

ENGAGEMENT QUERY**EQ2014-009-P1: The New Jersey Housing and Mortgage Financing Authority
The Fund for Restoration of Multi-Family Rental Housing and the Sandy Special Needs Housing Fund****I. GENERAL INFORMATION:**

On March 27, 2013, P.L. 2013, Chapter 37 (N.J.S.A. § 52:15D-1, et seq.), the Integrity Oversight Monitor Act (the Act) was enacted for the purpose of authorizing the deployment of Integrity Oversight Monitors for recovery and rebuilding contracts resulting from Superstorm Sandy and subsequent major storms in NJ. The Act permits the State Treasurer to require Integrity Oversight Monitor services on any State or non-State, federally funded recovery and rebuilding contract of \$5 million or more. Pursuant to the Act, the Treasurer established a pool of qualified integrity monitors (Pool) from which the Treasurer could require the use of services on any State or non-State, federally funded recovery and rebuilding contracts. Consequently, the Treasurer has required Integrity Oversight Monitoring on any such contracts valued at \$5 million or more.

The Department of Treasury (Treasury), on behalf of the New Jersey Housing and Mortgage Financing Authority's (HMFA) is seeking quotes pursuant to the "Program and Process Management Auditing, Financial Auditing and Grant Management, and Integrity Monitoring/Anti-Fraud Services for Disaster Recovery Assistance" contract (G9004), and the "Prequalification Pools: Auditing and Other Related Services in Support of Disaster Recovery" contract (T2939) from prequalified contractors in Pool 1-Program and Process Management Auditing (Contractor).

This State is seeking to retain the services of a prequalified Contractor with knowledge of Federal Emergency Management Agency (FEMA), Department of Housing and Urban Development (HUD) Community Development Block Grant - Disaster Relief (CDBG-DR) funds, and experience with state and local procurement processes, particularly the New Jersey Local Public Contracts Law (N.J.S.A. 40A:11-1).

The purpose of this Engagement Query is to provide a Program and Process Management Auditor to HMFA to audit the Fund for Restoration of Multi-Family Rental Housing (FRM) and the associated contracts in excess of \$5 million in order to minimize the risk of deobligation, and prevent or rectify the duplication of benefits, process and payment errors, waste, fraud, abuse, malfeasance and mismanagement of funds. The Contractor will also audit the Sandy Special Needs Housing Fund (SSNHF) and the associated contracts if any SSNHF contract exceeds the \$5 million threshold.

HUD provided an initial \$1.8 billion in CDBG-DR funding to the Department of Community Affairs-Sandy Recovery Division (DCA-SRD) to assist with Sandy-related rebuilding and recovery programs. The DCA-SRD contracted with CohnReznick as an internal integrity oversight monitor to assist with these Sandy-related programs. CohnReznick acts as an extension of DCA's internal audit group. It is responsible for ensuring that: the programs managed by DCA-SRD meet and comply with applicable State and Federal guidelines, regulations and laws; and DCA-SRD vendors' performance complies with contract requirements, terms and conditions.

HMFA is a sub-recipient to DCA and is currently administering \$454.5 million (includes both first tranche and second tranche funding) in CDBG-DR funding allocated across three Programs: the Fund for Restoration of Multi-Family Housing (FRM), the Sandy Special Needs Housing Fund (SSNHF), and the Sandy Homebuyer Assistance Program (SHAP).

The Contractor procured as a result of this engagement query will serve as a monitor responsible for compliance with the Act. The Contractor will be responsible for leveraging CohnReznick's reviews, risk assessments and recommendations to ensure that CDBG-DR program requirements are met, and comply with applicable State and Federal guidelines, regulations and laws. The Contractor will also review HMFA control systems. If weaknesses are detected in any of these reviews, the contractor will develop an integrity oversight monitoring process, and if necessary, recommend loss prevention strategies. In addition, the Contractor will provide oversight as necessary. The Contractor is expected to leverage existing programmatic findings of CohnReznick without duplicating or recreating efforts.

The State is requesting two separate price lines for this Engagement Query:

1. The first price line shall include costs for program and process management auditor services for the FRM program; and
2. The second price line shall include costs for program and process management auditor services for the FRM and SSNHF programs.

This Contract award is subject to the availability of federal funding. The level and amount of work to be awarded to the Integrity Oversight Integrity Monitor is not guaranteed.

A. HMFA Programs

The HMFA programs assist in the creation of rental projects in the nine most impacted NJ counties, as well as the funding of forgivable subordinated mortgages. The programs award subsidies in the form of loans to both not-for-profit and for-profit developers, owners capable of managing large multifamily housing developments, and low- and moderate-income households.

Because HMFA may not award contracts of \$5 million or more through SHAP, this engagement focuses on loans granted through (1) the FRM program and (2) the SSNHF programs if any SSNHF loan exceeds \$5 million.

Fund for Restoration of Multi-Family Rental Housing

FRM provides funding to restore affordable rental housing in areas affected by Superstorm Sandy. It will aid in the repair and construction of multifamily rental housing for low- and moderate-income residents. Program funding will be available through a standalone program and also in conjunction with other multifamily programs offered by the state to leverage additional resources and create more affordable rental units. The program provides loans to eligible New Jersey developers to construct, convert, or repair affordable and mixed-income multifamily rental housing. Applicants who apply for funding through the State's multifamily programs can apply for FRM program funding to make their projects financially feasible and capable of meeting New Jersey's disaster recovery priorities. The state has dedicated \$379.52 million in CDBG-DR funds to this program. This figure includes both first tranche and proposed second tranche funding. Additional information regarding this program may be found at the following link: <http://www.njhousing.gov/dca/hmfa/developers/cdbg/>

Currently, HMFA has approved 16 loan contracts, each valued at \$5 million or more. The 16 loan contracts listed in the below chart make up the limited scope of the Act review and the following scope of work.

	¹ Contract	Loan #	Intended Use of Funds	Amount	Date/Status of Award
1	Heritage Village @ Oakhurst ²	HMFA #2874	New	\$ 11,020,000	10/3/2013
2	Franklin Manor	HMFA #2885	New	10,200,000	12/3/2013
3	Willows at Waretown	HMFA #2599	New	9,097,970	10/3/2013
4	Booker T. Washington	HMFA #2927	Rehab	6,000,000	1/27/2014
5	The Beachview Residence ³	HMFA #2683	Rehab	5,642,518	11/14/2013
6	Heritage Village @ Bloomfield	HMFA #2844	New	5,453,332	1/27/2014
7	Conifer Village @ Rittenberg	HMFA #2704	New	5,440,700	1/27/2014
8	Carolina Crescent & Connecticut Crescent	HMFA #2859	New	5,145,721	1/27/2014
9	Railroad Avenue	HMFA #2508	New	5,102,748	1/27/2014
10	Rio Grande	HMFA #2837	New	5,086,221	1/27/2014
11	Egg Harbor Hotel Conversion	HMFA #2861	Rehab	5,000,000	5/15/2013
12	Westmont Station	HMFA #2869	New	5,000,000	5/15/2013
13	Catherine Todd Sr. Living Center	HMFA #2553	Rehab	5,000,000	5/15/2013
14	Delaney Homes	HMFA #2878	New	5,000,000	5/15/2013
15	Atlantic City HOPE IV ⁴	HMFA #2772	New	5,000,000	8/29/2013
16	Keyport Legion Apartments ⁵	Unknown	Unknown	5,000,000	Unknown
Total				\$ 98,189,210	

Sandy Special Needs Housing Fund

The supply of units available to this population was inadequate before the storm and is now further constricted. Therefore, a direct allocation will also be made to the New Jersey Housing Mortgage and Finance Agency to operate a fund dedicated to the construction of quality, permanent supportive housing throughout New Jersey to expand housing options for special needs populations. Specifically, this fund will be used to subsidize the development of supportive housing for people with developmental disabilities mental illness, and other special needs populations. The Fund was allocated \$25,000,000 in both the first and second round for a total of \$50,000,000.

B. HMFA Control Environment

HMFA was created in, but not of, DCA by the New Jersey Housing and Mortgage Finance Agency Law of 1983, N.J.S.A. 55:14k-1 et seq., for the purpose of developing affordable rental and homeownership opportunities for the residents of New Jersey. HMFA is governed by a board of the nine members, the HMFA Board. HMFA already has stringent protocols in place to adhere to all federal, state, and municipal financing and building regulations. HMFA's issuer credit ratings of AA (rating affirmed on 9/28/12; outlook on AA rating is stable) by Standard & Poor's Rating Services and Aa1 (rating upgraded

from Aa2 to Aa1 on 12/19/06; outlook on Aa1 rating is stable) by Moody's Investors Service, Inc. are among the highest ratings given to any state housing finance agency in the nation.

In addition to procedures and controls already in place, HMFA also must adhere to the DCA sub-recipient agreement: 'Implementing Grants under The Community Development Block Grant Disaster Recovery Program through the Housing Revitalization and Recovery Programs.' **(Attachment 1)** This agreement includes conditions that all projects shall meet all necessary building code standards; all borrowers, contractors and all tier subcontractors adhere to all applicable federal and State laws and regulations; all reviews, for example environmental reviews, are compliant with applicable laws; and HMFA meet specific performance measures while administering the funds. The Contractor shall also ensure that HMFA is in compliance with the Voluntary Compliance Agreement and Conciliation Agreement between The United States of America, Department of Housing and Urban Development Office of Fair Housing and Equal Opportunity, Case Numbers Title VI No.:02-13-0048-6 and Title VII No., 02-13-0303-8. **(Attachment 2)**

C. Risk Assessment

Items Noted:

Projects must help replenish the supply of affordable rental units lost in the nine most impacted NJ counties, as determined by HUD. Loan application materials are available through HMFA's CDBG Sandy Disaster Recovery Program website, and applications are subject to a review using a scoring sheet (also available through the website). The scoring sheet includes several different weighted criteria. Applicants must score at least 55 points to be eligible for either the FRM or SSNHF subsidy funds, and the award of CDBG-DR funds is subject to HMFA Board approval. Application information for these programs may be found at <http://www.njhousing.gov/dca/hmfa/developers/cdbg/>

A sample loan agreement provided by HMFA requires that all CDBG proceeds must be expended and construction of all improvements must be completed by the developer no later than April 29, 2015. Any delay of construction without the written approval of HMFA is a condition that may result in suspension or termination of the loan agreement and/or recoupment of the CDBG funds.

HMFA's Sub-recipient Agreement with DCA (the Sub-recipient Agreement) requires HMFA to perform a number of steps before approving an applicant for a loan: including verifying other sources of disaster assistance, which could be used by the loan applicants, and ensuring that the applicants will repay the HMFA funds if they subsequently receive funds from other sources for the same purpose.

HMFA cannot commit any funding to a project until it has approval from DCA and after HUD approves a certification of compliance with environmental laws and request for release of funds. HMFA must also comply with current DCA policy and State regulations and requirements regarding procurement.

The Sub-Recipient Agreement states that DCA may conduct reviews and audits, including onsite reviews of HMFA and HMFA's sub-recipients. HMFA is required to submit quarterly reports to DCA detailing the receipt and uses of program income.

HMFA's financial statements were audited by CliftonLarsonAllen (per the audit report dated May 21, 2013). The auditors neither expressed an opinion on the effectiveness of internal controls nor did they

identify any deficiencies in internal controls that they would consider to be material weaknesses. The auditors also issued a FY2012 Report on Compliance for Each Major Program, which stated that, in their opinion, HMFA complied in all material respects with the types of compliance requirements that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

The FY2012 A-133 single audit report indicated that HMFA's federal expenditures relating to HUD, Department of the Treasury and Department of Energy programs totaled approximately \$488.5 million. The FY2012 audited financial statements also state that in June 2012, HMFA issued \$93.2 million of Multi-Family Revenue Bonds to finance fifteen rental housing developments containing a total of 1,080 multifamily units. In September 2012, Standard & Poor's Rating Services (S&P) affirmed HMFA's AA (stable outlook) issuer credit rating (ICR).

HMFA has organized a specific team to manage the CDBG-DR programs. The team includes representatives from HMFA's Credit Division, which will be responsible for compliance with the rules and regulations associated with CDBG-DR. The Credit Division will be required to report the status of the CDBG-DR programs to HMFA's Internal Audit Review Committee on no less than a quarterly basis. The Finance Division and the Technical Services Division, as well as the individual program administrators, will be overseeing different aspects of the loan process and subsequent projects. The documentation also states that HMFA requires its Technical Services Division to monitor the construction of all projects for which HMFA loans are granted.

FRM Specific:

Sixteen loans under the FRM program are expected to meet or exceed the Act's proscribed contract threshold of \$5 million at the time of this risk assessment according to information provided by HMFA on April 10, 2014. State Treasury determined that these loans meet the requirements of the Act. These loans are under the first tranche of CDBG-DR funding, as the second tranche has not been finalized. This risk assessment focuses on loans granted with CDBG-DR first tranche funding under the FRM program.

HMFA officials stated that funding for five of the sixteen loans had not yet been committed as of April 10, 2014 because the project applications and related research had not yet been presented to the HMFA Board. One loan had closed as of that date.

II. SCOPE OF WORK (SOW) REQUIREMENTS:

The scope of this engagement is limited to the contracts, or loans, equal to, or in excess of \$5 million from the FRM Program, and the SSNHF Program if any contract or loan exceeds the \$5 million threshold. The Contractor must be able to perform all of the following tasks related to these contracts:

- A. Attend a kick-off meeting with representatives from Treasury, HMFA and other key participants to discuss the tasks and deliverables required under this work assignment. The Contractor is responsible for documenting and providing minutes of the meeting to the State Contract Manager within ten (10) days of the meeting.
- B. Leveraging any CohnReznick reviews, risk assessments and recommendations related to the oversight and management of FRM, and SSNHF programs if this program is included in the engagement to ensure that program requirements are met, and comply with applicable State and

Federal guidelines, regulations and laws. Make sure that policies, procedures, and HMFA control systems are adequate and being applied as designed, and minimize the risk of inefficiency, waste, fraud, abuse, malfeasance and mismanagement of funds. If necessary, recommend loss prevention strategies to prevent duplication of benefits, inefficiency, waste, fraud, abuse, malfeasance and mismanagement of funds.

Submit findings and recommendations to the HMFA and copy the State Contract Manager.

- C. Based on the Contractor's assessment of the HMFA control environment and the findings and recommendations of CohnReznick, develop an integrity monitor process for the 16 loan contracts that adequately addresses any weaknesses of the oversight already in place. The Contractor's oversight program is limited to addressing weaknesses and must not duplicate adequate controls already in place or duplicate services already performed by CohnReznick. This process will be modified if necessary, and applied to the SSNHF program if any loan value exceeds the \$5 million threshold.

Submit findings to HMFA and copy the State Contract Manager.

- D. Provide oversight consistent with the plan(s) adopted in Task C.

Submit findings to the State Contract Manager.

- E. Provide deliverables as set forth in this Engagement Query.

III. **DELIVERABLES**

The Contractor must ensure compliance with the following:

A. Required Timelines

1. Task A is required to be completed within 10 days of the kick-off meeting.
2. Task B is required to be completed within 40 business days of the kick-off meeting.
3. Task C is required to be completed within 120 business days of receipt of the kick-off meeting.
4. Tasks D and E are ongoing tasks to be conducted for the duration of the contracts. Status updates are to be included in each monthly report.

B. Required Reports and Documents

1. Findings of potential fraud, malfeasance, or criminal activity
Upon a finding of a likely criminal violation or lesser degree of any malfeasance, waste, fraud, or abuse, report findings to the State Comptroller and the Attorney General immediately consistent with the requirements of the Act.

2. Monthly Status Reports

Provide update on activities conducted on, or for, each task to include the type of activity, analysis, results, recommendations, resolutions, and/or preventative measures; and follow-up on any previous outstanding issues.

Provide monthly status reports to the State Contract Manager.

3. Quarterly Report (**Attachment 3**)

On the first business day of each calendar quarter, the Contractor shall provide to the State Treasurer, for distribution to the Legislature and the Governor, a report detailing the Contractor's provision of services during the three-month period second preceding the due date of the report and any previously unreported provision of services, which shall include, but not be limited to, detailed findings concerning the Contractor's provision of services and recommendations for corrective or remedial action relative to findings of malfeasance and inefficiency. The report shall include a privilege log, which shall detail each denial of sensitive information that the Integrity Oversight Monitor exercises in preparing the report for transmission to the Legislature and the Governor pursuant to this subsection. The report shall not include any information which may compromise a potential criminal investigation or prosecution or any proprietary information.

4. Time Logs

Copies (and upon request, originals) of time logs shall be maintained by the Contractor and shall include information on the allocation of hours worked by the Contractor and staff to the respective federally-funded programs and all other data required in order to ensure compliance with all federal requirements.

IV. OTHER CONTRACTOR REQUIREMENTS

The Contractor is required to comply with all of the terms, including pricing, of its State contract (contracts G-9004 or T-2939, as applicable), the applicable provisions of the New Jersey Standard Terms and Conditions, and the associated Method of Operation for the selected contracts. For the purpose of this engagement, the Contractor's indemnification is subject to the provisions and limitation outlined in Section 5.17.1 within Contract T2939.

Contracts are available on the Department of the Treasury, Division of Purchase and Property website:

Contract G9004 http://www.state.nj.us/treasury/purchase/noa/contracts/g9004_13-r-23144.shtml

Contract T2939 http://www.state.nj.us/treasury/purchase/noa/contracts/t2939_14-x-23110.shtml

V. LENGTH OF ENGAGEMENT

This initial engagement will begin once task orders have been issued. The length of this engagement is for a period of 2 years, which may be extended for all or part of any 1 year extension period, until all deliverables have been met and accepted by the State.

VI. CONFLICT OF INTEREST

Any person with FEMA/CDBG responsibilities, decision-making power or information may not obtain a financial interest or benefit from FEMA/CDBG activity or have any interest in the contract(s) or subcontract(s). Firms are prohibited from acting as a contractor for both the auditing and integrity monitoring requirements for the same project.

VII. CONFLICT FOR FUTURE ENGAGEMENTS

The Department of the Treasury will determine, on a case-by-case basis, if the Contractor will be eligible to receive additional integrity monitoring engagements. If it is determined that award of this engagement presents a conflict of interest for participation in future engagements, the Contractor will be precluded from accepting subsequent Engagement Queries.

VIII. PROPOSAL CONTENT

The Contractor shall provide a detailed proposal with a detailed budget to perform the SOW in this engagement to the State Contract Manager:

Dave Ridolfino, Associate Deputy State Treasurer
IntegrityOversightMonitor@treas.state.nj.us
 by **5pm on August 11, 2014**

Questions related to this Engagement Query must be submitted to:

IntegrityOversightMonitor@treas.state.nj.us
 by **5pm on July 28, 2014**

Note: Use the attached template to submit questions. The compilation of all questions and answers will be sent to the group prior to the Engagement Query response due date. **(Attachment 4)**

If the contractor is unable to bid because of a conflict of interest or scheduling, the contractor must provide notice to the Department within **three (3)** business days of the receipt of Engagement Query.

The contractor's proposal must contain the following elements:

- A. A detailed proposal, including a detailed budget, to perform the SOW reflecting the requirements of the engagement query for competitive price quotes. The proposal must explain how the contractor intends to accomplish each task listed in the SOW.
- B. A contract schedule that shall identify the performance milestones and associated deliverable items to be submitted as evidence of completion of each task and/or sub-task.
- C. Person-hour and/or labor category mix: A comprehensive chart showing the person-hours proposed to meet the requirements of the Engagement Query. The chart shall be designed to reflect the tasks, sub-tasks, or other work elements required by the Engagement Query. The chart shall set forth, for each task, sub-task or other work element, the total number of person-hours, by labor category, proposed to complete the contract. The hourly rates used for each labor category shall be

the hourly rates, or lower than the hourly rates specified in the contract. The person hours must be those originally bid or lower. The Contractor is to fill in each task listed in Section II Scope of Work in the column provided, and determine how many hours are required to complete each task. Provide a separate quote sheet for each year covering the entire length of this engagement. **(Attachment 5)**

- D. Estimated travel and direct costs for the duration of the engagement. Refer to contract T2939: 3.7 Travel Expenses and Reimbursements and Section 6.7.2 Bidders' Price Schedule; and contract G9004: 3.6 Travel Expenses and Reimbursements, and Section 6.0 Cost Proposal. (Note: Include travel and direct costs on Attachment 5 in the boxes provided.)
- E. A description of FEMA and HUD consulting experience on similar projects that demonstrates knowledge of eligibility, documentation and procurement requirements. Include client results in recovering the proposing contractor's fees as direct administrative costs, and a list of any deobligation of funds by FEMA in any of your projects.
- F. A detailed list of engagements or task orders in which the firm is currently providing services for any type of disaster recovery, including those of sub-contractors proposed for this engagement. The list must include the name of the contracting entity; a detailed list of the scope of services and the contract term; and identification of any sub-contractors to be utilized for this engagement which must be consistent with those identified in the original proposal/bid.
- G. Summary of experience of the primary and sub-contractor for engagements of similar scope and size.
- H. Resumes of any primary contractor or sub-contractor individuals proposed for this engagement.
- I. A statement verifying that there has been no change to the Disclosure of Investigation and Other Actions Involving Bidder Form submitted with your proposal, or a statement explaining any changes to the information previously provided.

IX. SELECTION PROCESS

The State Contract Manager, on behalf of the Treasurer or the using agency, will review the proposals and select the Contractor whose proposal is most advantageous, price and other factors considered.

The Treasurer or Using Agency will then issue a task order with a "Not to Exceed" clause to the engaged firm. Any firm may submit pricing lower than its bid price for a specific project. The firm will then be held to that lower pricing for all future engagements.

X. LIQUIDATED DAMAGES

To the extent that actions of the Contractor result in failure to meet performance standards, the State may suffer damages that could be difficult or impossible to quantify. Given the significance of rehabilitation of New Jersey communities, businesses, and programs, the necessity that all resources, including recovery loan programs, dedicated to the recovery from Superstorm Sandy be applied in an efficient manner, and the need to take all necessary precautions to prevent, detect, and remediate

waste, fraud, and abuse, the State and the Contractor agree to the specified liquidated damage amounts for late delivery of the following deliverables.

The methodology utilized to calculate liquidated damages pertaining to ensuring that program requirements are met, and comply with applicable laws; certifying that policies, procedures, and controls are adequate; confirming that controls and corrective action plans are being followed, and reporting on status are based on the assumption that failure to have these key elements in place will directly result in loss of Federal funds. Also, failure to provide reports could prevent the State from taking action to rectify issues early on, and may also cause harm to the public in the form of waste by the government and inefficiency in rebuilding projects.

