



Community Development Division

HOME Investment Partnerships Program

Homebuyer Assistance Qualification Package Guidelines

DOCCDD@mt.gov

<https://comdev.mt.gov/Programs/HOME>

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APPLICATION GUIDELINES FOR THE HOME INVESTMENT PARTNERSHIPS PROGRAM HOMEBUYER ASSISTANCE PROGRAM

I. Introduction

With its annual funding allocation from the U.S. Department of Housing and Urban Development's (HUD) HOME Investment Partnerships Program (HOME), the State of Montana (State) Department of Commerce (Commerce), Community Development Division (CDD), supports the rehabilitation, new construction, and acquisition of affordable rental housing as well as the new construction of single-family housing for homeownership and down payment assistance for homebuyers. CDD's efforts serve households with low, very low, and extremely low incomes¹, particularly the homeless, disabled, elderly, and other disadvantaged populations. HOME was created under Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990 with implementing regulations at 24 CFR Part 92.

The HOME Program is intended to maintain and expand the supply of decent, safe, sanitary, and affordable housing. The HOME Program requires income targeting and can serve households at or below 80% area median income (AMI). While HOME-assisted rental properties further target very low-income households at or below 50% AMI and households at or below 60% AMI, homebuyer programs do not have that requirement.

A portion of Commerce's HOME funds will be used as gap financing to support homebuyer assistance programs in Montana. HOME funds may be used to provide down payment and closing costs assistance for Montanans to purchase housing that must be affordable to households at or below 80% AMI. In exchange for funds, grantees agree to terms and conditions set forth by Federal and State authorities. Upon investment of HOME funds, grantees agree to comply with recapture or resale provisions, occupancy requirements and periodic reporting to CDD to ensure compliance during the applicable period of affordability (POA).

Commerce will outline in its Annual Action Plan the allocation of HOME funds for homebuyer assistance programs. HOME funds for homebuyer assistance are to be used in conjunction with other mortgage financing that meets HUD requirements to ensure homebuyers are prepared for sustainable homeownership without being over-subsidized.

This document presents the requirements for homebuyer assistance programs financed with HOME funds. For information on using HOME, Housing Trust Fund (HTF) or Community Development Block Grant (CDBG) funds for other types of housing programs, please contact CDD staff.

HUD distributes HOME funds to Commerce, which awards grants to eligible grantees in accordance with the Montana Consolidated Plan and most recent version of Commerce's Annual Action Plan. These guidelines establish the process for obtaining HOME funds and are available at <https://comdev.mt.gov/Programs/HOME>. The HOME application guidelines, grant administration manuals, and other relevant information and resources are available on the CDD website at <https://comdev.mt.gov/Programs/HOME>. Interested persons may also e-mail CDD staff at DOCCDD@mt.gov or call (406) 841-2770, Montana Relay Service at (406) 841-2702, or 711 with questions about the HOME Program.

¹ HUD defines low-income households as those with incomes below 80% of the Area Median Income (AMI); very low-income as below 50% AMI; and extremely low-income as below 30% AMI.

CDD will review applications and make recommendations to the Commerce Director, who will make the final qualification determination. As previously outlined, Commerce's allocation for homebuyer assistance programs is specified in its current Annual Action Plan. Commerce will commit portions of that allocation to qualified Grantees, which may access these funds by executing two-year contracts with Commerce. Grantees must expend any HOME program income prior to drawing additional HOME funds. If, at the end of the contract term, a Grantee has not used its full allocation, Commerce will redeploy those funds to other HOME-eligible activities. In the event homebuyer assistance funds are oversubscribed, preference will be provided to homebuyers in non-entitlement communities.

II. Eligible Applicants

Local governments and non-profit organizations (including CHDOs) are eligible applicants to undertake homebuyer assistance programs using HOME funds.

III. Eligible Projects

HOME funds may be used to provide down payment and closing cost assistance to first time homebuyers with household incomes below 80% AMI. Grantees managing a homebuyer assistance (HBA) program must ensure the assistance is provided to income-eligible households to purchase modest housing following conservative underwriting and responsible lending standards. HUD's published income limits and home purchase price limits are available at the following links:

<https://www.hudexchange.info/programs/home/home-income-limits/>
<https://www.hudexchange.info/resource/2312/home-maximum-purchase-price-after-rehab-value/>

Grantees indicate in their Commerce-approved Management Plan the maximum HOME assistance available for a single household for homebuyer's assistance. Not all buyers will qualify for the maximum assistance.

Ineligible Project Activities

HOME HBA funds cannot be used to finance the purchase of substandard homes, whether stick-built or manufactured. HOME funds may not be used in conjunction with predatory first mortgages, or for homes in need of repair. Homes that do not meet Uniform Physical Condition Standards (UPCS) may not be financed with HOME funds.

IV. Other Considerations

Period of Affordability

During the applicable period of affordability (POA), the grantee will need to provide certification that the homebuyer continues to occupy their home as their primary residence. If ownership changes within the POA, the grantee will need to enforce its recapture or resale provisions according to their Commerce-approved Management Plan and report the results to Commerce on a quarterly basis.

The length of the POA depends on the amount of funds invested with the homebuyer as follows:

Length	HOME
5 Years	Homebuyer Assistance <\$15,000 Per Home
10 Years	Homebuyer Assistance \$15,000-\$40,000 Per Home
15 Years	Homebuyer Assistance >\$40,000 Per Home

Underwriting

Assisted homebuyers should have good credit and qualify for competitive, high-quality lending products on par with those offered to unassisted buyers in the local market. Buyers who can only qualify for subprime loans are not only less likely to sustain homeownership but also require larger subsidies, reducing the impact of Commerce’s HOME Program.

