



NSP2

Operations Manual

2010–2013

Sandra Ross Johnson, Executive Director

Olivette Simpson, NSP2 Administrator

Johanna Conyer, Finance Director

Angela Goode, NSP2 Coordinator

Sulena Robinson–Rivera, Project Manager

Dwaine Williams, Project Manager

Donna Helmes, Project Manager

Stanley Witkowski, Housing Coordinator

Tina Morales, City Housing Services

CAMDEN REDEVELOPMENT AGENCY

NSP2 OPERATIONS MANUAL

I.	Funding	2
II.	Federal Regulations	2
	NSP2 Regulations and Federal Requirements	2
	Environmental Review.....	2
	Appraisal and Acquisition.....	3
	Labor Standards	4
	Davis Bacon.....	4
	Section 3.....	4
	Lead-Based Paint.....	5
	Fair Housing, Equal Opportunity and Civil Rights	5
III.	Program Administration.....	6
	Program Period and Expenditure	6
	Funds and Grant Management.....	6
	Payment	6
	Final Payment/Close-out	6
	Audit Requirements	7
	Award Amendments	7
	Grant Extensions.....	7
	Expenditure of Funds: Performance Requirements.....	8
	Recapture and Re-allocation of Funds	8
	Reporting.....	8
	Monitoring and Auditing	9
	Program Income.....	9
IV.	Eligible NSP2 Costs: Administration, Production and Activity Delivery	9
	Eligible and Ineligible Activities	9
	Administration	10
	Production, Activity Delivery or Soft Costs	10
	Production Costs	11
	Feasible and Infeasible Projects.....	11
	Activity Delivery Staffing Costs.....	12
V.	NSP2 Consortium Partnerships	14
	Program Status Meetings	14
VI.	Activity Description: Residential Rehabilitation & Development	15
	Serves Households up to 120% Area Median Income.....	15
	Meets 25% Low-income Set-aside Requirement.....	16
	Homebuyer Guidelines	17
	Recommended Subsidy Limits & Fees.....	18
	Rental Guidelines	20
	Underwriting Criteria.....	20
VII.	Activity Description: Demolition and/or Land Banking	21
	Guidelines	21
	NSP2 Lien Requirements	23
VIII.	Glossary	24

I. FUNDING

Under the American Reinvestment and Recovery Act of 2009 (ARRA), Congress established the Neighborhood Stabilization Program 2 (NSP2) to stabilize neighborhoods whose viability is negatively affected by properties that have been foreclosed upon and abandoned. NSP2 provides grants to states, local governments, nonprofits and a consortium of public and or private nonprofit entities on a competitive basis.

The Camden NSP2 Consortium received \$11,926,890. CRA, as lead applicant, nine consortium partners, and developers solicited via Requests for Proposal (RFPs) will work together to remove blight and address vacancy and foreclosures, and reposition neighborhoods in targeted NSP2-eligible Census Tracts. Under the NSP 2 grant, \$10,734,198 is allocated to place properties back in productive use and \$1,192,689 in administrative funds for CRA.

CRA will allocate grants to Consortium Members per each consortium member's Funding Agreement. CDBG Program rules apply to administrative funds. Please see your Funding Agreement for details related to amounts for administration and production funds.

II. FEDERAL REGULATIONS

Award recipients implementing the Camden NSP2 Consortium must follow the Community Development Block Grant (CDBG) Program rules and regulations, unless stated otherwise in the May 4, 2009 of the Federal Register Notice [Docket No. FR-5321-N-01] regarding Title XII of Division A of the American Recovery and Reinvestment Act of 2009 (ARRA) and any other correction notices and updates published by HUD.

The notices are posted at:

<http://www.hud.gov/offices/cpd/communitydevelopment/programs/neighborhoodspg/arrafactsheet.cfm>.

NSP2 Regulations and Federal Requirements

Because NSP2 follows CDBG program rules and regulations, unless stated otherwise in the NSP2 Notice, CRA, Consortium Members and other grantees must comply with the Federal Requirements that govern CDBG. Federal requirements include:

- National Objectives
- Environmental Review
- Appraisals and Acquisition
- Labor Standards
- Lead Policy
- Fair Housing, Equal Opportunity and Civil/Human Rights

Environmental Review

NSP 2 Grantees must complete an environmental review record for each NSP 2 funded project, which will be submitted to HUD for review and approval. The environmental review record process for NSP2 projects follows the existing guidance outlined at 24 CFR Part 50 for Private Nonprofit recipients of NSP2 Grants. As outlined in 24 Part 50, HUD must document that all projects and activities funded by its programs, which in this case is the NSP 2 program, comply with National Environmental Policy (NEPA) and related Federal laws and authorities. The regulation directs HUD to reject any proposal that have significant adverse environmental impacts. As soon as the project environmental review has been completed and approved by HUD, CRA will be advised, in writing, that it may proceed to commit and expend project funds. The authorization may include any mitigation measures, conditions, and/or safeguards that must be incorporated into the project design and completion. Environmental review guidance and check lists may be found at:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/environment/review

Appraisal and Acquisition

Eligible properties must meet the definition of abandoned or foreclosed as defined by NSP in the April 9, 2010 Notice in the Federal Register. A copy of this notice can be found at http://hudnsphelp.info/media/resources/FedRegister_NSPDefinitionChange.pdf.

Occupied properties are ineligible for CRA NSP2 funds.

Appraisals are required on acquisitions of foreclosed upon properties valued over \$25,000, using NSP2 funds and must be completed within 60 days from the date of the final offer. A local grantee may submit an offer to purchase contingent upon completion of an appraisal and/or environmental review.

Appraisals must meet CDBG guidelines, and acquisitions must be voluntary. Appraisal guidance is found at: http://www.hud.gov/offices/cpd/communitydevelopment/programs/neighborhoodspg/docs/appraisal_guidance.doc.

1. Foreclosed properties with values less than \$25,000 do not require an appraisal. Instead, a written market valuation is required that is based on a review of available data and is made by a person qualified to make the valuation.
2. Non-foreclosed properties may be acquired with NSP2 funds without an appraisal. However, the local grantee must maintain documentation (such as a property valuation) that shows the price paid is reasonable under OMB Cost Principles.
3. When acquiring vacant property, Consortium Members or developers shall verify property was (1) vacant through "Notice of Eviction" by lender, utility shut off or transfer, and/or physical inspection by local grantee and (2) not occupied by "bona fide" tenant through lender certification at the time of foreclosure. Adequate documentation for "bona fide" tenant is as follows:
 - A certification that only the former mortgagor and/or immediate family occupied the property at the time of the notice of foreclosure;
 - A certification of compliance with the NSP tenant protections (or the inapplicability of the tenant protections) from the initial successor in interest.
 - Copies of the tenant's lease and any notice to vacate from the ISII (describe ISII) to substantiate compliance; Copies of tenant notification must also be compliant w/ NJ Foreclosure Fairness Act (Legislation can be found at http://www.njleg.state.nj.us/2008/Bills/A4500/4063_S1.HTM).
 - Where a tenancy existed without a written lease or at will, information on the tenancy and any notice to vacate from the ISII (describe ISII) to substantiate compliance.
4. Local grantees or program partners shall purchase foreclosure property at a discount of at least 1% from current market value, based on an appraisal as outlined above in #1.
5. Consortium Members or developers shall only acquire property through voluntary acquisition. Uniform Relocation Act Voluntary Acquisition Form must be signed to document that the use of eminent domain was not involved for private to public transactions. Public to public transactions are exempt.
6. Local grantees are not required to meet the requirements of One-for-One Replacement of low and moderate-income dwelling units demolished or converted in connection with activities assisted with NSP2 funds.

Labor Standards

Davis-Bacon

Federal Davis-Bacon Wage Rates apply to laborers and mechanics employed by contractors or subcontractors in the performance of construction work financed in whole or in part with NSP2 funds in contracts for construction or rehabilitation of residential property for eight or more units.

Demolition work funded by NSP2, which is not related to future construction, e.g. demolition and land banking of blighted and foreclosed houses or demolition of privately-owned blighted building, is not subject to the labor standards requirement. However, where an existing building is being demolished as a phase of a construction project, both the demolition and the construction are covered.

Policy Guidance for applicability of Davis Bacon rates can be found at www.hudnshelp.info/media/resources/NSPPolicyAlerts.pdf pp 40 - 43.

Section 3

Section 3 of the Housing and Urban Development Act of 1968, as amended, ("Section 3") requires that economic opportunities generated by certain U.S. Department of Housing and Urban Development financial assistance for housing and community development programs be directed to low- and very low-income persons, particularly those who are recipients of government assistance for housing, and business concerns which provide economic opportunities to low- and very low income persons.

CRA and its grantees shall provide opportunities to low- and very low-income persons residing in the City of Camden (as defined in § 135.5 of 24 CFR Part 135) and to businesses meeting the definition of "Section 3 Business Concern" (as defined by 24 CFR Part 135). Accordingly, CRA has established policies and procedures (see Attachment #) to ensure that Section 3, when required, is followed and develop programs and procedures necessary to implement this policy covering all procurement contracts where labor and/or professional services are provided, in order to achieve the goals outlined within the State of Camden Consolidated Plan for Housing and Community Development. This policy shall not apply to contractors who only furnish materials or supplies through Section 3 covered assistance. It will apply to contractors who install materials or equipment. The policy does not require the employment or contracting of a Section 3 resident or contractor who does not meet the qualifications of the position to be filled or who cannot fulfill the contract requirements.

CRA incorporates into this policy the definitions contained in § 135.5 of 24 CFR Part 135.

Further guidance, checklists and document templates are referenced in the corresponding modules to ensure compliance with these requirements.

Lead-Based Paint

HUD's lead-based paint regulatory requirements (24 CFR Part 35) governing the acquisition, rehabilitation, leasing, operations, and sale of NSP-funded housing are applicable. These will be most applicable for rehabilitation of buildings constructed prior to 1978, or demolition of buildings constructed prior to 1978. Also, the US Environmental Protection Agency (EPA) has issued lead paint regulations (40 CFR Part 745), effective as of April 22, 2010, that will be applicable to the same universe of buildings.

For additional information about lead paint hazards and ways to identify and address those hazards:

http://www.state.nj.us/dca/dcr/leadsafe/educa_material.html.

Also, the following web pages contain additional resources, including links for more technical information about lead hazard identification and mitigation:

- HUD's Office of Healthy Homes and Lead Hazard Control - Renovation, Repair and Painting (<http://www.hud.gov/offices/lead/training/rrp/rrp.cfm>)
- EPA (<http://www.epa.gov/lead/index.html>).

In all instances, the NSP-funded unit must be re-inspected to determine that the lead-paint hazard has been "cleared". NSP Grantees must retain records demonstrating compliance with Part 35 requirements for the CRA's review.

Fair Housing, Equal Opportunity and Civil Rights

An overview of the fair housing policies that apply to NSP2 are located at:

<http://nls.gov/offices/cpd/communitydevelopment/programs/neighborhoodspg/docs/summittheofacts.doc> and

http://www.camden.gov/documents/cra_PB22_Fair_Housing_125351_7.pdf.

Every Consortium Member or developer has certified in their funding agreement that they will affirmatively further fair housing. . CRA in its disposition of NSP 2-funded Land Banked properties for the rehabilitation or redevelopment for residential use must also comply with NSP2 Fair Housing policies.

1. Consortium Members and developers should take the opportunity to review the local analysis of impediments to fair housing choice to determine whether an update is necessary at this time because of current market conditions or other factors.
2. Consortium Member and developers should evaluate their program design to ensure opportunities are available to all income- qualified persons and its policies are not discriminatory.
3. Consortium Member and developers must design programs and outcomes to be in compliance with accessibility requirements. (See the Fair Housing Act, the Rehabilitation Act of 1973, and the Americans with Disabilities Act).

General requirements apply to all NSP2-eligible activities that appear in the Section that follows.

III. PROGRAM ADMINISTRATION

Program Period and Expenditure

The program period for NSP2 is three (3) years, meaning that all NSP2 funds must be expended by February 11, 2013. In addition, HUD requires NSP2 grantees to expend 50% of their NSP2 award by February 11, 2012. HUD defines expenditure as total amount withdrawn from the U.S. Department of Treasury, not Treasury withdrawals plus use of program income. HUD still requires Grantees to spend program income first.

As a result, CRA will:

- Conduct on-going monitoring of Consortium Member and grantees programs during the three-year program period.
- Work cooperatively with Consortium Members and Program Partners to implement Camden's NSP2 Consortium Production Goals and Performance Measures to meet the 50% and 100% expenditure rule by Year 2 and 3, respectively, based on the original grant plus program income
- Recapture and re-allocate NSP2 funds based on Consortium Member and grantees performance during the three-year program period (see Expenditure of Funds: Production Goals and Performance)

Funds and Grant Management

Payment

Payments may be made directly or a reimbursement basis and all NSP2 eligible costs must be documented in writing. Consortium Members, developers and Landbank/Greening Contractors may submit payment requests as frequently as necessary to assure prompt payment.

CRA reserves the right to request additional documentation from Grantee as deemed necessary. From the point that CRA deems the request for payment to be complete, CRA will require 10 days to process payment requests.

Final Payment/Grant Close-out

The Department shall withhold 10% of the grant amount from the NSP Grantee until the approved grant activities have been completed and the NSP Grantee has submitted to the Department all required documentation that evidences completion of the grant activities. The specific documentation will be tailored for the needs of each NSP grant, but generally will include the following:

- HUD-1 settlement sheet for each property acquired using NSP funds - if not previously submitted
- Appraisal for each property acquired using NSP funds (both "as-is" and "as completed") - if not previously submitted
- Certificate of Occupancy (or Certificate of Continued Occupancy) for each NSP-assisted property, from the municipality in which it is located
- Certification from the administrative entity of the income eligibility for each household that occupies a completed NSP unit
- Original versions of NSP mortgage loan documents, executed and recorded
- Original affordability control documentation, executed and recorded
- Narrative and photos
- Final certification of costs and funding sources for the entire grant. If the grantee is not a unit of government, this certification must be completed by a certified public accountant

The Department will review this submitted documentation and, if acceptable, will release the final grant payment and close-out the NSP grant.

Audit Requirements

The NSP Grantee shall comply with the audit requirements that are listed in Section XXVIII of the “General Terms and Conditions for Administering a Grant/Loan” which accompanies the Grant Agreement.

Award Amendments

Costs incurred prior to approval of an amendment to the Consortium Agreement may not be reimbursed. HUD’s DRGR system requires that funding be allocated to specific Eligible Uses; any expenditure above the amount allocated requires that CRA modify DRGR and that HUD approve the modification. To the extent possible, CRA will expedite the DRGR/HUD steps to assist in the timely execution of grant activities and to ensure compliance with the grant agreement.

Budget Modifications (i.e., revisions to budgets within contracted Eligible Uses): Consortium members, Developers and Land Bank/Greening Contractors must submit a request for approval to CRA for any budget modification. Consortium members, developers and Land Bank/Greening Contractors may modify or revise an activity within budget line items up to 10%.

Grant Extensions

Due to the three-year program period imposed by ARRA, CRA will not approve any grant extensions and will be reviewing drawdown and expenditures closely to ensure that Consortium Member and grantees are expending the Camden NSP2 funds within the grant period. In addition, CRA reserves the right to recapture and reallocate Camden NSP2 funds that are not used in a timely or appropriate manner.

Expenditure of Funds: Production Goals and Performance CRA wants and anticipates success from each of our NSP 2 Consortium partners. HUD mandated aggressive timelines to expend NSP2 funds and requires CRA to monitor rates of expenditure by each of the Consortium Member, developer and Land Bank/Greening Contractor. The Camden NSP2 Consortium will adopt, and CRA will enforce the performance requirements outlined below.

- CRA will recapture funds from those Consortium Members, developers and Land Bank/Greening Contractors who do not meet the performance requirements.
- CRA may re-allocate additional funds, subject to availability, to those Consortium Members, developers and Land Bank/Greening Contractors that exceed the performance requirements.
- CRA will recapture and reallocate NSP2 funds based on the performance requirements that follow.

Performance Requirements for Award Amounts

Below are performance requirements for awards for the original amount (i.e. amount in funding agreement) or awards that have been recaptured because they did not meet performance standard.

The performance requirements are as follows:

- During a specified quarter, Consortium Members, developers and Land Bank/Greening Contractors must expend all program income received to date, plus the percentage of the total NSP2 award indicated below:

Approximate End Date	Performance Requirements
Jan 31, 2011	Consortium Member, developers and Land Bank/Greening Contractors must expend at least 50% of their total award
July 31, 2012	Consortium Member, developers and Land Bank/Greening Contractors must expend at least 75% of their total award
Oct 31, 2012	Consortium, developers and Land Bank/Greening Contractors must expend at least 90% of their total award
Dec 31, 2012	Consortium Member, developers and Land Bank/Greening Contractors must expend at least 100% of their total award

Recapture and Re-allocation of Funds

CRA will analyze each consortium city's/land bank's expenditure of funds at each of the above mentioned quarters. The rules of recapture and re-allocation are as follows:

- CRA will not recapture funds from those grantees which met expenditure targets.
- CRA review with the Consortium Member, Developer, or Land Bank/Greening contractor their progress to date to determine whether funding can be expended up to the required expenditure target by the next target date
- CRA will recapture funding from low-performing awards up to the percentage indicated in the above table.
- CRA may, at its discretion, (a) implement projects directly or (b) offer the recaptured funds to other grantees exceeding their performance requirements that also have reasonable plans to expend funds.

Reporting

Consortium Members, Developers and Land Bank/Greening Contractors must provide monthly reports to CRA regarding program accomplishments and expenditures, including information for HUD-required reports (e.g., DRGR, and federalreporting.gov.) CRA will require Consortium Member and grantees to track and report activities by CDBG Activity, Eligible Use, and address. CRA will provide the appropriate reporting forms to Consortium Members and grantees.

Monitoring and Auditing

CRA views monitoring and auditing as a way to assist Consortium Member, Developers and Land Bank/Greening Contractors with their NSP2 program, build local capacity, and prevent any problems that may arise. Therefore, during the program period, CRA will conduct ongoing monitoring of the Camden NSP2 Consortium to ensure program compliance and sound financial management of NSP2 funds. CRA will provide the appropriate forms and document checklists to assist Consortium Member, Developers and Land Bank/Greening Contractors to prepare for monitoring, and grantees will be required to respond to any additional requests from CRA, HUD and/or Office of Inspector General (OIG).

Program Income

NSP2 program income requirements will follow CDBG and NSP2 regulations. NSP2 Program Income received by the Consortium Member and grantees must be tracked. Program income must be expended in accordance with NSP 2 Guidelines and in accordance with the Consortium Member Agreement.

IV. ELIGIBLE NSP2 COSTS: ADMINISTRATION, PRODUCTION AND ACTIVITY DELIVERY

Eligible and Ineligible Activities

- Generally, as administered by the CRA, the following development costs are NSP2-eligible:
 - Acquisition
 - Of foreclosed-upon housing units and abandoned housing units
 - Of vacant housing units and vacant land, for redevelopment
 - Demolition, limited to “blighted structures” and to redevelopment
 - Construction costs
 - Rehabilitation
 - New construction, limited to redevelopment
 - Both categories above may include **amenities** (see definitions, page 27)
 - Soft costs, including professional fees
 - Working capital and reserves
 - Mortgage buy-down
 - Downpayment and closing cost assistance
 - Developer fee, limited to 8% of total project cost (acquisition and soft costs can be included in total project cost) Note: Developer fees from NSP2 funds are not available to Consortium Members, but may be available from sources other than NSP2.
 - Administrative allowance, limited to Consortium Members and further limited to \$25,000 per project.

A grantee will use NSP2 funds to create affordable homeownership units and/or affordable rental units within the neighborhood/target area that CRA has reviewed and approved.

Ineligible Activities include, but are not limited to:

- Demolition of non-blighted structures
- Any NSP activity that is not located within the approved neighborhood/target area

In addition, unless otherwise specifically stated, if an activity is ineligible under the CDBG Program, it is ineligible under the NSP Program.

Administration

Administration funds related to carrying out the local NSP2 program will be available for general administrative costs. Consortium Members are provided a specific dollar amount of administrative funds in their funding agreement and must not spend anything other than the exact allocated amount on administrative costs. Administrative costs are reasonable costs of municipalities and land banks to meet the requirements of NSP2.

They are not directly related to a specific activity. Eligible administrative expenditures include but are not limited to:

- General NSP2 program management, oversight and coordination
- Monitoring and evaluation
- Providing information to citizens and elected officials
- Preparing budgets and performance reports
- Resolving audit and monitoring findings
- Technical support services
- Assuring fair housing activities

Consortium Members and grantees may allocate certain staff costs and professional services to eligible Activity Delivery Costs.

Local grantees should contact CRA if they are uncertain whether the activity is an activity delivery cost or administrative cost.

Production, Activity Delivery and Soft Costs

Eligible activity delivery costs must be NSP eligible and need appropriate documentation to be reimbursed by CRA.

Hard costs are items and services related specifically to construction such as materials and labor from the building trades.

Activity delivery costs are known commonly as soft costs and are eligible as part of each project or activity. Activity delivery costs cover staff, professional services, and related items that can be tied to an NSP-assisted property. Unlike HOME, activity delivery costs do not need to be tied to a specific address and may be paid with NSP2 funds even if the project fails to be completed.

However, for the purposes of the CRA NSP2 Consortium, CRA defines the CDBG Activity Budget Line Items and Activity Delivery Cost budget Line items slightly differently to effectively and efficiently manages the costs of an NSP2-assisted project.

Feasible and Infeasible Projects

CRA differentiates between Feasible and Infeasible Projects:

Feasible Projects are those projects or addresses that are completed successfully. Examples are a Grantee enters into a contract and the contractor demolishes a blighted property with NSP2 funds; or a Grantee rehabilitates a property they acquired with NSP2 funds and sells to a qualified buyer.

Infeasible Projects are those projects that are not completed, but their costs are still eligible to be reimbursed with NSP2 funds. Examples are a Grantee completes an appraisal to purchase a mortgage-foreclosed house, but the REO Agent sold the property to another private investor. The Grantee can document those costs and get them reimbursed under the Infeasible Activity Delivery Line Item.

Production Costs

CRA defines Productions Costs as Hard Costs, Third Party Soft Costs and Professional Fees, or Permits and Fees to complete a CDBG Activity for a feasible project. The corresponding Budget Line Items are:

- Acquisition
- Rehab and Preserve
- Disposition
- Demolition
- Housing Counseling
- Maintenance & Greening (Land Bank)

Examples of **third party soft costs** until the unit is sold/transferred to NSP2 beneficiary are:

- | | |
|---|---|
| <ul style="list-style-type: none">▪ Development of Request for Proposals and Request for Qualifications▪ Preparation of rehabilitation work specifications▪ Loan processing▪ Appraisals and title clearance▪ Utility costs and/or shut-off▪ Legal▪ Insurance▪ Security | <ul style="list-style-type: none">▪ Taxes* During Construction▪ Architectural or engineering services▪ Property inspections▪ Environmental assessments/review record▪ Labor standards compliance▪ Attending pre-construction conferences▪ Attorney fees for preparing or review contract documents or property acquisition activity |
|---|---|

Local real estate taxes (as a holding cost) may be paid by NSP2 Grantees.

Activity Delivery Staffing Costs

Grantees may allocate the average of Activity Delivery Staffing Costs per feasible property so long as the Grantee documents all activity delivery staffing costs and the costs do not exceed 15% of each NSP2 Eligible use. Documenting an eligible activity and eligible use. Documenting activity delivery staffing costs includes timesheets of staff person(s), hours worked, and hourly rate of staff person(s) by property address.

Examples of staffing costs are:

- Hire and pay of local implementation manager based the hours they worked to coordinate NSP2 projects. Hours must be documented. Costs are still eligible if targeted project is not completed.
- Hire and pay of acquisition manager based on the hours they worked and expenses for them to identify, inspect, conduct project feasibility analysis and negotiate purchase of foreclosed and/or vacant property. Costs are still eligible even if targeted property is not acquired.
- Hire and pay construction manager and the hours worked and expenses for them to inspect property prior, during and after construction and prepare rehabilitation work specifications. Costs are still eligible even if targeted property is not rehabbed or built.
- Hiring of intake specialist and the related costs for them to collect information and housing preferences as well as verify income of eligible homebuyers or renters.
- Hiring of marketing firm and the related costs to reach targeted markets.

For example, a grantee wants to rehabilitate a property they acquired. the development budget for Project Set-up is as follows:

Construction, Pre-development and Acquisition Hard Costs	\$125,000.00
Third Party Soft Costs	\$25,000.00
Grantee Activity Delivery Staffing Costs (15% of Total Project Costs)	\$3,881.25
TOTAL COSTS	\$176,358,750

For Grantees to be paid for activity delivery staffing costs, they will be reimbursed based on hours worked and rate of pay for each staff person by property. Grantees will keep timesheets on-site as back-up documentation. Local grantees should contact CRA if they would like to pay for certain staffing functions out of activity delivery costs to see if it is eligible.

CRA will allocate administrative funds to allowable expenses that include those tasks related to administering the program. Generally, Program Activity Delivery Costs are related to a specific address. Realistically, some activities go be counted as both.

For example: Marketing

- CRA might market the program to contractors or realtors would be an allowable administrative expense.
- However, if a Consortium Member or grantee creates and distributes flyers for a specific unit and spends time showing that unit to realtors in the area, related expenses would be charged as an Activity Delivery Cost for that activity.

Task	Admin	Activity Delivery
1. Housing Needs Assessment	X	
2. Time/\$ on Environmental Review (for Program)	X	
3. Time Spent on Public Hearings	X	
4. Time Spent Writing Fair Housing Policy	X	
5. Time Spent Writing Complaint Procedure	X	
6. Time Spent Writing Contractor Selection Process	X	
7. Time Spent Writing Recipient Selection Process	X	
8. Time Spent Writing Application Forms	X	
9. Time Spent Writing Program Guidelines (if any)	X	
10. Outreach and Public Information/Marketing	X	
11. Educating Contractors (Sec. 3, Davis Bacon, etc.)	X	
12. Inspections (General/Lead Based Paint)		X
13. Cost Estimates (for specific address)		X
14. Spec Writing (for specific address)		X
15. Site Specific Environmental Review		X
16. Bid Solicitation Process (for specific address)		X
17. Contractor Selection/Awards (for program or unit?)	X	X
18. Construction Supervision		X
19. Arranging Homeownership Counseling (program)	X	
20. Marketing (Program or Units)	X	X
21. Time Spent Collecting Data for Reporting	X	
22. Time Spent Preparing Draw Requests	X	X
23. Time Spent preparing for or at closings		X
24. Time/Travel to attend Trainings	X	

V. NSP2 CONSORTIUM PARTNERSHIPS

To foster the partnership between CRA, Consortium Members and program implementation partners, for not only NSP2, but future stabilization and redevelopment projects, CRA agrees to utilize a part of their administration funds to facilitate meetings, trainings and technical assistance.

Program Status Meetings

CRA, Consortium Members and grantees shall attend the following **meetings**:

1. During the first year of the NSP2 program period, Consortium Members, Grantees and CRA shall meet no less than twice every calendar month to review production progress, develop list of tasks, and address issues as they may arise. Meetings may occur on site or via conference call or web meeting.
2. During the remaining years 2 and year 3, CRA, Consortium Members and grantees will meet no less than once a month to review production progress and address issues as they may arise.
3. Trainings, Web Meetings and Updates.

CRA will conduct **trainings and updates through electronic newsletters and conference calls** for Consortium Member and grantees and their program partners. Trainings, meetings and updates will assist them on:

- Developing their program design and strategies
- Managing and implementing NSP2 to meet production goals
- Utilizing Camden NSP2 Consortium management checklists, documents and tools.

This section intentionally left blank.

VI. ACTIVITY DESCRIPTION: RESIDENTIAL REHABILITATION & DEVELOPMENT

Serves Households Up to 120% Area Median Income

This activity will provide homeownership and rental / opportunities to households with incomes at or below 120% of area median income through the improvement and reuse of vacant, demolished, abandoned and/or foreclosed residential properties. Current income limits by household size can be found in the chart below:

Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA										
FY 2011 Income Limit Area	Median Income	FY 2011 Income Limit Category	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA	\$80,400	Very Low (50%) Income Limits	\$28,150	\$32,200	\$36,200	\$40,200	\$43,450	\$46,650	\$49,850	\$53,100
		Mod (80%) Income Limits	\$44,950	\$51,400	\$57,800	\$64,200	\$69,350	\$74,500	\$79,650	\$84,750
		Middle (120%) Income Limits	\$67,560	\$77,280	\$86,880	\$96,480	\$104,280	\$111,960	\$119,640	\$127,440

Income charts are updated annually and can be found at: <http://www.huduser.org/portal/datasets/il.html>.

Eligible residential properties include, but are not limited, to:

- Existing City-owned or Land Bank-owned, Abandoned/Foreclosed Residential Lots or Residential Structures
- Abandoned/Foreclosed Residential Lots
- Abandoned/Foreclosed Residential Structures
- Any Vacant or Demolished Property to be redeveloped as Housing

This activity may include:

- Acquisition (Land Bank and REO only) and rehabilitation of residential unit for resale or rental, where property is purchased by Consortium Members or program partners. Consortium Member or program partners rehabilitate property to meet rehabilitation standards and then sell or lease to income eligible household.
- Demolition of a blighted house, with a new house built on the site and sold or leased to an income-qualified household. Consortium Member and grantees must demonstrate that market can absorb new construction unit.
- Redevelopment of vacant residential lot with a new house built on the site and sold or rented to an income-qualified household. Consortium Member and grantees must demonstrate that market can absorb new construction unit.
- Acquiring and deeding sub-standard, vacant residential lot to adjacent, income-eligible homeowners.
- Providing homebuyer assistance in the form of down payment assistance, closing cost assistance and for income-eligible household. Note: A CDBG rule allows NSP funds to assist only 50% of the down payment.

In every case that a vacant, demolished, foreclosed or abandoned residential property is purchased, Consortium Member and grantees or program partners will ensure that the outcome is homeownership, or rental to an income-eligible household. For NSP-funded homeownership units, the prospective buyer must receive 8 hours of comprehensive homebuyer counseling from a HUD-approved housing counseling agency prior to purchasing the unit. St. Joseph's Carpenter's Society will provide counseling services in excess of this standard to all CRA NSP 2 Consortium homebuyers. Pre-purchase counseling should not be reimbursed prior to the sale of the involved NSP homeownership unit.

Meets 25% Low-income Set-aside Requirement

This activity will meet the NSP2 requirement that at least 25% of funds must serve low-income households by providing homeownership and rental / lease purchase opportunities to households with incomes at or below 50% of area median income through the improvement and reuse properties as housing.

On July 21, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (Publ. L 111-203) include amendments to the allocation of NSP2 funds to the CRA NSP2 Consortium and a third appropriation to the Neighborhood Stabilization Program. The law amends the low-income set-aside requirement by removing the restriction that allows only abandoned or foreclosed upon homes or residential properties to be used to meet this requirement. Grantees may now use vacant or demolished property to meet the set-aside as well. This language also allows non-residential property to be used if the project is undertaken under Eligible Use E, though such sites might require rezoning to allow the development of housing.

