

Administrator's Manual

DRAFT

North Carolina Housing Finance Agency Urgent Repair Program (URP23)

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North Carolina Housing Finance Agency

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NORTH CAROLINA HOUSING FINANCE AGENCY

**Urgent Repair Program
(URP23)**

ADMINISTRATOR'S MANUAL

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Introduction and Background

INTRODUCTION AND BACKGROUND

INTRODUCTION

This Administrator's Manual contains the Urgent Repair Program (“URP”) Program Guidelines (the "Guidelines" or “PG”) along with many of the forms and documents needed to successfully operate your URP project. In addition, a very useful alphabetical index is provided at the end of the Guidelines. Recipients are encouraged to call or write the [North Carolina Housing Finance Agency](#) (the "Agency") with any questions regarding interpretations of Program Guidelines, documents or forms. The Agency assigns a team member to serve as your "case manager", your primary contact person for matters relating to the Program. Generally, all correspondence should be directed to your case manager. Case managers are as follows: Senior Housing Rehabilitation Officer Donna Coleman (919-981-5006), Team Leader of Home Ownership Rehabilitation Chuck Dopler (919-981-5008), Team Leader of Documentation & Compliance Kim Hargrove (919-877-5682), Senior Housing Rehabilitation Officer Dan McFarland (919-875-3753), Housing Rehabilitation Officer Sarah Zinn (919-578-3580), and Manager of Housing Rehabilitation and Compliance Mike Handley (919-877-5627). Chuck Dopler serves as Program Coordinator.

BACKGROUND

Since its inception in 1994, the Urgent Repair Program (“URP”) has become a key component in the tool kits of a wide variety of housing organizations within North Carolina. The Program has received special recognition on two different occasions from the National Council of State Housing Agencies. To date, the Agency has committed close to \$69 million in URP funds to organizations like yours to assist over 17,323 very-low income homeowners in all 100 counties, with participation by 186 different organizations. We’re very proud of that record.

URP has been used in the past by local governments and regional councils of government to complement their CDBG- and HOME-funded comprehensive rehabilitation programs by providing a resource for treating homes that may have been deteriorated beyond the point that they are feasible for comprehensive rehabilitation, or for treating homes that needed temporary measures while funding for a more complete reconstruction was pending.

The URP program has also been used by Community Action Agencies and other nonprofits to leverage with the [Weatherization Assistance Program](#) (“WAP”) and the [Heating Appliance Repair](#)

[and Replacement Program](#) (“HARRP”), utilizing similar staff skills and referral networks.

Recipient organizations of various types have used URP to perform home modifications enabling the disabled and frail elderly to live more independently in their own homes. Productive partnerships have been formed by URP Recipients and their local or regional Independent Living centers, whereby Independent Living’s engineers designed and installed the accessibility modifications while other work was paid for through URP funds.

URP Recipients have also partnered with volunteer groups that have installed the materials paid for by the URP funds. For instance, a nonprofit in the mountains has worked with as many as 300 youthful volunteers from the faith-based World Changers organization to do an annual week-long URP blitz. Other Community Partners use a variety of local and regional volunteer groups, including Habitat for Humanity, Snow Birds, and Appalachian Service Project, to effect change.

Through the efforts of many such creative and dedicated URP Recipients (186 different organizations to date), over 17,000 very-low income homeowners, almost all of them elderly (more than 69% of beneficiaries) and/or disabled (more than 49%), will have benefited by the time you start your 2023 URP project.

Although the average URP cost per unit has increased through the years, the 2022 calendar year average was still just \$8,277, a small fraction of the cost of institutionalization when homeowners leave their homes. Of the total, \$7,696 went to the hard costs of construction. The remaining \$707 per unit covered program support expenses, evincing a very cost-effective delivery system.

The Agency initiated the Urgent Repair Program in 1994 in response to years of feedback from local governments and nonprofits who stressed the need for funding to address emergency needs for housing repairs and modifications that might allow very low-income homeowners to remain safe in their own homes, independent of institutional care.

After valuable input from the [North Carolina Housing Coalition](#), the [N.C. Community Action Association](#), the [Energy Division](#) (then in the N.C. Department of Commerce), and others, the Program was approved for funding in early 1994 as a one-year demonstration program. At that time, a total of \$1,250,000 was made available to non-profit organizations, units of local government, public agencies, and regional councils.

An independent study of the 1994 demonstration cycle led to numerous changes to the program guidelines that have continued to evolve through a number of subsequent cycles. Those with experience under the recent cycles prior to the 2023 URP cycle have realized some significant changes in the guidelines. The significant changes included raising the maximum eligible hard costs, revising program support expense allowances, changing the form of assistance from grants to loans, including military veteran households in the list of special needs that can qualify as an eligible household, and reducing the percentage of assisted households that must fall below 30% of the area median income.

For the 2023 URP cycle, the program guidelines include the following changes and additions:

1. Funding allocation for the 2023 URP cycle was increased to \$8.8 million from 2022 funding level of \$6.6 million.
2. Section 3.12.2 has been updated to include minimum number of units inspected. The number of case files to be reviewed remains the same.

Recipients who find the Urgent Repair Program a valuable adjunct to their prime missions will want to educate their local elected representatives as to its value and the need for continued support for the [NC Housing Trust Fund](#).

Program Guidelines

Program Guidelines
NORTH CAROLINA HOUSING FINANCE AGENCY
URGENT REPAIR PROGRAM (URP23)
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1. GOALS, OBJECTIVES & FUNDING SOURCES

1.1 Goals

The goals of the Urgent Repair Program are:

- 1.1.1. to alleviate housing conditions which pose an imminent threat to the life or safety of very low-income homeowners with special needs; and,
- 1.1.2. to provide accessibility modifications and other repairs necessary to prevent displacement of very low-income homeowners with special needs, such as the frail elderly and persons with disabilities.

1.2 Objectives

The Objectives of the Program are:

- 1.2.1. to distribute Program funds equitably across all regions of the state;
- 1.2.2. to serve households with urgent repair needs that cannot be met through other state or federally-funded housing assistance programs; and,
- 1.2.3. to enable the frail elderly and others with physical disabilities to remain in their homes by providing essential accessibility modifications.

