SUBRECIPIENT AGREEMENT BETWEEN
THE NORTH CAROLINA OFFICE OF RECOVERY AND RESILIENCY
AND
HAYWOOD COUNTY, NC

This Subrecipient Agreement (the "Agreement") is made between the North Carolina Office of Recovery and Resiliency ("NCORR" and "Grantee"), a division of the North Carolina Department of Public Safety, an agency of the State of North Carolina and Haywood County, North Carolina ("Subrecipient"), a body politic and corporate, organized under the laws of the State of North Carolina. Each, individually, a "Party", and collectively, the "Parties". This Agreement is effective January 19, 2023 (the "Effective Date").

Article 1. RECITALS

1.1. Pursuant to Public Law 117-43 (the Disaster Relief Supplemental Appropriations Act) and the Federal Register notice dated May 24, 2022 (87 Fed. Reg. 31636), and all other applicable Federal Register notices (the "Federal Register Notices"), the U.S. Department of Housing and Urban Development (HUD) has awarded $7,975,000 in Community Development Block Grant Disaster Recovery (CDBG-DR) funds (the "Federal Award") to the North Carolina Office of Recovery and Resilience, a division of the North Carolina Department of Public Safety, an agency of the State of North Carolina ("Grantee" or "NCORR") for activities authorized under title 1 of the Housing and Community Development Act of 1974 (42 USC 5301 et seq.) and described in the State of North Carolina Tropical Storm Fred Action Plan, as amended (the "Action Plan"); and

1.2. NCORR has designated $7,000,000 of the allocation from these funds for use by Subrecipient to facilitate affordable housing activities (collectively, the "Project") to meet remaining unmet recovery needs caused by federally declared disasters, including Tropical Storm Fred, that were not met through FEMA, private insurance proceeds, loans, or other funding sources in at-risk locations; and

1.3. NCORR wishes to engage Subrecipient to facilitate the development of affordable housing opportunities, pursuant to the terms of this Subrecipient Agreement by allocating up to $7,000,000 in CDBG-DR funds ("Grant Funds"); and

1.4. The Grant Funds made available for use by Subrecipient under this Agreement constitute a subaward of NCORR's federal award, the use of which must be in accordance with requirements imposed by federal statutes, regulations, and the terms and conditions of NCORR's federal award; and

1.5. The Parties desire to enter into this Agreement and intend to be bound by its terms as described herein; and

1.6. Subrecipient has legal authority to enter into this Agreement, and by signing this Agreement, assures NCORR that it will comply with all requirements and obligations of this Agreement.

1.7. In consideration of the need for long-term recovery from Tropical Storm Fred and the premises and mutual covenants described herein, the Parties mutually agree to the terms described in this Agreement.

Article 2. GENERAL TERMS AND CONDITIONS OF AGREEMENT

2.1. Federal Subaward. The subaward from Grantee to Subrecipient, which is described below, is for the purpose of carrying out a portion of a federal award described in Article I of this Agreement and creates a federal assistance relationship with Subrecipient. This Agreement must be updated to reflect any changes to the federal award and award information in Section 2.2.

2.2. Award Identification Information. The following information applies to this Agreement.

Federal award identification number:	B-21-DF-37-0001
CFDA number and name:	14.228
Federal award date:	December 22, 2022
Federal award project description:	Affordable Housing Development Fund
Is this award for research and development?	No
Subrecipient's unique entity identifier:	UEI: DQHZEVAV95G5; TIN: 56-6001524
Subrecipient's period of performance	January 19, 2023 to December 31, 2027
Amount of federal funds obligated to Subrecipient by this Agreement:	$7,000,000
Total amount of federal funds obligated to Subrecipient:	$7,000,000

2.3. Attachments. The following Addendum and Exhibits, as amended from time to time, are incorporated into this Agreement.

Addendum 1 Additional Requirements to Comply with Federal Statutes, Regulations and the Terms and Conditions of the Federal Award

Exhibit A Scope of Work

Exhibit B NCORR Affordable Housing Development Subrecipient Billing Guide

Exhibit C NCORR Compliance and Monitoring Manual

2.4. Notice; Notice information. All required documentation, notices, requests or other communications permitted or required to be made by Subrecipient under this Agreement or other documentation relating to this Agreement shall be given to Grantee or Grantee's designee.

Notice shall be in writing, signed by the party giving such notice. Notice shall be deemed given three (3) business days following the date when deposited in the mail, postage prepaid, registered or certified mail, return receipt requested. Electronic notice and signatures are acceptable as described in Section 7.13.

