive Order 12007 (3 CFR, 1971- 1975 Comp., p. 616 and 3 CFR, 1977 Comp., p. 139) (Minority Business Enterprises); Executive Order 12432 (3 CFR, 1983 Comp., p. 198) (Minority Business Enterprise Development);

ix. Executive Order 12138, as amended by Executive Order 12608 (3 CFR, 1977 Comp., p. 393 and 3 CFR, 1987 Comp., p. 245) (Women's Business Enterprise). The nondiscrimination provisions of Section 282 of the National Affordable Housing Act of 1982; and

x. The Equal Access Rule, 24 CFR 5.105(a)(2), requiring that assisted housing be made available without regard to actual or perceived sexual orientation, gender identity, or marital status.

Uniform Relocation Act (URA)

All Rental Housing projects fall under the requirements of the URA. Applicants must further document that any purchase of property meets the requirements of URA, including provision of notices to the seller identifying the transaction as a voluntary sale not under the threat of eminent domain. To ensure compliance with URA applicants should:

- Consult the Tenant Relocation portion of the RFP application to understand the requirements of URA prior to submitting an application involving an occupied property; and
- Review the Relocation Handbook at [The HOME Investment Partnerships Program | WVHDF](#) for additional information and template notices.

Labor Standards

Labor standards, including Davis-Bacon federal prevailing wage requirements shall apply to all Rental Housing projects with 12 or more units assisted with HOME ARP funds. See [The HOME Investment Partnerships Program | WVHDF](#) for Davis-Bacon forms.

Minority Business Enterprise and Women Business Enterprise (MBE/WBE) Plan

Developers must maintain an MBE/WBE plan that demonstrates marketing and solicitation of MBE/WBE businesses and contractors for the construction of the project. See [The HOME Investment Partnerships Program | WVDHDF](#) for the MBE/WBE Report.

Section 3

To comply with Section 3 regulations, the developer must, to the greatest extent feasible, ensure employment and training opportunities arising in connection with the Section 3 project is provided to Section 3 workers within the metropolitan area (or nonmetropolitan county) in which the project is located [24 CFR 75.19(a)(1)]. See [The HOME Investment Partnerships Program | WVDHDF](#) for Section 3 forms.

Excluded Parties

The Fund will not fund projects owned, developed, or otherwise sponsored by any individual, corporation, or other entity that is suspended, debarred, or otherwise precluded from receiving federal awards. Furthermore, the owner may not contract with any other entity (including but not limited to builders/general contractors, property management companies, or other members of the development team) that are suspended, debarred, or otherwise so precluded. Similarly, the general contractor will be required to determine that subcontractors are not so precluded.

The System for Award Management (SAM) database should be used by applicants to confirm that development team members are not excluded. The SAM database is available at <https://sam.gov/content/home>.

4. Ongoing Project Requirements

A. Project Completion Deadline and Compliance Period

The compliance period will be based on the date of project completion as defined by 24 CFR 92.2 which, among other things, requires that all construction activity be complete, all HOME ARP funds drawn from the U.S. Treasury, and project completion information be entered into HUD's IDIS reporting system. For rental projects, project completion occurs upon completion of construction and before occupancy, and units may be marked vacant in IDIS until complete beneficiary data is received. The Fund requires that all HOME ARP assisted units must be initially leased within twelve (12) months of construction completion, which is noted on the final approved inspection by Fund Technical Services Department. The Owner's failure to meet this twelve (12) month deadline will constitute an event of default pursuant to the HOME ARP Written Agreement. In accordance with the minimum requirements of 24 CFR 92.252(e), rehabilitated and new construction rental projects funded with HOME ARP shall maintain

HOME ARP compliance period requirements for a period of at least 15 years for rehabilitation and new construction projects.

Pursuant to the Notice, if a project-based rental assistance Housing Assistance Payments (HAP) contract is awarded to a HOME ARP rental project, the Fund must impose a minimum compliance period that is the greater of 15 years or the term of the HAP contract. The Fund may also extend restrictions for occupancy of the HOME ARP units in accordance with the requirements of the Notice to match the term of eligible HAP contract renewals.

