

**SFY 2011 Community HOME Investment Program (CHIP)
Program Clarifications
Updated as of August 2, 2010**

Clarification Number	Date Issued	Clarification
1	5/26/10	The Program Description requires the submission of 1 original and 3 copies of the application for funding consideration. The presentation provided at the CHIP Applicant's Workshop on April 30, 2010 stated that only 1 original and 2 copies of the application are required. DCA has modified its requirement stated in the Program Description. Only 1 original and 2 copies of an application are required to be submitted.
2	5/26/10	The Down Payment Assistance Requirements stated on Page 23 of the Program Description states that all First Mortgages associated with the Down Payment Assistance Activities utilizing CHIP funds must be either (1) a 30-year fixed rate loan or a (2) 32-year fixed rate USDA loan. Through this notice, DCA has modified option #2 to read: "(2) a 32- or 33-year fixed rate USDA loan."
3	5/26/10	The Down Payment Assistance Requirements stated on Pages 23 and 24 of the Program Description currently apply to all First Mortgage options associated with the Down Payment Assistance Activities utilizing CHIP funds. However, DCA will permit other USDA First Mortgages options that may not comply with provisions stated on Pages 23 and 24 of the Program Description provided that the First Mortgage complies with Clarification #2 stated above.
4	5/26/10	All public housing authorities submitting an application to administer a CHIP-funded program must submit the CHIP PHA Source of Funds Certification letter as part of their application. The CHIP PHA Source of Funds Certification must be included behind the CHIP-1 Form. This requirement applies only to a local public housing authority applying as the applicant for CHIP funds. Nonprofit subsidiaries of a PHA that will be the applicant for CHIP funds must also complete the CHIP PHA Source of Funds Certification.

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5	5/26/10	All nonprofit organizations must submit a copy of the 501(c)3 or 501(c)4 exemption determination from the Internal Revenue Service behind the CHIP-1 Form.
6	5/26/10	The Program Description requires that the Homeowner Rehabilitation Activity assistance (See Form of Subsidy, Page 9) be made available as 0% deferred payment second mortgage loan payable only when the home is sold, refinanced, or no longer used as the homeowner's principal residence per the Recapture Requirements for Homeowner Rehabilitation Activities. In the event of the death of a homeowner(s) during the stated period of affordability, DCA will permit a State Recipient or Sub-recipient to allow within its stated program design for transfer of the property to an eligible low and moderate income household that is an immediate family member of the original homeowner. An "immediate family member" is defined as a spouse, parent, brother or sister, or child of that person, or an individual to whom that person stands in loco parentis. The State Recipient or Sub-recipient must provide procedures within its program design to qualify the immediate family member as an eligible household. All documentation must be submitted to DCA and retained in the files of the State Recipient or Sub-recipient.
7	5/26/10	For the purpose of determining threshold in meeting the Experience Requirements for either Administrators or Local Governments, DCA will not consider a grant that has been closed out for which no project funds were expended as meeting experience requirements for SFY 2011 CHIP funding. The expenditure of administrative funds will not be considered for the purpose of determining experience.

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8	5/26/10	<p><u>State Recipients:</u> 24 CFR Part 85 – “Administrative Requirements for Grants and Cooperative Agreements with State and Local and Federally Recognized Indian Tribal Governments” - states that Grantees and subgrantees will use their own procurement procedures which reflect applicable State and local laws and Grantees and subgrantees will maintain a written code of standards of conduct governing the performance of their employees engaged in the award and administration of contracts. No employee, officer or agent of the grantee or subgrantee 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. Such a conflict would arise when: the employee, officer or agent, any member of his immediate family, his or her partner, or an organization which employs, or is about to employ, any of the above, has a financial or other interest in the firm selected for award.</p> <p>Therefore, State Recipient cannot act as a sole source “general contractor” and receive general contracting fees for Homeowner Rehabilitation activities over and above the project delivery fee provided under the provisions of the Program Description. A State Recipient cannot act as a general contractor and receive project delivery fees.</p> <p><u>Sub-Recipients:</u> As required by the federal HOME regulations, Sub-recipients must follow the procurement standards outlined in 24 CFR Part 84 – “Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations.” §84.43 states that “In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, invitations for bids or requests for proposals shall be excluded from competing for such procurements.” As a result, nonprofit entities and local public housing authorities administering CHIP funds may not compete for the award of any such contracts on which CHIP funds will be expended.</p>

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9	5/26/10	<p>CHIP funds may be used within the general neighborhood or an area of a city or county in which an official of a nonprofit organization, local public housing authority or local government resides who exercises or has exercised any functions or responsibilities with respect to the CHIP funds or who is in a position to participate in a decision making process or gain inside information with regard to such activities. However, if the program design of the State Recipient or Sub-recipient will target any specific area within the community (“target area”), then any such elected official of the local government or board representative of the public housing authority or nonprofit entity who resides in that target area must not participate in any decisions of the nonprofit, local government or public housing authority specific to the CHIP application or grant award.</p> <p>Further, no such individual identified above or immediate family member there of may apply for or receive a direct financial benefit from the activities or have an 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.</p> <p><u>State Recipients & Sub-recipients:</u> The term “immediate family member” is defined with respect to a person as a spouse, parent, brother or sister, or child of that person, or an individual to whom that person stands in loco parentis.</p>
10	5/26/10	<p>A State Recipient that will contract with a nonprofit entity to administer the grant on the State Recipient’s behalf and that nonprofit is qualified as an Experienced Administrator according to the terms of the SFY 2011 Program Description do not have to follow the procurement requirements to secure program administration services.</p>

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11	5/26/10	<p>State Recipients with CHIP grants awarded during the 2009 or prior funding cycles must document annually continued occupancy by the assisted household throughout the period of affordability. The State Recipient documents this compliance by sending a “Do Not Forward” letter to each household assisted on the anniversary date of the recorded loan documents. For any returned letters, the State Recipient must implement its process to follow-up with the CHIP-assisted household and recapture the CHIP assistance. This requirement remains in place for all State Recipients awarded funds during the 2009 or prior funding cycles.</p> <p>Those State Recipients and Sub-recipients awarded funding under the SFY 2011 CHIP Program Description will not be required to implement the “Do Not Forward” letter process required of prior year funding recipients. As stated in the SFY 2011 CHIP Homeowner Rehabilitation Assistance Guide (See Page 44 – 45), the recapture provisions will be self enforcing due to DCA’s requirement to record the Deed of Trust.</p>
12	6/22/10	<p>The Program Description (page 30) and the CHIP Application (CHIP 10) provided the incorrect link to the on-line certification for lead-safe work practices. As a result of this error, DCA will allow submission of a CHIP Application as long as the required certification is received at DCA no later than 5:00 PM on July 30, 2010.</p> <p>The course may be found on-line at: http://www.hud.gov/offices/lead/training/visualassessment/h00100.cfm.</p> <p>Applicants are cautioned to complete this on-line certification as soon as possible as receipt of the certification of completion of the on-line HUD Visual Assessment Training Course may take 2-3 weeks</p>
13	8/2/10	<p>For the purpose of determining threshold in meeting the Experience Requirements for either Administrators or Local Governments, DCA will not consider applications for the 2011 CHIP Funding cycle if the Experience Requirements have not been met no later than 8/2/2010.</p>