NYS HOME Program
Homebuyer Development

A Guidebook for Grantees

New York State
Office of Community Renewal
HOME Investment Partnership Program (HOME)

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Introduction

Purpose of the Administrative Plan / How to use the Plan

The goal of the HOME Investment Partnership Program (HOME) is to provide decent, safe, and affordable housing for low-income households.

The NYS HOME Program is a federally funded program administered by the Housing Trust Fund Corporation's (HTFC) Office of Community Renewal (OCR). The program is designed to fund residential housing activities to expand the supply of decent, safe, and affordable housing throughout the State of New York.

Successful administration of a HOME award is reliant on the compliance with HUD and/or New York State. This Administrative Plan (Plan) describes the Federal and State policies, procedures, and requirements applicable to Homebuyer Development projects.

This Plan must be followed during the management of a Homebuyer Development project along with Federal HOME Investment Partnership Program regulations at 24 CFR Part 92 referenced throughout and will be enforceable along with all aspects of the contract. It largely relies on and references the Homebuyer Development Project and Homebuyer Underwriting Guidelines.

Acronyms:

HUD:	Housing and Urban Development
HCR:	NYS Homes and Community Renewal
HTFC:	Housing Trust Fund Corporation
CHDO:	Community Housing Development Organizations
POA:	Period of Affordability
MWBE:	Minority/Women-Owned Business Enterprise
IDIS:	Integrated Disbursement and Information System
WAP:	NYS HCR Weatherization Assistance Provider
EU:	HCR's Environmental Unit
OCR:	Office of Community Renewal

NYS HOME Project Manager: is assigned to the CHDO/Developer at contract execution and is the HTFC OCR staff representative that will assist the CHDO/Developer to administer the contract with HTFC.

ALL FORMS and related documents referred to in this Plan are available on the HCR HOME Program website at: **https://hcr.ny.gov/nys-home-program.**

The "Assistance Listing Number" (ALN) for this Program is 14.239.

Other Resources

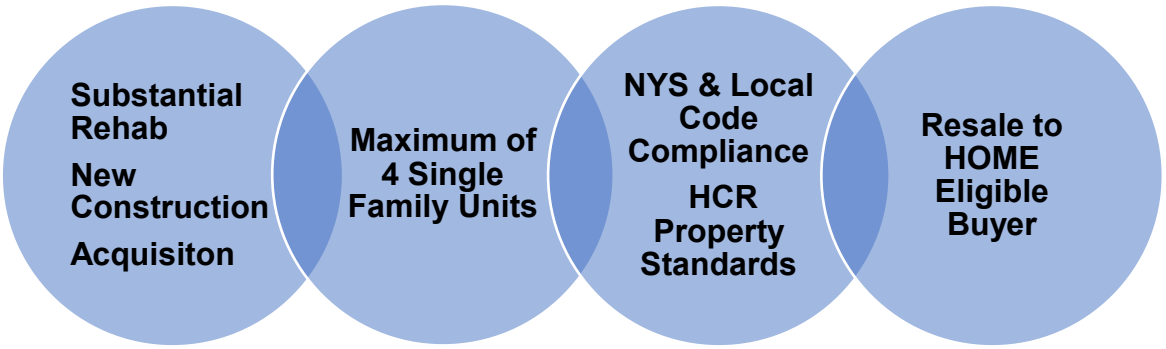
In addition to reading through this Guide, make sure you are familiar with HOME program requirements and these important resources:

- HOME Income Limits
- Determining Income for the HOME Program
- CPD Income Eligibility Calculator
- HOME Homeownership Value Limits
- HOME: HOME Investment Partnerships Program - HUD Exchange
- Building HOME Training

Chapter One: General Information

Eligible Activity

HOME funds may be used to support the substantial rehabilitation or new construction of up to four (4) single unit homes owned by the CHDO/Developer resulting in a code compliant unit which is then sold to a HOME eligible HOME buyer. Homes can be located anywhere in New York State. This can include acquisition related to the project.



Homes must be sold to HOME eligible buyers at or below 80% AMI within 12 months of completion or rehabilitation or construction, but also within the contract term.

Homebuyers must agree to live in the home as their primary residence for the Period of Affordability, generally 15 years.

New construction may include non-traditional or innovative models such as modular, manufactured housing, 3D printed housing, or other as approved.

If rehabilitation is involved in a project, the after-rehabilitation value must not exceed HOME Homeownership Value limit for Existing Homes HOME Homeownership Value Limits - HUD Exchange

The CHDO/Developer must have site control and be the owner and developer of the housing during the construction period, must arrange for all project financing and be in sole charge of the construction.

All units must meet HOME property standards, NYS and/or Local Code upon completion of housing rehabilitation and comply with HCR Homeownership Design Guidelines.

Project Assistance Limits

HOME funds must be no more than needed to provide quality, affordable, and financially viable housing throughout the Period of Affordability (POA).

Maximum subsidy limit inclusive of the developer fee is $250,000 per house for 2+ bedroom homes. If the project is building a 1-bedroom home, the maximum subsidy will the HOME Maximum subsidy limit for 1-bedroom homes and is subject to change annually.

Contract Term and Schedule

The term of the contract begins on the date the contract is signed by HTFC. The contract term is 36 months or 3 years.

Requests for contract extensions will be reviewed on a case-by-case basis and must be approved by HTFC and will be limited due to HUD expenditure deadlines.

The CHDO/Developer shall expend all funds within the contract term; therefore, all units must be completed by the contract end date to accommodate sales approvals and final expenditures. Activity will not be allowed after the contract end date and failure to comply will result in the deobligation of funds and contract closure.

The expected Project Schedule is an approved part of the awarded application and is enforceable along with all other contract provisions.

The schedule contains progress milestones that the Developer must meet. Progress will be reviewed as part of construction monitoring. Failure to achieve milestones could result in the suspension of funds and/or possible required changes to project administration. Changes to the milestones require HTFC approval. Construction must accommodate flow of funds and sale. Units must be under a ratified sales contract within 12 months of construction completion and sales complete within the contract term Developers must also plan for reconciling final Sales Net Proceeds Analysis and contract close out as part of their schedule.

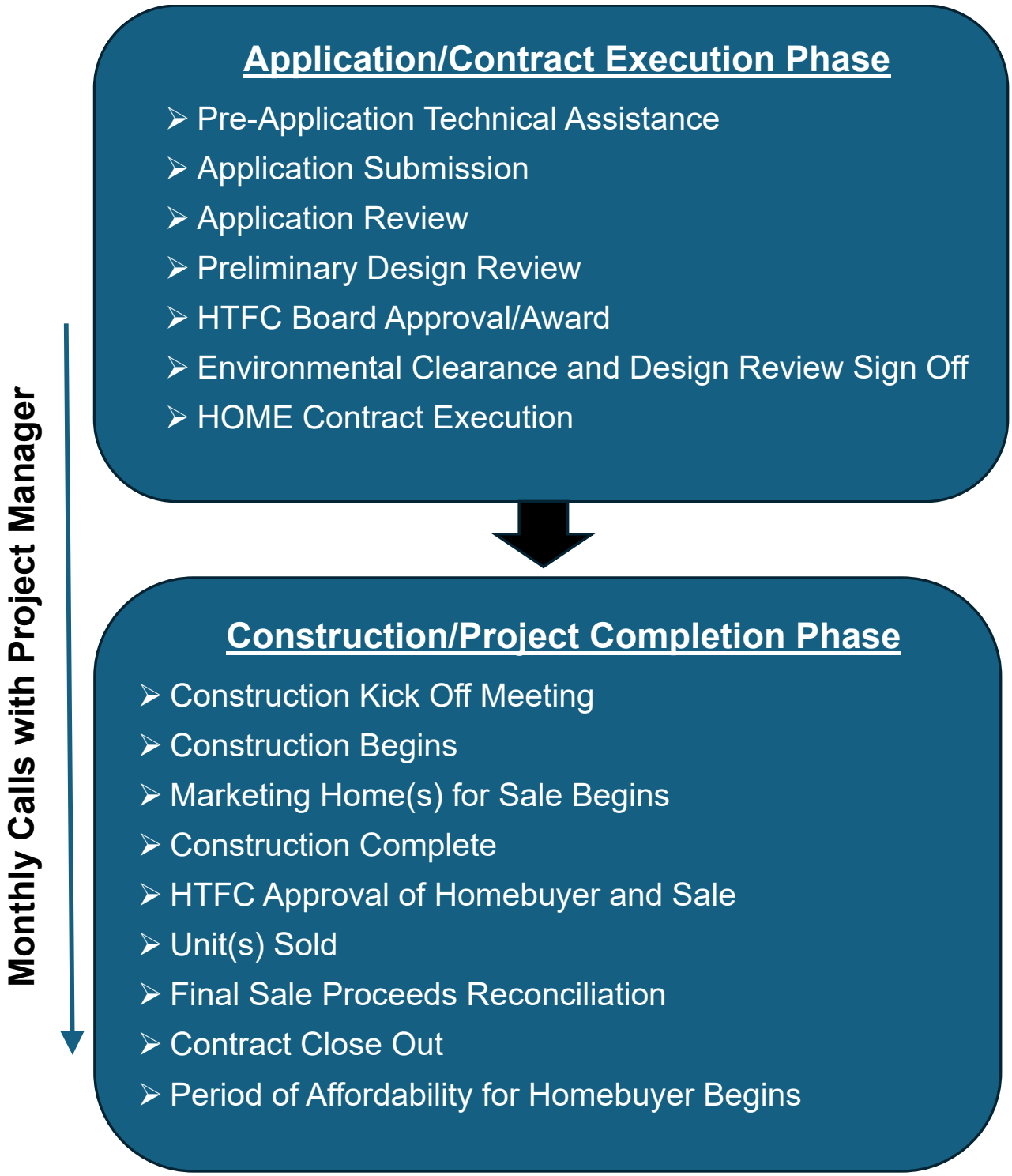
Homebuyer Development Projects generally proceed accordingly following contract execution:

Project Timeline		Start Month	End Month	Duration
Programmatic	Execute HTFC HOME Contract	1	1	1
	Environmental Clearance	1	6	3-6*
Construction	Ongoing throughout construction through Monitoring Site Inspections: - Pre-Construction Meeting/Rehab HCR Design Unit Initial Inspection Complete - Construction start (must be completed within 12 months of contract signing) - Completion of Rehab Demolition/Install Foundation Verified - Completion of Rough Carpentry/Mechanicals Verified - Completion of Punch List Verified - Final Rehab/Construction Completion Verified	6	24	23
Home Sales	Sale of home(s), or under ratified sales contract, to include homebuyer underwriting and OCR approval	Varies. By month 25 at the latest.	*Within 12 months of home completion	N/A
Closeout	Submit Sales Net Proceeds	34	35	1
	Wrapping up Contract/Contract Closeout	34	36	2
End of Contract			36	

*Environmental Clearance can take between 3 to 6 months to complete.