Assisted buyers should also make reasonable and meaningful contributions to their home purchase in terms of both up-front investments and monthly payment without being overburdened by their monthly payment or left without cash reserves after closing. HOME assistance should not be used to artificially reduce buyers’ payments, particularly when limitations to a buyer’s ability to qualify for a loan are the result of excessive consumer debt.

Assisted homebuyers should be able to obtain a loan whose monthly payment (i.e. front end ratio) and total debt burden (i.e. back end ratio) comply with the Grantee’s Management Plan. Generally accepted ratios fall within 28% and 33% for housing ratio and up to 42% for total debt ratio. More specifically, homebuyers are expected to spend at least 28% of their monthly gross income on their housing, defined as principal, interest, taxes and insurance (PITI).

To help prevent future foreclosures and to protect CDD’s financial investment in assisted homes, subordination of HOME-funded liens to future refinancing by assisted buyers will be outlined in the grantee’s Commerce-approved Management Plan and will only be considered under limited circumstances. Grantees may implement more stringent policies and must stipulate them in their Management Plan for CDD approval.

Match

A 5% match is required for the use of HOME funds. Match must come in the form of a permanent contribution to affordable housing. For HBA programs, the following are typical examples of eligible sources of matching funds:

- Proceeds from bond financing (e.g., Montana Board of Housing loans);
- The cost of homebuyer counseling to families purchasing HOME-assisted units;
- Cash from sources other than the homebuyer (e.g., Home\$tart grants);
- Value of foregone interest, taxes, fees, or charges levied by public or private entities;
- Present value of interest savings from below market rate loans.

Investments from state and local governments or the private sector likely qualify as match, whereas federal funds do not. Owner equity does not qualify as match.

Manufactured Housing

If HOME funds assist manufactured housing, the home must be secured by a foundation system capable

of transferring all design loads to the ground and which meets the requirements of 24 CFR Part 3280. In addition, all units must have an affixed certification label that certifies conformance with the Federal Manufactured Home and Safety Standards.

HOME HBA cannot be used to purchase substandard manufactured housing. If the replacement of substandard manufactured housing is a need in the communities you serve, please contact CDD about the availability of CDBG Housing Stabilization Program (HSP) funds.

Housing Counselling

In order to be assisted with HBA funds, each prospective homebuyer must complete a HUD-certified housing counseling course within the past year. Documentation certifying the completion of the course is required prior to investment of HOME funds.

Environmental Requirements

Projects financed with HOME funds must meet the environmental requirements and adhere to the environmental review process specified at 24 CFR Parts 50 and 58.

Part 58 specifically states that down payment and closing cost assistance is considered a categorically excluded activity, not subject to 24 CFR 58.5. However, certain site-specific regulations apply to all HOME activities, and such environmental review must be completed for each property assisted. As a result, an environmental certifying officer will need to be designated during the startup process, who will be responsible for ensuring that assisted properties are compliant with environmental provisions pertaining to floodplain management and airport hazards.

Lead-Based Paint

HOME units must meet HUD standards for lead-based paint (LBP) mitigation. For units built before 1978, grantees must provide proper notice to homebuyers, which includes distributing the *Protect Your Family from Lead in Your Home* brochure. Homebuyers must sign the *Disclosure of Information on Lead Based Paint* form to acknowledge receipt of information pertaining to LBP.

Uniform Relocation Act (URA): Voluntary Acquisition/Right to Withdraw

In order to comply with HOME URA requirements, prior to the acquisition of a property with HOME funds, the seller must be informed that a HOME-assisted purchase is voluntary in nature without any threat of eminent domain, and that the seller is entitled to a fair-market valuation. Ideally, a Voluntary Acquisition notice will be provided to the seller prior to the signing of a buy-sell; however, a right to withdraw must be provided to and signed by the seller prior to closing if the buyer did not receive the Voluntary Acquisition prior to the buy-sell.

In addition, the property to be acquired with HOME HBA funds cannot have been rented within the six months prior to sale.

Conflict of Interest

No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest. Grantees with a potential or actual conflict of interest must disclose that to Commerce to coordinate efforts to inform the public and to ensure proper steps are taken to address the conflict.

Public Participation Process

To receive HOME funds, applicants for grants must carry out citizen participation in a manner that complies with the current Montana Consolidated Plan. Commerce encourages applicants to engage with their stakeholders, e.g. community organizations, the public, housing partners, lenders, and current or potential homebuyers through informal meetings or planning sessions that make information available, inform the public of the proposed activity, and otherwise contribute to a meaningful citizen participation process. Applicants should retain documentation, including posters, agendas, sign in sheets, presentations materials and handouts, photos, and survey responses resulting from or generated for such meetings and sessions.

V. Administrative Procedures and Requirements

For HOME projects, the grantee will comply with the HOME Investment Partnerships Act at Title II of the Cranston-Gonzalez National Affordable Housing Act, as amended, 42 U.S.C. 12701 et seq.; 24 CFR Part 92; 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; any applicable state and federal laws, regulations, administrative directives and procedures, as now in effect or as may be amended during the contract; all administrative directives and procedures that may be established or amended by Commerce for the HOME Program, including the most current version of Commerce’s HOME Application Guidelines and current HOME Grant Administration Manual; the Montana Consolidated Plan; and all other applicable local, state, and federal laws, regulations, administrative directives, procedures, ordinances, or resolutions.

VI. Application Submission

HOME Program applicants must submit one electronic copy of the full HOME application, as described below.

Applicants will preferably submit the electronic copy of the full HOME application through the State File Transfer Service at <https://transfer.mt.gov>, but may submit by CD, DVD, or compressed file by email. To use the file transfer service, create an account in the transfer service, upload the files, and email the transfer to DOCCDD@mt.gov. Please include the name of the applicant and ‘HOME’ in files uploaded to the transfer service.