Task	Deliverable	Due Date	Liquidated Damages
Task B	Leveraging any CohnReznick reviews, risk assessments and recommendations related to the oversight and management of FRM. Ensure that program requirements are met, and comply with applicable State and Federal guidelines, regulations and laws. Make sure that policies, procedures, and HMFA control systems are adequate and being applied as designed, and minimize the risk of inefficiency, waste, fraud, abuse, malfeasance and mismanagement of funds. If necessary, recommend loss prevention strategies to prevent duplication of benefits, inefficiency, waste, fraud, abuse, malfeasance and mismanagement of funds.	Completed within 40 business days after the kick-off meeting.	\$1000 a day for each day past due date
Task C	Based on the Contractor's assessment of the HMFA control environment and the findings and recommendations of CohnReznick, develop an integrity monitor process for the 16 loan contracts that adequately addresses any weaknesses of the oversight already in place. The Contractor's oversight program is limited to addressing weaknesses and must not duplicate adequate controls already in place or duplicate services already performed by CohnReznick.	Completed within 120 business days after the kick-off meeting.	\$1000 a day for each day past due date
Monthly Status Reports	Provide update on activities conducted on, or for, each task to include the type of activity, analysis, results, recommendations, resolutions, and/or preventative measures; and follow-up on any previous outstanding issues.	On the first business day of each month	\$1000 a day for each day past due date
Quarterly Reports	Report detailing the Integrity Oversight Monitor's provision of services during the three-month period second preceding the due date of the report and any previously unreported provision of services	On the first business day of each calendar quarter	\$1000 a day for each day past due date

XI. OPEN PUBLIC RECORDS ACT

A contractor's proposal may be released to the public under the New Jersey Open Public Records Act (OPRA), N.J.S.A. 47:1A-1 et seq., or the common law right to know. Any proprietary and/or confidential information in a proposal will be redacted by the State. A contractor may designate specific information as not subject to disclosure pursuant to the exceptions to OPRA found at N.J.S.A. 47:1A-1.1, when the contractor has a good faith legal and or factual basis for such assertion. The State reserves the right to make the determination as to what is proprietary or confidential and will advise the contractor accordingly. The location in the proposal of any such designation should be clearly stated in a cover letter. The State will not honor any attempt by a contractor to designate its entire proposal as proprietary, confidential and/or to claim copyright protection for its entire proposal. In the event of any challenges to the contractor's assertion of confidentiality with which the State does not concur, the contractor shall be solely responsible for defending its designation.

XII. NOTICE OF EXECUTIVE ORDER 125 REQUIREMENT FOR POSTING OF WINNING PROPOSAL AND CONTRACT DOCUMENTS

Pursuant to Executive Order No. 125, signed by Governor Christie on February 8, 2013, the Office of the State Comptroller (OSC) is required to make all approved State contracts for the allocation and expenditure of federal reconstruction resources available to the public by posting such contracts on an appropriate State website. Such contracts are posted on the New Jersey Sandy Transparency website located at: <http://nj.gov/comptroller/sandytransparency/contracts/sandy/>

The contract resulting from this Engagement Query is subject to the requirements of Executive Order No. 125. Accordingly, the OSC will post a copy of the contract, including the Engagement Query, the winning bidder's proposal and other related contract documents for the above contract on the Sandy Transparency website.

In submitting its proposal, a bidder may designate specific information as not subject to disclosure. However, such bidder must have a good faith legal and/ or factual basis to assert that such designated portions of its proposal (i) are proprietary and confidential financial or commercial information or trade secrets or (ii) must not be disclosed to protect the personal privacy of an identified individual. The location in the proposal of any such designation should be clearly stated in a cover letter, and a redacted copy of the proposal should be provided.

The State reserves the right to make the determination as to what is proprietary or confidential, and will advise the winning bidder accordingly. The State will not honor any attempt by a winning bidder to designate its entire proposal as proprietary, confidential and/or to claim copyright protection for its entire proposal. In the event of any challenge to the winning bidder's assertion of confidentiality with which the State does not concur, the bidder shall be solely responsible for defending its designation.

XIII. ATTACHMENTS

- Attachment 1: Sub-recipient Agreement
- Attachment 2: Voluntary Compliance Agreement
- Attachment 3: Quarterly Report Template
- Attachment 4: Question Template
- Attachment 5: Cost Quote

**EQ2014-009-P1--The New Jersey Housing and Mortgage Finance Agency
The Fund for Restoration of Multi-Family Rental Housing
and the Sandy Special Needs Housing Fund**

Addendum 1

Page #	Engagement Query Section	Question	Answers
2	I. General Information	<p>The second price line shall include costs for program and process management auditor services for the FRM and SSNHF programs. Is it expected that the auditor will review all loans greater than \$5M, even if there are no contracts greater than \$5M?</p> <p>If not, and the auditor is to review only contracts greater than \$5M, since this is currently an unknown, can the price estimate include a range based on possible number of contracts and related costs?</p>	<p>Loans = contracts for integrity oversight monitor purposes. The contractor is expected to monitor the loans that exceed the \$5 million threshold.</p> <p>The price estimate must include a firm, fixed price for services.</p>
2	I. General Information	The Contractor will review HMFA control systems. What are some examples of HMFA control systems?	Please see document included with this addendum.
4	C – Risk Assessment	Is the Contractor responsible for verifying HMFA’s compliance with the pre-approval process outlined in the sub-recipient?	No, the Contractor is not responsible for verifying HMFA’s compliance with the pre-approval process outlined in the sub-recipient.
4	C – Risk Assessment	Is the Contractor responsible for providing engineering resources to independently monitor and assess construction project completion? Or is the Contractor only responsible for establishing a process where applicants report their project completion (no additional validation)?	The Contractor is not responsible for providing engineering resources to monitor and assess construction project completion. HMFA has an engineer on staff. The Contractor is responsible for establishing a process that reports project completion.
5/6	II. Scope of Work (B)	<p>Level of effort for task B-D is heavily determined by CohnReznick’s reviews, risk assessments, findings, and recommendations. Are these reports available to bidders for pricing purposes?</p> <p>If not, can the State please provide a more detailed description of the internal integrity oversight monitor responsibilities and what incremental/additional integrity monitoring is expected from the vendor procured under this Engagement Query (EQ2014-009-01)?</p>	<p>CohnReznick’s reports will be available to the firm awarded the task order resulting from this engagement query.</p> <p>A description on CohnReznick’s internal integrity oversight monitor responsibilities is available on the Sandy Transparency website: http://nj.gov/comptroller/sandytransparency/contracts/pdf/more/cohn_reznick_dca_solicitation.pdf</p> <p>Please refer to the Engagement Query for the scope of work requirements.</p>
NA	NA	Previous A60 Integrity Monitor Engagement Queries have been issued to Pool 3 vendors. Can the State please describe what, if anything is different in this Engagement Query such that it was released to Pool 1 vendors?	The focus of this engagement query is programmatic. The purpose of the engagement is to ensure that the HMFA policies, procedures and control systems are adequate; program requirements are met; and that any programmatic weaknesses are addressed. The Contractor is responsible for developing an integrity oversight monitor process for loans exceeding the threshold that adequately addresses any weaknesses of the oversight already in place.

OVERVIEW OF RISK MANAGEMENT, FRAUD PREVENTION, COMPLIANCE AND MONITORING

1. Plan for Minimizing Program and Fraud Risk: The NJHMFA maintains an accounting procedure manual for its major processes, which includes cash management, receivables, servicing, accounts payable, operations, and grants management. NJHMFA staff reviews these processes annually to make sure proper policies, procedures and segregation of duties are in place to minimize the possibility of fraud, illegal acts and violation of the provisions of contracts, and to ensure compliance with grant agreements. The NJHMFA has in place a multiple-disciplined Community Development Block Grant-Disaster Recovery (CDBG-DR) Team. This team includes staff from Single Family Programs, Multifamily Programs, Credit, Special Needs, Finance, Legal, Information Technology and Technical Services. The Credit Division will be responsible for compliance with the rules and regulations associated with CDBG-DR, and their duties will include: analyzing the requirements of the grant, ensuring mechanisms are in place throughout the NJHMFA to meet all federal requirements, developing policies and procedures and all protocols under the grant guidelines.

The NJHMFA has had in place for over ten years an Internal Audit Review Committee. This committee consists of the Executive Director, Chief Financial Officer, and the Chiefs of Programs, Regulatory Affairs, Program Services and the Director of Audit. The purpose of this Audit Review Committee is to review all programs to ensure their efficiency and effectiveness and compliance with all state and federal requirements. As such, the Credit Division will be required to report to the Audit Review Committee on no less than a quarterly basis, the status of the CDBG-DR Programs. This will include, but not be limited to, how the funding is flowing, how the process is working, are there any issues that need to be addressed, are there any modifications needed to the internal control system to ensure that all protocols to comply with all requirements under the CDBG-DR are being met.

The Finance Division, along with the individual program administrators (for the Hardest Hit Fund – this will be the Foreclosure Mitigation Team) are responsible for monitoring that the grant agreements are in compliance with OMB Circular A-133, federal, and state regulations. The Finance Division monitors the cash receipts, disbursements, and reconciles accounts monthly. The NJHMFA maintains files defining each program and its specific compliance requirements under the federal or state guidelines. Each specific program administrator has written procedures which are designed to ensure proper internal controls are followed to mitigate risk and ensure the adherence to all federal, state and OMB A-133 requirements.

An audit is performed after each fiscal year (December 31) by the NJHMFA's independent audit firm. This audit encompasses a financial and compliance examination of the NJHMFA's financial statements, supplementary information and compliance reports in accordance with the laws and/or regulations of the State of New Jersey, which include requirements for the minimum scope of the audit. The financial and compliance audit covers federal, state, and bond funding sources in accordance with generally accepted auditing standards; Government Auditing Standards; the Single Audit Act of 1984; the Single Audit Act Amendments of 1996; the provisions of OMB Circular A-133; Audits of State, Local Governments, and Non-Profit Organizations; and applicable laws and regulations.

The NJHMFA uses the direct method of cost allocation for federal cost based awards. Salaries are tracked via our Human Resources Management System (Oracle database) which also records employees' time. The Payroll and Benefits unit of the Finance Division prepares monthly statements of the cost of salaries and benefits for each employee involved in the federal grant activity. The employees track the amount of time spent on such and the cost is then reported. These calculations and charges are tested by the NJHMFA's external auditors as part of the A-133 audit. They test that all direct charges are in compliance with the guidance provided by OMB Circular A-87. The NJHMFA plans to use the direct cost allocation to substantiate the costs for the Hardest Hit Fund.

During the fiscal year 2012, the NJHMFA administered federal programs for the Department of Housing and Urban Development, including the following Section 8 programs: Moderate Rehabilitation, New Construction and Substantial Rehabilitation, Contract Administration, and the Community Investment Program. Additionally, NJHMFA administered the Section 236 Program, Shelter Plus Care, the Homeless Management Information Systems, ARRA, Weatherization and the Department of the Treasury NeighborWorks America National Foreclosure Mitigation Counseling program for a total dollar amount of \$488,490,457.

The NJHMFA's accounting software system is the Mitas system. It is an enterprise wide integrated financial system. The account number structure is four sub level account number, which allows for versatile reporting providing various levels of detailed reporting. The loan servicing module also tracks the fund-program-project-unit by source of funds, allocations, commitments, and disbursements of funds. The fund master screen operates like a budget system, comparing allocated to awarded to actual, which prevents disbursements in excess of an award. Although the Agency has an established accounting system, the Agency will process all reporting and requests for funds through the Department of Community Affairs (DCA) SIROM system.

NJHMFA maintains all its accounting Records at its office located at 637 South Clinton Avenue, Trenton, New Jersey 08619. It maintains its cash receipts journal, cash disbursements journal, general ledger, and accounts receivable ledger on a local area network. NJHMFA maintains its network infrastructure in-house utilizing its own network environment, along with its own network security policy. Daily back-up data tapes are secured off-site in a climate-controlled, high secured vault. Back-up is done on a nightly basis, and tapes are sent offsite three times a week for business continuity.

The NJHMFA's annual audited Financial Statements and Schedule of Federal Awards are on its website www.nj-hmfa.com Financial records are maintained onsite at the NJHMFA for three years. Records older than three years are maintained offsite in a secured environment.

The NJHMFA has a tradition of manually underwriting all loan applications. Therefore, each file must be fully documented with original or otherwise acceptable documents. As stated previously, the Agency establishes a team of staff from several divisions to insure proper underwriting and compliance is performed for each project. The Agency has well established procedures to insure Quality Control.

This memorandum contains advisory, consultative and deliberative material and is intended only for the person(s) named as recipient(s).

STATE OF NEW JERSEY
DEPARTMENT OF COMMUNITY AFFAIRS

SUBRECIPIENT AGREEMENT
IMPLEMENTING GRANTS UNDER THE COMMUNITY DEVELOPMENT BLOCK
GRANT DISASTER RECOVERY PROGRAM THROUGH THE
HOUSING REVITALIZATION AND RECOVERY PROGRAMS

This Subrecipient Agreement (“Agreement”), dated June _____, 2013, is entered into by and between the NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY (“Subrecipient”), a body politic and corporate and an instrumentality of the State of New Jersey, and the STATE OF NEW JERSEY, DEPARTMENT OF COMMUNITY AFFAIRS (“Grantee”). Subrecipient and the Grantee may sometimes hereinafter be collectively referred to as the “Parties” and individually as a “Party.”

PREAMBLES

WHEREAS, in the aftermath of Superstorm Sandy, the United States Congress, through Public Law 113-2, appropriated approximately \$16 billion to the U.S. Department of Housing and Urban Development (“HUD”) Community Development Block Grant (“CDBG”) Program, and of the \$5.4 billion of these funds allocated to date for disaster recovery, the State of New Jersey (the “State”) was allocated approximately \$1.8 billion; and

WHEREAS, the Grantee has been designated to administer the State’s CDBG disaster recovery program (the “CDBG-DR Program”), which is subject to the federal statutes and regulations governing CDBG grants, as modified by exceptions and waivers previously granted and which may hereinafter be granted by HUD; and

WHEREAS, on April 29, 2013, HUD approved New Jersey’s Initial Action Plan for the utilization of CDBG funds in Response to Superstorm Sandy which was submitted by Grantee on behalf of the State; and Grantee

WHEREAS, pursuant to N.J.S.A. 55:14K-1 et seq., Subrecipient is the State’s primary entity charged with encouraging and promoting adequate and affordable owner-occupied and rental housing in the State, particularly for State residents of low and moderate income; and

WHEREAS, as a result thereof, Subrecipient has developed expertise in designing, implementing, monitoring and administering owner-occupied and rental housing programs and financing in furtherance of this purpose; and

WHEREAS, because of such expertise, Grantee has designated the New Jersey Housing and Mortgage Finance Agency to serve as Subrecipient of the CDBG-DR Program, pursuant to 24 CFR 570.501, for the purpose of administering the certain housing activities set forth in the Action Plan; and

WHEREAS, Subrecipient agrees to perform the duties and assume the responsibilities set forth in the Action Plan which are focused on housing activities and programs in areas of the State adversely affected by Superstorm Sandy; and

WHEREAS, the public purpose to be derived from this Agreement is the expeditious and effective recovery of the State as part of the CDBG-DR Program through the programs in the Action Plan; and

WHEREAS, the Parties wish to set forth their mutual understanding regarding their respective roles and responsibilities in implementing the activities set forth in the Action Plan.

NOW THEREFORE, in consideration of the promises set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows.

I. General Definitions

Unless specifically provided otherwise or the context otherwise requires, when used in this Agreement:

"Act" means the Disaster Relief Appropriations Act of 2013 (P.L. 113-2);

"Activity" means any project, program or portion thereof which receives financial assistance under this Agreement, that is CDBG-eligible or has received a waiver, meets a national objective, and addresses a direct or indirect impact from the disaster.

"Action Plan" means the New Jersey Department of Community Affairs' Community Development Block Grant Disaster Recovery Action Plan under the Disaster Relief Appropriations Act of 2013, as submitted to HUD (including amendments thereto);

"Activity delivery costs" actual implementation and delivery costs, including staff and overhead costs directly related to carrying out activities under §570.201 through §570.204; these costs are eligible as part of such activities and are specifically excluded from the definition of administrative costs at §570.206.

"Administrative expenses" means administrative costs that are not directly related to a specific activity.

"Allowable Costs (also referred to as eligible costs or eligible expenses)" means costs that are acceptable under OMB Circular A-87 and are approved as part of an activity in the Subrecipient Agreement or sub-subrecipient agreements related thereto.

"Beneficiaries" means persons to whom assistance, services or benefits are ultimately provided.

“Common Rule” means the uniform administrative requirements for Federal grants as prescribed by 24 CFR Part 85 (government entities) or Part 84 (nonprofit organization).

“Community-Based Development Organization (CBDO)” means a non-governmental nonprofit or for-profit organization that undertakes specific CDBG-funded activities through subaward of funds allocated via this Agreement.

“CDBG” means a grant guided by Title I of the Housing and Community Development Act of 1974, as amended and those regulations set forth in 24 CFR Part 570, Subpart I, as may be amended from time to time and all other applicable Federal and State regulations and laws and assurances signed by Subrecipient.

“Contractor” means a contractor paid with CDBG funds in return for a specific service. A contractor is a third-party firm that the Grantee or Subrecipient acquires through a formal procurement process to perform specific functions; a Subrecipient is not a contractor.

“Default” means any use of grant funds for any purpose other than as authorized in this Agreement; or any breach of any covenant, agreement, provision, or warranty (i) the Subrecipient made in the Agreement; (ii) the Subrecipient made in any agreement entered into between the Subrecipient and Sub-subrecipient, CDBO, Contractor or other third party relating to the Project.

“Developer” means development entities that may be private individuals or other entities, including profit making and nonprofit organizations. These development entities (or “developers”) receive CDBG-DR funds from the Grantee/Subrecipient to (1) acquire for the purpose of rehabilitation and/or to rehabilitate properties for use or resale for residential purposes and (2) construct or rehab new housing undertaken pursuant to 24 CFR 570.202(b)(1) and the new housing construction is undertaken pursuant to 24 CFR 570.204. In order to be treated as a developer, the entity must acquire site control of the property to be rehabilitated or redeveloped. That is, a Grantee/Subrecipient cannot designate an entity as a developer if it is simply providing construction services in connection with a property owned by the grantee/subrecipient. Grantee/Subrecipient is not required to treat certain third party development entities as Sub-subrecipients.

“Draw down” means the process of requesting and receiving CDBG funds.

“Eligible Costs” means costs for the activities specified in this Agreement for which grant funds are budgeted, provided that such costs (i) are incurred in connection with any activity which is eligible under Disaster Relief Appropriations Act of 2013 (P.L. 113-2) and Title I of the Housing and Community Development Act of 1974, and (ii) conform to the requirements of Attachment B of Office of Management and Budget Circular A-87 (Cost Principles Applicable to Grants and Contracts with State and Local Government), as may be amended from time to time.

“Environmental Conditions” means the condition imposed by law, particularly 24 CFR Part 58, and the provisions of the Agreement which prohibit or limit the commitment and use of grant funds until certain procedural requirements have been completed.

“Environmental Requirements” means the requirements described in 24 CFR Part 58.

"Environmental Studies" means all eligible activities necessary to produce an "environmental document", as that term is defined at Section 1508.10 of 40 CFR Part 1508, or to comply with the requirements of 24 CFR Part 58.

"Family" means all persons living in a household who are related by birth, marriage or adoption.

"Grant Funds" means those funds to be provided by the Grantee to Subrecipient pursuant to the terms of this Agreement.

"Housing Assistance Programs" or "Programs" means the Sandy Home Buyer Assistance Program, Fund for Restoration of Multi-Family Housing, and the Sandy Special Needs Housing Fund.

"Household" means all the persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any groups of related or unrelated persons who share living arrangements. **"HUD"** means the U.S. Department of Housing and Urban Development (HUD).

"Income" means the definition of income identified by Grantee for determining income eligibility or income range classification as a beneficiary of programs provided through this agreement.

"Low and moderate income (also referred as LMI)" means family or household annual income less than 80 percent of the area median income, as established by HUD.

"Low-Income" means a household or family having an income equal to or less 50% of the area median income as established by HUD.

"Most impacted and distressed counties" means the counties of Ocean, Monmouth, Atlantic, Hudson, Bergen, Middlesex, Cape May, Union, and Essex.

"Moderate-Income" means a household/family having an income equal to or less 80% of area median income established by HUD, but greater than 50% of area median income established by HUD.

"Program Income" is defined as gross income generated from the use of CDBG-DR funds, or pro rata portion thereof for activities only partially assisted with CDBG-DR funds, received by the Grantee, a unit of local government, tribe or subrecipient of the Grantee, including: (a) Proceeds from the disposition by sale or long-term lease of real property purchased or improved with CDBG-DR funds; (b) Proceeds from the disposition of equipment purchased with CDBG-DR funds; (c) Gross income from the use or rental of real or personal property, less costs incidental to generation of the income (i.e., net income); (d) Net income from the use or rental of real property that was constructed or improved with CDBG-DR funds; (e) Payments of principal and interest on loans made using CDBG-DR funds; (f) Proceeds from the sale of loans made with CDBG-DR funds; (g) Proceeds from the sale of obligations secured by loans made with CDBG-DR funds; (h) Interest earned on Program Income pending disposition of the income, but excluding interest earned on funds held in a revolving fund account; (i) Funds collected through special assessments made against properties owned and occupied by households not of low- and moderate-income, where the special assessments are used to recover all or part of the CDBG-DR portion of a public improvement; and (j) Gross income paid to a state, unit of local government,

tribe, or paid to a subrecipient thereof from the ownership interest in a for-profit entity in which the income is in return for the provision of CDBG-DR assistance.

"Project" means the activities described this agreement and attachments thereto, which are to be carried out to meet the objectives of the CDBG-DR Program.

"State and Small Cities Program" means the classification of funds awarded to Grantee by HUD as governed by 24 CFR Part 570, Subpart 1.

"Sub-subrecipient" means a local government, nonprofit corporation or for-profit corporation that may receive suballocations of funds from Subrecipient to undertake one or more activities on behalf of the Grantee (i.e., manage a job training program).

"Subrecipient Activities" means those activities of the Project to be carried out by the Subrecipient, its agent or agency.

II. SCOPE OF AGREEMENT

A. Grant Award

Subject to the terms and conditions of this Agreement, the Grantee, as administrator of the CDBG-DR Program, shall make available to Subrecipient disaster recovery funds up to the maximum amount of Two Hundred Twenty-Nine Million Five Hundred Twenty Thousand Dollars (\$229,520,000) (the "Grant Funds") for the purpose of funding Subrecipient's activities under the Action Plan related to the Housing Assistance Programs (collectively the "Programs"). The Grant Funds must be expended by Subrecipient within two years of the date that HUD executes a grant agreement with Grantee to fund the State's CDBG-DR Program, unless an extension is hereinafter granted in writing by HUD or as approved by Grantee. Subrecipient is required to ensure all contracts with Sub-recipients, CDBOs, units of local government and contractors clearly stipulate the period of performance or the date of completion.

B. Implementation of Agreement

Subrecipient's rights and obligations under this Agreement are as a subrecipient as set forth in 24 CFR 570.501. Subrecipient is responsible for complying with said regulations and for implementing the Program in a manner satisfactory to the Grantee and HUD and consistent with any applicable guidelines and standards that may be required as a condition of the Grantee's providing the funds, including but not limited to all applicable CDBG Program Administration and Compliance requirements set forth by this Agreement and the Statement of Assurances (attached hereto as Appendix A) executed by Subrecipient and made a part hereof. The Grantee's providing of Grant Funds under this Agreement is specifically conditioned on Subrecipient's compliance with this provision and all program and CDBG regulations, guidelines and standards.

C. Goals and Objectives

The activities funded by this Agreement are expected to assist in the execution of the Program, which involves post-disaster housing recovery activities in areas of the State adversely affected by Superstorm Sandy. Such activities are described in more detail in Section D below.