B. Initial Occupancy Deadlines

In accordance with 24 CFR 92.252, HOME ARP funded rental projects must comply with the following deadlines and requirements as evidenced by occupancy of tenants with a written lease that complies with the requirements of 24 CFR 92.253:

i. Within 6 months from the date of project completion, if a rental unit remains unoccupied, the Owner will provide to the Fund information about current marketing efforts and, if appropriate, an enhanced plan for marketing the unit so that it is leased as quickly as possible.

ii. Within 12 months from the date of project completion, if efforts to market the units are unsuccessful and units remain unoccupied by an eligible tenant, the Fund will require repayment of all HOME ARP funds invested in each vacant unit. A unit that has not served a HOME ARP or low-income household, as applicable, has not met the purposes of the HOME ARP program. Therefore, the costs associated with the unit are ineligible.

Note, the Fund's procedures hold back HOME ARP funds until lease-up of units is achieved and properly reported to the Fund. In practice, this means that "project completion" as defined by HUD will only occur following lease-up. The provisions above, however, will apply if the Fund ever approves the final draw for a project following construction completion but prior to lease-up.

C. Marketing and Leasing

The owner/developer must establish a written tenant selection plan consistent with the requirements of 24 CFR 92.253(d) for HOME ARP.

All HOME ARP funded projects must establish an Affirmative Fair Housing Marketing Plan detailing marketing procedures to attract eligible occupants without regard to race, color, national origin, sex, religion, familial status, disability, or sexual orientation. Affirmative Fair Housing Marketing Plans shall include all required aspects as stated in 24 CFR 92.351(a)(2) for HOME. The Fund will accept affirmative marketing plans using the most recent version of form HUD-935.2A or in another format as may be specified by the Fund from time to time. The HUD form is available at:

<https://www.hud.gov/sites/documents/935-2A.PDF>

Leases between the tenant and owner shall be for one year, unless by mutual agreement between the tenant and the owner. Owners are required to provide 30 days' written notice prior to terminating or refusing to renew the lease. Owners are prohibited from including unfair provisions in HOME ARP project leases. In accordance with the provisions of 24 CFR 92.253 for HOME ARP, the following terms are prohibited from HOME ARP project leases:

- i. agreement to be sued;
- ii. treatment of personal property;
- iii. excusing owner from responsibility;
- iv. waiver of notice;
- v. waiver of legal proceedings;
- vi. waiver of a jury trial;
- vii. waiver of right to appeal court decision;
- viii. tenant chargeable with cost of legal actions regardless of outcome; and

ix. mandatory participation in supportive services (note, transitional housing projects funded with HOME ARP may be permitted to require service participation under limited circumstances; contact Fund staff for more detail).

Finally, projects must comply with the requirements of the Violence Against Women's Act (VAWA) as required by 24 CFR 92.359 for HOME ARP. VAWA provides certain additional tenant protections to applicants and tenants who are victims of domestic violence, sexual assault, and/or stalking. In general, among other requirements owners must provide notices to all tenants of the VAWA provisions, may not deny an application or terminate or refuse to renew a lease as a result of a person's status as a victim or on the basis of criminal activity related to such status, and must allow for the bifurcation of a lease in order to evict the perpetrator of such criminal activity while allowing the victim to maintain occupancy.

In general, the Fund will provide a standard form lease-addendum for use by owners of HOME ARP assisted housing that will provide required tenant protections and eliminate any prohibited provisions from uses otherwise used by owners.

D. Prohibition on Certain Fees to Tenants

Pursuant to 24 CFR 92.214 for HOME ARP, program participants may not charge fees to program beneficiaries to cover administrative costs related to the cost of administering the HOME ARP program. Specifically, rental project owners may not charge tenants fees that are not customarily charged to tenants of rental housing (e.g., laundry room access fees). However, Owners may charge fees approved by the Fund for the following:

- i. Reasonable application fees to prospective tenants;
- ii. Fees or penalties related to the late payment of rent, non-sufficient funds or returned checks, or the like provided such fees are determined by the Fund to be customary for rental housing projects in the area and not excessive;
- iii. Parking fees to tenants only if such fees are customary for rental housing projects in the neighborhood; and
- iv. Fees for optional services such as supportive services for special needs tenants or general services such as bus transportation or meals, as long as the services are voluntary and fees are charged only for services provided.

The Fund will review and approve fee schedules annually to ensure that any fees charged in addition to rent are permissible under the applicable HOME ARP requirements and whether proposed fees are reasonable and customary based on market comparisons.