Grantee

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Subrecipient

Bryant Morehead, County Manager
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Waynesville, NC 28786
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Article 3. USE OF FUNDS

3.1. Eligible Use of Funds. As a condition of receiving this subaward, Subrecipient will carry out the Project as described in the Action Plan, as defined above, and as permitted by this Agreement, which includes performing the program activities described in the Scope of Work (Exhibit A), which may be amended from time to time by mutual consent of the Parties or at the discretion of Grantee pursuant to the terms of this Agreement. The Action Plan may be amended from time to time and is incorporated herein by reference. Subrecipient shall complete the activities in a manner satisfactory to Grantee and consistent with the terms and conditions of this Agreement and applicable federal and state statutes and regulations.

3.2. Prohibited Activities. Subrecipient may be reimbursed with Grant Funds for carrying out the activities described in this Agreement and for no other activities. Subrecipient is prohibited from charging to this award the costs of ineligible activities under CDBG-DR, including those described at 24 CFR 570.207, and from using funds provided herein or personnel employed in the administration of activities under this Agreement for political activities, inherently religious activities, or lobbying. Subrecipient may be financially liable for carrying out any activities outside the parameters of the Scope of Work (Exhibit A) or this Agreement.

3.3. Program Delivery (CDBG-DR Eligible Activities). Subrecipient shall use the Grant Funds provided to it pursuant to this Agreement to fund the CDBG-DR eligible activities outlined in the Scope of Work (Exhibit A).

3.4. Payments and Reimbursement. Funds paid under this Agreement shall be paid on a reimbursement basis only. The NCORR Affordable Housing Development Subrecipient

Billing Guide ("NCORR Billing Guide"), which addresses payments and reimbursement policies, is attached as Exhibit B.

3.5. Pre-Award Costs. If Subrecipient believes there are appropriate and allowable pre-application and pre-award costs, the Parties may amend this Agreement, per Section 5.4, to specify requirements and procedures for pre-award and pre-application cost reimbursement per the Federal Register Notices and in compliance with any additional applicable guidance from HUD.

3.6. National Objective. All activities funded with Grant Funds must meet the criteria for one of the CDBG program's national objectives. Activities funded by this Agreement must benefit low- and moderate-income persons; aid in the prevention or elimination of slum or blight; or meet community development needs having a particular urgency. The criteria for meeting these national objectives are found in 24 CFR 570.208, as amended, and the Federal Register Notices. This Agreement, together with the Action Plan, outlines the ways that the program activities funded by Grant Funds shall accomplish the national objectives.

This Project meets the national objectives by benefiting low-and moderate-income persons through an eligible housing activity. Subrecipient certifies that the activities carried out under this Agreement shall meet the national objectives.

3.7. Environmental Conditions and Review.

3.7.1. Prohibition on Choice Limiting Activities Prior to Environmental Review. Recipients of CDBG-DR funds are required to comply with the requirements of the National Environmental Policy Act of 1969 (NEPA) found at 24 CFR part 58 and complete an Environmental Review Record (ERR). Grantee is the Responsible Entity under 24 CFR part 58. No funds may be obligated or expended by Subrecipient until the environmental review procedures outlined in 24 CFR part 58 have been complied with. Full compliance with 24 CFR part 58 shall be confirmed by Grantee to Subrecipient in a Project-specific Award Letter ("Award Letter") before funds may be obligated or expended with the exception of pre-award costs identified as described in Section 3.5.

3.7.2. Subrecipient Responsibilities if not Conducting Environmental Review. Subrecipient must comply with and be responsible for the limitation in 24 CFR 58.22 even though Subrecipient does not assume any of Grantee's responsibilities for environmental review, decision-making, and action, described in 24 CFR part 58 and Subrecipient does not assume any of Grantee's responsibilities for initiating the review process under the provisions of 24 CFR part 58. Limitations imposed on activities pending clearance by 24 CFR 58.22 include limits on commitments of HUD funds or non-HUD funds by any participant in the development process before completion of the environmental review. A violation of this requirement may result in prohibition on the use of Federal funds for the activity.

Subrecipient must, in a timely manner, comply with and implement any and all mitigation measures, including permits which should be obtained before construction, and other requirements set forth in any environmental reviews, environmental assessments, or environmental impact statements performed or to be performed in connection with, or records of decision or any similar documents, issues or to be issued in connection with this Agreement. Completion of mitigation measures identified by Grantee is a condition of receiving Grant Funds under this Agreement.