Therefore, to meet the set-aside requirement, eligible properties include:

- Existing City-owned or Land Banked-owned, Abandoned/Foreclosed Residential Lots or Residential Structures
- Abandoned/Foreclosed Residential Lots
- Abandoned/Foreclosed Residential Structures
- Any Vacant or Demolished Property to be redeveloped as Housing, including those properties zoned residential or non-residential

This activity may include:

- Acquisition and rehabilitation of unit for resale or rental, where Consortium Member and grantees or program partner purchases residential property. Residential property is rehabilitated to meet rehabilitation standards and then sold or leased to income eligible household. Note: To meet set-aside, Acquisition and Rehabilitation is NSP2 Eligible Use B if property is residential abandoned or foreclosed structure or NSP2 Eligible Use E if property is residential vacant or demolished structure.
- Demolition of a blighted, vacant house with a new house built on the site and sold or rented to an income-qualified household.
- Redevelopment of a vacant lot with a new house built on the site and sold or leased to an income-qualified household. Consortium Members and grantees must demonstrate market can absorb new construction unit. Note: To meet set-aside, Acquisition and Rehabilitation is NSP2 Eligible Use B if property is residential abandoned or foreclosed lot OR NSP2 Eligible Use E if property is residential vacant lot.
- Redevelopment of commercial structure into multi-family housing and sold or leased to an income-qualified household. Note: NSP2 Eligible Use E.
- Providing homebuyer assistance in the form of down payment assistance, closing cost assistance and mortgage buy down for income-eligible household where they purchase a foreclosed, abandoned, or vacant residential property. Note: A CDBG rule allows NSP funds to assist only 50% of the down payment required by the lender.

Meets 25% Low-income Set-aside Requirement (cont'd)

In every case that a property is purchased, the Consortium Member and grantees or program partners must ensure the outcome is homeownership, lease purchase or rental to an income-eligible household. Each household benefitting from homeownership or lease purchase will be required to attend post-purchase counseling. CRA will provide eight hours of homebuyer education from a HUD-certified housing counseling agency. In addition, some homebuyers provide further guidance in a module on lease purchase and post-purchase counseling.

Homebuyer Guidelines

Sales Price Requirements

NSP2 requires that the sales price cannot exceed Total Development Costs or Appraised Fair Market Value / Market Sales Price, whichever is lower.

Affordability Requirements

Affordability requirements cover two aspects of project requirements:

1. Housing Cost Burden and Mortgage Requirements: For homeownership activities, housing cost burden is defined as principal, interest, taxes and insurance (PITI) and shall not exceed 30% of household's gross monthly income.
2. Long-term Affordability Requirements: Long-term affordability requirements of the HOME Investment Partnerships Program requirements found at 24 CFR 92.254 will apply. Recapture guidelines apply, and affordability is based on dollar amount of final direct NSP subsidy that enabled homebuyer to purchase unit. A recordable document is placed on the unit to ensure continued affordability. CRA will require prior written authorization for the use of resale provisions as an affordability mechanism under Camden NSP2 Consortium.

Recapture or repayment is a mechanism to recover all, or a portion, of the direct assistance if the buyer sells the house during the period of long-term affordability. Direct assistance is defined as the total amount received by the buyer for down payment assistance, closing cost assistance, mortgage financing, or principal buy down, etc. CRA will utilize a forgivable loan model to recapture all or a portion of the assistance provided. The long-term affordability and recapture guidelines are summarized on the page that follows.

Long Term Affordability Guidelines

Subsidy Type	Recordable Document	Continued Affordability Requirement
Development	Construction Mortgage	Satisfied at Home Sale or Permanent Financing
Homebuyer	Forgivable, Soft Second Mortgage	Affordability Period based on Direct Homebuyer Assistance

Recapture Guidelines

Direct Assistance	Affordability Period	Amount Forgiven
Less than \$15,000 per unit	5 years	1/5 of direct subsidy amount per year over five years
\$15,000 - \$40,000 per unit	10 years	1/10 of direct subsidy amount per year over 10 years
More than \$40,000 per unit	15 years	1/15 of direct subsidy amount per year over 15 years

Recommended Subsidy Limits and Fees for Professional Service Providers

Construction costs must be reasonable based on underwriting to prevent undue enrichment and non-luxury improvements, such as, but not limited to, pools, Jacuzzis, and wine cellars. CRA has adopted the underwriting standards of New Jersey Housing and Mortgage Finance's 2010 CHOICE program (Attachment E).

Underwriting Limits

Assistance	Description
Appraisal Gap / Development Subsidy	Total Development Costs less Appraised Value / Market Sales Price
Affordability Gap / Homebuyer Subsidy	Appraised Value / Market Sales Price less Buyer Purchase Power. Buyer Purchase Power based on 30-year fixed rate mortgage where
	PITI ranges between 20% to 30% Housing to Income Ratio and does not 40% Debt to Income Ratio
Total Subsidy per Unit	Development Subsidy + Homebuyer Subsidy

Underwriting Limits

Professional Fee*	Description	Incentive
Developer Fee (Developer's Only)	Percentage of Total Development Costs awarded to Developer for providing professional services to manage construction and marketing strategy to sell house to qualified, income-eligible buyer	Up to 10% of Total Development Costs Budget for carrying costs for up to six months
Sales Referral Fee	Percentage of Homes Sales Price awarded to State of Camden Licensed Real Estate Agent for bringing a qualified, income-eligible buyer to purchase NSP-assisted house Developer is eligible to receive fee if they bring buyer to close and have a licensed real estate agent on staff	6% of sales price or \$5,000 whichever greater
Housing Counseling	Fee for bringing a qualified, income-eligible buyer to purchase and close on NSP-assisted house	As detailed in Consortium Member agreements
*All fees paid out at closing.		

Rental Guidelines

Affordability Requirements

Rental units completed with NSP funds should be targeted to households with income at or below 120% AMI. If the rental project seeks to meet the low-income set-aside requirement, then units completed with NSP funds must be leased to households at or below 50% AMI.

1. Long-term Affordability

Long-term affordability requirements of the HOME Investment Partnerships Program, found at 24 CFR 92.252 (a), (c), (e) and (f), will apply. The long-term affordability period is based on the total NSP dollar amount per unit.

The long-term affordability regulation is enforced through a mortgage lien recorded on the property for the length of that period.

The long-term affordability requirements are summarized below:

Direct Assistance	Affordability Period
Less than \$15,000 per unit	5 years
\$15,000 - \$40,000 per unit	10 years
More than \$40,000 per unit	15 years
Rental New Construction	20 years

Underwriting Criteria

CRA will adopt the underwriting criteria of the of the lead subsidy source in the project (i.e. NJHMFA LIHTC Program or local HOME funds). CRA recommends the following final subsidy limits on rental / projects:

COUNTIES	0 BR	1 BR	2 BR	3 BR	4 BR
Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Mercer, Ocean, Salem	\$134,776	\$154,495	\$187,866	\$243,037	\$266,781

VII. ACTIVITY DESCRIPTION: DEMOLITION AND/OR LAND BANKING

Demolition of blighted structures and holding and maintaining of vacant lots in a land bank results in a temporary outcome of a site that is cleared and prepared to produce a buildable lot for future redevelopment. The disposition of land banked properties will be guided by redevelopment plans that govern approved CRA NSP 2 census tracts and will be overlaid with considerations for:

- NSP2 regulations on future redevelopment of property
- Market conditions

For purposes of the NSP2 activity outcomes, land banking is the holding of any property prior to or after February 10, 2013. If the Consortium Member and grantees holds the property beyond February 10, 2013, the property must be redeveloped or an eligible disposition must occur per NSP2 regulations prior to February 11, 2020.

It is important to note that there can be only one outcome for a particular project during the program period. It is either residential development or land banking, but never both. If the property is redeveloped during the grant period into a residential use, then it is residential development. If it is not, then it must meet the requirements of the land banking activity and be counted as an outcome accordingly. Land Banking is an LMMA (or area) benefit and will become a LMMH (or housing) benefit when redeveloped in Years 4 – 10.

Guidelines

Subsidy Limits

NSP 2 funds will be used to finance of the cost of Demolition and Management of NSP 2 Land Banked properties. This may include greening, maintenance and disposition of land banked property for the three-year program period. Costs must be reasonable and necessary.

Acquisition

URA compliant Appraisals are required on all acquisitions of foreclosed property, unless the value is less than \$25,000, which requires only a Market Valuation, State Equalized Value or other equivalent method. Please refer to Section 2 – Federal Regulations of this document for further guidance and requirements to acquire foreclosed residential property.

Acquisition costs include:

- Purchase price
- Closing costs
- Title clearance
- Environmental review
- Activity Delivery Staff Costs (Set-up and Billed under Eligible Use C – Feasible Activity Delivery Costs)

Demolition

Consortium Member and grantees must demonstrate property is blighted per the definition outlined in the Camden NSP2 Consortium Application. Please refer to Heading 2 – Federal Regulations on pages 3 for further guidance and requirements on demolition of blighted structures and the Glossary for the definition of blighted.

Demolition costs include, but are not limited to:

- Environmental risk assessment and abatement
- Demolition / Deconstruction Costs
- Disconnection of utilities
- Title clearance
- Site inspections to certify blighted condition
- Planting and fencing
- Activity Delivery Staff Costs (Set-up and Billed under Eligible Use D – Feasible Activity Delivery Costs)

Disposition of Land Banked Properties

NSP funds may be used to finance costs to maintain, manage and dispose of properties in the three- year program period. Costs may include:

Disposition costs may include, but are not limited to:

- Insurance
- Maintenance, e.g. lawn mowing and debris removal
- Staffing and soft project delivery costs to manage land banked properties
- Marketing
- Activity Delivery Staff Costs (Set-up and Billed under Eligible Use C – Feasible Activity Delivery Costs)

NSP2 Lien Requirements

Activity	Held by (mortgagor)	Terms
Demolition, if stand-alone or green space redevelopment	CRA	Minimum 5-year forgivable, not prorated, in the amount of NSP2 assistance. Lien retained in grantee's file.
Demolition, as part of a NSP2-funded construction project	CRA	Amount of demolition will be included in the construction mortgage (see terms of construction mortgage below).
Demolition with end use being the sale or donation of vacant parcel.	CRA	Minimum 5-year forgivable, not prorated, in the amount of the NSP2 assistance. If sold for less than Fair Market Value, within 5 years, lien transfers to the new owner.
Construction of grantee-owned property, as part of a NSP2-funded construction project	CRA	0% Construction mortgage. \$0 payment, discharged upon resale in compliance with regulations and upon accountability for tracking of sales proceeds; allows repayment of any construction loans (sample). Required only if grantee acquires, owns and develops property.
Construction of nonprofit and for-profit developer-owned property, as part of a NSP2-funded construction project	CRA	0% Construction mortgage. \$0 payment, discharged upon resale in compliance with regulations and upon accountability for tracking of sales proceeds; allows repayment of any construction loans (sample).
Homebuyer subsidy	CRA	See Affordability Requirements under Homebuyer Guidelines (page 14)

NOTE: The Consortium Member or grantee must provide an agreement, contract, or lien against non-grantee-owned property to ensure NSP2-assisted units meet NSP2 eligible activities and income-eligibility requirements and first mortgage product meets CRA standards. Such agreements, contracts or liens will be held by the grantee within their project files.

VIII. GLOSSARY

Abandoned. A home or residential property is abandoned if either (a) mortgage, tribal leasehold, or tax payments are at least 90 days delinquent, or (b) a code enforcement inspection has determined that the property is not habitable and the owner has taken no corrective actions within 90 days of notification of the deficiencies, or (c) the property is subject to a court-ordered receivership or nuisance abatement related to abandonment pursuant to state, local or tribal law or otherwise meets a state definition of an abandoned home or residential property.

Appraisals. If NSP2 funds are to be used to acquire a foreclosed upon home or residential property (other than through donation) and the market value of property is \$25,000 or more, the grantee must ensure that the purchase price includes a discount from the value established by an appraisal that meets the following requirements:

1. The appraisal must have been completed within 60 days of the offer made for the property (we have advised that an initial offer can be made, subject to the completion of the appraisal within 60 days of a final offer).
2. The appraisal must meet the URA definition of an appraisal (see 49 CFR 24.2(a)(3) and the five following requirements (see 49 CFR 24.103(a)(2)):
 - An adequate description of the physical characteristics of the property being appraised (and, in the case of a partial acquisition, an adequate description of the remaining property), including items identified as personal property, a statement of the known and observed encumbrances, if any, title information, location, zoning, present use, an analysis of highest and best use, and at least a 5-year sales history of the property.
 - All relevant and reliable approaches to value. If the appraiser uses more than one approach, there shall be an analysis and reconciliation of approaches to value used that is sufficient to support the appraiser's opinion of value.
 - A description of comparable sales, including a description of all relevant physical, legal, and economic factors such as parties to the transaction, source and method of financing, and verification by a party involved in the transaction.
 - A statement of the value of the real property to be acquired and, for a partial acquisition, a statement of the value of the damages and benefits, if any, to the remaining real property, where appropriate.
 - The effective date of valuation, date of appraisal, signature, and certification of the appraiser.

Blighted Structure. A structure is blighted when it exhibits objectively determinable signs of deterioration sufficient to constitute a threat to human health, safety, and public welfare. Further defined in the Camden NSP2 Consortium Application as:

A blighted property is a blighted / abandoned / uninhabitable property that meets any of the following criteria:

- Declared a public nuisance in accordance with local housing, building, plumbing, fire, or other related code or ordinance.
- Attractive nuisance because of physical condition or use.
- Fire hazard or is otherwise dangerous to the safety of persons or property.
- Has had utilities, plumbing, heating, or sewerage disconnected, destroyed, removed, or rendered ineffective for a period of 1 year or more so that the property is unfit for its intended use.
- Has a subsurface structure or demolition debris that renders the property unfit for its intended use.

Bona Fide Lease or Tenancy: A lease or tenancy shall be considered “bona fide” only if: (1) mortgagor under the contract is not the tenant; (2) the lease or tenancy was the result of an arms length transaction; and (3) the lease or tenancy requires the receipt of rent that is not substantially less than fair market rent for the property. A “lease” does not have to be written, but either the lease or tenancy must meet the requirements of the Recovery Act.

Foreclosed. A home or residential property has been foreclosed upon if any of the following conditions apply: (a) The property’s current delinquency status is at least 60 days delinquent under the Mortgage Bankers of America delinquency calculation and the owner has been notified of this delinquency, or (b) the property owner is 90 days or more delinquent on tax payments, or (c) under state, local, or tribal law, foreclosure proceedings have been initiated or completed, or d) foreclosure proceedings have been completed and title has been transferred to an intermediary aggregator or servicer that is not an NSP grantee, contractor, subrecipient, developer, or end user.

Funding Agreement: The award agreement executed between CRA and Consortium Member and grantees on February 11, 2010 that outlines the terms and conditions of CRA and Consortium Member and grantees to expend and administer NSP2 funds.

Mortgage Bankers of American Delinquency Calculation: NSP grantees will use the Mortgage Banker Association (MBA) Delinquency Calculation Method to determine the current delinquency status of a mortgage. Under the MBA method, a loan would be considered delinquent if the payment had not been received by the end of the day immediately preceding the loan’s next due date (generally the last day of the month which the payment was due). Using the example above, a loan with a due date of August 1, 2009, with no payment received by the close of business on August 31, 2009, would have been reported as delinquent in September. From September 1 to September 30, 2009, the mortgage’s current delinquency status would be 30 days. On October 1, 2009, the mortgage’s current delinquency status would become 60 days.

Non-residential: NSP funds may be used to acquire and redevelop nonresidential property for housing under “Eligible Use E – Redevelop demolished or vacant properties.” Nonresidential uses include, but are not limited to, public parks or mixed residential and commercial use.

Program Partners: Local professional service providers, , realtors, property managers, etc. who are not direct grantees of NSP2 funds but have entered into a third-party contract with CRA to provide services, qualify buyers or rentersto implement NSP2 activities.

Developer: non-profit and for profit developers and other non-profit organizations that have entered into a contractual agreement with the CRA to deliver NSP 2 eligible units under this grant.

Land Banking/Greening Contractors: Non-profit organizations that have entered into a Consortium or other contractual agreement to provide maintenance and or redevelopment of Land Banked properties for open space under this grant.

Purchase Discount Price: Any purchase of a foreclosed upon home or residential property with NSP2 funds shall be at a one percent (1%) discount from the current market appraised value (or market valuation if less than \$25,000) of the home or property, taking into account its current condition, and such discount shall ensure that purchasers are paying below-market value for the home or property.

Homes or Residential Property: HUD interprets homes as any type of permanent residential dwelling unit, such as detached single family structures, townhouses, condominium units, multifamily rental apartments (covering the entire property), and manufactured homes where treated under state law as real estate (not personal property). Residential properties includes all of the above plus vacant land that is currently designated for residential use, e.g. through zoning.

Vacant: “Vacant properties” includes both vacant land and properties with vacant structures on the land. However, HUD understands redevelopment to imply that properties were once developed; therefore previously undeveloped or “greenfield” sites may not be acquired under Eligible Use E.

For additional guidance on property types under each Eligible use, please refer to: the NSP Budget Guide, and <http://www.hud.gov/offices/cpd/communitydevelopment/programs/neighborhoodspg/pdf/nspterminology.pdf>.

Valuation: Any purchase of a foreclosed upon home or residential property that has an anticipated value of less than \$25,000 requires a market valuation instead of an appraisal. A market valuation is based on available data to verify value, and conducted and certified by a grantee-approved professional or entity with knowledge and qualifications to conduct such a review.

Section 2

CRA NSP2

Internal Policies and Procedures

Construction Requirements

Labor Standards

Labor standards laws apply to projects using NSP funds and involving physical construction such as public facilities and residential rehabilitation of eight or more units on a site. Rehabilitation of single family, detached housing units is exempt as long as fewer than eight units are included in the contract.

When a contract for work that includes NSP funds is bid or awarded, the contractor and subcontractors must comply with the applicable labor standards laws. NSP Grantees are required to ensure compliance with these laws. Guidance and forms for labor standards can be found at:

<http://www.nj.gov/dca/divisions/dhcr/offices/cdbg.html#labor>

The “Labor Standards Handbook” that can be accessed through the above link will be useful for further explaining the requirements and forms.

Exhibit F of this manual contains a table describing various development activities and whether federal prevailing wages (or “Davis/Bacon” wages) may be required.

HUD has published a document, “Streamlining Davis/Bacon” which explains HUD’s efforts to improve the labor standards administration process:

<http://www.hud.gov/offices/olr/streamline.cfm>

Section 3

The Camden Redevelopment Agency (CRA) has established that one of the purposes of the assistance provided for HUD funded projects is to give, to the greatest extent feasible, and consistent with Federal, State and local laws and regulations; job training, employment, contracting and other economic opportunities generated from the expenditure of this assistance to Sec. 3 residents and Sec. 3 businesses.

CRA has also established that consideration shall be given to the extent to which firms demonstrate that they will train and employ Sec. 3 residents and contract with Sec. 3 businesses for economic opportunities generated in connection with the project or activity assisted.

The preference required by Sec. 3 is neither gender specific nor race nor ethnic origin specific but one of income and location.

Lead-Based Paint

HUD's lead-based paint regulatory requirements (24 CFR Part 35) governing the acquisition, rehabilitation, leasing, operations, and sale of NSP-funded housing are applicable for rehabilitation or demolition of buildings constructed prior to 1978. Also, the US Environmental Protection Agency (EPA) has issued lead paint regulations (40 CFR Part 745), effective as of April 22, 2010, that will be applicable to the same universe of buildings. For additional information, see Leadsafe NJ Program webpage:

http://www.state.nj.us/dca/dcr/leadsafe/educa_material.html (scroll down to “Program Book” section)

Additional resources, including links for more technical information about lead hazard identification and mitigation are also available at:

- HUD's Office of Healthy Homes and Lead Hazard Control - Renovation, Repair and Painting (**<http://www.hud.gov/offices/lead/training/rrp/rrp.cfm>**)
- EPA (**<http://www.epa.gov/lead/index.html>**).

Generally, if NSP-funded construction work includes rehabilitation of existing housing, the following table briefly describes the required testing and treatment methods:

Cost of Rehabilitation Work	Testing/Treatment Methods
\$1 to \$5,000 per unit	Limited Paint Testing Lead-Safe Work Practices
\$5,001 to \$25,000 per unit	Risk Assessment Interim Controls
\$25,001 and above per unit	Risk Assessment Lead Abatement - interior Interim Controls - exterior

In all instances, the NSP-funded unit must be re-inspected to determine that the lead-paint hazard has been “cleared”.

NSP Grantees must retain records demonstrating compliance with Part 35 requirements for CRA's review.

Pre-Construction Conference

Within a week or as soon thereafter as is practical after a NSP 2 Project financing closing, a mandatory pre-construction conference must be held with each Consortium Member, Developer or Land Bank/Greening Contractor to review roles, procedures, and requirements imposed during construction. A letter is sent to the contracted party outlining the agenda for the conference in advance of the meeting.

In addition to resolving any outstanding documentation from the closing or any issues potentially delaying the start of construction, the preconstruction conference, at a minimum, will cover the following topics.

1. Team Member Introductions: Roles and responsibilities of CRA contract administration team during construction as well as Team members of the Consortium Member, Developer or Land Bank/Greening Contractor.

Pre-Construction Conference (cont'd)

2. Requisitions/Invoices: Timing of Submittals, and the need for complete documentation, including Section 3 employment verifications. Clarify that partial submissions will not be processed:

- a) Program staff person and address to whom Requisitions are submitted
- b) Outline of documents that constitute a Complete Requisition/Invoice Submission
- c) Approval & Turn Around of Requests for Payment

3. Project Signage

A distinctive project sign must be incorporated in each project installation. In instances where lots are contiguous or consolidated only one sign is required. Where multiple lots are located within the same block, but are not contiguous, one sign per 75 feet is required. Signs may also be installed as placards on fencing. See "Signage Identifying Recovery Act Funded Projects" (attachment G) for additional information.

Construction Monitoring

CRA's NSP Construction Project Manager is responsible for ensuring that contractors perform according to the construction documents and specifications that will include all NSP standards and Section 3 requirements (See Section 3 Policy and Guidance Documents in attachments D and H).

The NSP 2 Construction manager shall review the construction documents, including plans and specifications and evaluate the proposed construction. Once construction begins, the construction monitor will attend all Construction progress meetings. Where possible, the Construction Manager will provide assistance to facilitate City construction approvals (ex: building dept.) to ensure that the project remains on schedule.

Copies of all approvals and copies of meeting minutes shall be forwarded to the Construction Manager within 45 days of receipt.

Payments and Financial Management

Requests for reimbursement of actual expenses that have been incurred may only be submitted after the environmental review process has been completed for the unit(s) for which NSP funding is being requested. Specifically, this will mean all Tier 2 environmental review compliance (e.g. historic preservation, manmade hazards) has been documented and submitted to the Agency for review, and the Agency has accepted the Tier 2 environmental review findings (refer to the Environmental Review section, pages 10-11). Payment requests will be submitted to the Program Administrator. A Complete Requisition/Invoice Submission will consist of the following documents:

1. AIA G702 ()
2. Section 3 Documentation
 - a. Certified Payrolls
 - b. Form S3-104-Section 3 Business Certification form (if applicable)
 - c. Project Workforce Sheet
 - d. Form S3-309-Section 3 Resident Eligibility Certification Form (if applicable)
 - e. Monthly payroll form
3. Project timeline/schedule

Payments and Financial Management (cont'd)

4. Inspection Reports

- a. During Construction Phase – a Completed Exterior Property Inspection Report for each Parcel which is the subject of each Payment Request.
- b. Existing Conditions Photographs for each Parcel prior to installation of work.
- c. During the Property Maintenance Phase – Monthly Property alerts or notification of changes in site conditions and, if appropriate, recommended actions since last reporting period.
- d. Existing Conditions after construction installation Photographs

NSP2 requisitions are processed monthly on the 15th day of the month. Three (3) copies of the complete requisition package must be received five (5) business days, prior to the 15th day of the month to allow adequate time for review and approval.

Payment Requisitions are generally processed within ten (10) business days. Checks will be mailed three (3) business days after the Payment Request is processed and approved by Federal Department of Housing & Urban Development (“HUD”). (The requisition approval process is detailed in Attachment I).

Final Payment/Grant Close-out

CRA shall withhold 10% of the contract amount from the contracted party until the approved grant activities have been completed and the NSP contractee has submitted required documentation that evidences completion of the activities. The specific documentation will be tailored for the needs of each NSP contract, but generally will include the following:

- Certification income eligibility for each household that occupies a completed NSP unit.
- Original versions of NSP mortgage loan documents executed and recorded.
- Original affordability control documentation, executed and recorded.
- Narrative and photos.
- Final certification of costs and funding sources for the entire grant. If the grantee is not a unit of government, this certification must be completed by a certified public accountant.

The CRA will review this submitted documentation and, if acceptable, will release the final grant payment and close-out the NSP grant.

Audit Requirements

The NSP Grantee shall comply with the audit requirements that are listed in Section XXVIII of the “General Terms and Conditions for Administering a Grant/Loan” which accompanies the Grant Agreement

Monitoring

CRA views monitoring as a way to assist consortium members, build capacity, and resolve issues that may delay performance. Therefore, during the program period, CRA will conduct ongoing monitoring of the CRA NSP2 Consortium to ensure program compliance and sound financial management of NSP2 funds. CRA will provide the appropriate forms and checklists to assist in the preparation of and prepare for monitoring. Program partners are required to respond to any additional requests from CRA and HUD.

The CRA wants and anticipates success from all of its Consortium Members, Developers, and Land Bank/Greening Contractors.

CRA requires bi-monthly reports from Consortium Members, Developers, and Land Bank/Greening Contractors on the status of their NSP-funded projects. The quarterly report must be submitted by [date] and can be submitted via email in a format acceptable to CRA. Generally, an NSP Grantee will be required to report on the following criteria: acquisition of properties, status of financing, municipal approvals, or construction completion, qualifying eligible households and occupancy of completed units. The information in these reports will in turn be submitted to HUD as required under NSP 2 grant (via the “Disaster Recovery Grant Reporting” system, or DRGR). NSP Grantees that do not provide reports in a timely and accurate fashion will be restricted in their ability to submit future payment requests.

NSP Consortium Members, Developers, and Land Bank/Greening Contractors must constantly monitor performance to ensure that time schedules are being met, projected milestones are being accomplished, and other performance goals are being achieved in accordance with the approved application. In addition, grant activities must be conducted in compliance with federal and state requirements. Problems, delays, or adverse conditions that will affect the NSP Grantee's ability to meet its program objectives or its time schedules must be promptly reported to CRA.

The Agency will perform periodic monitoring visits during the term of the Project contract to view and assess progress on the approved grant activities, and to review records being kept by the contractor to ensure that all applicable federal and state requirements are being met.

When CRA and HUD conduct on-site monitoring or audits of the NSP2 grants, the Consortium Member or grantee or developer must arrange for appropriate staff, and all program/project files to be available.

The CRA hosts monthly communications with Consortium Members, Developers, and Land Bank/Greening Contractors. These may take the form of in-person meetings, conference calls, or mass email communications. Agendas for these meetings include NSP Policy Alerts, Section 3 Compliance, reporting and monitoring and may include discussions on marketing project challenges and other issues of concern.

In addition to the monthly communications, the Program Administrator and Program Managers are in frequent contact with Consortium Members, Developers, and Land Bank/Greening Contractors to assess project progress and to troubleshoot issues and concerns

The NSP Project Coordinator is primarily responsible for on-site monitoring and will conduct quarterly on-site monitoring visits. (See attachment J for a copy of the on-site monitoring checklist) Each grantee will receive a follow up letter after each site visit which indicates areas that Consortium Members, Developers, and Land Bank/Greening Contractors are successfully meeting or succeeding NSP 2 compliance standards, areas for improvement, and any areas of non-compliance. Areas for improvement and non-compliance will be reviewed with the Program Manager of organization being monitored and a corrective action plan will be developed, if needed.

CRA staff will follow up with corrective action plans within 30 - 45 days to ensure that corrective measures are being implemented.

Section 3

CRA NSP2

Operations Manual

Attachments

- A. RAMP
- B. NJ Green Homes Office Green Future for CHOICE
- C. HUD Lead based paint regulatory requirements
- D. Section 3 Policy
- E. Underwriting Standards of New Jersey Housing & Mortgage Finance's 2010 CHOICE program
- F. Davis Bacon Applicability
- G. Signage Identifying Recovery Act Funded Projects
- H. Section 3 Guidance Document (also referred to as Executive Summary)
- I. Requisition approval process
- J. On-site monitoring checklist
- K. Procurement Policy

1. NJ Green Homes Office Green Future for CHOICE

ENERGY STAR LETTER OF INTENT – for CHOICE:



**New Jersey Housing and Mortgage Finance Agency
Single Family CHOICE Green Requirements 2010
ENERGY STAR**

Please Fax a signed copy of this page to NJHFMA Green Homes Office and include in CHOICE Application.

By signing this document, I certify the following (“we” refers to the applicant organization):

1. We understand that ENERGY STAR certification is a prerequisite to participation in the CHOICE program, we agree to complete the ENERGY STAR certification process, and will comply with the submission requirements listed in the ‘Guide to NJHMFA ENERGY STAR Requirements’ document.
2. We understand that no projects are exempt from this requirement and have reviewed the documentation as applicable in the ‘Guide to NJHMFA ENERGY STAR Requirements’ document. More specifically, we understand that for (a) new construction and gut rehabilitation projects we are required to participate in the ‘ENERGY STAR Homes’ program and for (b) substantial rehabilitation projects we are required to participate in the ‘NJ Home Performance with ENERGY STAR Homes’ program.
3. If requested we will allow the NJHMFA Green Homes Office, or designee, access to the project site pre-, during and post-construction for the purpose of but not limited to confirming ENERGY STAR compliance.
4. I am an authorized representative of the organization.

Signature: _____ Date: _____

Name of signer: _____

Title: _____

Project Name: _____

Organization: _____

NJHMFA ENERGY STAR Requirement Program we are participating in:

GREEN FUTURE LETTER OF INTENT – for CHOICE:



New Jersey Housing and Mortgage Finance Agency Single Family CHOICE Green Requirements 2010 GREEN FUTURE

Please include this signed document in your CHOICE application package.

By signing this document, I certify the following (“we” refers to the applicant organization):

1. We have received and reviewed the Program’s materials, consisting of the ‘2010 Green Requirements for Single Family CHOICE’ and ‘Green Future Guidelines 2010’ documents, which includes a list of requirements, an application timeline, Submittal Checklist and related informational material.
2. We understand that ENERGY STAR certification is a prerequisite to participation in the CHOICE program and a required item in the Green Future program. We will comply with ENERGY STAR requirements as indicated in the ‘ENERGY STAR Letter of Intent – for CHOICE’.
3. We understand the Program material, and more specifically we have read and understand the process and procedures set forth in the ‘2010 Green Requirements for Single Family CHOICE’ and ‘Green Future Guidelines 2010’ documents.
4. We understand that if our project’s application for CHOICE funding is accepted, we will be required to commit to the 20 required elements (indicated in **bold**) in the ‘Green Future Program Checklist’ that are to be integrated into the project, as well as the *following four(4) elective elements*:

<i>Item #</i>	<i>Green Feature – Description</i>
---------------	------------------------------------

- | | |
|----|-------|
| a. | <hr/> |
| b. | <hr/> |
| c. | <hr/> |
| d. | <hr/> |
5. If requested we will allow NJHMFA staff access to the project site pre-, during and post-construction for the purpose of but not limited to: project monitoring, performance testing, interviews, surveys and photographs.
 6. I am an authorized representative of the organization.

