

Vermont Housing & Conservation Board
HTF Conditions
Revised March 16, 2022

Standard HTF Conditions

1. This project is subject to the requirements of the HTF Interim Rule issued by HUD on January 30, 2015. This Grant/Loan Agreement may be amended, and conditions may be added or changed, as necessary to comply with the regulations and/or HUD guidance.
2. Prior to closing, Recipient shall submit a completed HTF rent schedule for VHCB review and approval, to be attached to this Grant/Loan Agreement.
3. Prior to initial disbursement of HTF funds, Recipient shall obtain written documentation that the plans for the project comply with the *Secretary of Interior's Standards for Rehabilitation*, 36 CFR Part 67.
4. Project shall comply with the applicable HTF property standards set forth in 24 CFR §93.301, including the lead-based paint requirements, and VHCB's HTF Rehabilitation and/or New Construction Standards, as applicable, available on VHCB's online HTF resource page. Recipient shall maintain the project so that it meets the HTF property standards requirements at 24 CFR 93.301(e).
5. Prior to closing, Recipient shall submit documentation from the project architect that the project complies with VHCB's HTF Rehabilitation Standards. If a specific element of the proposed rehabilitation scope of work does not meet the HTF Rehabilitation Standards, Recipient may submit a written waiver request (at least 3 weeks prior to going out to bid) to VHCB staff for review and approval. N/A for new construction projects.
6. Prior to initiation of construction, Recipient shall work with the Environmental Officer at the Vermont Agency of Commerce and Community Development to document compliance with the Environmental Provisions in the HTF regulations at 93.301(f).
7. Prior to initial disbursement of HTF funds, Recipient shall submit a final pre-development project budget and performance schedule for review by VHCB. VHCB reserves the right to reduce or change the terms of this award if other financing terms change or if Recipient receives additional funding for the project that was not included in the budget submitted prior to VHCB Board action, or if total development cost is less than anticipated at the time of VHCB Board action. If the VHCB approved budget for the project shows a primary loan from a bank or other lending institution, VHCB will subordinate its interest in the project to documents securing the primary loan, provided that the primary lender shall execute a subordination and priority agreement approved by VHCB.
8. Recipient shall utilize a written lease that includes the HTF lease addendum, and provide a copy to VHCB staff for review and approval prior to closing. Recipient shall provide written notice to VHCB requesting approval of material changes in the terms of the written lease.

Recipient shall comply with HTF regulations at 93.302(f) and applicable HUD guidance regarding over-income tenants.

9. Recipient shall establish a written tenant selection policy in compliance with HTF requirements and submit a copy to VHCB prior to closing. For projects with five or more HTF assisted units, Recipient shall also comply with the “Affirmative Marketing Procedures and Requirements” in VHCB’s HOME Handbook.
10. Recipients wishing to target housing and/or services to persons with disabilities must have a tenant selection policy which addresses the following questions:
 - a. Who is the targeted population?
 - b. Does the proposed project meet the standard that it provides qualified individuals with disabilities with housing, aid, benefits, or services that are as effective as those provided to others?
 - c. How will an applicant’s eligibility as a member of this population be determined?
 - d. What services will be provided to support the tenants with disabilities and how will these be provided?
11. Recipient shall comply with all Uniform Relocation Act requirements in accordance with 24 CFR §92.353 and HUD Handbook 1378, including any outstanding Uniform Relocation Act compliance documentation such as a written relocation plan and budget, copies of URA notices sent to tenants (with delivery confirmation), a copy of the voluntary acquisition letter signed by both buyer and seller, and a URA tracking spreadsheet. If a project will not result in a rent increase, or require permanent or temporary relocation, a GIN or Notice of Non-displacement may be served by posting it in accessible locations and providing a copy to the tenants’ representative. For new construction projects and acquisitions of vacant buildings, only the URA voluntary acquisition letter is required.
12. This project shall comply with FR 5890-F-02: “Narrowing the Digital Divide Through Installation of Broadband Infrastructure in HUD-Funded New Construction and Substantial Rehabilitation of Multifamily Rental Housing”. The rule, however, recognizes that installation of broadband infrastructure may not be feasible for all new construction or substantial rehabilitation, and, therefore, it allows limited exceptions to the installation requirements.
13. Prior to closing, in accordance with 93.356, and 24 CFR part 5, subpart L, Recipient shall provide documentation to VHCB staff for review and approval that demonstrates compliance with The Violence Against Women Act (VAWA), including the requirements regarding notification to applicants and tenants, bifurcation of leases, and the VAWA lease term/addendum.
14. Recipient shall comply with the procurement procedures outlined in VHCB’s HOME Handbook, including the Minority and Women Owned Business Enterprise marketing requirements and Debarment and Suspension Contractor requirements. In order to verify that contractors are licensed to do business in the State of Vermont, Recipient shall search the VT