3.7.3. Subrecipient Responsibilities if Conducting Environmental Review. Notwithstanding Section 3.7.1 and Section 3.7.2, it is the intent of the Parties, to the extent allowed by law, that Subrecipient perform the following activities as part of the environmental review related processes and documentation in relation to the Project on behalf of Grantee:

3.7.3.1. In accordance with 24 CFR 58.22, ensure no funds are committed, or no choice limiting activity is taken, with regards to the Project prior to Grantee's receipt of an Authority to Use Grant Funds from HUD;

3.7.3.2. Determine, in consultation with Grantee, what level of environmental review is required for the Project;

3.7.3.3. Collect, review and analyze supporting documentation necessary to complete the "Environmental Assessment Determinations and Compliance Findings for HUD-assisted Projects 24 CFR Part 58" (the "Statutory Checklist"), which may be found at hud.gov.

3.7.3.4. Submit to Grantee the Statutory Checklist and all supporting documentation in order for Grantee to determine if the Project will or will not result in a significant impact to the quality of the human environment;

3.7.3.5. In a timely manner, comply with and implement any and all mitigation measures and other requirements set forth in any environmental reviews, environmental assessments, or environmental impact statements performed or to be performed in connection with, or records of decision or any similar documents, issues or to be issued in connection with this Agreement. Completion of mitigation measures identified by Grantee is a condition of receiving Grant Funds under this Agreement; and

3.7.3.6. Provide any information in its possession requested from Grantee in a timely manner as to prevent any delays in securing an Authority to Use Grant Funds.

3.7.4. Grantee Responsibilities. If either Grantee or Subrecipient completes the environmental review activities, Grantee will remain responsible for the following:

3.7.4.1. Ensuring the adequacy of the level of documentation necessary to satisfy a finding of no significant impact under 24 CFR part 58.

3.7.4.2. Posting or publishing a Finding of No Significant Impact notice and/or any 24 CFR part 55 notices, if applicable.

3.7.4.3. Submitting the Request for Release of Funds form to HUD.

3.7.4.4. Notifying Subrecipient upon receipt of Authority to Use Grant Funds from HUD.

3.7.5. Air and Water. Subrecipient shall also comply with the following environmental compliance requirements, insofar as they apply to the performance of this Agreement: (1) the Clean Air Act (42 USC 7401 et seq.) as amended, particularly sections 176(c) and (d); (2) determining Conformity of Federal Actions to State or Federal Implementation Plans (Environmental Protection Agency—40 CFR parts 6, 51, and 93);

and (3) the Federal Water Pollution Control Act, as amended, 33 USC 1251 et seq., as amended, including the requirements specified in Sections 114 and 308 of the Federal Water Pollution Control Act, as amended, and all regulations and guidelines issued thereunder.

3.7.6. Flood Hazards and Flood Insurance. Subrecipient shall comply with the mandatory flood insurance purchase requirements of Section 102 of the Flood Disaster Protection Act of 1973, as amended by the National Flood Insurance Reform Act of 1994, 42 USC 4012a. Additionally, Subrecipient shall comply with Section 582 of the National Flood Insurance Reform Act of 1994, as amended, (42 USC 5154a), which includes a prohibition on the provision of flood disaster assistance, including loan assistance, to a person for repair, replacement, or restoration for damage to any personal, residential, or commercial property if that person at any time has received federal flood disaster assistance that was conditioned on the person first having obtained flood insurance under applicable federal law and the person has subsequently failed to obtain and maintain flood insurance as required under applicable federal law on such property. Section 582 also includes a responsibility to notify property owners of their responsibility to notify transferees about mandatory flood purchase requirements. More information about these requirements is available in the Federal Register Notices governing the CDBG-DR award.

In addition, the following requirements apply to projects in floodplain zones:

3.7.6.1. If the project occurs in a Coastal High Hazard Area (V Zone) or a floodway, federal assistance may not be used at this location if the project is a critical action pursuant to 24 CFR 55.1(c) and 55 subpart B, except as provided therein. For projects allowed under 24 CFR 55.1(c) and 55 subpart B, the eight-step process shall be followed pursuant to 24 CFR 55.20.