Signature: _____ Date: _____

Name of signer: _____

Title: _____

Project Name: _____

Organization: _____

Green Future Letter of Intent – for CHOICE

PROJECT TIMELINE:

WHAT TO SUBMIT WITH CHOICE APPLICATION

- Completed and Signed ‘Green Future Letter of Intent – for CHOICE’
- Completed and Signed ‘ENERGY STAR Letter of Intent – for CHOICE’
- For NEW CONSTRUCTION or GUT REHAB¹:
 - Completed and Signed ‘ENERGY STAR Partnership Agreement’, available online through www.energystar.gov.

OR

- For SUBSTANTIAL REHAB²:
 - Results of a completed Home Energy Audit by a BPI-certified auditor.
 - Contractor’s Cost Estimate to complete the recommendations of the audit

WHAT TO SUBMIT PRIOR TO LOAN CLOSING

- Completed *and NJHMFA approved* ‘Green Future Checklist – for CHOICE’.
 - Any proposed changes to the Green Checklist made by the developer/architect to be clearly documented in writing *and approved* by NJHMFA Green Homes Office and the Green Advisor *prior to implementation*.
- For NEW CONSTRUCTION or GUT REHAB¹:
 - Completed and Signed ‘ENERGY STAR Builder Upgrade Packet’

OR

- For SUBSTANTIAL REHAB²:
 - Confirmation of incentive and approval of work from ‘NJ Home Performance with ENERGY STAR’ program.

WHAT TO SUBMIT UPON COMPLETION OF CONSTRUCTION

- Completed Submittal Checklist Binder with completed “Green Future Submittal Checklist – for CHOICE” for required and elected elements and copies of ALL submittal requirements.
- Copies of the ENERGY STAR ‘Thermal Bypass Inspection’ and ‘Blower Door Test’ (from ENERGY STAR inspector during the “Pre-drywall Inspection”)
- Copy of EPA or NJ ENERGY STAR Homes Certificate(s).

Upon satisfactory completion of all required submittals and documentation, project will receive a letter of Final Approval for completion of the Green Future Program from the NJ Green Homes Office.

¹ Gut Rehab refers to rehabilitation projects that demolish the existing structure down to the building shell.

² Substantial Rehab refers to rehabilitation projects that leave significant portions of the existing building intact (less extensive than Gut Rehab).



New Jersey Housing and Mortgage Finance Agency
2010 Green Requirements
for Single Family CHOICE Projects
with the NJ Green Homes Office

2010

The NJ Green Homes Office is located within the NJ Housing & Mortgage Finance Agency and has been tasked with assistance for Single Family CHOICE projects.

Please carefully read through the following notes.

IMPORTANT NOTES:

- The Single Family CHOICE Green Requirements are a sub-set of the NJ Green Homes Office Green Future program requirements. Please see the '2010 Green Future Guidelines' for a more detailed description of each green item. The Green Future program consists of a list of common definitions for green building items referred to by a few financing programs.
- Participants must complete the required elements **and** select an additional four (4) elective elements to complete. Required elements (in **bold**) and elective elements (in *italics*) are listed in the 'Green Future Checklist – for CHOICE' that follows.
- All Single Family CHOICE participants must also receive ENERGY STAR Homes Certification. Documentation and submittals for the ENERGY STAR program, as applicable for CHOICE, can be found in the 'Guide to NJHMFA ENERGY STAR Requirements'. Projects that do not qualify for the ENERGY STAR Homes Program may complete Tier 3 of the Home Performance with ENERGY STAR Program. Information on all ENERGY STAR programs is available from the EPA at <http://www.energystar.gov>. For rebates and incentives available for ENERGY STAR improvements go to the NJ Clean Energy Program website: <http://www.njcleanenergy.com>.
- Changes and Substitutions to the Requirements in the Green Worksheet due to extenuating circumstances must be submitted in writing to the Green Homes Office. Changes must have written approval prior to implementation.

FOR TECHNICAL ASSISTANCE CONTACT:

Bob Bonsignore, Single Family Green Advisor
NJ Housing and Mortgage Finance Agency
RBonsignore@njhmfa.state.nj.us
Phone: 609.278.7593
Fax: 609.278.1720

ADDITIONAL RESOURCE:

Gabriel Nathanson
NJ Green Homes Office
GNathanson@njhmfa.state.nj.us
Phone: 609.278.7370
Fax: 609.278.1754

For U.S. Post Office:
P.O. Box 18550
Trenton, NJ 08650-2085

For Fed Ex, UPS, Visitors, etc:
637 S. Clinton Ave.
Trenton, NJ 08611

GREEN FUTURE

GREEN FUTURE CHECKLIST – for CHOICE

Complete and submit for Green Future Review

To be signed once finalized by the Single Family Green Advisor

Green Future Checklist– for CHOICE		
Dev. Name		
Project Name		
* Required element (listed in BOLD face)		
** Required for multi-story, multi-unit properties (list in BOLD Italic face)		
Elective elements are in <i>ITALICS</i> . Participants must choose four (4) elective elements to complete.		
Item #	Green Feature	Location in Plans & Specs
Siting & Land Use		
SL-1	PASSIVE SOLAR, VENTILATION & SHADING DESIGN	
SL-2	PRESERVATION PLAN	
SL-3a*	PEDESTRIAN PATHS (SIDEWALKS) & BIKE TRAILS	
SL-3b	SECURE & SAFE BIKE RACKS**	
SL-3c	SAFE SHELTER FOR COMMUTERS	
SL-3f SF	CLUSTERED DEVELOPMENT	
Indoor Air Quality		
IA-1 SF*	COMPLETELY CLEAN ALL DUCTS PRIOR TO OCCUPANCY	
IA-2*	LOW VOC INTERIOR PAINTS & FINISHES	
IA-3*	LOW VOC ADHESIVES & SEALANTS	
IA-4	DURABLE, HEALTHY FLOORING	
IA-5	MERV 8 OR HIGHER AIR FILTERS	
IA-6*	COMBUSTION DEVICES	
IA-7*	AUTOMATIC BATHROOM VENTILATION	
IA-8*	DIRECT VENT OF KITCHEN	
IA-9	ENCAPSULATION OF NON-UF-FREE CABINETS	
IA-10*	INSULATION WITH LOW FORMALDEHYDE CONTENT	
IA-11 SF	OPERABLE DOUBLE-HUNG WINDOWS	
IA-12*	ACCESS TO DAYLIGHTING & VIEW FROM EACH BEDROOM	
Building Durability & Moisture Control		
DM-1	EXTERIOR WALL DRAINAGE PLANE	
DM-2	WINDOW FLASHING DETAILS	
DM-3*	GUTTER DOWNSPOUTS DISCHARGE 3' FROM FOUNDATION	
DM-4*	INSTALL 30-YR FOR PITCHED & 20-YR FOR FLAT ROOF	
Energy Efficiency		
EE-1*	ALL UNITS ENERGY STAR RATED	
EE-2*	ENERGY STAR APPLIANCES	
EE-3 SF*	ENERGY STAR LIGHTING FIXTURES AND/OR BULBS	
EE-4	WINDOWS WITH LOW-E COATING	
EE-5	INSULATION OF BASEMENT CEILING	
EE-6	DUCTWORK IN CONDITIONED SPACE	
EE-7 SF	OCCUPANCY & DAYLIGHTING CONTROLS, WHERE POSS.	
EE-8	HIGH-ENERGY FACTOR WATER HEATER	
EE-9*	EASY TO USE PROGRAMMABLE THERMOSTATS	
EE-10 SF	HIGH & LOW REGISTERS (OR CEILING FAN) IN EACH ROOM	

Resource Efficiency		
RE-1*	RECYCLE / SALVAGE CONSTRUCTION DEBRIS	
RE-3*	RECYCLING PLAN FOR EACH UNIT	
Water Conservation		
WC-1*	LOW-FLOW FIXTURES	
WC-2*	HIGH-EFFICIENCY TOILETS	
WC-3	WATER EFFICIENT LANDSCAPING	
WC-4	HIGH-EFFICIENCY IRRIGATION	
WC-5	PERVIOUS PAVERS FOR OUTDOOR PATIOS & WALKWAYS	
Operations & Maintenance		
OM-2*	HOMEOWNER O&M MANUAL AND TRAINING	
OM-3	INTEGRATED PEST MANAGEMENT	

Acknowledgement of Green Future Checklist – for CHOICE
DEVELOPER

Signed: _____ Date: _____

Name: _____ Title: _____

Acknowledgement of Green Future Checklist – for CHOICE
ARCHITECT

Signed: _____ Date: _____

Name: _____ Title: _____

Acknowledgement of Green Future Checklist – for CHOICE
GENERAL CONTRACTOR

Signed: _____ Date: _____

Name: _____ Title: _____

Approval of Checklist Completion
FOR AGENCY USE ONLY

Signed: _____ Date: _____

Name: _____ Title: _____

GREEN FUTURE SUBMITTAL CHECKLIST - for CHOICE

Some items may be indicated in other submitted documents (e.g. plans, elevations, landscape plans). Please include a sheet referencing the drawing number and location on the page if not including the item within the submittal binder.

SITING AND LAND USE**SL-1 Passive Solar, Ventilation & Shading Design**

- ☐ Site plan with north arrow clearly displayed and nearby buildings noted with the number of floors for each. Locate the placement or maintenance of desirable trees to utilize passive design.
- ☐ Engineer's narrative describing roof durability and structural integrity to carry a reasonably-sized solar array,
- ☐ Plan indicating conduit runs for solar electric and location of inverter.
- ☐ Elevation with exterior shading devices, where applicable.
- ☐ If the project is in an infill lot with no alternate site options, or there is something that precludes the project from incorporating passive solar design, please submit a narrative to this effect and what attempts have been made to comply.

SL-2 Preservation Plan

- ☐ Site plan with tree/plant preservation plan and note
- ☐ Tree preservation details in plans
- ☐ Include tree demarking and preservation procedures in Specifications

SL-3a Pedestrian Paths (Sidewalks) & Bike Trails (REQUIRED)

- ☐ Submit plans and specifications
- ☐ **During construction:** Submit photographs of, at least, connections between living and parking spaces; site and neighborhood; walking trails and different buildings.

SL-3b Secure & Safe Bike Racks (REQUIRED for Multi-story, Multi-unit properties)

- ☐ Submit plans and specifications
- ☐ **During construction:** Submit photographs of bike lock signage and bike lock areas.

SL-3c Safe Shelter for Commuters

- ☐ Submit plans and specifications indicating transit stop and commuter shelter
- ☐ **During construction:** Submit photographs of commuter shelter

SL-3f SF Compact and Clustered Development (Single Family)

- ☐ Plans with indication of open space preserved by design

- ☐ Calculation of density per acre.

INDOOR AIR QUALITY

IA-1 SF Completely clean all ducts and equipment prior to occupancy (Single Family) (REQUIRED)

- ☐ Contract language indicating duct and equipment cleaning requirement and method
- ☐ Signed statement by GC indicating acknowledgement of requirement
- ☐ **During construction:** Submit 3 dated photos of cleaned ductwork and equipment

IA-2 Low VOC Interior Paints & Finishes (REQUIRED)

- ☐ Complete list of all paints and sealants with VOC content in g/l for each item in specifications
- ☐ **During construction:** Submit photographs of paint cans, with label and VOC content clearly visible

IA-3 Low VOC Adhesives & Sealants (REQUIRED)

- ☐ Complete list of all adhesives and sealants with VOC content in g/l for each item in specifications
- ☐ **During construction:** Submit photographs of product labels and VOC content clearly visible

IA-4 Durable, Healthy Flooring (REQUIRED)

- ☐ Floor plan highlighting flooring type in each area of building.
- ☐ Cut sheets for all flooring installed clearly highlighting (1) Green-Label-Plus status and tack-down installation procedures for carpet; (2) Recycled content; and (3) Registration Number of FloorScore® Certified products.

IA-5 MERV 8 (or higher) air filters in ducted forced air systems (REQUIRED)

- ☐ Filter cut sheet showing MERV value
- ☐ For homeownership units signed statement indicating box (minimum 6) filters left on site near furnace
- ☐ **During construction:** Submit photographs of MERV filters used during construction, filters replaced prior to occupancy, and filters left for regular maintenance.

IA-6 Combustion Devices Directly Vented or Sealed (REQUIRED)

- ☐ Venting detail in plans and specifications
- ☐ Combustion equipment cut sheets, with model numbers highlighted

- ☐ Clothes dryer exhaust: Clothes dryers must be vented directly to the outside
- ☐ **During construction:** Submit photographs of vented devices with seal to exterior indicated.

IA-7 Automatic Bathroom Ventilation (REQUIRED)

- ☐ Spec Sheet and note on mechanical plans.
- ☐ **During construction:** Submit photographs of equipment installed, with label clearly visible.

IA-8 Direct Vent of Kitchen (REQUIRED)

- ☐ Venting details in plans and specifications
- ☐ Equipment cut sheets, with model numbers
- ☐ Engineering calculations that address kitchen venting, bathroom venting, and HVAC fresh air supply
- ☐ **During construction:** Submit photographs of kitchen exhaust direct venting

IA-9 Encapsulation of non-UF (Urea Formaldehyde) free composite cabinets (REQUIRED)

- ☐ Contract language indicating what items will be sealed,
- ☐ A list of all interior wood composites, indicating which is zero formaldehyde, and/or how non-zero formaldehyde composites are being encapsulated.
- ☐ Provide cut sheets for zero-formaldehyde products or encapsulating finish – see above
- ☐ **During construction:** Submit photograph of person sealing edges of cabinetry and final result prior to final installation

IA-10 Insulation with Low Formaldehyde Content (REQUIRED)

- ☐ Cut sheet for insulation used.
- ☐ **During construction:** Submit photographs of insulation installation and of insulation labels.

IA-11 SF Operable Double-Hung Windows (Single Family)

- ☐ Cut sheets of windows selected
- ☐ **During construction:** Submit photographs of open windows

IA-12 Access to Daylighting & View from Each Bedroom

- ☐ Unit plans
- ☐ Whole-building plans that indicate nearby buildings and visual obstructions.

BUILDING DURABILITY & MOISTURE CONTROL**DM-1 Exterior Wall Drainage Plane**

- ☐ Section drawing showing detail
- ☐ Specification indicating method and products
- ☐ **During construction:** Submit photographs of installation

DM-2 Window Flashing Details

- ☐ Section drawing showing window flashing detail
- ☐ Specification indicating flashing method and products
- ☐ **During construction:** Submit photographs of window opening and window flashing installation

DM-3 Gutter Downspouts discharge at least 3' from Foundation (REQUIRED)

- ☐ Specifications & Drawing detail
- ☐ **During construction:** Submit photographs of gutter discharge and where the water will drain.

DM-4 Roof: Install 30-yr for pitched & 20-yr for flat (REQUIRED)

- ☐ **During construction:** Specification and Copy of Roof Warranty

ENERGY EFFICIENCY**EE-1 All Units ENERGY STAR Certified (REQUIRED)**

- ☐ If not already included in the initial application for funding, submit the ENERGY STAR Partnership Agreement.
- ☐ With your 95% complete plans and specifications, submit a signed ENERGY STAR Builder Upgrade Packet (or equivalent).
- ☐ **During construction:** Submit a copy of your Pre-Drywall ENERGY STAR inspection (including the Thermal Bypass Checklist – to be completed by ENERGY STAR inspector).
- ☐ **At Final Construction Meeting:** Submit copies of ENERGY STAR Certificates and any incentives received.

More about these guidelines are covered in the 'Guide to NJHMFA ENERGY STAR Requirements'

EE-2 ENERGY STAR Appliances (REQUIRED)

- ☐ Refrigerator, clothes washer and dishwasher specs with model number and ENERGY STAR rating
- ☐ **During construction:** Submit photographs of appliances installed, with ENERGY STAR label clearly showing.

EE-3 SF ENERGY STAR Lighting Fixtures & Bulbs (Single Family) (REQUIRED)

- ☐ Plans and Specifications will clearly state that all lighting fixtures and lamps will be ENERGY STAR labeled
- ☐ **During construction:** Submit photographs of a good sampling of ENERGY STAR fixtures and the lamps installed.

EE- 4 Windows w/ Low-E coating

- ☐ Spec Sheet
- ☐ **During construction:** Submit photographs of windows installed, with ENERGY STAR label and low-E label clearly showing

EE-5 Insulation of Basement Ceiling

- ☐ Contract language indicating encapsulated insulation,
- ☐ Section drawing showing cut sheet for encapsulated batts
- ☐ **During construction:** Submit photographs of installed insulation.

EE- 6 Ductwork in Conditioned Space (except plenum) (REQUIRED)

- ☐ Mechanical plans for building, which must show duct location
- ☐ **During construction:** Submit photographs of ductwork in various places and mastic sealing.

EE-7 SF Occupancy & Daylighting Controls, where possible (Single Family)

- ☐ Include locations of all occupancy sensors and daylighting controls in plans
- ☐ Submit cut sheets for products
- ☐ **During construction:** Submit photographs of occupancy sensors

EE-8 High Energy Factor Water Heaters beyond ENERGY STAR (REQUIRED)

- ☐ Provide equipment cut sheets, with model number and efficiency information as required above highlighted.
- ☐ **During construction:** Submit photographs of equipment installed and of equipment labels with relevant information clearly visible.

EE-9 Easy to Use Programmable Thermostats (REQUIRED)

- ☐ Cut sheet with exact model highlighted
- ☐ Sample programming instructions
- ☐ **During construction:** Submit photographs of models installed
- ☐ *See Operations & Maintenance OM-2 for training requirement*

EE-10 SF High & Low Registers (or Ceiling Fan) in Each Room (Single Family)

- ☐ HVAC plan noting the requirement for high and low registers at each location.
- ☐ **During Construction:** Submit photographs of installed registers (or fans) in each room
- ☐ *See Operations & Maintenance OM-2 for training requirement*

RESOURCE EFFICIENCY**RE-1 Recycle or salvage construction & demolition debris (REQUIRED)**

- ☐ Copy of on-site recycling and waste management plan.
- ☐ **During construction:** Submit copies of tipping receipts and a tally indicating total weight or volume recycled, weight or volume in landfill and % recycled by weight or volume. All receipts and tally must be in EITHER weight or volume, not mixed.
- ☐ **During construction:** Dated photograph of dumpsters labeled for separation
- ☐ **During construction (alternate to previous):** Submit contract with hauler/recycler indicating off-site separation method.
- ☐ **At Final Construction Meeting:** Submit photographs of various dumpsters with materials separated and one photograph of final hauler facility where materials are recycled.
- ☐ **At Final Construction Meeting:** Summary of project waste diverted and recycled. Include final breakdown of recycled vs. non-recycled construction materials by weight and dumpster.

RE-3 Recycling Plan for Each Unit (REQUIRED)

- ☐ Plans highlighting recycling areas
- ☐ Cut sheet or other information for bins
- ☐ **During construction:** Submit invoice for recycling bins
- ☐ **During construction:** Submit photographs of each unit's recycling area.

At Final Construction Meeting: Deliver Operations & Maintenance info sheet about municipal recycling plan (e.g. type of service, pickup dates) and recommended best waste practices.

WATER CONSERVATION**WC-1 Low-Flow Fixtures (REQUIRED)**

- ☐ Cut sheet for fixtures
- ☐ **During construction:** Submit photographs of plumber(s) installing aerators.

WC-2 High Efficiency Toilets (REQUIRED)

- ☐ Cut sheet for toilets
- ☐ Indicate model type in plans and specifications
- ☐ **During construction:** Submit photographs of installed toilets, product label, and dual flush feature if installed.

WC-3 Water Efficient Landscaping (Native and/or drought tolerant plants and turf)

- ☐ Landscaping plan with list of plants and turf (if applicable) including native habitat.
- ☐ **If applicable, designation on plans of any recreation areas that will be seeded with turf, including graphic of signage designating recreation area, or section of code listing requirement for turf.**
- ☐ **During construction:** Submit photographs of landscaping, showing recreation areas with signage (if applicable), planting beds, and significant trees.

WC-4 High Efficiency Irrigation

- ☐ Written explanation
- ☐ Include in specifications
- ☐ Site Plan indicating placement, type, and details
- ☐ **During construction:** Submit photographs of installed drip irrigation, lack or irrigation, or greywater recycling system.

OPERATIONS AND MAINTENANCE

OM-2 Tenant (or Homeowner) Manual & Training (REQUIRED)

- ☐ Due at final construction meeting - Copy of manual, including an overall description of controls, the importance of energy efficiency, sustainable design ideals, reference and direction for at least the following Green Future items (SL-3a-f; IA-2; IA-3; IA-4; IA-5; IA-7; IA-8; IA-9; IA-11; EE-1; EE-2; EE-3; EE-7; EE-9; EE-10; RE-2; RE-3; WC-1; and WC-2); and additional general green building information

OM-3 Integrated Pest Management

- ☐ Sign and submit an IPM plan (see example under Green Future resources) with 95% complete plans and specs.
- ☐ In IPM plan, illustrate how the building will be constructed according to IPM best management.
- ☐ Reference IPM plan in project specifications.
- ☐ Also, include plan in final Operations & Maintenance Manual (OM-2).
- ☐ Alternatively, have the building Green Shield Certified.

2. HUD Lead based paint regulatory requirements

24 CFR Part 35

Subpart A—Disclosure of Known Lead-Based Paint and/or Lead-Based Paint Hazards Upon Sale or Lease of Residential Property

Source: 61 FR 9082, Mar. 6, 1996, unless otherwise noted. Re-designated at 64 FR 50201, Sept. 15, 1999.

§ 35.80 Purpose.

This subpart implements the provisions of 42 U.S.C. 4852d, which impose certain requirements on the sale or lease of target housing. Under this subpart, a seller or lessor of target housing shall disclose to the purchaser or lessee the presence of any known lead-based paint and/or lead-based paint hazards; provide available records and reports; provide the purchaser or lessee with a lead hazard information pamphlet; give purchasers a 10-day opportunity to conduct a risk assessment or inspection; and attach specific disclosure and warning language to the sales or leasing contract before the purchaser or lessee is obligated under a contract to purchase or lease target housing.

§ 35.82 Scope and applicability.

This subpart applies to all transactions to sell or lease target housing, including subleases, with the exception of the following:

(a) Sales of target housing at foreclosure.

(b) Leases of target housing that have been found to be lead-based paint free by an inspector certified under the Federal certification program or under a federally accredited State or tribal certification program. Until a Federal certification program or federally accredited State certification program is in place within the State, inspectors shall be considered qualified to conduct an inspection for this purpose if they have received certification under any existing State or tribal inspector certification program. The lessor has the option of using the results of additional test(s) by a certified inspector to confirm or refute a prior finding.

(c) Short-term leases of 100 days or less, where no lease renewal or extension can occur.

(d) Renewals of existing leases in target housing in which the lessor has previously disclosed all information required under §35.88 and where no new information described in §35.88 has come into the possession of the lessor. For the purposes of this paragraph, renewal shall include both renegotiation of existing lease terms and/or ratification of a new lease.

§ 35.84 Effective dates.

The requirements in this subpart take effect in the following manner:

(a) For owners of more than four residential dwellings, the requirements shall take effect on September 6, 1996.

(b) For owners of one to four residential dwellings, the requirements shall take effect on December 6, 1996.

§ 35.86 Definitions.

Lessee means any entity that enters into an agreement to lease, rent, or sublease target housing, including but not limited to individuals, partnerships, corporations, trusts, government agencies, housing agencies, Indian tribes, and nonprofit organizations.

Lessor means any entity that offers target housing for lease, rent, or sublease, including but not limited to individuals, partnerships, corporations, trusts, government agencies, housing agencies, Indian tribes, and nonprofit organizations.

Owner means any entity that has legal title to target housing, including but not limited to individuals, partnerships, corporations, trusts, government agencies, housing agencies, Indian tribes, and nonprofit organizations, except where a mortgagee holds legal title to property serving as collateral for a mortgage loan, in which case the owner would be the mortgagor.

Purchaser means an entity that enters into an agreement to purchase an interest in target housing, including but not limited to individuals, partnerships, corporations, trusts, government agencies, housing agencies, Indian tribes, and nonprofit organizations.

Reduction means measures designed to reduce or eliminate human exposure to lead-based paint hazards through methods including interim controls and abatement.

Residential dwelling means:

- (1) A single-family dwelling, including attached structures such as porches and stoops; or
- (2) A single-family dwelling unit in a structure that contains more than one separate residential dwelling unit, and in which each such unit is used or occupied, or intended to be used or occupied, in whole or in part, as the residence of one or more persons.

Risk assessment means an on-site investigation to determine and report the existence, nature, severity, and location of lead-based paint hazards in residential dwellings, including:

- (1) Information gathering regarding the age and history of the housing and occupancy by children under age 6;
- (2) Visual inspection;
- (3) Limited wipe sampling or other environmental sampling techniques;
- (4) Other activity as may be appropriate; and
- (5) Provision of a report explaining the results of the investigation.

Seller means any entity that transfers legal title to target housing, in whole or in part, in return for consideration, including but not limited to individuals, partnerships, corporations, trusts, government agencies, housing agencies, Indian tribes, and nonprofit organizations. The term "seller" also includes:

- (1) An entity that transfers shares in a cooperatively owned project, in return for consideration; and

(Approved by the Office of Management and Budget under control number 2070-0151)

[61 FR 9082, Mar. 6, 1996, as amended at 64 FR 14382, Mar. 25, 1999]

§ 35.90 Opportunity to conduct an evaluation.

(a) Before a purchaser is obligated under any contract to purchase target housing, the seller shall permit the purchaser a 10-day period (unless the parties mutually agree, in writing, upon a different period of time) to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards.

(b) Notwithstanding paragraph (a) of this section, a purchaser may waive the opportunity to conduct the risk assessment or inspection by so indicating in writing.

(Approved by the Office of Management and Budget under control number 2070-0151)

[61 FR 9082, Mar. 6, 1996, as amended at 64 FR 14382, Mar. 25, 1999]

§ 35.92 Certification and acknowledgment of disclosure.

(a) *Seller requirements.* Each contract to sell target housing shall include an attachment containing the following elements, in the language of the contract (e.g., English, Spanish):

(1) A Lead Warning Statement consisting of the following language:

Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller's possession and notify the buyer of any known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase.

(2) A statement by the seller disclosing the presence of known lead-based paint and/or lead-based paint hazards in the target housing being sold or indicating no knowledge of the presence of lead-based paint and/or lead-based paint hazards. The seller shall also provide any additional information available concerning the known lead-based paint and/or lead-based paint hazards, such as the basis for the determination that lead-based paint and/or lead-based paint hazards exist, the location of the lead-based paint and/or lead-based paint hazards, and the condition of the painted surfaces.

(3) A list of any records or reports available to the seller pertaining to lead-based paint and/or lead-based paint hazards in the housing that have been provided to the purchaser. If no such records or reports are available, the seller shall so indicate.

(4) A statement by the purchaser affirming receipt of the information set out in paragraphs (a)(2) and (a)(3) of this section and the lead hazard information pamphlet required under section 15 U.S.C. 2696.

(5) A statement by the purchaser that he/she has either:

(c) *Retention of certification and acknowledgment information.* (1) The seller, and any agent, shall retain a copy of the completed attachment required under paragraph (a) of this section for no less than 3 years from the completion date of the sale. The lessor, and any agent, shall retain a copy of the completed attachment or lease contract containing the information required under paragraph (b) of this section for no less than 3 years from the commencement of the leasing period.

(2) This recordkeeping requirement is not intended to place any limitations on civil suits under the Act, or to otherwise affect a lessee's or purchaser's rights under the civil penalty provisions of 42 U.S.C. 4852d(b)(3).

(d) The seller, lessor, or agent shall not be responsible for the failure of a purchaser's or lessee's legal representative (where such representative receives all compensation from the purchaser or lessee) to transmit disclosure materials to the purchaser or lessee, provided that all required parties have completed and signed the necessary certification and acknowledgment language required under paragraphs (a) and (b) of this section.

(Approved by the Office of Management and Budget under control number 2070-0151)

[61 FR 9082, Mar. 6, 1996, as amended at 64 FR 14382, Mar. 25, 1999]

§ 35.94 Agent responsibilities.

(a) Each agent shall ensure compliance with all requirements of this subpart. To ensure compliance, the agent shall:

(1) Inform the seller or lessor of his/her obligations under §§35.88, 35.90, and 35.92.

(2) Ensure that the seller or lessor has performed all activities required under §§35.88, 35.90, and 35.92, or personally ensure compliance with the requirements of §§35.88, 35.90, and 35.92.

(b) If the agent has complied with paragraph (a)(1) of this section, the agent shall not be liable for the failure to disclose to a purchaser or lessee the presence of lead-based paint and/or lead-based paint hazards known by a seller or lessor but not disclosed to the agent.

(Approved by the Office of Management and Budget under control number 2070-0151)

[61 FR 9082, Mar. 6, 1996, as amended at 64 FR 14382, Mar. 25, 1999]

§ 35.96 Enforcement.

(a) Any person who knowingly fails to comply with any provision of this subpart shall be subject to civil monetary penalties in accordance with the provisions of 42 U.S.C. 3545 and 24 CFR part 30.

(b) The Secretary is authorized to take such action as may be necessary to enjoin any violation of this subpart in the appropriate Federal district court.

(c) Any person who knowingly violates the provisions of this subpart shall be jointly and severally liable to the purchaser or lessee in an amount equal to 3 times the amount of damages incurred by such individual.

3. Section 3 Policy

Camden Redevelopment Agency

HUD

SECTION 3

POLICY AND PROGRAM GUIDELINES TO PROVIDE JOB OPPORTUNITIES FOR CAMDEN RESIDENTS AND BUSINESSES

FOR THE NEIGHBORHOOD STABILIZATION PROGRAM 2 (NSP2)

Effective: December 9, 2010
Camden Redevelopment Agency
Saundra Ross Johnson
Executive Director

PART I: GENERAL PROVISIONS

A. Camden Redevelopment Agency: Policy Statement

The purpose of Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) (Section 3) is to ensure that employment and other economic opportunities generated by certain HUD financial assistance, including the Neighborhood Stabilization Program 2 (NSP2) shall, to the greatest extent feasible, and consistent with existing Federal, State and Local laws and regulations, be directed to low- and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low- and very low-income persons.

CRA has established that one of the purposes of the assistance provided for funded projects is to give to the greatest extent feasible and consistent with Federal, State and local laws and regulations, job training, employment, contracting and other economic opportunities generated from the expenditure of this assistance to Section 3 residents and Section 3 business concerns.

CRA has also established that consideration shall be given to the extent to which firms responding to solicitation demonstrate that it will train and employ Section 3 residents and contract with Section 3 business concerns for economic opportunities generated in connection with the project or activity assisted.

The preference required by Section 3 is neither gender specific nor race nor ethnic origin specific. The preference required by Section 3 is one of income and one of location. The preference is broad and encompasses other narrower categories.