Project Flow Chart

The Homebuyer Development Project Flow Chart provides a visual overview of the major steps in moving a homebuyer development project from initial application to completion. This should be used as a quick reference tool alongside with the more detailed procedures in this Admin Plan and in the Homebuyer Development Project and Homebuyer Underwriting Guidelines.



Contract Amendments

Amendments to the HOME contract require review and approval by HTFC. CHDO/Developers must submit a written request on the organization's letterhead to make a formal amendment. CHDO/Developers are advised to provide concise background information and clear justification for the requested amendment. HTFC will review and respond with either a denial or approval with updated contract documents if approved. HTFC's review will consider the CHDO/Developer's original proposal, programmatic rules, requirements, and overall administrative performance. CHDO/Developers should contact their Project Manager for specific procedures and preliminary discussion prior to submitting a request.

Fair Housing - Equal Opportunity- Affirmative Marketing

No person shall, on the grounds of race, color, national origin, religion, or sex be excluded, denied benefits, or subjected to discrimination under any program funded in whole or in part with Federal HOME funds. The NYS HOME Program ensures nondiscriminatory treatment, outreach, and access to program resources for all HOME assisted beneficiaries.

The HOME Program must comply with all federal laws, executive orders and regulations pertaining to Fair Housing and Equal Opportunity. They are:

Title VI of the Civil Rights Act of 1964, as amended (42 U.S.C. 2000d et seq.) which states that no person may be excluded from participation in, denied the benefits of, or subjected to discrimination under any program or activity receiving Federal financial assistance on the basis of race, color, or national origin.
The Fair Housing Act (42 U.S.C. 3601-3620) prohibits discrimination in the sale or rental of housing, the financing of housing or the provision of brokerage services against any person on the basis of race, color, religion, sex, national origin, disability, or familial status.

Equal Opportunity in Housing (Executive Order 11063, as amended by Executive Order 12259) prohibits discrimination against individual on the basis of race, color, religion, sex or national origin in the sale, rental, leasing, or other disposition of residential property or in the use or occupancy of housing assisted with Federal funds.

Age Discrimination Act of 1975, as amended (42 U.S.C. 6101-6107) prohibits age discrimination in programs or activities receiving Federal Financial Assistance.

Each CHDO/Developer HOME-funded project must have and follow an Affirmative Marketing Plan consistent with the HOME regulations at 24 CFR 92.351.

CHDO/Developers must complete an Affirmative Marketing Plan (AFHMP) Long Form to demonstrate compliance with 24 CFR 92.351. The form can be found here → **https://hcr.ny.gov/HOMEbuyerLongForm**. The form will be requested following award and must be summitted to the project's assigned Project Manager for submission to FEHO.

All advertising and application materials have to be made available in three languages: English, Spanish and the next highest non-English spoken language in the county according to the New York State Language Dashboard available here: **https://ogs.ny.gov/data-view-language-diversity-new-york-state.**

Equal Employment Opportunity

CHDO/Developers are subject to the Equal Employment Opportunity requirements related to nondiscrimination and equal access. The CHDO/Developer shall comply with the following, as applicable. CHDO/Developers must not discriminate in hiring and employment practices. To comply, CHDO/Developers must:

- Post an Equal Employment Opportunity Poster in a conspicuous place. →Equal Employment Opportunity Posters | U.S. Department of Labor (dol.gov)

- Include the EEO tagline in all employment advertising: “All qualified applicants will receive consideration for employment without regard to race, color, religion, sex, sexual orientation, gender identity or national origin.”

- Keep records of all employment actions and decisions, including job descriptions, postings, applications/resumes, interviews, tests, offers, written employment policies and procedures, and personnel files, and make available for inspection by state and federal agencies if requested.

If the CHDO/Developer has 50 or more employees and a contract in excess of $50,000, submit an annual EEO-1 Report (report form available at: →Sign-in (eeocdata.org) or Home (eeocdata.org)

Reasonable Accommodations and Modifications

The CHDO/Developer must be in compliance with the Fair Housing Act, Section 504, as applicable.

All HOME projects are subject to accessibility requirements of 24 CFR § 92.251(b) (1) (iv). Reasonable accommodations for modifications to housing are required for households with accessibility needs.

Relocation

In projects involving rehabilitation, most projects will be vacant at the time of rehabilitation therefore temporary relocation is unlikely, however the HOME Program is subject to an overall policy of minimizing displacement and is subject to the Uniform Relocation Act (URA) and Section 104(d) of the Housing and Community Development Act of 1974, as amended.

The HOME & CDBG Residential Anti displacement & Relocation Assistance Plan establishes the HCR/HTFC HOME Program policy to minimize displacement. →**HOME & CDBG Residential Anti displacement & Relocation Assistance Plan (Relocation Plan)**

Permanent displacement is discouraged and is unlikely to occur with the activities covered in this Administrative Plan.

Consult with your Project Manager if there are questions regarding relocation of any kind.

Drug Free Workplace

CHDO/Developers with contracts in excess of $100,000 are subject to the Drug-Free Workplace Act of 1988, which requires:

- Distribution of a policy statement to all employees that the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited in the covered workplace and specifying the actions that will be taken against employees who violate the policy.

- Notification of employees that as a condition of employment on a federal contract or grant, the employee must a) abide by the terms of the policy statement; and b) notify the employer, within five calendar days, if he or she is convicted of a criminal drug violation in the workplace

- Establishment of a drug-free awareness program

- If a covered employee is convicted of a criminal drug offense in the workplace, notify HTFC within 10 days, and require the employee to participate in drug abuse assistance or rehab program.

Section 3

Applicable to Contracts Executed Prior to March 16, 2026:

Individual housing construction and rehabilitation projects as well as public works projects that receive more than $200,000 in HOME Investment Partnership Program (HOME), Community Development Block Grant (CDBG), federal Housing Trust Fund or other funding from the U.S. Department of Housing and Urban Development (HUD) (combined) must comply with Section 3 of the Housing and Urban Development Act of 1968 ("Section 3").

Section 3 requires that economic opportunities generated by HUD funds be prioritized for low-income individuals and the businesses that hire or are owned by them, particularly in the neighborhood surrounding the project. All entities involved in the Section 3 Project (the Recipient of the HUD funds, the General Contractor, other contractors, and subcontractors) must, to the greatest extent feasible, engage in efforts to achieve Section 3 goals and objectives.

Recipients of HOME Funds must comply with the provisions set forth at 24 CFR Part 75. 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"). If applicable, a Section 3 Compliance Plan must be submitted and is available at https://hcr.ny.gov/S3ParticipationPlan. Semi-annual reporting will be required. All forms available here: Annual Section 3 Reporting will be required, the report is available here: **https://hcr.ny.gov/section-3-compliance**.
More information and guidance on Section 3 compliance can be found in NYS HCR's Section 3 Policy Manual here: **Section 3 Compliance | Homes and Community Renewal (ny.gov)**

Contracts Executed After March 16, 2026:

The Section 3 threshold has increased to $300,000 per unit as of March 16th, 2026. Because NYS HOME Homebuyer Development projects are limited to $250,000 in HOME funds per unit, Section 3 requirements will not be triggered.

Davis Bacon Related Acts

Because projects are limited to 4 units or less, Davis Bacon requirements related to construction or rehabilitation activities of 12 or more HOME assisted units within the same construction contract will not be triggered.

Minority and/or Women Business Enterprises (MWBE) and Service Disabled Veteran-Owned Business (SDVOB) Policy

The HOME Program regulation at 24 CFR 92.351 (b) Minority outreach and 2 CFR 200.231 Contracting With Small Businesses, Minority Businesses, Women's Business Enterprises, Veteran-Owned Businesses, And Labor Surplus Area Firms requires all HOME funded programs and projects to adopt affirmative marketing procedures and include, to the maximum extent feasible, minorities, women, and entities owned by minorities and women and veteran-owned businesses to be provided employment and contracting opportunities funded by the HOME program.

Requirements if HOME funded and no State funds are invested in the program or project:

LPAs and contractors working on a project must adhere to the following to ensure MWBE and SDVOB participation and show good faith efforts:

1. MWBE's do not have to be State certified through Empire State Development.
2. LPAs and contractors must widen the pool of outreach and bid advertisements to attract and include more MWBE/SDVOB bidders to the greatest extent possible.
3. LPAs and contractors must document all outreach activity.
4. Solicitations must be marketed to local government, county and/or non-profit qualified contractor lists.
5. Verify that the contractor has not been debarred from working with HUD.