D. The Program

1. Statement of Work

Subrecipient shall use the Grant Funds for the eligible costs associated with implementing the housing recovery programs cited below, in accordance with the Budget and provisions set forth in Section 2 below.

As identified in the Action Plan, the various components of the Program are as follows:

- a) **Sandy Home Buyer Assistance Program** - \$25,000,000 of CDBG-DR funds will be allocated to this program as described in the Action Plan.
- b) **Fund for Restoration of Multi-Family Housing** - \$179,520,000 of CDBG-DR funds will be allocated to this program as described in the Action Plan.
- c) **Sandy Special Needs Housing Fund** - \$25,000,000 of CDBG-DR funds will be allocated to this program as described in the Action Plan.

2. The Budget

The “Budget” for the Agreement shall be as follows:

Activity/Item	Maximum Amount
Sandy Home Buyer Assistance Program	\$25,000,000
Fund for Restoration of Multi-Family Housing	\$179,520,000
Sandy Special Needs Housing Fund	\$25,000,000
TOTAL	\$229,520,000

The total budget of \$229,520,000 includes Administrative Expenses of up to \$1,147,600 and Activity Delivery Costs of up to \$34,428,000.

Administrative Expenses

Grantee will, upon receipt of acceptable documentation from Subrecipient, reimburse actual reasonable administrative costs and charges related to the

planning and execution of Housing Assistance Programs as set forth in the above-referenced Statement of Work in the amount of \$1,147,600.00 (One Million, One Hundred Forty-Seven Thousand, Six Hundred Dollars) which represents 0.5% (One-Half of One Percent) of the Grant Funds for general management, oversight and coordination that crosses programs and is not assignable to a particular program, along with monitoring and compliance such as administrative services performed under third party contracts or agreements, including such services as general legal services, accounting services, and audit services.

Administrative Costs may also include costs for goods and services required for administration of the Program, including such goods and services as rental or purchase of equipment, insurance, utilities, office supplies, and rental and maintenance (but not purchase) of office space.

Administrative Expenses will be re-evaluated as the programs are implemented with more money allocated should it become necessary.

Activity Delivery Expenses

Grantee will, upon receipt of acceptable documentation from Subrecipient, reimburse actual reasonable Activity Delivery Costs related to the housing recovery activities up to a maximum of 15% (Fifteen Percent) of Grant Funds, or \$34,428,000 (Thirty-Four Million Four Hundred Twenty-Eight Thousand Dollars).

The Parties may agree, in writing, to a revision of the Budget or a reallocation of funds between categories within the Budget without the need to amend this Agreement; provided however, that in no case shall any such revisions or reallocations exceed the total allocation of the Grant Funds under the Agreement without prior written consent of Grantee and any other necessary State and/or federal consent that may be required.

3. Performance Requirements

Subrecipient shall commence work immediately upon execution of this Agreement, unless otherwise stipulated by Grantee in writing, and complete all activities including 100% expenditure of allocated funds no later than 24 months from the date of this Agreement, unless another such date is otherwise stipulated in writing by Grantee, whichever is later. Activity completion and expenditure requirements do not apply to Activities separately funded through the Subrecipient's or Grantee's receipt and expenditure of Program Income.

Subrecipient shall ensure that funds expended under this Agreement provide benefit to LMI households as follows:

- A. Sandy Home Buyer Assistance Program – 100% of households assisted.
- B. Fund for Restoration of Multi-Family Housing – 95% of households assisted.

C. Sandy Special Needs Housing Assistance Fund – 100% of households assisted.

One hundred percent (100%) of Subrecipient’s Grant Funds must be expended no later than twenty-four (24) months from the date of this Agreement or the release of funds from HUD, whichever is later, with intermediate benchmarks as follows:

- Fifteen percent (15%) of funds must be expended within six months;
- Forty percent (40%) of funds must be expended within twelve months;
- Sixty-five (65%) percent of funds must be expended within eighteen (18) months; and
- One Hundred percent (100%) of funds must be expended within twenty-four (24) months.

Funds not expended by the above deadlines equal to the amount of the Grant Funds are subject to recapture and reallocation to other eligible program areas and/or subrecipients.

4. Eligible Expenses

Subrecipient shall receive and use Grant Funds for Eligible Expenses, as defined herein. “Eligible Expenses” for Grant Funds under this Agreement include those applied to eligible activities, as defined in the current, pending and future applicable Action Plan and Action Plan Amendment(s), that are recovery-related, and are otherwise in furtherance of the intent of this Agreement and the goals and objectives as set forth herein, when approved by the Grantee in accordance with eligibility rules under CDBG guidelines and subject to limitations established by the Grantee.

Subrecipient will also, as part of the project feasibility analysis, establish and implement processes and procedures to prevent any duplication of benefits as defined by Section 312 of the Stafford Act. Guidance to assist in preventing a duplication of benefits is provided in a notice published in the Federal Register at 76 FR 71060 (November 16, 2011). Subrecipient processes must verify all sources of disaster assistance for each activity, determine an applicant’s unmet need(s) before awarding assistance, and ensure beneficiaries agree to repay the assistance if they later receive other disaster assistance for the same purpose.

In accordance with 24 CFR 58.6(b), Subrecipient agrees that it will not provide any Grant Funds to a homeowner or developer that had previously received federal flood disaster assistance conditioned on obtaining and maintaining flood insurance and the homeowner or developer failed to obtain and maintain such insurance.

Additionally, funds may be used as a matching requirement, share, or contribution for any other Federal program when used to carry out an eligible CDBG–DR activity. This includes programs or activities administered by the Federal Emergency Management Agency (FEMA) or the U.S. Army Corps of Engineers (USACE) as per March 5, 2013 Federal Register Notice Vol. 78, No. 43 section 35.

5. Building Code Standards

For all projects that include construction or rehabilitation, Subrecipient shall meet or shall cause recipients of Grant Funds to meet all State and local building code requirements, in addition to those cited in Appendix C attached hereto. Further, Subrecipient must undertake and promote hazard mitigation techniques and programs and seek to utilize green technologies and practices where doing so is feasible and cost-effective.

6. Mitigation

Subrecipient agrees to encourage those receiving any Grant Funds to incorporate preparedness and mitigation measures into all rebuilding activities to minimize damage in the event of future floods and/or hurricanes.

7. Assurances

Subrecipient shall be responsible for implementing the recovery activities in compliance with all applicable State and federal laws and regulations. It shall be Subrecipient's responsibility to require that all of its Sub-subrecipients, grantees, borrowers, contractors, and all tiers of their subcontractors, adhere to all applicable State and federal laws and regulations, and to conduct all necessary monitoring for such compliance. As to laws and regulations which apply to the use of CDBG funds, Subrecipient is concurrently executing the Statement of Assurances, attached hereto as Appendix A, which shall be deemed to be requirements of this Agreement to the extent that they are applicable. As to any other laws and regulations which may apply to construction projects, Subrecipient is responsible for determining the applicable laws and regulations and ensuring compliance therewith.

8. Environmental Review Compliance

Subrecipient will be responsible for the preparation of all environmental review documents for projects funded through the Fund for Restoration of Multi-Family Housing and Sandy Special Needs Housing Fund, as required by HUD and the National Environmental Policy Act of 1969 and other related provisions, including program-wide full and/or tiered assessments, as well as site-specific assessments required for environmental compliance, and submitting same to Grantee for approval. Grantee's Commissioner or other designated party shall

serve as certifying officer. Subrecipient agrees that it will not commit any Grant Funds to a project until it has approval from the Grantee to do so, and HUD approves a certification of compliance with environmental laws and request for release of funds.

For the **Sandy Home Buyer Assistance Program**: Subrecipient will engage the New Jersey Department of Environmental Protection (“DEP”) to conduct environmental reviews, and decide action that would otherwise apply to HUD under the National Environmental Policy Act of 1969 and other related provisions of law. Subrecipient agrees, that it will not commit any Grant Funds to a project until it has approval from the DEP to do so.

Although the DEP is responsible for identifying environmental conditions, requirements and/or mitigation needs, it is Subrecipient’s responsibility to ensure that all items so identified are addressed by its program beneficiaries, Sub-subrecipients and/or contractors in a full and satisfactory manner so as to meet all environmental review requirements.

Subrecipient agrees to comply with all federal CDBG, Disaster Recovery, and cross-cutting statutes and regulations as more fully detailed in Appendix A, subject to waivers cited in the Federal Register / Vol. 78, No. 43 / Tuesday, March 5, 2013, Department of Housing and Urban Development, [Docket No. FR-5696-N-01] Allocations, Common Application, Waivers, and Alternative Requirements for Grantees Receiving Community Development Block Grant (CDBG) Disaster Recovery Funds in Response to Hurricane Sandy

9. Cooperation with HUD and the Grantee

Subrecipient hereby binds itself, certifies, and assures that it will comply with all federal, State, and local regulations, policies, guidelines and requirements, as they relate to the application, acceptance and use of State and federal funds. The Parties expressly acknowledge that the matters which are the subject of this Agreement are under the CDBG-DR Program administered by HUD, which by its emergency nature is subject to ongoing modification and clarifications. The Grantee’s obligations under this Agreement are subject to compliance with applicable statutes and regulations of the CDBG-DR program, as modified by exceptions and waivers previously granted and which may hereinafter be granted by HUD. Subrecipient agrees that in connection with its rights and obligations under the Agreement, it shall cooperate with HUD and the Grantee regarding the administration and audit of the Program, including compliance with various operating and reporting procedures which may hereinafter be promulgated by the Grantee and/or HUD.

10. LMI Benefit

Pursuant to the regulations promulgated by HUD for the CDBG-DR Program, the aggregate use of CDBG-DR funds shall principally benefit Low-and Moderate-Income Families in a manner that ensures that at least 50% of the funds are expended for activities that benefit such persons. In furtherance of this Statewide goal, Subrecipient agrees to use best efforts to ensure that at least 98% of the Grant Funds are expended for activities that provide benefit to LMI households as follows:

- A. Sandy Home Buyer Assistance Program – 100% of households assisted.
- B. Fund for Restoration of Multi-Family Housing – 95% of households assisted.
- C. Sandy Special Needs Housing Assistance Fund – 100% of households assisted.

E. Contract Monitor/Performance Measures

The contract monitor for the Grantee on this Agreement is the Commissioner of the Grantee, or his/her designee. The performance measures for this Agreement shall include the successful performance and completion of Subrecipient's obligations as provided in this Agreement and any attachments, as well as all Guidelines for the Program. Subrecipient shall submit to the Grantee, on a schedule and dates to be provided by the Grantee, a report of project progress and beneficiary data in a format to be provided by the Grantee. Reporting requirements may require Subrecipient to obtain data from third parties (i.e. persons that receive Grant Funds or other beneficiaries of the program(s), including Sub-subrecipients, grantees, and/or borrowers funded under this Agreement, tenants/operators/users of facilities or equipment acquired or improved with Grant Funds provided under this Agreement). It shall be the Subrecipient's obligation to implement any contractual arrangements it may need for use of, and access to, such data.

Subrecipient shall be responsible for providing data and reports as more fully described in Appendix D to Grantee; Grantee will be responsible for entry of data into HUD's Disaster Recovery Grants Reporting system.

Subrecipient must, in advance of signing subcontracts related to this Agreement, ensure that Sub-subrecipients, developers, contractors and/or other third party entities have in place adequate financial controls and procurement processes and have established procedures to prevent any duplication of benefits as defined by section 312 of the Stafford Act.

Pursuant to HUD's waiver of 24 CFR 570.492, Grantee shall make reviews and audits, including onsite reviews of any Subrecipients or Sub-subrecipients,

designated public agencies, and units of local government as may be needed to meet the requirements of 42 U.S.C. 5304(e)(2), as amended. In the event of noncompliance, Grantee shall take such actions as may be appropriate to prevent a continuance of the deficiency, mitigate any adverse effects or consequences, and prevent a recurrence.

F. Conflict of Interest

Except for approved eligible administrative and personnel costs, none of the Subrecipient's designees, agents, members, officers, employees, consultants or members of its governing body in which the Program is situated, and no other public official of the Subrecipient of such locality or localities who exercises or who has exercised any functions or responsibilities with respect to the project during his or her tenure, or who is in a position to participate in a decision-making process or gain inside information with regard to the project, has or shall have any interest, direct or indirect, in any contract or subcontract or the proceeds thereof for work performed in connection with the project or in any activity, or benefit there from, which is part of this Agreement at any time during or after such person's tenure unless all procedures for an exception have been documented and submitted in writing to the Grantee and the Grantee has approved such exception.

The procedures for requesting, documenting, and submitting a request for an exception from the Conflict of Interest provisions shall include the applicable procedures delineated in 24 CFR 570.489(h)(4); and New Jersey Conflicts of Interest Law, N.J.S.A. 52:13D-I2 et seq. and Executive Order No. 189. This Conflict of Interest provision shall be in addition to the requirements in the "Common Rule," 24 CFR Part 84, 24 CFR Part 85, 24 CFR 570.611, 24 CFR 570.489(h).

The Subrecipient agrees to abide by the provisions of 24 CFR 84.42 and 570.611, which include (but are not limited to) the following:

- a. The Subrecipient shall maintain a written code or standards of conduct that shall govern the performance of its officers, employees or agents engaged in the award and administration of contracts supported by Federal funds.
- b. No employee, officer or agent of the Subrecipient shall participate in the selection, or in the award, or administration of, a contract supported by Federal funds if a conflict of interest, real or apparent, would be involved.
- c. No covered persons who exercise or have exercised any functions or responsibilities with respect to assisted activities, or who are in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a financial interest in any contract, or have a financial interest in any contract, subcontract, or agreement with respect to the assisted activity, or with respect to the proceeds from the

assisted activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for a period of one (1) year thereafter. For purposes of this paragraph, a “covered person” includes any person who is an employee, agent, consultant, officer, or elected or appointed official of the Grantee, the Subrecipient, or any designated public agency.

- d. It will establish safeguards to prohibit employees from using positions for a purpose that is or gives the appearance of being motivated by a desire for private gain for themselves or others, particularly those with whom they have family, business, or other ties.

III. PAYMENT PROCESS; COMPENSATION

- A.** Subrecipient shall submit Draw Down requests for payment of Eligible Costs payable under this Agreement to the Commissioner of the Grantee, or his/her designee, for approval. Such requests shall be made on a schedule formatted and provided by Grantee clearly identifying what documentation is required to be provided by Subrecipient to render the Draw Down request complete. Following review and approval of the Draw Down requests by the Commissioner of the Grantee, or his designee, approved Draw Down requests shall be submitted to the Grantee Finance Director, or his or her designee, for approval of payment. Draw Down requests submitted to the Commissioner of the Grantee, or his designee, and to the Grantee Finance Director, or his or her designee, shall be approved in all cases, provided that such requests are deemed to be complete. Draw Down requests not approved by the Commissioner of the Grantee or the Grantee Financial Director, or their respective designees, shall not be paid, but returned to Subrecipient for further processing, together with a written explanation as to why the request was denied and what steps Subrecipient must take to have the request rendered complete and eligible for payment.
- B.** Upon approval of payment by the Grantee as provided for above, payment of Eligible Costs shall be provided to Subrecipient via electronic funds transfer. Such transfer of payment shall be made by Grantee within three business days from Grantee’s receipt of draw down funds from HUD.
- C.** Indirect costs are not reimbursable under this Agreement. Eligible travel expenses incurred under this Agreement shall be paid in accordance with the Grant Agreement.
- D.** In the event of non-compliance with this Agreement, the Grantee may withhold payment to the Subrecipient until the Grantee deems the Subrecipient has brought the Program within compliance. Noncompliance on any aspect funded under this Agreement may serve as a basis to withhold payment on other funds payable under this Agreement.

- E. DEP will bill the Subrecipient for actual costs incurred to prepare environmental review documents for the Sandy Home Buyer Assistance Program.

**IV. TERM OF AGREEMENT;
TERMINATION OR SUSPENSION OF AGREEMENT**

A. Term of Agreement

This Agreement shall be deemed effective as of the date hereinabove written and shall continue until such time as Subrecipient no longer has any control over any of the Grant Funds, including Program Income, unless terminated prior to such time in accordance with the terms and conditions of this Agreement.

B. Termination/Suspension for Cause

The Grantee may, after giving reasonable written notice specifying the effective date, suspend or terminate this Agreement in whole or in part if the Subrecipient materially fails to comply with any term of this Agreement, which shall include, but not be limited, to the following:

1. Failure to comply with any of the rules, regulations or provisions referred to herein, or such statutes, regulations, executive orders, and HUD guidelines, policies or directives as may be applicable at any time;
2. Failure, for any reason, of Subrecipient to fulfill in a timely and proper manner the material obligations under this Agreement;
3. Submission by Subrecipient of reports to the Grantee, HUD, or either of their auditors, that are incorrect or incomplete in any material respect, or
4. Ineffective or improper use of Grant Funds as provided for under this Agreement.

Notwithstanding anything hereinabove to the contrary, Grantee agrees that it shall not exercise its right to suspend or terminate this Agreement until it shall have given written notice to Subrecipient of the alleged non-compliance and has given Subrecipient a reasonable amount of time to correct and/or cure the alleged non-compliance.

C. Termination for Convenience

The Grantee may terminate the Agreement in whole or in part at any time by giving at least thirty (30) days prior written notice to Subrecipient. Upon receipt

of notice, Subrecipient shall, unless the notice directs otherwise, immediately discontinue all activities set forth in the Statement of Work hereunder, except as may otherwise be legally required pursuant to a binding commitment to perform.

Subrecipient may terminate the Agreement in whole or in part at any time by giving at least thirty (30) days prior written notice to Grantee, with such written notification setting forth the reasons for termination, the effective date, and in the case of partial termination, the portion to be terminated. However, if, in the case of partial termination, the Grantee determines that the remaining portion of the award will not accomplish the purposes for which the award was made, the Grantee may terminate the award in its entirety under this paragraph or the Termination/Suspension for Cause provision of this Agreement.

D. Termination Due to Unavailable Funding

The continuation of this Agreement is contingent upon the appropriation and release of sufficient funds to the Grantee to fulfill the requirements of this Agreement. Failure of the appropriate authorities to approve and provide an adequate budget to the Grantee for fulfillment of this Agreement shall constitute reason for termination of the Agreement by either Party. Failure of Grantee to provide Grant Funds to Subrecipient in accordance with this Agreement shall constitute reason for termination of this Agreement by Subrecipient. Subrecipient shall be paid for all authorized services properly performed prior to termination, as well as be permitted to draw Grant Funds in an amount required to fund all commitments made by Subrecipient to third parties for grants, loans and/or procurement contracts prior to termination.

E. Obligations Governing Use of CDBG Funds Survive Termination

Termination of this Agreement under any of the foregoing provisions shall not alter or diminish Subrecipient's obligations governing the use of CDBG funds under applicable statutes and regulations or under this Agreement and/or terminate any of Subrecipient's obligations that survive the termination of this Agreement. Such obligations and/or duties may include but are not limited to the following: (1) duty to maintain and provide access to records; (2) duty to monitor and report on the use of any Grant Funds expended or awarded to Subrecipient in compliance with all terms, conditions and regulations herein; (3) the duty to enforce compliance with terms of grants or loans issued by Subrecipient under this Agreement; and (4) the duty to monitor, collect and remit Program Income, if applicable.

F. Payment Upon Termination

Except as in the event of termination or suspension for cause, Subrecipient shall be entitled to payment on invoices submitted to the Grantee no later than ninety

(90) days from the date of termination contained within the notice, to the extent that requests represent eligible activities satisfactorily completed during the term of the Agreement and otherwise reimbursable under the terms of this Agreement.

V. ADMINISTRATIVE REQUIREMENTS

A. Documentation and Record-Keeping

1. Records to be Maintained

Subrecipient shall maintain all project records required by 24 CFR 570.506 and as more fully detailed in Appendix B.

2. Access to Records

With respect to those records referenced in subsection 1 above, Subrecipient shall comply with the retention and access requirements set forth in 24 CFR 570.506. The Grantee, the State Comptroller, HUD, the Comptroller General of the United States, and any of their duly authorized representatives or agents, shall have access to any books, documents, papers and records of Subrecipient which are directly pertinent to this Agreement for the purpose of audits, examinations, and making excerpts and transcriptions.

Subrecipient shall provide citizens with reasonable access to records regarding the past use of CDBG funds, consistent with applicable State and local laws regarding privacy and obligations of confidentiality.

All records, reports, documents, or other material or data, including electronic data, related to this Agreement and/or obtained or prepared by Subrecipient, and all repositories and databases compiled or used, regardless of the source of information included therein, in connection with performance of the services contracted for herein shall become the property of the Grantee, and shall, upon request, be returned by Subrecipient to the Grantee at termination or expiration of this Agreement.

3. Close-outs

Subrecipient's obligation under this Agreement shall not end until all close-out requirements as set forth in 24 CFR 570.509 are completed. The terms of this Agreement shall remain in effect during any period that Subrecipient has control over CDBG funds, including Program Income.

4. Audits & Inspections

In addition to any other audit requirements set forth in this Agreement, Subrecipient agrees to comply with the OMB Circular 128, "Audits of State and

Local Governments”, which mandates that a comprehensive single audit (A-33) be performed by the independent auditor of all federally funded awards administered by Subrecipient, including the award covered by this Agreement. It is hereby agreed that the Grantee, the State Comptroller, HUD, HUD Inspector General, HUD monitors, and auditors contracted by any of them, shall have the option of auditing all records and accounts of Subrecipient and/or its Contractors and Sub-subrecipients that relate to this Agreement at any time during normal business hours, as often as deemed necessary, to audit, examine, and make excerpts or transcripts of all relevant data upon providing Subrecipient, Contractor or Sub-subrecipient, as appropriate, with reasonable advance notice. Subrecipient and its Contractors and subcontractors shall comply with all relevant provisions of State law pertaining to audit requirements, including N.J. OMB Circular Letter 98-07 and N.J. State Grant Compliance Supplement (available on the internet at <http://www.state.nj.us/treasury/omb/grant.htm>). Any deficiencies noted in audit reports must be fully cleared within thirty (30) days after receipt by Subrecipient, Contractor and/or Sub-subrecipient, as appropriate.

Failure of Subrecipient and/or its contractors and subcontractors to comply with the above audit requirements will constitute a violation of this Agreement and may, at the Grantee’s option, result in the withholding of future payments under this Agreement. Subrecipient and its Contractors hereby agree to have an annual audit conducted in accordance with current State policy concerning Subrecipient and its contractor’s audits, OMB Circulars A-133 and A-128, and 24 CFR 85.26.

Client Data: The Subrecipient shall maintain client data demonstrating client eligibility for services provided. Such data shall include, but not be limited to, client name, address, income level or other basis for determining eligibility, and description of service provided. Such information shall be made available to Grantee monitors or their designees for review upon request.

Disclosure: The Subrecipient understands that client information collected under this contract is private and the use or disclosure of such information, when not directly connected with the administration of the Grantee’s or Subrecipient’s responsibilities with respect to services provided under this contract, is prohibited by the Subrecipient unless written consent is obtained from such person receiving service and, in the case of a minor, that of a responsible parent/guardian. Notwithstanding the foregoing, Subrecipient, as an instrumentality of the State, shall be required to provide such access to client information as may be required by the New Jersey Open Public Records Act, N.J.S.A. 47:1A-A et seq. and as may otherwise be required by law. In the event that Subrecipient determines that it is required to provide access to client information pursuant to the foregoing, it agrees to provide notification of such disclosure to Grantee.