This policy and statement of program guidelines establishes the standards and procedures the CRA will follow to ensure that its obligations and the objectives of Section 3 are met.

B. Applicability

- ***Section 3 Covered Assistance.*** Section 3 provisions apply to any expenditure of funds by the CRA, regardless of the source of those funds, including but not limited to: training, employment, contracting, and other economic opportunities arising from the expenditure of:
 1. Covered assistance provided pursuant to NSP2 funds authorized under the American Recovery and Reinvestment Act (the Recovery Act) of 2009.
- ***Thresholds.*** The requirements established by the CRA apply to all Section 3 covered assistance provided to recipients for contracts over \$50,000. The requirements apply to all contractors and subcontractors performing work in connection with projects and activities funded by NSP2 assistance covered by Section 3 for contracts over \$50,000.

- ***Applicability of Section 3 to Entire Project or Activity Funded with Section 3 Assistance.*** The requirements of this policy apply to the entire project or activity that is funded with Section 3 covered assistance, regardless of whether the Section 3 activity is fully or partially funded with Section 3 covered assistance.
- ***Requests for Waiver or Modification.*** Recipients, contractors and subcontractors covered by this policy may request a waiver or modification of the provisions of this policy when it can demonstrate that accomplishment of these requirements cannot be achieved. Recipients that apply for a waiver or modification from the numerical goals set forth in these guidelines bear the burden of demonstrating why it is not possible. Such a request should describe the efforts that were taken, barriers encountered, and other relevant information that will allow the CRA to make a determination regarding the necessity for the waiver or modification.

C. Definitions:

Definitions shall have the meaning assigned herein as follows:

“Agreement” means the contract entered into between the CRA and successful respondent.

“Building” means each of the individual buildings that are situated at the NSP2 sites.

“Business concern” means a business entity formed in accordance with law, and which is licensed to engage in the type of business activity for which it was formed.

“CFR” means the Code of Federal Regulations.

“City resident” means an individual whose primary residence is within the geographical boundary of the City of Camden.

“Contract” means the contract entered into between the CRA, consortium member or for-profit partner, and the Contractor. It includes the forms of Bid, the Bid Bond, the Performance and Payment Bond or Bonds or other assurances of completion, the Certifications, Representations, and Other Statements of Bidders (form HUD-5369-A), these General Conditions of the Contract for Construction (form HUD 5370), the applicable wage rate determinations from either the U.S. Department of Labor or HUD, any special conditions included elsewhere in the contract, the specifications and drawings. It includes all formal changes to any of those documents by addendum, change order, or other modifications.

“Consortium” means two or more private or public nonprofit organizations that collectively have the capacity and experience to carry out the proposed NSP2 activities in the target geography and that enter into an agreement to submit a single application for NSP2 funding.

"Contracting Officer" means the person delegated the responsibility by the CRA, consortium member or for-profit partner to enter into, administer, and/or terminate this contract and designated as such in writing to the Contractor.

"Contractor" means any entity which contracts to supply services generated by the expenditure of Section 3 covered assistance, or for work in connection with a Section 3 covered project at an agreed-upon rate or price. When a grantee or subrecipient under NSP2 hires a contractor, the contractor must be procured pursuant to Part 84.

"CRA" means the Camden Redevelopment Agency.

"Developer" means a for-profit or private nonprofit individual or entity that an NSP2 grantee provides NSP2 assistance to for the purpose of (1) acquiring homes and residential properties to rehabilitate for use or resale for residential purposes and (2) constructing new housing in connection with the redevelopment of demolished or vacant properties. Developers are program beneficiaries and thus distinct from subrecipients, grantee employees, and contractors. Developers may receive NSP2 funds from either the grantee or a subrecipient. Developer led rehabilitation is undertaken pursuant to 24 CFR 570.202(b)(1). New housing construction is undertaken pursuant to 24 CFR 570.204, or the NSP notice published on October 6, 2008, as amended.

"Effective date" means the date that the Agreement becomes effective and the successful respondent may commence work in accordance with the terms and conditions of the agreement.

"Employment opportunities generated by Section 3 covered assistance" means all employment opportunities generated by the expenditure of Section 3 covered activities, including management and administrative jobs connected with the Section 3 covered project. Management and administrative jobs include architectural, engineering or related professional services required to prepare plans, drawings, specifications, or work write-ups; and jobs directly related to administrative support of these activities, e.g., construction manager, payroll clerk, etc.

"For-profit partner" means a for-profit entity that will assist in carrying out NSP2 activities through a separate written agreement setting forth the partner's responsibilities for performance and compliance with NSP2 between the Camden Redevelopment Agency and the for-profit partner.

"Housing Authority" (HA) means the Housing Authority of the City of Camden.

"HUD" means the United States Department of Housing and Urban Development, including its Field Offices to which authority has been delegated to perform functions under Section 3.

"HUD Youthbuild Programs" means programs that receive assistance under subtitle D of Title IV of the National Affordable Housing Act, as amended by the Housing and Community Development Act of 1992 (42 U.S.C. 12899), and provide disadvantaged youth with opportunities for employment, education, leadership development, and training in the construction or rehabilitation of housing for homeless individuals and members of low- and very low-income families.

"Interim rule" is an interim or temporary rule of HUD that is published in the Federal Register and is effective in accordance with its terms, but is subject to public comments before HUD issues a final rule.

"IFB" means Invitation for Bids"

"JTPA" means the Job Training Partnership Act"

"Local Law" means the law of the State of New Jersey

"Low-income person". See the definition of "Section 3 resident" in this section.

"Metropolitan Area" means Camden and adjoining Counties, in the State of New Jersey.

"Municipality" means the City of Camden, New Jersey.

"New hires" means full-time employees for permanent, temporary or seasonal employment opportunities.

"1937" means the U.S. Housing Act of 1937, as amended.

"NSP2" means the Neighborhood Stabilization Program 2, authorized under the American Recovery and Reinvestment Act (the Recovery Act) of 2009.

"Other HUD programs" means HUD programs other than HUD public and Indian housing programs that provide housing and community development assistance for "Section 3 covered projects" as defined in this section.

"PHA" means Public Housing Agency, organized under applicable state law.

"Project" means the entire project, whether construction, demolition, rehabilitation or resident services initiatives, such as housing counseling.

"Public housing resident" means a resident of a housing unit maintained by the Housing Authority of the City of Camden and has the meaning given this term in 24 CFR Part 963.

"Recipient" means any entity which receives Section 3 covered assistance, from the CRA, and includes, but is not limited to, another public body, consortium member, for-

profit partner, public or private non-profit organization, private agency or institution, mortgagor, developer, limited dividend sponsor, builder, property manager, Community Housing Development Organization, Resident Management Corporation, Resident Council, or Cooperative Association. Recipient also includes any successor, assignee or transferee of any such entity but does not include any ultimate beneficiary under the HUD program to which Section 3 applies and does not include contractors.

"Resident" means any individual(s) who resides in an apartment unit, in a building owned by the Housing Authority.

"Resident-Owned Business" means any one or more businesses owned by a Resident.

"Response" means the proposal to be submitted to the CRA by the respondent in response to the solicitation and the Proposer's best and final offer submitted to the Authority on the Proposal Submission Deadline date.

"Respondent" means the recipient or contractor against which a complaint of noncompliance has been filed.

"RFP" means the Request for Proposals.

"RFP" means Request for Qualifications.

"Section 3" means Section 3 of the Housing and Urban Development Act of 1968 as amended (12 U.S.C. 1701u).

"Section 3 Appeal Panel" means a three-member group, which upon request, reviews determinations of the Section 3 Coordinator on matters related to compliance or complaints. Members shall be appointed by the Executive Director.

"Section 3 business concern" means a business concern

1. That is 51 percent or more owned by Section 3 residents; or
2. Whose permanent full-time employees include persons at least 30 percent of whom are currently Section 3 residents, or within three years of the date of first employment with the business concern were Section 3 residents; or
3. That provides evidence of a commitment to subcontract in excess of 25 percent of the dollar value of the project to business concerns that meet the qualifications set forth in preceding paragraphs 1. or 2.

"Section 3 clause" means the contract provisions set forth in Part IV.

"Section 3 coordinator" means an individual employed by the CRA who is designated by the CRA Executive Director, who is responsible for the CRA's Section 3 Compliance activities and is authorized to make determinations on Section 3 appeals subject to review by the Section 3 Appeal Panel.

“Section 3 covered activity” means any activity, which is funded wholly or in part by the CRA through NSP2 funds.

“Section 3 covered assistance” means any assistance, which is funded wholly or in part by HUD and administered by the CRA and specifically includes, but is not limited to assistance provided pursuant to NSP2 funds authorized under the American Recovery and Reinvestment Act (the Recovery Act) of 2009 that is expended for work arising in connection with:

1. Housing rehabilitation (including reduction and abatement of lead-based paint hazards, but excluding routine maintenance, repair and replacement);
2. Housing construction;
3. Demolition; or
4. Other public construction projects (which includes other buildings or improvements, regardless of ownership).

“Section 3 covered contract” means a contract or subcontract (including a professional services contract) awarded by the CRA, its consortium members or for-profit partners to a recipient or contractor for work generated by the expenditure of Section 3 covered assistance, or for work arising in connection with a Section 3 covered project.

“Section 3 covered project” means the construction, reconstruction, demolition, conversion or rehabilitation of housing (including reduction and abatement of lead-based paint hazards), or other public construction which includes buildings or improvements or improvements (regardless of ownership) assisted with housing or community development assistance.

“Section 3 joint venture” means an association of business concerns, one of which qualifies as a Section 3 business concern, formed by written joint venture agreement to engage in and carry out a specific business venture for which purpose the business concerns combine their efforts, resources, and skills for joint profit, but not necessarily on a continuing or permanent basis for conducting business generally, and for which the Section 3 business concern:

1. Is responsible for a clearly defined portion of the work to be performed and holds management responsibilities in the joint venture; and
2. Performs at least 40 percent of the work and is contractually entitled to compensation proportionate to its work.

“Section 3 resident” means a Housing Authority resident or an individual who resides within the City of Camden, and who is:

1. A low-income person, meaning families (including single persons) whose incomes do not exceed 80 percent of the median family income for the area, as determined by the Secretary with adjustments for smaller and larger families, except that the Secretary of HUD may establish income ceilings higher or lower than 50 percent of the median for the area on the basis of the HUD Secretary’s findings that such variations are necessary because of unusually high or low family incomes; or
2. A very low-income person, meaning families (including single persons) whose incomes do not exceed 50 percent of the median family income for the area, as determined by the HUD Secretary with adjustments for smaller and larger families, except that the HUD Secretary may establish income ceilings higher or lower than 50 percent of the median

for the area on the basis of the HUD Secretary's findings that such variations are necessary because of unusually high or low family incomes.

"Section 8 assistance" means assistance provided under Section 8 of the 1937 Act (42 U.S.C. 1437f) pursuant to 24 CFR Part 882, subpart G.

"Service area" means the geographical area in which the persons benefiting from the Section 3 covered project reside. The service area shall not extend beyond the City of Camden.

"Site" means those development (and the Building, the Buildings' grounds and appurtenances thereto) located within each development as listed in a solicitation.

"Step-Up Program" means a two-year Building Maintenance Repairer apprenticeship program certified by the State of New Jersey's Department of Labor with a one year Step-Up term approved by the United States Department of Housing and Urban Development.

"Subcontractor" means any entity (other than a person who is an employee of the contractor) which has a contract with a contractor to undertake a portion of the contractor's obligation for the performance of work generated by the expenditure of Section 3 covered assistance, or arising in connection with a Section 3 covered project.

"Tenant" means the authorized occupant of record with the Housing Authority.

"Tenant Association" means the Resident organization that is formally recognized by the Authority and is composed of Residents residing at the Sites and means the same as Residents Association.

"WIA" means the Workforce Investment Act.

D. Delegation of Authority

The functions and responsibilities related to the implementation and enforcement of the CRA's Policy and Program Guidelines are delegated to the Section 3 Coordinator. The Section 3 Coordinator is further authorized to re-delegate functions and responsibilities to other employees of the CRA or to the Section 3 Compliance Consultant. Determinations of the Section 3 Coordinator may be made with input and recommendation from the Section 3 Compliance Consultant. All determinations of the Section 3 Coordinator regarding requests for waiver or modification of the provisions herein are subject to the approval of the Executive Director of the CRA. The procedures for appeals of the recommendations of the Section 3 Coordinator's determinations on complaint or compliance matters are also set herein. The Executive Director shall designate the Section 3 Coordinator for the CRA.

E. Other Laws Governing Training, Employment and Contracting

The CRA recognizes that other Federal, State, and Local laws and requirements exist that are also applicable to the economic opportunities generated from the expenditure of Section 3 assistance. Nothing herein is intended to relieve the recipient or contractor of those laws and requirements.

PART II: ECONOMIC OPPORTUNITIES FOR SECTION 3 RESIDENTS AND SECTION 3 BUSINESS CONCERNS

A. Procedures and Numerical Goals for Meeting the "Greatest Extent Feasible" Requirement

1. Section 3 Goals and Timetables

A recipient of assistance from the CRA (as provided herein) must demonstrate its compliance with the "greatest extent feasible" requirement of 24 CFR Part 135 to provide training, employment, and contracting opportunities to Section 3 residents and Section 3 business concerns by:

- a. Adopting employment goals for each trade and category of employment on Section 3 covered projects as follows: 40% of the work hours in each trade for work to be performed on the Section 3 covered project for the one-year period beginning January 1, 2011 and continuing thereafter.
- b. Adopting hiring goals for all new hires on Section 3 covered projects as follows: 40% of the aggregate number of new hires in each trade for the period beginning January 1, 2011 and continuing thereafter.
- c. Adopting training goals for each contractor on a Section 3 covered project as follows:
 - i. When the workforce of a contractor reaches four workers, at least one of those persons shall be a Section 3 resident, who is enrolled in an approved program certified by the State of New Jersey Department of Labor and Workforce Development through its Eligible Training Providers List (ETPL) or the United States Department of Labor, Bureau of Apprenticeship and Training.
 - ii. When the workforce of the contractor reaches eight workers, at least two of those persons shall be a Section 3 resident, who is enrolled in an approved program certified by the State of New Jersey Department of Labor and Workforce Development through its Eligible Training Providers List (ETPL) or the United States Department of Labor, Bureau of Apprenticeship and Training.
 - iii. When the workforce of the contractor reaches 12 workers, at least three of those persons shall be a Section 3 resident, who is enrolled in an approved program certified by the State of New Jersey Department of Labor and Workforce Development through its Eligible Training Providers List (ETPL) or the United States Department of Labor, Bureau of Apprenticeship and Training.

- iv. For each five workers employed thereafter, at least one of those shall be a Section 3 resident.
- v. When a first tier contractor awards subcontracts and the workforce of individual subcontractors do not reach the minimum limits required for the utilization of Section 3 apprentices, it shall be the responsibility of the first tier contractor to insure that the aggregate workforce of those subcontractors are responsive to the goals set forth herein.
- d. The hours of training and employment of these Section 3 residents shall be substantially uniform throughout the length of the work on the covered project.
- e. Committing to award to Section 3 business concerns at least 20 percent of the total dollar amount of all contracts, as contractors or subcontractors, involving building trades, work arising in connection with housing rehabilitation, demolition, housing construction and other public construction; and committing to award at least 15 percent of the total dollar amount of all other Section 3 covered contracts.
- f. Facilitating the training and employment of Section 3 residents and the award of contracts to Section 3 business concerns by assisting and actively working with recipients, contractors and subcontractors in obtaining compliance of contractors and subcontractors with the requirements of this Part, and refraining from entering into any contract with any contractor where it has notice or knowledge that the contractor has been found in violation of the regulations in 24 CFR Part 135 and/or this Policy of the CRA.
- g. Supporting organizations whose membership includes significant numbers of Section 3 business concerns, e.g. National Association of Minority Contractors, etc.
- h. Adopting alternate strategies for the award of contracts to ensure geographic preference for Section 3 business concerns.
- i. Promoting support for and utilizing Step-Up Programs and local workforce development training programs certified by the State of New Jersey Department of Labor and Workforce Development through its Eligible Training Providers List (ETPL) or the United States Department of Labor, Bureau of Apprenticeship and Training.
- j. Incorporating into all CRA solicitations and resulting contracts a provision for a specific number of Section 3 residents to be trained and/or employed on the Section 3 covered assistance. All respondents to the solicitation must demonstrate their commitment to the goals of Section 3 and such representations shall be submitted as a material item for responsiveness, as part of the solicitation material.
- k. Coordinating plans and implementation of economic development (i.e. job training and preparation, business development assistance for residents) with the planning for housing and community development under NSP2.

1. Conducting educational and informational seminars and meetings with residents to make them fully aware of their rights and opportunities under this program.

2. Compliance Determination

- a. In the absence of evidence to the contrary, a recipient or contractor that meets the minimum goals set forth in this Policy will be considered to have complied with the Section 3 preference requirements.

3. Good Faith

- a. Recipients of Section 3 covered assistance and their contractors and subcontractors not meeting the Section 3 training, employment and business concern goals *may* demonstrate "good faith" in meeting those goals by developing a program, acceptable to the Section 3 Coordinator, committing to employ Section 3 residents as employees, apprentices, and Section 3 business concerns at levels established in this Policy.
- b. For recipients that do not engage in training, or hiring, but award contracts to contractors that will engage in training, hiring, and subcontracting, recipients must assure that, to the greatest extent feasible, contractors will provide training, employment, and contracting opportunities to Section 3 residents and Section 3 business concerns. Necessary activities include, but are not limited to:
 - i. Active participation and monitoring of contractor(s) to determine compliance with its obligations and the program objectives;
 - ii. Providing reports to the CRA as required in a timely fashion;
 - iii. Entering into "first source" hiring agreements with organizations representing Section 3 residents;
 - iv. Participating with a HUD-certified "Step-Up" employment and training program for Section 3 residents up to the maximum allowable ratios in each trade on the covered project;
 - v. Establishing training programs, which are consistent with the requirements of the State of New Jersey Department of Labor and Workforce Development, for Section 3 residents in the building trades;
 - vi. Advertising the training and employment positions by distributing flyers (which identify the positions to be filled, the qualifications required, and where to obtain additional information about the application process) to every occupied dwelling unit in the housing development where the category 1 person resides;
 - vii. Advertising the training and employment positions by posting flyers (which identify the positions to be filled, the qualifications required, and where to obtain additional information about the application process) at various locations within the City of Camden;
 - viii. Sponsoring job informational meetings at locations where Section 3 persons reside or elsewhere within the City of Camden;

- ix. Arranging for a location in the housing development or developments where category 1 persons reside, or elsewhere within the City of Camden, where job applications may be delivered to and collected by a recipient or contractor representative(s);
 - x. Consulting with State and local agencies administering training programs funded through WIA, JTPA or JOBS, probation and parole agencies, unemployment compensation programs, community organizations and other officials or organizations to assist with recruiting Section 3 residents for contractor's training and employment positions; and
 - xi. Adopting alternate strategies for award of contracts to ensure geographic preference for Section 3 business concerns.
- c. Recipients of Section 3 covered assistance, and their contractors and subcontractors not meeting the Section 3 business concern goals *may* demonstrate "good faith" with those goals by demonstrating that it has taken at least the following steps to achieve compliance with this Policy:
- i. Contacting resident management councils, and tenant organizations requesting their assistance in identifying Section 3 business concerns;
 - ii. Contacting business assistance agencies, minority contractor associations and community organizations to inform them of the contracting opportunity;
 - iii. Adopting alternate strategies for award of contract to ensure geographic preference for Section 3 business concerns;
 - iv. Following up with Section 3 business concerns that have expressed an interest in the contracting opportunity to provide additional information on those opportunities;
 - v. Carrying out workshops on contracting in a timely manner to familiarize Section 3 business concerns of specific contracting opportunities. Such information should be made available in English, Spanish and other languages where appropriate;
 - vi. Developing a list of Section 3 business concerns;
 - vii. Where possible, breaking out contract work into economically feasible units to facilitate participation by Section 3 business concerns; and
 - viii. Advertising the contracting opportunity in publications and media likely to be utilized by Section 3 business concerns.

4. Award of Contracts

- a. Where the Section 3 covered contract is to be awarded based upon the lowest price, the contract shall be awarded to the qualified Section 3 business concern with the lowest responsive quotation, if it is reasonable and no more than 10 percent higher than the quotation of the lowest responsive quotation from any qualified source. Bids shall be solicited

from all businesses (Section 3 business concerns, and non-Section 3 business concerns). An award shall be made to the qualified Section 3 business concern with the lowest responsive bid if that bid:

- i. Is within the maximum total contract price established in the budget for the specific project for which bids are being taken; and
 - ii. Is not more than 10 percent higher than the total bid price of the lowest responsive bid from any responsible bidder.
 - iii. If no otherwise responsible and responsive bid by a Section 3 business concern meets the requirements of (i) and (ii), the contract shall be awarded to a responsible bidder with the lowest responsive bid.
- b. When the Section 3 covered contract is to be awarded based on factors other than price, the solicitation shall identify all evaluation factors to be considered. One of the evaluation factors shall address both the preference for Section 3 business concerns and the acceptability of the strategy for meeting the greatest extent feasible requirement (Section 3 strategy), as disclosed in proposals submitted by all business concerns (Section 3 and non-Section 3 business concerns). This factor shall provide for a range of 15 to 25 percent of the total number of available points to be set-aside for the evaluation of these two components.
- i. The component of this evaluation factor designed to address the preference for Section 3 business concerns must establish a preference for these business concerns in the order of priority ranking as described in 24 CFR 135.36.
 - ii. With respect to the second component (the acceptability of the Section 3 strategy), the RFP shall require the disclosure of the contractor's Section 3 strategy to comply with the Section 3 training and employment preference, or contracting preference, or both, if applicable. A determination of the contractor's responsibility will include the submission of an acceptable Section 3 strategy. The contract award shall be made to the responsible firm (either Section 3 or non-Section 3 business concern) whose proposal is determined most advantageous, considering price, and all other factors specified in the RFP.

PART III: PREFERENCE FOR SECTION 3 RESIDENTS IN TRAINING AND EMPLOYMENT OPPORTUNITIES

- A. **Order of Providing Preference.** Recipients, contractors and subcontractors shall direct their efforts to provide, to the greatest extent feasible, training and employment opportunities generated from the expenditure of Section 3 covered assistance to Section 3 residents in order of priority provided in this Part.
1. Section 3 residents of the City of Camden who are graduates of ARRA-funded workforce training programs.
 2. Other Section 3 residents of the City of Camden.

3. Camden residents participating in HUD Youthbuild Programs.

- B. **Eligibility for Preference.** A Section 3 resident seeking the preference in training and employment provided by this part shall certify, or submit evidence to the recipient contractor or subcontractor, if requested, that the person is a Section 3 resident, as defined herein. Evidence of eligibility includes, but is not limited to voter registration cards, utility bills, certification of graduation from a certified training program and verification of residency from one's landlord.
- C. **Eligibility for Employment.** Nothing in this Part shall be construed to require the employment of a Section 3 resident who does not meet the qualifications of the position to be filled.

PART IV: SECTION 3 CLAUSE

All Section 3 covered contracts shall include the following clauses (referred to collectively as the "Section 3 clause"):

- A. The work to be performed under this contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3 shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.
- B. The parties to this contract agree to comply with HUD's regulations in 24 CFR Part 135, which implement Section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the Part 135 regulations.
- C. The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference; shall set forth the minimum number of job titles subject to hire; availability of apprenticeship and training positions; the qualifications for each; the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.
- D. The contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR Part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause upon a finding that the subcontractor is in violation of the regulations in 24 CFR Part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR part 135.
- E. The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is

executed; and (2) with persons other than those to whom the regulations of 24 CFR part 135 require employment opportunities to be directed were not filled to circumvent the contractor's obligations under 24 CFR part 135.

- F. Noncompliance with HUD's regulations in 24 CFR part 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.

PART V: REPORTS AND RECORD-KEEPING

A. Reporting

Each recipient or contractor which receives financial assistance that is subject to the requirements of this program shall submit regular reports, in such form and with such information as requested by the Section 3 Coordinator, for the purpose of determining its compliance with Section 3. Where the program providing the Section 3 covered assistance requires submission of an annual performance report, the Section 3 report will be submitted with that annual performance report. If the program providing the Section 3 covered assistance does not require an annual performance report, the Section 3 report is to be submitted by January 10 of each year or within 10 days of project completion, whichever is earlier.

B. Record Keeping and Access to Records

The Section 3 Coordinator and its designated Section 3 Compliance Consultant shall have access to all records, reports, and other documents or items of the recipient or contractor that are maintained to demonstrate compliance with the requirements of this Policy document, or that are maintained in accordance with NSP2 regulations under which Section 3 covered assistance is provided or otherwise made available to the recipient or contractor.

PART VI: COMPLAINT AND COMPLIANCE REVIEW

A. General

The purpose of this Part is to establish the procedures for handling complaints alleging noncompliance with this Policy Statement and applicable HUD regulations, and the procedures governing the Section 3 Coordinator's review of a recipient's or contractor's compliance with this Policy document.

B. Cooperation in Achieving Compliance

1. The CRA recognizes that the success of ensuring that Section 3 residents and Section 3 business concerns have the opportunity to apply for jobs and to bid for contracts generated by Section 3 covered assistance depends upon the cooperation and assistance of recipients and their contractors and subcontractors. All recipients, contractors and subcontractors shall cooperate fully and promptly with

the Section 3 Coordinator and designated Section 3 Compliance Consultant in Section 3 compliance reviews, in investigations of allegations of noncompliance made under this Policy document and with the distribution and collection of data and information that the Section 3 Coordinator may require in connection with achieving the economic objectives of Section 3.

2. The recipient shall refrain from entering into a contract with any contractor after notification to the recipient by the Section 3 Coordinator that the contractor has been found in violation of this Policy document. The provisions of this Policy document apply to the employment, engagement of services, awarding of contracts or funding of any contractors or subcontractors during any period of debarment, suspension or otherwise ineligible status.

C. Section 3 Compliance Review Procedures

1. **Compliance Reviews by Section 3 Coordinator.** The Section 3 Coordinator and/or designated Section 3 Compliance Consultant shall periodically conduct Section 3 compliance reviews of selected recipients and contractors to determine whether these recipients are in compliance with the requirements of this Policy document.
2. **Form of Compliance Review.** A Section 3 compliance review shall consist of a comprehensive analysis and evaluation of the recipients or contractor's compliance with the requirements and obligations imposed by Section 3 and the CRA's Policy, including an analysis of the extent to which the Section 3 residents have been hired and Section 3 business concerns have been awarded contracts as a result of the methods undertaken by the recipient and/or contractor to achieve the employment, contracting and other economic objectives of Section 3.
3. **Where Compliance Review Reveals Noncompliance with Section 3 by Recipient or Contractor.** The Section 3 Coordinator or his/her designee shall notify the recipient or contractor, where compliance review reveals noncompliance with Section 3, of its specific deficiencies in compliance, and shall advise the recipient or contractor of the means by which these deficiencies may be corrected. The Section 3 Coordinator or his/her designee shall conduct follow-up reviews with the recipient or contractor to ensure that action is being taken to correct the deficiencies.
4. **Continuing Noncompliance by Recipient or Contractor.** A continuing failure or refusal by the recipient or contractor to comply with the regulations in this part may result in the application of sanctions specified in the contract through which assistance is provided or the application of sanctions specified in the regulations governing the HUD program under which HUD financial assistance is provided. The Section 3 Coordinator or his/her designee will notify the recipient of any continuing failure or refusal by the contractor to comply with the regulations in this Policy document for possible action under any procurement contract between the recipient and the contractor. Debarment, suspension and limited denial of participation pursuant to the Authority's regulations, where appropriate, may be applied to the recipient or the contractor.
5. **Conducting Compliance Review Before the Award of Assistance.** Section 3 compliance reviews may be conducted before the award of contracts, and especially

where the Section 3 Coordinator has reasonable grounds to believe that the recipient or contractor will be unable or unwilling to comply with the requirements herein.

PART VII: FILING AND PROCESSING COMPLAINTS

- A. Who May File A Complaint.** The following individuals and business concerns may, personally or through an authorized representative, file with the Section 3 Coordinator a complaint alleging noncompliance with Section 3:
1. Any Section 3 resident on behalf of himself or herself or as a representative of persons similarly situated, seeking employment, training or other economic opportunities generated from the expenditure of Section 3 covered assistance with a recipient or contractor, or by a representative who is not a Section 3 resident but who represents one or more Section 3 residents;
 2. Any Section 3 business concern on behalf of itself, or as a representative of other Section 3 business concerns similarly situated, seeking contract opportunities generated from the expenditure of Section 3 covered assistance from a recipient or contractor, or by an individual representative of Section 3 business concerns.
- B. Where to File a Complaint.** A complaint must be filed with the Section 3 Coordinator and with the HUD Fair Housing and Equal Opportunity Office, located at 26 Federal Plaza, New York, NY 10278-0068.
- C. Time of Filing.** A complaint must be received not later than 180 days from the date of the action or omission upon which the complaint is based, unless the time for filing is extended by the Section 3 Coordinator for good cause shown.
1. Where a complaint alleges noncompliance with Section 3 and this Policy document and is continuing, as manifested in a number of incidents of noncompliance, the complaint will be timely if filed within 180 days of the last alleged occurrence of noncompliance.
 2. Where a complaint contains incomplete information, the Section 3 Coordinator shall request the needed information from the complainant. In the event this information is not furnished to the Section 3 Coordinator within thirty (30) days of the date of the request, the complaint may be closed.
- D. Contents of Complaint.**
1. **Written complaints.** Each complaint must be in writing, signed by the complainant, utilizing the attached HUD Form 958 (Complaint Register). Form 958 should be filled out completely.
 2. **Amendment of complaint.** Complaints may be reasonably and fairly amended at any time. Such amendments may include, but are not limited to, amendments to cure, technical defects or omissions, including failure to sign or affirm a complaint, to clarify or amplify the allegations in a complaint, or to join additional or substitute respondents. Except for the purpose of notifying respondent, amended complaints will be considered as having been made as of the original filing date.
- E. Resolution of Complaint by Recipient.** Within ten (10) days of timely filing of a complaint that contains complete information (in accordance with paragraph D of this

section), the Section 3 Coordinator shall determine whether the complainant alleges an action or omission by a recipient or the recipient's contractor that if proven, qualifies as noncompliance with Section 3. If a determination is made that there is an allegation of noncompliance with Section 3, the complaint shall be sent to the recipient for resolution.

1. If the recipient believes that the complaint lacks merit, the recipient must notify the Section 3 Coordinator in writing of this recommendation with supporting reasons, within 20 days of the date of receipt of the complaint. The determination that a complaint lacks merit is reserved to the Section 3 Coordinator.
2. If the recipient determines that there is merit to the complaint, the recipient will have 20 days from the date of receipt of the complaint to resolve the matter with the complainant. At the expiration of the 20 day period, the recipient must notify the Section 3 Coordinator in writing whether a resolution of the complaint has been reached. If resolution has been reached, the notification must be signed by both the recipient and the complainant, and must summarize the terms of the resolution reached between the two parties.
3. Any request for an extension of the 20-day period by the recipient must be submitted in writing to the Section 3 Coordinator and must include a statement explaining the need for the extension.
4. If the recipient is unable to resolve the complaint within the 20-day period (or any extension of time approved by the Section 3 Coordinator), the complaint shall be referred to the Section 3 Coordinator for resolution.