E. Reporting and Recordkeeping

To allow for effective oversight of funded projects and document compliance with applicable HOME ARP requirements, all projects must submit periodic reports to the Fund. While this section outlines standard reporting requirements, the Fund reserves the right to require additional reporting or to alter the reporting format or frequency based on future changes to HOME ARP requirements or Fund policy. Additionally, the Fund reserves the right to require additional or more frequent reporting for projects with compliance deficiencies.

- i. Owners are required to report quarterly during the development phase and lease-up phase. Quarterly reports will be due on the 15th of the month following the end of the prior quarter (e.g., by April 15th reports on the first quarter are due).
 - During the construction phase, owners must provide monthly reports detailing construction progress and barriers to progress, copies of invoices being paid, and evidence of appropriate lien waivers.
 - During the initial phase of lease-up, the Fund may request owners to provide monthly or quarterly reports detailing the number of additional leases, total project

leases, marketing activity, and monthly income and expenses. Once the owner has leased 100% of the units, leasing and marketing reporting will be required annually.

ii. Annual Reports shall be required for all HOME ARP projects, and shall include an Annual Occupancy Report, utility allowance documentation, and examples of marketing materials.

iii. The Fund may require more frequent reporting due to findings identified during annual monitoring or findings identified during quarterly reports submitted during the development and lease-up phases.

iv. All HOME ARP projects shall be required to submit annual budgets to the Fund for review and approval. Additionally, all projects will be required to submit an audit prepared by an independent Certified Public Accountant within 180 days of the end of its fiscal year. For small projects where the cost of a project-specific audit is deemed by the Fund to be burdensome, the Fund may accept a statement of financial condition with prior approval by the manager of Asset Management.

v. Owners and developers shall allow the Fund, HUD, State of West Virginia, the Comptroller General of the United States (aka the GAO), and all other pertinent federal or State agencies or their designated representative the right to inspect records and property.

vi. Owners must annually submit any updates to their Tenant Selection Plan and Affirmative Fair Housing Marketing Plan and must maintain records of annual efforts to affirmatively further fair housing in accordance with 24 CFR 92.351 for HOME ARP. Updates must clearly detail all changes.

vii. Owners must annually report to the Fund on compliance with the provisions of the Violence Against Women Act (VAWA) as applied through 24 CFR 92.359 for HOME ARP including records related to any emergency transfer requests and their disposition.

viii. The Fund may periodically require owners to obtain a capital needs assessment prepared by an independent third-party architect, engineer, or other qualified firm approved by the Fund. Such capital needs assessments shall be used for the purposes of determining the adequacy of the Replacement Reserve, taking into account its existing balance, planned deposits, and anticipated future capital replacement costs for the Project.

If the capital needs assessment indicates the Replacement Reserve is not sufficient to address anticipated capital costs during the compliance period, the owner must, at the Fund's option, either make an additional deposit or increase its annual deposits sufficient to meet any underfunding. If an additional deposit is required by the Fund, the owner (or the Guarantors) must replenish the Replacement Reserve Account within six months.

F. Conflict of Interest

To comply with HOME ARP requirements and to maintain a high standard of accountability to the public, conflicts of interest and perceived conflicts of interest must be avoided.

i. Owners shall maintain compliance with all HUD conflict of interest provisions as stated in 24 CFR 92.356 for HOME ARP.

ii. Developers and owners with employees, family members, consultants, or agents that are otherwise eligible to occupy HOME ARP funded units must receive approval from the Fund before entering into a lease with HOME ARP eligible employees, family members, consultants, or agents. 24 CFR 92.356(f) provisions apply to all HOME ARP.

5. Structure of Transaction

A. Loan Types and Terms

The Fund will provide HOME ARP funds in the form of a loan to the entity that owns the property. No grants will be awarded, and funding commitments are not transferable without prior written Fund approval.

The Fund's HOME ARP loan is intended as construction/permanent financing. Proceeds of the HOME ARP loan will only be released in conjunction with approved monthly construction draws and/or submission of invoices for approved soft costs and satisfaction of all requirements outlined below.

Generally, the Fund's underwriting for the HOME ARP loan will:

- i. Have a term of 15 years based on the compliance period for the project;
- iii. Be repayable in full upon sale, refinancing, or transfer of the property or upon maturity, whichever occurs first; and
- iv. Secured with a Deed of Trust, promissory note, and appropriate UCC liens. The Deed of Trust will be recorded in the appropriate county and generally may be subordinate only to an amortizing permanent first mortgage and a temporary bank construction loan, all of which must be approved by the Fund, if applicable.