1.3 Funding Sources

Funding for the 2023 cycle of the Urgent Repair Program (URP23) is from the State appropriated [North Carolina Housing Trust Fund](#) which does not have a CFDA number. Part B, Section 2 of your Funding Agreement details the specific source of funds used in funding your URP23 project, consistent with the required contract provisions outlined in [09 NCAC 03M.0703](#).

2. PROGRAM REQUIREMENTS

2.1 Uses of Funds

- 2.1.1. Program assistance, at the discretion of the Recipient, may be used in conjunction with volunteer labor, donated materials, locally-funded assistance, Weatherization Assistance Program (WAP) funds or [Heating Appliance Repair and Replacement Program](#) (HARRP) funds, Home and Community Care Block Grants provided by the [North Carolina Division of Aging and Adult Services](#), American Rescue Plan Act (ARPA) funds, and funds from the Independent Living Center.
- 2.1.2. Program funds must be used either for hard costs, program support (soft costs) associated with Program-eligible repairs or modifications or administrative costs capped at 10% per completed unit up to \$1,000. Total hard, soft and administrative costs cannot exceed funding amounts specified in Section 2: Grant Amount of Member's Funding Agreement.
- 2.1.3. Eligible repairs must meet the goals of section 1.1 above and rectify deficiencies including:
 - 2.1.3.1. combustion appliance and chimney hazards;
 - 2.1.3.2. electrical system hazards;
 - 2.1.3.3. plumbing system hazards;
 - 2.1.3.4. imminent structural system failures (e.g. porches, steps and roofs);
 - 2.1.3.5. mitigation of environmental hazards such as lead-based paint, asbestos or soil gasses;
 - 2.1.3.6. repairs necessary to prevent the imminent displacement of eligible households;
 - 2.1.3.7. repairs designed to increase the accessibility of the unit including ramps, hand rails and grab bars, kitchen and bathroom adaptations, and door alterations, etc. for frail or disabled residents;
 - 2.1.3.8. imminent threats to life or safety, including those caused by lead, which can be addressed by inexpensive lead hazard reduction activities such as replacing mini-blinds, improving soil conditions around drip lines, replacing windows, etc.; or,
 - 2.1.3.9. other repairs approved by the Agency on a case-by-case basis.
- 2.1.4. RESERVED

- 2.1.5. Hard costs are defined, in the case of an independent private contractor performing the repair work, as the contract price; or, in the case of Recipient work crews performing the repairs, as the direct costs associated with the repairs including labor, materials, mileage and tool rental (see section 4.2.2.2 below).
- 2.1.6. The maximum amount of Program assistance attributable to hard and soft (program support) costs is \$12,000 per dwelling unit not to exceed the total amount of hard and soft costs specified in Section 2: Grant Amount of the Member's Funding Agreement. There is no minimum.
- 2.1.7. Program support includes the salaries and benefits for staff (or consultants) directly involved in Program activities (e.g., generating work write-ups, cost estimates, inspections, qualifying applicants, monitoring and overseeing repair work, providing clerical support) and office supplies and materials consumed in carrying out the Program-eligible repairs.
- 2.1.8. A portion of the Program funds may be used for program support expenses, but must be accounted for and claimed on a unit-by-unit basis. The maximum amount of program support available varies with amount of program funds used for hard costs on each unit. All URP-assisted units may receive base program support of \$200. Units with hard costs exceeding \$500 may receive additional soft costs up to 10% of the hard cost for eligible program support expenses, so long as the total soft cost of the unit does not exceed \$1,000 as indicated by the table below. For example, if the hard costs associated with the repair of modification of a given unit is \$3,250 the Recipient may claim up to \$525 for program support expenses (200 + 325). If a unit's hard cost is \$11,900 then the maximum allowable program support would be \$100 since maximum amount of Program assistance attributable to hard and soft costs is \$12,000 per dwelling unit.

| URP Hard Costs | Maximum Program Support |
|------------------------|------------------------------------------------------|
| From \$501 to \$12,000 | \$200 + 10% of the Hard Cost (not to exceed \$1,000) |
| Up to \$500 | \$200 |

- 2.1.9. Program funds must not be used:
- 2.1.9.1. in conjunction with any source of state- or federal-housing assistance (CDBG, HOME, HPG, 504 grants, etc.), other than Weatherization

Assistance Program (WAP) assistance, [Heating Appliance Repair and Replacement Program](#) (HARRP) assistance, Home and Community Care Block Grants provided by the [North Carolina Division of Aging and Adult Services](#) or contributions from local offices of Independent Living;

2.1.9.2. on any dwelling unit for which other sources of state or federal assistance are available at the time of the repair work; or,

2.1.9.3. on any dwelling unit for which other sources of state or federal assistance are likely to become available within six months following the completion of the repair work under the Program.

2.1.10. URP Administrative funds are limited to ten percent (10%) of the total amount of Program funds allocated to rehabilitation hard costs plus soft costs up to \$1,000 on each completed unit not to exceed the total amount of administrative costs specified in Section 2: Grant Amount of the Member's Funding Agreement. These administrative funds may be used for necessary and documented administrative costs, which include:

2.1.10.1. general management, oversight and coordination;

2.1.10.2. travel and mileage expenses;

2.1.10.3. project monitoring;

2.1.10.4. indirect costs, overhead costs related to administration of URP activities;

2.1.10.5. URP project related outreach; and intake, advertising and public information.

2.2 Prohibited Activity

2.2.1. None of the funds provided under the Program shall be used for any partisan political activity or to further the elections or defeat of any candidate for public office.

2.2.2. No religious instruction shall be conducted in connection with activities under the Program.

2.2.3. The Recipient shall not discriminate against any person employed in the performance of the Program, or against any applicant for assistance under the Program because of race, sex, age, creed, color, physical handicap, or national origin.

2.2.4. No employee, officer or agent of the Recipient shall participate in the selection, or in the award or administration of a contract funded by the Program if a conflict of interest, real or apparent, would be involved.