F. Informal Resolution of Complaint by Section 3 Coordinator

1. **Dismissal of complaint.** Upon receipt of the recipient's written recommendation that there is no merit to the complaint, or upon failure of the recipient and complainant to reach resolution, the Section 3 Coordinator shall review the complaint to determine whether it presents a valid allegation of noncompliance with Section 3. The Section 3 Coordinator may conduct further investigation if deemed necessary. Where the complaint fails to represent a valid allegation of noncompliance with Section 3, the Section 3 Coordinator will dismiss the complaint without further action. The Section 3 Coordinator shall notify the complainant of the dismissal of the complaint and the reasons for the dismissal.
2. **Informal resolution.** Where the allegations in a complaint on their face, or as amplified by the statements of the complaint, present a valid allegation of noncompliance with Section 3, the Section 3 Coordinator will attempt, through informal methods, to obtain a voluntary and just resolution of the complaint. Where attempts to resolve the complaint informally fail, the Section 3 Coordinator will impose a resolution on the recipient and complainant. Any resolution imposed by the Section 3 Coordinator will be in accordance with requirements and procedures concerning the imposition of sanctions or resolutions as set forth in the regulations governing the program under which the Section 3 covered assistance was provided.
3. **Effective date of informal resolution.** The imposed resolution will become effective and binding at the expiration of 15 days following notification to recipient and complainant by certified mail of the imposed resolution, unless either party appeals the resolution before the expiration of the 15 days. Any

appeal shall be in writing to the Section 3 Coordinator and shall include the basis for the appeal.

4. **Section 3 Appeal Panel.** The Section 3 Appeal Panel shall consist of three members to be appointed by the Executive Director of the CRA.

- a. A letter will be sent to the appellant and opposing party, where appropriate, stating the date, time, and location of the hearing.
- b. The appeal process will be an informal meeting, not a formal adversary proceeding and the recipient or contractor will be given an opportunity to respond in person and in writing to present information and arguments.
- c. The decision of the Section 3 Appeal Panel shall be rendered in writing within 10 days of the close of the hearing to all parties.
- d. If the appeal is denied, the denied party shall be informed of its appeal rights under 24 CFR part 135.76.

5. **Fair Process.** While these procedures are not a regulatory requirement, the CRA has adopted them to make the process fair and to prevent unnecessary procedural litigation.

- G. **Sanctions.** Sanctions that may be imposed on recipients that fail to comply with the regulations of this part include debarment, suspension and denial of participation in CRA programs.

- H. **Intimidatory or Retaliatory Acts Prohibited.** No recipient or other person shall intimidate, threaten, coerce, or discriminate against any person or business because the person or business has made a complaint, testified, assisted or participated in any manner in an investigation, proceeding or hearing under this part. The identity of complainants shall be kept confidential except to the extent necessary to carry out the purposes of this policy document, including the conduct of any investigation, hearing or judicial proceeding arising thereunder.

- I. **Judicial Relief.** Nothing in this Part precludes a Section 3 resident or Section 3 business concern from exercising any legal right or remedy, to which it may otherwise be entitled.

4. Underwriting Standards of New Jersey Housing & Mortgage Finance's 2010 CHOICE program

CHOICE 2010 PROGRAM GUIDELINES

May 2010

Program Overview	<p>CHOICE is the Agency's comprehensive financing program for the development of newly constructed and substantially rehabilitated homeownership (owner-occupied primary residence) housing in New Jersey. The program features below-market interest rate construction loans and construction subsidy funding for developers as well as favorable end loan financing for eligible homebuyers. CHOICE is intended to be a catalyst for the creation of viable homeownership markets in municipalities where home values currently do not support a sustainable new construction housing market. CHOICE is also intended to assist with the creation of resale-restricted affordable homeownership housing in municipalities that have viable homeownership markets overall but have included affordable housing in their redevelopment area plans.</p>
Eligible Applicants	<p>Eligible applicants are legally recognized for-profit developers and nonprofit developers with demonstrated housing development capacity. Joint ventures involving legally recognized for-profit and nonprofit unrelated entities are also eligible applicants, but at least one of the major entities in the joint venture must demonstrate housing development experience/capacity. CHOICE Program Guidelines applicable to nonprofit developers may be applicable to joint ventures if the nonprofit entity is to receive at least 20% of the developer fee and provides a meaningful contribution to the project and attains greater development capacity through the experience.</p> <p>The entity serving as the borrower for the CHOICE financing must be formed for the sole purpose of owning and operating the project and shall own no other assets unrelated to the project.</p> <p><u>Milestone Requirements:</u> For-profit developers or nonprofit developers with prior projects awarded Agency for-sale construction financing may apply for CHOICE 2010 financing provided these projects have met the following milestone requirements:</p> <ul style="list-style-type: none"> - if the financing closed in or before 2006, projects must be 100% complete, with audits and recorded documents received by and acceptable to Agency; - if the financing closed in 2007, projects must be 80% complete, with at least 80% of the units under contract of sale to purchasers with mortgage commitments; - if the financing closed in 2008, projects must be 60% complete, with at least 60% of the units under contract of sale to purchasers with mortgage commitments; - if the financing was committed but not yet closed in any year including 2009, projects must have met conditions outlined per Agency Board approval.
Eligible Property Locations and Eligible Unit Types	<p>All properties to be developed (including the conversion of nonresidential properties) must be located in an Emerging Market municipality identified by the Agency or be located in a legally-designated redevelopment area in any other Smart Growth area/municipality of the state.</p> <p>Eligible types of units that may be developed include newly constructed and/or substantially rehabilitated one-family dwellings that are developed as fee simple units, condominium units or planned unit developments (PUDs).</p> <p>Eligible types of units that may be developed also include newly constructed and/or substantially rehabilitated two-family dwellings (where one unit is owner-occupied and the other unit is rental) in Agency-designated Urban Target Areas.</p> <p>Mixed-use properties that include eligible one-family dwellings may apply for CHOICE financing on behalf of the residential units only, provided that no more than 25% of the project is non-residential. There must be a separate source of funds for the entire non-residential portion of the project and the development costs and sources of funds for the non-residential portion must be approved by the Agency and the Lead Lender (defined below). The non-residential mixed-use portion of the project must not impair the physical, environmental or financial viability of the residential units and is subject to the Agency's approval.</p> <p>Scattered sites projects will be considered where properties involved in the project are contained within an approximate ¼ mile radius of the most central property (a "hub" area). The Agency will consider scattered site applications with two hub areas, but the hub areas must contain at least three properties each and be in adjoining neighborhoods. In all cases, project applications must demonstrate the neighborhood impact of the project through the submission of any governmentally-approved neighborhood plans for the area and/or any documentation otherwise required by the Agency. Agency staff shall also gauge the impact in a site visit.</p>

CHOICE 2010 PROGRAM GUIDELINES

May 2010

	<p>Partially completed projects and projects with age-restricted units are not eligible for CHOICE 2010 financing.</p>
<p>Lead Lender Involvement and the Intercreditor Agreement</p>	<p>For each CHOICE project, the Agency typically provides 50% of the approved construction loan required to complete the project with the balance of the loan provided by the applicant's chosen private construction lender (herein after "Lead Lender"). The Lead Lender must be independent of the developer.</p> <p>Consequently, the Agency shall execute an Intercreditor Agreement with the Lead Lender and, in conjunction with these CHOICE Program Guidelines, shall have the Lead Lender simultaneously review the developer's CHOICE application upon its submission to the Agency, assist in determining the developer's capacity, analyze real estate sales comparables for the proposed project units, preliminarily underwrite the project and provide to the Agency a Term Sheet serving as a conditional letter of interest for construction lending prior to any Agency financing commitments. After the Agency conditionally commits its financing, the Lead Lender shall, in conjunction with the Agency's staff review, underwrite the total construction loan including ordering an appraisal (which confirms viable sales prices), approve final project plans and specifications, provide the development budget, sales prices and funding source documentation to the Agency for approval prior to closing, make progress inspections, approve draw requests in conjunction with Agency staff, handle construction period servicing and disburse the CHOICE construction loan and subsidy funds (except for the required subsidy retainage, which will be disbursed by the Agency directly to the Sponsor).</p> <p>CHOICE applicants should be aware that the terms and conditions set forth in the Intercreditor Agreement are applicable to CHOICE projects in conjunction with these program guidelines.</p>
<p>Types of Financing Available</p>	<p><u>CHOICE Construction Loan:</u> The maximum construction loan shall not exceed 90% of the appraised value of the completed project. While the Agency and the Lead Lender typically contribute an equal percentage of the final construction loan amount approved for the project, the construction loan is administered as one loan and the Agency and the Lead Lender's participation are secured by separate pari passu first mortgages and notes of equal lienhold status. At time of closing, the Agency will set a floating interest rate on its portion of the loan that is 2 points below the interest rate offered by the Lead Lender on its portion of the loan, with the Agency having a floor of 1 point under the prime rate (though under any circumstance, the Agency's rate may never be less than 1%). The total construction loan amount will be provided at the blended Agency/Lender interest rate. The construction loan term shall be co-terminus and shall not exceed 24 months from the date a construction loan agreement is executed by the borrower and Lead Lender.</p> <p><u>CHOICE Subsidy Funding:</u> As explained further in these guidelines for eligible project types, the Agency provides CHOICE subsidy funds for the development of Low-income, Moderate-income and Emerging Market units. Each project's subsidy amount shall be provided as a second lien secured by a mortgage, with the mortgage lien partially discharged as each completed unit is sold. Any intervening liens or encumbrances must be pre-approved by the Agency in the form of Agency Board approval. CHOICE subsidy may only be provided in conjunction with a CHOICE Construction Loan.</p> <p><u>End Loans for Homebuyers:</u> For all projects, the Agency makes favorable end loan financing available to eligible buyers of CHOICE-financed units. The Agency's maximum 100% Financing Program amount per project will be 50% of all units or 25 units, whichever is greater. Note that the Agency requires 51% of the project units to be under contract of sale to separate purchasers prior to purchase of any 100% Financing Program mortgage loan by the Agency from the originating lender. This program does not require a down payment or private mortgage insurance and may finance certain closing costs. Borrowers are required to have sufficient liquid assets to pay escrows at time of application (approximately \$800). The interest rate for each of these 100% Financing Program loans will be based on the interest rate available at the time of homebuyer application. The Agency shall originate the 100% Financing Program loans unless homebuyers request otherwise, in which case the Agency shall refer homebuyers to specific lenders approved by the Agency. Other types of Agency end loan mortgages are available to CHOICE homebuyers.</p> <p>No CHOICE financing may be used to develop or support lease-purchase units.</p>

CHOICE 2010 PROGRAM GUIDELINES

May 2010

Developer Equity	<p>All developers must contribute a minimum of 10% equity to the project, and equity shall be the first money spent on or (in the case of nonprofit developers, see below) credited to the project before any release of construction loan proceeds and subsidy funding. The total development cost for each project or each specified phase of a project, less the developer fee, shall be used to determine the minimum equity requirement.</p> <p>Acceptable equity sources include:</p> <ul style="list-style-type: none"> ■ Approved pre-development costs shown in the development budget which are documented as already paid for by the applicant and that will not be reimbursed from any CHOICE financing/funding. Eligible pre-development costs for purposes of calculating the equity include: site acquisition (Lead Lender/Agency-approved as-is value of property), survey, environmental studies, architect, Lead Lender-required appraisal, legal and engineering fees. Other equity-qualifying costs will be considered on a project basis. All third party fees must be reasonable for the scope and cost of the project. ■ Other approved non-CHOICE sources of funding that are allowed to be used as equity, do not require developer repayment from the project budget, are confirmed as available by the Lead Lender and are used to pay towards specific line items in the development budget. ■ Cash to pay towards specific line items in the development budget. Cash must be confirmed as available by the Lead Lender. ■ For nonprofit developers only: the approved developer fee may be credited as the source of required equity, with any needed balance to be credited from the subsidy funding.
Eligible Project Size	<p>Projects shall contain at least ten (10) homeownership units. The Agency shall not waive this requirement unless a Lead Lender agrees to underwrite the project and charge the same fees permitted under the CHOICE Program.</p> <p>Each CHOICE application must be for a project that stands on its own when completed, has its own municipally-approved site plan and is not dependent in any legal and/or financial way upon the construction or rehabilitation of one or more additional forthcoming phases.</p>
Eligible Project Types and Subsidy Loan Amounts	<p>Emerging Market Projects: These projects feature the development of homeownership units in Agency-identified markets that are not currently considered viable for construction of new or substantially rehabilitated housing because the cost to build a unit is higher than the market price for which the unit can be sold.</p> <p>Emerging Market Projects are eligible for:</p> <ul style="list-style-type: none"> ■ a CHOICE Construction Loan ■ CHOICE Subsidy Funding to provide "gap" funding needed per the Lead Lender/Agency-approved development budget. The total subsidy amount shall be no more than \$100,000 per unit for all the units in eligible projects located in an Economic Recovery Act municipality (currently, Camden). In other municipalities, the subsidy amount for each eligible project may not exceed \$100,000 per unit for all Low-income and Moderate-income units as defined below and \$75,000 per unit for all the remaining units ("Emerging Market Units" or "EMU"s) in the project. Note that the rental unit in any two-family homeownership dwelling is ineligible for subsidy. The total subsidy amount for any one project may not exceed \$2,000,000. ■ a set-aside of the Agency's 100% Financing Program end loans for income-eligible homebuyers. The maximum 100% Financing Program amount per project shall be 50% of all units or 25 units, whichever is greater. <p>Emerging Market Project requirements are as follows:</p> <ul style="list-style-type: none"> ■ Projects must document that the costs to develop all the units are higher than the prices at which the units can be sold. Documentation, at a minimum, shall consist of Lead Lender/Agency-approved appraisals/market analyses and real estate sales comparables and Lead Lender/Agency-approved development budgets. To guard against oversubsidizing a project, proposed EMU sales prices that are less than 95% of comparable market sales prices shown in the independent appraisal must be justified. ■ 15% of all units in the project must be priced and deed-restricted in accordance with the Uniform Housing Affordability Controls (N.J.A.C. 5:80-26.1 et seq.) for Low-income and Moderate-income buyers as so:

CHOICE 2010 PROGRAM GUIDELINES

May 2010

Eligible Project Types and Subsidy Loan Amounts (continued)

- 5% of all the units in the project shall be priced at 45% Range of Affordability ("ROA") and sold to Low-income homebuyers with household incomes not exceeding 50% ROA; then
- 5% of all units in the project must be priced at 55% ROA and sold to Moderate-income homebuyers with household incomes not exceeding 60% ROA; then
- 5% of all units in the project must be priced anywhere from 56% ROA to 72% ROA and sold to Moderate-income homebuyers with household incomes not exceeding 80% ROA
- Low- and Moderate-income units shall be subject to the Uniform Housing Affordability Controls N.J.A.C 5:80-26.1 et seq. ("UHAC"). Any applicable CHOICE loan agreement shall incorporate Agency-approved contractual guarantees and procedures to ensure that any unit of housing provided for Low- and Moderate- households shall continue to be occupied by Low- and Moderate- income households for at least 30 years (or for a lesser period, if allowed under UHAC). The Agency's HAS shall serve as the administering agent for affordability controls. NOTE: Applicants must inform the Agency, prior to any commitment of financing, whether the project's non-CHOICE gap funding sources require unit deed restrictions for Low- and Moderate-income units that are in conflict with the Agency's restrictions. In such cases, the stricter affordability requirements shall apply, except that in all cases any Agency end loan mortgages shall have priority lien position.
- All other units ("EMUs") may be approved at market prices by the Agency's Board and may not exceed the applicable maximum sales price limits of the 100% Financing Program. The Agency may approve subsequent increases in the EMU sales prices per terms and conditions approved by the Board as long as these new prices still do not exceed the maximum sales price limits of the 100% Financing Program. Buyers of these units may have unlimited household incomes, and the Agency will not impose affordability controls on these units.
- Due to the subsidies involved, the sale of each EMU shall be subject to a Shared Appreciation Deed Restriction for 15 years. Under this restriction, at the time of the buyer's sale or cash-out refinance of the unit, and in an amount that shall never exceed that of the subsidy attributed to the unit, the buyer shall pay the Agency 100% of the net appreciation should the unit be sold/refinanced during the first 2 years; 50% should the unit be sold/refinanced in the 3rd year; or 25% should the unit be sold/refinanced each year thereafter during the 4th year through the 15th year except that if, after the 5th year, the unit is sold to a household who will occupy the home as a primary residence, no shared appreciation shall be required. This will be subject to a covenant to the HMFA that the shared appreciation will be reinstated if the buyer fails to occupy the unit within 60 days and continuously for at least one year. This lien shall not be subordinated unless there is an appraisal disclosing that there is adequate equity in the unit to repay the Shared Appreciation Deed Restriction lien.
- Rental units in any two-family homes may be leased by the homebuyer to households of any income unless the units are subject to affordability controls imposed by another funder. There are no CHOICE-required affordability controls on these rental units.
- Exceptions to the Emerging Market Project as described above:
 - More than 15% of the units may be priced for Low-income and Moderate-income buyers in legally-designated redevelopment areas where the creation of resale-restricted affordable homeownership housing is needed by municipalities that have viable homeownership markets overall but have included affordable housing in their redevelopment area plans. In such cases, the CHOICE subsidy will not be available in lieu of other available or mandated funding sources such as; but not limited to, municipal Development Trust Funds or inclusionary developments. Furthermore, CHOICE subsidy may only be used as legitimate gap financing.
 - Projects may have to provide a minimum 20% of all units as Low-income and Moderate income units if they fall within the jurisdiction of a regional planning entity as described in the Fair Housing Act, N.J.S.A. 52:27D-329.9
 - Deed restrictions that are imposed on EMUs due to a project's use of Neighborhood ~~Stabilization~~ ^{Star} Program (NSP) or other NJ Dept. of Community Affairs funding are allowed, except that in all cases any Agency-end loan mortgages shall have priority lien position.

CHOICE 2010 PROGRAM GUIDELINES

May 2010

<p>Developer and Development Team Capacity</p>	<p>Developers must have experience with both land development and construction of similar size and complexity. In addition to reviewing the developer's experience, the Lead Lender and the Agency will review the entire development team and/or other entities that have a role in project implementation, including but not limited to the builder, general contractor, marketing firm, counseling agency and consultant. Inexperienced developers must document their ability to complete the project and must use experienced contractors. The qualifications of all key participants will be examined.</p> <p>A developer wanting to act as the general contractor for the project must use or form a separate legal entity to serve as the general contractor; the contractor shall enter into a construction contract(s) with the developer and provide any other documentation the Agency requires.</p> <p>The Agency will review the ability of the developer to obtain credit based upon previous experience/projects completed. In determining capacity, the Agency will take into consideration past performance in Agency and NJ Department of Community Affairs (DCA) programs including, but not limited to, Balanced Housing, Agency Single & Multifamily programs, and state-funded HOME programs. Failure to perform by any of the key participants in past contracts with the Agency or the DCA, including failure to pay fees to the Agency or the Agency's Housing Affordability Services or failure to repay loans from the Agency or the Department, may be grounds for disqualifying an application. The Agency will also consider the developer's past performance in federal, county and local government contracting.</p>
<p>Municipal Resolution</p>	<p>Applicants must provide evidence acceptable to the Agency documenting municipal support for the project and the CHOICE application.</p>
<p>Site Control</p>	<p>★ Site control by the applicant or borrower must be documented for project properties at the time of application and must show evidence that full title to all property involved in the project can be obtained by the CHOICE closing deadline.</p> <p>Where the property is being obtained in conjunction with a redevelopment agreement, a copy of an executed disposition and development agreement with a public agency with powers of eminent domain must be provided along with evidence of site control as indicated below for all properties.</p> <p>Site control must be evidenced by: fee simple title; option to purchase, including evidence that options are renewable subject to similar terms until the start of construction, or an executed land sales contract or other enforceable agreement for acquisition of the property. If any of the property (or properties) is to be transferred by the municipality to the applicant, a certified true copy of the authorizing ordinance/resolution for the transfer of the property must be submitted if the authorization has not already been included in the redevelopment agreement.</p>
<p>Pre-closing Construction</p>	<p>Project construction is prohibited from commencing prior to the closing of CHOICE financing/funding.</p> <p>Any work commenced or completed without Agency and Lead Lender approval may not be funded and may result in a termination of the CHOICE financing commitment.</p>
<p>Eligible Uses of the CHOICE Construction Loan and Subsidy Funding</p>	<p>Eligible uses of the CHOICE Construction Loan and any CHOICE Subsidy Funding shall be released on a pari passu basis with the Lead Lender's and any other Agency construction loan proceeds for any development budget items approved by the Lead Lender/Agency. At all times and in a timely manner, the CHOICE applicant must bring to the Agency's and the Lead Lender's attention – for the Agency's and the Lead Lender's review and approval - any other sources of funding available to the project and any side agreements, contracts or contractual understandings of any kind that the applicant has entered into or intends to enter into with any other party or parties regarding the project.</p> <p>Ineligible uses of the CHOICE Construction Loan and CHOICE Subsidy Funding include, but are not limited to, the following:</p> <ul style="list-style-type: none"> ■ Payment of developer's administrative costs/overhead. ■ Payment of project consultant fee (this is paid from the developer fee at project completion) ■ Payment of interest/fees not in the approved development budget ■ Pre-construction deposits on modular units or on any other construction materials, unless approved by the Lead Lender and the Agency. ■ Payment for costs incurred by the borrower for materials stored on or off site

CHOICE 2010 PROGRAM GUIDELINES

May 2010

Unit Options	<p>Prior to entering into any contracts of sale, CHOICE borrowers planning to offer unit options to any/all of its buyers must first submit for Agency/Lead Lender review and approval the list of options to be offered for each specific unit and the prices to be asked for each option.</p> <p>Developers will be permitted to offer options to buyers that will increase Agency-approved sales prices of any units by up to 10%. For affordable units, the sales prices as upgraded must still meet the appropriate ranges of affordability (ROA) required for those units. For EMUs, options may be offered but shall not result in an increase of the approved developer fee.</p>
Modular Units	<p>Payment for the delivery of modular units will be in accordance with the Lead Lender's standard disbursement policy. If a disbursement of funds is made when the modular unit is delivered, the Lead Lender's and the Agency's representatives must be on site to approve the unit and confirm its compliance with the plans and specifications.</p> <p>Deposits, or downpayments, on modular units must be paid by the developer and will be reimbursed from the construction loan once the unit is permanently attached to the foundation and the Lead Lender's and the Agency's inspections are completed.</p> <p>It is expected that the contractor's and architect's fees will be adjusted to reflect the scope of work actually done or to be related to the use of modular units. Justification acceptable to the Lead Lender and the Agency must be given if these costs exceed fees customary for modular construction projects.</p>
Title Insurance	<p>Title Insurance naming the Agency and the Lead Lender as insured parties on all mortgaged property is required from a reputable title insurance company acceptable to the Lead Lender, insuring that the lien of the mortgage is a first mortgage lien; free and clear of all encumbrances (except usual encumbrances such as utility easements). The Lead Lender will specify the form of the title insurance at the time of loan commitment. The Agency requires title policy coverage for the full amounts of the CHOICE Construction Loan and the CHOICE Subsidy Funding and any other Agency financing. If the loan is revolving or being paid down during construction, the amount of coverage must be in at least the amount of the highest anticipated outstanding principal loan balance. CHOICE subsidy coverage must also be at least in the amount of the highest anticipated outstanding subsidy balance, recognizing any scheduled reduction of the subsidy caused by the release of the corresponding mortgage upon sale of units to homeowners. The title policy must permit amendment to increase coverage if the outstanding balances exceed projections.</p> <p>The Lead Lender must verify by title run-down that the mortgage is in a first lien position, free and clear of all liens and encumbrances, prior to each draw.</p>
Insurance	<p>The Lead Lender and the Agency must be listed as the First Loss Payee or equivalent status on all insurance policies which cover the project site, equipment, materials and construction completion.</p>
Survey	<p>All projects must have an ALTA SCMA Urban Class Survey completed. The Surveyor must sign the survey with raised certification to the owner, Title Company, Lead Lender and the Agency.</p>
Project Completion Guarantee	<p>Lead Lenders will be required to ensure that each project has the appropriate safeguards to ensure project completion. Lead Lenders, at their sole discretion, may require recourse, performance bond, letter of credit, additional equity, or other forms of guaranty as may be reasonable. Personal and/or corporate recourse may be required, at the Lead Lender's sole discretion, from for-profit developers, limited equity corporations and joint development teams. Non-profit developers will not be subject to personal recourse. Any guarantees required, with the exception of borrower recourse, shall also apply to the benefit of the Agency.</p>
Project Cost Certification	<p>At project completion, the Lead Lender shall require a final Project Cost Certification of the total development costs prepared by a Certified Public Accountant in a format acceptable to the Agency. A copy of such will be delivered to the Agency within three months of the project's completion. If the cost audit is not submitted within three months, the developer must provide a letter from a Certified Public Accountant explaining the reason for the delay and when the audit will be submitted to the Agency. If this explanation is found acceptable, the Agency shall grant up to no more than three additional months for the audit's submission. If the Agency does not receive the audit within this approved extended time period, any remaining undisbursed CHOICE subsidy shall not be released and shall remain permanently with the</p>

CHOICE 2010 PROGRAM GUIDELINES
May 2010

Pre-Sales	<p>Lead Lenders may require an acceptable level of pre-sales for each project or phase in accordance with their normal standards. It is the Lead Lender's responsibility to establish a measurable level of pre-sales and ensure that the established pre-sale requirement is met prior to requesting Agency construction loan funds or CHOICE Subsidy funds. The Lead Lender analysis may be based on a market study, absorption analysis or other sales and neighborhood data acceptable to the Lead Lender.</p> <p>The Lead Lender will be responsible to achieve the unit mix planned for the development. Generally this will mean bringing units to completion in relative proportion to the affordable and market units mix. Affordable units must be intermixed with market units.</p>														
Unit Sales Proceeds	<p>Unless determined otherwise by the Lead Lender/Agency, all unit sales proceeds shall be used for the following purposes in this order:</p> <ul style="list-style-type: none"> ▪ to pay off any unpaid portion of the CHOICE construction loan, ▪ to pay off any unpaid portion of other construction financing provided by non-CHOICE sources, as required, ▪ to cover any other non-developer fee costs required by the Lead Lender/Agency, ▪ to pay the developer fee <p>These conditions and any other conditions for the use of sales proceeds should be set forth in the Lead Lender's commitment and approved by the Agency.</p>														
Unit Sale Lien Releases	<p>In order to receive a fully-executed lien release from the Agency for its applicable CHOICE first and second mortgages on a completed unit that is to be sold, the borrower must provide to the Agency for its review and approval in advance of the unit closing: (1) a copy of the fully-executed contract of sale and all addendums, (2) a copy of the fully-executed Certificate of Occupancy, (3) a copy of the Energy Star completion certificate, (4) confirmation that HAS is preparing closing deed restriction documents for the affordable unit, if applicable, (5) a draft copy of the unexecuted documents prepared for shared equity restrictions for an EMU, if applicable, and (6) a statement from the lender for the release amount.</p> <p>Upon sale of the unit, the borrower must provide to the Agency for its review and approval after closing: (1) a copy of the executed deed restriction documents for an affordable unit or a copy of the executed shared equity documents for an EMU (as applicable), (2) evidence that payment was made directly to the Lead Lender for the release amount of the home, (3) a copy of the executed HUD-1 Settlement Statement, and (4) a Partial Release of Mortgage prepared by the borrower's attorney and sent to the Agency for execution by the Director or Assistant Director of Single Family Programs.</p>														
Model Units	<p>The construction of a limited number of model units will be a permitted use of the CHOICE Construction Loan. The Lead Lender and the Agency must determine that the marketing of the project will be enhanced by the construction of models and warrant that sufficient security is in place to protect the investment. The development of speculative units will not be permitted as part of this unless the developer can demonstrate to the Lead Lender's and the Agency's satisfaction the marketability of the units.</p>														
Unit Minimum Square Footage Requirements	<p>Unit Minimums: The minimum, useable, interior square footage requirements per unit are as follows:</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="2">MINIMUM INTERIOR UNIT SPACE REQUIREMENTS*</th></tr> <tr> <th><u>Unit Size</u></th><th><u>Minimum Square Footage</u></th></tr> </thead> <tbody> <tr> <td>Studio Unit</td><td>550</td></tr> <tr> <td>1-Bedroom Unit</td><td>700</td></tr> <tr> <td>2-Bedroom Unit</td><td>850</td></tr> <tr> <td>3-Bedroom Unit</td><td>1,150</td></tr> <tr> <td>4-Bedroom Unit</td><td>1,250</td></tr> </tbody> </table> <p>Basements, garages, crawl spaces, attics or other unfinished space may not be used to calculate the minimum interior unit square footage requirement.</p>	MINIMUM INTERIOR UNIT SPACE REQUIREMENTS*		<u>Unit Size</u>	<u>Minimum Square Footage</u>	Studio Unit	550	1-Bedroom Unit	700	2-Bedroom Unit	850	3-Bedroom Unit	1,150	4-Bedroom Unit	1,250
MINIMUM INTERIOR UNIT SPACE REQUIREMENTS*															
<u>Unit Size</u>	<u>Minimum Square Footage</u>														
Studio Unit	550														
1-Bedroom Unit	700														
2-Bedroom Unit	850														
3-Bedroom Unit	1,150														
4-Bedroom Unit	1,250														