Reporting Requirements:

LPA's must submit an annual report to the Office of Community Renewal as requested detailing the outreach and activities provided to include, to the maximum extent feasible, minorities and women and entities owned by minorities and women and veteran-owned businesses to be provided employment and contracting opportunities funded by the HOME program. For those MWBEs and SDVOBs that participate, the LPA must compile data for HUD's MWBE report:

- The HOME Local Program contract SHARS ID
- Contract Amount
- Type of Trade
- Contractor ID #, name and address
- The report may include both State certified and non-State certified MWBEs
- Data submitted from LPAs to OCR annually. OCR compiles data and submits annual consolidated MWBE report to HUD.

Requirements if HOME funded and State funds are invested in the program or project:

If HOME Program Funds are combined with New York State funds in a program or project, then LPAs must adhere to State requirements. Article 15-A of the State Executive Law and Article 3 of the New York State Veterans' Service Law were promulgated to ensure that only State certified (as certified by Empire State Development Corporation) MWBEs and SDVOBs (as certified by the Office of General Services) shall be given the opportunity for meaningful participation in the performance of State-assisted contracts and to facilitate the award of a fair share of State assisted contracts and subcontracts to such enterprises.

For State funded program or projects, New York State Homes and Community Renewal (HCR) requires contractors to make good faith efforts to ensure that State Certified MWBEs and SDVOBs have opportunities for meaningful participation on projects to be undertaken and financed with funds provided by HCR.

Goals for participation are assessed and imposed on each State-assisted contract. Participation levels are based upon the availability of certified MWBE/SDVOBs to perform the work in the region in which the contract is to be performed and the total dollar value of the work to be performed in relation to the dollar value of the components of the contract scope. Contractors on HCR projects are required to submit quarterly reports detailing the utilization in performing the contract.

Reporting Requirements:

State funding requires the submission of a Utilization Plan that describes:

- Projected use of NYS certified MWBEs and SDVOBs
- Utilization of MWBEs and SDVOBs at the required dollar amounts
- Must be submitted and approved before the grant funds are disbursed

The utilization plan must be submitted to the Office of Diversity and Inclusion Economic Opportunity and Partnership Development for review.

DIOEOPD verifies good faith efforts to hire MWBEs and determines the availability of waivers of MWBE requirements as applicable.

LPAs must quarterly report to OEOPD on the following:

1. Cumulative Payment Statement
2. EEO Workforce Utilization

If an LPA does not meet State MWBE or SDVOB requirements, sanctions for non-compliance may include withholding contract execution and/or payments.

Conflict of Interest

Grantees of state and federal funds have a responsibility to ensure that public resources are used in the best interest of the public and within the confines of the funding source. Conflicts of interest are strictly prohibited by HOME regulations 92.356 as addressed in the Conflict of Interest clause included in NYS Housing Trust Fund Corporation's Office of Community Renewal ("OCR") executed contracts.

CHDO/Developers must maintain written standards of conduct governing the performance of their employees and contractors in the selection, award, administration and implementation of grant-funded activities including the contractor procurement process. All procurement transactions must be conducted in a manner providing full and open competition.

A conflict of interest is a situation in which an individual's financial, familial, or personal interests come into actual or perceived conflict with their duties and responsibilities with respect to OCR funded project 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 or benefit from the activity or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds there under, either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter.

The CHDO/Developer including its officers, board members, consultants, and employees, are subject to the presumption of conflict of interest as stated in 92.356(f). All covered persons may not receive either program assistance or any contract without the prior written exception granted by NYS and HUD.

Defining a Covered Person: Who is subject to a conflict of interest policy is commonly referred to as a "Covered Person" and can be an employee, consultant, officer, board member or elected official of the CHDO/Developer. If the Covered Person and/or a family member or business associate has a financial or other interest in the OCR funded project a conflict of interest may exist.

Immediate family ties include, whether related by blood, marriage, or adoption: spouse, parent (including stepparent), child (including stepchild), brother, sister (including stepbrother or stepsister) grandparent, grandchild, and in-laws or a covered person.

Further, no officer, employee, agent, or consultant of a covered person or entity may occupy a HOME assisted affordable housing unit in the Project.

There are two sets of conflict of interest provisions that may apply:

1. **Procurement** of supplies, equipment, construction, and services.
2. **Non-procurement** activities such as acquisition, disposition and rehabilitation of real property and the provision of assistance with OCR-administered funds by the CHDO/Developer to individuals, businesses, and other private entities.

Disclosing a Conflict of Interest

CHDO/Developers should submit a Conflict of Interest Disclosure Form as soon as they believe a conflict may exist. The disclosure should include the Covered Person and the family member and/or business associate. For the purposes of the OCR Conflict of Interest policy:

- A family member includes (whether by blood, marriage, or adoption) the spouse, parent (including a stepparent), child (including stepchild), sibling (including a stepsibling), grandparent, grandchild, and in-laws of a Covered Person.

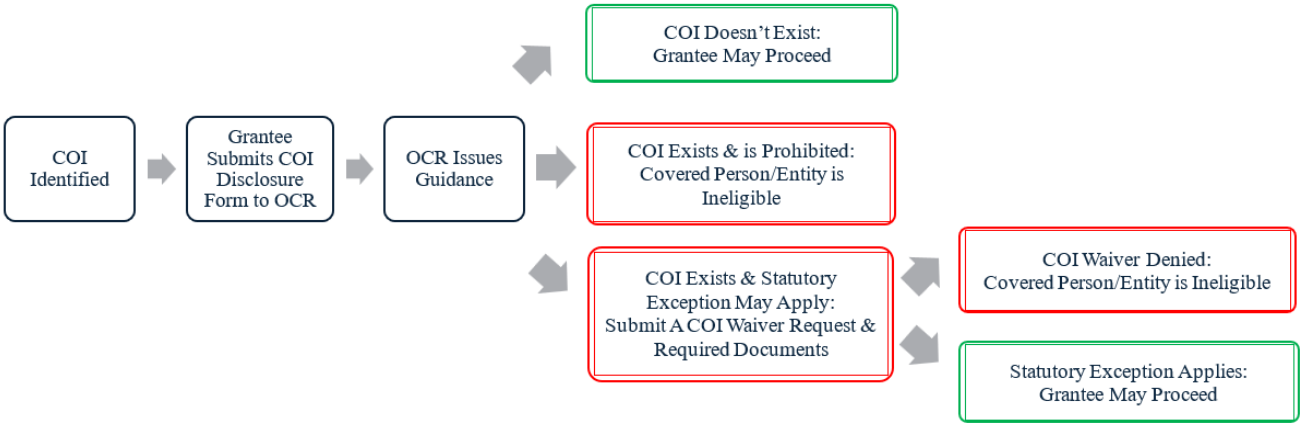
- A business associate includes an officer, director, employee, consultant, partner, or individual that directly or indirectly owns or controls any stock in a firm, partnership, association, limited liability corporation, or not-for-profit corporation.

Upon review of the disclosure, OCR will issue guidance specific to the OCR funding source, and if applicable, instructions and requirements on submitting a conflict of interest waiver request. OCR will review conflicts of interest on a case-by-case basis in accordance with program-specific policies and regulations. Timeline for approval ranges from 2 weeks to 2 months.

If the conflict of interest has occurred prior to receiving OCR issued guidance and necessary steps were not completed, project costs may be disallowed, and funds may be recaptured.

Submit any Conflict of Interest Disclosure Forms to the OCR Project Manager.

Process Overview



Contractors and Third-Party Services

The CHDO/Developer are not subject to procurement regulations however must document cost reasonableness by soliciting bids and comparing to in house cost estimates, cost verified by an engineer, architect, or other appropriate professional, using cost estimating manuals or services, and/or published construction cost data.

CHDO/Developers must also ensure contractors are not on the federal debarred contractors list, lead certified where applicable, and carry proper insurance (see below).

Contractors being paid with HOME funds must provide the CHDO/Developer with proof of general liability insurance for a minimum amount of one million dollars ($1 million) and builders risk insurance for the amount of construction costs. It is recommended that the CHDO/Developer, State of New York and the Housing Trust Fund Corporation are listed as additional insured. Exemptions may be investigated and submitted for

consideration, however, will often result in charges to the CHDO/Developer through their own workers' compensation policy if these exemptions are not recognized by their policy provider.

CHDO Certification

A CHDO is certified on a project-by-project basis prior to the commitment of funds as specified in the CHDO definition in 92.2 and HUD guidance. CHDO certification documents can be found on the HOME website → **https://hcr.ny.gov/nys-home-program**.

The CHDO is expected to maintain certification status throughout the CHDO's period of performance, until the last unit is sold to a HOME eligible buyer, to include legal status, organizational structure, capacity, and experience.

CHDO/Developer Insurance Requirements

During the term of the contract, the CHDO/Developer shall take all adequate measures to safeguard against the risk of liability for injuries or death of employees of the CHDO/Developer, contractors and subcontractors, and any other persons.

The CHDO/Developer must maintain:

- General liability coverage in a minimum amount of one million dollars ($1,000,000) listing both the Housing Trust Fund Corporation and the State of New York as additional insured
- Builders Risk Insurance with limits greater than or equal to the amount of construction costs listing both the Housing Trust Fund Corporation and the State of New York as additional insured
- Property Insurance with minimum limits of 100% insurable replacement value of the property and Flood insurance coverage (if applicable)
- Fidelity/crime/dishonesty coverage in an amount not less than the largest anticipated disbursement request for program funds naming the Housing Trust Fund Corporation as loss payee
- Automobile insurance
- Workers' compensation (no exemptions)
- Workers' Disability benefits

Disbursements requested in excess of the fidelity bond/crime coverage will be rejected.