3.7.6.2. If the project occurs in a 100-year floodplain or Special Flood Hazard Area (A Zone), the 8-Step Process is required as provided for in 24 CFR 55.20 or as reduced to the 5-Step Process pursuant to 24 CFR 55.12(a), unless an exception is applicable pursuant to 24 CFR 55.12(b).

3.7.6.3. If the project occurs in a 500-year floodplain (B Zone or shaded X Zone), the 8-Step Process is required for critical actions as provided for in 24 CFR 55.20 or as reduced to the 5-Step Process pursuant to 24 CFR 55.12(a), unless an exception is applicable pursuant to 24 CFR 55.12(b).

Additional elevation standards as may be required by the Federal Register Notices apply to projects funded by this Agreement. All structures, defined at 44 CFR 59.1, designed principally for residential use and located in the 1 percent annual (or 100-year) floodplain or Special Flood Hazard Area that receive assistance for new construction, repair of substantial damage, or substantial improvement, as defined at 24 CFR 55.2(b)(10), must be elevated with the lowest floor, including the basement, at least two feet above the 1 percent annual floodplain elevation. Residential structures with no dwelling units and no residents below two feet above the 1 percent annual floodplain, must be elevated or floodproofed, in accordance with FEMA floodproofing standards at 44 CFR 60.3(c)(3) or successor standard, up to at least two feet above the 1 percent annual floodplain. All Critical Actions, as defined at 24 CFR 55.2(b)(3), within the 0.2 percent annual floodplain (or 500-year) floodplain must be elevated or floodproofed (in accordance with the

FEMA standards) to the higher of the 0.2 percent annual floodplain flood elevation or three feet above the 1 percent annual floodplain. If the 0.2 percent annual floodplain or elevation is unavailable for Critical Actions, and the structure is in the 1 percent annual floodplain, then the structure must be elevated or floodproofed at least three feet above the 1 percent annual floodplain level. Applicable State, local, and tribal codes and standards for floodplain management that exceed these requirements, including elevation, setbacks, and cumulative substantial damage requirements, must be followed.

Article 4. ADMINISTRATIVE REQUIREMENTS, MONITORING, REPORTING, AND AUDIT

4.1. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Subrecipient shall comply with the applicable provisions in 2 CFR part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, except as modified by Federal Register Notices and other applicable Federal Register notices and HUD guidance. These provisions include:

4.1.1. Financial & Program Management. Subrecipient shall expend and account for all CDBG-DR funds received under this Agreement in accordance with the requirements in 2 CFR part 200, including 2 CFR part 200, subpart D, which covers Standards for Financial and Program Management.

4.1.2. Cost Principles. Costs incurred, whether charged on a direct or an indirect basis, must be in conformance with 2 CFR part 200, subpart E. All items of cost listed in 2 CFR part 200, subpart E, that require prior federal agency approval are allowable without prior approval of HUD to the extent they comply with the general policies and principles stated in 2 CFR part 200, subpart E and are otherwise eligible under this Agreement, except for the following:

4.1.2.1. Depreciation methods for fixed assets shall not be changed without the approval of the federal cognizant agency.

4.1.2.2. Fines penalties, damages, and other settlements are unallowable costs to the CDBG program.

4.1.2.3. Costs of housing (e.g., depreciation, maintenance, utilities, furnishings, rent), housing allowances and personal living expenses (goods or services for personal use) regardless of whether reported as taxable income to the employees (2 CFR 200.445); and

4.1.2.4. Organization costs (2 CFR 200.455).

4.2. Documentation; Recordkeeping. Subrecipient shall establish and maintain records sufficient to enable Grantee to (1) determine whether Subrecipient has complied with this Agreement, applicable federal statutes and regulations, and the terms and conditions of the Grantee's federal award and (2) satisfy recordkeeping requirements applicable to the Grantee. These records include the records described in Section 4.3 of this Agreement. At a minimum, the Subrecipient shall maintain records required by 24 CFR 570.506, as if the requirements in 24 CFR 570.506 were directly imposed upon the Subrecipient and any additional, applicable recordkeeping requirements imposed by the Federal Register notices.

4.3. Records to be Kept. Subrecipient must maintain records in order meet recordkeeping requirements imposed by federal statute, regulation, specifically 24 CFR 570.506, and the terms and conditions of the Grantee's federal award, and to assist the Grantee in meeting its recordkeeping and reporting requirements. The following list is not exhaustive.