- 2.2.5. Before funds may be disbursed, each private nonprofit Recipient must be in compliance with [GS 143C-6-22](#), which requires that the Recipient submit to the Agency a notarized copy of the Recipient's policy addressing conflicts of interest that may arise involving any member of the Recipient's management, board of directors or other governing body. The policy shall address situations where any of these individuals may directly or indirectly benefit, except in their official capacity, from the disbursement of State funds, and shall include actions to be taken to avoid conflicts of interest or the appearance of impropriety.
- 2.2.6. There shall be no fees charged an applicant for selection into, or participation in, the Urgent Repair Program, or any other program using funds from the Urgent Repair Program, unless approved by NCHFA.

2.3 Form of Assistance

- 2.3.1. Program assistance provided to owner-occupants must be in the form of a loan covering the hard and soft costs of the URP funds associated with the repair/modification of the unit. Homeowners will receive an unsecured deferred, interest-free loan, forgiven at a rate of \$3,000 per year, until the principal balance is reduced to zero.
- 2.3.2. Recipients must use the Urgent Repair Program Promissory Note document provided by the Agency in the "[Forms](#)" section of this Manual.

2.4 Eligible Households

- 2.4.1. A minimum of 50% of the units assisted under URP must be owned and occupied by very low-income households with special needs. The remaining 50% of the assisted units must be owned and occupied by low-income households with special needs.
- 2.4.2. Low-income households are those households with gross annual incomes not exceeding 50% of the income limits defined in Section 2.4.5 below.
- 2.4.3. Very low-income households are those households with gross annual incomes not exceeding 30% of the income limits defined in section 2.4.5 below.
- 2.4.4. Eligible households with special needs include households with:
- 2.4.4.1. household members who are at least sixty-two (62) years old;
 - 2.4.4.2. handicapped or disabled members, defined as follows:
 - 2.4.4.2.1. A person shall be considered handicapped if he or she has a physical or mental impairment that: 1) is expected to be of long-

continued and indefinite duration; 2) substantially impedes the person's ability to live independently; and 3) is such that the person's ability to live independently could be improved by more suitable housing conditions. A person with a Developmental disability as defined by the Developmental Disabilities Assistance and Bill of Rights Act (42 USC 6001(7)) shall be considered handicapped. An adult who has chronic mental illness shall be considered handicapped if he or she has a severe and persistent mental or emotional impairment that seriously limits his or her ability to live independently and whose impairment could be improved by more suitable housing conditions.

2.4.4.2.2. A person shall be considered disabled if they are receiving Social Security Disability, Railroad Retirement Disability, or Supplemental Security Income as disabled, one hundred percent Veteran's Administration Disability benefits or is determined to be disabled by a licensed physician.

2.4.4.2.3. A person whose sole impairment is alcoholism or drug addiction shall not be considered handicapped or disabled under the Urgent Repair Program unless the applicant has been granted Social Security Disability benefits.

2.4.4.3. a single-parent with at least one dependent child in residence; or

2.4.4.4. five or more persons;

2.4.4.5. children below the age of six (6) with lead hazards in the home;

2.4.4.6. a person who is a military veteran, as defined as one who served in the active military, naval, or air service (i.e. Army, Navy, Air Force, Marine Corps, and Coast Guard; as a commissioned officer of the Public Health Service; or as a commissioned officer of the National Oceanic and Atmospheric Administration or its predecessors), and who was discharged or released there from under conditions other than dishonorable.

2.4.5. Income limits for participants are based on the greater of either the estimated statewide non-metropolitan median household incomes published by the [U.S. Department of](#)

Housing and Urban Development (HUD) or the county median income for the county in which the household resides adjusted for family size. The Income Limits Schedule (see the Income Limits section in this Manual) provides the applicable income limits with adjustments for household size.

2.4.6. The following guidelines must be used for income determination:

- 2.4.6.1. Household income is defined as the gross annual income of all household members that is anticipated to be received during the upcoming twelve-month period based on the twelve-month period preceding the date of application, including recent or imminent changes such as promotion, raise or loss of employment. The income of household members, other than the applicant, who are under 18 years of age or who are full time students, is excluded.
- 2.4.6.2. Household income includes wages, salary, overtime pay, commission, fees, tips, bonuses, interest, dividends, Social Security, annuities, pensions, retirement funds, insurance policy dividends, disability benefits, alimony, child support, regular contributions from persons not occupying the unit, and public assistance allowances.
- 2.4.6.3. Household income excludes casual or sporadic gifts, monies received as reimbursement for medical expenses, lump-sum payments such as inheritances, insurance settlements, capital gains, settlements for personal or property losses, educational scholarships, government benefits to a veteran for education, payments to volunteers under the Domestic Volunteer Service Act of 1973, foster child care payments, food stamps and government relocation payments.
- 2.4.6.4. Household income for self-employed persons will be determined by averaging the reported net income on federal tax returns for the previous two years. If the head of household is self-employed for less than two years, the applicant must submit the most recent year's personal income tax returns.
- 2.4.6.5. Recipients must re-verify the applicant's income eligibility if the time between the Application and Eligibility Certification (4.3.1.1) and the signing of the Promissory Note (4.3.1.9) exceeds six (6) months.

- 2.4.7. The Recipient is strongly encouraged to make appropriate referrals to human service agencies in the local area when, in the process of qualifying an applicant and repairing the home, a non-housing need becomes known to the Recipient's staff. For more information on when and how to make appropriate referrals, refer to the "Client Referrals for Support Services" section of the Manual.

2.5 Repair Standards

Program funds may be used to affect urgently needed repairs or modifications without regard to whether the dwelling unit shall meet any local, state or federal housing quality standards. However, all work done using Program funds must meet the standards of the North Carolina State Residential Code for One and Two Family Dwellings, and be done in compliance with all state or local permitting, inspections, licensing and insurance requirements including the new [Renovation, Repair and Painting rule](#). All work must be performed in a manner that does not endanger the life, health or safety of those doing the work or of the occupants of the dwelling unit.