HTFC also reserves the right to further reduce such disbursement or to refuse payment of a disbursement if it is determined that previous disbursements have not yet been distributed to contractors or vendors, and such current disbursement will cause the fidelity bond/crime coverage to be exceeded.

Within two (2) business days of having received any notice of non-renewal, cancellation, termination, or rescindment for any type of insurance required, the CHDO/Developer shall provide HTFC with a copy of such notice together with an explanation of any efforts taken to reinstate such coverage.

The CHDO/Developer may not cancel, terminate, or fail to renew any insurance policy required herein, unless and until the CHDO/Developer has received HTFC written consent.

Environmental Review

HUD regulation 24 CFR 58.22 prohibits the commitment or expenditure of HOME funds or other funds until the environmental review process is completed, and the environmental clearance and subsequent Authority to Use Grant Funds (ATUGF) has been received. No funds may be committed to a HOME activity or project before

completion of the environmental review and approval through HCR's Environmental Unit ("EU").

EU as the Responsible Entity will assist with the environmental review and achieve final approval for the project with the CHDO/Developer's assistance.

If prohibited activities ("choice limiting") are undertaken by an CHDO/Developer prior to receiving the approval or release of funds, the applicant is at risk for the denial of assistance and repayment of HOME funds.

Prior to acquiring a unit and before taking any physical action on a site or incurring costs related to a specific activity, the CHDO/Developer must receive environmental clearance.

The CHDO/Developer must maintain a copy of the Environmental Review Record (ERR) and make it available for public review. It should contain the project description and all environmental analysis, findings, and complaints.

Following environmental clearance, the project team will receive a Site Alteration Letter (SAL) with conditions the project must comply with prior to occupancy. CHDO/Developers must submit documents to satisfy the conditions of the SAL with the final disbursement request, or earlier, as available.

Media and Promotion

Prior to sharing photos of property and/or people, CHDO/Developers must obtain a Photo Release Form → project-photo-release-form.pdf. This permits HTFC and/or the CHDO/Developer to publish photographs of the assisted property for promotional or public relation purposes. The homebuyer of the assisted unit must complete the same Property Release Form at the time of purchase of the property from the CHDO/Developer. The CHDO/Developer will keep this written consent in their files and will provide to HTFC upon request.

Guidelines and expectations for all HCR programs and projects can be found here →Promotion & Media Guidance for Homeownership and Community Development Projects | Homes and Community Renewal. LPAs must adhere to the requirements for media, promotion, and project signage to the greatest extent possible.

Chapter Two: During Construction

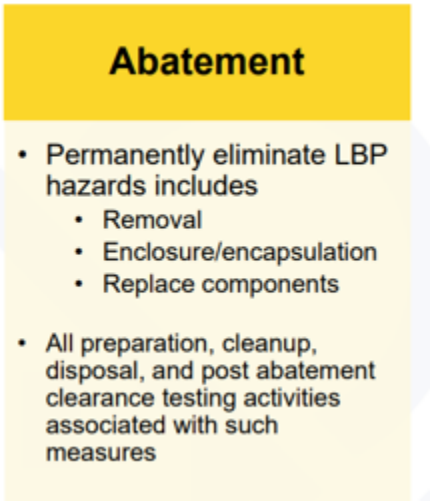
Insurance Requirements During Construction

CHDO/Developers must have property insurance on the unit being developed commensurate with the project's replacement value; builder's risk form - all risk coverage. If the improvements, or any portion thereof, at the project site are located within a Special Flood Hazard Area, flood insurance is required in an amount equal to the replacement cost of the structure or the maximum limit of coverage made available under the National Flood Insurance Program, whichever is less. Title insurance for acquisition must insure HTFC's interest as mortgagee in the maximum amount of the HTFC financing to be provided.

Lead Based Paint (LBP)

Federally funded residential projects must follow both Residential Lead-Based Paint Hazard Reduction Act of 1992 (24 CFR Part 35) and EPA rule (40 CFR 745.80) requiring the use of lead-safe practices and other actions aimed at preventing lead poisoning.

Unless otherwise exempt, it is expected that because the amount of federal assistance will exceed the $25,000 threshold, lead based paint abatement will be required for most projects. Presumption of LBP in lieu of a risk assessment is not permitted. HTFC requires lead-based paint testing of all areas to be rehabilitated. This generally requires a risk assessment, paint testing, abatement procedures, and clearance.



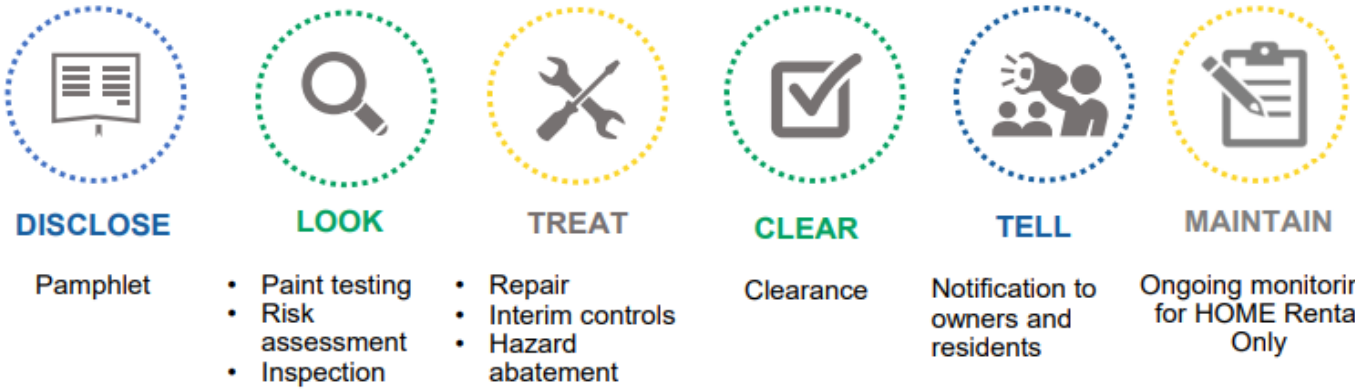
The Lead Safe Hazard Rule does not apply if housing meets one of these conditions:

- Property constructed on or after January 1, 1978
- Zero-bedroom and Single-Room Occupancy units*
- Housing for the elderly, or a residential property designated exclusively for persons with disabilities*
- Properties found to be LBP free by an inspection, or where all LBP has been identified, removed, and clearance achieved
- An unoccupied property that is to be demolished and remains unoccupied until demolition
- Emergency repairs to protect life, health, safety, or structure
- Rehabilitation that does not disturb a painted surface
- Compliance with requirements for testing and remediation may be reasonably delayed due to adverse weather conditions

*Exemption does not apply if a child under six years of age resides or is expected to reside in the dwelling unit.

The CHDO/Developer must provide the following notices to each new homebuyer:

a. EPA Renovate Right
b. Protect Your Family from Lead in Your Home
c. Copy of Reports-Risk Assessment, Clearance/Abatement
e. Evidence of receipt of each of the above items must be retained with each project file.



CHDO/Developers must ensure that the paint inspection and paint testing is performed by an EPA-certified lead-based paint inspector or risk assessor and abatement work is performed by certified contractors. CHDO/Developers must include all certifications in the files to be made accessible for review by HUD and the Office of Community Renewal
Links for more information

Regulations→ eCFR :: 24 CFR Part 35 -- Lead-Based Paint Poisoning Prevention in Certain Residential Structures

HUD's Lead Based Paint Toolkit → LSHR Toolkit: Introduction - HUD Exchange.

Property Standards

All HOME projects must ensure that housing is decent, safe, and sanitary in accordance with

1. HOME property requirements listed in 24 CFR 92.251
2. As described in 24 CFR 5.703 Uniform Physical Conditions Standards (UPCS).
3. HCR Homeownership Design Standards on the HOME website

All properties assisted with HOME funds must meet state and local permitting, code, and inspection requirements. Code compliance must be documented at project completion through a Certificate of Occupancy (CO) by the local code official.

The CHDO/Developer must comply with NYS and HUD property standards now in effect or as may be amended and/or any other similar successor standards developed.

At minimum scope of work must address all major systems. HOME rules require that each of the major systems must have a remaining useful life for a minimum of 5 years. HCR design guidelines generally require a 10-year useful life, refer to the HCR Homeownership Design Guidelines for specific requirements. Examples of major systems include structural support; roofing; cladding and weatherproofing (e.g., windows, doors, siding, gutters); plumbing; electrical; and heating, ventilation, and air conditioning. If the projects will include garage(s), only attached garages are allowable unless code requires detached garages or there is a compelling need a detached garage. Please consult HOME staff for questions on design requirements.

HOME HCR Homeownership Design Guidelines	Useful Life of Major Systems	Inspections
Details methods, materials, & requirements that housing must meet upon completion per 92.251(b).	At a minimum major systems must have a useful life of 5 years.	Inspections will be performed by HCR's Architectural and Engineering unit.

Projects must use the following construction order of priority:

1. Address Health and safety issues
2. Address NYS State and/or Local Code violations
3. Ensure major systems have a useful life of at least 5 years such as roofs, structural support, windows, doors, siding, plumbing, electrical, heating, etc.
4. Include disaster mitigation standards as necessary
5. When done in the overall scope to deliver a code compliant unit at completion, address special purpose needs such as weatherization, energy efficiency, and sustainability

Inspections

HCR's Design Unit will perform inspections at minimum at the following stages of construction:

- Foundation/Demo
- Framing/Rough carpentry
- Finishing/Punch List
- Final

Inspections will be completed to determine that work was done satisfactorily in accordance with the work scope, signed contract, and required property standards. Inspections also form the basis of project monitoring.