Generally, the Fund will offer the following potential repayment structures:

- i. For projects without senior amortizing loans, HOME ARP will be structured as an amortizing loan with a term equal to the compliance period. Based upon the Fund's underwriting evaluation, payments may be based on a longer amortization period with a balloon payment due at maturity if a project cannot be expected to fully amortize the loan; or

ii. For projects with senior amortizing loans, HOME ARP will be structured as fully amortizing, partially amortizing, and/or a cash flow contingent loan typically payable from cash flow. Projects unable to fully amortize the HOME ARP loan during the loan term will have a minimum 50% cash flow payment unless otherwise approved by the Fund. If a project cannot be expected to fully amortize the loan, terms may include a balloon payment due at maturity.

B. Reserves and Cash Flow Distributions

To preserve the ongoing viability of projects, the Fund will require the establishment and maintenance of various reserves. In general, reserves will be held by the Fund and must remain in place so long as the project's HOME ARP loan is outstanding or for the duration of the compliance period, whichever is longer. Reserves will include:

- i. An operating reserve intended to protect against unexpected operating deficits;
- ii. For projects where the Fund's underwriting anticipates operating deficits for the HOME ARP units during the compliance period, at the Fund's sole discretion and subject to availability of HOME ARP funds, HOME ARP funds may fund an operating cost assistance reserve to address the operating deficits of the HOME ARP units restricted for qualifying households during the compliance period.
- iii. A replacement reserve intended to fund future capital and rehabilitation needs. Initial reserve deposit requirements are noted in the underwriting standards below, and the Fund may modify reserve requirements during the compliance period based on periodic capital needs assessments.
- iv. At the Fund's option, a preservation reserve account may be created and funded with annual deposits equal to 50% of surplus cash (i.e., cash flow). The preservation reserve is intended to assist in the future preservation, refinancing, or repayment of the HOME ARP transaction.
- v. As may be required based on specific or unique project features, additional specialty reserves may be required, such as for tenant services, abnormal security costs, etc.

If applicable, the Fund must also approve any distributions of surplus cash, which among other items, will require that all reserves be fully funded, the project be in compliance with all federal requirements, the project not be in default, and that the project retain sufficient liquidity following the distribution.

C. Guarantees

Unless otherwise determined by the Fund, all underlying individuals, corporate entities, partnerships, or limited liability companies with an interest in the project's ownership entity will be required to provide the following guarantees:

- i. Continuing Guaranty including provisions guaranteeing construction completion of the project.
- ii. Performance and Repayment Guaranty including provisions guaranteeing environmental compliance and compliance with HOME ARP guidelines.
- iii. Replacement Reserve Guaranty to ensure annual deposits to a Replacement Reserve for the project in an amount consistent with the loan documents and/or covenant running with the land.

Guarantees shall be joint and several and must remain in effect throughout the compliance period.

D. Declaration of Land Use and Restrictive Covenants

Each HOME ARP funded project must maintain Land Use and Restrictive Covenants enforcing HOME ARP and Fund guidelines, as applicable. The Land Use and Restrictive Covenants will be separately recorded and will remain in place for the compliance period even if the HOME ARP loan is prepaid. The following guidelines must be enforced through Land Use and Restrictive Covenants:

- i. Owner will be owner in fee simple of the property;
- ii. Property is not subject to additional liens or encumbrances that the Fund has not agreed to;
- iii. The Fund must approve any transfer of the property, and such approval will be in the Fund's sole discretion;
- iv. Provisions to enforce ongoing requirements for project compliance through the HOME ARP compliance period, including:
 - The length of the compliance period;
 - Income and rent restrictions on HOME ARP and low-income units, as applicable;
 - Property standards to be enforced;
 - Marketing and leasing requirements; and
 - Recordkeeping and reporting requirements.

In the event the Fund's HOME ARP loan is subordinate to other debt, the HOME ARP-covenant must be recorded senior to all liens and encumbrances associated with the project financing, including any loans senior to the Fund's HOME ARP loan, and structured to survive any foreclosure by a senior lien.

E. Written Agreement

In addition to any financing documents, owners of HOME ARP financed projects must sign a HOME ARP Written Agreement with the Fund. The Written Agreement will identify requirements for compliance with the HOME ARP regulations, and the Fund's Rental Housing Program requirements and will remain in effect in the event of any prepayment of the HOME ARP loan.