B. Procurement

Subrecipient shall comply with the current Grantee policy and the requirements of 24 CFR 85.36 (except paragraph a) and State regulations and requirements regarding procurement, including but not limited to Executive Order No. 125 (Christie 2013). This requirement is in addition to whatever State laws may apply to procurement by the Subrecipient. Notwithstanding the above, the Parties acknowledge that, unless otherwise agreed to, the State Department of the Treasury, Division of Purchase and Property, shall be responsible for all procurement activities associated with the Program.

C. Loan Servicing

Subrecipient agrees to act as a mortgage loan servicer for any and all current and future CDBG-DR loans related to the programs set forth in the Scope above. Servicing of such mortgage loans will be in accordance with all the applicable covenants and provisions of the Federal National Mortgage Association Service Guide. Until each loan is repaid or otherwise satisfied, Subrecipient shall maintain a complete loan file which includes all of the loan documents and other information which evidences the eligibility of the borrower, home and loan. Loan servicing provided will include but not be limited to:

- i. Maintaining loan records;
- ii. Collecting and recording monthly loan payments;
- iii. Verifying placement of homeowner's insurance and payment of applicable taxes;
- iv. Escrow of taxes and insurance and ensuring that said taxes and insurance have been paid; and
- v. Addressing and resolving loan activity such as default status, foreclosure, bankruptcy, property sale and/or subordination requests.
- vi. Escrow and management of rental project operating deficit reserve accounts and reserve for replacement accounts, if applicable.

D. Program Income

1. Recording Program Income

Grantee agrees to permit Subrecipient to retain Program Income. Subrecipient shall collect and record Program Income generated by activities assisted under this Agreement.

Program Income, which is defined in 24 CFR 570.500(a) and further clarified in the Federal Register notice, (HUD Allocations, Common Application, Waivers, and Alternative Requirements for Grantees Receiving Community Development Block Grant Disaster Recovery Funds in Response to Hurricane Sandy, March 5, 2013) means any gross income received by Subrecipient that was directly generated from the use of the Grant Funds. This includes, but is not limited to

payments of principal and interest on any loans made by Subrecipient, as well as interest earned on Program Income pending disposition of the income, but excluding interest earned on Grant Funds held in a revolving loan account, which must be returned to Grantee for remittance to HUD.

Program Income received before or after closeout of the grant that generated the Program Income, must be used for additional disaster recovery activities and must be treated as additional disaster recovery CDBG funds subject to the requirements this agreement and must be used in accordance with the Grantee's Action Plan for Disaster Recovery.

Grantee shall establish a Program Income account specifically for Subrecipient in the Grantee's DRGR and shall record as part of the financial transaction the receipt and expenditure of Program Income by Subrecipient. Subrecipient agrees to submit a quarterly report to the Grantee detailing receipt and uses of Program Income.

2. Use of Program Income

Subrecipient agrees to create, operate and maintain one or more revolving loan funds compliant with all CDBG requirements and to deposit all Program Income receipts into these funds. Subrecipient shall create processes for the administration of the revolving loan funds, eligibility requirements, application processes, underwriting criteria, and related policies and procedures. All Program Income receipts generated by activities funded under this Agreement must be deposited into the revolving loan funds and may only be used for additional disaster recovery activities. A maximum of 5% (five percent) of Program Income receipts may be used by Subrecipient for eligible administrative expenses related to operation of the revolving loan fund.

3. Change of Use

The requirements of 24 CFR Section 570.489(j) regarding change of use of real property applies to real property within Subrecipient's control (including activities undertaken by Sub-subrecipients) which was acquired or improved in whole or in part using CDBG-DR funds in excess of the threshold for small purchase procurement (24 CFR 85.36). These standards apply from the date CDBG-DR funds are first spent for the property until five years after closeout of the grant.

E. Use and Reversion of Assets

The use and disposition of immovable property, equipment and remaining Grant Funds under this Agreement shall be in compliance with all CDBG regulations, which include but are not limited to the following:

1. Subrecipient shall transfer to the Grantee any Grant Funds on hand and any accounts receivable attributable to the use of funds under this Agreement at the time of expiration, cancellation, or termination.
2. Immovable property under Subrecipient's control that was acquired or improved, in whole or in part, with funds under this Agreement in excess of \$25,000 shall be used to meet one of the CDBG National Objectives set forth in 24 CFR 570.208 until five (5) years after expiration of this Agreement (or such longer period as the Grantee deems appropriate). If Subrecipient fails to use such immovable property in a manner that meets a CDBG National Objective for the prescribed period of time, Subrecipient shall pay to the Grantee an amount equal to the current fair market value of the property less any portion of the value attributable to expenditures of non-CDBG funds for the acquisition of, or improvement to, the property. Such payment shall constitute Program Income to the Grantee. Subrecipient may retain real property acquired or improved under this Agreement after the expiration of the five-year period, or such longer period as the Grantee deems appropriate.
3. In all cases in which equipment acquired, in whole or in part, with Grant Funds is sold, the proceeds shall be Program Income (prorated to reflect the extent to which funds received under this Agreement were used to acquire the equipment). Equipment not needed by Subrecipient for activities under this Agreement shall be (a) transferred to the Grantee for the CDBG program or (b) retained by Subrecipient after compensating the Grantee an amount equal to the current fair market value of the equipment less the percentage of non-CDBG funds used to acquire the equipment.

VI. GENERAL CONDITIONS

A. "Independent Contractor"

Nothing contained in this Agreement is intended to, or shall be construed in any manner, as creating or establishing the relationship of employer/employee between the parties. In the event that Subrecipient contracts with third parties to perform any of the services to be performed hereunder, such third parties shall at all times remain an "independent contractor" with respect to the services to be performed under this agreement. The Grantee shall be exempt from payment of all Unemployment Compensation, FICA, retirement, life and/or medical

insurance and Worker's Compensation Insurance, as Subrecipient and its sub-recipients are independent contractors.

B. Hold Harmless/Indemnity Contractors/Subcontractors

To the extent that Subrecipient is permitted to and utilizes the services of any third parties in performance of Subrecipient's duties and obligations under this Agreement, any contract entered into shall contain a provision that the contractor and/or subcontractor shall hold Subrecipient and the Grantee harmless and defend and indemnify Subrecipient and the Grantee from any and all claims, actions, suits, charges and judgments whatsoever that arise out of the contractor and/or subcontractor's performance or nonperformance of the services.

C. Workers' Compensation

Subrecipient shall provide Workers' Compensation Insurance coverage for all of its employees involved in the performance of this Agreement.

D. Insurance & Bonding

Unless expressly waived in writing by Grantee, Subrecipient shall carry sufficient insurance coverage to protect contract assets from loss due to theft, fraud and/or undue physical damage, and as a minimum shall purchase a blanket fidelity bond, or equivalent insurance acceptable to the Grantee.

E. Grantee Recognition

Subrecipient shall ensure recognition of the role of the Grantee and HUD in providing services through this Agreement. All activities, facilities and items used pursuant to this Agreement shall be prominently labeled as to funding source. In addition, Subrecipient will include a reference to the support provided herein in all publications made possible with funds made available under this Agreement.

F. Amendments

The Grantee and Subrecipient may amend this Agreement at any time provided that such amendments make specific reference to this Agreement and are executed in writing and signed by a duly authorized representative of each Party. Such amendments shall not invalidate this Agreement, nor relieve or release the Grantee or Subrecipient from its obligations under this Agreement, except as may otherwise be provided. Amendments will generally be required when any of the following are anticipated: i) revision to the scope or objectives of the Program, including purpose or beneficiaries; ii) need to extend the availability of Grant Funds; iii) when contracting out a portion of the activity to a third party; iv) revision that would result in the need for additional funding; and v) expenditures

on items for which applicable cost principles (OMB Circulars A-87 and A-122) require prior approval (see 24 CFR 570.200h for pre-award/pre-agreement costs).

The Grantee may, in its discretion, require that this Agreement be amended to conform with federal, State or local governmental guidelines, policies and available funding amounts, or for other reasons. If such amendments result in a change in the funding, the scope of services, or schedule of the activities to be undertaken as part of this Agreement, such modifications will be incorporated only by written amendment signed by both the Grantee and Subrecipient.

G. No Assignment

No Party may transfer or assign this Agreement or transfer or assign any of its rights or assign any of its duties hereunder without the express prior written consent of the other Party. However, if the Parties do mutually agree to an assignment, all rights and obligation set forth herein shall inure to the benefit of the Parties and to their respective successors and assigns.

H. Severability

The terms and provisions of this Agreement are severable. Unless the primary purpose of this Agreement would be frustrated, the invalidity or unenforceability of any term or condition of this Agreement shall not affect the validity or enforceability of any other term or provision of this Agreement. The Parties intend and request that any judicial or administrative authority that may deem any provision invalid, reform the provision, if possible, consistent with the intent and purposes of this Agreement, and if such a provision cannot be reformed, enforce this Agreement as set forth herein in the absence of such provision.

I. Entire Agreement

This Agreement constitutes the entire understanding and reflects the entirety of the undertakings between the Parties with respect to the subject matter hereof, superseding all negotiations, prior discussions and preliminary agreements. There is no representation or warranty of any kind made in connection with the transactions contemplated hereby that is not expressly contained in this Agreement.

J. No Authorship Presumptions

Each of the Parties has had an opportunity to negotiate the language of this Agreement in consultation with legal counsel prior to its execution. No presumption shall arise or adverse inference be drawn by virtue of authorship. Each Party hereby waives the benefit of any rule of law that might otherwise be applicable in connection with the interpretation of this Agreement, including but

not limited to any rule of law to the effect that any provision of this Agreement shall be interpreted or construed against the Party who (or whose counsel) drafted that provision. The rule of no authorship presumption set forth in this paragraph is equally applicable to any Person that becomes a Party by reason of assignment and/or assumption of this Agreement and any successor to a signatory Party.

K. Applicable Law and Venue

This Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey.

L. No Personal Liability of Individual Representatives

No covenant or agreement contained in this Agreement shall be deemed to be the covenant or agreement of any official, trustee, officer, agent or employee of any corporate Party in his individual capacity, and neither the officers of any Party nor any official executing this Agreement shall be personally liable with respect to this Agreement or be subject to any personal liability or accountability under this Agreement by reason of the execution and delivery of this Agreement.

M. Delay or Omission

No delay or omission in the exercise or enforcement of any right or remedy accruing to a Party under this Agreement shall impair such right or remedy or be construed as a waiver of any breach theretofore or thereafter occurring. The waiver of any condition or the breach of any term, covenant, or condition herein or therein contained shall not be deemed to be a waiver of any other condition or of any subsequent breach of the same or any other term, covenant or condition herein or therein contained.

N. Prohibited Activity

Subrecipient is prohibited from using, and shall require that its contractors and sub-contractors are prohibited from using, the Grant Funds provided herein or personnel employed in the administration of the Program for political activities, inherently religious activities, lobbying, political patronage, nepotism activities, and supporting either directly or indirectly the enactment, repeal, modification or adoption of any law, regulation or policy at any level of government. Subrecipient will comply with the provision of the Hatch Act (5 U.S.C. 1501 *et seq.*), which limits the political activity of employees.

O. Safety

Subrecipient shall exercise proper precaution at all times for the protection of persons and property and shall be responsible for all damages or property, either on or off the worksite, which occur as a result of his or her performance of the

work. The safety provisions of applicable laws and building and construction codes, in addition to specific safety and health regulations described by 29 CFR 1926, shall be observed and Subrecipient shall take or cause to be taken such additional safety and health measures as Subrecipient may determine to be reasonably necessary.

P. Fund Use

Subrecipient agrees not to use proceeds from this Agreement to urge any elector to vote for or against any candidate or proposition on an election ballot, nor shall such Grant Funds be used to lobby for or against any proposition or matter having the effect of law being considered by the New Jersey Legislature or any local governing authority. This provision shall not prevent the normal dissemination of factual information relative to a proposition on any election ballot or a proposition or matter having the effect of law being considered by the New Jersey Legislature or any local governing authority.

Subrecipient shall certify, and shall require that its contractors and any sub-contractors to certify, that they have complied with the Byrd Anti-Lobbying Amendment (31 U.S.C. 1352) and that they will not and have not used federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee or a member of Congress in connection with obtaining any federal contract, grant or any other award covered by 31 U.S.C. 1352. Subrecipient shall disclose, and shall require that each of its Contractors and sub-contractors to also disclose, any lobbying with non-federal funds that takes place in connection with obtaining any federal award.

Q. Subcontractors

Subrecipient may enter into subcontracts with third parties for the performance of any part of Subrecipient's duties and obligations. In no event shall the existence of a subcontract operate to release or reduce the liability of Subrecipient to the Grantee for any breach in the performance of Subrecipient's or any subcontractor's duties.

R. Copyright

No materials, including but not limited to reports, maps, or documents produced as a result of this Agreement, in whole or in part, shall be available to Subrecipient for copyright purposes. Any such material produced as a result of this Agreement that might be subject to copyright is the property of and all rights shall belong to the Grantee.

Software and other materials owned by Subrecipient prior to the date of this Agreement and not related to this Agreement shall be and remain the property of Subrecipient.

The Grantee will, where necessary, provide specific project information to Subrecipient necessary to complete the services described herein. All records, reports, documents and other material delivered or transmitted to Subrecipient by the Grantee shall remain the property of the Grantee and shall be returned by Subrecipient to the Grantee, upon request, at termination, expiration or suspension of this Agreement.

S. Drug Free Workplace Compliance

Subrecipient hereby certifies that it shall provide a drug-free workplace in compliance with the Drug-Free Workplace Act of 1988, as amended and with 24 CFR part 21. Further, there shall be a provision mandating compliance with the Drug-Free Workplace Act of 1988, as amended, in any contracts executed by and between Subrecipient and any third parties funded using Grant Funds under this Agreement in accordance with 48 FAR part 23.500, et seq, and 48 CFR part 52.223-6.

T. Notices

Any notice required or permitted to be given under or in connection with this Agreement shall be in writing and shall be either hand-delivered or mailed, postage prepaid by first-class mail, registered or certified, return receipt requested, or delivered by private, commercial carrier, express mail, such as Federal Express, or sent by, telecopy or other similar form of rapid transmission confirmed by written confirmation mailed (postage prepaid by first-class mail, registered or certified, return receipt requested or private, commercial carrier, express mail, such as Federal Express) at substantially the same time as such rapid transmission. All such communications shall be transmitted to the address or numbers set forth below, or such other address or numbers as may be hereafter designated by a Party in written notice to the other Party compliant with this Section.

To the Grantee:

Department of Community Affairs
Office of Legal & Regulatory Affairs
101 South Broad Street
Trenton, New Jersey 08625
Facsimile: (609) 984-6696

To Subrecipient:

New Jersey Housing and Mortgage Finance Agency

637 South Clinton Avenue
Trenton, New Jersey 08611
Facsimile: (609) 278-7639

U. Applicability of Provisions Included/Excluded from Agreement

Failure to expressly reference any applicable federal or State regulation, statute, public law, Executive Order, agency directive or OMB Circular will not exempt either Party from compliance with such applicable law or regulation, and all applicable provisions not included will be deemed as inserted herein.

Likewise, execution of this Agreement will not obligate either Party to comply with any regulation, statute, public law, Executive Order, agency directive or OMB Circular, if not otherwise applicable to the use of the CDBG funds provided herein or to the particular projects performed under this Agreement

V. No Third Party Beneficiary

Nothing herein is intended and nothing herein may be deemed to create or confer any right, action, or benefit in, to, or on the part of any person not a party to this Agreement. This provision shall not limit any obligation which either Party has to HUD in connection with the use of CDBG funds, including the obligations to provide access to records and cooperate with audits as provided in this Agreement.

[The remainder of this page is intentionally left blank.]

The Parties have executed and delivered this Agreement on the date set forth next to their respective signatures below, but effective as of the date set forth above.

**STATE OF NEW JERSEY, DEPARTMENT OF
COMMUNITY AFFAIRS**

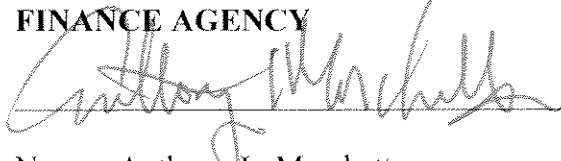


Name: Richard E. Constable

Title: Commissioner

Date: 7-1-13

**NEW JERSEY HOUSING AND MORTGAGE
FINANCE AGENCY**



Name: Anthony L. Marchetta

Title: Executive Director

Date: 6/24/2013

APPENDIX A
SUBRECIPIENT STATEMENT OF ASSURANCES

Subrecipient hereby assures and certifies that:

1. It will develop the CDBG-DR program and use the CDBG-DR funds so as to give maximum feasible priority to activities that will benefit low and moderate income families in accordance with the State of New Jersey Action Plan and any amendments thereto.
2. It will adhere to 76 FR 71060 (published November 16, 2011) regarding duplication of benefit requirements applicable to the CDBG-DR program.
3. It will establish safeguards to prohibit employees from using positions for a purpose that is or gives the appearance of being motivated by a desire for private gain for themselves or others, particularly those with whom they have family, business, or other ties, in accordance with CDBG regulations.
4. It will abide by and enforce the conflict of interest requirement set forth in 24 CFR §570.611, 24 CFR §85.36 and 24 CFR §84.42.
5. It will comply with the provisions of the Hatch Act that limit the political activity of employees and the HUD regulations governing political activity at 24 CFR §570.207.
6. It will comply with HUD rules prohibiting the use of CDBG funds for inherently religious activities, as set forth in 24 CFR §570.200(j), except for circumstances specified in the Department of Housing and Urban Development Allocations, Common Application, Waivers, and Alternative Requirements for Grantees Receiving Community Development Block Grant (CDBG) Disaster Recovery Funds in Response (March 5, 2013). Funding for rehabilitating or reconstructing a storm-damaged or destroyed building may be appropriate where a facility is not used exclusively for the benefit of the religious congregation (i.e., a homeless shelter, food pantry, adult literacy or child care center). When used for both religious and secular purposes, CDBG-DR funds may pay the portion of eligible rehabilitation or construction costs attributable to the non-religious use.
7. It will ensure that assistance provided to neighborhood organizations described in 42 U.S.C. 5305(a)(15) of the HCD Act are only undertaken by the eligible entities described in that section.
8. It will give the State and HUD, and any of their representatives or agents, access to and the right to examine all records, books, papers, or documents related to the grant.
9. It certifies that no federally appointed funds will be used for lobbying purposes regardless of level of government.

10. It will comply, and require sub-subrecipients, developers, CBDOs, and/or lower tier contractors to comply with the drug-free workplace requirements contained at 24 CFR, Part 24, Subpart F and established by the Drug-Free Workplace Act.
11. It will ensure through its program implementation materials that a “second home,” as defined in IRS Publication 936 (mortgage interest deductions) is not eligible for rehabilitation assistance, incentives or buyout programs.
12. Subrecipient agrees to comply with the following requirements, subject to waivers cited in the Federal Register / Vol. 78, No. 43 / Tuesday, March 5, 2013, Department of Housing and Urban Development, [Docket No. FR-5696-N-01] Allocations, Common Application, Waivers, and Alternative Requirements for Grantees Receiving Community Development Block Grant (CDBG) Disaster Recovery Funds in Response to Hurricane Sandy:
 - a. Subrecipient agrees to comply with the requirements of Title 24 of the Code of Federal Regulations, Part 570 (the U.S. Housing and Urban Development regulations concerning Community Development Block Grants (CDBG)) including subparts J and K of these regulations, except that (1) Subrecipient does not assume the Grantee’s environmental responsibilities described in 24 CFR 570.604. Subrecipient will be responsible for preparation of the environmental review record for projects funded under the Fund for Restoration of Multi-Family Housing and the Sandy Special Needs Housing Fund; the New Jersey Department for Environmental Protection will be responsible for preparation of the environmental review record for the Sandy Home Buyer Assistance Program. In either instance, Subrecipient is responsible for ensuring all identified environmental review requirements related to minimizing impact, mitigation, abatement, etc., are met by it and its sub-subrecipients and/or developers.
 - b. HUD has waived 42 U.S.C. 5305(a) U.S.C. 5305(a to the extent necessary to allow: homeownership assistance for households with up to 120 percent of the area median income, down payment assistance for up to 100 percent of the down payment (42 U.S.C. 5305(a)(24)(D)), and new housing construction. While homeownership assistance may be provided to households with up to 120 percent of the area median income, only those funds used to serve households with up to 80 percent of the area median income may qualify as meeting the low- and moderate-income person benefit national objective.
 - c. Subrecipient also agrees to comply with all other applicable federal, State and local laws, regulations and policies governing the Grant Funds available under this Agreement to supplement rather than supplant funds otherwise available.
 - d. Subrecipient shall require any Sub-subrecipient, developer, for-profit or non-profit entity, CBDO or lower-tier contractor funded in whole or in part with Grant Funds to comply with the following mandatory contract provisions, as they may apply to the specific subawardee entity:

FINANCIAL MANAGEMENT AND PROCUREMENT

- i. OMB Circular A-87 (Cost Principles for State, Local and Indian Tribal Governments) as amended and made part of State regulations;
- ii. A-102 (Grants and Cooperative Agreements with State and Local Governments), as amended and made part of State regulations;
- iii. OMB Circular A-133 (Audits of States, Local Governments, and Non-Profit Organizations), revised;
- iv. A-122 (Costs Principles for Non-Profit Organizations);
- v. 24 CFR Part 85 (Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments) and
- vi. 24 CFR Part 84 (Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and other Non-Profit Organizations).
- vii. Certification by Subrecipient's Sub-subrecipients, Developers, Contractors, and each tier of subcontractors, that such contractors and subcontractors are not on the List of Parties Excluded from Federal Procurement or Nonprocurement Programs promulgated in accordance with Executive Orders 12549 and 12689, "Debarment and Suspension," as set forth at 24 CFR part 24 (CDBG funds may not be provided to excluded or disqualified persons); <https://www.sam.gov/portal/public/SAM/>
- viii. 24 CFR 570.489: Program Administrative Requirements;
- ix. 24 CFR 570.490: Recordkeeping requirements;
- x. It will comply with all requirements imposed by the State concerning special requirements of law, program requirements, and other administrative requirements; and
- xi. 24 CFR Section 570.489(j) regarding change of use of real property. These standards apply to real property within Subrecipient's control (including activities undertaken by sub-subrecipients) which was acquired in whole or in part using CDBG-DR funds in excess of the small purchase procurement threshold in 24 CFR 85.36. These standards apply from the date CDBG-DR funds are first spent until five years after the closeout of the Program.
 1. Subrecipient may not change the use or planned use of any such property (including the beneficiaries of such use) from that for which the acquisition or improvement was made, without first providing citizen review and comment and either:
 - a. The new use meets one of the national objectives and is not a building for the general conduct of government;
 - b. The requirements of 24 CFR Section 570.489(j) are met.
 2. If the change of use does not qualify, Subrecipient may retain or dispose of the property if the CDBG-DR program is reimbursed for the fair market value of the property, less any portion of the value that is attributable to non-CDBG-DR funds.
 3. Following the reimbursement the property will no longer be subject to any CDBG-DR requirements.