A complete HOME application must include the following sections, as applicable.

- 1. Table of Contents**
- 2. a. Certification for Application to the HOME Program (Appendix A)**
b. Resolution to Authorize Submission of a HOME Application (Appendix B)
- 3. a. Organizational Capacity (Appendix C)**
b. Management Plan

Appendix A:

HOME Certification for Application

MONTANA HOME CERTIFICATION FOR APPLICATION



The Applicant hereby certifies that:

It will comply with all requirements established by the Montana Department of Commerce (Commerce) and applicable state laws, regulations, and administrative procedures and all Montana HOME Investment Partnerships Program (HOME) program requirements.

It will comply with the terms, conditions, selection criteria, and procedures established by the HOME program and expressly waives any statutory or common law right it may have to challenge the legitimacy and propriety of these terms, conditions, criteria, and procedures in the event that it is not selected for an award of HOME funds.

It acknowledges and understands that specific statutory and regulatory requirements apply to and restrict the Applicant's actions before and after an award for HOME funds is made.

National Objective

It will complete a project that expands the supply of decent, safe, sanitary, and affordable housing, with primary attention to rental housing for very low-income and low-income households.

State Objectives

It will complete project activities that meet one or more of the goals and objectives established in the most current version of the Montana Consolidated Plan.

ACQUISITION, DISPLACEMENT AND RELOCATION

It will minimize displacement as a result of acquisition, rehabilitation, or demolition activities assisted with HOME funds. It will comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, (URA), the implementing regulations 49 CFR part 24, and 24 CFR §92.353. The Applicant will provide uniform, fair, and equitable treatment of persons who are displaced in connection with project activities or whose real property is acquired.

- The URA and accompanying regulations require the Applicant to provide relocation payments and offer relocation assistance to all persons displaced as a result of acquisition of real property for an activity assisted under the HOME program. Such payments and assistance must be provided in a fair and consistent and equitable manner that ensures that the relocation process does not result in a different or separate treatment of such persons on account of race, color, religion, national origin, sex, source of income, age, handicap, or familial status (families with children). The Applicant must ensure that, within a reasonable period of time prior to displacement, decent, safe and sanitary replacement dwellings will be available to all displaced families and individuals and that the range of choices available to such persons will not vary on account of their race, color, religion, national origin, sex, source of income, age, handicap, or familial status (families with children); and
- The Applicant must also inform affected persons of their rights and of the acquisition policies

and procedures set forth in the regulations of 49 CFR part 24, Subpart B, and found in the applicable local government's Anti-displacement and Relocation Assistance Plan.

- The Applicant must comply with the Residential Anti-displacement and Relocation Assistance Plan adopted by the Montana Department of Commerce for the HOME program and the Anti-displacement and Relocation Assistance Plan adopted by the Applicant.

Building Standards

The Applicant will require every building or facility (other than a privately owned residential structure) designed, constructed, or altered with funds provided under the HOME program to comply with the standards outlined in this application.

The Applicant will also comply with the accessibility requirements of 24 CFR part 8 and 28 CFR parts 35 and 36, and the Fair Housing Act (42 U.S.C. 3601-3619) as applicable. The applicant will be responsible for conducting inspections to ensure compliance with these specifications by the contractor.

Citizen Participation

The Applicant will comply with the detailed Citizen Participation Plan adopted by Commerce for the HOME program.

CIVIL RIGHTS, EQUAL OPPORTUNITY, FAIR HOUSING REQUIREMENTS

Civil Rights

The Applicant will comply with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d-2000d-4), and the regulations issued pursuant thereto (24 CFR part 1), which provides that no person in the United States shall on the grounds of race, color, or national origin, be excluded from participation in, be denied in the benefits of, or be otherwise subjected to discrimination under any program or activity for which the applicant received Federal financial assistance and will immediately take any measures necessary to effectuate this assurance. If any real property or structure thereon is provided or improved with the aid of Federal financial assistance extended to the applicant, this assurance shall obligate the applicant, or in the case of any transfer of such property, any transferee, for the period during which the real property or structure is used for a purpose for which the Federal financial assistance is extended, or for another purpose involving the provision of similar services or benefits.

Equal Opportunity

The Applicant will comply with 24 CFR part 5, subpart A including the following:

- 24 CFR part 107, which provides prohibits discrimination against individuals on the basis 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 in part with federal funds;
- The Age Discrimination Act of 1975, as amended (42 U.S.C. 6101 et seq.). The act provides that no person shall be excluded from participation, denied program benefits or subjected to

discrimination on the basis of age under any program or activity receiving federal funding assistance;

- Section 504 of the Rehabilitation Act of 1973, amended (29 U.S.C. 794) (24 CFR part 8). The act provides that no otherwise qualified individual shall, solely, by reason of his or her disability, be excluded from participation (including employment), denied program benefits or subjected to discrimination under any program or activity receiving federal assistance funds;
- Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) (24 CFR Part 135). Section 3 of the Housing and Urban Development Act of 1968 requires, in connection with the planning and carrying out of any project assisted under the Act, to the greatest extent feasible, opportunities for training and employment be given to lower-income persons residing within the unit of local government or the non-metropolitan county in which the project is located, and contracts for work in connection with the project be awarded to eligible business concerns which are located in, or owned in substantial part, by persons residing in the project area. The Applicant must assure good faith efforts toward compliance with the statutory directive of Section 3; and
- Executive Order 11246, as amended by Executive Orders 11375 and 12086, and the regulations issued pursuant thereto (24 CFR Part 130 and 41 CFR Chapter 60) prohibit a HOME Applicant and subcontractors, if any, from discriminating against any employee or applicant for employment because of race, color, religion, sex or national origin. The Applicant and subcontractors, if any, must take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex or national origin. Such action must include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rate of pay or other forms of compensation; and selection for training, including apprenticeship. The Applicant and subcontractors must post in conspicuous places, available to employees and applicants for employment, notices to be provided setting for the provisions of this nondiscrimination clause. For contracts over \$10,000 the Applicant or subcontractors will send to each applicable labor union a notice of the above requirements, the Applicant and subcontractors will comply with relevant rules, regulations and orders of the U.S. Secretary of Labor. The Applicant or subcontractors must make their books and records available to State and federal officials for purposes of investigation to ascertain compliance.