When the project has expended all funds and the home is sold, the contract will be transferred to the HCR Asset Management Unit (AMU) to continue to monitor the projects for the remaining term of the POA.

Project Sign

Projects must post a Project Sign at the project development site. Sign graphics shall be in accordance with the project sign template posted on the NYS HCR website **https://hcr.ny.gov/hcr-project-sign-guidance**, as applicable.

Chapter Three: Homebuyer Sale After Construction

The home must be sold, or under ratified sales contract, to a HOME eligible buyer within 12 months of development completion otherwise the housing must be rented to an eligible tenant in accordance with § 92.252 or the HOME funds must be repaid. The sales must be complete within the contract term.

Construction is considered complete when a certificate of occupancy is issued by a building official and upon certification of the HCR's Design Unit.

In the event that the sale does not occur within the 12 months from completion deadline and the property is converted to rental housing, the CHDO/Developer becomes the owner and property manager of a HOME-assisted rental project and HOME rental housing requirements apply related to leases, rents, income restrictions, etc.

CHDO/Developers should maintain a ready pool of income-eligible homebuyers and/or "pre-sell" units to ensure this deadline is met. Pre-selling homes might involve developing the property except the final finishes such as paint colors and other interior design details.

All homebuyers must meet the NYS Homebuyer Underwriting Guidelines and Requirements for Sale found on the HOME website. This covers the following:

OCR review and approval prior to sale
Homebuyer Income Eligibility
Homebuyer Underwriting
Homebuyer Counseling
Responsible Lending
Written Agreements
Security Instruments
Refinance/Subordination

Eligible Forms of Property Ownership

Home must be held in compliance with 24 CFR § 92.254 and must be documented in the file:

- Ownership in fee simple title.
- 99-year leasehold or 50 years if with a Community Land Trust.
- Condos/Coops
- Manufactured homes on land that is owned by the manufactured housing unit owner, or on land for which the manufactured housing unit owner has a lease for a period at least equal to the applicable Period of Affordability.

The ownership interest may be subject only to mortgages or other liens or instruments securing debt on the property or any other restrictions or encumbrances that do not impair the good and marketable nature of title to the ownership interest.

Ineligible Forms of Ownership

Right to possession under a contract for deed, installment contract, or land contract (pursuant to which the deed is not given until the final payment is made) is not ownership.

Income Eligibility

All homebuyer households must income at or below 80% of area median income as defined by HUD HOME income limits posted at → https://www.hudexchange.info/programs/home/home-income-limits/.

Income must be determined using either the Part 5/Section 8 OR IRS Form 1040 method, defined at 92.203(b). The same method must be used for the entire program/for each activity. HTFC strongly encourages the Part 5/Section 8 method.

CHDO/Developers must use the HUD CPD Income Eligibility Calculator at: →https://www.hudexchange.info/incomecalculator/.

CPD Income Eligibility Calculator User Manual: →CPD Income Eligibility Calculator User Manual (hudexchange.info)

Determining Income for HOME Program Training: → Determining Income for the HOME Program - HUD Exchange

All income verifications must have at least two months of source documentation in accordance with 24 CFR 92.203(a) (2) and project anticipated household income for the next 12 months. CHDO/Developers are strongly encouraged to obtain more than 2 months of income source documentation if the household member(s) weekly or biweekly pay fluctuates. Collecting more source documents will allow the CHDO/Developer to more accurately project the applicant's anticipated income.

Income certifications generated by the CPD calculator must be signed and dated by the CHDO/Developer and head(s) of household.

The income certification is valid for 6 months.

Visit → **https://www.hudexchange.info/programs/home/topics/income-determination/#policy-guidance for further guidance.**

Privacy and Protection of Personally Identifiable Information (PII)

PII is information that can be used to distinguish or trace an individual's identity, either alone or when combined with other information that is linkable to a specific individual. Examples include full name, home address, personal e-mail address, social security number, driver's license number, date of birth, telephone number, tax information, salary, or paycheck information.

In working with homebuyers, CHDO/Developers will have access to sensitive information during application and purchase process and should minimize the collection of PII to the extent possible.

Access to PII must be restricted to only staff necessary to manage the HOME activity and stored on a secure

network or computer system. Computers should be password protected and maintained in locked offices. Paper files should be retained in locked file cabinets. Paper PII must be destroyed by shredding and electronic PII fully deleted by emptying the computer “recycle bin”.

Applications for HOME assistance should contain a disclaimer that information will not be shared publicly or with any parties other than NYS and/or HUD for monitoring purposes on a need to know basis and will be transmitted using a secure, encrypted transfer system.

CHDO/Developer must refrain from transmitting PII by email and must request access to Procorem, a third-party file transfer and protocol site for the submission and handling of sensitive data as needed. Documents containing PII shall be shared with Project Managers using Procorem only. Project managers will create a project-specific workspace for CHDO/Developers to securely upload files, specifically during monitoring.

Preferences and Priorities

Assistance cannot be limited to current or prior residents of the project area.

Priorities or preferences are only permissible to the extent that:

- They do not violate nondiscrimination and fair housing requirements in 24 CFR 92.350.
- They have been identified in the application, approved by HTFC at contract execution and is fully disclosed in all program documents, advertisements, and presentations.

Applicant Homebuyer Intake and Waiting List

Applications for eligibility to purchase a Homebuyer Development assisted unit must be taken in a manner that that ensures fair access, including reasonable time periods and methods of submission. Assistance must be offered to any household requesting assistance in completing the application.

The method for establishing the wait lists must be disclosed in marketing and/or application materials and briefings.

While priority or preference households may be placed on a separate waiting list, and processed according to the priority, applications must be accepted from any household within the eligible service area.

Waiting lists must be updated within the last 6 months, maintained and available for HTFC inspection. Income eligibility need not be verified to place an applicant on a waiting list but can be based on the applicant’s representation of income, with disclosure that income will be verified prior to the offering of assistance.

CHDO/Developers may use an already established wait list from a prior program, however, all applicants should have been pre-qualified to be on the list within the past 6 months.

Applicant Immigration Status

HOME is covered by the Personal Responsibility and Work Opportunity Act of 1996 (PRWORA). A nonprofit is not required to determine, verify, or otherwise require proof of immigration status of any applicant for HOME funds.

Other entities such as lenders or units of local government are required to determine, verify, or otherwise require proof of immigration status to provide mortgages or HOME funds.

Property Insurance Requirements

Homebuyer Development homebuyers must provide proof of homeowners insurance generally at the time of purchase that covers full (100%) home replacement value and flood insurance coverage (if applicable) to keep with the file. The Homeowner's Insurance policy must include the HTFC as a loss payee during the POA. Proof must be submitted during the Period of Affordability (POA) primary residence verification as well.

Feasibility Determination – Denial of Assistance

Should the applicant homebuyer not meet the above criteria or otherwise be ineligible, the household must be notified in writing with the reasons for denial disclosed and the process for appealing the denial identified.

Program Accessibility

HOME regulations require adherence to the following three regulations governing the accessibility of Federally assisted buildings, facilities, and programs: Americans with Disabilities Act (42 U.S.C. 12131; 47 U.S.C. 155,201,218, and 225.), The Fair Housing Act and Section 504 of the Rehabilitation Act of 1973.

Reasonable accommodations are required to make the program accessible to persons with disabilities, including affirmative outreach, accessible office locations and assistance with applications.

CHDO/Developers should take steps to make programs accessible to persons with disabilities such as:

- Ensure that the office is accessible to persons with disabilities or other means of intake provided
- Distribute notices of the availability of housing assistance to eligible individuals with disabilities.
- Make notices and application forms available in a variety of formats, to ensure that persons with disabilities receive information about the program and are able to access the program.
- Provide information about the availability of accessible units to applicants who require accessible units, where known.
- Provide information on counseling available to help those in need of accessible units to find them

Effective communication with applicants and beneficiaries may require auxiliary aids where necessary, such as sign language interpreters, TTY devices, note readers, large-sized written materials, Braille materials, audio recordings, and other similar services and devices; and having a TTY or equally effective communication system available if the CHDO/Developer communicates with the public by telephone.

Chapter Four: Disbursements and Financial Management

The project development budget and financials are approved as part of the contract for funding and are enforceable along with all contract provisions.

General Information

- The project budget must comply with both HTFC policy and HOME regulations.
- Requests for reimbursement must be tracked against the approved project budget.
- The total budget cannot be exceeded. HOME funds will not be disbursed over the amount approved.
- Disbursements requested in excess of the fidelity bond/crime coverage as included in the executed contract, will be rejected.
- Large variations require prior approval and must have offsetting decreases to another line item so as not to exceed the total award amount. All major budget revisions must be approved by the CHDO/Developer's Project manager.
- Funds provided as HOME Match cannot be reduced without prior approval.
- All costs are paid on a reimbursement basis, supported by documentation. Advances are not provided.
- Generally, taxes are not incurred as non-profit CHDO/Developers extend the use of their tax-exempt status. If, however, the CHDO/Developer's auditor or attorneys determine this is not permissible, the HOME Program will reimburse the cost for taxes as a reasonable and necessary expense to complete the project.

Applicant Fees - Charges to Homebuyers

The CHDO/Developer may not charge applicants servicing, origination, or other fees for the purpose of covering costs of administering the HOME project.

