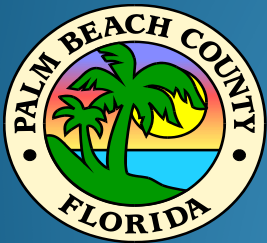


Neighborhood Stabilization Program Technical Assistance Workshop



Palm Beach County
Department of Economic Sustainability
June 23, 2014

Purpose

- Review NSP and Other Federal Regulations
- Review Agreement Terms and Obligations
- Discuss On-going Requirements and Tasks
- Clarify Expectations for Document Maintenance
- Preparation for Upcoming Monitorings

Overview of Agreements

File Organization

File Checklist, Pre-Closing

①

**PALM BEACH COUNTY
DEPARTMENT OF HOUSING & COMMUNITY DEVELOPMENT**

**NEIGHBORHOOD STABILIZATION PROGRAM
PROPERTY ACQUISITION CHECKLIST**

**NEIGHBORHOOD RENAISSANCE
1804 Breezy Lane**

PRE CLOSING INFORMATION

1.	TC	Income Category Designation	MDD 3302
2.	TC	Purchase and Sale Agreement and Titleholder Review	\$127,000.00
3.	TC	Property Appraisal (1% Discount)	(\$130,680.00) Appr 132,200
4.	TC	Survey (if required)	
5.	TC	PAPA Data Sheet showing "Year Built"	2004
6.	TC	Asbestos Survey	CLEAR
7.	U/D	LBP Inspection	
8.	R/D	HCD - ER	No Issues per MB
9.	TC	URA Compliance Letter - Including Verification of Receipt	
10.	TC	Summary of Rehabilitation Required	\$8,850.00
11.	TC	Location Verification Maps	
12.	TC	Foreclosure/Eligibility Documentation	SHORT SALE
13.	TC	Title Company/Attorney's Federal ID Number or W-9	

61-1445665 Home Announcements Title
Kays Title Services LLC
HFLA

CLOSING DOCUMENTS

1.	TC	Title Commitment	
2.	TC	Property Insurance / Binder	
3.	SB	Declaration of Restrictions for Buyer	
4.	SB	Closing Statements	
5.	SB	Funds Request to HCD	
6.	SB	Agency's Deposit Check	
7.	SB	Wire Transfer Instructions	16

Staff File Review Verification: Documents listed above have been reviewed and file is ready to proceed to closing:

HCD Staff Reviewer
Date: 9/23/11

File Checklist, Post-Closing

2

**PROPERTY ACQUISITION CHECKLIST
(CONTINUED)**

POST CLOSING SUBMITTALS

1.		Recorded Deed
2.		Signed Closing Statements
3.		Title Insurance Policy
4.		Recorded Declaration of Restrictions

File Checklist, Rehabilitation

7

PROPERTY REHABILITATION SECTION

- Draft Specifications
 - Required Modifications
 - Final Specifications
 - Approval to Bid from HCD to Sub-recipient
 - Bid Results and HCD Analysis
 - Approval to Award by HCD
 - Copy of Construction Contract with Unit Prices
 - Change Order Review and Approvals
-
- Section 3 Reporting
 - Contract Award Report

File Checklist, Occupancy Data



NEIGHBORHOOD STABILIZATION PROGRAM OCCUPANCY DATA

Homebuyers

- Sale Price Analysis
- Homebuyer Application
- Income Verification Information
- Homebuyer Course Certificate
- Related Correspondence
- Purchase and Sale Documentation

Renters

- Renter Application
- Income Verification/Certification (If necessary)
- Related Correspondence
- Copy of Lease

File Checklist, Expenses/Reimbursements

5

NEIGHBORHOOD STABILIZATION PROGRAM

WIRE TRANSFERS - REIMBURSEMENTS

and

EXPENSES PAID

Income Certification

Best to Worst Documentation

Levels of Verification Methods	
Highest 3rd Party Verification (Recommended)	Upfront
High (Mandatory in upfront income verification is not available or if UIV data differs substantially from tenant-reported information)	Written 3rd Party Verification
Medium (Mandatory if written third party verification is not available)	Oral 3rd Party
Medium-Low (use on a provisional basis)	Document Review

Documents for Income Certification

Income	Assets	Other
Wages/Salaries, Pension, Self-employment, SSI/SSA, Welfare, Child Support, Unemployment	Bank Accounts, Debit Cards, Cash, Stocks, Bonds, Retirement Accounts, Savings, Checking, 401k, Employer Sponsored Retirement Acct., Insurance /Annuities	Lawsuit Awards, Alimony, Real Estate Owned, etc.

Tenant Selection Policies

HUD Occupancy Handbook 4-3 8/13

Chapter 4: Waiting List and Tenant Selection

Owners must develop and make public written tenant selection policies and procedures:

- ❑ Descriptions of the eligibility requirements
- ❑ Income limits for admission

The Tenant Selection Plan must include:

- ❑ Elderly restriction or preference in the admission of tenants.