Fair Housing

The Applicant will affirmatively further fair housing and will comply with:

- Title VIII of the Civil Rights Act of 1968 (also known as The Fair Housing Act) (42 U.S.C. 3601 et seq.), as amended by the Fair Housing Amendments Act of 1988 and the regulations issued pursuant thereto. The law states that it is the policy of the United States prohibiting any person from discriminating in the sale or rental of housing, the financing of housing, or the provision of brokerage services, including in any way making unavailable or denying a dwelling to any person, because of race, color, religion, sex, national origin, disability, or familial status. HOME Applicants must also administer programs and activities relating to housing and community development in a manner that affirmatively promotes fair housing and furthers the purposes of Title VIII; and

- Executive Order 11063, as amended by Executive Order 12259, requires HOME grantees to take all actions necessary and appropriate to prevent discrimination because of race, color, religion, creed, sex, or national origin; in the sale, leasing, rental and other disposition of residential property and related facilities (including land to be developed for residential use); or in the use or occupancy thereof if such property and related facilities are, among other things, provided in whole or in part with the aid of loans, advances, grants or contributions from the federal government.

Prohibition Against Discrimination on Basis of Religion

The Applicant will comply with section 109(a) of the Housing and Community Development Act that prohibits discrimination on the basis of religion or religious affiliation. No person will be excluded from participation in, denied the benefit of, or be subjected to discrimination under any program or activity funded in whole or in part with HOME funds on the basis of his or her religion or religious affiliation.

Prohibition Against Excessive Force [Applicants other than towns, cities and counties may remove this paragraph]

The Applicant will, if awarded HOME funds, adopt and enforce a policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in nonviolent civil rights demonstrations in accordance with Section 104(1) of the Housing and Community Development Act, as amended.

ADA Compliance

The Applicant will do a self-assessment of impediments to accessibility in compliance with the Americans with Disabilities Act (ADA) of 1990 (42 U.S.C. 12131-12189). The Applicant is required to find a means of making HOME program activities and services accessible to persons with disabilities; to review their communities for impediments to disabled citizens; and develop a plan to address those impediments.

CONFLICT OF INTEREST

The Applicant will comply with the provisions of 2 CFR 200.318 or 24 CFR 93.353 as applicable and with sections 2-2-125, 2-2-201, 7-3-4367, 7-5-2106, and 7-5-4109, MCA, (as applicable) regarding the avoidance of conflict of interest.

ENVIRONMENTAL REQUIREMENTS

Environmental Impact

The Applicant certifies that all project activities will be carried out in accordance with the provisions of the National Environmental Policy Act of 1969 (NEPA) (42 USC 4321) and implementing regulations of 24 CFR part 58. The Applicant certifies that the proposed project will not significantly impact the environmental regulations and must fulfill its obligations to give public notice of environmental findings and compliance performance.

The Applicant certifies that it understands that neither a HOME grant grantee nor any participant in the

development process, including public or private nonprofit or for-profit entities, or any of their contractors, may commit HUD assistance under the HOME or CDBG programs on an activity or project until Commerce has approved the Applicant's Request for Release of Funds and the related certification has been approved.

Furthermore, the Applicant certifies that neither it nor any participant in the development process will commit non-HUD funds on or undertake an activity or project under the HOME program if the activity or project would have an adverse environmental impact or limit the choice of reasonable alternatives.

The specific requirements for historic preservation, archaeological resources, farmland, airport zones, Coastal Barrier Resource System, coastal zone management, floodplains, wetlands, explosives and hazards, contamination, noise, endangered species, wild and scenic rivers, safe drinking water, and sole source aquifers; and

When a local government is a HOME grantee, its chief executive officer or other officer of the applicant approved by the state:

1. consents to assume the status of responsible federal official under the National Environmental Policy Act of 1969 (NEPA) and other provisions of federal law, which further the purposes of NEPA, insofar as the provisions of such federal law apply to the HOME program; and
2. is authorized and consents on behalf of the applicant and her/himself to accept the jurisdiction of the Federal courts for the purpose of enforcement of his responsibilities as such an official.

Air Quality

It will comply with the Clean Air Act (42 U.S.C. 7401, et seq.) which prohibits engaging in, supporting in any way or providing financial assistance for, licensing or permitting, or approving any activity which does not conform to the state implementation plan for national primary and secondary ambient air quality standards.

Farmlands Protection

The Applicant will comply with the Farmlands Protection Policy Act of 1981 (7 U.S.C. 4202, et seq. and 7 CFR 658) and activities must not result in the conversion of unique, prime, or statewide or locally significant agricultural properties to urban uses.

Floodplain Management and Wetlands Protection

The Applicant must comply with Executive Order 11988, 24 CFR part 55, Flood Disaster Protection Act of 1973 and National Flood Insurance Reform Act of 1994 (42 USC 4001-4128, 42 USC 5154a), Executive Order 11990, particularly sections 2 and 5 and must:

- Avoid construction and other activities in the 100-year floodplain when practicable and if no practicable alternative is available to construction or other activities within the 100-year floodplain, then the structure must be elevated to at least the base flood elevation or flood

proofed to one foot above the base flood elevation.