3. PROGRAM FINANCIAL ADMINISTRATION

3.1 Funding Agreement

- 3.1.1. All Recipients must sign a Funding Agreement (the "Agreement") with the Agency before funds will be disbursed. The Agreement is a contract between the Agency and the Recipient. It will identify the amount of funding under the project, the effective date of the Agreement, and the required completion date of December 31, 2024. Completion dates will not be extended.
- 3.1.2. The Agreement is subject to these Program Guidelines which are incorporated into the Agreement by reference. These Guidelines may be revised by the Agency and revisions will be forwarded to the Recipient and made part of the Agreement.
- 3.1.3. The Agency may terminate the Agreement before the date of completion if it determines the Recipient has failed to comply with the conditions of the Agreement.
- 3.1.4. The Agency or the Recipient may cancel the Agreement prior to the date of completion when both parties agree that continuation would not produce beneficial results

commensurate with the further expenditure of funds. Both parties will agree on the termination conditions, including the effective date.

- 3.1.5. Recipients are not permitted to assign all or any part of their interest in Agreement or delegate any duty or obligation under the Agreement without prior written approval of the Agency.
- 3.1.6. Recipients with multi-county service areas will be expected to adhere to an Agency approved selection process whereby funds are distributed within their service area according to the schedule outlined in the Recipient's Post-Approval Documentation.

3.2 Disbursements

- 3.2.1. Disbursements equal to 50% of the original approved grant amount for hard and soft costs will be electronically wired to Recipients in advance. The initial advance will be disbursed to the Recipient within approximately 10 business days from the execution of the Funding Agreement.
- 3.2.2. The second and final disbursement will be made to the Recipient upon written certification to the Agency (as certified on the Project Management Report) that 90% of the hard and soft costs funds previously advanced have been disbursed for eligible activities. Prior to the second and final disbursement, the Agency must receive and approve a Project Management Report. Project Management Report forms are provided in the "[Forms](#)" section of this manual.
- 3.2.3. Failure of the Recipient to comply with any requirements of these guidelines may result in a reduction of the amount of funds available to the Recipient under the Agreement or in a change in the method of disbursement (e.g., from an advance basis to a reimbursement basis).
- 3.2.4. Initial disbursement of administrative funds will be made after the first Project Management Report is submitted with completed units. The disbursement will be equal to 10% of the unit hard and soft costs up to \$1,000 per completed unit, not to exceed administrative costs listed in Member's Funding Agreement. Using the examples presented in Section 2.1.8, a unit with \$3,250 hard costs and \$525 soft costs would be eligible for \$378 in administrative costs ($\$3,250 + \$525 = \$3,775$), but a unit with \$11,900 hard costs and \$100 soft costs would only be eligible for \$1,000 in administrative costs. Final disbursement of administrative funds will be made once all units are reported as complete.

3.3 Honesty and Fidelity Bond

- 3.3.1. The Recipient shall maintain throughout the duration of the project an Honesty and Fidelity bond that protects the Recipient and its project against theft, wrongful conversion, embezzlement or other abuses by the Recipient and its employees, which may occur while the Funding Agreement is in force. Such Honesty and Fidelity bonds shall be at least 50% of the total funds awarded under the Funding Agreement.

3.4 Recipient Accounts

- 3.4.1. The funds must be held in an account in a financial institution insured by an agency of the federal government, and any balance exceeding the insurance coverage must be collaterally secured (i.e., the financial institution must provide a letter stating that Government securities, up to the amount exceeding insurance coverage, have been set aside to insure payment of the excess deposit).
- 3.4.2. Program funds may be paid from the Recipient's account only after the following:
 - 3.4.2.1. an Urgent Repair Program Promissory Note has been executed with the property owner on the form provided by the Agency (see the "Forms" section of this manual);
 - 3.4.2.2. a construction contract has been executed by the property owner and the contractor that is undertaking the work, whether this contractor is an independent firm, an affiliated firm or the Recipient; and,
 - 3.4.2.3. a Recipient representative has attended the NCHFA sponsored URP23 Implementation Workshop or an URP implementation workshop.

3.5 Program Income

- 3.5.1. Program income is income from Program funds deposited into interest-bearing accounts and any program funds recaptured. Program income may be recaptured either during the project or after project closeout from loan repayments.
- 3.5.2. All Program income must be credited to the Recipient's Program account and may be expended on URP-eligible activities. Any net Program income not disbursed for eligible Program uses must be paid to the Agency when submitting [a Certification of Completion and Final Cost](#) (CCFC) form or a revised CCFC form in the case of any recaptured loan funds submitted after project out.

- 3.5.3. Should a Recipient place URP funds in an interest-bearing account, it will be the responsibility of the Recipient to remit any unexpended interest to the Agency when submitting the CCFC.

3.6 Accounting

- 3.6.1. Funds received under this Agreement should be accounted for separately from funds received from all other sources.
- 3.6.2. The accounting system must provide for:
 - 3.6.2.1. accurate, current and complete disclosure of the financial condition and financial results of the project in accordance with the reporting requirements;
 - 3.6.2.2. records that identify adequately the source and application of funds for activities supported by the Program. These records must contain information pertaining to Program awards and authorizations, obligations, unobligated balances, assets, liabilities, expenditures and income;
 - 3.6.2.3. effective internal control over, and accountability for, all funds under this agreement;
 - 3.6.2.4. comparison of actual expenditures with budgeted amounts for the project;
 - 3.6.2.5. accounting records that are supported by source documentation (e.g., invoice, receipts or contracts); and,
 - 3.6.2.6. systematic methods to ensure timely and appropriate resolution of audit findings and recommendations.

3.7 Record Keeping

- 3.7.1. The Recipient must maintain financial records, case files, statistical records and all other records pertinent to the project for three years from the date of the project closeout letter from the Agency. All records must be sufficient to determine compliance with the requirements and objectives of the Program.
- 3.7.2. The record retention period starts from the date of the project closeout letter. If any litigation, claim or audit, starts before the expiration of the three years, the records must be retained until all litigation, claims and audit findings involving the records have been resolved.

- 3.7.3. Financial records must be made available to the Agency immediately upon request for the purpose of making audits, examinations or reports. All invoices, vouchers, statements of cost and records pertaining to the disbursement of Program funds are subject to audit by the Agency. Failure to comply with this requirement will result in the Agency taking one or more of the actions identified in section 3.1.2.
- 3.7.4. Recipients performing repairs/modifications themselves or acting as general contractors on their own jobs must maintain an itemized summary account in each case file as per Program Guidelines 4.2.2.2 and 4.2.2.3.