The contents of the plan also must be consistent with:

- ❑ The purpose of improving housing opportunities
- ❑ Be reasonably related to program eligibility and
- ❑ An applicant's ability to perform the obligations of the lease.

(see attached sample)

TENANT SELECTION PLAN

is committed to supporting the Fair Housing Act, as amended, prohibiting discrimination in housing based on Race, Color, Religion, Sex, Ancestry, Handicap, Familial Status or National Origin. The following Qualification Standards apply to ALL Applicants:

WE REQUIRE A VALID STATE OR FEDERALLY ISSUED PHOTO I.D. PRIOR TO SHOWING ANY APARTMENT; AND FROM ALL ADULTS DESIRING TO SUBMIT AN APPLICATION FOR RESIDENCY. EACH OCCUPANT OF ANY APARTMENT SHALL BE NAMED ON THE LEASE AND MUST MEET ALL CRITERIA AS SPECIFIED FOR THE PRIMARY APPLICANT.

AGE: Applicant must be at least 62 years of age and any person living with them must be at least 62 years of age.

INCOME: The following guidelines apply:

	<u>Minimum</u>	<u>Maximum</u>
One Person	\$17,000	\$31,980
Two Persons	\$19,000	\$36,540
Three Persons	\$21,000	\$41,140
Four Persons	\$23,000	\$45,660

All applicants will be required to provide written proof of any assets and written proof of income either from social security, pensions or from their employer which substantiates the income claimed on the Rental Application. In the absence of such proof from employer, we will consider pay stubs for at least six (6) consecutive months of employment, or prior year(s) Federal Income Tax Return. IF AN APPLICANT RECEIVES RENTAL ASSISTANCE FROM SECTION 8, IT IS NOT NECESSARY TO PROVIDE PROOF OF ADDITIONAL INCOME.

EMPLOYMENT: Applicants must provide proof of any current employment. If an Applicant has changed employment within the past six (6) months, they must have a minimum of six (6) consecutive months of verifiable employment with the same employer in the past twelve (12) months, as well as proof of current employment. Length of employment must be verified in writing by either supervisory personnel or by the Human Resources Department at the Applicant's current and past employers. THIS DOES NOT APPLY TO SECTION 8 APPLICANTS.

CREDIT: EXTENSIVE NEGATIVE CREDIT HISTORY IS GROUNDS FOR APPLICATION DENIAL. Negative credit history is described as including, but not limited to, any of the following items:

- More than ONE (1) judgment and/or foreclosure of real estate not included in a bankruptcy.
- More than FIVE (5) credit or installment accounts that are past due for more than 90 days within the past twelve (12) months.
- More than FOUR (4) open collection accounts, excluding medical and/or student loans.
- Any OPEN collection accounts from any gas or electric utility company.
- Any repossession of material or personal property that is not being repaid, except when part of a bankruptcy, separation or divorce.
- Any suit pending or not remedied.
- Any personal bankruptcy that has not been discharged.
- Any Chapter 13 personal bankruptcy that is not being paid according to the bankruptcy agreement or is for less than fifty percent (50%) of total aggregate debts. AN "AGREED ORDER" MUST BE SUBMITTED FOR ALL CHAPTER 13 BANKRUPTCIES.
- More than THREE (3) NSF checks within any twelve (12) month period.
- A credit score of less than 530.

The absence of a credit file shall not adversely affect any applicant; however, the applicant will be required to pay an additional security deposit in the amount of one (1) month's rent, in addition to the standard security deposit currently being charged at the time of application.

THE APPEARANCE OF SEVERAL OF THE ABOVE NEGATIVE CREDIT ITEMS DOES NOT NECESSARILY MEAN AUTOMATIC DENIAL.

RENTAL HISTORY: ANY NEGATIVE RENTAL HISTORY IS GROUNDS FOR APPLICATION DENIAL. Negative rental history is described as including, but not limited to, any of the following:

- Any breach of any lease agreement unless documentation of proven negligence on the part of the Management and/or Owner(s) of the property is provided. Breach of lease is defined as any monetary or non-monetary violation of the lease agreement, and any evictions and/or judgments for rental payments and/or damages.
- No more than 25% of rental payments and/or any rental-related debt, including payment agreements and judgments in the past twelve (12) months shown as late pays.

NUMBER OF OCCUPANTS PERMITTED IN AN APARTMENT:

- The maximum number of occupants for any one (1) bedroom apartment shall be two (2) persons.
- The maximum number of occupants for any two (2) bedroom apartment shall be four (4) persons.
- The maximum number of occupants for any three (3) bedroom apartment shall be six (6) persons.

NUMBER OF VEHICLES: Regardless of the size of the apartment, the maximum number of vehicles permitted to be parked at the property shall be limited to two (2). NO MOTORCYCLES, MOTORIZED BIKES OR SCOOTERS, BOATS, MOTORHOMES, RECREATIONAL VEHICLES, OR TRAILERS ARE PERMITTED TO BE KEPT AT THE PROPERTY AT ANYTIME.