- Not conduct activities in a floodway or any new construction critical action in a 100- or 500-year floodplain.
- Not conduct activities that adversely affect wetlands. Wetlands mean areas that are inundated by surface or ground water with a frequency sufficient to support, and under normal circumstances, does or would support a prevalence of vegetative or aquatic life that requires saturated or seasonally saturated soil conditions for growth and reproduction.

Historic Preservation

The Applicant will comply with:

Section 106 of the National Historic Preservation Act of 1966 (16 U.S.C. 470, as amended) through completion of the procedures outlined in 36 CFR 800 and 36 CFR 63. Project activities must not be performed on properties that are either listed in or determined eligible for listing in the National Register of Historic Places. Compliance with these procedures should include:

1. consulting with the State Historic Preservation Office (SHPO) to identify properties listed in or eligible for inclusion in the National Register of Historic Places that exist with a proposed HOME project's area of potential environmental impact, and/or to determine the need for professional archaeological, historical, or architectural inventory of potentially affected properties to determine whether they would qualify for register listing; and
2. consulting, with the SHPO and THPO, Keeper of the National Register of Historic Places, and the Advisory Council on Historic Preservation to evaluate the significance of historic or prehistoric properties which could be affected by HOME work and to determine how to avoid or mitigate adverse effects to significant properties from project work.

Lead-Based Paint

The Applicant will comply with current requirements of Title X of the Residential Lead Based Paint Hazard Reduction Act of 1992. The Applicant will comply with the requirements found in section 24 CFR part 35. Both Commerce and DPHHS provide education and information on LBP hazards to parents, families, healthcare providers, grant recipients, and contractors. Commerce requires that any contractor or subcontractor engaged in renovation, repair and paint activities that disturb lead-based paint in homes, child and care facilities built before 1978 must be certified and follow specific work practices to prevent lead contamination. In addition to complying with Title X, UPCS inspections will be performed at rental properties assisted with HOME, Section 8, and other public rental properties throughout the state.

Noise, Facility Siting

The Applicant will comply with the Noise Control Act of 1972, as amended by the Quiet communities Act of 1978, and 40 CFR part 149.

The Applicant will conduct all activities in a manner to ensure internal noise levels are no more than 45 decibels and external noise levels are no more than 65 decibels.

Water Quality

The Applicant will use only lead-free pipes, solder, and flux for projects with a potable water system and will avoid sites and activities that have the potential to contaminate sole source aquifer areas. If the project overlies a sole source aquifer area, the Environmental Protection Agency (EPA) review the project.

The Applicant will comply with:

- the Safe Drinking Water Act of 1974 (42 U.S.C. Section 201, 300(f) et seq. and U.S.C. Section 349), as amended, particularly Section 1424(e) (42 U.S.C. Section 300H-303(e)) which is intended to protect underground sources of water. No commitment for federal financial assistance can be entered into for any project which the U.S. Environmental Protection Agency determines may contaminate an aquifer which is the sole or principal drinking water source for an area; and
- the Federal Water Pollution Control Act of 1972, as amended, including the Clear Water Act of 1977, Public Law 92-212 (33 U.S.C. Section 1251, et seq.) which provides for the restoration and maintenance of the chemical, physical and biological integrity of the nation's water.

Wildlife and Endangered Species

The Applicant will comply with:

- the Endangered Species Act of 1973, as amended (16 U.S.C. 1531 et seq.). The intent of this Act is to ensure that all federally assisted projects seek to preserve endangered or threatened species. Federally authorized and funded projects must not jeopardize the continued existence of endangered and threatened species or result in the destruction or modification of habitat of such species which is determined by the U.S. Department of the Interior, after consultation with the state, to be critical; and
- the Fish and Wildlife Coordination Act of 1958, as amended, (U.S.C. 661 et seq.) which requires that wildlife conservation receives equal consideration and is coordinated with other features of water resource development programs.

Wild and Scenic Rivers

The Applicant will comply with the Wild and Scenic Rivers Act of 1968, as amended (16 U.S.C. 1271, et seq.). The purpose of this Act is to preserve selected rivers or sections of rivers in their free-flowing condition, to protect the water quality of such rivers and to fulfill other vital national conservation goals. Federal assistance by loan, grant, license or other mechanism may not be provided to water resources construction projects that would have a direct and adverse effect on any river included or designated for study or inclusion in the National Wild and Scenic River System.

Airport Hazards

The Applicant will comply with 24 CFR part 51, subpart D.

Contamination and Toxic Substances and Explosive and Flammable Hazards

The Applicant will comply with 24 CFR part 58.5(i)(2) and 24 CFR part 51, subpart C.

FINANCIAL MANAGEMENT

The Applicant will comply with the applicable requirements of:

- 2 CFR part 200. It will maintain a financial management system that includes records to document compliance with Federal and State laws and regulations and the terms and conditions of the HOME program. The records must be sufficient to allow for the preparation of reports required by general and program-specific terms and conditions and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to Federal statutes and program requirements.
- 24 CFR part 93, subpart I. It will comply with the program administration requirements relating to the following: disbursement of funds, program income, uniform administrative requirements, cost principles, audits, recordkeeping, property management, and performance reports.

The Applicant will promptly refund to Commerce any HOME funds determined by an audit to have been spent in an unauthorized or improper manner or for ineligible activities.

The Applicant will give Commerce, the Montana Legislative Auditor, HUD, and the Comptroller General, through any authorized representatives, access to and the right to examine all records, books, papers, or documents related to the grant.