3.8 Procurement

- 3.8.1. To the maximum practical extent recipients must promote fair and open competition in the procurement of all goods and services under the Program consistent with [2 CFR 200 Subpart D](#).
- 3.8.2. Recipients may not incur any Program cost until a Funding Agreement between the Recipient and the Agency has been executed.
- 3.8.3. Recipients must establish written URP specific procedures, consistent with Section 4.2 which provides that proposed procurement and contracting action will be properly managed.
- 3.8.4. Recipient must use and retain written contracts with all firms providing services for work under the Program.
- 3.8.5. Materials and supplies purchased with funds received under the Program will be accounted for separately from all other material and supplies obtained from any other source.
- 3.8.6. Recipients that are cities and counties must also comply with state laws applicable to the procurement of supplies, construction and services included [G.S. 14-234](#) (Conflict of Interest) and [G.S. 44A-25 through 33](#) (Model Payment and Performance Bond).

3.9 Financial Audit Requirements

- 3.9.1. Recipients of URP funds must comply with the financial audit provisions provided for by [GS 159-34](#) (for units of local government that are subject to audit and other reporting requirements of the Local Government Commission) or [143C-6-22](#) (for non-governmental organizations). Because these statutes are subject to change from time to time, please refer to the following websites for the applicable audit requirements:

www.treasurer.state.nc.us (units of Local government), or <http://www.ncauditor.net/> (non-governmental organizations).

- 3.9.2. Copies of current requirements, [GS 159-34](#), “Annual Independent Audit: Rules and Regulations” and [GS143C-6-22](#) (“Report on State Funds by non-state entities”) and applicable forms are found in the appendices section behind the program guidelines.
- 3.9.3. When an auditor’s report or auditor’s statement discloses material noncompliance with the Agreement or material weakness in internal controls, the Recipient must submit to the Agency, within 60 days of the date of the auditor’s opinion letter or statement, a written response to the auditor’s findings and a plan for corrective action.
- 3.9.4. Non-state entities receiving URP23 funds are required to submit compliance reports, as required by [143C-6-22](#), to the Agency within six (6) months of the end of their fiscal year if they receive, use or expend less than \$500,000 in state or federal pass-through grant funds (from all sources). If they receive, use or expend \$500,000 or more (from all sources) of state or federal pass-through funds then the audit report and required forms should be filed with the State Auditor and the respective state funding agencies within 30 days after the issuance by the auditor, but no later than nine (9) months after the entity’s fiscal year end. Early completion and filing of the audit report is strongly encouraged.

3.10 Monitoring by Recipient

- 3.10.1. The Agency expects the recipient to be active in the project and to adequately train and supervise its staff in the operation of the project.
- 3.10.2. The Recipient’s approved application includes information on its plan for staffing and administering the project. The Recipient must notify the Agency of any material changes in its work plan or in any events that may have a significant impact on the project.
- 3.10.3. Recipients must monitor and approve the performance of contractors undertaking construction work funded by the Program to ensure that work specification, licensing requirements and insurance requirements are complied with and schedules are met.

3.11 Reporting by Recipient

- 3.11.1. Recipients will be provided with reporting forms to be submitted to the Agency including:
 - 3.11.1.1. the Project Management Report; and,
 - 3.11.1.2. the Certification of Completion and Final Cost Form.
- 3.11.2. The Project Management Report must be received quarterly by the Agency by the last day of the month following the end of the federal calendar quarter (i.e., by: April 30 (for the 1st quarter), July 31, October 31, and January 31). The Certification of Completion and Final Cost form must be submitted with the final Project Management Report (per section 3.13). **Reports must be submitted regardless of the level of activity to be reported.**

3.12 Monitoring Agency

- 3.12.1. The following criteria will be used in reviewing the Recipient's performance:
 - 3.12.1.1. conformance with the Recipient's approved application for Program funds;
 - 3.12.1.2. compliance with the requirements of the Program as stated in the Funding Agreement and Program Guidelines.
- 3.12.2. The Agency will conduct desk audits and site visits to review the performance of Recipients and to provide technical assistance. The Agency will review the progress made by the Recipient on its project work plan and will review the Recipient's financial management, application processing procedures, construction management system and other control systems.

A monitoring goal with a minimum number of reviewed case files and units inspected per project will be determined by the review of the Member's capacity conducted during the application process. The capacity indicator score includes a rating of the staff and/or consultant qualifications and experience and recent performance under other housing rehabilitation projects. Members with a superior capacity score will have at least three case files reviewed. Members with an acceptable capacity score will have at least five case files reviewed. Members with a problematic capacity score will have at least ten case files reviewed. All Members will have at least three units inspected. If the Member completes less units than the monitoring goal for the project, all of the units will be monitored. Case managers may choose to review more than the minimum case files or units.

- 3.12.3. Recipients will be required to provide the Agency with adequate opportunity to review, remotely or on-site, hard copies of all data, records, and such other information needed for the Agency to conduct the review including, but not limited to the Recipient's;
 - 3.12.3.1. assistance policy, brochures and records, etc.;
 - 3.12.3.2. construction procedures and contract documents; and,
 - 3.12.3.3. financial records.
- 3.12.4. The Agency will also inspect some of the construction work performed with Program funds to determine if the work is being properly performed.
- 3.12.5. If the Agency determines, based on its review of the Recipient's performance, that the Recipient is *not* in compliance with the requirements of the Program, the Agency may:
 - 3.12.5.1. require the Recipient to submit additional information to determine the reason for the noncompliance, describe actions being taken to correct the problem or document what activities were undertaken;
 - 3.12.5.2. issue a letter of warning advising the Recipient of the deficiency and identifying possible sanctions if deficiency is not corrected;
 - 3.12.5.3. require the Recipient to suspend, discontinue or not incur costs for the affected activity;
 - 3.12.5.4. require the Recipient to reimburse the Agency for any funds improperly expended;
 - 3.12.5.5. change the method of disbursing funds to the Recipient from an advance payment to a reimbursement basis; or withhold funds or terminate the Agreement.
- 3.12.6. Unresolved concerns stemming from monitoring will also be considered in rating the Recipient's capacity should it apply for funding under Agency programs in the future.