SELF-EMPLOYED/RETIRED/DISABLED: If self-employed, retired or disabled, the applicant must provide proof of income/disability payments acceptable in accordance with the current requirements as specified by the Internal Revenue Service Section 42 LIHTC Program and/or State Housing Authority.

CRIMINAL HISTORY: Any applicant with any felony or misdemeanor conviction (except minor traffic violations) within the past twelve (12) years will not be accepted. In addition, any applicant currently under indictment or with charges pending for any criminal offense (except minor traffic violations) will not be approved until proof is furnished that indicates that the indictment(s) and/or charge(s) have been dropped.

PETS: Pets are allowed with a \$150 non-refundable pet fee. NO Pit Bulls, Doberman Pinschers, Rottweilers, Chows, and Akitas will be accepted. Pets other than a cat or dog, when allowed, must be kept in a cage in the apartment. Visiting pets are not allowed. SNAKES ARE NOT ALLOWED UNDER ANY CIRCUMSTANCES.

-
- In the event that any minimum requirement contained within this document is in conflict with any local, State or Federal ordinance, rule or law, the appropriate local, State or Federal ordinance, rule or law will prevail.
 - All documentation provided to us by you must comply with all Federal and State LIHTC Program criteria. Any documentation that is not in compliance will be returned to you; if you do not provide appropriate documentation, your application will be denied.
 - We do not discuss credit reports with Applicants. You will be provided with the name, address or phone number of the credit bureau we used. You must contact them directly if you dispute anything they reported to us about your credit.

YOUR RENTAL APPLICATION FEE IS NON-REFUNDABLE regardless of the circumstances.

Please review these policies carefully before submitting the application.

WE WILL NOT REFUSE TO ACCEPT YOUR APPLICATION; HOWEVER, IF YOU DO NOT MEET OUR RENTAL QUALIFICATIONS AS STATED IN THIS DOCUMENT, YOUR APPLICATION FEE WILL NOT BE REFUNDED.

THANK YOU FOR CONSIDERING OUR COMMUNITY!

Affirmative Marketing

5 Elements to Affirmative Marketing

1. A description of how the DES plans to notify the public, owners, and potential tenants about Federal fair housing laws;
2. The requirements and practices that each owner of HUD-funded housing must adhere to in order to carry out the DES affirmative marketing procedures and requirements;
3. A statement of procedures to be used by owners to inform and solicit applications from persons in the housing market area who are least likely to apply for the housing without special outreach;
4. A list of what records the DES will keep and what records the subrecipient/owner is required to keep documenting efforts made to affirmatively market DES-assisted units, and to assess the results of these actions; and
5. A description of how the DES will annually assess the success of affirmative marketing action(s) and what corrective actions will be taken where affirmative marketing requirements are not met.

Note: Applies to owners of 5 or more units

Fair Housing Responsibilities

Fair Housing Areas of Coverage

1. Fair Housing Act -42 U.S.C. 3601 et seq.
 - Enacted as part of the Civil Rights Act of 1968
 - Purpose is to prohibit discrimination on the bases of covered conditions in the rental, sale or financing of residential real estate.
2. State of Florida, Civil Rights Statute, Title XLIX, Chapter 760.20, et seq.
3. Palm Beach County Local Ordinance No. 90-1, Sections 15-36 to 15 - 64

Protected Classes

Prohibits discrimination in housing based on:

1. Race and Color
2. National Origin
3. Religion
4. Sex (Gender)
5. Familial Status
6. Handicap (Disability)

Added by County:

1. Age
2. Marital Status
3. Sexual Orientation
4. Gender Identity and Expression

Prohibited Actions

In the sale or rental of property no one may do any of the following based upon a “protected class”

1. Refuse to rent, sell or negotiate for housing
2. Discriminate in the terms, conditions or privileges of the sale or rental of a dwelling
3. Provide different housing services or facilities
4. Falsely represent that a dwelling is unavailable for inspection, sale or rental
5. Blockbusting – induce someone to sell or rent a dwelling by telling them that members of a protected class will move in to the neighborhood
6. Deny anyone access to real estate services
7. Indicate any preference, limitation or discrimination in advertising

Exempt From Act

- Owner Occupied dwellings with no more than four units
- Single family housing sold or rented without the use of a broker
- Housing operated by organizations and private clubs that limit occupancy to members
- Housing for older persons is exempt from prohibition against discrimination based on familial status if:
 - The Secretary of HUD has determined that dwelling is specifically designed for and occupied by elderly persons under a Federal/State/Local government program; OR
 - The dwelling is occupied solely by persons age 62 or older; OR
 - The dwelling houses at least one person who is 55 or older in at least 80% of the occupied units and adheres to a policy demonstrating an intent to house persons 55 or older
- Religious Organizations
 - For noncommercial dwellings
 - For religious discrimination only

Links and Useful Information

Useful Information

- HUD's Income Calculator
<http://www.hud.gov/offices/cpd/affordablehousing/training/web/calculator/calculator.cfm>
- Department of Revenue's Child Support Enforcement Office (800) 622-5437
- SSA Benefits www.socialsecurity.gov or call (800) 772-1213