Labor Standards

The Applicant will comply with:

- State regulations regarding the administration and enforcement of labor standards. Montana's prevailing wage law applies to contracts entered into for construction services or non-construction services let by a county or municipality in which the total cost of the contract is \$25,000 or more. It requires that bidders on contracts pay a set rate of compensation, including employee benefits, and that at least 50% of the employees of each contractor working on the jobs be bona fide Montana residents;
- Davis-Bacon Act, as amended (40 USC 3141). For projects with 12 or more HOME-assisted units, the Act mandates that all laborers and mechanics be paid unconditionally and not less often than once a week, and without subsequent deduction or rebate on any account except "permissible" salary deductions, the full amounts due at the time of payments, computed wage rates not less than those contained in the wage determination issued by the US Department of Labor. Weekly compliance statements and payrolls are required to be submitted to the federally funded grantee by the contractor;
- Contract Work Hours and Safety Standards Act (40 U.S.C. 327 et seq.). According to the Act, no

contract work may involve or require laborers or mechanics to work in excess of eight hours in a calendar day, or in excess of 40 hours in a work week, unless compensation of not less than one and one-half times the basic rate is paid for the overtime hours. If this Act is violated, the contractor or subcontractor is liable to any affected employee for unpaid damages as well as to the United States for liquidated damages; and

- Federal Fair Labor Standards Act, (29 U.S.C.S. 201 et seq.). The act requires that covered employees be paid at least the minimum prescribed wage, and also that they be paid one and one-half times their basic wage rate for all hours worked in excess of the prescribed workweek.

Legal Authority

The Applicant possesses legal authority to apply for the grant and to execute the proposed project under Montana law and, if selected to receive a HOME grant, will make all efforts necessary to assure timely and effective implementation of the project activities described in the submitted application.

Lobbying

The Applicant certifies that:

- No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, 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 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 Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influencing an officer or employee or any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
- The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. 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.

Political Activity

It will comply with the Hatch Act (5 U.S.C. 1501, et seq.; 5 CFR Part 151), which restricts the political activity of individuals principally employed by a state, municipality, or local agency in connection with a

program financed in whole or in part by federal loans or grants. An affected employee may not be a candidate for public office in a partisan election.

Procurement

All services will be procured in a manner that provides fair and unbiased, full and open competition, without conflicts of interest in accordance with 24 CFR 92.356 and 2 CFR 200.

APPLICANT:

Signed: _____

Name: _____

Title: _____

Date: _____

DUNS Number: _____

EIN Number: _____

EIN Number: _____



Appendix B:
Resolution to Authorize Submission of a
HOME Application

Resolution Authorizing Submission of HOME Application

WHEREAS, the (Name of applicant) is applying to the Montana Department of Commerce for financial assistance from the HOME Investment Partnerships Program (HOME) to (describe purpose of project);

WHEREAS, the (Name of applicant) has the legal jurisdiction and authority to construct, finance, operate, and maintain (the proposed housing);

That the (Name of applicant) agrees to comply with all applicable parts of Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990, as amended, which have not been cited herein, as well as with other applicable federal laws and regulations, and all State laws and regulations and the requirements described in the HOME Application Guidelines and HOME Project Administration Manual;

That the (Name of applicant) commits to provide the amount of non-HOME funds as proposed in the HOME application; and

That (name of Chief Elected or Executive Officer), (title), is authorized to submit this application to the Montana Department of Commerce, [on behalf of (name of applicant), to act on its behalf and] to provide such additional information as may be required.

Signed: _____

Name: _____

Title: _____

Date: _____

Attested: _____

Applicant's Federal Tax ID Number: _____

Applicant's DUNS Number: _____

Note concerning the DUNS Number requirement:

The requirement that the applicant's DUNS (Data Universal Numbering System) Number must be provided by all applicants is a compliance requirement of the Federal Funding Accountability and Transparency Act of 2006.

Additionally, entities receiving HOME funds must be registered in the federal System for Awards Management (SAM). Debarred entities may not receive HOME funds.

Appendix C: Qualification Package

Organizational Capacity

Commerce will consider an applicant's capacity to implement a homebuyer assistance program in compliance with state and federal obligations and requirements.

1. Demonstrate and document organizational capacity to coordinate and fulfill programmatic requirements including qualifying homebuyers, completing site-specific environmental reviews and inspections, executing legal documents, ensuring ongoing homebuyer occupancy and program income management.
2. Document the applicant's experience in meeting timely obligation of funds and completing activities in a timely manner.
3. Describe any contracted services necessary to carry out the homebuyer assistance program.
4. Describe how past performance managing previous HOME, HTF and CDBG programs, including compliance with on-going POA requirements, demonstrates the capacity to administer a homebuyer assistance program.
5. After providing homebuyer assistance, the Grantee has ongoing responsibilities during the POA. Describe and document either organizational or procured capacity and experience of all professionals that will be assigned to manage, operate, and meet regulatory period-of-affordability requirements of the proposed homebuyer program. Those requirements include verification of occupancy and program income management.
6. Describe the oversight role to be played by the organizations' board and/or loan committee.

Management Plan

All applicants must prepare and submit a draft Management Plan. The Management Plan must establish how the applicant will allocate responsibility for complying with HOME Program requirements, including but not limited to the proper financial management of HOME funds, review of contracts and requests for reimbursement, underwriting standards, other federal and state requirements, and completion of environmental review. In all cases, grantees must maintain effective control over and accountability for all funds.

Ensure the Management Plan addresses the following items:

A. PROJECT OVERVIEW

1. Project Description
 - a. Provide a brief description of the project, including the target population.
 - b. Describe the Grantee service area boundaries. Be specific about the geographical area being served.
 - c. Specify whether the Grantee will contract for some grant administration services. If contracting for any services, briefly identify/describe what those service areas are.