The CHDO/Developer may charge nominal application fees to discourage frivolous applications. The fees must be appropriate to the type of application and may not create an undue impediment to a low-income family's participation in the program.

Budget Categories

Costs may be reimbursed under the following categories. Examples of common allowable charges and budget line items are included on the individual budget worksheets but may not be applicable to each project.

1. **Direct Project Costs**
   Actual cost of constructing or rehabilitating housing, such as the hard costs of construction or rehabilitation, as defined in 92.206(a) – (c).

2. **Project Soft Costs**
   Costs incurred by the CHDO/Developer to implement and deliver a specific HOME assisted unit, as defined in 92.206(d). Project soft costs are included as part of the per unit total of HOME funds invested in the unit, not to exceed the HOME maximum limit.

Developer Fees

Developer fees are capped at a percentage of HOME development costs:

15% for nonprofit developers
17% for CDHOs

The developer fee is also included as part of the per unit total of HOME funds invested and counted toward the HOME limit, unless other sources of funds are used.

The developer fee may be invoiced on the following performance schedule:

Contract start: 10%
Completion of framing/rough carpentry and mechanicals: 20%
At finishing/punch list: 20%
At completion of all construction: 20%
Upon executed purchase contract with buyer: 10%
At completion and final closeout in IDIS: 20%

Ineligible Costs

In general, the following costs are ineligible:

- Acquisition of property owned by the CHDO/Developer not related to or purchased in conjunction with the award
- Delinquent taxes, fees, or charges on properties to be assisted with HOME funds
- Luxury improvements that are not consistent with the standard of “non-luxury housing” with suitable amenities.
- Off-site infrastructure, except for necessary connections to offsite utilities for the assisted unit
- Payment of any escrows, deposits, or operating costs (up to one year of mortgage insurance premiums permitted)
- Payment of premium for homebuyer’s or flood insurance
- Refinancing or payment of other debt

IDIS - Integrated Disbursement Information System Requirements

IDIS is the HUD database where all HOME activity information is entered and available for HUD to review. HTFC staff maintains IDIS for the NYS HOME program. CHDO/Developers do not need access and will not be entering information in IDIS.

Once notified by the Project Manager to do so, CHDO/Developers will submit the appropriate documents to the HOME IDIS mailbox. These include setups, revisions, and completion reports for individual units, which will then be entered in IDIS.

CHDO/Developers must ensure unit completion in IDIS and are required to submit the project completion report and documentation that the unit meets NYS and or Local Code along with the request for final payment.

The Period of Affordability (POA) starts when the security instrument is fully executed; this requirement is referenced in the HTFC note and mortgage/restrictive covenant, as applicable.

The IDIS Red Flag Report details infrequent draw status, final draw for 30 days or more, auto cancellation pending within 30 days, auto cancellation pending within 90 days and auto cancelled within the past year. CHDO/Developers must respond immediately to their HOME Project manager requests to resolve issues and remove red flagged units from the report.

Payments of funds under the contract are also subject to the CHDO/Developers compliance with the requirements of the IDIS system or any other similar or successor system used by HUD and all further documentation which may be demanded by HTFC related to any request for funds.

HOME IDIS Mailbox (Set ups, Revisions, Completions) homeidis@hcr.ny.gov

Project Set Up

Prior to commencing work and expending funds, a Set Up Form must be submitted.

Set Up Form should be submitted when a project commitment is ready including when:

- The project has received environmental clearance
- Project underwriting and subsidy layering has been completed
- Scope of work has been completed, rehabilitation or construction contracts signed, and the work is scheduled to start immediately

All forms are available on the HOME Program website and must be submitted to the NYS HOME IDIS mailbox at: homeidis@hcr.ny.gov

Project Completion

The Completion Form must be submitted along with the final disbursement request.

A project completion form should be submitted when:

- Scope of work has been completed and inspected to meet HCR Homeownership Design Guidelines NYS and/or Local Code approval received
- All parties (CHDO/Developer, HCR Design Unit, and contractor) have signed off that all work has been completed to satisfaction and homeowner has been provided with all applicable warranties.
- All funds have been disbursed.
- House has been sold to an income eligible buyer
- The HTFC lien has been publicly recorded

All forms are available on the HOME Program website and must be submitted to the NYS HOME IDIS mailbox at: homeidis@hcr.ny.gov

Disbursements

HOME is a reimbursement program; therefore, the CHDO/Developer can only request disbursement of funds for payment of eligible costs once the cost has been incurred and/or work completed. The NYS HOME Program will not pay for work that has not been completed and no advance or up-front payments will be permitted.

Contractor deposits are not covered, however the cost of materials delivered and on site as verified by the CHDO/Developer can be reimbursed. If the project is not completed according to HOME regulations, the CHDO/Developer must repay the funds.

All disbursements must be submitted to the HOME Disbursement Mailbox at **disbursements@hcr.ny.gov**.

CHDO/Developers front project funds themselves or with a Line of Credit or must hold contractor payment until HOME funds are received. HOME payments are made to the CHDO/Developer directly who is responsible for paying contractors and/or project costs.

CHDO/Developers must hold back a minimum of 10% (for each construction contract) to the contractor until

after the final construction inspection has been approved, all required lien releases and all documentation and satisfactory sign off has been submitted as required by the HTFC.

Timelines for processing and receipt of funding cannot be guaranteed.

HTFC will not disburse funds if the CHDO/Developer is in default of any of the provisions of the contract.

The CHDO/Developer shall commit all funds expend all funds within the term of the contract.

When submitting a disbursement for a contractor/vendor/manufacturer/supplier, a customary 10% “holdback” of the total invoice must be withheld until the project is completed and proof of code compliance is submitted with the final payment. This is to ensure that full payment is not made until the unit receives code compliance.

Documents Required for Disbursements and Instructions

This is a general guide. HTFC reserves the right to request additional documentation as needed if questions regarding disbursements arise.

CHDO/Developers should use a standard AIA Application and Certification for Payment form or like form along with required HTFC disbursement forms and supporting documents.

All disbursements must be accompanied by legible documentation that clearly supports the request evidencing that payment has been made or is due for HOME eligible expenditures. Originals of all supporting documentation should be saved in project files. **Payment requests submitted with incomplete or missing supporting documentation will be rejected.**

In general disbursement requests should include:

1. CHDO/Developers must pull the following disbursement forms from the website when preparing a disbursement to ensure use of the most recent version. HOME Website https://hcr.ny.gov/nys-home-program

   Disbursement Request Cover Sheet indicates the total amount of funds requested for all project activities included in the disbursement request. This tab must be completed for every disbursement and signed by an authorized representative as indicated on the Authorized Signature Form on file that was included in the executed contract.
   Project Cost Detail Sheet the Project Cost Detail Sheet is used to itemize invoices and billing. A separate tab is used for each project address. Create duplicate tabs is if necessary. Cost Detail Sheets must include all funds used in the project and are used to track sources and uses.

2. Invoices supporting the request with respect to each payment made for labor, service, equipment, or material furnished to the Project must be submitted in sufficient detail so that the particular nature of the labor, service, equipment, or material may be identified to include:
   - Date
   - Contractor/Vendor/Supplier Name and Address
   - Site address where the work was completed

3. Details on the work performed. This must match the description on the detail sheet.
   - Date the work was completed
   - The dollar value for the work completed

4. Payment forms that indicate
   - the percentage of completion of construction

- CHDO/Developer's or construction professional's opinion (or architect, if engaged), the construction of the Project, to date, has been performed in a good and workmanlike manner and in accordance with the Plans, requirements, and regulations.

5. An "Interim Lien Waiver and Release" form, executed by the General Contractor

Note cancelled checks, Lead Based Paint reports, Environmental Review letters, work write ups, security instruments, inspections other than code, internal purchase orders, should be kept with the file but are NOT required for disbursements.

Final Payments

Final disbursement, including the 10% holdback, is contingent upon the following:

1. Design Unit's final inspection report, confirming that the project has been completed in accordance with the scope of work in a good and workmanlike manner and complies with:
   a. the applicable property standards at 24 CFR 92.251(b)
   b. the applicable portions of HCR Homeownership Design Guidelines
   c. all applicable New York State and/or local building and zoning codes.

2. Certificate of Occupancy issued by the local building authority documenting the Project meets all applicable state and local codes and zoning ordinances, appears to have no current health and safety issues or material code violations and is approved for occupancy.

3. Certificate of Substantial Completion/AIA G704, if applicable. Projects that utilize AIA documents must provide an AIA G704 once the project has achieved substantial completion.

4. Environmental Clearance(s) as required by the Project's Site Alteration Letter (SAL).

5. Any 3rd Party Certifications, as required by the Sustainability Unit.

6. Integrated Disbursement and Information System ("IDIS") completion reports have been submitted to the HOME IDIS mailbox the same day as final disbursement is submitted to the OCR-disbursement mailbox, they should not be included with the disbursement. HOME IDIS Mailbox (Set ups, Revisions, Completions) → **homeidis@hcr.ny.gov**.

7. Such waivers of lien and other documents as may be required to ensure that the project has not been encumbered with any non-permitted monetary liens.

Project Income and Proceeds

All project income, net sales proceeds, unexpended funds, or other income deriving from HOME funds provided to the project received by the CHDO/Developer must be returned to the HTFC within 30 days of receipt.

Generally, net sales proceeds are generated when the income from the sale of a home exceeds other non-HOME loans to be paid and closing costs resulting in excess funds.

Sales Prices – other non-HOME debt – closing costs = Net Proceeds

Procedures and forms for returning funds are posted on the HOME Program website.