Affordability Requirements

Requirements Dictated by Agreement

1. Income Targeting
 - Who?
2. Pricing (Resale Price/Contract Rent)
 - How much?
3. Continued Affordability
 - How Long?

Income Targeting

NSP Notice (FR-5255-N-01)

Grantees shall ensure, to the maximum extent practicable and for the longest feasible term, that the sale, rental, or redevelopment of abandoned and foreclosed-upon homes and residential properties under this section remain affordable to individuals or families whose incomes do not exceed 120 percent of area median income or, for units originally assisted with funds under the requirements of section 2301(f)(3)(A)(ii), remain affordable to individuals and families whose incomes do not exceed 50 percent of area median income...

Income Targeting

- All funds to benefit households with incomes <120% AMI, and at least 30% of funds to benefit <50% AMI.
- Agreements also provide for <80% AMI group.
- Agreement sets minimum number of housing units in total and minimum number for each income.
- Each property must be designated for a specific income group at time of acquisition.
- Designation is secured by a declaration of restrictions on title to the property.

Pricing (Resale Price)

- NSP-assisted property may not be sold at a price exceeding Fair Market Value as established by appraisal at time of resale.
- Amount of NSP funds invested above FMV is development subsidy; cannot encumber property.
- To make resale price affordable to income-eligible homebuyer, purchase subsidy may be required.
- Agreement provides mechanisms for purchase subsidy secured by NSP second mortgage.

Pricing (Contract Rent)

HUD will consider any grantee adopting the HOME program standards at 24 CFR 92.252(a), (c), (e), and (f), and 92.254 to be in minimal compliance with this standard and expects any other standards proposed and applied by a grantee to be enforceable and longer in duration.

Pricing (Contract Rent)

Agreement dictates which method:

1. Not to exceed 30% of gross household income, less allowance for tenant-paid utilities; or
2. Not to exceed HOME Program Rents and Fair Market Rent, as applicable, less allowance for tenant-paid utilities:
 - <50% AMI Units = Low HOME Rent
 - <80% AMI Units = High HOME Rent
 - <120% AMI Units = Fair Market Rent

Submit proposed rents to DES for approval!

HOME Program Rents

U.S. DEPARTMENT OF HUD 04/2014
STATE: FLORIDA

		----- 2014 HOME PROGRAM RENTS -----					
PROGRAM	EFFICIENCY	1 BR	2 BR	3 BR	4 BR	5 BR	6 BR
Lakeland-Winter Haven, FL MSA							
LOW HOME RENT LIMIT	477	511	613	708	791	872	953
HIGH HOME RENT LIMIT	601	623	777	888	971	1053	1135
For Information Only:							
FAIR MARKET RENT	619	623	807	1094	1332	1532	1732
50% RENT LIMIT	477	511	613	708	791	872	953
65% RENT LIMIT	601	646	777	888	971	1053	1135
Fort Lauderdale, FL HUD Metro FMR Area							
LOW HOME RENT LIMIT	649*	695*	834*	964*	1074*	1186*	1297*
HIGH HOME RENT LIMIT	792*	884*	1063*	1219*	1340*	1461*	1581*
For Information Only:							
FAIR MARKET RENT	762	992	1260	1797	2232	2567	2902
50% RENT LIMIT	627	671	806	931	1038	1146	1253
65% RENT LIMIT	795	853	1026	1177	1293	1408	1523
Miami-Miami Beach-Kendall, FL HUD Metro FMR Area							
LOW HOME RENT LIMIT	595	637	765	884	986	1088	1190
HIGH HOME RENT LIMIT	747	809	973	1115	1225	1333	1441
For Information Only:							
FAIR MARKET RENT	747	910	1166	1600	1869	2149	2430
50% RENT LIMIT	595	637	765	884	986	1088	1190
65% RENT LIMIT	754	809	973	1115	1225	1333	1441
West Palm Beach-Boca Raton, FL HUD Metro FMR Area							
LOW HOME RENT LIMIT	644*	689*	827*	956*	1066*	1177*	1287*
HIGH HOME RENT LIMIT	774*	876*	1054*	1210*	1330*	1448*	1567*
For Information Only:							
FAIR MARKET RENT	750	962	1202	1623	1938	2229	2519
50% RENT LIMIT	633	678	813	940	1048	1157	1265
65% RENT LIMIT	803	861	1036	1189	1306	1422	1539

Continued Affordability

- No less than 15 years for properties acquired and/or rehabilitated with >\$40K NSP.
- No less than 20 years for properties newly constructed with NSP funds.
- Agreement dictates length of affordability period.
- Declaration of restrictions on title to property secures the affordability provisions for the required period.

Declaration of Restrictions

- Mechanism by which County secures affordability requirements of NSP agreement.
- Executed at time of closing on property acquisition by the subrecipient.
- Encumbers title to property for period of affordability.
- May be released early only with repayment of NSP funds and increase in value attributable thereto.
- Survives subsequent conveyance of title, including foreclosure judgment.