6. Underwriting & Subsidy Layering Reviews

Please see the *HOME ARP Underwriting and Subsidy Layering Guidelines for Rental and NCS Projects* for more information.

A. Project Underwriting

All HOME ARP project applications must include an assessment of the current market demand for the proposed project.

- For HOME-ARP units for qualifying households, a market assessment is not required. Rather, the developer can demonstrate there is unmet need among qualifying populations for the type of housing proposed through a gap analysis, CoC data, public housing and affordable housing waiting lists, point-in-time surveys, housing inventory count, or other relevant data on the need for permanent housing for the qualifying population(s).
- For projects containing four or less units restricted for occupancy by low-income households: Submit a market assessment documenting the demand for the additional rental housing in the location proposed, the supply of rental housing, and other pertinent information such as the location of employment opportunities and schools. If your organization maintains a waiting list of individuals interested in leasing a unit from your organization, indicate how many families are on the waiting list. Explain the marketing plan and indicate who will be responsible for marketing and leasing the units.
- For projects containing five or more units restricted for occupancy by low-income households, the owner/developer must submit a professionally prepared market assessment in accordance with the Fund's Market Study Acceptance Checklist.
- All market assessments, at a minimum, must include: an analysis of local market trends, a clear definition of the market area from which the renters can reasonably be expected to be drawn, and an analysis of the demand, supply, and competition.
- All market assessments must be dated no greater than six months prior to the RFP submission date and data sources must be clearly defined.

All HOME ARP project applications must include the three most recent audited financial statements (if unavailable, then the three most recent tax returns, company prepared statements, and/or personal financial statements) of the developer(s), ownership entity, guarantors, and project, if applicable, and will be subject to the Fund's evaluation of fiscal soundness as required by 24 CFR 92.250(b)(2).

Generally, project underwriting will also include:

i. Vacancy factor of at least 5% for projects where all units are supported by a project-based rental assistance contract with a term equal to or in excess of the compliance period (e.g., project-based Section 8), and at least 7% for all other projects, unless the market study indicates another vacancy factor is needed.

ii. Fund staff will use a maximum 2% inflation factor for all sources of income.

iii. All operating expenses will be underwritten with an inflation factor of at least 3%.

iv. All HOME ARP projects must maintain an acceptable Debt Coverage Ratio (DCR) for the compliance period. Properties with excessive DCRs may have rent increases reduced or denied.

v. Proposals must include justification of operating costs that includes a comparison to similar projects in the local market. Whenever possible, comparable properties should be operated by the proposed management company.

vi. Unless otherwise approved by the Fund, the operating budget must include a minimum deposit of \$350 per unit per year for the Replacement Reserve, and it must be funded and maintained for the full compliance period and reflected in the operating expenses for the full 15 year projection of expenses. Replacement Reserve deposits will be inflated at 3% annually.

vii. If required by the Fund, projects must include a capitalized operating reserve equal to six (6) months of underwritten operating expenses, amortizing debt service, and required reserve deposits. If drawn, the operating reserve must be replenished prior to distributions of cash flow. The operating reserve is intended to protect against unplanned operating deficits. If the Fund's underwriting projections anticipate deficits within the applicable compliance period, an operating deficit reserve must be capitalized as well.

viii. Applicant must provide the amounts and terms for the construction financing, permanent financing, and if applicable, owner equity information. Unless otherwise approved by the Fund, amortizing permanent financing that will be senior to the Fund's HOME ARP loan may not mature prior to the expiration of the HOME ARP compliance period.

B. Proforma Requirements

The Fund requires submission of a project proforma in a format provided by the Fund.

If not otherwise itemized, applicants must be able to separate the hard costs of any stand-alone accessory buildings, including leasing offices, community buildings, laundry facilities, free-standing garages or carports, or maintenance buildings; they should be specifically itemized in the Development Sources and Uses so that the Fund can complete preliminary HOME ARP cost allocation calculations.

Costs and fees are to be paid to the Fund as permitted by the HOME ARP program. The HOME ARP program allows the Fund to include, as project costs, its internal soft costs specifically attributable to the project. These may include consulting, legal, inspection, and staff costs associated with reviewing, processing, and monitoring award of funds to a project. Applicants must include allowances for the Fund's project-related soft costs, the amount for which will be published in the annual RFP.

Similarly, applicants must include, as part of the operating budget, an allowance for the Fund's ongoing monitoring fees as specified in the annual RFP.