3.13 Program Close-out

- 3.13.1. The Recipient must initiate close-out procedures when the **completion date identified in the Funding Agreement is reached**. The completion date is December 31, 2024.
- 3.13.2. No new loans obligating Program funds may be executed after the date of completion. Loans executed prior to the date of completion may be amended after that date by no more than 15% of the original amount to accommodate necessary changes to the scope of work (change orders).

- 3.13.3. Recipients must submit the Certification of Completion and Final Cost with a final Project Management Report to the Agency no later than 45 days following the date of completion or termination of the Funding Agreement. The Recipient must also submit revisions and updates of the Certification of Completion and Final Cost that may be necessary as a result of audits or reporting error.
- 3.13.4. All Program funds not disbursed for eligible construction or program support costs associated with loans executed prior to the date of completion, including all net Program income/interest earned, must be remitted to the Agency with the final Project Management Report and Certification of Completion and Final Cost.
- 3.13.5. Recipients are required to submit a minimum of one (1) human interest story, with photographic documentation of before and after rehabilitation, focusing on one of the households assisted under the project. The story should tell us about your work and about people who have benefitted from your efforts. Some of the things we would like you to tell us about are:
- 1) Who are the people who were assisted?
 - 2) Are there any unique facts about the household?
 - 3) Were any particular needs met by incorporating special features in the rehab?
 - 4) What was the condition of the home prior to rehab?
 - 5) Has the rehab changed their lives in any way?
 - 6) What accessibility measures were incorporated into the rehab?
 - 7) What energy savings did the homeowner realize resulting from the work that was completed on the home (for example, a new heating and air conditioning system)?
- 3.13.6. Much of this can be told through pictures of homes and of homeowners and other household members. Interior “before and after” shots of some notable repairs or improvements showing a dramatic difference – whole house exterior shots, both before and after, from the same position, casual shots of the homeowner and/or family; digital JPEG images in a high-resolution format, if possible. Prints and slides are discouraged; digital images in 6-12 megapixel resolution are recommended. These can be attached to emails, one or two at a time, burned into a CD or DVD and mailed to us, or posted to a secure website where they are properly labeled and can be easily reviewed and downloaded. Also, Recipients are encouraged to submit any written correspondence from households assisted under

the project, to the Agency, if such correspondence would be beneficial in promoting the Program. The story and the photo documentation are to be submitted with the CCFC or any time prior to submitting the CCFC.

4. PROGRAM ASSISTANCE PROCEDURES

4.1 Selection of Applicants

- 4.1.1. Recipients must establish a system for inviting households to participate in the project. Recipients may further limit participation by county or by need factors (e.g., income levels or special needs categories).
- 4.1.2. The Recipient may publicize its participation in the Program and the conduct of activities under the Program without prior review by the Agency, provided that all communications contain the following language: “This program was sponsored by _____, with funds provided by the N.C. Housing Trust Fund”. Copies of publications or news releases shall be furnished to the Agency.
- 4.1.3. Any policy for screening applications must be contained in a written standard (“Assistance Policy”) adopted by the Recipient, available to the general public, distributed to every applicant selected for assistance, and applied uniformly. This standard should be consistent with the Recipient’s approved application and should identify the method of prioritizing applicants. Recipients may not deny Program assistance on the basis of illegal discrimination.
- 4.1.4. Loan recipients must possess an ownership interest in the property or a life estate.
- 4.1.5. Loan recipients must meet the income standards for the Program that are listed in section 2.4.2 and 2.4.3.
- 4.1.6. Loan recipients must have special needs as specified in section 2.4.4.
- 4.1.7. The following property characteristics are requirements of the Program:
 - 4.1.7.1. the property must be located in North Carolina;
 - 4.1.7.2. the property must be owner-occupied: however, up to 20% of the Recipients total housing units repaired or modified may be manufactured housing units that are owned and occupied by eligible homeowners on rental lots; and,
 - 4.1.7.3. the property cannot use more than 50% of the total space for an office or business (e.g. day care). Program funds may only be used to improve the residential portion of mixed-use buildings.
- 4.1.8. Recipients must review and document per section 4.3.1 households’ qualifications utilizing the standard [Application & Eligibility Certification form](#) developed by the Agency and provided in the [Forms](#) section of this Manual. The Recipient must verify:
 - 4.1.8.1. name, address and phone numbers of the owners(s);

- 4.1.8.2. size of household;
- 4.1.8.3. sex, race/ethnicity, date of birth, Social Security Number, and relationship to the owner of each household member;
- 4.1.8.4. household income; and,
- 4.1.8.5. special need.
- 4.1.9. Recipients must obtain and retain written third-party verification of household's principal source(s) and amounts(s) of income (see section 2.4.6).
- 4.1.10. Recipients must inspect applicants' homes to identify and verify the eligibility of requested repairs or modifications (see sections 1.1 and 2.1 above).

4.2 Repair Procedures

- 4.2.1. Recipients must prepare a work write-up detailing necessary improvements to the property and an itemized estimate of the cost of the proposed improvements.
 - 4.2.1.1. Recipients are encouraged to maintain on file the notes and calculations used in developing the cost estimate.
 - 4.2.1.2. If competitive bidding is used, work write-ups should provide all information necessary to ensure that all contractors are bidding on the same high-quality end product. That information might include, for a given work item:
 - 4.2.1.2.1. the scope of work;
 - 4.2.1.2.2. the construction method;
 - 4.2.1.2.3. the quantity of materials;
 - 4.2.1.2.4. the quality standard;
 - 4.2.1.2.5. the location;
 - 4.2.1.2.6. reference to the Recipient's "performance manual" or "general specification manual"; and/or,
 - 4.2.1.2.7. installation and performance standards.
- 4.2.2. Recipients must secure competitive bids from contractors for the eligible improvements or follow written, Agency-approved "Procurement Standards" for work performed by the Recipient (consistent with Section 3.8).
 - 4.2.2.1. Recipients proposing to perform repairs/modifications themselves or to act as general contractors on their own jobs must not disburse any Program

funds until the Agency has reviewed and approved their written procurement standards. Said standards must detail the recipient's proposed methods of: 1) maximizing free and open competition in materials procurement; 2) exerting internal controls against impropriety and the appearance of impropriety; and 3) cost accounting and verification.