ENVIRONMENTAL IMPACT

Subrecipient will be responsible for the preparation of all environmental review documents for programs funded through the Fund for Restoration of Multi-Family Housing Fund and The Sandy Special Needs Housing Fund, as required by HUD and the National Environmental Policy Act of 1969 and other related provisions, including program-wide full and/or tiered assessments, as well as site-specific assessments required for environmental compliance, and submitting same to Grantee for approval. Grantee's Commissioner or other designated party shall serve as certifying officer. Subrecipient agrees that it will not commit any Grant Funds to a project until it has approval from the Grantee to do so, and HUD approves a certification of compliance with environmental laws and request for release of funds.

For the Sandy Home Buyer Assistance Program, Subrecipient will engage the New Jersey Department of Environmental Protection ("DEP") to conduct environmental reviews, and decide action that would otherwise apply to HUD under the National Environmental Policy Act of 1969 and other related provisions of law. Subrecipient agrees, that it will not commit any Grant Funds to a project until it has approval from the New Jersey Department of Environmental Protection (DEP) to do so.

This will include, but is not limited to:

- i. Ensuring no assisted facilities receiving federal assistance are listed on the Environmental Protection Agency's (EPA) list of violating facilities (<http://www.epa.gov/enviro/facts/multisystem.html>)
- ii. Ensuring compliance requirements with Section 106 of the National Historic Preservation Act of 1966, and the Preservation of Archaeological and Historical Data Act of 1966. and the provisions of 24 CFR Part 55 and Executive Order 11988, as amended by Executive Order 12148, relating to evaluation of flood hazards;
- iii. Ensuring beneficiaries comply with the flood insurance purchase requirement of Section 202(a) of the Flood Disaster Protection Act of 1973, 42 U.S.C. §4001 et seq., which requires the purchase of flood insurance in communities where such insurance is available as a condition for the receipt of any federal financial assistance for construction or acquisition purposes for use in any area that has been identified by the Secretary of the Department of HUD as an area having special flood hazards. The phrase "federal financial assistance" includes any form of loan, grant, guaranty, insurance payment, rebate, subsidy, disaster assistance loan or grant, or any other form of direct or indirect federal funding. Additionally:

- a. Ensuring property owners comply with all flood insurance requirements, prior to providing assistance, as well as post-assistance requirements related thereto, including:
- b. *Flood insurance purchase requirements.* HUD does not prohibit the use of CDBG-DR funds for existing residential buildings in the Special Flood Hazard Area (SFHA) (or “100-year” floodplain). With respect to flood insurance, a HUD-assisted homeowner for a property located in the SFHA must obtain and maintain flood insurance in the amount and duration prescribed by FEMA’s National Flood Insurance Program. Section 102(a) of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a) mandates the purchase of flood insurance protection for any HUD assisted property within the SFHA.
- c. *Future Federal assistance to owners remaining in a floodplain.* (1) Section 582 of the National Flood Insurance Reform Act of 1994, as amended, (42 U.S.C. 5154a) prohibits flood disaster assistance in certain circumstances. No Federal disaster relief assistance may be used to make a payment (including any loan assistance payment) to a person for repair, replacement, or restoration for damage to any personal, residential, or commercial property if that person at any time has received Federal flood disaster assistance that was conditioned on the person first having obtained flood insurance and the person has subsequently failed to obtain and maintain flood insurance. Subrecipient may not provide disaster assistance for the repair, replacement, or restoration to a person who has failed to meet this requirement.
- d. Subrecipient will assist the Department as to ensure that in the event of transfer of any property having received CDBG-DR assistance, the transferor notifies the transferee in writing of the requirements to 1) Obtain flood insurance, if the property is not insured as of the date of transfer; 2) Maintain flood insurance; 3) Require the transferor, if there is failure to notify the transferee, to reimburse the federal government in the amount of any subsequent disaster relief assistance if such funds are expended on the property after the date of transfer.
- iv. Subrecipient, will require all assisted properties to be elevated, repaired, reconstructed or newly-constructed (including both commercial and residential properties) in accordance with the newly-released FEMA Base Flood Elevation Maps (reference table 2-6 in the state’s Action Plan).
- v. In accordance with 24 CFR 58.6(b), Subrecipient agrees that it will not provide any Grant Funds to a small business that had previously received federal flood disaster assistance conditioned on obtaining and maintaining flood insurance and the small business failed to obtain and maintain such insurance.

Subrecipient, sub-subrecipients, CDBOs and/or other subawardees or beneficiaries of Project assistance will be required to comply with:

- vi. Executive Order 11990, Protection of Wetlands;
- vii. The Coastal Zone Management Act Sections 307(c)(d);
- viii. In relation to water quality:
 - a. Executive Order 12088, as amended by Executive Order 12580, relating to the prevention, control and abatement of water pollution
 - b. The Safe Drinking Water Act of 1974 (42 U.S.C. §§ 201, 300(f) et seq. and U.S.C. §349), as amended, particularly Section 1424(e) (42 U.S.C. §§ 300h-303(e)), which is intended to protect underground sources of water. No commitment for federal financial assistance can be entered into for any project which the U.S. Environmental Protection Agency determines may contaminate an aquifer which is the sole or principal drinking water source for an area; and
 - c. It will comply with Executive Order 12088, as amended by Executive Order 12580, relating to the prevention, control and abatement of water pollution; The Federal Water Pollution Control Act of 1972, as amended, including the Clean Water Act of 1977, Public Law 92-212 (33 U.S.C. §1251, et seq.) which provides for the restoration and maintenance of the chemical, physical and biological integrity of the nation's water.
- ix. The Endangered Species Act of 1973 (50 CFR 402), as amended;
- x. The Fish and Wildlife Coordination Act of 1958, as amended;
- xi. Wild and Scenic Rivers Act of 1968 {Sections 7(b) and (c)}, as amended
- xii. It will comply with Executive Order 11738, providing for administration of the Clean Air Act and the Federal Water Pollution Control Act With Respect to Federal Contracts, Grants, or Loans, and Environmental Protection Agency regulations (40 CFR part 15);
- xiii. It will comply with the Clean Air Act of 1970 (Sections 176(c), (d), and 40 CFR 6, 51, 93), which prohibits engaging in, supporting in any way, or providing financial assistance for, licensing or permitting, or approving any activity which does not conform to the State implementation plan for national primary and secondary ambient air quality standards.
- xiv. It will comply with the Farmland Protection Policy Act, 7 U.S.C.A. §4201 et seq., which requires recipients of federal assistance to minimize the extent to which their projects contribute to the unnecessary and irreversible commitment of farmland to nonagricultural uses;
- xv. It will comply with Executive Order 12898: Federal Actions To Address Environmental Justice in Minority Populations and Low-Income Populations, February 11, 1994;

- xvi. It will comply with noise abatement and control requirement found at 24 CFR 51B;
- xvii. It will comply with the provisions of 24 CFR 51C, explosive and flammable operations;
- xviii. It will comply with the provisions of 24 CFR 58.5(i) relating to toxic chemicals and radioactive materials;
- xix. It will comply with Sections 1012 and 1013 of Title X of the Housing and Community Development Act of 1992 (Public Law 102-550, as amended). The regulation appears within Title 24 of the Code of Federal Regulation as part 35 (codified in 24 CFR 35). The purpose of this regulation is to protect young children from lead-based paint hazards in housing that is financially assisted by the Federal government or sold by the government. This regulation applies only to structures built prior to 1978. It will also comply with the Lead Safety Housing Regulation covering prohibited methods of paint removal (24 CFR Part 35.140) and occupant protection (24 CFR Part 35.1345).
- xx. It will comply with the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976 (42 U.S.C. §6901, et seq.).
- xxi. It will comply with mandatory standards and policies relating to energy efficiency which are contained in the state energy conservation plan issued in compliance with the Energy Policy and Conservation Act (Pub. L. 94A 163, 89 Stat. 871);

FEDERAL LABOR STANDARDS

- i. It will administer and enforce the labor standards requirement set forth in 24 CFR §570.603 and any other regulations issued to implement such requirements;
- ii. It will comply with Section 110 of the Housing and Community Development Act of 1974, as amended and as set forth in 24 CFR §570.603;
- iii. It will comply with the Davis-Bacon Act, as amended (40 U.S.C. §3141 et seq.); the Act does not apply to construction contracts at or below \$2,000 (arbitrarily separating a project into contracts below \$2,000 is not permitted), and it does not apply to rehabilitation of residential structures containing less than eight units.
- iv. It will comply with the Contract work Hours and Safety Standards Act (40 U.S.C. §327 et seq.), requiring that mechanics and laborers (including watchmen and guards) employed on federally assisted contracts be paid wages of not less than one and one-half times their basic wage rates for all hours worked in excess of forty in a work-week;

- i. It will comply with the Federal Fair Labor Standards Act (29 U.S.C. §201 et seq.), requiring that covered employees be paid at least the minimum prescribed wage, and also that they be paid one and one-half times their basic wage rate for all hours worked in excess of the prescribed work-week;
- ii. It will comply with the Copeland “Anti-Kickback” Act (18 U.S.C. 874) as supplemented in Department of Labor regulations (29 CFR part 3);
- iii. It will comply with the following HUD regulations and/or guidance:
 - 24 CFR 570.489(l): Debarment and suspension
 - 24 CFR 570.603: Labor standards
 - 24 CFR 570.609: Use of debarred, suspended, or ineligible contractors or subrecipients.
 - HUD Handbook 1344.1 Federal Labor Standards Compliance in Housing and Community Development Programs
- viii. It will comply with the following Department of Labor regulations in parallel with HUD requirements above:
 - 29 CFR Part 1: Procedures for Predetermination of Wage Rates
 - 29 CFR Part 5: Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction (Also, Labor Standards Provisions Applicable to Non-construction Contracts Subject to the Contract Work Hours and Safety Standards Act)
 - 29 CFR Part 5: Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction (Also, Labor Standards Provisions Applicable to Non-construction Contracts Subject to the Contract Work Hours and Safety Standards Act)
 - 29 CFR Part 6: Rules of Practice for Administrative Proceedings Enforcing Labor Standards In Federal and Federally Assisted Construction Contracts and Federal Service Contracts
 - 29 CFR Part 7: Practice Before the Administrative Review Board With Regard to Federal and Federally Assisted Construction Contracts.

ACQUISITION AND RELOCATION

Subrecipient agrees to comply with the following statutes and regulations:

- i. Title II (Uniform Relocation Assistance) and Sections 301-304 of Title III (Uniform Real Property Acquisition Policy) of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C.

- Chapter 61), and HUD implementing instructions at 24 CFR Part 42 and 24 CFR §570.606; and
- ii. Section 104(d) of the Housing and Community Development Act of 1974, as amended ; and
 - iii. It will comply with 42 U.S.C. 3537c (Prohibition of Lump Sum Payments);
 - iv. It will comply with 49 CFR Part 24 (Uniform Relocation and Real Property Acquisition for Federal and Federally-Assisted Programs)
 - v. URA Fixed Residential Moving Cost Schedule
 - vi. 24 CFR Part 42 (Displacement, Relocation Assistance and Real Property Acquisition for HUD and HUD-Assisted Programs)
 - vii. 24 CFR 570.606 (Displacement, Relocation, Acquisition and Replacement of Housing)

Subrecipient agrees to provide relocation assistance to those that are displaced as a direct result of acquisition, rehabilitation, demolition or conversion for a CDBG-DR assisted project, with the exception of:

- i. The one-for-one replacement requirements at Section 104(d)(2)(A)(i)–(ii) and (d)(3) and 24 CFR 42.375 which have been waived by HUD;
- ii. The relocation assistance requirements at section 104(d)(2)(A) and 24 CFR 42.350 to the extent that they differ from the requirements of the URA and implementing regulations at 49 CFR part 24, as modified by the Act for activities related to disaster recovery;
- iii. Arms-length voluntary purchase requirements at 49 CFR 24.101(b)(2)(i)–(ii) are waived to the extent that they apply to an arm’s length voluntary purchase carried out by a person who uses funds allocated under this Notice and does not have the power of eminent domain;
- iv. Rental assistance to a displaced person: The requirements at sections 204(a) and 206 of the URA, and 49 CFR 24.2(a)(6)(viii), 24.402(b)(2), and 24.404 are waived to the extent that they require the Grantee/Subrecipient to use 30 percent of a low-income displaced person’s household income in computing a rental assistance payment if the person had been paying more than 30 percent of household income in rent/utilities without “demonstrable hardship” before the project;
- v. Tenant-based rental assistance requirements of sections 204 and 205 of the URA, and 49 CFR 24.2(a)(6)(ix) and 24.402(b) are waived to the extent necessary to permit a grantee to meet all or a portion of a grantee’s replacement housing financial assistance obligation to a displaced tenant by offering rental housing through a tenant-based rental assistance (TBRA) housing program subsidy, provided that the tenant is provided referrals to comparable replacement dwellings in accordance with 49 CFR

24.204(a) where the owner is willing to participate in the TBRA program, and the period of authorized assistance is at least 42 months;

- vi. Moving expense requirements at section 202(b) of the URA and 49 CFR 24.302; the Grantee may instead choose to establish a “moving expense and dislocation allowance” under a schedule of allowances that is reasonable takes into account the number of rooms in the displacement dwelling;
- vii. The regulation at 24 CFR 570.606(d) is waived to the extent that it requires optional relocation policies to be established; units of local government receiving CDBG-DR funds may establish separate optional policies.

FAIR HOUSING AND NON-DISCRIMINATION

Any act of unlawful discrimination committed by Subrecipient or failure to comply with the following obligations when applicable shall be grounds for termination of this Agreement or other enforcement action; Subrecipient agrees to comply with:

- i. Title VI of the Civil Rights Act of 1964 and as amended in 1988, 42 U.S.C. §200d et seq., as amended, and the regulations issued pursuant thereto (24 CFR Part I), which provide that no person in the United States shall on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which the Subrecipient receives federal financial assistance and will immediately take any measures necessary to effectuate this assurance. If any real property or structure thereon is provided or improved with the aid of federal financial assistance extended to the Subrecipient, this assurance shall obligate the Subrecipient, or in the case of any transfer of such property, and transferee, for the period during which the property or structure is used for another purpose involving the provision of similar services or benefits.
- ii. Fair Housing Act (Title VIII of the Civil Rights Act of 1968, as amended, 42 U.S.C. 3601–3619), which requires administering all programs and activities relating to housing and community development in a manner to affirmatively further fair housing. Title VIII further prohibits discrimination against any person in the sale or rental of housing, or the provision of brokerage services, including in any way making unavailable or denying a dwelling to any person, because of race, color, religion, sex, national origin, handicap or familial status.
- iii. Title II of the Civil Rights Act of 1968 (25 U.S.C. 1301-1303, Indian Civil Rights Act)
- iv. Architectural Barriers Act of 1968

- v. Section 504 of the Rehabilitation Act of 1973, as amended, which provides that no otherwise qualified individual shall, solely by reason of his or her handicap be excluded from participation, denied program benefits or subjected to discrimination on the basis of age under any program receiving federal funding assistance.
- vi. Section 508 of the Rehabilitation Act of 1973
- vii. Section 109 of Title I of the Housing and Community Development Act of 1974, and the regulations issued pursuant thereto (24 CFR Part §570.602), which provides that no person in the United States shall, on the grounds of race, color, national origin, or sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with funds provided under that Part. Section 109 further prohibits discrimination to an otherwise qualified individual with a handicap, as provided under Section 504 of the Rehabilitation Act of 1973, as amended, and prohibits discrimination based on age as provided under the Age Discrimination Act of 1975. The policies and procedures necessary to ensure enforcement of section 109 are codified in 24 CFR Part 6.
- viii. Section 104(b)(2) of the Housing Community Development Act of 1974
- ix. Age Discrimination Act of 1975
- x. Title II of the Americans with Disabilities Act of 1990
- xi. Housing for Older Persons Act of 1995 (HOPA)
- xii. It will require every building or facility (other than a privately owned residential structure) designed, constructed, or altered with funds provided to Subrecipient to comply with any accessibility requirements, as required by Title III of the Americans with Disabilities Act of 1990 (42 U.S.C.A. § 12101 et seq.). The Subrecipient will be responsible for conducting inspections to ensure compliance with these specifications by the contractor.
- xiii. It must use its best efforts to afford small businesses, minority business enterprises, and women's business enterprises the maximum practicable opportunity to participate in the performance of this contract. As used in this contract, the terms "small business" means a business that meets the criteria set forth in section 3(a) of the Small Business Act, as amended (15 U.S.C. 632), and "minority and women's business enterprise" means a business at least fifty-one (51) percent owned and controlled by minority group members or women. For the purpose of this definition, "minority group members" are Afro-Americans, Spanish-speaking, Spanish surnamed or Spanish-heritage Americans, Asian-Americans, and American Indians. The Subrecipient may rely on written representations by businesses regarding their status as minority and female business enterprises in lieu of an independent investigation.

- xiv. Section 3, Housing and Urban Development Act of 1968. Section 3 requirements will apply to all individual properties assisted with these funds, regardless of the actual amount spent on each individual unit/property. Compliance with the provisions of Section 3 of the HUD Act of 1968, as amended, and as implemented by the regulations set forth in 24 CFR 135, and all applicable rules and orders issued hereunder prior to the execution of this contract, shall be a condition of the Federal financial assistance provided under this contract and binding upon the Subrecipient and third-party entities. The Subrecipient certifies and agrees that no contractual or other disability exists that would prevent compliance with these requirements.

The Subrecipient shall ensure compliance with the statutory and regulatory requirements of Section 3 in its own operations, and those of covered contractors. These responsibilities include:

- 1) Making efforts to meet the minimum numerical goals found at 24 CFR Part 135.30;
- 2) Complying with the specific responsibilities at 24 CFR Part 135.32; and
- 3) Submitting Annual Summary reports in accordance with 24 CFR Part 135.90.

If covered contractors receive awards that exceed \$100,000 for the construction and rehabilitation activities listed above, responsibility for Section 3 compliance is shared between the Subrecipient and that firm (with the exception of the submission of the Section 3 Annual report (Form HUD 60002), which must be submitted by the Subrecipient to Grantee).

Specifically, the Subrecipient shall be responsible for awarding 10 percent of the total dollar amount of all covered contracts to Section 3 business concerns.

The following language must be included in all contracts and subcontracts:

- 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 minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and 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.*
- G. With respect to work performed in connection with section 3 covered Indian housing assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this contract. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract that are subject to the provisions of section 3 and section 7(b) agree to comply with section 3 to the*

maximum extent feasible, but not in derogation of compliance with section 7(b).

It will further comply with:

- xv. Executive Order 11063: Equal Opportunity in Housing, November 20, 1962, as amended by Executive Order 12259, and the regulations issued pursuant thereto, which pertains to equal opportunity in housing and non-discrimination in the sale or rental of housing built with federal assistance.
- xvi. Executive Order 11246: EEO and Affirmative Action Guidelines for Federal Contractors Regarding Race, Color, Gender, Religion, and National Origin, September 25, 1965 and Executive Order 11375: Amending Executive Order No. 11246, October 13, 1967, which provide that no person shall be discriminated against on the basis of race, color, religion, sex, or national origin in all phases of employment during the performance of federal or federally assisted construction contracts. Further contractors and subcontractors on federal and federally assisted construction contracts shall take affirmative action to insure fair treatment in employment, upgrading, demotion, or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training and apprenticeship.
- xvii. Executive Order 12086: Consolidation of contract compliance functions for equal employment opportunity, October 5, 1978
- xviii. Executive Order 12892: Leadership and Coordination of Fair Housing in Federal Programs: Affirmatively Furthering Fair Housing, January 17, 1994
- xix. Executive Order 12898: Federal Actions To Address Environmental Justice in Minority Populations and Low-Income Populations, February 11, 1994
- xx. Executive Order 13166: Improving Access To Services For Persons With Limited English Proficiency, August 11, 2000

And affirms it will comply with implementing regulations for the above:

- xxi. 24 Code of Federal Regulations Part 1: Nondiscrimination in Federally Assisted Programs of HUD
- xxii. 24 Code of Federal Regulations Part 3: Nondiscrimination on the Basis of Sex in Education Programs or Activities receiving Federal Financial Assistance
- xxiii. 24 Code of Federal Regulations Part 5.105: Other Federal Requirements
- xxiv. 24 Code of Federal Regulations Part 6: Nondiscrimination in Programs, Activities Receiving Assistance under Title I of the Housing and Development Act of 1974
- xxv. 24 Code of Federal Regulations Part 8: Nondiscrimination Based on Handicap in Federally Assisted Programs and Activities of the Department of Housing and Urban Development
- xxvi. 24 CFR Code of Federal Regulations Parts 50.4 (l) and 58.5 (j): Environmental Justice

- xxvii. 24 Code of Federal Regulations Part 91.225 (a)(1): Affirmatively Furthering Fair Housing
- xxviii. 24 Code of Federal Regulations Part 91.325 (a)(1): Affirmatively Furthering Fair Housing
- xxix. 24 Code of Federal Regulations Part 91.325(b)(5): Compliance with Anti-discrimination laws
- xxx. 24 Code of Federal Regulations Part 91.520: Performance Reports
- xxxi. 24 Code of Federal Regulations Parts 100-125: Fair Housing
- xxxii. 24 Code of Federal Regulations Part 107: Non-discrimination and Equal Opportunity in Housing Under Executive Order 11063 (State Community Development Block Grant grantees)
- xxxiii. 24 CFR Part 121: Collection of Data
- xxxiv. 24 CFR Part 135: Economic Opportunities for Low- and Very Low-Income Persons
- xxxv. 24 CFR Part 146: Non-discrimination on the Basis of Age in HUD Programs or Activities Receiving Federal Financial Assistance
- xxxvi. 24 Code of Federal Regulations Part 570.206(c): Fair Housing Activities
- xxxvii. 24 Code of Federal Regulations Part 570.487(b): Affirmatively Furthering Fair Housing
- xxxviii. 24 Code of Federal Regulations Part 570.487(e): Architectural Barriers Act and Americans with Disabilities Act (State Community Development Block Grant grantees)
- xxxix. 24 Code of Federal Regulations Part 570.490(a)(b): Recordkeeping requirements
 - xl. 24 Code of Federal Regulations 570.491: Performance Reviews and Audits
 - xli. 24 Code of Federal Regulations Part 570.495(b): HCDA Section 109 nondiscrimination
 - xl.ii. 24 Code of Federal Regulations Part 570.506(g): Fair Housing and equal opportunity records
 - xl.iii. 24 Code of Federal Regulations Part 570.601: Affirmatively Further Fair Housing
 - xl. iv. 24 Code of Federal Regulations Part 570.608 and Part 35: Lead-Based Paint
 - xl. v. 24 Code of Federal Regulations Part 570.614: Architectural Barriers Act and Americans with Disabilities Act
 - xl. vi. 24 Code of Federal Regulations Part 570.904: Equal Opportunity and Fair Housing Review
 - xl. vii. 24 Code of Federal Regulations Part 570.912: Nondiscrimination compliance

APPENDIX B RECORDS AND RECORDS RETENTION

Subrecipient shall maintain all **project records** required by 24 CFR 570.506 for five years following close out of this Agreement. **Beneficiary** records, as addressed further below, must be retained for the longer of five years from the closeout of this Agreement or the expiration of the written agreement.