Lease Provisions and Recommendations

Lease Provisions

- Lease must not discriminate against protected classes as identified by Palm Beach County Code Chapter 15.
- Lease must be executed by landlord and tenant.
- Agency must make clear what the tenant's maintenance responsibilities are. Agency must not include any of the prohibited provisions in the lease (refer to list in workshop manual).
- Agency must not lease to a tenant where there is a potential conflict of interest – a real or perceived incompatibility between a person's private interests and his or her public or fiduciary duties.

Conflict of Interest

No officer, employee, agent, official, or consultant of the subrecipient nor a relative of the same, may:

1. Occupy a housing unit in the NSP-funded project , except an employee or agent who occupies a housing unit as the project manager or maintenance worker; nor
2. Receive a financial benefit as a result of the NSP-funded agreement, for example, by functioning as a contractor, subcontractor, or consultant for the subrecipient, or as an owner, employee, or agent of a contractor, subcontractor, or consultant.

For additional details on circumstances constituting potential conflicts, see 24 CFR 570.611. Requests for exceptions to potential conflicts of interest must be submitted to the County and ruled on by HUD.

Lease Recommendations

- Lease term should be not less than 1 year.
- Agency should perform criminal and credit background checks.
- Agency should hold parents liable for the acts of their children at the home or in the development. Lease should allow management to terminate the lease under certain circumstances if a household member is engaged in illegal or criminal activity, or anti-social behavior that disrupts neighbors.

Housing Quality Standards

HQS Inspection

PHILOSOPHY

Housing Quality Standards (HQS) are the HUD minimum quality standards for tenant-based programs.

HQS Inspection

OBJECTIVE

- To ensure decent, safe, and sanitary housing at an affordable cost and in accordance with HUD and DES guidelines.
- Efforts will be made at all times to encourage owners to provide housing that exceeds HQS minimum standards.
- DES is responsible for assuring that each unit occupied by participant meets HUD's and DES's HQS guidelines.

HQS Inspection

POLICY

- DES will inspect each unit under contract at least annually
- HQS standards are required both at initial occupancy and during the term of the lease
- HQS standards apply to the building and premises, as well as the unit.

HQS Inspection

Workmanship is evaluated

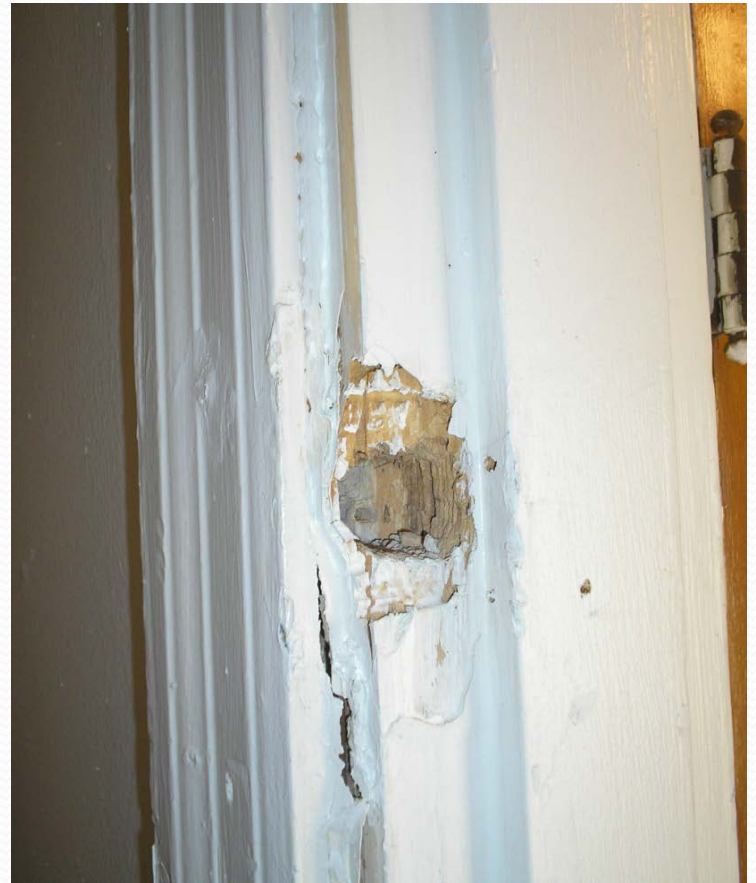
- All design, construction, replacements, additions and repairs in rehabilitation and/or construction shall be of quality conforming to nationally recognized standards.
- Must adhere to the Building Codes having jurisdiction.



Inferior workmanship can cause HQS failure.

HQS Inspection

Interior ceilings, walls, and floors shall be maintained free of holes, cracks, loose or deteriorated materials, or any other condition that constitutes a hazard to the occupants or is a harborage for insects or vermin, or admits water or dampness to the interior of the building.