- 4.2.2.2. If the Recipient is approved to perform repairs/modifications, each case file must contain an itemized summary account of all costs paid for with Program funds, with each work write-up item broken down by labor (hours worked times pay rate, plus taxes and benefits) and materials (each item, by quantity times unit price). Any other job costs charged to the Program must also be detailed in the summary account. Necessary transportation costs directly associated with Program-funded repairs/modifications may be charged at a rate not to exceed the lesser of the current Federal mileage rate or one percent (1%) of total materials and labor costs. No other repair/modification costs can be charged to the Program without the expressed written consent of the Agency. All repair/modifications expenses listed in the itemized summary account must be supported by original source documentation such as itemized materials invoices, payroll records, indirect cost plans, etc.
- 4.2.2.3. If the recipient is approved to perform as a general contractor, each case file must contain an itemized summary account of all costs paid for with Program funds, with each subcontract itemized by work write-up item. No Program funds may be used for the Recipient's overhead, profit or administrative expense.
- 4.2.2.4. Recipients shall hold a preconstruction conference prior to commencement of construction to discuss the repairs/modifications with the property owner and the contractor. Case files shall contain a signed record, signed by all those in attendance (sponsoring agency representative, home owner and contractor) detailing the date, time and attendance of the preconstruction conference. A required Preconstruction Conference Form is included in the "Forms" section of this Manual.
- 4.2.2.5. Recipients must have written procedures, pursuant to section 4.5 for the disbursement of funds.

4.3 Program Documents

- 4.3.1. Recipients must use, and retain in individual case files, the following documents in completing grants under the Program:
 - 4.3.1.1. Application and Eligibility Certification (required form in the “[Forms](#)” section of this Manual);
 - 4.3.1.2. Verification of ownership;
 - 4.3.1.3. Verification of occupant income;
 - 4.3.1.4. Work write-up and cost estimate;
 - 4.3.1.5. Construction proposals (bids received) if applicable, or itemized summary account (if applicable);
 - 4.3.1.6. Preconstruction conference record (required form in the “[Forms](#)” section of this Manual);
 - 4.3.1.7. Construction contract (See Construction Contract models);
 - 4.3.1.8. Contractor’s release(s) of liens (See model);
 - 4.3.1.9. Urgent Repair Program Promissory Note (Required form in the “[Forms](#)” section of this Manual);
 - 4.3.1.10. Certification of Final Inspection (Required form in the “[Forms](#)” section of this Manual); and,
 - 4.3.1.11. Owner Certificate of Satisfaction (Required form in the “[Forms](#)” section of this Manual).
- 4.3.2. Recipients are responsible for the proper completion of all documents including, as applicable, having signatures notarized. No correction fluid (“white-out”) or scratch outs on Program legal documents are allowed unless each such change/correction is initialed and dated, in ink, by all parties to the transaction.
- 4.3.3. Where applicable, it is recommended that recipients also maintain, in the individual case files, the following documentation:
 - 4.3.3.1. Before and after photographs;
 - 4.3.3.2. Record of contracts/correspondence;
 - 4.3.3.3. Construction drawings/plans (existing and proposed, if relevant);
 - 4.3.3.4. Project financial log, (including change orders);
 - 4.3.3.5. Bid invitation;
 - 4.3.3.6. Bid opening record/tally;

- 4.3.3.7. Record of interim inspections;
 - 4.3.3.8. Certification of compliance from Building Inspector; and/or,
 - 4.3.3.9. Contractor's invoices and receipts.
 - 4.3.3.10. Zero Income Affidavit form (per example in the "Forms" section of this manual)
- 4.3.4. It is highly recommended that Recipients furnish case files with an index or checklist to identify and track required documentation.

4.4 General Loan Procedures

- 4.4.1. Assistance provided to owner-occupants by Recipient organizations under URP23 shall be in the form of a loan covering the hard and soft costs of the URP funds associated with the repair/modification of the unit. Administrative costs will not be included in the loan. Homeowners will receive an unsecured deferred, interest-free loan, forgiven at a rate of \$3,000 per year, until the principal balance is reduced to zero. Recipients must use the loan documents provided by the Agency. Recipients will be expected to have adequate project procedures to ensure that Program documents are properly processed.
- 4.4.2. Recipients must have the following documents properly prepared prior to executing a loan with a homeowner:
- 4.4.2.1. Application and Eligibility Certification;
 - 4.4.2.2. Work write-up and Cost Estimate; and,
 - 4.4.2.3. Documentation of a competitive bid per 4.2.2.
- 4.4.3. Recipients must ensure that the borrower has an ownership interest in the property. This information must be retained in the files of Recipient. The owner can provide informal evidence of ownership (e.g. deed, deed of trust, or legal life estate documentation).

4.5 Loan Disbursements Procedures

- 4.5.1. Recipients must have written procedures for the disbursement of funds for work completed, including:
- 4.5.1.1. inspecting work prior to contractor payments;
 - 4.5.1.2. paying only for satisfactorily completed work;

- 4.5.1.3. ensuring that adequate funds are always available to complete the work; and,
 - 4.5.1.4. ensuring that any changes in the work write-up are agreed to in writing by all parties and approved by two Recipient representatives.
- 4.5.2. Recipients must ensure that the contractor, whether independent, or the Recipient itself, provides lien waivers for funds received and work completed. Lien waivers must be signed by all subcontractors and materials suppliers prior to final payment (See the General Release of Liens model in the [Forms](#) section of this Manual).

4.6 Case Close-out Procedures

- 4.6.1. Recipients must have procedures for closing-out the work under the loan including:
 - 4.6.1.1. making a final inspection prior to the final contractor payment;
 - 4.6.1.2. certifying, on the Certificate of Final Inspection form provided, that all items in the work write-up have been satisfactorily completed;
 - 4.6.1.3. ensuring that completed lien waivers have been provided by the contractor for final payment; and,
 - 4.6.1.4. ensuring that unspent funds committed to the repair or the dwelling unit is either used for eligible work items through the addendum to the work write-up or the loan balance is reduced to reflect the actual amount of assistance.
- 4.6.2. Administrative funds will only be available once units are completed, not to exceed administrative costs in Section 2: Grant Amount of Member's Funding Agreement.