4.3.1. Records providing a full description of each Project activity undertaken;
4.3.2. Records demonstrating that each Project activity undertaken meets one of the National Objectives of the CDBG-DR program;
4.3.3. Records required to determine the eligibility of Project activities;
4.3.4. Records required to document the acquisition, improvement, use or disposition of real property acquired or improved with Grant Funds;
4.3.5. Records documenting compliance with the fair housing and equal opportunity requirements of the federal regulations;
4.3.6. Financial records as required by 2 CFR part 200, including records necessary to demonstrate compliance with all applicable procurement requirements; and
4.3.7. Other records necessary to document compliance with this agreement, any other applicable federal statutes and regulations, and the terms and conditions of Grantee's federal award

4.4. Confidentiality of Data. Subrecipient is required to maintain potentially sensitive data under this Agreement and must maintain and preserve the confidentiality of any and all information and records that are subject to protection by state and federal laws, which include, but are not limited to, the laws regarding: Personally Identifiable Information (including names, addresses, birth dates, driver's license information, social security numbers, and financial information); data provided to Subrecipient and Grantee in the form of FEMA Individual Assistance, Public Assistance, Hazard Mitigation Assistance, National Flood Insurance Program, as well as Small Business Administration disaster loans; trade secrets; tax records; and, individually identifiable health information. Subrecipient may not disclose information to current or prospective vendors regarding ongoing procurements. If Subrecipient receives a public record request or request for protected information, Subrecipient must notify and refer the request to Grantee. Subrecipient must ensure that all employees and contractors return all physical and electronic copies of all Grantee files and other records containing confidential information upon termination or completion of his or her position with Subrecipient.

4.5. Reporting. Subrecipient shall report to Grantee regular performance metrics that are necessary to comply with Grantee's and HUD's Grant Fund reporting requirements, including those metrics necessary for Grantee's Quarterly Performance Report (QPR) submitted to HUD. Grantee will provide reporting templates and schedules to Subrecipient if requested by Subrecipient. Grantee will provide a list of required data and metrics that must be included in the reports in the Agreement, which may be amended from time to time and automatically incorporated herein. Grantee, at its discretion, may provide technical assistance to Subrecipient on topics relating to the program.

Subrecipient shall use Grantee's designated system (at this time, Microsoft SharePoint) to upload reporting documents and other records as requested. Access to the designated system shall be provided to Subrecipient by Grantee as required.

4.6. Nonperformance Standard. If (i) after one (1) year from the execution of this Agreement the program activity has not begun or (ii) if Subrecipient fails to accomplish the performance goals and timelines set forth by Grantee, Grantee may, at its option, terminate this Agreement in accordance with termination provisions in Section 5.5. No contract extensions may be granted by Grantee unless Subrecipient can document circumstances beyond its control that prevented start of the activity. Grantee will review the documentation and Grantee reserves the right to make a determination based on the reasons stated and prevailing circumstances.

4.7. Audits, Inspections, and Monitoring.

4.7.1. Single Audit. Subrecipient must be audited as required by 2 CFR part 200, subpart F when it is expected that Subrecipient's federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in 2 CFR 200.501, Audit requirements.

4.7.2. Inspections and Monitoring. Subrecipient shall permit Grantee and auditors to have access to Subrecipient's records and financial statements as necessary for Grantee to meet the requirements of 2 CFR part 200. Subrecipient must submit to monitoring of its activities by Grantee as necessary to ensure that the award is used for authorized purposes, in compliance with federal statutes, regulations, and the terms and conditions of this Agreement. This review must include: (1) reviewing financial and performance reports required by Grantee; (2) following-up and ensuring that Subrecipient takes timely and appropriate action on all deficiencies pertaining to the federal award provided to Subrecipient from Grantee detected through audits, on-site reviews, and other means; and (3) issuing a management decision for audit findings pertaining to this federal award provided to Subrecipient from the state agencies as required by 24 CFR 200.521.

Grantee shall monitor the performance of Subrecipient as necessary and in accordance with the North Carolina Office of Recovery and Resiliency Compliance and Monitoring Manual, as amended from time to time, and attached here as Exhibit C, and 2 CFR 200.328–200.330, to ensure Subrecipient compliance with all requirements of this Agreement, including the timeframes and performance goals associated with activities specified in the Scope of Work (Exhibit A) and the Award Letter. At all times, Subrecipient must comply with Grantee rules and policies that Grantee has certified to HUD for Grant Fund certifications.