HQS Inspection

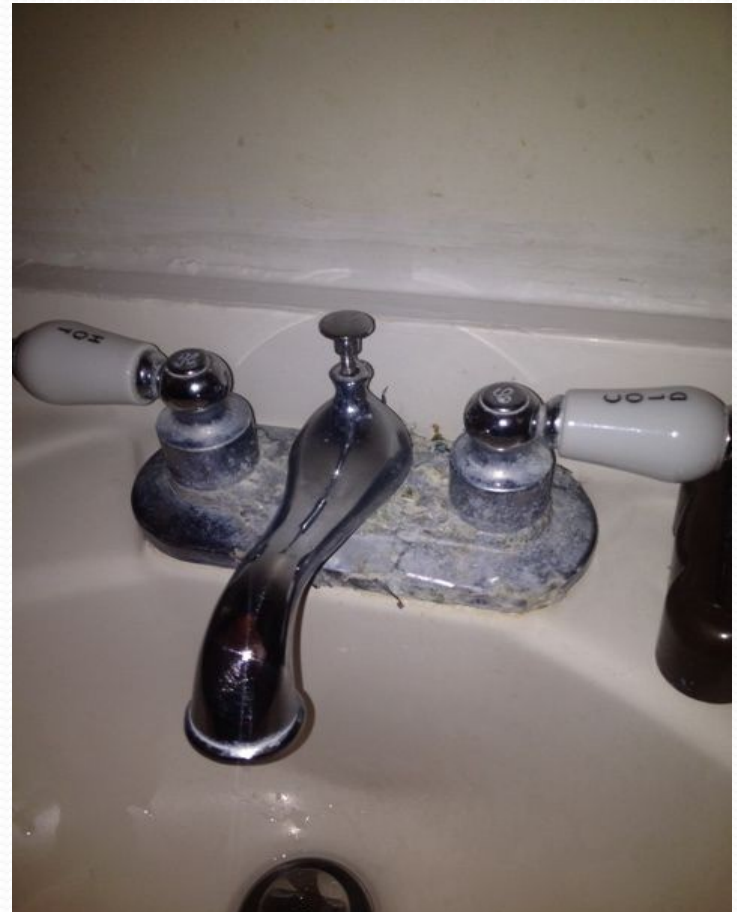
Floors; walls, including windows and doors; ceiling and other interior surfaces shall be maintained in good, clean and sanitary condition. Peeling and cracked or loose plaster, decayed wood, and other defective surface conditions shall be eliminated. At move in, carpets must be cleaned and the unit freshly painted



HQS Inspection

BATHROOM

- There is a permanently installed washbasin in the unit with running hot and cold water.
- The washbasin is connected to a water supply and operating drain and has a gas trap.
- The washbasin is in addition to the kitchen sink.
- The floor and wall surface beneath and around the sink and lavatory is kept in good order and repair.
- There must be no rust, hazardous cracks or chips.



HQS Inspection

Inspection Checklist

Housing Choice Voucher Program

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing

OMB Approval No. 2577-0189
(Exp. 04/30/2014)

Public reporting burden for this collection of information is estimated to average 0.50 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number.

Assurances of confidentiality are not provided under this collection.

This collection of information is authorized under Section 8 of the U.S. Housing Act of 1937 (42 U.S.C. 1437f). The information is used to determine if a unit meets the housing quality standards of the section 8 rental assistance program.

Privacy Act Statement. The Department of Housing and Urban Development (HUD) is authorized to collect the information required on this form by Section 8 of the U.S. Housing Act of 1937 (42 U.S.C. 1437f). Collection of the name and address of both family and the owner is mandatory. The information is used to determine if a unit meets the housing quality standards of the Section 8 rental assistance program. HUD may disclose this information to Federal, State and local agencies when relevant to civil, criminal, or regulatory investigations and prosecutions. It will not be otherwise disclosed or released outside of HUD, except as permitted or required by law. Failure to provide any of the information may result in delay or rejection of family participation.

Name of Family		Tenant ID Number	Date of Request (mm/dd/yyyy)
Inspector		Neighborhood/Census Tract	Date of Inspection (mm/dd/yyyy)
Type of Inspection Initial <input type="checkbox"/> Special <input type="checkbox"/> Reinspection <input type="checkbox"/>	Date of Last Inspection (mm/dd/yyyy)		PHA

A. General Information

Inspected Unit	Year Constructed (yyyy)	Housing Type (check as appropriate)
Full Address (including Street, City, County, State, Zip)		<input type="checkbox"/> Single Family Detached
Number of Children in Family Under 6		<input type="checkbox"/> Duplex or Two Family
Owner		<input type="checkbox"/> Row House or Town House
Name of Owner or Agent Authorized to Lease Unit Inspected	Phone Number	<input type="checkbox"/> Low Rise: 3, 4 Stories, Including Garden Apartment
Address of Owner or Agent		<input type="checkbox"/> High Rise: 5 or More Stories
		<input type="checkbox"/> Manufactured Home
		<input type="checkbox"/> Congregate
		<input type="checkbox"/> Cooperative
		<input type="checkbox"/> Independent Group Residence
		<input type="checkbox"/> Single Room Occupancy
		<input type="checkbox"/> Shared Housing
		<input type="checkbox"/> Other