2. Certifications, Plans, Policies and Resolutions
 - a. Provide copies of the following resolutions/policies passed/implemented by the Grantee:
 - Hatch Act Resolution (for local governments only)
 - Equal Employment Opportunity (EEO)/Nondiscrimination Policy
 - Drug Free Workplace Policy
 - Fair Housing Resolution
 - Section 504 and ADA Compliance Procedures
 - b. Indicate where Equal Opportunity and Fair Housing Posters are displayed at the grantee's workplace.
 - c. Identify who will be responsible for monitoring/enforcing non-discrimination, equal housing and civil rights rules.
 - d. Identify who will be responsible for monitoring/enforcing Equal Employment Opportunity (EEO) rules.

B. GRANT MANAGEMENT AND ORGANIZATIONAL STRUCTURE

1. Management Team

- a. Describe the roles and responsibilities the Grantee's governing body (for example, city council, board of commissioners, board of directors, etc.) will have in managing the grant.
- b. Describe how the Loan Review Committee is structured. Identify the members and describe the Board's duties, roles and responsibilities.
- c. Identify the Grantee's Attorney and describe his/her duties and responsibilities as it relates to this program activity.
- d. Identify who will be responsible for submitting homebuyer set-up forms, completion forms, and supporting documentation.
- e. Include the titles of key persons. Identify who will be responsible for grant management of homebuyer activities.
- f. Identify who will be responsible for maintaining project files and where project files will be maintained.

2. Other Requirements

- a. Conflict of interest - Identify who will be responsible for identifying and resolving conflicts of interest. Please include titles of key persons.
- b. In addition to Montana Board of Housing loans, please identify other anticipated eligible sources of match.

3. Environmental Requirements

- a. Identify who will conduct the environmental review and produce the Environmental Review Record (ERR).
- b. Identify who will be responsible for addressing flood plain requirements.
- c. Lead-based Paint
 - Identify who is responsible for notification and disclosure requirements, distributing appropriate brochures to homebuyers, and disclosing any know presence of lead-based paint to prospective homebuyers. Please include the names and titles of key persons.
 - Identify who will be responsible for conducting visual inspections of any pre-1978 housing to be purchased. Include the names and titles of key persons.

4. Financial Management

- a. Identify who will be responsible for completing and submitting the Payment Request and all supporting documentation.
- b. Describe the procedures that will be followed for reviewing and approving expenditures, requesting funds, receiving HOME funds, and processing payments.
- c. Explain the role, if any, that the Grantee's governing body (for example, city council, board of commissioners, board of directors, etc.) will play in approving expenditures for the HOME program.
- d. Identify and provide a brief description of the accounting and management system that will be used to track HOME funds.
- e. Identify who will be responsible for maintaining the required financial records.

C. MANAGEMENT OF HOME PROGRAM ACTIVITIES

1. Marketing Strategy

- a. Describe the target population including who will use the program - i.e., first time homebuyers, elderly, disabled persons, public housing residents, or existing renters.
- b. Describe the methods the Grantee intends to use to reach its target market, including the efforts that will be made to reach homebuyers throughout the service area and those least likely to apply, i.e., using ads in local papers, holding an open house, or distributing flyers at social service agencies and/or employers.
- c. Describe how the Grantee will accommodate populations with special needs (e.g., persons with disabilities and their families, families with children, persons with Limited English Proficiency, etc.)
- d. Describe the indicators to be used to measure the success of the marketing program.
- e. If the Grantee will market its program to lenders and realtors, describe how the Grantee will accomplish this.

2. Lender Participation - Describe the nature and form of involvement by lenders, (i.e. if the lender will refer the homebuyer to the program, explain)

3. Homebuyer Workshops and Counseling

- a. Please provide information on the available homebuyer education classes in the jurisdictional area(s) that potential homebuyers will be able to access in order to meet the required HOME Program homebuyer education requirements. Include the location, name of the presenters, the number of course hours, and the frequency of the course.
- b. Describe the Grantee's plan for providing credit repair and budget management for those households not yet able to qualify for mortgage financing. Identify how these services will be provided, including linkages with other agencies.
- c. If the Grantee will provide ongoing counseling services during the period of affordability, describe how this will occur.
- d. Describe the Grantee's policy on foreclosure prevention training and how it will be implemented to prevent possible defaults.

4. Homebuyer Intake and Selection

- a. Describe the procedures and mechanisms for participant intake and selection, including how the Grantee will prioritize participants in the program, e.g., on a first-come first-served basis; based on inquiry date, on receipt of completed application, etc.