Project records will include the following:

- a. Executed grant agreement;
- b. Description, geographic location and budget of each funded activity;
- c. Eligibility and national objective determinations for each activity;
- d. Personnel files;
- e. Property management files;
- f. HUD monitoring correspondence;
- g. Citizen participation compliance documentation;
- h. Fair Housing and Equal Opportunity records;
- i. Lump sum agreements;
- j. Environmental review records; and
- k. Documentation of compliance with other Federal requirements (e.g., Davis-Bacon, Uniform Relocation Act, and Lead-Based Paint).

FINANCIAL RECORDS to be maintained include:

- a. Chart of accounts;
- b. Manual on accounting procedures;
- c. Accounting journals and ledgers;
- d. Source documentation (purchase orders, invoices, canceled checks, etc.);
- e. Procurement files (including bids, contracts, etc.);
- f. Real property inventory;
- g. Bank account records (including revolving loan fund records, if applicable);
- h. Draw down requests;
- i. Payroll records and reports;
- j. Financial reports;
- k. Audit files; and
- l. Relevant financial correspondence.

PROJECT/ACTIVITY records should include the following documentation:

- a. Eligibility of the activity;
- b. Evidence of having met a national objective (see below);
- c. If applicable, subrecipient agreement;
- d. Any bids or contracts;
- e. Characteristics and location of the beneficiaries;
- f. Compliance with special program requirements, including environmental review records;
- g. Budget and expenditure information (including draw requests); and

- h. The status of the project/activity.

NATIONAL OBJECTIVE records should include:

- a. **LMI Area Benefit:** Subrecipient must maintain the following records regarding LMI areas qualifying under the area benefit national objective:
- Boundaries of the service area;
 - Income characteristics of families and unrelated individuals in the service area; and
 - Data showing that the area qualifies under the exception rule if the percent of LMI persons in the service area is less than 51 percent. [24 CFR 570.208(a)(1)(ii)]
- b. **LMI Limited Clientele**
- Documentation showing that the activity is designed for and used by a segment of the population presumed by HUD to be LMI persons; or
 - Documentation describing how the nature and, if applicable, the location of the activity establishes that it is used predominantly by LMI persons; or
 - Data showing the size and annual income of the family of each person receiving the benefit and that at least 51% of those served are LMI; or
 - Data showing that the activity is a special project removing accessibility barriers in the limited cases described above.

HOUSING AND BENEFICIARY RECORDS must include:

- a. A copy of the written agreement with each landlord or developer receiving CDBG assistance indicating the total number of dwelling units in each multi-unit structure assisted and the number of those units which will be occupied by LMI households after assistance;
- b. The total cost of the activity, including both CDBG and non-CDBG funds; and
- c. For each unit occupied by a LMI household, the size, ethnicity and income of the household.
- d. For homeownership housing projects, records may be retained for five years after the project completion date, except for documents imposing recapture/resale restrictions which must be retained for five years after the affordability period terminates.
- e. For tenant-based rental assistance projects, records must be retained for five years after the period of tenant assistance terminates.
- f. For rental housing only:
- i. Rent charged (or to be charged) after assistance for each dwelling unit in each structure assisted; and
 - ii. Information as necessary to show the affordability of units occupied (or to be occupied) by LMI households pursuant to criteria established and made public by the grantee.
 - iii. Records must be retained for five years after the project completion date; except that records of individual tenant income verifications project rent and project inspections must be retained for the most recent five-year period, until five years after the affordability period terminates.
- g. For each property acquired on which there are no structures, evidence of commitments ensuring that the criteria in §570.208(a)(3) will be met when the structures are built.

- h. Where applicable, records documenting that the activity qualified under the exception criteria for new construction of non-elderly, multi-unit housing.

OTHER

- a. **Section 3:** Pursuant to the U.S. Housing Act of 1937 (42 U.S.C. 1437a(b)(2)) and 24 CFR 135.5, HUD may establish income limits to consider an individual to be a Section 3 resident. For this CDBG-DR program, an individual is eligible to be considered a Section 3 resident if the annual wages or salary of the person are at, or under, the HUD-established income limit for a one-person family for the jurisdiction.
- b. **Relocation:** Records covering displacements and acquisition must be retained for five years after the date by which all persons displaced from the property and all persons whose property is acquired for the project have received the final payment to which they are entitled in accordance with 92.353.
- c. **Litigation/Claims:** If any litigation, claim, negotiation, audit, monitoring, inspection or other action has been started before the expiration of the required record retention period, records must be retained until completion of the action and resolution of all issues which arise from it, or until the end of the required period, whichever is later.

APPENDIX C CONSTRUCTION, ALTERATIONS, REHABILITATION

- a. Subrecipient affirms that activities involving new building construction, alterations, or rehabilitation will comply with the applicable New Jersey building code(s) as well as local building codes.
- b. Subrecipient shall, to the extent feasible, ensure all rehabilitation, reconstruction, and new construction is designed to incorporate principles of sustainability, including water and energy efficiency, resilience and mitigating the impact of future disasters. Whenever feasible, Subrecipient should follow best practices such as those provided by the U.S. Department of Energy Home Energy Professionals: *Professional Certifications and Standard Work Specifications*.
- c. Subrecipient affirms that it will comply with the requirements of the Uniform Federal Accessibility Standards (UFAS) for the design, construction and alteration of buildings so that physically handicapped persons will have ready access to and use of them in accordance with the Architectural Barriers Act, 42 U.S.C. 4151-4157.
- d. When older or obsolete products are replaced as part of the rehabilitation work, rehabilitation is required to use ENERGY STAR-labeled, WaterSense-labeled, or Federal Energy Management Program (FEMP)-designated products and appliances. For specific required equipment or materials for which an ENERGY STAR- or Water-Sense-labeled or FEMP-designated product does not exist, the requirement to use such products does not apply.
- e. All reconstruction, new construction and rehabilitation must be designed to incorporate principles of sustainability, including water and energy efficiency, resilience, and mitigating the impact of future disasters.

f. **RENTAL HOUSING**

Fund for Restoration of Multi-Family Housing, Housing Programs for Targeted Development Areas, Special Needs Housing

Reconstruction Standard: When applicable, replacement and new construction will meet the 2009 Residential International Code and the green building standards by requiring compliance with ENERGY STAR™.

Rehabilitation Standard: When applicable, the programs will adhere to the following housing rehabilitation standards:

- Chapter 23 of the State of New Jersey's Uniform Construction Code, Subchapter 6: Rehabilitation Subcode
- The HUD CPD Green Building Retrofit checklist

- g. When older or obsolete products are replaced as part of the rehabilitation work, rehabilitation is required to use ENERGY STAR-labeled, WaterSense-labeled, or Federal Energy Management Program (FEMP)-designated products and appliances. For specific required equipment or materials for which an ENERGY STAR- or Water-Sense-labeled or FEMP-designated product does not exist, the requirement to use such products does not apply.

- h. For construction projects completed, under construction, or under contract prior to the date that assistance is approved for the project, Subrecipient is encouraged to apply the applicable standards to the extent feasible, but the Green Building Standard is not required. For specific required equipment or materials for which an ENERGY STAR- or Water- Sense-labeled or FEMP-designated product does not exist, the requirement to use such products does not apply.
- i. Rehabilitated housing should also, to the extent feasible, implement measures recommended in a Physical Condition Assessment (PCA) or Green Physical Needs Assessment (GPNA).
- j. All reconstruction, new construction and rehabilitation must be designed to incorporate principals of sustainability, including water and energy efficiency, resilience, and mitigating the impact of future disasters.

APPENDIX D
DISASTER RECOVERY GRANT REPORTING SYSTEM
(minimum data requirements)

Subrecipient agrees to provide information to Grantee regarding HUD's Disaster Recovery Grant Reporting System the following, as applicable:

Prior to initiation of activity:

A. Activity Type

- Acquisition-buyout of non-residential properties
- Acquisition – buyout of residential properties
- Acquisition – general
- Acquisition of relocation properties
- Administration
- Affordable rental housing
- Clearance and demolition
- Code enforcement
- Compensation for disaster-related losses
- Construction of new housing
- Construction of new replacement housing
- Disposition
- Homeownership Assistance (with waiver only)
- Homeownership assistance to low and moderate income
- Housing incentives to encourage resettlement
- Planning
- Rehabilitation/reconstruction of residential structures
- Relocation payments and assistance

B. National Objective

- Low/Mod
- Slums and blight
- Urgent need

C. Grantee Activity Number – Assigned by DCA

D. Activity Title – Assigned by DCA

E. Activity Status

- Cancelled
- Completed
- Planned
- Underway

F. Total Budget (amount includes all HUD and Estimated Program Income/Revolving Loan Funds)

G. Total Budget, Disaster Recovery Grant – This total amount includes all HUD and non-HUD funds.

H. Projected Start Date

- I. **Projected End Date**
- J. **Project** –Project under which Activity will be created.
- K. **Environmental Assessment**
 - Exempt
 - Underway
 - Completed
- L. **Name and type of all funding sources for an activity (need list from DCA action plan)**
- M. **Name of organization carrying out activity** (if not DCA, for each responsible organization, the following information is required:
 - Organization name
 - Organization type (for-profit, local government, nonprofit, state, state agency, TA provider, or unknown)
 - DUNS number
 - Tax or employer identification number
 - Address/City/State/ZIP
 - Organization contact person and title
 - Organization contact person email, address, telephone and fax numbers
- N. **Method by which benefit is reported (area or direct)**
 If area, indicate:
 Census or survey
- O. **Proposed accomplishments (total numeric for activity) - (DCA to provide matrix based on activity type)**
- P. **Location in which activity is undertaken** (county/city/neighborhood etc.)

Upon implementation – quarterly reporting

Quarterly reporting:

- 1. **Data must be submitted to DCA no more than 14 calendar days from the end of each calendar quarter,** as follows:
 - A. Quarter comprising April 1, 2013 to June 30, 2013: Reporting data due by close of business Wednesday, July 17, 2013
 - B. July 1-Sept. 30, 2013: Reporting data due by close of business Wednesday, Oct. 16, 2013.
 - C. Oct. 1-Dec. 31, 2013: Reporting data due by close of business Wednesday, Jan. 15, 2014.
 - D. Jan. 1-March 31, 2014: Reporting data due by close of business Wednesday, April 16, 2014.
 - E. April 1-June 30, 2014: Reporting data due by close of business Wednesday, July 16, 2014.
 - F. July 1-Sept. 30, 2014: Reporting data due by close of business Wednesday, Oct. 15, 2014.
 - G. Oct. 1-Dec. 31, 2014: Reporting data due by close of business Friday, Jan. 16, 2015.

- H. Jan. 1-March 31, 2015: Reporting data due by close of business Wednesday, April 15, 2015.
- I. **Interim report:** Report all funds expended and performance measures achieved from April 1-April 15, 2015; data due by close of business Wednesday, April 22, 2015.
- J. **Modified report:** April 16-June 30, 2015: Reporting data due by close of business Wednesday, July 15, 2015.

2. **For direct benefit activities:**

Race	# HH Assisted*	Hispanic/Latino?*	Female HOH?*	% of AMI*
White				
Black/African American				
Asian				
American Indian/Alaskan Native				
Native Hawaiian/Other Pacific Islander				
American Indian/Alaskan Native and White				
Asian and White				
Black/African American and White				
American Indian/Alaskan Native and Black/African American				
Other multi-racial				
Unknown				

**Information reported each quarter is ONLY for accomplishments during QPR reporting period and IS NOT cumulative!*

- 3. For each activity, actual accomplishments for all performance measure criteria proposed (numeric; only those achieved within QPR reporting period)
- 4. For each activity, brief narrative of each activity status / progress in prior quarter / anticipated progress coming quarter (identify challenges, if any, and proposed resolution)
- 5. For each activity, total Disaster Recovery funds expended within the QPR reporting period.
- 6. For each activity, total matching funds expended within QPR reporting period.
- 7. For each activity, total leveraging funds expended within QPR reporting period.

**VOLUNTARY COMPLIANCE AGREEMENT
AND CONCILIATION AGREEMENT**

BETWEEN

**THE UNITED STATES OF AMERICA
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
OFFICE OF FAIR HOUSING AND EQUAL OPPORTUNITY**



AND

**LATINO ACTION NETWORK,
NEW JERSEY STATE CONFERENCE OF THE
NATIONAL ASSOCIATION FOR THE ADVANCEMENT OF COLORED PEOPLE,
AND
FAIR SHARE HOUSING CENTER
("COMPLAINANTS")**

AND

**THE STATE OF NEW JERSEY;
AND
THE NEW JERSEY DEPARTMENT OF COMMUNITY AFFAIRS
("RESPONDENTS")**

CASE NUMBERS:

**Title VI No.: 02-13-0048-6
TITLE VIII No. 02-13-0303-8**

CASE FILED: APRIL 3, 2013

VOLUNTARY COMPLIANCE AGREEMENT AND CONCILIATION AGREEMENT

I. PARTIES

Complainants

Latino Action Network

c/o Frank Argote-Freyre, President
P.O. Box 943
Freehold, NJ 07728

NJ State Conference of the NAACP

c/o Richard Smith, President
4326 Harbor Beach Boulevard, # 775
Brigantine, New Jersey 08203

Fair Share Housing Center, Inc.

c/o Peter J. O'Connor, Executive Director
510 Park Blvd.
Cherry Hill, NJ 08002

Representatives:

Kevin D. Walsh, Esq.
Adam M. Gordon, Esq.
Fair Share Housing Center
510 Park Blvd.
Cherry Hill, NJ 08002

Michael Allen, Esq.
Relman Dane and Colfax, PLLC
1225 19th St NW # 600
Washington, DC 20036

Respondent

State of New Jersey, Department of Community Affairs
c/o Richard Constable, Commissioner
101 S. Broad Street
PO Box 800
Trenton, NJ 08625-0800

Representative: Sanjay P. Ibrahim, Esq.
Parker Ibrahim & Berg

Subject Property

All property assisted by the award of Community Development Block Grant - Disaster Recovery funding under the Disaster Relief Appropriations Act of 2013 (Public Law 113-2) to fund recovery activities related to Superstorm Sandy.

II. INTRODUCTION

On April 3, 2013, Complainants Latino Action Network (“LAN”), and Fair Share Housing Center (“FSHC”) filed a complaint with the U.S. Department of Housing and Urban Development (the “Department” or “HUD”), Office of Fair Housing and Equal Opportunity (“FHEO”), alleging that the State of New Jersey (“State”) engaged in discriminatory housing practices with respect to the provision of services under Title VI of the Civil Rights Act of 1964 (“Title VI”), Title VIII of the Civil Rights Act of 1968, as amended (the federal Fair Housing Act) (the “Act”); Section 109 of Title I of the Housing and Community Development Act of 1974 (“Section 109”) and failed to affirmatively further fair housing.

On April 23, 2013, the complaint was amended to add the New Jersey State Conference of the National Association for the Advancement of Colored People (“NAACP”) as a Complainant and the New Jersey Department of Community Affairs (“DCA”) as a Respondent. The State and DCA are collectively referred to as ‘Respondents’ or ‘Recipients.’ Collectively, the Complainants and Respondents are referred to herein as the “Parties.”

The Recipients agree to enter into this Agreement in order to ensure compliance with their responsibilities under Title VI, Section 109 and the Act, and to affirmatively further fair housing.

The Parties understand that the Respondents deny any violation of law, and that this Agreement does not constitute an admission by the Respondents or evidence of a determination by the Department of any violation of Title VI, Section 109, the Act, or the obligation to affirmatively further fair housing.

The Parties agree that nothing contained in this Agreement shall be construed to be a finding or determination by the Department that the Recipients or any of their agents or employees intentionally engaged in unlawful practices. The Parties agree that nothing contained in this document shall be construed as an admission of liability by the Respondents or any of their agents or employees with respect to the Complainants’ allegations.

The Department and the Respondents, having agreed to settle and resolve voluntarily all disputed issues hereby agree and consent to the terms of this Agreement.

III. DEFINITIONS

Action Plan: The DCA Community Development Block Grant Disaster Recovery Action Plan approved by HUD on April 29, 2013, and any subsequent amendment thereto.

Agreement: This Conciliation Agreement.

Complainants: Collectively, Latino Action Network, Fair Share Housing Center and the New Jersey Conference of the NAACP.

Complaint: The housing discrimination complaint filed by Complainants LAN and FSHC on April 3, 2013 and joined by NAACP on April 15, 2013.

DCA: The New Jersey Department of Community Affairs

DCA's Sandy Website: The URL located at <http://www.state.nj.us/dca/divisions/sandyrecovery/>, as well as the links provided from that webpage and any subsequent URL providing public information about Sandy Recovery programs..

Department or HUD: The United States Department of Housing and Urban Development

Federal Financial Assistance: This includes (1) grants, loans, and advances of federal funds, (2) the grant or donation of federal property and interests in property, (3) the detail of federal personnel, (4) the sale and lease of, and the permission to use federal property or any interest in such property without consideration or at nominal consideration, or at a consideration which is reduced for the purpose of assisting the Recipient, or in recognition of the public interest to be served by such sale or lease to the Recipient, and (5) any federal agreement, arrangement, or other contract which has one of its purposes the provision of assistance. The term "Federal financial assistance" does not include a contract of insurance or guaranty. 24 C.F.R. § 1.2(e).

FHEO: HUD's Office of Fair Housing and Equal Opportunity

Housing Recovery Centers or HRCs: The Housing Recovery Centers operated by DCA to provide information and assistance for applicants regarding CDBG-DR funded programs.

HMFA: The New Jersey Housing and Mortgage Finance Agency

Limited English Proficient (LEP) Persons: Individuals who do not speak English as their primary language and who have a limited ability to read, write, speak, or understand English because of their national origin.

Low- and Moderate-Income (LMI) Persons: Persons with an income as defined by 42 U.S.C. § 5302 (a) (20) (A), meaning, respectively, income that does not exceed 50% of area median income, and above 50% of area median income and that does not exceed 80% of area median income.

Language Assistance Plan (LAP): A written implementation plan that addresses identified needs of the LEP persons they serve. Recipients should have a process for continuously monitoring and updating the Plan.

Party: The Complainants and Recipients.

Recipient(s): The state of New Jersey and the New Jersey Department of Community Affairs, collectively.

Sandy, or Superstorm Sandy: The storm that made landfall in New Jersey on or about October 29, 2012.

Nine Most Impacted Counties: In the State of New Jersey the county jurisdictions of Atlantic, Bergen, Cape May, Essex, Hudson Middlesex, Monmouth, Ocean and Union.

State: The State of New Jersey and each department, agency or other subpart in the New Jersey State government, whether or not directly responsible for CDBG-DR funded activities related to Sandy recovery.

Subrecipient: For purposes of this agreement, the New Jersey Redevelopment Authority, the Housing and Mortgage Finance Agency, the New Jersey Economic Development Authority, and the Department of Environmental Protection. Nothing in this Agreement changes applicable regulatory or judicial interpretations of what constitutes a subrecipient.

Tranche: The anticipated sequential allocation of Sandy CDBG-DR funding referenced in the HUD Notice as 'Round[s]', 78 Fed. Reg. 14329 & 30, and in the Action Plan as 'tranche[s]', p. iii.

Vital Document: Any document that is critical for ensuring meaningful access to the Recipient's major activities and programs by beneficiaries generally and LEP persons specifically.

IV. GENERAL PROVISIONS

- A. The term of this Agreement shall be until six months after the closeout by HUD of the grant(s) to New Jersey of all funds pursuant to Pub. L. 113-2. The effective date is the date on which the Agreement is signed by the representative of the Office of Fair Housing and Equal Opportunity on behalf of HUD.
- B. This Agreement is binding upon all of the officers, trustees, directors, agents, employees, heirs, successors and assigns of the Recipients, when acting in their official capacities on behalf of the State or DCA and the Subrecipients.

- C. This Agreement does not in any way limit or restricts the Department's authority to investigate any complaints against the Recipient pursuant to Title VI, Section 109, the Fair Housing Act, or any other statutory or regulatory authority within the Department's jurisdiction. This Agreement resolves all of the Department's outstanding concerns under these authorities to date.
- D. No amendment to, modification of, or waiver of any provision of this Agreement shall be effective unless all of the following conditions are met: (a) all signatories to the Agreement are notified in advance of the proposed amendment, modification, or waiver; (b) the amendment, modification, or waiver is in writing; and (c) the amendment, modification, or waiver is approved and signed by an authorized representative of the Recipients and the FHEO Director for Region II, or his designee. Any such amendment, modification, or waiver shall be effective only in the specific instance and for the specific purpose for which given.
- E. The Agreement does not increase or diminish the ability of any person or class of persons to exercise their rights under Title VI, Section 109, the Fair Housing Act, or any other federal, state, or local civil rights statute or authority. This Agreement does not create any private right of action for any person or class of persons not a party to this Agreement.
- F. The Recipients acknowledge that they have an affirmative duty not to discriminate under the Act and that it is unlawful to retaliate against any person or entity because that person or entity has made a complaint, testified, assisted, or participated in any manner in a proceeding under the Act. The State will administer all Action Plan programs in a manner that provides fair housing choice to people of all backgrounds without discrimination.
- G. The State will ensure that all construction, reconstruction and rehabilitation of damaged, assisted housing will be conducted in a manner that affirmatively furthers fair housing and is compliant with the Fair Housing Act and the Americans with Disabilities Act.
- H. All of the provisions of this Agreement are applicable to actions taken by Recipients following the effective date of the Agreement, without regard to when the CDBG-DR funding was allocated, unless otherwise specified.
- I. Within thirty (30) days of the effective date of this Agreement, Recipients shall inform all contractors, employees and the principals of Subrecipients, responsible for compliance with this Agreement, including any officers and board members, of the terms of this Agreement and shall provide each such person with a copy of this Agreement.
- J. This Agreement will be a public document upon its effective date. A copy of this Agreement shall be made available to any person for his/her review.