B. Summary Decision On Unit (To be completed after form has been filled out)

<input type="checkbox"/> Pass	Number of Bedrooms for Purposes of the FMR or Payment Standard	Number of Sleeping Rooms
<input type="checkbox"/> Fail		
<input type="checkbox"/> Inconclusive		

Item No.	1. Living Room	Yes Pass	No Fail	In-Conc.	Comment	Final Approval Date (mm/dd/yyyy)
1.1	Living Room Present					
1.2	Electricity					
1.3	Electrical Hazards					
1.4	Security					
1.5	Window Condition					
1.6	Ceiling Condition					
1.7	Wall Condition					
1.8	Floor Condition					

Previous editions are obsolete

Page 1 of 8

form HUD-52580 (3/2001)
ref Handbook 7420.8

* Room Codes: 1 = Bedroom or Any Other Room Used for Sleeping (regardless of type of room); 2 = Dining Room or Dining Area; 3 = Second Living Room, Family Room, Den, Playroom, TV Room; 4 = Entrance Halls, Corridors, Halls, Staircases; 5 = Additional Bathroom; 6 = Other

Item No.	1. Living Room (Continued)	Yes Pass	No Fail	In-Conc.	Comment	Final Approval Date (mm/dd/yyyy)
1.9	Lead-Based Paint Are all painted surfaces free of deteriorated paint? If not, do deteriorated surfaces exceed two square feet per room and/or is more than 10% of a component?				Not Applicable	
2. Kitchen						
2.1	Kitchen Area Present					
2.2	Electricity					
2.3	Electrical Hazards					
2.4	Security					
2.5	Window Condition					
2.6	Ceiling Condition					
2.7	Wall Condition					
2.8	Floor Condition					
2.9	Lead-Based Paint Are all painted surfaces free of deteriorated paint? If not, do deteriorated surfaces exceed two square feet per room and/or is more than 10% of a component?				Not Applicable	
2.10	Stove or Range with Oven					
2.11	Refrigerator					
2.12	Sink					
2.13	Space for Storage, Preparation, and Serving of Food					
3. Bathroom						
3.1	Bathroom Present					
3.2	Electricity					
3.3	Electrical Hazards					
3.4	Security					
3.5	Window Condition					
3.6	Ceiling Condition					
3.7	Wall Condition					
3.8	Floor Condition					
3.9	Lead-Based Paint Are all painted surfaces free of deteriorated paint? If not, do deteriorated surfaces exceed two square feet per room and/or is more than 10% of a component?				Not Applicable	
3.10	Flush Toilet in Enclosed Room in Unit					
3.11	Fixed Wash Basin or Lavatory in Unit					
3.12	Tub or Shower in Unit					
3.13	Ventilation					

Previous editions are obsolete

Page 2 of 8

form HUD-52580 (3/2001)
ref Handbook 7420.8

HQS Inspection

Item No.	4. Other Rooms Used For Living and Halls	Yes Pass	No Fail	In- Conc.	Comment	Final Approval Date (mm/dd/yyyy)
4.1	Room Code* and Room Location <input type="checkbox"/>				(Circle One) Right/Center/Left (Circle One) Front/Center/Rear ___Floor Level	
4.2	Electricity/Illumination					
4.3	Electrical Hazards					
4.4	Security					
4.5	Window Condition					
4.6	Ceiling Condition					
4.7	Wall Condition					
4.8	Floor Condition					
4.9	Lead-Based Paint Are all painted surfaces free of deteriorated paint? If not, do deteriorated surfaces exceed two square feet per room and/or is more than 10% of a component?				<input type="checkbox"/> Not Applicable	
4.10	Smoke Detectors					
4.1	Room Code* and Room Location <input type="checkbox"/>				(Circle One) Right/Center/Left (Circle One) Front/Center/Rear ___Floor Level	
4.2	Electricity/Illumination					
4.3	Electrical Hazards					
4.4	Security					
4.5	Window Condition					
4.6	Ceiling Condition					
4.7	Wall Condition					
4.8	Floor Condition					
4.9	Lead-Based Paint Are all painted surfaces free of deteriorated paint? If not, do deteriorated surfaces exceed two square feet per room and/or is more than 10% of a component?				<input type="checkbox"/> Not Applicable	
4.10	Smoke Detectors					
4.1	Room Code* and Room Location <input type="checkbox"/>				(Circle One) Right/Center/Left (Circle One) Front/Center/Rear ___Floor Level	
4.2	Electricity/Illumination					
4.3	Electrical Hazards					
4.4	Security					
4.5	Window Condition					
4.6	Ceiling Condition					
4.7	Wall Condition					
4.8	Floor Condition					
4.9	Lead-Based Paint Are all painted surfaces free of deteriorated paint? If not, do deteriorated surfaces exceed two square feet per room and/or is more than 10% of a component?				<input type="checkbox"/> Not Applicable	