Contract Closeout

All disbursements must be completed prior to the contract end date. Cost incurred or submitted after the contract end date will not be paid.

A contract is eligible for closeout when:

- Final project reconciliation of program proceeds has been completed and approved and any project income funds on hand at closeout have been returned to the HTFC.
- All project funds for HOME assisted units have been disbursed or deobligated.
- All units have been reported as completed in IDIS/completion reports processed.
- All required reports have been submitted, except for the most recent audit if it is not yet due.

- All monitoring complete and findings resolved.
- All units have recorded Note and Mortgages and copies have been submitted to the Project manager.

Due to federal HOME program commitment and expenditure requirements, the HTFC reserves the right to de-obligate committed HOME funds if not expended within the contract term and reallocate them for HOME eligible activities according to the State's Action Plan.

HTFC will issue a close out letter to the CHDO/Developer detailing that the project is complete, however the contract will be transferred to the Asset Management Unit for compliance monitoring throughout the Period of Affordability.

Best Practices for Successful Disbursements

Know the required disbursement documents detailed above and the contract budget. Disbursements should be tracked against the approved contract budget.

If billing HOME for less than what invoice states, be sure this is noted on the invoice or on the detail sheet.

Disbursements should be submitted as costs are incurred or at least within 30 days of occurrence. Disbursements more than 25 pages may be sent back to the CHDO/Developer to be separated out into smaller disbursements.

Verify the person signing the disbursement is authorized. (Check your Authorized Signatory form submitted with your executed contract.) If there are staffing changes regarding the authorized signatories, the form must be revised and submitting to the HOME Project manager.

Confirm that the request you are submitting does not exceed the amount of your Fidelity Bond. (Check the insurance submitted with your executed contract.)

Check and double check information on Disbursement Request Workbook.

- The Cover Sheet totals all Detail Sheets for the total disbursement.
- Confirm all numbers add up to requested amounts and are on appropriate pages.
- Verify all information entered is accurate, especially activity numbers and addresses are correct.
- Ensure soft costs are entered in the appropriate rows/cells.
- Check all relevant boxes.
- Each property (Activity #) a listed on separate detail sheet (or multiple sheets).

Verify the activity is set up for the appropriate amount. A disbursement that exceeds the set-up amount will be delayed until a revision is submitted and processed.

Revisions to increase a set-up must be submitted to the HOME IDIS mailbox before a disbursement can be processed. Once notified that the revised set-up has been processed, disbursement can be submitted.

Revisions to decrease set-up amounts are not always required. The decrease will be processed when the completion report is submitted.

Exception: If there are not enough funds to increase another activity, funds from the decreased activity must be released therefore the revision to decrease the set-up amount may be needed. Submit the revision to decrease set-up first. Once notified it was processed, then submit the revision to increase the other set-up.

If a disbursement is returned for corrections, the revised disbursement should be sent back directly to the Project Manager, not the OCR Disbursement mailbox (unless specially instructed otherwise).

Always pull HOME forms from the website → **https://hcr.ny.gov/nys-home-program** to ensure use of the most recent version. Forms are regularly revised.

Match

HOME regulations require a 25% program match. This is currently not an CHDO/Developer budget requirement but may be imposed in future applications.

Uniform Administrative Requirements for Financial Management

Developers do not need to procure their contractors and do not follow 2 CFR 200 but must still ensure that costs are reasonable and document how the determination was made.

Developers should determine cost reasonableness through obtaining price quotes, using cost estimating manuals or services, and/or published construction cost data.

The developer must also demonstrate that any in-house staff or subcontractors are employing principles of cost reasonableness.

Compliance with these regulations will be reviewed during the monitoring of the HOME award.

Chapter Five: Ongoing Compliance

The HOME assistance must be secured by a security instrument in favor of HTFC with restrictions placed on the unit to ensure compliance with the HOME resale and recapture requirements described in 24 CFR 92.254(a)(5) and the NYS HOME Local Program Recapture-Resale Policy, found at **https://hcr.ny.gov/nys-home-program**.

The home(s) must remain the buyer's primary residence throughout the POA for up to 15 years depending on the total HOME funds invested. In the event that the Homebuyer does not occupy the HOME-assisted unit as their primary residence for the duration of the POA, depending on the type of assistance received, all or a portion of the HOME assistance must be returned or the home must be sold to a HOME eligible buyer. The POA is enforced through a security instrument to be determined at sale to the homebuyer to include a Restrictive Covenant or Note or Mortgage Security Instrument. When pass-through assistance to the homebuyer *is not* required, a Restrictive Covenant will be placed on the property for the period of affordability. When pass-through assistance to the homebuyer *is* required, a Note and Mortgage will be placed on the property for the Period of Affordability.

The HOME assistance amount secured should not include developer fees or soft costs. The amount to be secured should include project costs for acquisition and/or construction only in the lien amount.

Fillable documents can be found on the HOME website →https://hcr.ny.gov/nys-home-program. No other forms will be accepted. An affidavit of exemption is also located on the HOME website that may exempt certain fees for recording the security instrument. If not accepted by the county in which the document is filed, the cost of filing is an allowable HOME expense.

The security instrument requires execution and public recording/filing at the county clerk's office at the time of purchase/sale to the HOME eligible buyer. The recorded original with recording verification must be returned to HTFC by the County Clerk's office. Contracts will not be closed unless all recorded security instruments are received.

The POA starts when the security instrument is fully executed.

Repaid or Recaptured Funds

If the HOME assisted unit is not occupied by the homebuyer/owner for any reason other than a sale or foreclosure (moves, vacancies, rentals) during the POA, full repayment of all HOME funds invested in the unit is required.

No repayment is required if the beneficiary remains as principal resident throughout the POA. In the event of a sale, another HOME eligible buyer must assume the terms of the HOME security instrument.

The CHDO/Developer must notify HTFC of any known expected sales of HOME assisted units or non-compliance with residency requirements related to the HTFC security instrument throughout the POA.

The following policy has been approved by HUD as part of the NYS Action Plan and will generally determine the process.

NYS HOME Local Program Homebuyer Recapture/Resale Provisions

> When HOME funds are used to assist a household in the purchase of a unit, restrictions will be placed on the unit to ensure compliance with the HOME resale and recapture requirements described in 24CFR 92.254(a)(5). All Recapture and Resale mechanisms used to secure the affordability of the HOME assisted unit must be recorded in accordance with State recordation laws. In all cases, the homebuyer will be required

to own and occupy the HOME-assisted unit as his or her principal residence for the duration of the period of affordability. If the HOME-assisted homebuyer fails to occupy the unit as his or her principal residence (i.e., the unit is rented or vacant), or the home was sold or otherwise transferred during the period of affordability and the applicable resale or recapture provision was not enforced, then the project will be considered noncompliant and full repayment of the HOME assistance is required.

Accordingly, the State monitors compliance of the principal residency requirement by requiring Local Program Administrators (State Recipients, sub-recipients and CHDOs collectively known as LPA's) to annually verify principal residence occupancy by mail, records search or direct contact with the homeowner. The State monitors compliance during annual monitoring of the LPA. If the HOME assisted buyer fails to remedy noncompliance issues, full repayment of the HOME assistance provided to the buyer is required.

Recapture
Under most circumstances (except as noted below under Resale), homeownership projects undertaken by a State recipient or sub-recipient will be subject to recapture. The homebuyer assistance will be secured by means of a note and mortgage given to HTFC by the low-income household being assisted. A standard form of the note and mortgage is provided to LPA's by HTFC.

The amount of the note and mortgage is the "direct HOME subsidy".

Direct HOME subsidy is defined as: the amount of HOME assistance, including any program income that enabled the homebuyer to buy the unit. The direct subsidy includes down payment, closing costs, interest subsidies, or other HOME assistance provided directly to the homebuyer.

In addition, direct subsidy includes any assistance that reduced the purchase price from fair market value to an affordable price. If HOME funds are used for the cost of developing a property and the unit is sold below fair market value, the difference between the fair market value and the purchase price is considered to be directly attributable to the HOME subsidy.

If there is no direct homebuyer assistance and a development subsidy is provided, then the resale method outlined below must be used.

Affordability Period – The Period of Affordability specified in the note and mortgage/restrictive covenant, as applicable, will be the minimum period for the project as specified in 24 CFR 92.254(a), sections (4) and (5).
The following table outlines the required minimum affordability periods:

If the homebuyer assistance in the unit is:	The period of affordability is:
Under $25,000	5 years
$25,000 to $50,000	10 years
Over $50,000	15 years

The affordability period will be based on the amount of direct home subsidy.

Amount subject to recapture – If a home buyer is in noncompliance with the principal residency requirement (e.g., the unit is rented or vacant) during the period of affordability, will require repayment of the HOME subsidy at the time the event occurred. The amount of recapture permitted in the event of a voluntary or involuntary sale is based on a combination of Owner Investment Returned First (as described in 92.254(a)(5)(ii)(A)(4)) and Pro rata reduction (as described in 92.254(a)(5)(ii)(A)(2)).

Recapture is limited to the net proceeds of the sale, which is defined as the sales price minus superior debt and seller paid closing costs and include only the following items to the extent actually incurred: broker's commission, reasonable attorney's fees, and any transfer tax or recording fee payable by the seller pursuant to state statute or local ordinance in connection with the conveyance.

Upon transfer, whether voluntary or involuntary, the net proceeds of the sale will be determined and distributed as follows, to the extent proceeds are available:

1. Owner shall first be reimbursed from the net proceeds of the sale, if any, for the following:
    - The down payment made at the time of the initial purchase of the Property, if any;
    - The principal amortized on superior debt during the affordability period, if any.