CHOICE 2010 PROGRAM GUIDELINES

May 2010

Project Valuation and Market Analysis	<p>As an Agency condition of CHOICE financing/funding, an independent market valuation appraisal, which conforms to the Uniform Standards of Professional Appraisal Practice (USPAP), meets Lead Lender standards and addresses comparable unit sales prices and absorption rates, shall be ordered/provided by the Lead Lender to determine project valuation and marketability of the project units. Such appraisal must be reviewed/approved by the Lead Lender and the Agency prior to closing.</p> <p>If the analysis is more than 6 months old from the planned financing closing date, the Agency may request an update of this supply and demand analysis for purposes of confirming viable unit sales prices.</p>
Real Estate As-Is Valuation	<p>An Agency commitment of CHOICE financing/funding shall be conditioned upon approval of an as-is valuation of the project property ordered/provided by the Lead Lender and the Agency as part of the project appraisal or as a separate report and approved by the Lead Lender and the Agency prior to closing.</p> <p>For project property owned for 5 years or less, the Agency will recognize the lesser of the appraised value or the purchase price of the realty and any buildings and improvements thereon involving the most recent arm's length transaction as provided by a "Delineation of Title" history (completed by the appraiser or a title agency) identifying each party associated with the conveyance. The total purchase price may include documented carrying costs, expenditures to obtain zoning, environmental or other governmental approvals necessary or useful for the development of the project. For project property owned for more than 5 years, the appraised value alone may be recognized.</p> <p>NOTE: Arms Length Transaction is defined as: A transaction negotiated by unrelated parties, each acting in their own self interest in arriving at a basis for a fair market value determination.</p>
Site Plan Approvals	<p>Evidence of preliminary site plan approval is required at the time of application. The final site plan and final municipal or planning board resolution must be submitted together with all other approvals prior to closing. If preliminary and/or final site plan approval is not required by a municipality prior to the start of construction, a letter from the municipality explaining this must be provided and approved by the Lead Lender/Agency.</p> <p>It is the developer's responsibility to demonstrate that the project complies with all applicable local land use and zoning requirements.</p>
Financing Fees	<p>The Agency shall charge a nonrefundable application fee of \$2,500 for for-profit developers and \$1,000 for nonprofit developers.</p> <p>The Lead Lender is permitted to charge for usual and reasonable costs involved in processing the application. All fees will be borne by the borrower. Fees shall not exceed those charged privately for comparable loans. Fees may include inspection and plan review fees, credit reports, appraisal, flood certification, environmental tests, attorney fees, survey, and other reasonable third party costs. A usual and reasonable application fee may be charged in addition to the reimbursement of third party expenses.</p> <p>For a commitment fee, the Lead Lender may charge no more than 87.5 basis points on the full Construction Loan amount, payable at commitment. The Agency may charge no more than 12.5 basis points on the full Construction Loan amount, payable at commitment.</p> <p>The Agency shall charge a \$1,000 fee for for-profit developers and a \$500 fee for nonprofit developers for an extension of the CHOICE financing commitment, payable upon the request for the extension.</p> <p>Any Agency-approved extension of the construction loan term will be subject to a fee equal to ¼ point calculated on the Agency construction loan amount.</p> <p>No fees or points may be charged by the Lead Lender or by the Agency to the borrower for the CHOICE Subsidy Funding.</p>

5. Davis Bacon Applicability

ATTACHMENT F

DEVELOPMENT ACTIVITIES AND APPLICABILITY OF DAVIS/BACON WAGES

Development Activity	Davis/Bacon Wages Required?	Notes
Land Acquisition	No	
Demolition, with no subsequent construction	No	
Demolition, followed by new construction	See Notes	NO, if demolition is done by an entity other than the project developer, prior to the land being transferred to the developer YES, if demolition is done by the project developer and the land has been transferred to the developer
Off-site improvements (street work, storm sewers, utility construction etc.)	Yes	
On-site improvements (excavation/grading, storm drainage, sewer connection, paving, site lighting, landscaping etc.)	See Notes	YES, if done by the project developer, the land has been transferred to the developer and the improvements will benefit buildings on the site NO, if done by an entity other than the project developer, prior to the land being transferred to the developer
Contracts for public utility services (gas, electricity, water)	No	
Cleaning, during construction	Yes	
Cleaning, after construction to prepare for occupancy (separate from construction contract)	No	
Materials purchase	No	
Purchase of fixtures, equipment, machinery	No	
Installation of fixtures, equipment, machinery	Yes	But only if the installation involves more than an incidental amount of construction work
Fees for architect, engineer, attorney, accounting etc.	No	
Construction management	No	

Jan. 8, 2010

6. Signage Identifying Recovery Act Funded Projects

Signage Identifying Recovery Act Funded Projects

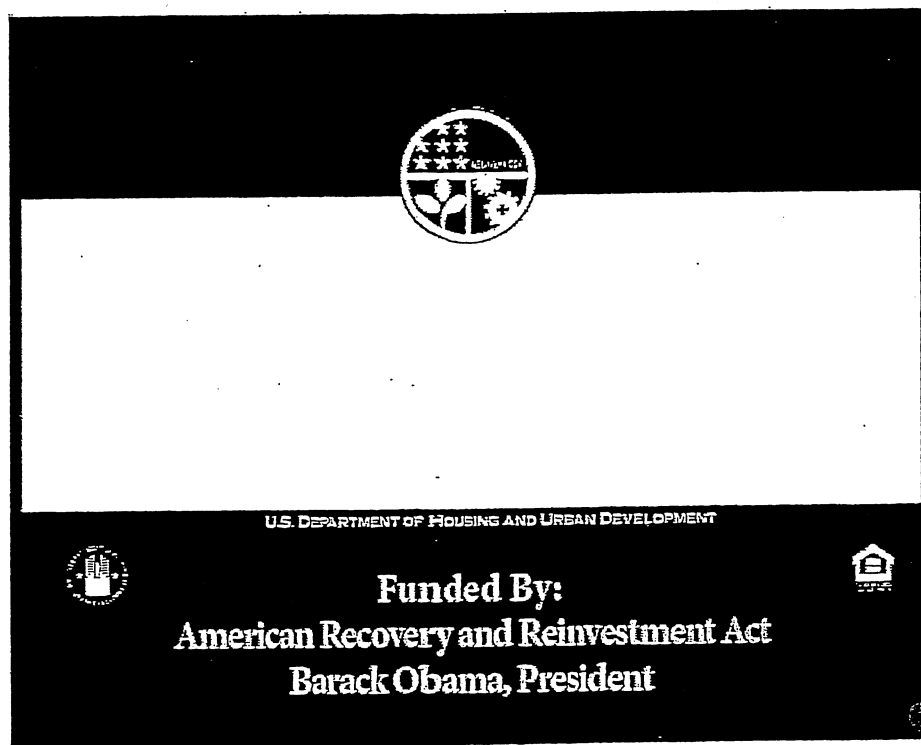
One of the critical goals in implementing Recovery Act-funded programs is transparency. In support of that goal, the CRA will clearly identify NSP2 funded projects with clear signage.

In order to facilitate this request, we have provided, 2 PDF files to be used as resources in this process.

- A sample signage graphic, in which you can add partner and project info and print to desired size using desired materials; and
- A sample decal graphic which can be printed and added to existing signage.
 - Signage for Recovery Act Funded Projects and Materials [\[logos\]](#) [\[billboard\]](#) [\[stickers\]](#)

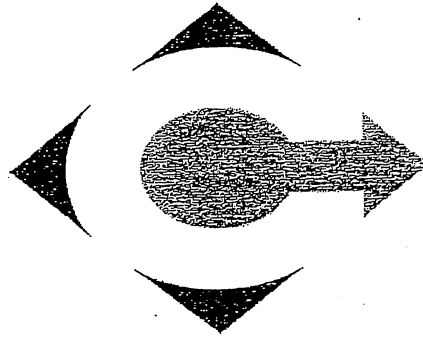
Each sign must include the following information;

- This is a Camden Redevelopment Agency NSP2 Vacant Land Stabilization Site
- Dana L. Redd, Mayor, City of Camden
- This property is maintained by the Greater Camden Partnership



7. Section 3 Guidance Document (also referred to as Executive Summary)

**Camden Redevelopment Agency
Employment Opportunities Initiative**



**Camden
Redevelopment
Agency**

**NSP2 Section 3 Executive Summary and
Community Outreach Guidelines**

Introduction

This document provides information regarding the Camden Redevelopment Agency's (CRA) administration of the Section 3 regulations as required by the federal government's Office of Housing and Urban Development (HUD). This guide should not be treated as a comprehensive recitation of the Sec. 3 regulations. It is a summary of the pertinent provisions of regulations and focuses on the Sec. 3 requirements imposed upon the Developer and General Contractor receiving funds from the CRA. The Camden Redevelopment Agency reminds each Developer and General Contractor that it is their responsibility to familiarize themselves with Sec. 3 regulations prior to accepting funds from the Camden Redevelopment Agency.

Table of Contents

Policy Statement	Page 4
Definitions	Page 4
Employment Opportunities Purpose	Page 6
Explanation of Section 3 Plan	Page 7
Components of a Section 3 Plan	Page 7
Required Section 3 Certifications	Page 10
Section 3 Contracting Goals	Page 10
Explanation of Good Faith Efforts	Page 10
Section 3 Reporting Requirements	Page 11
Outline of Attachments	Page 12

Camden Redevelopment Agency Sec. 3 Policy Statement

The Camden Redevelopment Agency (CRA) has established that one of the purposes of the assistance provided for HUD funded projects is to give, to the greatest extent feasible, and consistent with Federal, State and local laws and regulations; job training, employment, contracting and other economic opportunities generated from the expenditure of this assistance to Sec. 3 residents and Sec. 3 businesses.

CRA has also established that consideration shall be given to the extent to which firms demonstrate that they will train and employ Sec. 3 residents and contract with Sec. 3 businesses for economic opportunities generated in connection with the project or activity assisted.

The preference required by Sec. 3 is neither gender specific nor race nor ethnic origin specific. The preference required by Sec. 3 is one of income and location.

Definitions

CRA means the Camden Redevelopment Agency

DEVELOPER means any entity engaged in the business of development of housing which is an applicant for federal stimulus assistance funds or has been awarded a contract in excess of \$50,000 by the CRA.

GENERAL CONTRACTOR means any entity which has been awarded a construction contract of \$100,000 or more by a Developer to provide general contractor services, which are generated by the expenditures of federal stimulus assistance funds or in connection with Section 3 covered CRA projects.

HUD means the U.S. Department of Housing and Urban Development including its field offices to which authority has been delegated to perform functions under this part.

EMPLOYMENT OPPORTUNITIES means all employment opportunities arising in connection with federal stimulus assistance funds or in connection with Section 3 covered CRA projects.

SECTION 3 REGULATIONS means the provisions on employment, contracting and training requirements of the federal Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701u).

SECTION 3 PROJECT means the construction, reconstruction, conversion or the rehabilitation of housing and/or physical development projects assisted with federal stimulus that total \$100,000 or more or is receiving funds from the CRA with the award of a contract in excess of \$50,000.

SECTION 3 REQUIREMENTS means the employment, training and contracting opportunities imposed by the Section 3 Act and the Section 3 policy of the CRA upon recipients and covered contractors.

SECTION 3 RESIDENT means a City of Camden Housing Authority resident or a Camden City resident who is (1) a low-income person and/or family whose incomes do not exceed 80 % of median family income for the area or (2) a very low-income person and/or family whose incomes do not exceed 50% of median family income for the area (SEE ATTACHED SECTION 3 RESIDENT HIRE CERTIFICATION FORM).

SECTION 3 BUSINESS means a company (1) that is 51 % or more owned by qualified Section 3 residents or (2) whose permanent, full-time employees include at least 30% of qualified Section 3 residents or that within three years of the date of the person's first employment with the business was a Section 3 qualified resident, or (3) that provides evidence of a commitment to contract in excess of 20% of the dollar award of all subcontracts to businesses that meet the requirements of either the above (1) or the above (2). (SEE ATTACHED CONTRACTOR/SUBCONTRACTOR CERTIFICATION FORMS).

Employment Opportunities Purpose

The purpose of the Camden Redevelopment Agency's (CRA) Employment Opportunities Initiative is to ensure that, to the greatest extent feasible, employment, contracts, and other economic opportunities generated by federal grants and for contracts of \$50,000 or more are directed to Camden residents and local businesses.

Each recipient of HUD assistance must meet the minimum numerical goals set forth as part of the Federal Government Section 3 guidelines. Specifically, Section 3 compliance requires the following:

- 30% of the aggregate number of new hires shall be Section 3 residents; and
- 10% of all covered contracts shall be awarded to Section 3 businesses

The CRA Policy goes above and beyond the Federal Section 3 regulations. Specifically, the CRA Section 3 compliance requires the following:

- 40% of the aggregate number of new hires shall be Section 3 residents; and
- 20% of all covered contracts shall be awarded to Section 3 businesses

Please note that there is nothing in the CRA guidelines that should be construed to require the employment or contracting of a Section 3 resident or business who does not meet the qualifications of a specific position or who cannot fulfill the stated contract requirements.

Successful compliance with Section 3 regulations by the Developer and/or General Contractor will be a factor in determining future awards.

The CRA staff will serve as the immediate points of contact for the Developer and the General Contractor, and are available to assist them in meeting their Section 3 requirements. Furthermore, the staff are available to provide technical assistance to the Developer and the General Contractor. Technical assistance may consist of help in understanding the Sec. 3 regulations, identifying employment opportunities and training programs available to Sec. 3 residents and businesses, and provide information on proper outreach to Sec. 3 residents and businesses.

The CRA will monitor all construction and physical redevelopment contract compliance including federal stimulus assistance and for CRA contracts of \$50,000 or more. In addition, the CRA staff will assist the Developer or General Contractor with the understanding and comprehension of the City of Camden codes, necessary permit approvals and regulations. Occasionally, the CRA will also conduct random on-site reviews of construction sites to ensure Sec. 3 and construction contract compliance.

SECTION 3 PLAN

The Developer and/or General Contractor are required to submit a Section 3 Plan to the CRA for approval prior to the pre-construction meeting. The Section 3 Plan shall detail the hiring and sourcing goals for the Developer and their General Contractor, outline how the Developer will comply with Sec. 3 requirements, and the process by which the Developer will provide Sec. 3 progress reports to the CRA.

Upon the submission of the Section 3 Plan at CRA and Developer Pre-Construction meeting, the CRA will review it and either approve it, conditionally approve it, with suggested modifications, or disapprove the plan. After the approval of the Section 3 Plan, it will become a part of the construction documents, and the CRA will review and monitor it regularly to assess its implementation and the attainment of the Sec. 3 goals.

Components of a Section 3 Plan

The Section 3 Plan must include specific information, not limited to the following:

I. Developer and General Contractor Information

- ☐ Name and contact information of the Developer, General Contractor and their Section 3 coordinator;
- ☐ Developer and General Contractor's current workforce

II. Project Identification

- ☐ Identification of their project area (Census Tract and Neighborhood)
- ☐ Description of project type
- ☐ Number of units, if applicable

III. Workforce

- ☐ Developer and General Contractor's estimated workforce necessitated by the current project
- ☐ Developer and General Contractor's projected number of new hires in each category
- ☐ Developer and General Contractor's Sec. 3 employment, training and contracting opportunity goals

IV. Section 3 Plan

- ☐ Specific strategies for notifying Sec. 3 qualified Residents of Section 3 employment and training goals, which must include a plan to provide fliers to residents within the project area;
- ☐ Specific strategies for notifying Sec. 3 qualified businesses of contracting opportunities;

- Specific strategies to connect or to provide training for Sec. 3 qualified residents employed on the project
- Developer and/or General Contractor's statement of commitment to include the Sec. 3 requirement clause in all construction contracts and subcontracts at \$100,000 or more;
- Inclusion of other strategies which facilitate the achievement of the Sec. 3 goals established by the Developer and/or General Contractor.

V. Implementation Strategies

In order to comply with Sec. 3 regulations, the Developer and/or General Contractor, as applicable, must implement an aggressive campaign to encourage participation of Sec. 3 qualified Residents and Sec. 3 qualified Businesses. Strategies should include the following:

- a) Fliers to the residents living within the project neighborhood advising them of the employment, training and contracting opportunities for the specific project.
- b) Notice in a prominent location at the project site of the potential employment and training opportunities for qualified Sec. 3 Residents and potential contracting opportunities for qualified Sec. 3 Businesses. Written notice must be provided in sufficient time to enable businesses the opportunity to respond to bid invitations.
- c) Advertise employment, training and contracting opportunities on the city's local public television channel 19. (See attached contact info)
- d) Provide the Housing Authority of the City of Camden and job training and local employment agencies with fliers, notices and other information related to the Sec.3 employment, training and contracting opportunities for the specific project.

- e) Provide minority and women-focused labor and trade organizations with notice of Sec. 3 employment, training and contracting opportunities. (See attached contact info)

Certification of Section 3 Residents

Individuals seeking to participate in Sec. 3 covered projects must first be certified by the Developer and/or General Contractor. The Developer and/or General Contractor shall complete and submit a Section 3 Resident Eligibility Form to the CRA (SEE ATTACHED SECTION 3 RESIDENT ELIGIBILITY FORM).

Certification of Section 3 Business

Any business seeking to contracts on a project site as a Sec. 3 Business must be certified by the Developer and/or General Contractor. The Developer and/or General Contractor shall complete and submit a Section 3 Business Qualification Form to the CRA (SEE ATTACHED SECTION 3 BUSINESS QUALIFICATION FORM).

Section 3 Contracting Goals

The Camden Redevelopment Agency requires that the Developer and/or General Contractor shall commit to award at least 20% of the total dollar amount of all contracts involving the building trades to Sec. 3 businesses.

The Camden Redevelopment Agency further requires that the Developer and/or General Contractor commit to award 15% of the total dollar amount of all professional services contracts to Sec. 3 businesses.

Good Faith Efforts

The Developer and/or General Contractor must provide proof that, to the greatest extent feasible, it has attempted to meet its Sec. 3 goals. The Developer and/or General Contractor not able to meet their Sec. 3 compliance goals as outlined in their formal Section 3 Plan **may** demonstrate "Good Faith" in meeting those goals. Examples of "Good Faith" efforts are detailed in the CRA's Section 3 Policy and Procedures manual.

The Developer and/or General Contractor are required to submit copies to the CRA of all outreach attempts, copies of all responses to fliers and signage, copies of all responses to bid invitations, and any other documentation helpful in monitoring compliance with the approved Section 3 Plan.

In the event that the CRA determines that the Developer and/or General Contractor are not meeting their employment, training or contracting goals as set out in the approved Section 3 Plan, the CRA will provide the respective party with written notice of non-compliance. The notice will require the non-complying party to meet with the CRA to determine if the non-complying party used its best efforts to meet Section 3 guidelines, and if further outreach attempts would result in goals being successfully met. If it is determined that further outreach would not be successful then the respective party will enter into a "Good Faith" agreement with the CRA.

SECTION 3 REPORTING REQUIREMENTS

The CRA requires reports submitted by the Developer and/or General Contractor to assess compliance with Section 3 regulations. A sample packet of the required forms will be provided to the Developer and/or General Contractor at the pre-construction meeting.

The required reports and forms are due no later than **15th** of each month. A report must be submitted every month along with the necessary forms; if there is nothing to report, that must be stated on the form. When the project is completed, a final report will be due along with other customary due diligence documentation. The HUD Form 6002 shall be used for the final report.

8. On-site monitoring checklist

ON SITE MONITORING CHECKLIST

Property Address:

Property Acquired From (check all that apply)

☐ City ☐ CRA ☐ ABC ☐ Other

☐ Foreclosed ☐ Abandoned ☐ Vacant ☐ Blighted ☐ Built prior to 1978 ☐ Structure(s) 50+ years old

Foreclosed, abandoned, and vacant blighted status must be per NSP definitions

X or N/A	Initials	Item
		EVALUATION
		25% Set-Aside Determinations (If the property funded under the Set- Aside)
		Unit to be occupied by household at 50% or below AMI
		Unit is for permanent housing
		Tier 1 environmental review completed for target area (X if completed)
		Property listing from Multiple Listing Service (MLS) or other source (copy filed)
		Verification that property is in a target area (areas of greatest need as outlined in the Substantial Amendment to the Action Plan
		Evidence that property is foreclosed (copy of deed or other document filed) plus seller certification RE: tenant protections, if applicable (copy filed)
		If vacant, signed & dated inspection report indicating vacant status (copy filed)
		If vacant, utility status (signed, dated report or shut-off notice (copy filed)
		If required, General Information Notice (GIN) to occupant(s) (copy/ies filed)
		If occupied, relocation survey (copy filed. See Note 1 below.
		If occupied, estimate of relocation costs based on survey (include relocation costs in "Total development cost estimate" below)(copy filed)
		Photos of property exterior and interior (copies filed)
		FEASIBILITY AND COST ANALYSIS
		Development Budget Spreadsheet (application package)
		Sources and Uses Spreadsheet (application package)
		Budget Revision Requests (if applicable)
		Financial Commitments (if applicable)
		Underwriting Review
		Preliminary appraisal or estimate of market value to establish offer price – not NSP-required (copy filed)
		Lead hazard risk assessment report if built pre-1978 (copy filed)
		Certification of zoning compliance by staff member or other source (copy filed)
		Plans & specs or work write-up (copy filed)
		Rehab or new construction cost estimate (Trade Payment Breakdown) include demolition costs (copy filed)
		APPROVAL AND PRE-CLOSING
		NSP grantee written approval of acquisition, if required (copy filed)
		Notice of Voluntary or Involuntary Acquisition with delivery confirmation (copy filed)
		Purchase contract or Option Agreement w/ signatures – see note below (copy filed)
		HUD Environmental Release and Clearance (copy filed)
		Site-specific environmental review records (copy filed)
		Relocation file(s) started separately if occupied (N/A or X)
		Certification of 1% discount for foreclosed property - see note 2 below (copy filed)

ON SITE MONITORING CHECKLIST

Property Address:

Property Acquired From (check all that apply)

☐ City ☐ CRA ☐ ABC ☐ Other

☐ Foreclosed ☐ Abandoned ☐ Vacant ☐ Blighted ☐ Built prior to 1978 ☐ Structure(s) 50+ years old

Foreclosed, abandoned, and vacant blighted status must be per NSP definitions

			POST-CLOSING
			Deed to property (copy filed)
			Mortgage deed(s) and promissory note(s) - (copies filed)
			Settlement sheet – HUD 1 (copy filed)
			PROJECT CASE FILE
			Developer Documentation (if applicable)
			NSP Consortium Agreement
			Property/Acquisition
			NSP eligible target area documentation
			Appraisal for properties over \$25K (within 60 days of final offer)
			Guide form Notice Disclosure to Seller w/ Voluntary, Arm's Length Purchase Offer
			Tenant relocation notices/documents (if applicable)
			Construction/rehabilitation contract
			Construction Progress Pictures – Pre- Construction and During Construction
			Contractor bid documents and award documents
			Pre-construction conference report
			CRA Notice to proceed
			Payment Request documentation (including complete Section 3 Forms)
			Change orders (if applicable)
			Phase I Environmental Report
			Phase II Environmental Report (if applicable)
			Abatement report (if applicable)
			Certificates of Occupancy
			Waiver of liens from general contractor, subcontractors, and suppliers
			Warranties (if applicable)
			New Homeowner Warranty Registration (for homeownership)
			Marketing Plan
			NSP 2 Loan Closing Documents
			HOME BUYER Documents
			Home Purchase Application and/or Package
			Income certification & verification
			Buyer counseling training certificate
			Purchase contract (NSP price compliance)
			Signed agreement with recapture provisions
			Lender – Mortgage Commitment
			Recorded legal documents with affordability requirements
			Flood Insurance Certificate (if appl.)
			Marketing materials w/ Fair Housing Logo & Statement
			Beneficiary Data

ON SITE MONITORING CHECKLIST

Property Address:

Property Acquired From (check all that apply)

☐ City ☐ CRA ☐ ABC ☐ Other

☐ Foreclosed ☐ Abandoned ☐ Vacant ☐ Blighted ☐ Built prior to 1978 ☐ Structure(s) 50+ years old

Foreclosed, abandoned, and vacant blighted status must be per NSP definitions

RENTAL PROPERTY Documents			
			Unit occupied by household at 50% or below AMI
			Income Certification & verification
			Lease Agreement
			Marketing materials w/ Fair Housing Logo & Statement
			Recorded legal documents with affordability requirements
			Beneficiary Data

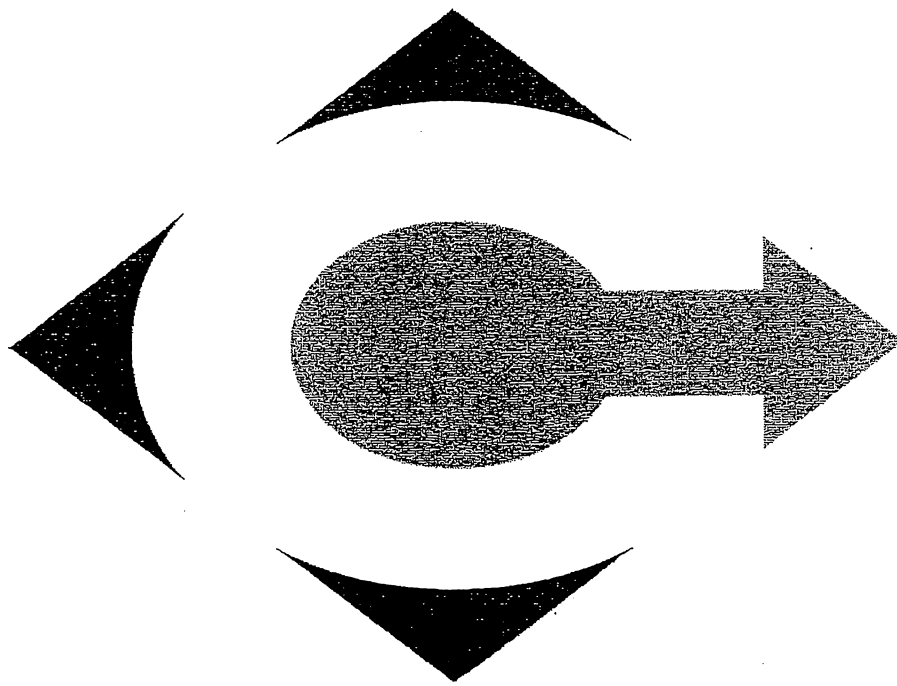
NSP 2 Program Rules Require that financial records, supporting documents, statistical records, environmental review records and all other records pertaining to the NSP project are retained for 5 years from the date of the grant close-out, following completion of the NSP Project

Project Status:

Issues:

9. Procurement Policy

Procurement Policy



**Camden
Redevelopment
Agency**

2011

Table of Contents

Procurement Code of Conduct.....	Page 3
Procurement Policy Acknowledgement.....	Page 5
1.0 Overview.....	Page 6
2.0 General Policy Statements and Bid Thresholds.....	Page 13
3.0 Purchases Below Three Quote Threshold.....	Page 15
4.0 Purchases Between Small Purchases and Three Quote Threshold.....	Page 16
5.0 Purchases Beyond Three Quote Threshold.....	Page 17
6.0 Sealed Bid/Invitation for Bids Method.....	Page 19
7.0 Emergency Procurement.....	Page 23
8.0 Contracts.....	Page 24
9.0 Payments.....	Page 24
10.0 Professional Services Contracts.....	Page 25
11.0 Construction Contracts and Bond Requirements.....	Page 26
12.0 Construction Contracts and Insurance Requirements.....	Page 27
13.0 NSP2 Purchasing Guidelines.....	Page 29
14.0 Board Action.....	Page 34
15.0 Attachments	
▪ 24 CFR Part 85	
▪ 24 CFR Part 84	

PROCUREMENT CODE OF CONDUCT

The Board Members and Employees of the Camden Redevelopment Agency (CRA), by implementing this 'Procurement Policy ('Policy') contained herein, agree to abide by the rules, regulations, and laws contained therein, both by the spirit and the letter of the Policy.

The CRA and its Employees and Board Members are responsible for managing relationships with vendors in a fair and consistent manner and must avoid situations which present or appear to present a conflict of interest.

To this end Employees and Board Members:

- must not have any interest or engage in any business or transaction or professional activity or incur any obligation of any nature which is in substantial conflict with the proper discharge of their public duties;
- must not disclose confidential CRA information or use it for personal interest;
- must not raise public suspicion that they are acting in violation of public trust;
- in any transaction as an agent for the State with any business entity in which they have a financial interest that might tend to conflict with the proper discharge of their official duties, instead they must recuse themselves;
- must adhere to the Local Government Ethics Law, N.J.S.A. 40A:9-22.1 et. seq. which states, among other things, that no member of the CRA or the Board of Commissioners, or their immediate family, or business organization in which they have any interest, shall solicit or accept any gift, favor, loan, political contribution, services, promise or future employment or other thing of value from a vendor doing business with the CRA, for the purpose of influencing him/her, directly or indirectly in the discharge of their official duties
- must adhere to the Local Unit pay to Play Law, P.L. 2004 c.19, N.J.S.A. 19:44A-20.4 et seq., the law requires that all contracts with a value over \$17,500 (aggregation rules apply) be awarded pursuant to a 'fair and open' or 'non-fair and open' process, both of which are defined in the law.

Employees and Board Members should reveal any relationships they have or may have, with current or potential vendors and exclude themselves from any review or recommendations regarding such procurement.

If an interest is known, it must be disclosed to the Board before an award of the contract.

Any violation of the Procurement Policy may result in disciplinary action as appropriate, up to and including termination and/or criminal prosecution.

1.0 OVERVIEW

The CRA in its day-to-day work of carrying out its mission of redevelopment throughout the City of Camden must expend funds to purchase goods and services.

The basic procurement objective is to secure the best goods and/or services at the lowest available price, consistent with quality requirements and delivery needs.

In order to meet this goal, all CRA employees must familiarize themselves with this Policy and other pertinent documentation.

1.1 Purpose

This Policy sets forth the requirements that CRA staff must adhere to in the solicitation, award, and administration of its third party contracts for goods and services. These requirements are in conformance with the regulations and laws of the City of Camden, the State of New Jersey, and the Federal Government, whenever applicable.

This policy is meant to:

- a. formalize practices which insure that CRA interests are protected,
- b. assure that all City, State, and Federal procurement laws and regulations are followed, and
- c. communicate policies and give guidance to purchasing personnel.

This policy has been duly approved by resolution of the CRA Board of Commissioners. Interpretation and clarification of this policy shall be the responsibility of the CRA Legal and Finance Departments.

1.2 Applicability

The CRA's Policy applies to all commodity, service, and professional service contracts procured by the CRA.

1.3 Definitions

Advertisement

The publication of a Notice of Procurement Opportunity in any of the following forums, as are appropriate: newspaper of general circulation in Camden County and/or any other member County within the CRA Service Area; regional, state and national trade journals and magazines; newsletters, published on the CRA website; the posting of a Notice of Procurement Opportunity on CRA's property at a location accessible to the public; the dissemination of a Notice of Procurement Opportunity to three (3) or more potential bidders or suppliers either by written, telephonic or electronic transmission, and any or all

methods of advertisement as are herein defined that are necessary or desirable to promote competition under this policy.

Approved Equal

An item or service, which has been approved by the procuring agency as equal to the brand name item, originally specified.

Best Value

Is the selection process in which proposals contain both price and qualitative components, and award is based upon a combination of price and qualitative considerations. Qualitative considerations may include technical design, technical approach, quality of proposed personnel, and/or management plan. The award selection is based upon consideration of a combination of technical and price factors to determine (or derive) the offer deemed most advantageous and of the greatest value to the procuring agency.

Brand Name

A name of a product or service that is limited to the product or service produced or controlled by one private entity or by a closed group of private entities. Brand names may include trademarks, manufacturer names, or model names or numbers that are associated with only one manufacturer.

Change Order

Is defined as the addition of work (supplies, equipment or services) that is beyond the scope of the original contract that amounts to a cardinal change

Commodities

Standard articles of commerce in the form of material goods, supplies, products or similar items. Commodities do not include technology.

Construction

Construction means Public Works construction, alteration, or repair of buildings and structures, or other improvements of real property.

Contractor

Any person, partnership, private corporation or association: selling materials, equipment or supplies, or leasing property or equipment, to the CRA. Constructing, reconstructing,

rehabilitating or repairing buildings or other improvements for or on behalf of the CRA. Rendering or providing services to the CRA, pursuant to a contract.

Contracts or Procurement Contracts

A mutually binding legal relationship obligating the seller to furnish the supplies or services (including construction) and the buyer to pay for them. Contracts would include bilateral instruments, awards and notices of awards; job orders or task assignment letters issued under basic ordering agreements; letter contracts, orders, such as purchase orders, under which the contract becomes effective by written acceptance or performance; and bilateral contract modifications.