C. Cost Limitations

All project costs must be reasonable and necessary whether directly paid with HOME ARP funding or another source. The Fund reserves the right to review any line-item cost to ensure that total project costs are not excessive. Additionally, HOME ARP projects will be subject to the following specific cost limitations:

i. The developer fee is calculated based upon project type activity (acquisition, rehabilitation, and/or new construction), and presence of identity of interest. The developer fee schedule is included in the *HOME ARP Underwriting and Subsidy Layering Guidelines for Rental and NCS Projects*.

ii. Maximum allowable builder General Requirements, Overhead, and Profit are 6%/2%/6%, respectively. The builder line item percentages are calculated on the construction contract price which cannot include construction contingency. If the Fund's Inspector approves a Change Order for use of construction contingency, the same percentages for builder line items apply.

iii. The Fund does not permit a contingency to be included within a property's construction estimate or construction contract, unless such contingency is required in writing by HUD, another governmental agency, or an independent third party.

iv. The acquisition line item on the project budget may only reflect the lesser of the actual acquisition purchase price or the current as-is market value as supported by an independent third-party appraisal, prepared by a state-licensed appraiser.

D. Other Public Funding Sources

Owners must disclose all other firm commitments for funding with the initial HOME ARP Rental Housing RFP to the Fund at the time of application and upon receiving any additional commitments of funding. The Fund will conduct a subsidy layering review as part of the underwriting process for any project that includes other sources. Using its underwriting criteria, the Fund will assess the project and may require changes to the transaction to ensure that cash flows to the owner/developer are not excessive. Changes may include a reduction in HOME ARP funds awarded, reductions in the rents being charged to tenants, requirements that excess (surplus) cash is deposited to a reserve account or increases in annual payments on the HOME ARP loan.

The Fund will consider adjusting its underwriting in consultation with other funders, if applicable, to the project. The Fund retains, at its sole discretion, the power to decide whether to accept alternative standards.

E. Lender Title Insurance

Lender title insurance is required for projects that have received a commitment of HOME ARP funding.

7. Construction Process

A. Fund Construction Inspections

The Fund will provide HOME ARP funds in the form of construction and/or permanent financing only. The Fund must be provided with the G-702/703 and supporting documentation and Developer/Owner must provide reasonable notice of any changes to scheduled monthly draw inspections during the construction period. Fund staff will participate in all draw reviews and conduct inspections to ensure that the project is progressing, and that work completed is consistent with all applicable HOME ARP requirements.

B. Davis-Bacon

When Davis-Bacon applies to a project (for projects with 12 or more HOME ARP assisted units), the Fund must be provided with compliance documentation throughout the construction period, even when HOME ARP is provided as a permanent loan following the completion of construction. Prior to commencing construction, the Fund must approve current wage determinations applicable to the project. The contractor will be required to provide weekly

payroll forms to the Fund and allow access to the site and workers for the purpose of completing worker interviews.

The Fund will accept Form WH-347 or similar internal forms from the contractor. Form WH-347 and instructions for completing it may be accessed at <https://www.dol.gov/whd/forms/wh347instr.htm>.

C. Drawing Funds

The Fund's HOME ARP Loan is intended as construction and/or permanent financing. Proceeds of the HOME ARP loan will only be released as reimbursement for eligible project costs.

A. Conditions of Construction Draws: Proceeds of the HOME ARP loan will only be released to Owner for actually incurred HOME ARP eligible project costs. The obligation of the Fund to approve any draw or to make any disbursement of HOME ARP funds is subject to the satisfaction of the following conditions at the time of making such disbursement.

- i. Draws will not be processed if the Owner is in default.
- ii. The Project shall not have been materially damaged by fire or other casualty.
- iii. The Fund shall have received evidence satisfactory to the Fund that all work and improvements requiring inspection by any governmental authority having jurisdiction have been inspected and approved by such authorities and by any other persons or entities having the right to inspect and approve construction.
- iv. Owner shall have submitted at least five (5) days prior to the date a disbursement is desired a completed disbursement request using AIA G-702 (Contractor's Application for Payment) and G-703 (Continuation) forms and such other appropriate source documentation as may be required by the Fund including, without limitation, the following:
 - a. Current Contractor Tracking Form and lien waivers, which are to be dated no less than five (5) days precedent to the date of the requested disbursement.
 - b. Evidence satisfactory to the Fund that the Project and the contemplated use thereof are permitted by and comply with all applicable uses or other restrictions and requirements in prior conveyances, zoning ordinances, or regulations that have been duly approved by the municipal or other governmental authorities having jurisdiction; that the required building permits and other permits have been obtained as required; and that no environmental impact statement is required or that such environmental impact statement has been properly filed and approved.
 - c. Appropriate certifications of compliance in all respects with labor standards and prevailing wage requirements applicable under federal law.