Secretary of State's Corporation database (<http://www.sec.state.vt.us/seek/corpbrow.htm>) prior to awarding any contracts in connection with this award, and shall print out a copy of the search result to provide to VHCB. Recipient shall, upon request, make available to VHCB for review all procurement documentation.

15. Prior to executing any contract to be paid in whole or part by HTF funds, the Recipient shall ensure the contractor is not federally debarred, suspended or otherwise ineligible by performing a search on the System for Award Management (SAM) site at sam.gov, and the Recipient shall print out a copy of the search result to provide to VHCB. In addition, the Recipient must notify VHCB staff of the name of the chosen contractor prior to executing a contract, so that VHCB staff can verify the search result on the SAM site.
16. The Recipient shall comply with Section 3 requirements in accordance with 24 CFR 135. Economic opportunities provided in connection with this project shall, to the greatest extent feasible, be provided to low income persons residing within the area in which the project is located and to Section 3 businesses. Section 3 requirements shall be included in bid documents, and "the Section 3 Clause" shall be attached to all contracts executed in connection with this project. In addition, HUD's Section 3 report form shall be submitted to VHCB within 60 days of the final disbursement (see Standard Condition #26).
17. In order to comply with HUD's requirements as outlined in VHCB's HOME Construction Inspection Policy, Recipient shall work with VHCB staff to investigate whether VHCB can be added to the construction lender's inspection contract. This would allow VHCB to rely on the construction inspections already being performed and avoid unnecessary additional costs.
18. Prior to initial disbursement of HTF funds, Recipient shall provide VHCB with a written HTF Conflict of Interest Policy in accordance with 24 CFR §93.353(f).
19. Prior to initial disbursement of HTF funds, Recipient shall demonstrate that its staff has attended a Fair Housing training session within at least the last three years, to ensure the Recipient has received adequate education and information for compliance with affirmatively furthering fair housing requirements, including those applicable to the marketing and leasing of HTF-assisted units.
20. Recipient shall utilize HTF funds only for eligible activities. HTF funds shall be disbursed in accordance with the budget as approved by VHCB.
21. Recipient shall use the percentage of completion method to pay for project construction costs and withhold a minimum of 10% of funds from all construction contracts pending completion of the work.
22. Recipient shall submit written requests for disbursements of HTF funds, along with a statement or schedule allocating the amount requested among the line items shown in the approved budget. Each request shall include copies of requisitions and invoices for the items covered by the request. Disbursements of HTF funds for non-construction costs will only be

made for expenses actually incurred within a twenty-four month period prior to the execution of this Grant/Loan Agreement. Disbursements of HTF funds for construction costs will only be made for completed work in place and will be based on the percentage of completion of the total amount of work covered by the contract, less 10% retainage until completion. (For example: Assume that the total contract amount is \$2,000 and the HTF grant is \$1,000. If the total amount of work covered by the contract is 50% completed on the date of a particular requisition, the maximum amount of HTF funds that can be disbursed at that time will be \$500 less \$50 retainage, i.e. \$450.) If Recipient has an architect under contract to oversee the project and/or inspect the work in connection with requests for payment received from contractors, an architect's certification shall be submitted to VHCB along with each request for disbursement of HTF funds. VHCB reserves the right to require independent inspections of construction work prior to disbursing funds. VHCB also reserves the right to require lien waivers from all contractors, subcontractors and/or suppliers prior to disbursing funds.