The parties to a contract must possess the legal capacity to enter into the contract, and they must assent to the terms of the contract.

Contract Administrator

Contract Administrator means the CRA employee that is responsible for overseeing the contract services performed.

Design Specifications

Specifications based on the design of a product or service. Typical design specifications may include dimensions, materials used, commonly and competitively available components, and non-proprietary methods of manufacturing.

Emergency Procurement

The procurement of goods and services under circumstances where a delay in procurement may result in damage to the public health, safety, or welfare as defined.

Firm Fixed Price Type Contract (FFP)

A general compensation arrangement, which places the risk of performances for a lump sum on the contractor, regardless of the actual costs incurred by the contractor. The only allowable adjustments to the lump sum contract price are those arising from authorized changes in scope of services or changes in specifications. This type of contract is appropriate for acquiring commercial items, or for supplies or services, which can be clearly defined with either performance/functional specifications or design specifications where there are no substantial uncertainties relating to cost, performance, or schedule. This type of contract may only be used in sealed bidding procurements.

Formal Bidding

Bidding involving public advertising and sealed bids, and is required for procurement of goods and services in an amount of \$17,500 or more, except as otherwise provided herein.

General Services

Those services provided by an individual or business, which are not considered professional or construction.

Independent Cost Estimates

Such estimates may be obtained from published competitive prices, results of previous competitive procurements, including some type of price escalation percentage, or price quotes from manufacturers.

Informal Bidding

Bidding without public advertising but within formal procedures, which may include, without limitation, written, telephonic or electronic bidding

Invitation for Bids (IFB)

The CRA request for sealed bids setting forth the detailed specifications for the work to be performed. The winner is the lowest responsible bidder.

Maintenance Bond

An instrument of security furnished by the contractor and his/her surety for the maintenance of the work after completion, in accordance with the contract documents.

Micro Purchase

Purchase under \$2,625. Purchase below this threshold may be made without obtaining competitive quotations if the CRA determines that the price is reasonable. There will be no splitting of procurements to avoid competition. For this type of purchase, the signature of the Division Manager or their designee is required.

Minority Business Enterprise (MBE)

Any business enterprise, which is at least fifty-one percent (51%), owned by, or in the case of a publicly owned business, at least fifty-one percent (51%) to the capital stock, which is owned, by citizens or permanent resident aliens who are minority ownership must have and exercise the authority to independently control the business decisions of

the entity. The enterprise must also be authorized to do business in the State of New Jersey, be independently owned and operated, and not be dominant in its field.

Offer

A promise to provide goods and services according to specified terms and conditions in exchange for material compensation.

Neighborhood Stabilization Program 2 -(NSP2)

In January 2010, CRA was awarded \$11.9 Million grant by HUD under the NSP 2 program, which funding is through the American Recovery and Reinvestment Act (ARRA) and Housing and Economic Recovery Act of 2008. CRA, in its administration of the NSP 2 grant in targeted neighborhoods in the City, the Agency prepare agreements, construction loan and other closing documents for implementation of the NSP 2 housing project pipeline and other related activities.

New Jersey Bid Contracts

Purchase prices established for various items which have been competitively bid by New Jersey and which may be used by the CRA to make procurements for goods/services.

Organizational Conflict of Interest

Because of other activities, relationships, or contracts, a contractor is unable, or potentially unable, to render impartial assistance or advice to the CRA, a contractors objectivity in performing the contract work is or might be otherwise impaired, or a contractor has an unfair competitive advantage.

Performance Bond

An instrument of security furnished by the contractor and his surety for the performance of the work in accordance with the contract documents.

Performance Specifications

Specifications based on the function and performance of a product or service under specified conditions, preferably conditions that can be reproduced for testing purposes. Performance specifications may include useful life, reliability in terms of average intervals between failure, and capacity.

Procurement

The acquisition by the Authority of products, services, or public works by purchase process and policy as outlined in this manual, except:

- The purchase of periodicals, reference materials or professional research tools
- The payment of fees or tuition associated with continuing education courses, training courses, conferences, seminars, and symposiums
- Expenditures governed by the CRA travel policy
- The purchase of advertising space or advertising time in any medium
- Expenditures associated with internal or public meetings

Professional Services

Professional Services means work performed under a contract with the CRA related to the administration of Agency-owned systems and facilities (i.e. engineering, legal, network administration, computer programming, etc.). Professional services do not include work that by definition is considered "construction".

Professional Services Contract

Any written agreement to provide a service, including but not limited to legal, accounting, management consulting, investment banking, planning training, statistical, research, public relations, marketing, advertising, architectural, engineering, surveying or other personal services of a consulting, professional or technical nature, for a fee, commission or other compensation, by a person or persons who are not providing such services as officers or employees of a state agency or public corporation.

Professional Services Contractor

Any person, firm or corporation performing a Professional Services Contract for the CRA.

Proper Invoice

A written request for a contract payment that is submitted by a contractor setting forth the description, price and quantity of goods or services delivered or rendered in such form and supported by such other substantiating documentations as the CRA may reasonably require.

Receipt of an Invoice

The date on which a proper invoice is actually received in the designated payment office, or the date which the CRA receives the purchased goods or services covered by the proper invoice, whichever is later.

Responsible

A potential contractor is considered responsible if it can demonstrate that it has the ability to perform successfully under the terms of the proposed contract, taking into account the bidder's technical and financial capability. Responsibility refers to the ability of the contractor to deliver the requested items/services.

Sealed Bidding

A competitive procurement method under which a contract is awarded to the lowest price, responsive bid, offered by a responsible bidder.

Services

A professional, consulting, technical, or other service, including but not limited to, legal, testing, accounting, bookkeeping, secretarial, management consulting, audit, investment banking, planning, training, statistical research, insurance, advertising, public relations, architectural, engineering, appraisal, janitorial, surveying, housekeeping, and waste disposal, performed for a fee, commission or other compensation.

Single Bid

Two or more competitive bids are solicited and only one bid is received. A single bid may cause Sole Source Procurement.

Single Source Procurement

A single source procurement is one in which two or more vendors can supply the commodity, technology and/or perform the services required by an agency, but is not necessarily the lowest price offer, but the Authority selects one vendor over the others for reasons such as expertise or previous experience with similar contracts.

Small Purchase

The acquisition of goods or services under a written agreement or purchase order resulting in a cost to the CRA of more than \$2,625 but less than \$17,500 per year. Purchases from \$2,625 - \$17,500 requires a minimum of three verbal quotations or three written quotations, which can be requested and received via fax or regular/electronic mail, and signature from a Division Manager and the appropriate Senior Manager.

Sole Source Procurement

A sole source procurement is one in which only one vendor can supply the commodities, technology and/or perform the services required by an agency; or no other goods or

services will satisfy the CRA requirements; or prior State, federal or Board approval has been granted.

Solicitation

A purchasing entities request for bids, including a telephone request for price quotations, an invitation for bids, or request for proposals.

Surety Bond

Refers to an agreement between the CRA contractor or supplier and a surety bond writer that guarantees a contract obligation with CRA property. Typically, CRA requires bonds that cover 10% of the value of a contract. If a contractor defaults on a contract or faces financial difficulties, the surety bond underwriter will owe the CRA the full amount of the contract.

Time and Material (T&M) Type Contract

A general compensation arrangement which provides for a fixed rate including overhead and profit, and material plus handling charges. This type of contract is permitted only:

1. After a determination that no other compensation arrangement is suitable
2. All labor and equipment rates (including overhead and profit), are predetermined and set forth in the contract.

Women-Owned Business Enterprise (WBE)

Any business enterprise which is at least fifty-one (51%) owned by, or in the case of a publicly owned business, at least fifty one (51%) of the capital stock of which is owned by citizens or permanent resident aliens who are women, regardless of race or ethnicity, and such ownership interest is real, substantial and continuing. Women business owners must have and exercise the authority to independently control the business decisions of the entity. The enterprise must also be authorized to do business in the state of New Jersey, be independently owned and operated, and not be dominant in its field.

2.0 General Policy Statements and Bid Thresholds

It is the policy of the CRA to consolidate and/or concurrently procure goods and services whenever possible.

All requests for the purchase of services and goods that are expected to exceed the bid threshold of \$17,500.00 will be procured through an open and fair process unless falling into one of the State approved exceptions and a valid reason to proceed on the exception have been identified and proceeding thus has been deemed absolutely necessary. The test of what is necessary shall be stringent.

It is the responsibility of all employees to make the Finance and Legal Department aware if, at the time of need, it is foreseeable that it will be necessary to repurchase goods or services in an amount that will cause the aggregate total of \$17,500.00 to be met within a year.

2.1 Advertisements of Solicitations

Advertisements requesting bids shall be placed on the Camden Redevelopment Agency web site at www.camdenredevelopment.org and may be placed in at least one newspaper of general circulation in Camden County and other publications as deemed advisable to promote the opportunity for competitive bidding. Other efforts may include, but are not limited to:

- Notifications in local news publications, trade journals, and magazines, and national publications;
- Mailings to industry associations;
- Notifications to known bidders on CRA's bid list; and
- Mailing lists maintained by State Agencies.

Potential bidders shall be advised as to pick up date, question submittal due date, and submittal due date in the advertisement.

When advertising in an newspaper of general circulation, the add shall run for a minimum of three days.

All bids that are either RFP's, RFQ's, or IFB's shall be out for solicitation for no less than twenty (20) consecutive days.

2.2 Ensuring Most Efficient and Economic Purchase

- a. To foster greater economy and efficiency, the CRA may enter into State and local intergovernmental agreements for the procurement of common goods and services. All justification of efficiency must be documented.
- b. If possible and deemed efficient, goods will be purchased off of the State Contracts list that is maintained through the State Division of Purchasing and Property
- c. A properly documented procurement file should be a complete record of the procurement actions and processes/s followed for all purchases of goods and services.
- d. The CRA will use time and material contracts only after determination that no other type of contract is suitable. CRA staff will closely monitor contractors operating on time and material contracts.

- e. The length of any contract should be based on sound business judgment. The CRA will be judicious in establishing and extending contract terms no longer than minimally necessary to accomplish the purpose of the contract.
- f. A cost or price analysis is a determination that the cost or price offered by a contractor is reasonable, given current market conditions. The purpose of cost or price analysis is to ensure that the CRA does not pay unreasonably high prices.

2.3 Procurement with State Funds

In all cases where procurements are made by CRA with State funds and are conditioned upon or subject to, laws or regulations for purchasing, the CRA shall observe such laws and/or regulations.

2.4 State Procurement Bid Thresholds

The current Bid Threshold for the State of New Jersey is \$17,500.00. Any purchase for goods or services that will exceed this number in a fiscal year must be procured through a fair and open process via a RFP, RFQ, or IFB.

Any purchase of goods or services falling below the bid threshold but no less than \$2,625 shall be purchased under the three quote method (see Section 4.0).

Any purchase of goods or services falling below \$2,625 shall be purchased outright after consultation and approval of the Finance Department.

2.5 Pre-Bid Conferences

When it is deemed appropriate, the CRA shall conduct a pre-bid conference with prospective proposers/bidders regarding applicable bidding procedures, forms, terms, and conditions, goals, requirements, and other relevant information. Attendance, whether mandatory or non-mandatory, shall be determined on a need to need basis.

2.6 Notice to Proceed

A notice to proceed shall follow all procurement action by the CRA. Under no circumstance is a vendor of any kind to proceed until such time as they receive an official 'Notice to Proceed'.

3.0 Purchases Below the Three Quote Threshold

Procurement of goods or services costing less than \$2,625 do not require competitive quotations. To the extent possible, micro purchase authority is delegated to CRA employees who must follow the below-delineated steps.

For all procurement needs falling below \$2,625, the following procedures must be followed:

1. The individual needing the goods or services must request the purchase through the finance department in writing.
2. The individual must specify what goods or services they are in need of and they must write clearly and concisely to minimize any ambiguity and to ensure that they receive the goods and/or services that are ideally suited for their needs.
3. Where appropriate, provisions should be made in the specifications to allow the entity contacted to provide the goods and/or services to seek deviations from the specifications.
4. The individual must identify to the finance personal the specific budget that will support the purchase and receive the sign-off of the finance department as to the certification that the funds exist and are set-aside.
5. The individual must identify, if possible, the vendor that it believes can best provide the goods and/or services that are being requested.

4.0 Purchases Between the Bid Threshold for Small Purchases and the Three Quote Threshold and

For all procurement needs falling in the \$2,625 to \$17,499 range, the following procedures must be followed:

1. The individual needing the goods or services must request the purchase through the finance department in writing.
2. The individual must specify what goods or services they are in need of and they must write clearly and concisely to minimize any ambiguity and to ensure that they receive the goods and/or services that are ideally suited for their needs.
3. Where appropriate, provisions should be made in the specifications to allow bidders to seek deviations from the specifications. The following clause should be included in any RFP for which this allowance is made:

“The specifications released herewith represent the _____ which the CRA feels are ideally suited for its operations; however, CRA will consider requests for ‘approved equals’ to the specifications. The CRA will accept such requests in writing up until _____.”

All requested deviations from these specifications will be responded to, in writing, in one of the following manners:

- a. Approved as an equal
- b. Rejected

The CRA will respond in writing no later than five business days prior to the submittal date. All requests, and the CRA responses will be published on the CRA Web Site (www.camdenredevelopment.org) as Addendum to the Bid Package.

4. The individual must identify to the finance personal the specific budget that will support the purchase and receive the sign-off of the finance department as to the certification that the funds exist and are set-aside.
5. The individual must identify a list of specific companies/entities that are capable of performing the work and provide contact information for the CRA to reach out to them for quotes.
6. Documentation of quotations shall accompany the requisition or be present in the procurement file.
7. Purchases from a single vendor that exceed \$17,500 in a fiscal year cannot be procured in an informal manner, and must be procured using formal bidding.

The CRA shall consider the following qualifications to ensure the company providing the quote is responsible:

- Is technically qualified to perform the proposed work or deliver the goods,
- Has, or can secure, adequate financial resources to perform the proposed work or deliver the proposed goods,
- Is able to comply with the delivery or performance schedule, taking into account all existing business commitments,
- Has satisfactory record of past performance,
- If selected, would not result in a conflict of interest, with regard to their work performed by the firm, or individual staff conflicts.

If a determination is made that the company providing the quote is responsible based on the above factors, the CRA will select the lowest quote.

5.0 Purchases that are Beyond the Bid Threshold for Three Quotes and therefore Necessitate either a Request for Proposal, or a Request for Qualifications,

For all procurement needs above the bid threshold of \$17,500 a Request for Proposal or a Request for Qualifications is necessary, the following procedures must be followed:

1. The individual needing the goods or services must request the purchase through the finance department in writing.
2. The individual must specify what goods or services they are in need of and they must write clearly and concisely to minimize any ambiguity and to ensure that they receive the goods and/or services that are ideally suited for their needs.

In addition, the individual must:

- a. put together a scope of work that fully encompasses what it is that they need procured being as specific as possible;
 - b. give a time by which they need the goods and/or services. (Time tables must take into account that all RFP's or RFQ's, must be open to public bid for no less than twenty (20) days. It must also be taken into account that CRA Board Action may be required and what effect the need to wait for Board Approval will have on the individuals ability to utilize their procured goods and/or services.);
 - c. name a person of knowledge who will be responsible for working with the Legal and Financial Departments in order to answer any questions that may arise from Vendors throughout the process;
 - d. if applicable, include within their request the names of any individual who either must be, or should be, included on the review committee upon receipt of proposals
3. Where appropriate, provisions should be made in the specifications to allow bidders to seek deviations from the specifications. The following clause should be included in any RFP for which this allowance is made:

"The specifications released herewith represent the _____ which the CRA feels are ideally suited for its operations; however, CRA will consider requests for 'approved equals' to the specifications. The CRA will accept such requests in writing up until _____."

All requested deviations from these specifications will be responded to, in writing, in one of the following manners:

- c. Approved as an equal
- d. Rejected

The CRA will respond in writing no later than five business days prior to the submittal date. All requests, and the CRA responses will be published on the CRA Web Site (www.camdenredevelopment.org) as Addendum to the Bid Package.

4. The individual must identify to the finance personnel the specific budget that will support the purchase and receive the sign-off of the finance department as to the certification that the funds exist and are set-aside.
(*See Form A at end of Packet.)

- 5.1 **Method of Selection:** Due to the fact that each RFP or RFQ is unique in its procurement need and does not lend itself to quantification, the CRA does not set forth here strict evaluation procedures or all inclusive processes and methods. Typically evaluations will be comprised of a comparative analysis of the technical proposals, comparative analysis of the cost proposals, and an analysis of the firm/entity proposing.

The objective of the evaluation process is to develop and apply evaluation criteria to ensure that:

- Proposals are evaluated objectively, and
- The CRA selects the vendor proposing the best product/service with the best overall price.

The evaluation methodology must be:

- Determined in advance of advertising the RFP/RFQ,
- Specified and described in the RFP/RFQ,
- Followed in evaluating the submitted proposals and awarding the contract, and
- Documented in the Procurement File.

Evaluation Criteria will not be altered after opening the proposals, with the exception of minor changes and only if the modifications are justified and evidence presented to ensure that the changes would not materially benefit or disadvantage any bidder.

If applicable, the CRA shall request the proposer provide the following information in their cost sheet:

- Distinguish one-time fees from on-going fees,
- Fixed fee for deliverables,
- Rate, either hourly or daily, for staff services,
- Price per unit, and possible sliding scale on volume increments, if applicable,
- Potential fee increases, if applicable, and
- All potential fees.

6.0 Sealed Bid/Invitation for Bids Method of Procurement (IFB)

This method of procurement is the preferred method for acquisitions with an annual cost totaling \$17,500 or more when one or more of the following factors is present:

- A complete, realistic, and exact specification or purchase description is available,
- Two or more responsible bidders are willing and able to compete effectively for the business,
- The procurement lends itself to a firm, fixed price contract, and the selection of the successful bidder can be made principally on the basis of lowest price or best value, when the best value determination can be made

on price alone, among responsive bids, and responsible bidders,

- No discussion with bidders is needed either before or after bid submission.

It will be the final determination of the CRA legal department, in conjunction with the CRA employee requesting the goods or services, if the procurement should be solicited as an IFB as opposed to a RFP or RFQ.

1. To protect the bidder and the CRA the IFB shall specify that the bids shall be sealed.
2. Sealed bids shall be publicly solicited and a firm, fixed price contract (lump sum or unit price) shall be awarded to the bidder whose bid is (1) lowest in price and (2) conforms with all the material terms and conditions of the bid specifications, including a successful responsible bidder and responsive bid determination.

An IFB shall:

- Provide prospective bidders with all the information necessary to develop a responsive bid.
- Inform bidders of the specific steps in the bid process.
- The scope of commodities, services, hardware, or software to be provided.
- The method of award.
- The terms and conditions of the contract.

Specifications shall encourage full and open competition, and must not rule out one or more vendors or favor a particular vendor. Therefore, use of brand names in specifications is allowed solely for the purpose of providing a standard for quality of performance. When requesting a 'brand name or equal' the CRA shall carefully identify its minimum needs and clearly set forth those salient physical and functional characteristics of the brand name product in the solicitation.

Bidder's Qualification:

The bidders Qualifications section of an IFB defines the minimum acceptable qualifications for a bidder to be considered acceptable for an award. In addition to determination of the bidder's responsibility when drafting this section, the CRA shall consider which qualifications should be specified to ensure the bidder:

- Is technically qualified to perform the proposed work,
- Has, or can secure, adequate financial resources to perform the proposed work or deliver the proposed goods,

- Is able to comply with the delivery or performance schedule, taking into account all existing business commitments,
- Has satisfactory record of past performance,
- If selected, would not result in a conflict of interest, with regard to their work performed by the firm, or individual staff conflicts.

Qualifications may include the length of time a firm has been in business, the expertise and experience of staff and the bidder's experience with projects of similar scope and size.

Appropriate business references shall also be required.

To ensure uniformity, all IFB's must include a Bid form on which bidders insert bid prices in a uniform format. This shall provide bidders the ability to record all relevant costs in an organized manner.

To protect both the CRA and the bidder, the IFB shall specify that the bids shall be sealed. All bids received under an IFB shall remain sealed until the bid opening time and date specific in the IFB and the advertisement. Immediately upon opening all bids will be marked with the time of the opening and witnessed by the signature of the individual conducting the opening. A bid opening must contain at least two members of the CRA staff for verification purposes. Bid openings are open to the public if they choose to participate.

At the time of a bid opening, only the bid price and name of the bidder shall be given to prospective bidders. All requests for other information must be put in writing and shall be answered subsequently.

Immediately after the bid opening, a designated member of the CRA shall review all submitted bids to determine which bid packages are complete and responsive to the bid requirements as set forth in the official IFB.

Evaluating Responsiveness:

Factors that should be considered by the Authority in evaluating responsiveness should include the following:

- Has all required information been provided?
- Does the bid contain mistakes?
- Has the bidder failed to commit to a firm price?
- Are there unacceptable qualifications or conditions tied to the bid?
- Has the bid been prepared in accordance with the bidding instructions?
- Are unacceptable provisions included in the bid?
- Has the bidder altered or limited any of the contract or solicitation provisions?
- Has the bidder offered non-conforming products or services?

9.3 Final Payment

Final payment is made to the contractor when it has satisfied all the deliverable requirements called for by all provisions of the contract, including submission of all required documentation. Final payment signifies that the performance obligations of both parties to the contract have been satisfied. Before making final payment, the Project Manager, or designee, shall obtain a signed release, as well as a lien release, from the contractor releasing the CRA from any further claims by the contractor. The Project Manager, or designee, shall also provide a signed inspection report certifying that all deliverable items and tasks are complete and in conformance with the contract specifications.

9.4 Designated Payment Office

The Designated Payment Office is the office or site where the vendor instructs the CRA to mail their payment.

10.0 Professional Services Contracts

N.J.S.A. 40A:11-5 allows for Professional Services contracts to be negotiated and awarded, even when exceeding the bid threshold, without public advertising for bids.

It shall be the policy of the CRA to award all contracts, even those falling within the exception for professional services, through the standard procurement policy whenever at all possible.

The CRA shall only make an exception in instances for which utilization of this exception is necessitate by circumstance and the normal route of 'fair and open' procurement is not open to the Agency. In such circumstances, the utilization thereof shall be committed to writing and made a part of the permanent contract.

In those circumstance in which the CRA must procure via the professional services exception, the CRA must adhere to the following:

The governing body shall in each instance state supporting reasons for its actions in the resolution awarding each contract and shall forthwith cause to be printed once, in an official newspaper, a brief notice stating the nature, duration, service, and amount of the contract, and that the resolution and contract are on file and available for public inspection in the office of the Clerk of the City of Camden.

Furthermore the CRA must adhere to N.J.S.A. 19:44A-20.4 et seq., also known as the 'Pay to Play' law, which states:

- 10.1 A municipal or county government agency cannot award a contract without using a fair and open process if the contractor...

Is a contributor to a candidate committee or political party committee where a member of the party is serving in an elective public office of that municipality or county, and, either:

- made a 'reportable' contribution (in excess of \$300) during the year prior to the award, and/or...
- makes contributions during the life of the contract.

11.0 Construction Contracts and Bond Requirements

11.1 Change Orders

Every construction contract should include a 'Changes' clause giving CRA the unilateral right to order changes in the contract work during the course of performance, and the contractor the duty to proceed with the work as changed upon receipt of the change order, assuming that the change is within the scope of the contract.

The 'changes' clause must contain language deferring the pricing of the changes work until some later time, while obligating the contractor to proceed with the work and resolve the issue of compensation later. Failure to reach an agreement on compensation would be a dispute to be processed according to the procedures of the Disputes clause of the contract.

11.2 Bond Requirements:

To insure the adequate and expeditious provision of goods, equipment and/or services procured by the CRA, bid or performance bonds may be required where appropriate, or as stipulated by state or Federal law.

11.3 Bid Guarantee

All construction contracts equal to or in excess of \$50,000 shall require bid security equal to ten percent (10%) of the bid price. The bid Guarantee shall consist of a firm commitment that the bidder will, upon acceptance of his bid, execute such contractual documents as may be required within the time period specified. The Bid Guarantee may be in the form of a bid bond, certified check, or other guaranteed negotiable instrument, or letter of credit in a form acceptable to the CRA.

- a. Letter of Credit: A letter of credit used as bid or performance security must:
 - i. Be an irrevocable letter of credit issued by a bank or financial institution of B rating or better,
 - ii. Be signed by an authorized representative of the issuing institution,
 - iii. Name the CRA as the beneficiary, and
 - iv. Be in form otherwise acceptable to the CRA.

12.0 Construction Contracts and Insurance Requirements

12.1 Insurance Requirements for Professional Services

- a. The company shall carry and maintain in full force and effect for the duration of this contract, and any supplement thereto, appropriate insurance. The company agrees to protect and defend, indemnify, and hold the CRA and its employees free and harmless from and against any and all losses, claims, liens, demands and causes of action of every kind and character including the amount of judgments, penalties, interest, court costs, and legal fees incurred by the CRA in defense of same, arising in favor of taxes, claims, liens, debts, personal injuries including employees of the CRA, death or damages to property (including property of the CRA) and without limitations by enumeration, all other claims, or demands of every character occurring and caused in whole or in part by any negligent act or omission of the company, any one directly or indirectly employed by the company or anyone for whose acts company may be liable regardless of whether or not it is caused in part by the CRA. Company will designate and provide the CRA with the identity of a person or persons in company's employ who shall be responsible for handling claims from the public efficiently and expeditiously.
- b. Policies shall be issued by an insurance company authorized to do business in the State of New Jersey.
- c. Insurance similar to that required by the company shall be provided by or on behalf of all subcontractors to cover its operation(s) performed under this contract, and included in all subcontracts.
- d. This insurance shall include coverage for all of the following:
 - a. General Aggregate limit;
 - b. Liability arising from premises and operations;
 - c. Liability arising from the actions of independent contractors;

- d. Contractual liability including protection for the Professional Service Contractor from bodily injury and property damage claims arising out of liability assumed under this Contract.
- e. Insurance certificates must be presented at the time of bid, documenting coverage for the following:
 - i. The Professional Service Contractor shall purchase the following insurance coverages for not less than the limits specified below or required by law, whichever is greater.
 - a. Commercial general liability insurance or its equivalent for bodily injury, personal injury, and property damage including loss of use, with minimum limits of:
 - i. \$1,000,000 each occurrence;
 - ii. \$1,000,000 personal and advertising injury;
 - iii. \$2,000,000 general aggregate; and
 - iv. \$1,000,000 products/completed operation aggregate.
 - ii. Business auto liability insurance or its equivalent with a minimum limit of \$1,000,000 per accident and including coverage for all of the following:
 - a. Liability arising out of the ownership, maintenance, or use of any auto;
 - b. Auto non-ownership and hired car coverage.
 - iii. Workers Compensation insurance or its equivalent with statutory benefits as required by any State or Federal law, including standard 'other states' coverage; employers liability insurance or its equivalent with minimum limits of:
 - a. \$1,000,000 each accident for bodily injury by accident;
 - b. \$1,000,000 each employee for bodily injury by disease ;
and
 - c. \$1,000,000 policy limit for bodily injury by disease.
 - iv. Professional Liability: Professional Service Contractors (such as, but not limited to Architects, Engineers, Attorneys, Physicians, and Risk Management Consultants) shall provide the City of Camden with a certificate of insurance evidencing professional liability and/or malpractice insurance with minimum limits of \$5,000,000 combined single limit.
 - v. Umbrella excess liability or excess liability insurance or its equivalent with minimum limits of:
 - a. \$5,000,000 per occurrence;
 - b. \$5,000,000 aggregate for other than products/completed operations and auto liability; and
 - c. \$5,000,000 products/completed operations aggregate.

- vi. The City of Camden (appointed officials, officers, directors, trustees, consultants, agents, and employees) shall be named as additional insured's on Contractor's commercial general liability insurance with respect to liability arising out of the Contractor's Work (including products and completed operations as well as ongoing operations) and the certificate of insurance, or the certified policy, if required, must so state this.
- vii. Insurance provided to the City of Camden's (appointed officials, officers, directors, trustees, consultants, agents, and employees) as specified herein shall be primary, and any other insurance, self-insurance, coverage or indemnity available to the Owner and the Owner's (appointed officials, officers, directors, trustees, consultants, agents, and employees) shall be excess of and non-contributory with insurance provided by owner and Owner's (appointed officials, officers, directors, trustees, consultants, agents, and employees) as specified herein.

- f. **The CRA reserves the right to amend any of the requirements of insurance protection it may deem necessary**

12.2 Insurance Requirements for Construction Contracts

- a. All insurance coverage limits for construction contracts will be set at the limits deemed sufficient and proper at the time of the contracting. In no case shall the insurance limits be less than those permitted by law or regulation. It will be the responsibility of the Project Manager to ascertain what coverage limits shall suffice based upon the scope and breadth of the contract and upon consultation with the legal department.
- b. **The CRA reserves the right to amend any of the requirements of insurance protection it may deem necessary.**

13.0 Neighborhood Stabilization program –(NSP2) Procurement Guidelines

13.1 Overview of Procurement Requirements

When a grantee elects to hire a contractor, whether to administer a program, complete a task or do construction, those contractors must be procured competitively. This section highlights the procurement rules.

Both grantees and subrecipients must follow federal procurement rules when purchasing services, supplies, materials, or equipment. The applicable federal regulations are contained in:

State and local governments and Indian tribes – 24 CFR Part 85. A copy of Part 85 is included in the attachments.

Nonprofits, institutions of higher education and hospitals – OMB Circular A-110, as implemented through 24 CFR Part 84.

In addition to federal regulations, most states and many local governments have laws and regulations regarding procurement. Each entity receiving CDBG funds should be aware of state and/or local laws that may affect procurement policies.

Grantees should adopt procurement policies that describe how the grantee or subrecipient will procure supplies, materials, services, and equipment. The policy should assure that all purchases are handled fairly and in a manner that encourages full and open competition. Grantees should follow the procedures established in the policy, and documents how all procurements were handled.

The “essence of good procurement” can be summarized as follows:

- Identify and clearly specify standards for the goods or services the grantee or subrecipient want to obtain;
- Seeks competitive offers to obtain the best possible quality at the best possible price;
- Use a written agreement that clearly states the responsibilities of each party;
- Keep good records; and
- Have a quality assurance system that helps the grantee or subrecipient get what it pays for.

There are four methods of procurement that are identified in the federal regulations:

- Small purchase procedures;
- Sealed bids;
- Competitive proposals; and
- Non-competitive proposals.

13.1.1 Small Purchase Procedures

The small purchase procedures allow recipients to acquire goods and services totaling no more than \$100,000, without publishing a formal request for proposals or invitation for bids.

This method of procurement is typically used to purchase commodities such as equipment or other materials.

In the event that a grantee is purchasing materials that will exceed \$100,000, they must use the sealed bid process.

The small purchases method can also be used to acquire eligible types of services, such as professional consulting, environmental review, or planning. This method can be used if the services contract will exceed \$100,000 in value. If the services contract will exceed \$100,000, the grantee must issue an RFP under the competitive proposals approach (see below).