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Audit Requirements

2023 Urgent Repair Program Annual Compliance Reporting Information

Please forward this to the financial person who coordinates your organization's annual audit.

The 2023 Urgent Repair Program is funded with State funds from the Housing Trust Fund. The North Carolina Housing Finance Agency is the pass-through for these funds.

Federal and State Regulations may change at any time. Refer to the applicable websites for any updates. Your organization will be responsible for complying with any new regulations or statutes as they occur.

For Non-Profit Organizations only:

N.C. State General Statute 143C-6-23 – “*State grant funds: administration; oversight and reporting requirements.*” (State funds include federal funds that flow through the State.) These reports will be submitted directly to NCHFA at email subreport.rehabteam@nchfa.com. Our organization will submit these reports by the required deadline and will notify our NCHFA contact when reports are submitted.

For Local Government Organizations:

www.treasurer.state.nc.us – NC State General Statute 159-34 – Audit Requirements of “*The Local Government Budget and Fiscal Control Act*”

Instruct your auditor to send audit confirmations to:

Heather Lawrence

NCHFA

PO Box 28066

Raleigh, NC 27611-8066

919-981-2541

919-877-5703 – fax

hnlawrence@nchfa.com

Acknowledgement of Audit Compliance Reporting Responsibilities

Please X applicable section(s) and return this form with your PAD

_____ We are a **non-profit organization(sub-recipient)** and will comply with North Carolina General Statute 143C-6-23 to submit grant reports and the requirement to submit an audited financial statement.

If your organization received **less than \$500,000** in state and/or federal funds in the fiscal year, the following reports must be submitted:

1. A program report of activities and accomplishments. Also, a grant expenditures report providing an accounting how grant funds were expended. The reports are due three (3) months after your fiscal year-end date. Submit reports to: subreport.rehabteam@nchfa.com.
2. An Audited Financial Statement. The audit is due nine (9) months after your fiscal year-end date. Submit a PDF version electronically to: caxtell@nchfa.com.

If your organization received **\$500,000 or more** in state and/or federal funds in the fiscal year, the following reports must be submitted:

1. A program report of activities and accomplishments. Also, a grant expenditures report providing an accounting how grant funds were expended. The report is due three (3) months after your fiscal year-end date. Submit report to: subreport.rehabteam@nchfa.com.
2. A Single or Yellow Book audit. The audit is due nine (9) months after your fiscal year-end date. Submit a PDF version electronically to: caxtell@nchfa.com.

_____ We are a **local governmental organization** and will comply with North Carolina General Statute 159-34 to submit an independent audit. The Statute reads, "This audit, combined with the audit of financial accounts, shall be deemed to be the single audit described by the "Federal Single Audit Act of 1984."

The annual audit is due nine (9) months after your fiscal year-end date. Submit a PDF version electronically to: caxtell@nchfa.com.

I acknowledge receipt of the information regarding compliance reporting. I am the person responsible for coordinating the submission of reports that comply with state and federal regulations pertaining to this funding.

Signed: _____

Date: _____

Name _____

Title _____

Organization _____

Federal Tax ID Number _____ Fiscal Year End Date _____

Address _____

Email _____ Phone _____

Award: _____

Client Referrals for Support Services

North Carolina Housing Finance Agency Urgent Repair Program

Client Referrals for Support Services

Integrating human services with housing is important to preventing displacement of special needs households. This section of the Manual is intended to help the Recipient effectively incorporate referrals into their Urgent Repair Program project. Because the Program targets households with special needs, many of its clients will also need human services. Contact through the Program provides an opportunity for the Recipient to educate and refer clients to agencies which will serve their non-housing needs.

The Recipient will note that the Application & Eligibility Certification form includes two areas for identifying how the client came into contact with the Program and what referrals, if any, were made. Such results will be useful to the North Carolina Housing Finance Agency for future program development linking housing with other non-housing needs.

Although Recipients are not required to have a coordinated system for referring clients (See Program Guidelines section 2.4.7), an integrated referral process is strongly recommended. For this program year, each Recipient is encouraged to use its current referral process as outlined in their application for funding or develop a new one which is appropriate for the organization. Toward these ends, the Recipient may consider the following review of the referral process.

Information Provision

Providing to every client the same information about available services, without regard for their needs, requires the least effort from the Recipient. This could simply be a one page hand-out with the names, numbers, and, if available, web site addresses for local service providers. Alternatively, the Recipient could provide the client with contact information for a local information and referral service for people in need (e.g. the Coordinating Council for Senior Citizens in Durham). Upon client referral, the local service could evaluate the client's needs, and then match the client with the appropriate service provider. There are a couple of advantages to this referral strategy: 1) it minimizes research and development time; 2) it does not require extensive familiarity with non-housing services on the part of the Recipient. The disadvantage is that this is the least motivating and empowering method. It would be less likely to help someone with a cognitive disability or someone who is illiterate. Complex program eligibility requirements and limited available resources of some state programs statewide make access to services difficult for many individuals.

Education & Advocacy

A more effective referral strategy involves identifying the non-housing needs of the client, educating them about available resources, and advocating on their behalf. This might include reviewing the various programs available and how the client meets the eligibility requirements, along with providing the client with the appropriate contact person.

Advocacy on behalf of the clients, with their permission, to help them get the services which they need is more helpful. With the increased effectiveness come increased demands on the Recipient: 1) it requires a greater familiarity with available resources; 2) it involves more time and energy spent with the clients.

Resources

- 1) Call the Department of Health and Human Services Office of Citizen Services – CARELINE at (800) 662-7030 or visit their website at www.nccareline.org for information and referrals.
- 2) Visit the North Carolina Housing Finance Agency's Housing Resource Guide on their website at www.nchfa.com.
- 3) Contact your local offices of the:

Area Agencies on Aging;
[Community Action Agency](#);
[Department of Public Health](#);
[Department of Social Services](#);
[Department of Mental Health, Developmental Disabilities and Substance Abuse](#);
[Division of Vocational Rehabilitation](#);
[Legal Aid of North Carolina](#);
[Social Security Administration](#);
[United Way](#); and,
[Veteran's Administration](#).

Income Limits