23. Prior to disbursement of HTF funds for construction (as outlined in the HOME Handbook), Recipient shall submit a fully executed copy of the construction contract and copies of all the required attachments, a HTF Bid Selection and Contract Award Summary form, and a copy of the performance and payment bond or letter of credit.
24. Prior to initial disbursement of HTF funds, Recipient shall provide VHCB copies of the following certifications executed by the Recipient: (i) Certification for Contracts, Grants, Loans, and Cooperative Agreements; (ii) Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion; and, (iii) Disclosure of Lobbying Activities. If no lobbying has been conducted, this must be written somewhere on the Disclosure of Lobbying form.
25. Prior to final disbursement of HTF funds, Recipient shall submit a copy of the State or Town/City's certificate of occupancy and/or a copy of the State or Town/City's final building inspection report. If there are any outstanding issues in the report, Recipient shall submit documentation that those issues have been adequately addressed.
26. Within 60 days of the final draw of HTF funds, Recipient shall provide a close-out report to VHCB staff which shall include the following:
 - a. final sources and uses development budget;
 - b. number of units with project based rental assistance (and type), and unit numbers;
 - c. a completed HTF rent schedule and HTF income verifications (or an acceptable alternative) with 3rd party documentation for the residents of the HTF units;
 - d. a final URA report including total relocation costs broken out by category, number of households temporarily relocated and displaced, and race and ethnicity of households displaced;
 - e. a copy of the Energy Star certificate, if applicable;
 - f. number of accessible units;
 - g. a completed Minority Business Enterprise/Women Business Enterprise form that contains information on Contractors and Subcontractors;
 - h. completed Section 3 report (HUD-60002 form);
 - i. digital photographs of the interior and exterior of the completed project;

- j. number of units dedicated for homeless persons or families; and, of the units designated for homeless, the number of units designated for chronically homeless.
27. This award shall be secured by a Mortgage Deed which will provide that if the owner at any time does not comply with all provisions of the VHCB Housing Subsidy Covenant, VHCB shall have the right to require immediate repayment of the award along with a percentage of any appreciation in the value of the property. The Mortgage Deed will be prepared by VHCB project counsel and the percentage of appreciation will be based on the amount of HTF funds committed to the project as a percentage of the total projected development cost. To the extent that the HTF award is a loan at the applicable federal rate, the percentage of appreciation requirement shall not apply. The Mortgage Deed shall be recorded in the appropriate Land Records.
28. At closing, Recipient shall: (i) execute the VHCB Housing Subsidy Covenant which is of perpetual duration and shall have priority over any mortgages securing community development or similar public funding for the project; and, (ii) record the VHCB Housing Subsidy Covenant in the appropriate Land Records. The VHCB Housing Subsidy Covenant shall contain the HTF restrictions for the thirty (30) year affordability period.
29. Recipient may request that all or a portion of the award be structured as a loan, rather than a grant. If the award includes a loan, VHCB shall determine the repayment terms and the loan shall be evidenced by a non-recourse promissory note and secured by a mortgage deed on the project. The note and mortgage will be prepared by VHCB project counsel. The mortgage shall be subordinate to the VHCB Housing Subsidy Covenant, but shall have priority over any mortgages securing community development or similar public funding for the project.
30. For projects with 10 or more HTF-assisted units, at least annually, recipient shall submit complete project financials to VHCB.
31. By signing this Grant/Loan Agreement, Recipient hereby certifies that it is in good standing with respect to all taxes due to the State of Vermont.
32. Prior to closing, for tax credit projects, in order to comply with VHCB's Underwriting Guidelines regarding owner/developer profit evaluation, Recipient shall provide documentation from VHFA staff that the tax credit investor's internal rate of return for this project has been reviewed and determined to be reasonable.
33. If all project reserves and other project obligations have been met as required by VHCB and if the Recipient, its General Partner/s or their Successors receive for three consecutive years distributions such as incentive management fees, asset management fees, or return-on-equity equal to more than 20% of the operating expenses, plus reserves, plus debt service, then payments of principal on the VHCB Loan shall commence and be in an amount equal to 20% of the distribution paid to the Recipient, its General Partner/s and/or their Successors.

34. Within one year of project completion, Recipient will submit to VHCB a cost certification performed by a certified public accountant.
35. Recipient will submit to VHCB an annual financial audit of the project beginning the first year following the cost certification and continuing through the last year of the affordability period.

REPORTING REQUIREMENTS

1. Recipient shall comply with the annual HTF unit rent and income review requirements.
2. On Request
 - a. Within 15 days of a request from VHCB, the Recipient shall demonstrate compliance with any particular term or condition of this Grant/Loan Agreement.
 - b. Failure to comply with any terms or conditions contained herein may be deemed a breach of this Grant/Loan Agreement and grounds for withholding and/or repayment of funds.
 - c. VHCB may request additional reports as deemed appropriate including, but not limited to, demographic data on the head of household to include gender, race, ethnicity, and homeless status.