- K. For the purposes of this Agreement, “days” refers to calendar days. If the reporting day falls on a weekend or a federal holiday, the report will be due the first business day after the weekend or holiday.
- L. This Agreement does not supersede, or in any manner change the rights, obligations and responsibilities of the Parties under any and all court orders, or settlements of other controversies involving compliance with federal or state civil rights statutes.
- M. This Agreement does not affect any requirements for the Recipient to comply with all requirements of the Act, Title VI or Section 109 not addressed in this Agreement.
- N. The Recipients shall designate appropriate personnel to coordinate compliance with this Agreement and communicate with the Department about the Agreement upon request at a mutually convenient time.
- O. The Parties agree that the execution of this Agreement may be accomplished by separate execution of consents to this Agreement, and that the original executed signature pages attached to the body of the Agreement constitute one document.
- P. The Parties further agree that if the Department, Complainants or Respondents discover any typographical errors after the execution of this Agreement, the Department is authorized to correct such errors without the consent of the Parties.
- Q. The Department shall accept as true and official execution of this Agreement, a scanned or faxed copy of the executed signature page(s) contained in Section X. of this Agreement.
- R. Complainants’ signatory hereby acknowledges legal and binding authority to hereby execute this agreement on behalf of all named Complainants in this matter.
- S. Respondents’ signatory hereby acknowledges legal and binding authority to hereby execute this agreement on behalf of all named Respondents in this matter.
- T. For purposes of this Agreement, the required reports and documentation of compliance must be submitted simultaneously to:

Jay Golden, Regional II Director
Office of Fair Housing and Equal Opportunity
U. S. Department of Housing and Urban Development
26 Federal Plaza, Room 3532
New York, NY 10278
Jay.Golden@hud.gov

Wanda S. Nieves, Newark FHEO Center Director
Office of Fair Housing and Equal Opportunity
U. S. Department of Housing and Urban Development
One Newark Center, 13th Floor
Newark, NJ 07102
Wanda.S.Nieves@hud.gov

IV. RELIEF IN THE PUBLIC INTEREST

A. Fund for Restoration of Multi-Family Housing (FRM)

1. Recipients will allocate an additional \$215,000,000.00 for the Fund for Restoration of Multi-Family Housing in addition to the \$379,520,000.00 previously allocated to FRM.
2. Recipients, recognizing the significant need to support the replacement and development of multifamily housing to serve renters displaced by Superstorm Sandy, may reallocate additional funds that are not utilized or needed in any other program from CDBG-DR funding to FRM, subject to approvals required by HUD, from other programs in the approved Action Plan, in any future amendment to the Action Plan relating to the use of CDBG-DR funds, but will not reallocate funds from other programs that have been identified as serving the needs of renters, namely those programs identified as “Renter Housing and Rental Programs” in Exhibit B-1 to the March 25, 2014 Action Plan.
3. Recipients shall allocate FRM funds for all three rounds by county in accordance with percentages that are generally proportionate to the amount of damage experienced in each of the nine impacted counties. This calculation shall include funds that have already been allocated and funds to be allocated. The State agrees to set aside the following minimum percentages of the total amount allocated for FRM from all CDBG-DR funds, including but not limited to all funds allocated in the first and second tranche CDBG_DR Action Plan and any funds allocated from future federal funds and/or unexpended funds allocated from other programs pursuant to this agreement: Monmouth and Ocean Counties, 52 percent, Atlantic County, 20 percent. The State shall also give preference to the most impacted communities within each county using a prioritization list such as that proposed by NJ HMFA in May 2014 or a substantially similar list based on the degree of major and severe damage to renters.
4. Recipients shall set aside at least 60 percent of the total amount allocated for FRM from all CDBG-DR funds for developments outside Targeted Urban Municipalities (TUMs), which shall be defined for this Agreement pursuant to the definition in the rule adopted by the New Jersey Housing and Mortgage Finance Agency at 45 N.J.R. 1511(a), and the remainder shall be allocated to developments inside TUMs.

5. Of the total FRM funds a minimum of 60 percent of the total amount allocated for FRM from all CDBG-DR funds both outside TUMs and overall shall be dedicated to units that are open to families with children without preference or restriction other than described in this Agreement and affirmatively marketed to those people and groups “least likely to apply” as required by the New Jersey Qualified Allocation Plan as adopted at 45 N.J.R. 1511(a). State Uniform Housing Affordability Control, N.J.A.C. 5:80, requirements on bedroom distribution shall control.
6. The set-aside process for most impacted counties, TUMs, and families with children described above shall be implemented as follows. The State shall provide an initial application period of at least seventy-five (75) days after the effective date of guidelines adopted by NJ HMFA incorporating this set-aside process, which application process shall only require the documents referenced in Section 1 of the FRM Document Checklist proposed by NJ HMFA in May 2014, excluding the Resolution of Need, which to the degree required by state statute may be required by the time of final commitment of funds. The State shall then provide a list of the initial applications received including a listing by county, TUM/non-TUM, and families with children/other. Final applications, including the documents referenced in Section 2 of the FRM Document Checklist (exclusive of, Treatment Works Approval, CAFRA approvals, and Pinelands approvals which shall be closing requirements and not application criteria), shall be due no earlier than October 30, 2014. In the event there are not enough eligible applications from the most underserved counties and/or outside of TUMs and/or serving families with children to result in these allocations as of the October 30, 2014 deadline, Recipients agree to reserve sufficient funds required to meet those targets in subsequent rounds. In scheduling any future rounds, HMFA shall report to the public the allocation of funding designated to each underserved county, inside/outside of TUMs, and serving families with children in order to meet the funding targets. HMFA will schedule any subsequent rounds giving applicants sufficient time to prepare development plans. If, after two subsequent funding rounds, the targets have not been met, the HMFA may allocate the funds as required to generally meet the needs of low and moderate income households.
7. Recipients shall require that at least 50 percent of the units of each bedroom size in each FRM development approved by HMFA after the effective date of this Agreement shall be affordable to households at or below 50 percent of Area Median Income, including that at least 10 percent of units of each bedroom size shall be affordable to households at or below 30 percent of Area Median Income. Up to 15 percent of housing funded in TUMs may be made available to households between 60%-120% of area median income, thus providing income diversification.
8. Unless a specific action is required by federal statute or regulation, municipal support or funding for a development shall not be a point factor in any funding decisions for FRM funding provided that to the degree a resolution of need is required by state statute, Recipients may require such resolution by the time of final commitment of funds.
9. Recipients will require the greater of 15-year affordability or the length of affordability and/or extended use period required by any non-FRM source of

funding used in the project by deed restriction on all new affordable rental housing approved by the HMFA Board for funding via the Section 4.2.1, Fund for Restoration of Multi-Family Housing after the effective date of this Agreement. Nothing in this Agreement shall be interpreted to require that the deed restriction provided to enforce the length of affordability shall require monitoring by the CDBG-DR program for any period longer than required by federal statute or regulation; monitoring pursuant to other established federal and/or state programs shall be acceptable.

10. To minimize relocation and enable return of residents to their pre-storm communities, Recipients will require, as a contractual condition of all loans or grants for developers and operators of rental housing assisted under the Action Plan, including both FRM and any other rental housing funds for which a final commitment of funds is made after the effective date of this agreement, that such units will be made available for the first 90 days to LMI applicants who were displaced by and/or experienced major or severe damage from Superstorm Sandy based on either FEMA registration or alternative proof of damage, impact or displacement, as to be further set forth in a policy to be adopted by the HMFA.
11. Unless required by federal statute or regulation, no household occupying, or which hereafter occupies, an affordable unit approved by HMFA for funding through FRM after the effective date of this Agreement shall be evicted solely because the household income rises above the initial income eligibility ceiling.
12. Within sixty (60) days of the effective date of this agreement, the New Jersey Housing and Mortgage Finance Agency shall adopt modifications to its FRM Program Guidelines consistent with this Agreement.

B. Fund for Restoration of Multifamily Housing (FRM) – Public and Assisted Housing and Sandy Special Needs Housing Fund (SSNHF)

1. The \$30,000,000 in FRM-Public Housing funds in the first and second tranche Action Plans and the \$60,000,000 in SSNHF funds referenced in this agreement shall be considered as separate from the FRM funds and not subject to the requirements outlined above in section IV(A) of this Agreement; all other FRM funds shall be subject to the requirements outlined above in section IV(A).
2. No later than 45 days after the effective date of this Agreement, Recipients will consult with all Public Housing Authorities (PHAs) in the State, and assisted housing owners and operators to detail the damage to these homes by Superstorm Sandy, and prepare, submit to HUD and post on the DCA's Sandy Website, a detailed description of the type and degree of damage from Sandy to PHA-owned and operated and assisted housing, by development and building, including a comprehensive cost estimate for remaining repairs, and describe the remaining unmet needs to recover from Superstorm Sandy so that reasonable mitigation measures can be undertaken. As

part of this analysis, the State shall indicate which public or assisted housing still have units damaged by Sandy that remain uninhabitable as of the time of the analysis, and prioritize funding to address unmet needs to rehabilitate or reconstruct those units without loss of number of units or number of bedrooms per unit in the municipality in which those units existed before Sandy.

3. No returning resident duly qualified for public or assisted housing prior to Sandy will be subject to any recertification requirement except continuing household income qualification if required by other applicable federal regulations and assignment to unit with the number of bedrooms if required by the applicable regulations. No household will be denied the right to return hereunder because of a change in household members if the head of household or a majority of members of the pre-Sandy household apply to return but may be required to occupy a unit with the number of bedrooms required by the applicable regulations.
4. Notwithstanding any agreement in any other matter, Recipients shall allocate at least an additional \$10,000,000 for SSNHF which shall result in total SSNHF funding from CDBG-DR funds of no less than \$60,000,000.
5. DCA will apply for a waiver necessary to allow CDBG-DR funds to be layered with other federal funding sources such as HOME to produce supportive housing and/or other affordable rental housing.

C. Tenant Based Rental Assistance

1. CDBG-DR tenant-based rental assistance is restricted to three months unless specified by a waiver authorized by HUD. A waiver request is pending with HUD to allow the assistance for a maximum of 24 months. Provided HUD approves any and all necessary waivers, Recipients will continue to develop a Tenant-Based Rental Assistance Program and apply to HUD for any waivers necessary to implement the program.
2. Recipients shall allocate at least an additional \$15,000,000 for tenant-based rental assistance. Such funds shall supplement, and not supplant, the \$17,000,000 proposed by the State to be reallocated from the Landlord Incentive Program to tenant-based rental assistance.
3. These funds shall be allocated as follows:
 - a. There will be a preference for households at or below 30% of area median income;

- b. At least 75% of the additional \$15,000,000 in rental assistance must be used for families at or below 30% of area median income;
 - c. Recipients agree to provide vouchers of up to 130% of fair market rent to enable recipients to move to municipalities and neighborhoods that have few vouchers, subject to any necessary approvals by HUD.
 - d. DCA will establish policies and procedures for operation of this program, will post the policies and procedures on DCA's Sandy Website before initiating the program; the state will, within 120 days after adoption hold training for, all SHRAP provider organizations and other interested community-based organizations. DCA will also include outreach and counseling for these vouchers as part of the contract required in Section VI. F.
- 4. To the greatest extent feasible, households wishing to return to their pre-Sandy community with this assistance shall be supported and funded to do so.
 - 5. These funds may, subject to approvals required by HUD, be reallocated from other CDBG-DR programs, provided that no such funds shall be reallocated from other programs that have been identified as serving the needs of renters, namely those programs identified as "Renter Housing and Rental Programs" in Exhibit B-1 to the March 25, 2014 Action Plan. These funds may also, subject to approvals required by HUD, be allocated from additional CDBG-DR funding that may become otherwise available.
 - 6. Recipients agree to apply for any available HUD funding to support additional rental vouchers to meet the housing needs of New Jersey renters.

D. Review of RREM Applicants Determined to be Ineligible and Status for Wait Listed Applicants

- 1. DCA shall, within one hundred and fifty (150) days of execution of this Agreement, complete a review of all applicants initially found ineligible for the RREM program who have not filed an appeal, using the same review process already in place for people who have filed an appeal. DCA has completed its review of all persons who filed an appeal. DCA shall provide all applicants initially found to be ineligible with a determination of whether upon review they are eligible or not, any documents that DCA still needs to fully process their application, a mechanism by which applicants can get information on the status of their

application, and an explanation of the determination, the right to appeal a final decision to the Office of Administrative Law, and the information customarily required in a New Jersey court filing pursuant to N.J. Rules of Court 4:4-2 regarding the ability to find an attorney through the Lawyer Referral Service or Legal Services of New Jersey, which information shall be provided consistent with the LEP requirements in this Agreement.

2. For any applicant deemed to be eligible in the above-described review, the applicant shall be placed in the order of priority that the applicant would have been in had the application initially been accepted, and funded according to that priority. Recipients shall ensure sufficient funds remain in the RREM program to effectuate this priority.
3. Within thirty (30) days of the completion of the review required pursuant to this subsection, DCA shall provide to FHEO an updated version of the information required to be provided with respect to the RREM program pursuant to this Agreement and an analysis of the application approval rate for RREM by race, ethnicity and income. DCA shall as part of that report provide an assessment of any further adjustments necessary to reduce or eliminate disparities.
4. DCA shall develop and implement a system through which all RREM applicants can receive the most current information on their application's status by telephone, consistent with the LEP requirements in this Agreement.

E. LMI Homeowners Rebuilding Program

1. DCA shall administer a new program serving homeowners who were not served by the prior RREM program, limited to the LMI populations, particularly those who are LEP, of the nine impacted counties. DCA has committed \$40 million for this program; a minimum of \$10 million of the funds committed to this program shall be initially reserved for owners of manufactured housing whose homes were damaged, subject to HUD's approval if necessary. DCA agrees to make available to the public, including on DCA's Sandy Website, the eligibility criteria for the program, including the manufactured housing component, at or before the time that the program opens to applicants.
2. Funding for the new program not needed for the manufactured housing plan described above shall be distributed to homeowners not previously served by RREM with major or severe damage. The application process shall be in all aspects implemented in concert with the housing counseling and outreach and LEP requirements in this Agreement, and shall be open to the nine previously identified most impacted counties. DCA will accept alternative proof of substantial damage for applicants who are unable to or cannot get a substantial damage letter in this program, using

the same provisions provided for RREM in the LEP section of this agreement.

3. Any funds remaining from implementation of this program or from other allocations to the RREM program may be reallocated to the FRM program and DCA may provide that such reallocation will happen as part of its CDBG-DR third tranche action plan so that no further approvals will be needed for such reallocation to take place.

F. Housing Counseling and Outreach

1. Recipients shall implement outreach and housing counseling services to LMI homeowners and renters as follows:
 - a. DCA has identified organizations and community partners who will conduct additional robust outreach for the FRM and LMI Homeowners Rebuilding programs in the nine most impacted counties. DCA will fund those outreach efforts with funds totaling \$2 million beginning in July 2014. As part of these efforts, DCA shall provide outreach to LEP communities in each of the nine impacted counties by contracting or subcontracting with community-based organizations with experience working with racial or ethnic minority communities and low and moderate income people in that county in areas most heavily impacted by Sandy, including LEP communities, and the majority of the outreach funding shall be provided to organizations with such experience.
 - b. DCA will convene, within 10 days from the date of execution of this agreement, a meeting of a working group to discuss community outreach planning. The Complainant organizations will be invited to this meeting.
 - c. DCA will provide housing counseling services through its existing network of HUD-certified housing counseling agencies and, if needed, may issue a separate RFP for such services in the nine previously identified most impacted counties. A proposal may include one or more counties. These housing counseling agencies will provide comprehensive counseling services for both homeowners and renters in order to identify all available homeowner and renter programs and other available resources and to assist with both the application and processing once approved, all in one-stop locations in all nine previously identified most impacted counties. Housing counseling shall be provided in facilities located in lower-income communities impacted by Superstorm Sandy. The counseling shall include financial literacy training, fair housing counseling including mobility counseling and fair housing rights, and any assistance needed to residents of public and assisted housing that are required to be relocated. Counseling agencies shall be required to demonstrate

their ability to collect and report agency and client-level data including client intake, file maintenance, financial and credit analysis, outreach, client notification, and reporting pursuant to 24 CFR 214.103 (f), and meet any additional requirements to interface with state and federal reporting on CDBG-DR funds including but not limited to collecting and reporting the information required pursuant to the Recordkeeping and Reporting provisions of this Agreement.

d. LEP services: All outreach and housing counseling services provided pursuant to this section shall be performed in accordance with the State's LAP. The specific references to LEP communities above shall not be construed as limitations on the full compliance of all such services with the LAP.

e. Recipients agree to provide a minimum of \$2 million per year for housing counseling services until and including the year when the HUD closeout for the CDBG-DR funding occurs, with the final year to be prorated depending on when the closeout occurs and if CDBG-DR funds are available.

G. Access to All CDBG-DR Funded Programs for LMI and LEP Persons who are Potentially Eligible for the Programs

1. Pursuant to the non-discrimination requirements of Title VI at 24 C.F.R. § 1.4, the Recipients are required to take reasonable steps to provide meaningful access to federally funded programs for LEP persons. To comply with their Title VI LEP obligations, the Recipients agree to take the following actions.

a. Completion of Four Factor Analysis. Within 60 days of execution of this Agreement, DCA shall provide a complete Four-Factor Analysis for the nine most affected counties as referenced in the HUD LEP Guidance and shall submit a copy to FHEO. This shall include determining the following:

i. Number or proportion of LEP persons eligible to be served or likely to be encountered by the program, supported by census data or other relevant data, including language for LEP populations of 5% or 1,000 persons in each of the nine most affected counties, considering all languages in the following chart:

Major Foreign Languages Spoken in Nine Most Affected Counties

Sandy-Affected County	Top Non-English Languages Spoken	Estimated LEP Population
Atlantic County	Spanish Vietnamese Chinese	15,800 2,000 2,000
Bergen County	Spanish Korean Polish	41,300 26,200 8,300
Cape May County	Spanish	2,300
Essex County	Spanish Portuguese French Creole	59,600 15,300 8,500
Hudson County	Spanish Arabic Tagalog	105,400 5,000 4,700
Middlesex County	Spanish Chinese Gujarati	53,800 11,700 10,500
Monmouth County	Spanish Portuguese Chinese	21,300 4,000 3,900
Ocean County	Spanish Italian Polish	13,400 1,400 1,000
Union County	Spanish Portuguese French Creole	70,400 9,100 5,000
Total	11 LEP Populations	

- ii. Frequency with which LEP persons come into contact with each program funded by CDBG-DR;
 - iii. Nature and importance of the program, action or service; and
 - iv. The resources available to execute the program and the costs of providing LEP services.
- b. Posting of Four-Factor Analysis. Within ninety (90) days of execution of this Agreement, DCA shall post a complete Four-Factor Analysis completed in accordance with Paragraph 1 above, on DCA's website under the "Sandy Recovery Division" link.
- c. New CDBG-DR LAP. Within ninety (90) days of execution of this Agreement, DCA shall develop a revised LAP for

Sandy Recovery to address the needs identified in the Four-Factor Analysis conducted pursuant to Paragraph 1 above, and submit it to FHEO for review and approval. If FHEO does not reject the LAP within ten (10) days, the LAP shall be considered to be approved. This revised LAP shall include at a minimum:

- i. Procedures DCA will use to identify LEP persons with whom they have contact, the size of the LEP populations in each of the Sandy-impacted counties that comprise 5% or 1,000 of the total population for each such county, and the languages of each LEP population;
 - ii. Points and types of contacts the Recipients may have with LEP persons;
 - iii. Ways in which language assistance will be provided, including the names and contact information for any individuals or contractors which will provide such services, including language interpretation line assistance services, use of "I Speak" cards, translation of outreach and education materials, translations for applications, correspondence with applicants or potential applicants, approval and denial letters, requests for additional information, appeal information, press releases and public notices,
 - d. All correspondence from DCA related to CDBG-DR programs sent to individuals shall include a provision indicating that free language interpretation services are available by contacting a toll free telephone number available to serve LEP persons in the appropriate language.
2. Develop a LEP Outreach/Marketing Plan. Within ninety (90) days from the execution of this Agreement, DCA will develop and provide to HUD and to the Complainants for review and feedback comprehensive plan for outreach to the various LEP communities and LMI communities in each of the Sandy-Affected Counties. The plan shall consider the LAP provisions as well as DCA's Citizen Participation Plan. The LEP outreach shall include public service announcements, print advertisements, press releases, billboard/bus advertising, social media contacts, and other media methods, in various languages, about the CDBG-DR programs and services available as provided for in this Agreement. FHEO and the Complainants shall provide comments regarding the plan within 10 days from the date that they receive the plan. The Recipients agree to include the reasonable recommendations from HUD and the

Complainants. The outreach to community-based groups that work with LEP, LMI and minority communities described in this section shall be coordinated with and in addition to the outreach efforts required by Section IV. F. of this agreement.

3. **Develop a Training Plan.** Within sixty (60) days from the execution of this Agreement, DCA will develop and provide to HUD a Training Plan that describes training, responsible entities and time frames for completion of training for DCA staff members with public contact, as well as employees or contractors funded from CDBG-DR funds, in LEP Guidance and the LAP, including provisions for training of staff who are responsible for monitoring Subrecipients.
4. **Designate a LAP Coordinator.** Within sixty (60) days from the execution of this Agreement, DCA will hire or identify a LAP coordinator who shall be identified in the body of the LAP, including such person's name, email address, phone number and address, and provide public notice on DCA's Sandy Website of contact information for the LAP Coordinator in appropriate languages;
5. **Develop a Language Bank.** Within sixty (60) days from the execution of this Agreement, DCA shall identify staff and contractors who are fluent in various languages, their contact names, telephone numbers and/or email addresses, and their hours of availability. If a Language Bank list already exists, DCA shall submit it to HUD within 10 days of execution of this Agreement. DCA shall use this list to support the provision of translation services in locations that have contact with the public.
6. **Provide a List of Vital Documents to be Translated.** Within twenty (20) days of HUD's approval of the LAP, DCA shall provide a list of vital documents that will be translated and the timetable for translations, for each Sandy-related program, including:
 - a. **Reconstruction, Rehabilitation, Elevation and Mitigation (RREM) Program**
 - b. **Landlord Incentive Program**
 - c. **Landlord Rental Repair Program**
 - d. **Special Needs Housing Program**
 - e. **Large Multifamily Program**
 - f. **Neighborhood Enhancement Program**
 - g. **Redevelopment Fund for Affordable Rental Housing Program**

- h. Blue Acres Program
 - i. Sandy Voucher Program
 - j. Any other CDBG-DR programs.
7. Provide Language Access Services.
- a. DCA will continue to post in every Housing Recovery Center copies of the "I Speak" cards.
 - b. DCA will provide in all HRCs in-person translators, and shall hire at least one housing counselor at each HRC who is bi-lingual in Spanish and English and in Essex County also shall hire at least one housing counselor who is bi-lingual in Portuguese and English. DCA will also continue to provide access to language lines in all HRCs as appropriate based on the languages and counties identified above; with regard to all appellate processes; and with regard to all in-person meetings involving contractors and subcontractors.
8. LAP Training. Within forty five (45) days of the execution of this agreement, DCA will conduct an LEP awareness and current protocol training, which may be conducted by teleconference, for all Sandy Recovery staff having contact with the public. Within one hundred and twenty (120) days of execution of this Agreement, DCA shall complete its training of all Sandy Recovery staff, on the LAP and LEP issues, including procedures for accessing language translations services. Training shall be conducted by a trainer with knowledge of the LAP and LEP requirements, and not merely through the use of a self-training module. Recipients shall provide evidence of the completion of the training, including a list of staff in attendance, to HUD.
9. Subrecipient LAPs. Within ninety (90) days of execution of this Agreement DCA shall:
- a. Provide the LAPs for DCA and Subrecipients.
 - b. Pursuant to 24 CFR § 570.492, DCA will monitor whether its sub-recipients have taken reasonable steps to provide meaningful access for LEP persons to the sub-recipients' federally funded programs in accordance with Title VI and 24 C.F.R. § 1.4.
 - c. Notice to Subrecipients. Within one hundred twenty (120) days of the Department's approval of Recipient's LAP, DCA shall

provide written notice, including guidance and technical assistance, to all of the Subrecipients in DCA's CDBG-DR program regarding their obligations to provide appropriate LEP services ensuring access to federally funded programs in compliance with Title VI. DCA shall provide a copy of this written notice to HUD at least ten (10) days prior to disseminating the notice to Subrecipients. This notice shall:

- i. Inform Subrecipients that they must take reasonable steps to provide meaningful access to eligible LEP persons to comply with Title VI requirements and provide a link to the HUD LEP Guidance and other technical assistance resources.
 - ii. Recommend that Subrecipients follow the HUD LEP Guidance and conduct a Four-Factor Analysis to determine the need for LEP services in their program;
 - iii. Recommend that Subrecipients complete a LAP, if necessary, based on the Four-Factor Analysis; and
 - iv. Require Subrecipients to maintain records regarding their efforts to comply with Title VI LEP obligations, including documents related to the Four-Factor Analysis, the LAP, and LEP services provided to eligible persons. Such records shall be available for monitoring reviews of Subrecipients conducted pursuant to 24 C.F.R. § 570.492. See 24 C.F.R. § 570.490(b).
 - v. Recipients affirm that all LEP services or actions contained in the LAP will apply to any program administered by DCA or Subrecipients servicing individuals that are funded by CDBG-DR funds, including for renters applying for assistance, etc.
 - vi. Monitoring of Subrecipients. DCA shall monitor Subrecipients for compliance with Title VI LEP obligations when it conducts regular compliance monitoring of Subrecipients as required by HUD regulations. See 24 C.F.R. § 570.492. DCA shall maintain appropriate monitoring records to facilitate HUD reviews. See 24 C.F.R. § 570.490; 24 C.F.R. § 570.493.
10. Database Update. Within forty five (45) days of execution of this Agreement, DCA shall ensure that its database systems are updated to include a field that can be populated for "LEP/language assistance" and the language needed (if any) for data collected about applicants

for assistance or other participants including small business owners. In this way, it can begin to collect needed data about the LEP population it serves and the specific language needs of its participants and applicants.