In general, the small purchases procedures also should not be used to acquire construction contractors. It is recommended that these acquisitions occur under the sealed bid approach outlined below.

Under the small purchases method, grantees send a request for quotes to potential vendors with a detailed description of the goods or services needed. In return, they receive competitive written quotations from an adequate number of qualified sources.

Each quote should include pricing information that allows the grantee to compare costs across bidders and ensure cost reasonableness.

Documentation of the quotes shall be maintained in the grantee's files.

The award should be made to the lowest responsive and responsible source.

13.1.2 Sealed Bids (Formal Advertising)

Sealed bids (Formal Advertising) should be used for all construction contracts or for goods costing more than \$100,000.

Competitive sealed bidding requires publicly solicited sealed bids and a firm-fixed-price lump sum or unit price contract is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids is lowest in price.

In order for formal advertising to be feasible, the following minimum conditions must be present:

- A complete, adequate and realistic specification or purchase description is available.
- Two or more responsible suppliers are willing and able to compete effectively for a grantee's business.
- The procurement lends itself to a firm fixed-price contract, and the selection of the successful bidder can appropriately be made principally on the basis of price.

When the competitive sealed bid (formal advertising) process is used, the following requirements apply:

- Publication period: The invitation for bids must be publicly advertised and bids solicited from an adequate number of suppliers. The publication should be published at least once in a newspaper of general circulation, providing sufficient time prior to bid opening. If the publication period is not of sufficient time to attract adequate competition, the bid may have to be re-advertised.
- Clear definition: The invitation for bids, including specifications and pertinent attachments, must clearly define the items or services needed in order for bidders to properly respond to the invitation.
- Public Opening: All bids must be opened publicly at the time and place stated in the invitation for bids. The public is allowed at that time to review the bids.
- Selection and Contracting: A firm-fixed-price contract award must be made by written notice to the responsible bidder whose bid, conforming to the invitation for bids, is lowest. Where specified in the bidding documents, factors such as discounts, transportation costs and life cycle costs must be considered in determining which bid is lowest.
- Rejection of all Bids: All bids may be rejected when sound documented reasons exist. Such documentation shall be made a part of the files.

13.1.3 Competitive Proposals

Competitive proposals are used to purchase professional services where the total cost will exceed \$100,000. Under this procurement method, the grantee must publish a written request for submissions and then review these submissions based on established selection criteria.

The grantee must solicit proposals from an adequate number of qualified sources.

Under this approach, there are two possible methods of soliciting proposals.

A request for proposals asks that offerers submit both qualifications and cost information.

A request for qualifications can be used for purchasing architecture and engineering services. It only asks for information on the offerer's expertise/experience and not on cost, subject to a negotiation of fair and reasonable compensation. When acquiring any service that is not architecture or engineering, the full RFP process must be used.

For example, if a grantee were to hire a for-profit CDBG contract administrator and that contract exceeded \$100,000, an RFP would be required.

When acquiring architectural or engineering services, either a RFP or a RFQ may be used. Note that if an architectural or an engineering firm is being hired to provide a non architectural/engineering service that service must be procured using either the small purchases process or a RFP. For example, some engineering firms also provide construction and grants management services. In that situation, a RFQ cannot be used and either the small purchases (if it is less than \$100,000) or a RFP must be used.

When Competitive Proposals are utilized, the following requirements apply:

- Publication Period: Proposals must be solicited from an adequate number of qualified sources and an advertisement must be published. RFPs/RFQs should be published in a sufficient timeframe before the proposals/qualifications are due.
- Clear Definition: The RFP/RFQ must identify the general scope of work and all significant factors of evaluation, including price where appropriate, and their relative importance.
- Technical Evaluation: The grantee must provide a mechanism for technical evaluation of the proposals received, determinations of responsible offerer and the selection for contract award.
- Award; Award may be made to the responsible offerer whose proposal will be most advantageous to the procuring party, price and other factors considered. Unsuccessful offerers should be notified promptly. The contract can be either a fixed price or a cost reimbursement type.

13.1.4 Non-competitive Proposals

Non-competitive procurement may be used only when the award of a contract is infeasible under small purchase procedures, sealed bids, or competitive proposals and one of the following circumstances apply:

- Where the item is available only from a single source;
- Where a public emergency or urgent situation is such that the urgency will not permit a delay beyond the time needed to employ one or the other procurement methods; or
- Where after solicitation of a number of sources, competition is determined inadequate.

13.1.5 Conflict of Interest

Grantees must develop and maintain a written code of standards that helps to prevent conflicts of interest in procurement.

This written code of conduct must apply to all employees, officers, agents of the grantee, members of their immediate family, and partners.

The code shall prevent financial interest or other benefits earned for any of these persons due to a NSP2-related procurement action. These persons also cannot solicit or accept

gratuities, favors or other items of monetary value from contractors. Grantees are allowed to establish minimum thresholds below which the financial interest is not substantial or is of nominal value.

13.1.6 Excluded Parties

Grantees must not make any award (subgrant or contract) to any organization which is debarred or suspended or is otherwise excluded from or ineligible for participation in Federal assistance programs under Executive Order 12549, "Debarment and Suspension."

This applies to any NSP2 – assisted contract at any tier in the process.

14.0 Board Action

Any member of the CRA staff that initiated the procurement of goods and services must adhere to the following procedures:

- Where applicable they must cause to be generated a Request for Resolution at the proceeding month's Board Meeting outlining the need for the procurement, the processes undertaken to acquire the goods and/or services, and the results thereof.
- Upon approval of the Board Resolution pertaining to the procurement, the CRA employee will request a copy of the signed resolution and will generate a request for contract where applicable.
- The Employee will request notification upon the CRA receipt of a fully executed contract.
- The Employee will then request a 'Notice to Proceed' be sent to the vendor.

ATTACHMENTS

1. 24 CFR Part 85
2. 24 CFR Part 84

10. Homebuyer Assistance: Application, Approval, and Disbursement Process Description

NSP 2 Homebuyer Assistance Process

Application

Is applicant income > 80% but not more than 120% AMI - yes

1. St. Joseph's provides applicant with program information (including loan terms and discharge) and refers applicant to CRA or agent for appointment
2. Applicant schedules appt w/ CRA or agent, brings completed application (attachment A)
3. CRA completes application w/ St. Joseph's, verifies income and employment information
4. CRA mails confirmation letter to Seller (attachment C)
5. Seller forwards lender's commitment to CRA (must include down payment requirement)
6. CRA prepares commitment letter (attachment D)
7. Forward commitment letter to lender with copies to St. Joseph's and seller
8. CRA prepares mortgage and note for closing packet (attachments E)
9. Seller notifies CRA of closing date (10 working days lead time)
10. 14 days prior to closing NSP Administrator forwards copy of executed commitment letter to Finance w/ request for HUD draw
11. Prepare invoice, process check as per Program Draw Approval Process
12. CRA prepares closing instructions for title company (attachment F)
13. Seller sends copy of C.O. at least 2 days prior to closing day
14. CRA forwards closing packet to title company including check (attachment G - cover checklist)

Closing Day

1. Title Company sends copy of settlement statement
2. CRA & CDHS review draft settlement statement for accuracy, clarification allocation of NSP 2 funds (down payment, closing costs, principal reduction)

Post-Closing

1. Title Company records UCC and partial release of lien
2. Title company mails post-closing documents (attachment H) to CRA within 5 business days
3. Title Company records CRA mortgage
4. CRA enters applicant into DRGR
5. CRA enters mortgage and affordability period info into database
6. At end of Affordability Period CRA verifies that all obligations are satisfied
7. CRA mails Notice of Discharge of Lien to homeowner (attachment I)
8. Homeowner pays removal fee

**NEIGHBORHOOD STABILIZATION PROGRAM 2
HOMEOWNERSHIP RECAPTURE MORTGAGE**

THIS HOMEOWNERSHIP RECAPTURE MORTGAGE (this "**Mortgage**") is made as of _____, 201____, by _____, an individual residing at _____, Camden, New Jersey 08103 ("**Mortgagor**") in favor and for the benefit of the **CITY OF CAMDEN REDEVELOPMENT AGENCY**, a body corporate and politic of the State of New Jersey, organized pursuant to N.J.S.A. 40A:12A-1 et seq., with an address at City Hall, 13th Floor, Sixth and Market Streets, Camden, New Jersey 08101 (the "**Agency**").

1. Mortgagor, on the Effective Date, has purchased certain real property located at _____, Camden, New Jersey and designated as Block ____, Lot ____ on the official tax map of the City of Camden, County of Camden, State of New Jersey (the "**Property**") from _____ ("**Developer**"). Developer previously rehabilitated the single family home on the Premises using, in part, certain funds in the amount of _____ (the "**Development Assistance**") awarded to the Agency under the Neighborhood Stabilization Program 2 (the "**Program**") implemented by the United States Department of Housing and Urban Development ("**HUD**"). The Agency also provided to Mortgagor directly as down payment and closing cost assistance, funds from the Program in the amount of [_____] to assist Mortgagor in purchasing the Premises from Developer (the "**Direct Assistance**"). Mortgagor is simultaneously executing that certain Homeownership Recapture Note (the "**Note**") for the original principal amount of [_____] (the "**Recapture Obligation**"), which Recapture Amount constitutes the Development Assistance and the Direct Assistance together, in favor of the Agency to ensure compliance during the period (the "**Affordability Period**") commencing on the Effective Date and terminating on the day before the _____ of the Effective Date with certain requirements of the Program imposed by HUD and to be enforced by the Agency in connection with the Recapture Obligation. This Mortgage secures the Note and encumbers the Premises with a mortgage lien. A copy of the Note is attached hereto as Exhibit C.

2. Mortgagor hereby mortgages, grants, conveys and assigns to the Agency all right, title and interest of Mortgagor in and to the Property more particularly described in Exhibit A attached hereto, together with each of the following (collectively with the Property, the "**Premises**"):

- (a) the buildings and improvements on the Premises.
- (b) all of Mortgagor's right, title and interest in and to any land lying in the bed of the streets in front of and adjoining the Premises to the center lines of such streets.
- (c) all fixtures (but not including household furniture) which now are or which later may be attached to or used or useful in connection with the Premises.

(d) all condemnation awards for any taking by a government or agency of the whole or part of the real property or any easement in connection with the Premises. This includes awards for changes of grades of streets.

(e) all right, title and interest but not obligation, of Mortgagor in and to all leases and other agreements affecting the use or occupancy of the Premises or any common area appurtenant thereto.

3. This Mortgage shall terminate and be of no further force and effect in accordance with the terms of 24 CFR part 92.254, in the event of foreclosure of this Mortgage or any mortgage in connection with a Lender Loan (as defined below) or the delivery by Mortgagor of a deed in lieu of foreclosure given in connection with this Mortgage or any Lender Loan.

4. Mortgagor represents and warrants to the Agency as follows:

- (a) All information provided by Mortgagor (including but not limited to pay stubs and tax returns) used by Developer and/or the Agency to determine that Mortgagor is eligible to participate in the Program is complete, true and accurate, including that Mortgagor has a household income that does not exceed one hundred twenty percent (120%) of the applicable area gross median income adjusted for family size.
- (b) Mortgagor lawfully owns fee simple title to the Premises.
- (c) Mortgagor has full power, authority and legal right to execute and deliver this Mortgage and to mortgage all right, title and interest of Mortgagor in and to the Premises pursuant to the terms hereof and to keep and observe all of the terms, covenants and conditions of this Mortgage on Mortgagor's part to be performed.

5. Mortgagor will permit the Agency, Developer and their authorized employees and representatives reasonable access to the Premises, upon written request during the Affordability Period.

6. Mortgagor and the Agency hereby acknowledge the existence of other superior loans as more particularly set forth in Exhibit B attached hereto (each a "**Lender Loan**" and collectively, the "**Lender Loans**"). If any action or proceeding of foreclosure is instituted by any of the lenders identified on Exhibit B, Mortgagor will immediately upon service thereof, deliver to the Agency at the business address set forth above in this Mortgage, a true copy of each notice, petition, summons or papers howsoever designated, served in such action or proceeding or in any such action or proceeding.

7. If the Recapture Obligation becomes due and payable pursuant to the terms of the Note, then the Agency may exercise any and all remedies available to it at law or equity, including without limitation, the right to foreclose the lien of this Mortgage.

8. Notwithstanding anything to the contrary contained in this Mortgage or the Note, Mortgagor may sell the Premises to an eligible homebuyer (A) whose income does not exceed

one hundred twenty percent (120%) of the area median income of Camden County, New Jersey, (B) who is otherwise qualified under the Program, (C) who will occupy the Premises as his/her principal place of residence and will assume Mortgagor's obligations under the Note and this Mortgage and (D) who the Agency approves in writing, which approval shall not be unreasonably withheld, delayed or conditioned, prior to such sale as being permitted to assume Mortgagor's obligations under the Note and this Mortgage. Upon the transfer of the Premises to a new eligible homebuyer in accordance with this Section 8, the Affordability Period shall be reduced by the amount of time that Mortgagor owned the Premises in good standing and without any default beyond any applicable cure period in accordance with Section 2 of the Note.

9. Mortgagor shall pay when due all real estate taxes, assessments, water and sewer charges, and other charges against the Premises, and if same are not promptly paid, the Agency may (but shall not be obligated to) at any time pay the same on behalf of Mortgagor without waiving or affecting the option to foreclose or any right hereunder.

10. Mortgagor will keep the improvements on the Premises insured against loss by fire and other risks as required pursuant to any other Lender Loan and as required by this Mortgage.

11. Mortgagor will keep the Premises in reasonably good repair and condition, subject to normal wear and tear.

12. If the Agency incurs any costs in collecting the Recapture Obligation secured by this Mortgage or otherwise in exercising its rights and obligations under the terms of this Mortgage, including but not limited to reasonable attorney's fees, such costs will be added to the Recapture Obligation and will also be secured by this Mortgage.

13. The Agency shall deliver to Mortgagor a statement of the adjusted amount of the Recapture Obligation and the remaining duration of the Affordability Period promptly upon the written request of Mortgagor but not more often than once per each calendar year.

14. Any notices, demands, certifications, requests, communications or the like (collectively, "**Notices**") required or permitted to be given under this Mortgage, unless otherwise specifically provided in this Mortgage, will be in writing and will be delivered personally, given by certified or registered mail, return receipt requested or recognized overnight courier, to the respective address of Mortgagor and the Agency, as the case may be, first set forth above, or such other addresses as the parties may for themselves designate in writing for the purpose of receiving Notices hereunder. Notices to the Agency will be marked "Director of Housing". Notices will be deemed given when actually, personally delivered and received.

15. The terms, covenants and conditions of this Mortgage will in all respects be governed, construed, applied and enforced in accordance with the laws of the State of New Jersey.

16. This Mortgage may not be modified, amended, changed, discharged or terminated orally, but only by an agreement in writing, in a form suitable for recording, signed by the party against whom the enforcement of the modification, amendment, change, discharge or termination is sought.

17. Notwithstanding anything contained herein to the contrary, this Mortgage shall be satisfied and removed as an encumbrance on title upon the transfer of the Premises if and when (a) the Recapture Obligation and all other amounts owed to the Agency under the Note and this Mortgage are paid to the Agency upon sale of the Premises as permitted in accordance with the terms of Section 8 above or (b) the Recapture Obligation is forgiven in accordance with the terms of the Note.

18. If there is more than one Mortgagor each will be jointly and severally liable. The terms, "Mortgagor" and the "Agency" will include their heirs, executors, administrators, successors and permitted assigns.

19. Words in the masculine or feminine gender and terms in the singular or plural appearing herein will be deemed to refer to either or both male or female persons or singular or plural numbers, as the sense of the sentence requires.

20. Initially capitalized terms not otherwise defined in this Mortgage shall have the meanings assigned to such terms in the Mortgage.

[EXECUTION PAGE FOLLOWS]

Attachment E-1

IN WITNESS WHEREOF, the Agency and Mortgagor have caused this Mortgage to be duly executed as of the day and year first above written.

MORTGAGOR:

Name: _____

ACKNOWLEDGMENT

STATE OF NEW JERSEY)

)

COUNTY OF CAMDEN)

On the ____ day of _____ in the year 200 __, before me, the undersigned, a notary public in and for the State of New Jersey, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she/he signed the same as her/his voluntary act for the purposes contained therein.

Notary Public

Commission expires:

NEIGHBORHOOD STABILIZATION PROGRAM 2
HOMEOWNERSHIP RECAPTURE NOTE

[\$ _____], 201__

For value received, _____, an individual residing at _____, Camden, New Jersey 08103 ("**Maker**") hereby promises to pay [_____] (the "**Recapture Obligation**") to the order of the **CITY OF CAMDEN REDEVELOPMENT AGENCY**, a body corporate and politic of the State of New Jersey, organized pursuant to N.J.S.A. 40A:12A-1 et seq., with an address at City Hall, 13th Floor, Sixth and Market Streets, Camden, New Jersey 08101 (the "**Agency**") or at such office or other place as may be designated from time to time by the holder of this Homeownership Recapture Note (this "**Note**"), to the extent required hereunder and in the manner hereinafter provided.

1. Maker, on the date first written above (the "**Effective Date**"), has purchased the Premises (as defined below) from Saint Joseph's Carpenter Society ("**Developer**"). Developer previously rehabilitated the single family home on the Premises using, in part, certain funds in the amount of _____ (the "**Development Assistance**") awarded to the Agency under the Neighborhood Stabilization Program 2 (the "**Program**") implemented by the United States Department of Housing and Urban Development ("**HUD**"). The Agency also provided to Maker, directly as down payment and closing cost assistance, funds from the Program in the amount of [_____] to assist Maker in purchasing the Premises from Developer (the "**Direct Assistance**"). The Development Assistance and the Direct Assistance together comprise the Recapture Obligation. This Note is being executed to ensure compliance with certain requirements of the Program imposed by HUD and to be enforced by the Agency in connection with the Development Assistance and the Direct Assistance. Maker's obligations under this Note are secured by that certain Homeownership Recapture Mortgage dated the date hereof (the "**Mortgage**") by Maker, as mortgagor, in favor of the Agency, as mortgagee, which encumbers with a mortgage lien certain improved real property located at _____, Camden, New Jersey and designated as Block ___, Lot ___ on the official tax map of the City of Camden, County of Camden, State of New Jersey (the "**Premises**").

2. During the period (the "**Affordability Period**") commencing on the Effective Date and terminating on the day before the _____ (Note: Up to 15 years) anniversary of the Effective Date, except as set forth in Paragraph 3 below, the Recapture Obligation shall not bear interest and Maker shall not be required to make any payment of the Recapture Obligation or any portion thereof. If there is no default beyond the expiration of any applicable cure period under this Note and the Mortgage during each period (each such period, being an "**Affordability Year**") commencing on the Effective Date or, each anniversary thereof, as the case may be, and ending on the day before the subsequent anniversary of the Effective Date, then the Recapture Obligation is subject to reduction, pursuant to 24 C.F.R. Part 2.254(a)(5)(ii)(A)(2), on a pro-rata basis for the time Mortgagor has owned and occupied the Premises measured against the required Affordability Period. Occupancy for any part or fraction of an Affordability Year will be treated as follows:

(a) Under four (4) months of any Affordability Year will not entitle Mortgagor to any reduction of the Recapture Obligation.

(b) Over four (4) months of any Affordability Year but less than six (6) months of such Affordability Year will entitle Mortgagor to an additional reduction of fifty percent (50%) of the amount due of the Recapture Obligation for such Affordability Year.

(c) Over six (6) months of any Affordability Year will entitle Mortgagor to an additional reduction of one hundred percent (100%) of the annual amount due of the Recapture Obligation for such Affordability Year.

If there is no default beyond the expiration of any applicable cure period under this Note and the Mortgage during the entire Affordability Period, then upon the expiration of the Affordability Period, the Recapture Obligation in its entirety will be forgiven, and this Note will be deemed satisfied. Any remaining portion of the Recapture Obligation that has not been forgiven in accordance with the terms of this Section 2 or repaid upon the expiration of the Affordability Period shall become immediately due and payable.

3. The Recapture Obligation will become immediately due and payable if, at any time during the Affordability Period, any of the following occurs:

(a) Maker fails to make any payment on any Lender Loan (as such term is defined in the Mortgage) after the date of expiration of any cure period applicable under the terms of such Lender Loan;

(b) Maker sells, rents or conveys any interest in or otherwise fails to own and occupy the Premises as his/her principal place of residence except as permitted under and in accordance with Section 10 below;

(c) any other default, after the expiration of any applicable cure period, exists under this Note, the Mortgage or any document executed in connection with a Lender Loan (each, a "Lender Loan Document" and collectively, the "Lender Loan Documents"); or

(d) Maker makes any materially false or misleading warranty or misrepresentation to the Agency, Developer or their respective affiliates, agents and representatives in connection with participation in the Program.

4. If the Recapture Obligation becomes due and payable, the amount of the Recapture Obligation to be repaid will be determined by the Agency as of the occurrence of the earliest date that: (i) Maker defaulted, beyond the expiration of any applicable cure period, under the Note, Mortgage, or any Lender Loan Document; or (ii) Maker sold, rented, or conveyed any interest in, or otherwise failed to occupy the Premises in violation of the terms of this Note or the Mortgage.

5. Notwithstanding the foregoing, if the Recapture Obligation becomes due and payable due to Mortgagor's sale or conveyance of the Premises in violation of the terms of this Note or the Mortgage, Mortgagor shall be entitled to retain from the proceeds of sale (which shall include cash and all other items of value received from the subsequent purchaser but

exclude amounts paid by assumption of this Mortgage or any Lender Loans and amounts applied to discharge of any Lender Loans (as defined herein) or liens on the Premises), the sum of the following:

- (a) Mortgagor's down payment made at the time of his/her initial purchase of the Premises (other than any portion of the down payment for which Mortgagor used the Direct Assistance);
- (b) Mortgagor's verified costs of home improvements up to the maximum amount of \$2,000; and
- (c) Mortgagor's resale expenses which will include only the following items to the extent actually incurred and verified, unless otherwise approved by the Agency:
 - (i) broker's commission on the resale;
 - (ii) legal fees for closing documents prepared by the seller's counsel and normally borne by the seller under the customary practice of the locality; and
 - (iii) any New Jersey transfer tax or recording fee payable by the seller pursuant to New Jersey statute or local ordinance in connection with the conveyance and any other expense paid by Mortgagor in connection with the resale and normally borne by the seller under the customary practice of the locality.

6. This Note will be deemed of no further force and effect upon the expiration of the Affordability Period, in the event of foreclosure of the Mortgage or any mortgage in connection with a Lender Loan, or upon the delivery of a deed in lieu of foreclosure of the Mortgage or in connection with any Lender Loan, and thereafter neither Maker or the Agency will have any further rights or obligations under this Note, except that if Maker has failed to fulfill the Recapture Obligation due pursuant to an event in Paragraph 3 hereof having occurred, then the Recapture Obligation, plus all costs of collection payable under the terms thereof, shall remain outstanding.

7. Maker hereby waives presentment and demand for payment, notice of dishonor, protest and notice of protest of this Note and agrees to pay all costs of collection when incurred, including reasonable attorney's fees (which costs may be added to the amount due under this Note and be receivable therewith) and to perform and comply with each of the terms, covenants and conditions contained in this Note. This Note may not be changed or discharged orally, and no release of any security for sums due under this Note or extension of time for payment of the Note, or any installment hereof, and no alternation, amendment or waiver of any provision of this Note or the Mortgage, shall discharge, modify, change or affect the liability of Maker under this Note without the written consent and agreement of the Agency.

8. The obligations of Maker to make any payments required herein shall be absolute and unconditional and shall not be subject to any defense or any right of set off, counterclaim, or

Attachment E-1

EXHIBIT B
SCHEDULE OF PERMITTED MORTGAGES ON THE PREMISES

NSP 2 Homebuyer Assistance Process

Application

Is applicant income < or = 80% AMI - yes

1. Housing Counselor provides applicant with program information (including terms and discharge info) and refers applicant to City of Camden Division of Housing Services (CDHS) for appointment
2. Applicant schedules appt with CDHS, brings completed application (attachment A)
3. CDHS completes application w/ buyer/Housing Counselor, verifies income and employment information
4. CDHS forwards Notification of Income Eligibility letter and copy of appraisal to CRA (attachment B)
5. CRA mails confirmation letter to Housing Counselor (attachment C)
6. Housing Counselor forwards lender's commitment to CRA (must include down payment and other terms)
7. CRA prepares commitment letter (attachment D)
8. CRA forwards commitment letter to lender
9. CRA prepares mortgage and note for closing packet (attachments E)
10. Housing Counselor notifies CRA & CDHS of closing date (30 calendar days lead time)
11. 14 business days prior to closing NSP Administrator forwards copy of executed commitment letter to Finance w/ request for HUD draw
12. Prepare invoice, process check as per Program Draw Approval Process in NSP 2 Operating Manual Attachment I
13. CRA prepares closing instructions for title company (attachment F)
14. Seller sends copy of C.O. 2 days prior to closing day
15. CRA forwards closing packet (including check) to title company (attachment G - cover checklist)

Closing

1. Title Company sends copy of settlement statement to CRA
2. CRA reviews draft settlement statement for accuracy, clarification, allocation of NSP 2 funds (down payment, closing costs, principal reduction)

Post-Closing

1. Title Company records UCC and partial release of lien
2. Title company delivers post-closing documents (attachment I) to CRA within 5 business days
3. Title Company records CRA mortgage
4. CRA enters mortgage and affordability period info into database
5. At end of Affordability Period, CRA verifies that all obligations are satisfied
6. CRA mails Notice of Discharge of Lien to homeowner (attachment J)
7. Homeowner pays removal fee

NSP 2 Homebuyer Assistance Process

Application

Is applicant income > 80% but not more than 120% AMI - yes

1. St. Joseph's provides applicant with program information (including loan terms and discharge) and refers applicant to CRA or agent for appointment
2. Applicant schedules appt w/ CRA or agent, brings completed application (attachment A)
3. CRA completes application w/ St. Joseph's, verifies income and employment information
4. CRA mails confirmation letter to Seller (attachment C)
5. Seller forwards lender's commitment to CRA (must include down payment requirement)
6. CRA prepares commitment letter (attachment D)
7. Forward commitment letter to lender with copies to St. Joseph's and seller
8. CRA prepares mortgage and note for closing packet (attachments E)
9. Seller notifies CRA of closing date (10 working days lead time)
10. 14 days prior to closing NSP Administrator forwards copy of executed commitment letter to Finance w/ request for HUD draw
11. Prepare invoice, process check as per Program Draw Approval Process in NSP 2 Operating Manual Attachment I
12. CRA prepares closing instructions for title company (attachment F)
13. Seller sends copy of C.O. at least 2 days prior to closing day
14. CRA forwards closing packet to title company including check (attachment G - cover checklist)

Closing Day

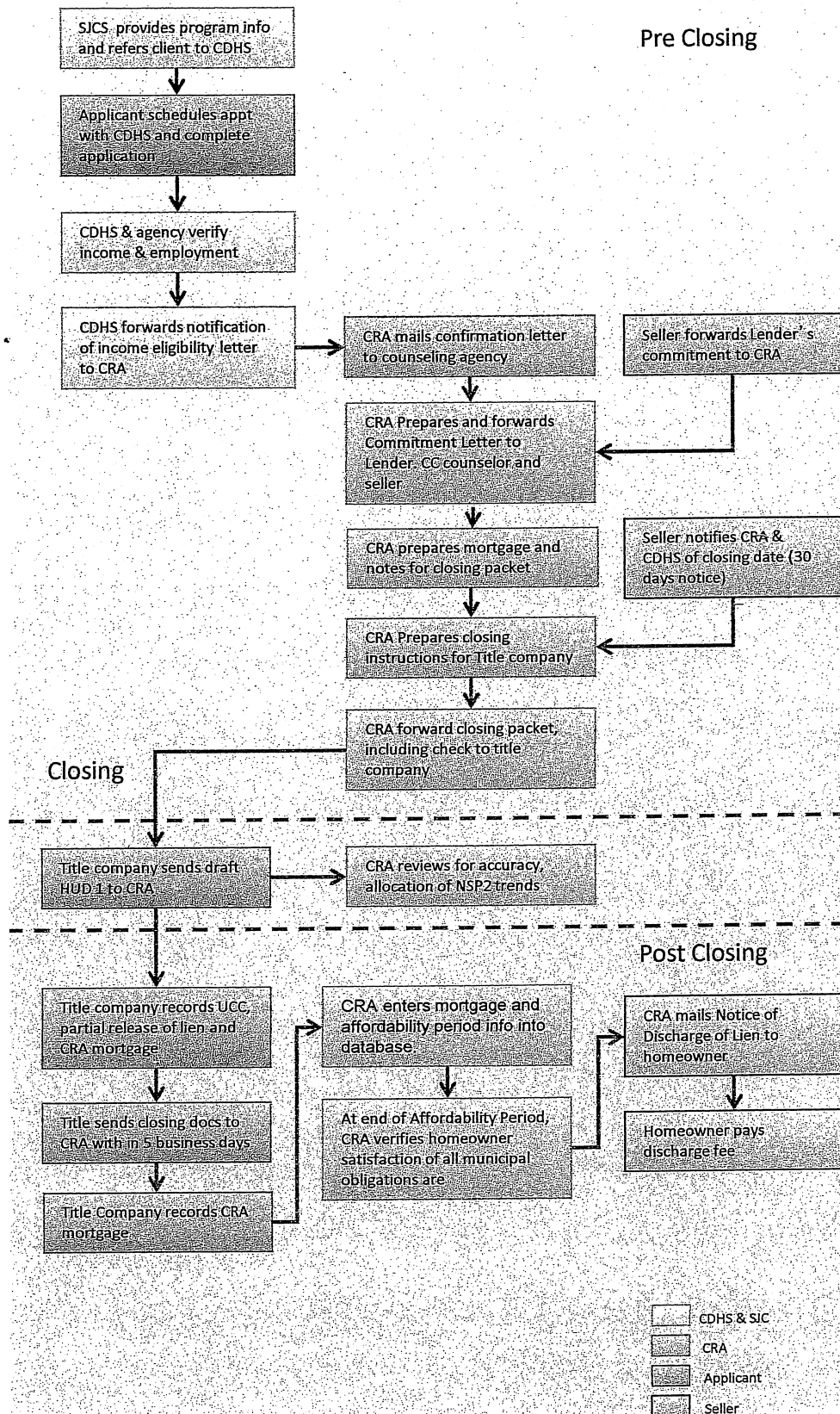
1. Title Company sends copy of settlement statement
2. CRA & CDHS review draft settlement statement for accuracy, clarification allocation of NSP 2 funds (down payment, closing costs, principal reduction)

Post-Closing

1. Title Company records UCC and partial release of lien
2. Title company mails post-closing documents (attachment I) to CRA within 5 business days
3. Title Company records CRA mortgage
4. CRA enters applicant into DRGR
5. CRA enters mortgage and affordability period info into database
6. At end of Affordability Period CRA verifies that all obligations are satisfied
7. CRA mails Notice of Discharge of Lien to homeowner (attachment J)
8. Homeowner pays removal fee

11. Homebuyer Assistance: Process Flow Chart

Applicant income < 80% AMI



Applicant income > 80% AMI but <120% AMI