Item No.	6. Building Exterior	Yes Pass	No Fail	In- Conc.	Comment	Final Approval Date (mm/dd/yyyy)
6.1	Condition of Foundation					
6.2	Condition of Stairs, Rails, and Porches					
6.3	Condition of Roof/Gutters					
6.4	Condition of Exterior Surfaces					
6.5	Condition of Chimney					
6.6	Lead Paint: Exterior Surfaces Are all painted surfaces free of deteriorated paint? If not, do deteriorated surfaces exceed 20 square feet of total exterior surface area?				Not Applicable	
6.7	Manufactured Home: Tie Downs					
7. Heating and Plumbing						
7.1	Adequacy of Heating Equipment					
7.2	Safety of Heating Equipment					
7.3	Ventilation/Cooling					
7.4	Water Heater					
7.5	Approvable Water Supply					
7.6	Plumbing					
7.7	Sewer Connection					
8. General Health and Safety						
8.1	Access to Unit					
8.2	Fire Exits					
8.3	Evidence of Infestation					
8.4	Garbage and Debris					
8.5	Refuse Disposal					
8.6	Interior Stairs and Common Halls					
8.7	Other Interior Hazards					
8.8	Elevators					
8.9	Interior Air Quality					
8.10	Site and Neighborhood Conditions					
8.11	Lead-Based Paint: Owner's Certification				Not Applicable	

If the owner is required to correct any lead-based paint hazards at the property including deteriorated paint or other hazards identified by a visual assessor, a certified lead-based paint risk assessor, or certified lead-based paint inspector, the PHA must obtain certification that the work has been done in accordance with all applicable requirements of 24 CFR Part 35. The Lead-Based Paint Owner Certification must be received by the PHA before the execution of the HAP contract or within the time period stated by the PHA in the owner HQS violation notice. Receipt of the completed and signed Lead-Based Paint Owner Certification signifies that all HQS lead-based paint requirements have been met and no re-inspection by the HQS inspector is required.

HQS Inspection

Things To Do:

- **Notify tenants at least twenty four (24) hours prior to inspection.**
- **Have staff member(s) available to accompany inspector(s) with keys for access.**

Program Income

Definition of Program Income

Program Income (PI) is gross income received by the grantee or a subrecipient from the use of program funds.

- Proceeds from sale/lease of property acquired, rehabbed, redeveloped with NSP;
- Principal and interest on NSP loans;
- Recaptured proceeds from resale of homes under affordability agreements;
- Interest on program income pending use;
- Repayments of liens placed on privately owned property that was demolished using NSP money; and
- Net Operating Income (NOI) from NSP-assisted rental properties owned by a subrecipient or grantee.

Definition of Program Income (cont.)

Example, rental property program income:

Rental revenues:	\$40,000
- Operating expenses:	<u>(\$30,000)</u>
= NOI (program income):	\$10,000
- Private loan debt service:	<u>(\$8,000)</u>
= PI remaining after debt service:	\$2,000

Definition of Program Income (cont.)

Example, property resale program income:

Resale Price to Homebuyer (FMV)	\$150,000
- NSP 2 nd mortgage subsidy to buyer	<u>(\$45,000)</u>
= Proceeds from sale	\$105,000
-Eligible carrying costs	(\$8,000)
-Eligible activity delivery costs	(\$7,000)
- Other non-NSP investment	<u>(\$20,000)</u>
= PI to be returned to County	\$70,000

Definition of Program Income (cont.)

PI can be used to pay debt service on private loan if:

- Private loan was used solely to finance costs of approved NSP project;
- Private loan proceeds were used in accordance with all NSP requirements (e.g., Davis-Bacon, procurement);
- Private loan was from an external lender (subrecipient cannot lend itself the funds); and
- Use of program income for debt service payment was contemplated when project was approved.

Definition of Program Income (cont.)

What is not subrecipient PI?

- Proceeds of subrecipient fundraising;
- That portion of proceeds from disposition of NSP-assisted property which is attributable to expenditure of non-NSP funds; and
- All proceeds from disposition of a NSP-assisted property after expiration of the required period of affordability.

Financial and Audit Requirements

Goals and Objectives

- To review subrecipient agencies to determine if expenditures of allocated funds are being made in accordance with all governing regulations and contract requirements.
- To review records of subrecipient to determine if systems are in place to properly document financial transactions, the use of allocated funds and program income (if applicable), and any other contract requirements.

Documentation Reviewed During Financial Monitoring

- Specific invoices identified by DES;
- General Ledger;
- Cash receipts journal;
- Cash disbursements journal;
- Copies of the checks received from PBC and corresponding bank deposit tickets (original copies);
- Bank statements showing the checks were deposited in agency accounts; and
- Reconciliation spreadsheet showing the awarded grant amount, invoices submitted, reimbursements, and ending grant balance.

Q & A

Next Steps and Farewell