- d. Such other supporting evidence as may be requested by the Fund or its agents to substantiate all payments which are to be made out of the relevant disbursement and/or to substantiate all payments then made with respect to the Project.
- e. The Fund shall have determined that all HOME ARP requirements pertaining to the disbursement of funds have been met, including, but not limited to, the monitoring of Davis-Bacon compliance, as applicable.
- f. The Fund shall have received a current inspection report from a Fund inspector that verifies satisfactory completion of work to HOME ARP standards.
- g. The Fund shall have received a current/updated title endorsement and/or lien waivers.
- h. No determination shall have been made by the Fund that the undisbursed amount of the loan is less than the amount received to pay all costs and expenses of any kind that reasonably may be anticipated in connection with the completion of the Project.

B. Conditions of Final Disbursement: In addition to the requirements set forth above, the Fund shall require the following prior to the final disbursement of funds, the request for which shall not be submitted before completion of the Project, including all landscape requirements and offsite utilities and streets and correction of defects in workmanship and/or materials.

i. A certificate of occupancy, if applicable, a certificate of substantial completion, if applicable, the builder's warranty, and a final approved construction report from the Fund's Technical Services Department for the Project.

ii. Identification of the designated street address of the Project, including as applicable the street addresses assigned for the leasing office and each residential structure and the specific unit designations (e.g., unit number or lettering such as #12 or Apartment B-3) for all HOME ARP units.

iii. Evidence satisfactory to the Fund that the Project has been completed lien free and substantially in accordance with the plans and specifications.

iv. Review and final settlement of the cost certification.

v. Such other supporting evidence as may be requested by the Fund or its agent to substantiate all payments which are to be made out of the final disbursement and/or to substantiate all payments then made with respect to the Project.

vi. Lease-up of all HOME ARP designated units, submission of tenant data necessary to complete the Project in HUD's IDIS system, and the Fund's approval of income determinations for HOME ARP assisted tenants.

vii. A determination by the Fund that all HOME ARP requirements pertaining to the initial development of the Project have been met, including but not limited to, the monitoring of Davis-Bacon compliance, as applicable.

C. Limitation on Draw Requests

i. In all cases, Owner may not request disbursement of HOME ARP funds until funds are needed for the payment of eligible costs, and all disbursement requests must be limited to the amount needed at the time of the request.

ii. No disbursements for materials stored will be made by the Fund unless Owner shall advise the Fund of its intention to store materials prior to their delivery. The propriety of disbursements for materials stored shall be determined at the Fund's sole discretion.

iii. If all or a portion of the developer's fee is not budgeted to be paid with HOME ARP funds, 10% of total HOME ARP funds will be held as retainage until submission and approval of all items in Section B above.

D. **Project Closeout**

Owners are required to submit demographic data at least up for all HOME ARP funded units. Data shall include elderly status, race, gender, female head of household, number of household members, and percent of area median income. In addition, prior approval is required of all Leases and Tenant Income Certifications for all HOME ARP assisted units. Owners must be aware that the compliance period does not begin for HOME ARP funded units until all project costs are processed, all demographic data is verified by Fund staff, and the project is entered as completed in the HUD Integrated Disbursement and Information System (IDIS).

8. **Long-Term Monitoring**

Following project closeout, the Fund will monitor the project for ongoing compliance with HOME ARP requirements, including, but not limited to, income and rent restrictions, property standards, tenant protections, and marketing and fair housing requirements. In addition to requiring periodic reporting as outlined in Section 4.E. above, the Fund will conduct on-site monitoring visits as required by HOME ARP regulations at 24 CFR 92.504(d)(1). The purpose of these visits will include, at minimum, reviews of project records and inspection of the premises including common areas and residential units.

The Fund may conduct such reviews annually. However, the Fund reserves the right to conduct site visits more or less frequently based on changes to HOME ARP regulations, Fund policy, or based on evidence of compliance deficiencies in a prior monitoring visit.