11. Waitlist Review. Within sixty (60) days of execution of this Agreement, DCA shall send a letter to each individual who has been accepted or wait-listed for the RREM program in English and Spanish and including a reference to a toll free telephone number which provides information in all of the major languages identified above to determine if any such individuals require LEP assistance; if so, DCA shall ensure that the individual's file identifies such individual as "LEP" and the type of language assistance needed. DCA shall also include such a letter as part of informing all applicants who were initially rejected of the results of the review of their applications. When contacting each individual who has been accepted, wait-listed, or had their application's denial reviewed, DCA shall also inform the individual that free language assistance is available for persons who need such assistance, and the information is being collected in order to better assist them. The initial written communication shall be sent in both English and Spanish. The Department shall be provided with the results of this effort within ninety (90) days of the execution of this Agreement.
12. Robust LEP Outreach. Within sixty (60) days of execution of this Agreement and after completion of the actions described above, DCA shall initiate its LEP outreach plan consistent with that contained in its LAP and in partnership with the outreach and counseling organizations selected pursuant to Section VI H. This outreach shall, in addition to providing information on all available CDBG-DR programs for both renters and homeowners, inform the LEP community that DCA will open a new LMI Homeowners Rebuilding program. The information provided shall include an indication that bilingual staff and interpretation services are available on DCA's Sandy Website, by phone or in person at any site serving the public, without charge.
13. State and DCA Sandy-Related Press Releases, etc. Within forty five (45) days of the execution of this Agreement, the State and DCA shall ensure that all official press releases and other written announcements that are issued pertaining to Sandy-related activity that is funded by CDBG-DR monies and issued by DCA or other State agency, be posted and provided in English and Spanish.
14. DCA Website. Within one hundred twenty (120) days of the execution of this Agreement, DCA shall ensure that DCA's Sandy Website is properly modified to reflect that all provisions are

compliant and shall consult with FHEO staff to address each individual concern to FHEO's satisfaction.

15. **Access to LEP Population for Units Produced with Federal Funding.** For every unit of housing that is initially rented or made available for sale on or after the effective date of this Agreement and which receives or has received CDBG-DR funds, the availability of the unit shall be listed, with basic characteristics such as bedroom size, location, and rent on a single statewide web site fully compliant with the LAP prior to the rental or sale of that unit with information on how to rent or purchase that unit and a statement that such unit is subject to the provisions of the Fair Housing Act and has a priority for occupancy by people impacted by Superstorm Sandy.
16. **Proof of Substantial Damage.** DCA shall accept alternative evidence of substantial damage as approved by HUD in Substantial Amendment No. #8 to the State's Action Plan. For RREM, if necessary to meet LMI targets, DCA shall provide funding in accordance with the level of damage to LMI households with damage of less than 50 percent of home value.
17. **LAP Appeal Process.** The LAP will be amended to include an appeals process for application denials, and the availability of either a Hearing Office who speaks the language of the LEP individual, or the provision of translation services in that LEP individual's language. The public and advocacy groups will be notified that language assistance is available for appeals if an LEP individual is rejected from applying for any disaster recovery program. Further, this information must be posted in all Housing Recovery Centers in a location that is visible to the public.
18. **DCA will ensure that it complies with LEP requirements, including providing publicly available eligibility criteria and application information in appropriate languages, translation of vital documents, providing information on websites, and communicating with individuals in appropriate languages, and that these resources are available to applicants before it markets to the public or accepts applications for the programs described in Sections IV. D. and E. of this Agreement. Starting sixty (60) days after the execution of this agreement, DCA will also ensure that all FRM-funded housing is marketed in a manner that complies with the LEP requirements set forth in this Agreement.**

V. SECTION 3 COMPLIANCE

A. Specific Provisions for Section 3 Compliance

1. Section 3 Oversight and Administration

- a. Unless compliance with applicable federal or state procurement statutes and regulations require a longer time period, within sixty (60) days of the effective date of this Agreement, the State shall complete selection of a firm responsible for ensuring compliance with Section 3 of the Housing and Community Development Act for its CDBG-DR funded activities.
- b. Within ninety (90) days of the effective date of this agreement, DCA shall hire or appoint a full time Section 3 coordinator for its CDBG-DR activities and notify FHEO of the name and contact information for its selection.
- c. DCA shall notify the Department in writing within 10 days after removing or replacing its Section 3 Coordinator(s).
- d. DCA shall take all appropriate measures to ensure that the person so hired or appointed will have the proper authorization and powers to ensure compliance with this Agreement and Section 3.

2. Section 3 Plan

- a. DCA shall develop and provide to HUD a Section 3 Plan for its CDBG-DR activities within ninety (90) days of the execution of this Agreement. HUD will complete its review of the plans within thirty (30) days of the plan being provided to HUD. The State shall adopt a final version of a Section 3 plan within one hundred fifty (150) days of the effective date of this Agreement. In addition, within one hundred twenty (120) days of the execution of this Agreement, DCA shall develop and provide to HUD a Section 3 Implementation Guide to facilitate consistent compliance with Section 3 in all aspects of the State's CDBG-DR activities. All final documents should clearly assert that Section 3 compliance is required by law, and describe specific penalties that may be imposed upon Subrecipients, contractors, and subcontractors for noncompliance. Section 3 Plans and Implementation Guides shall be posted on DCA's Sandy Website at each of the deadlines in this paragraph so they are accessible to prospective sub recipients, contractors, Section 3 residents and Section 3 businesses.
- b. No changes may be made to these Section 3 plans without the written consent of HUD.

3. Annual Reports. DCA shall timely submit Section 3 summary reports for all covered activities undertaken by the State, its Subrecipients, developers, contractors and subcontractors in accordance with the Section 3 annual reporting requirements at 24 CFR. § 135.90.

4. Outreach and Training Efforts:
 - a. Within forty-five (45) days of the effective date of this Agreement, DCA must convene an internal information session and review the provisions of this Agreement with its key managers and staff.
 - b. Within one hundred fifty (150) days of the effective date of this Agreement, DCA shall develop and provide to HUD Section 3 training and outreach materials for staff, Section 3 businesses and Section 3 covered persons that describe the requirements of this Agreement, the Section 3 regulations and the State's Section 3 Implementation Plan. During the course of this Agreement, DCA must receive approval from HUD to use any new or modified Section 3 materials for its training/outreach efforts.
 - c. Within thirty (30) days of HUD's approval, DCA shall initiate outreach and education efforts to Section 3 businesses and Section 3 covered individuals, especially targeting business communities and potential Section 3 businesses in a manner consistent with the Section 3 Plan. It should coordinate its outreach efforts with local chambers of commerce and other organizations and agencies that engage in business growth activities. DCA shall include in its monitoring reports a schedule of events and activities under this section.
 - d. HUD may, at its discretion, direct Recipients to increase their outreach efforts or direct them to focus their outreach efforts to particular groups, organizations or a subset of Section 3 residents or Section 3 businesses. Outreach efforts for all Section 3 activities should include, but are not limited to, posting notices on its website, posting notices in the common areas or other prominent areas of its housing developments, advertising through local media, such as community television networks, newspapers of general circulation, minority owned newspapers, local business trade magazines/flyers, radio advertising, and internet media outlets (ex. Face book, Twitter, etc.).
 - e. DCA agrees to utilize the Section 3 Business Registry program provided by HUD and to encourage Section 3 individuals and businesses to sign up for the Business Registry.

B. Section 3 Monitoring and Enforcement by DCA

1. DCA shall establish an active Section 3 enforcement and monitoring process applicable to itself and to its Subrecipients and assign or designate appropriate personnel to do so, consistent with the terms of this Agreement. The enforcement and monitoring process must provide a methodology capable of monitoring the State's internal compliance with Section 3 and this Agreement, and monitoring contractors, subcontractors and private property management companies' compliance with Section 3. DCA shall refrain from knowingly entering into contracts with any contractor currently in violation of Section 3 pursuant to 24 CFR § 135.32(d).

VI. FAIR HOUSING TRAINING

- A. DCA will train their employees and contractor representatives (and those of their sub-recipients) who are responsible for the implementation of recovery programs on the requirements of the Affirmatively Furthering Fair Housing regulations and on civil rights compliance.
- B. The State will, within ninety (90) days of HUD's approval of this Agreement, require its employees, contractor representatives and agents and those of Subrecipients, charged with implementation of recovery programs, to participate in training on Affirmatively Furthering Fair Housing and on civil rights compliance, provided by HUD or by some entity approved by HUD using a curriculum approved by HUD. The training will be recorded in video format and all Subrecipients' principals shall certify that they have viewed the training prior to and as a condition of all contracts.
- C. The Respondent shall forward to HUD objective evidence of the successful completion of training required by this Agreement in the form of a Certificate or a letter from the entity conducting the training, together with a list of participants, within five (5) days of the completion of the training, as evidence of compliance.

VII. PREPARE A 2015 ANALYSIS OF IMPEDIMENTS

- A. The State agrees by January 15, 2015 to prepare its 2015 Analysis of Impediments to Fair Housing Choice (AI) including identifying post-storm impediments to fair housing in the storm affected counties as required by HUD's March 2013 Notice, and to submit the AI to HUD for review and approval.
- B. HUD agrees to provide technical assistance to the State regarding its preparation of the 2015 Analysis of Impediments and the State agrees to request technical assistance when preparing the AI.

VIII. REPORTING AND RECORDKEEPING

- A. Quarterly reporting. DCA will provide to FHEO and Complainants a quarterly report with the following information to track compliance with this Agreement:
1. The first Report will be due August 1, 2014. Thereafter, Reports will be due quarterly for the duration of the Agreement.
 2. An updated list of each applicant to RREM and the LMI Homeowners Program that provides the application ID, application status (i.e. approved, wait listed, rejected, still processing, in appeal), LMI status, LEP status, race, ethnicity, zip code, municipality, and county without personally identifying information.
 3. The most current list of all units and projects funded through FRM, FRM-PHA, SSNHF, and all other programs in Section 4.2 of the Action Plan, including street address, municipal location, family/senior/supportive status, and income levels served. The State will also post this information on DCA's Sandy Website.
- B. Quarterly Reporting on LEP. DCA will submit to FHEO and Complainants an Implementation Report ("Report") on a quarterly basis that quantifies all requests for LEP services, LEP services that have been provided, and also identifies all actions taken to implement the Agreement.
1. The first Report will be due August 1, 2014. Thereafter, Reports will be due quarterly for the duration of the Agreement.
 2. Each Report shall contain a summary and a numerical count of all requests for LEP services and all LEP services that have been provided by DCA.
 3. Each Report shall contain a narrative regarding DCA's monitoring of sub-recipients' LAPs and LEP compliance and provide an overview of DCA's findings.
 4. In the Reports due August 1 of each year for the remainder of the Agreement, DCA will submit an updated LAP to HUD for approval. If DCA has not updated the LAP, the Report shall contain an explanation of why DCA's current LAP is effective and sufficient and does not require updating.
- C. Quarterly Reporting. DCA will provide to FHEO and Complainants and concurrently post on DCA's Sandy Website a quarterly report with the following information to track compliance with this Agreement:

1. The first Report will be due August 1, 2014. Thereafter, Reports will be due quarterly for the duration of the Agreement.
 2. DCA will report cumulative numbers on of households served by FRM, FRM-PHA and SSNHF including household income as a percentage of area median family income as defined by HUD, the race and ethnicity of the head of the household if available, the household's LEP status, zip code, Census tract, municipality, and county.
 3. DCA will provide updated lists of all projects funded through all infrastructure, small business, economic development, and other programs with municipal location and LMI benefit, and the methodology used to determine that LMI benefit.
 4. DCA will provide total LMI benefit of all projects funded to date.
- D. Simultaneous with its quarterly submission to HUD, DCA will post reports on its Sandy Website containing all data reported in the HUD Disaster Recovery Grant Reporting System (DRGR) with respect to Superstorm Sandy.
- E. Recipients will cooperate with all requests from Complainants and other members of the public pursuant to the New Jersey Open Public Records Act. Nothing contained in this Agreement shall be construed to limit or affect Complainants' or any other parties' rights to request documents pursuant to the New Jersey Open Public Records Act.
- F. DCA shall require all Subrecipients of CDBG-DR funding to collect data that enables timely compliance with this section.
- G. Recordkeeping. During the term of this Agreement, DCA shall maintain the following records and upon request, make these records available for review by the Department. See 24 C.F.R. §§ 570.490, 570.492 and 570.493.
1. DCA shall maintain a monitoring file for each Subrecipient. The file will include: 1) any documentation regarding any LEP guidance or technical assistance provided by the Recipient; and 2) any documentation of Four-Factor Analyses and LAPs, or comparable documents, that were prepared by sub-recipients pursuant to Section VI. of this Agreement.
 2. DCA shall maintain files containing documentation of its efforts to meet the obligations of this Agreement and documentation of the information used to generate any of the reports required pursuant to this Agreement.
 3. DCA shall require all Subrecipients of CDBG-DR funding to retain and provide to DCA all records containing documentation of its efforts to meet the obligations of this Agreement and documentation

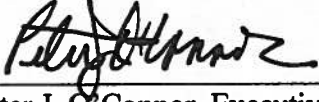
of the information used to generate any of the reports required pursuant to this Agreement.

IX. MONITORING AND COMPLIANCE WITH THIS AGREEMENT

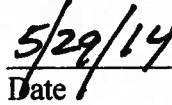
- A. The Recipients and Complainants will share information, hold periodic meetings and agree to participate in good faith in special meetings called by any Party to address compliance issues. Complainants agree to provide the Recipients notice of an alleged violation of the Agreement. Within 20 days of the notice the parties agree to meet and confer to discuss the alleged violations raised by Complainants prior to seeking enforcement through court proceedings.
- B. An action by Complainants or any of them for breach of this Agreement may not be commenced until and unless the Recipients have been given written notice specifying the basis for the assertion of a material breach, a reasonable opportunity to cure in accordance with Section 11A, and have failed to cure or take steps to cure. Each party agrees that, in the event of a breach of this Agreement, the harmed party is limited to seeking injunctive relief to compel compliance with this Agreement, and reasonable attorney's fees related to any action to enforce the Agreement. Jurisdiction to enforce the agreement through a civil action by Complainants shall lie in the United States District Court or in New Jersey state court with venue in Superior Court, Law Division, Mercer County or Superior Court, Appellate Division, as applicable.
- C. FHEO will monitor compliance with this Agreement, which may include, but is not limited to: reviewing reports required by this Agreement;; interviewing the Recipients' staff and beneficiaries; conducting on-site reviews; and examining documents. By this Agreement, the Recipients will assure full cooperation with the monitoring review undertaken by the Department and assures it will produce requested data or information in a timely fashion.
- D. Upon a finding of material non-compliance with this Agreement, FHEO will provide the Recipients with a written statement specifying the facts of the alleged material non-compliance and a reasonable opportunity to resolve or cure the alleged material non-compliance including an opportunity to meet and provide evidence supporting compliance. If after the above process, the Recipients have not satisfactorily resolved the claims of material non-compliance, the Department may take any contractual, statutory, administrative or regulatory remedy available to the Department to resolve the outstanding findings of non-compliance, including but not limited to referral to the Attorney General of the United States, to commence a civil action in the appropriate U. S. District Court, pursuant to §§ 810(c) and 814(b) (2) of the Act. The Recipients retain any due process or other rights to review or appeal the Department's determination. It is understood that no conditions in this Agreement, however, will limit or restrict the Department's legal rights to enforce Title VI or other applicable laws and regulations.
- E. Prior to the expiration of any timeframe in this Agreement, the Recipients may submit a request for an extension supported by documentation of good cause. The Department shall review requests for extensions and grant them as a modification to this Agreement if they are reasonable, which shall be in their sole discretion to determine.

- F.** Failure by HUD or Complainants to enforce this entire Agreement or any provision in the Agreement with regard to any deadline or any other provision herein shall not be construed as a waiver of its right to do so regarding to other deadlines and provisions of this Agreement. Furthermore, HUD's or Complainants' failure to enforce this entire Agreement or any provision thereof shall not be construed as a waiver of any obligation of the Recipient under this Agreement.
- G.** If any section of this Agreement is determined by a court to be in violation of the laws of the State, federal law or regulation, or against public policy, that section shall be severable and the remainder of the Agreement shall continue to operate in full force.
- H.** This Agreement contains the entire Agreement and understanding between the Parties. With respect to this Agreement, no representations, promises, agreements or understandings, written or oral, not herein contained shall be valid or binding unless the same is in writing and signed by the party intended to be bound.
- I.** This Agreement is the result of conciliation negotiations undertaken in good faith and in that regard the rule of contractual construction that an ambiguous term shall be construed against the drafter shall not be employed.
- J.** Each of the Parties represents and warrants to the others that it has had this Agreement reviewed by counsel prior to execution.

X. SIGNATURES



Peter J. O'Connor, Executive Director
FAIR SHARE HOUSING CENTER, COMPLAINANT



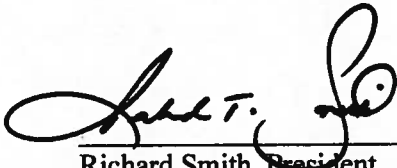
Date

Frank Argote-Freyre

Frank Argote-Freyre, President
LATINO ACTION NETWORK, COMPLAINANT

MAY 29, 2014

Date



Richard Smith, President
COMPLAINANT NJ STATE CONFERENCE
OF THE NAACP

05.29.2014

Date


COUNSEL FOR COMPLAINANTS

5/29/14
Date

7c

5-30-14

[RESPONDENT]

Date


COUNSEL FOR RESPONDENTS

Date

5/30/14

Sara K. Pratt

OFFICE OF FAIR HOUSING AND EQUAL
OPPORTUNITY

5/30/14
Date

State of New Jersey
 Department of Treasury
 Integrity Monitoring Reporting Model
 For Quarter Ending: xx/xx/2013

Reports required under A-60 will be submitted by Integrity Monitors on the first business day of each calendar quarter to the State Treasurer and will contain detailed information on the projects/contracts/programs funded by the Disaster Relief Appropriations Act.

No.	Recipient Data Elements	Response	Comments
A. General Info			
1.	Recipient of funding		
2.	Federal Funding Agency? (e.g. HUD, FEMA)		
3.	State Funding (if applicable)		
4.	Award Type		
5.	Award Amount		
6.	Contract/Program Person/Title		
7.	Brief Description, Purpose and Rationale of Project/Program		
8.	Contract/Program Location		
9.	Amount Expended to Date		
10.	Amount Provided to other State or Local Entities		
11.	Completion Status of Contract or Program		
12.	Expected Contract End Date/Time Period		
B. Monitoring Activities			
13.	If FEMA funded, brief description of the status of the project worksheet and its support.		
14.	Quarterly Activities/Project Description (include number of visits to meet with recipient and sub recipient, including who you met with, and any site visits warranted to where work was completed)		

State of New Jersey
Department of Treasury
Integrity Monitoring Reporting Model
For Quarter Ending: xx/xx/2013

Reports required under A-60 will be submitted by Integrity Monitors on the first business day of each calendar quarter to the State Treasurer and will contain detailed information on the projects/contracts/programs funded by the Disaster Relief Appropriations Act.

No.	Recipient Data Elements	Response	Comments
15.	Brief Description to confirm appropriate data/information has been provided by recipient and what activities have been taken to review in relation to the project/contract/program.		
16.	Description of quarterly auditing activities that have been conducted to ensure procurement compliance with terms and conditions of the contracts and agreements.		
17.	Have payment requisitions in connection with the contract/program been reviewed? Please describe		
18.	Description of quarterly activity to prevent and detect waste, fraud and abuse.		
19.	Provide details of any integrity issues/findings		

State of New Jersey
 Department of Treasury
 Integrity Monitoring Reporting Model
 For Quarter Ending: xx/xx/2013

Reports required under A-60 will be submitted by Integrity Monitors on the first business day of each calendar quarter to the State Treasurer and will contain detailed information on the projects/contracts/programs funded by the Disaster Relief Appropriations Act.

No.	Recipient Data Elements	Response	Comments
20.	Provide details of any work quality or safety/environmental/historical preservation issue(s).		
21.	Provide details on any other items of note that have occurred in the past quarter		
22.	Provide details of any actions taken to remediate waste, fraud and abuse noted in past quarters		
C. Miscellaneous			
23.	Attach a list of hours and expenses incurred to perform your quarterly integrity monitoring review		
24.	Add any item, issue or comment not covered in previous sections but deemed pertinent to monitoring program.		

Name of Integrity Monitor: Name of Report Preparer: Signature: Date:

Cost Quote

Cell to be completed by Contractor
Protected Cells

Firm Name:	
Engagement Number:	

Provide a separate sheet for each year of the engagement. G9004 <input type="checkbox"/> May 14, 2014 through May13, 2015 (Year 2 Contract Prices) <input type="checkbox"/> May 14, 2015 through May13, 2016 (Year 3 Contract Prices) T2939 <input type="checkbox"/> August 19, 2014 through August 18, 2015 (Year 2 Contract Prices) <input type="checkbox"/> August 19, 2015 through August 18, 2016 (Year 3 Contract Prices)	Fill in Task																								
Staffing Category	Hourly Billing Rate (\$)	Hours	Amount (\$)	Hours	Amount (\$)	Hours	Amount (\$)	Hours	Amount (\$)	Hours	Amount (\$)	Hours	Amount (\$)	Hours	Amount (\$)	Hours	Amount (\$)	Hours	Amount (\$)	Hours	Amount (\$)	Hours	Amount (\$)	Total Hours Per Staff Category	Total \$ Per Staff Category
Partner/Principal/Director			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	0	\$0.00
Program Manager			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	0	\$0.00
Project Manager			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	0	\$0.00
Subject Matter Expert			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	0	\$0.00
Supervisor/Senior Consultant			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	0	\$0.00
Consultant			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	0	\$0.00
Associate/Staff			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	0	\$0.00
Administrative Support			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	0	\$0.00
Other			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	0	\$0.00
Other			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	0	\$0.00
Other			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	0	\$0.00
Other			\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	0	\$0.00
		0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00 (Staffing)

Total Direct Cost	
--------------------------	--

\$0.00 (Direct Cost)

Total Travel Cost	
--------------------------	--

\$0.00 (Travel Cost)

Grand Total **\$0.00**