2. The HUD Program Administrator shall then be repaid the Recapture Obligation to the extent there are sufficient sale proceeds remaining. The Recapture Obligation is the amount of homebuyer assistance, as defined above. It will be reduced on a pro rata basis (by 1/ [number of years of affordability period]) during the affordability period at the end of each complete year of the affordability period. For example, if a 10-year affordability period applies, and the homebuyer sells at the end of Year 4, then the amount of the note is reduced by 40%.

3. The remainder of the net proceeds, if any, shall be retained by Owner.

HOME funds that are used as a development subsidy, and are not part of the homebuyer assistance, will not be subject to recapture from the homebuyer.

Recapture will only be made from net proceeds of sale. If there are no net proceeds of sale, then no recapture shall be made.

HTFC requires that all recaptured funds and program income earned by an LPA to be returned to the HTFC within 30 days of receipt for reallocation in accordance with the method of distribution of funds described elsewhere in this Plan.

HTFC will allow, in compliance with 92.254(a)(5)(ii), the assumption of a recapture obligation by a subsequent eligible, low-income homebuyer, when no additional HOME assistance is provided to the subsequent homebuyer. The subsequent homebuyer will assume and complete the original terms and conditions of the recapture obligation of the original homebuyer.

Resale
Under most circumstances, the recapture provisions outlined above will be used in HOME homebuyer activities. However, resale restrictions may or must be used under the following circumstances:

- When HOME Program funds are used only as a development subsidy for the construction or renovation of homeownership housing, and no direct HOME subsidy is provided, resale restrictions must be used instead of recapture restrictions as described above.

- Resale restrictions may also be used at the request of the LPA when HOME funds are invested in: a larger homeownership development, a condominium or cooperative project; projects where a substantial per-unit investment of subsidy is provided; local markets with predominantly high home sales prices, rapidly appreciating housing costs, or where affordability will not be preserved by unrestricted sales of assisted units. HTFC approval of the conditions warranting the use of a resale restrictions is required.

- Resale restrictions are also used when land trusts own the property.

Resale restrictions will ensure that housing assisted with HOME funds is made available for resale only to HOME program eligible low-income households that will use the property as their principal residence.

Resale will be enforced by means of a HTFC provided Restrictive Covenant and Resale Restriction and/or deed restriction that runs with the title to the land, unless the project is located in an area of “presumed affordability” that meets the conditions described in 92.254(a)(5)(i)(B). Such areas of presumed affordability must be reviewed and approved by the HTFC and HUD.

HTFC will permit the use of notes and mortgages in addition to, but not in lieu of the restrictive covenant and resale restriction and/or deed restriction, to secure the rights of HTFC and to recover HOME funds in the event of non-compliance or adverse transfers.

The statute and rule (92.254(a)(5)(i)(A)) provides that the restriction may be extinguished by a third-party lender in the event of foreclosure, transfer in lieu of foreclosure or assignment of an FHA mortgage in order to clear title. HTFC may use purchase options, rights of first refusal or other means to intervene and preserve the affordability of the unit.

Affordability Period -- The following table outlines the required minimum affordability periods for homebuyer projects that are subject to resale restrictions:

If the total HOME investment in the unit is:	The period of affordability is:
Under $25,000	5 years
$25,000 to $50,000	10 years
Over $50,000	15 years

The period of affordability is determined by the total investment of HOME funds in the unit, regardless of whether or not the funds are reflected in buyer financing.

Low-income households eligible to purchase properties restricted by resale provisions must be households whose annual incomes do not exceed 80% of the median income for the area as determined by HUD with adjustments for family size and the housing must be occupied by the low-income household as its principal residence throughout the affordability period.

If the assisted property is sold while under the resale restrictions, the home must be sold to a HOME eligible buyer approved by HTFC or its Local Program Administrator.

The price at sale must provide the original HOME-assisted homebuyer a fair return on the investment and be affordable to a reasonable range of low-income buyers. Therefore, sales price during the affordability can occur at market value, with the following limitations:

- Fair return to seller – The price shall not exceed a price that results in net proceeds (after senior debt and sales costs) to the seller that exceeds: (1) the reimbursement of the original owner's down payment and/or closing costs made at the time of initial purchase, if any; (2) the principal amortized on the senior debt during the period of ownership.

- The value of the owner's investment will be adjusted by using the Housing Price Index. The change in the HPI from the original purchase to the time of sale will be applied to the value of the owner's investment, so that the value of the improvements is increased or decreased by the amount of increase or decrease in the housing market overall.

- Affordable to range of low-income buyers – The sales price may not exceed a price that is not affordable to households at 70% to 80% of area median income (AMI). The HTFC defines "affordable price" as a price that is at or below an amount that will allow a low-income family to pay no more than 35 percent of their monthly income to pay for mortgage principal and interest, property taxes and insurance.

The seller must have the sales price approved by HTFC or its Local Program Administrator, in addition to approval of the HOME eligible buyer. If the fair market value of a HOME assisted property subject to resale provisions is more than what is affordable to the subsequent low-income purchaser, then additional HOME assistance may be given by HTFC or its local program administrators.

The lien is at 0% interest and the principal balance is reduced annually, on the anniversary date of when the unit was completed in IDIS. No repayment is required if the beneficiary remains as principal resident throughout the POA. If the home is sold or the owner no longer resides as principal resident, the pro-rated portion of the lien must be repaid to the HTFC. For Homebuyer Homeownership Assistance if the home is vacant or rented the full HOME assistance must be repaid.

The CHDO/Developer must verify annually during the POA that the owner remains in the unit as principal resident and keep records of the confirmation. Should the POA be violated the following sections apply.

Recordkeeping

Project files must be securely stored according to the safety measures below to document compliance with all requirements of the contract and this Plan. Activity specific checklists are located on the HOME website.

The CHDO/Developer shall retain all applicable administrative and project records and documentation as specified in 24 CFR 92.508, for seven (7) years after the POA terminates.

Documents shall include, but not be limited, to underwriting guidelines and evaluation, property description and location, copies of written agreements, records regarding project requirements, subsidy layering analysis, security instruments, maximum subsidy determination, compliance with property standards and on-going inspections, information about contractors and vendors to include verification of non-debarment, verification of qualifications and experience, invoices and payment records, related correspondence, audits, indirect cost analysis, budgets, financial records of the use of funds pursuant to the contract.

This list is not all inclusive. Please refer to the activity specific checklist or contact your Project manager for detailed information.

The CHDO/Developer shall submit reports, in such format and at such times as HTFC or HUD may prescribe and shall provide to HTFC any document, report or information that HTFC deems necessary.

The CHDO/Developer will maintain records of the use of funds pursuant to the contract submit reports and cooperate with audits and inspections by HTFC or HUD.

Representatives of HTFC, HUD or their designees may examine any records or information pursuant to the contract.

HTFC Monitoring of CHDO/Developer

The CHDO/Developer is responsible for project oversight and compliance with HUD and/or New York State guidelines and regulations for their HOME project during construction. This includes:

- Administrative policies and procedures
- Affirmative marketing
- Financial systems
- Project implementation
- Property eligibility
- Subsidy limit
- Max property value
- Environmental review
- Resale provisions
- Eligible and reasonable costs
- Property standards
- Construction management
- Homebuyer income qualification

The above will be reviewed and overseen by the project manager during construction.

Primary Residence and Insurance Annual Verification

After construction and sale of the unit to a HOME eligible buyer, NYS Asset Management will annually verify that owner remains as principal resident and maintains proper insurance during the ongoing Period of

Affordability.

The CHDO/Developer should assist the household when requesting subordination, satisfaction, or repayment of the HTFC Security Instrument. Instructions for requesting each are on the HOME website and should be supported by the CHDO/Developer. Requests not vetted and approved by the CHDO/Developer will be returned for CHDO/Developer review and approval.

Risk Based Monitoring System

To oversee project administration of HOME activities, HTFC employs the following risk-based monitoring system:

1. **Administrative Plans:** Administrative plans are adopted as part of the HOME contract with HTFC. The Plans are the basis for program and project implementation and monitoring.

2. **Orientation & Technical Assistance:** Project staff may provide orientation sessions, training, and technical assistance to the awarded entities to review regulatory requirements and processing procedures.

3. **Site Inspections:** HCR's Design Unit will perform inspections at the following stages of construction:
   - Foundation/Demo
   - Framing/Rough carpentry
   - Finishing/Punch List
   - Final

   to verify work was done satisfactorily in accordance with the work scope, signed contract, and required property standards.

4. **File Reviews & Sale Approvals:** Using checklists provided on the HOME website (**https://hcr.ny.gov/nys-home-program**), each CHDO/Developer will be required to submit documentation for each file for approval prior to final sale to eligible homebuyer.

5. **Ongoing Technical Assistance:** Project staff will provide regular technical assistance in the form of monthly telephone contact, emails, webinars, training, and/or referrals as needed.

6. **Final Analysis:** Upon sale of the last unit project staff will conduct an after sale analysis to ensure project proceeds, in any, are returned to HTFC.

7. **Final Close Out:** Once all HOME funds are expended and all final reports have been submitted, the project is transferred to NYS Homes and Community Renewal (HCR) Asset Management Unit (AMU) for long term monitoring during the required Period of Affordability (POA as applicable).

Monitoring files must be transferred using Procorem, a third-party file transfer and protocol site for the submission and handling of sensitive data.

Plan Change Update Log

Version Date	Updates
7.3.26	Chapter 1 - MWBE: SDVOB added, MWBE goals updated, clarifying language added. Chapter 5 - Changing record retention period from five (5) years after the POA terminates to seven (7) years after the POA terminates.