- i. Identify where applications will be available and how completed applications will be submitted.
 - ii. Identify how applications are received, e.g., on a rolling basis or on a specific deadline(s).
 - iii. If priority is given to lower income households or to households in specific, targeted areas, and/or populations, explain.
 - b. Which definition of income will be used for qualifying homebuyers (NOTE: The Grantee may not “mix” income definitions and must use the same definition for all applicants):
 - i. Section 8 definition (24 CFR Part 5) for annual (gross) income
 - ii. IRS definition of adjusted gross income as defined for reporting on the current
 - c. Please provide the name and title of the key person who will be responsible for: 1) verifying employment and securing source documents to calculate applicant’s income; 2) determining income eligibility of applicant; and 3) ensuring income has been verified within six months of the closing date.
 - d. Identify the name and title of the key person responsible for ensuring the purchase price of the home is below HUD’s maximum purchase price limits, is appropriate, modest, non-luxury housing, and is also at or below the appraised value?
 - e. Identify the name and title of the key person who will be responsible for maintaining accurate files and records for each applicant (including those who are not assisted), which include names, addresses, and racial and ethnic characteristics, and reasons for denial, if applicable.
 - f. Briefly describe and include a copy of the Grantee’s grievance procedure for denied applicants.
5. HOME Subsidy
- a. What type of HOME subsidy will be provided? (Down payment and closing costs, gap financing)
 - b. Define the terms of the HOME subsidy to be provided (for example, 15 year, 0% interest deferred loan)
 - c. Identify the minimum amount of HOME subsidy per home that the Grantee will provide.
 - d. Identify the maximum HOME subsidy per home that the Grantee will provide.
 - i. In certain, limited circumstances the Grantee may allow exceptions to the maximum subsidy limit it established for the HOME funds. If the Grantee will allow exceptions to its subsidy limit, under what circumstances will the Grantee consider an exception? Please describe, explain and justify that policy.
 - ii. Who has final approval authority for such exceptions?
6. Recapture or Resale Provisions
- a. The Grantee must enforce either resale or recapture provisions to comply with period of affordability requirements. Organizations that ensure the property will remain affordable to future homebuyers (e.g., Habitat for Humanity, Community Land Trusts) must use the resale option. Organizations that will recapture funds in the event the assisted homebuyer sells the home, must use the recapture option. Please describe the Grantee’s resale or recapture provisions.
 - b. Please describe the recapture/resale legal enforcement documents that will be used.

7. Program Implementation and Management
- a. The assisted property must meet Universal Property Conditions Standards (UPCS).
 - i. Identify who will be responsible for conducting the inspection, ensuring the home passes the inspection, and is completed prior to closing.
 - ii. If Grantee staff will conduct the UPCS inspections, include titles of key staff.
 - iii. If the UPCS inspections will be contracted out, identify who the Grantee will contract with. Include a copy of the contract as an attachment to this plan and the inspector's credentials.
 - b. How will the amount of HOME funds that will be used for down payment and closing costs be determined? Please use the HOME program Mortgage analysis worksheet provided by CDD. Identify the title of the key person who will make the determination.
 - c. What is the maximum amount of HOME subsidy available to each buyer?
 - i. Define the maximum loan to value ratio.
 - ii. If there is a minimum loan to value to ensure that applicants are not over-subsidized, please describe it here.
 - iii. Detail the debt ratios that will be used:
 1. Front-end minimum: _____
 2. Front-end maximum: _____
 3. Back-end maximum: _____
 - iv. Under what special circumstances, if any, will an exception be approved to reduce or raise the front end ratio?
 - v. What other exceptions, if any, might be used in underwriting to qualify an applicant? Please describe.
 - vi. Who will have the authority to approve exceptions?
 - vii. How will the Grantee document that all assisted homebuyers contribute a minimum of 1% of the first mortgage amount? What will the minimum contribution consist of (cash, earnest money, cost of appraisal)?
 - d. Briefly describe the processes from receipt of application to loan closing that the Grantee will use for each homebuyer.
 - e. Indicate whether the Grantee will allow any type of refinancing. See note below regarding continued HOME Program requirements if the HOME loan is fully paid before expiration of the period of affordability.
 - f. Describe how a deed restriction will be used to ensure HOME requirements are followed.

8. Manufactured Homes

- a. Describe/explain how the Grantee will ensure and document the manufactured home meets or exceeds the standards established by the Manufactured Home Construction and Safety Standards Act (e.g., photographs of the manufactured house and the manufacturer's certification, copy of inspection report certified by the Certified Mobile Home Inspector, etc.)
- b. Describe how the Grantee will ensure and document the manufactured home is connected to permanent utility hook-ups (e.g., letter(s) from appropriate city and/or county officials, utility companies, etc.)
- c. Describe how the Grantee will document that the land on which the manufactured home is located either located on land owned, or will be owned, by the manufactured housing owner or the manufactured housing owner has, or will have, a lease for a

period at least equal to the applicable period of affordability (e.g., copy of deed, long-term lease, etc.)

- d. Describe how the Grantee will ensure the manufactured home is on a foundation that it meets the prospective first lender's requirement and that it meets the Department of Revenue's definition of qualifying as real property
 - e. Describe how the Grantee will document that the manufactured home is classified as real property before HOME assistance is provided.
9. Ongoing Compliance Plan and Period of Affordability
- a. Describe how the Grantee will track each HOME-assisted home during the period of affordability and the status in the program.
 - b. Explain how the Grantee will annually verify that the property continues to be owner-occupied and used as the owner's principal residence. Describe the corrective action plan if the property does not continue to be owner occupied and/or is not used as the owner's principle residence.
 - c. Indicate how the Grantee will verify the home has not been sold during the previous 12 months.
 - d. If the home has been sold, describe how the Grantee will ensure proper resale or recapture provisions are followed.
 - e. Identify who will be responsible for completing and submitting the Annual Certification for Homebuyer Assistance Projects.
 - f. Identify who will be responsible for submitting quarterly program income reports.

Program Income Plan

Each applicant must submit a program income/recaptured funds plan that addresses the following:

1. Describe scenarios that will create program income/recaptured funds for the program.
2. Describe in detail how program income/recaptured funds will be tracked.
3. Explain how the standards for financial management systems of 24 CFR 200, including controls for the receipt and expenditure of program income and/or recaptured funds, will be met.
4. Identify who will be responsible for tracking program income/recaptured funds and what tools will be used to track program income/recaptured funds. Include examples of reports or other tools that will be used.
5. Describe the HOME-eligible activities for which the program income/recaptured funds will be used.
6. Describe the Applicant's plan for tracking where those funds are used, the length of the period of affordability, and reporting requirements.
7. Identify who will be responsible for submitting quarterly income reports to the HOME program.