4.7.3. Corrective Actions. Grantee may issue management decisions and may consider taking enforcement actions if noncompliance is detected during audits. Substandard performance, as determined by Grantee, will constitute noncompliance with this Agreement. Grantee may require Subrecipient to take timely and appropriate action on all deficiencies pertaining to the federal award provided to Subrecipient detected through audits, on-site reviews, and other means. In response to audit deficiencies or other findings of noncompliance with this Agreement, Grantee may impose additional conditions on the use of Grant Funds to ensure future compliance or provide training and technical assistance as needed to correct noncompliance. If action to correct such substandard performance is not taken by Subrecipient within a time period specified by Grantee after notification, Grantee may impose additional conditions on Subrecipient and its use of Grant Funds consistent with 2 CFR 200.208, suspend or terminate this Agreement, or initiate other remedies for noncompliance as appropriate and permitted under 2 CFR 200.339-200.343.

Article 5. PERIOD OF PERFORMANCE, TERM, AMENDMENTS AND TERMINATION

5.1. HUD Grant Agreement. Subrecipient hereby acknowledges that this Agreement is subject to the requirements of the grant agreement between Grantee and HUD (the “Federal Grant Agreement”) and the availability of the allocated CDBG-DR funds. Subrecipient also acknowledges and agrees that any suspension, cancellation, or termination of the CDBG-DR allocation(s) or funds by HUD will result in the immediate suspension, cancellation, or termination of this Agreement, upon Grantee’s notice to Subrecipient.

5.2. Period of Performance and Term. The “Period of Performance” for Subrecipient, meaning the time during which Subrecipient may incur new obligations to carry out activities under this Agreement, commences on the Effective Date and ends on the later of: (i) December 31, 2027; (ii) the date as of which the Parties agree in writing that all grant closeout requirements have been satisfied or, where there are no closeout requirements are applicable to this Agreement, the date as of which the parties agree in writing that no grant closeout requirements are applicable; or (iii) such later date as the parties may agree to in a written, executed amendment to this Agreement. This Agreement and its terms and conditions shall remain in effect during any period in which Subrecipient has control over Grant Funds provided through this Agreement, including program income as defined in this Agreement, Grantee’s Program Income Policy, and 24 CFR 570.489(e), to the extent that applicable Federal Register Notices further waive or define program income.

5.3. Extensions. The burden is on Subrecipient to request deadline extensions under this Agreement, unless explicitly stated otherwise. Requests for extensions must be made in writing, addressed to Grantee, explain why an extension is needed and must propose a new deadline. Grantee must receive this request at least 30 days before the applicable deadline. Within its sole discretion, Grantee may or may not approve the extension, based on project performance and other contributing factors. Grantee is not responsible for notifying Subrecipient of any approaching deadlines.

5.4. Amendments. Grantee and Subrecipient may amend this Agreement at any time provided that such amendments are in writing, make specific reference to this Agreement, are approved by all Parties, and are signed by a duly authorized representative of each Party. Such amendments shall not invalidate this Agreement, nor relieve or release Grantee or Subrecipient from their obligations under this Agreement.

Amendments to this Agreement will generally be required when any of the following are anticipated: i) revision to objectives of the Program and Scope of Work; ii) extension of the availability of Grant Funds; iii) revision that would result in the need for additional funding; and iv) revision of expenditures on items for which applicable cost principles require prior approval. If amendments result in a change in the funding amount, a significant change to the services provided by Subrecipient, or significant changes to the schedule of the activities to be undertaken as part of this Agreement, such modifications will be incorporated by written amendment signed by Grantee and Subrecipient.

Grantee may, unilaterally and in its discretion, amend this Agreement to conform with federal, state or local governmental guidelines, policies and available funding amounts, or for other reasons with written notice to Subrecipient.

5.5. Suspension or Termination.

5.5.1. Termination for Convenience. Grantee may terminate this Agreement, in whole or in part, for convenience, with 30 days written notice to Subrecipient.

5.5.2. Termination in the Event of Default. Grantee may suspend, reduce, or terminate its obligations under this Agreement, in whole or in part, including by project, upon 30 days' notice, whenever Grantee determines that Subrecipient has failed to comply with any term, condition, requirement, or provision of this Agreement. Subrecipient shall be afforded a reasonable period of time to cure any noncompliance. Failure to comply with any terms of this Agreement, include (but are not limited to) the following:

5.5.2.1. *Default in Performance*. The default by Subrecipient or a subsequent recipient in the observance or performance of any of the terms, conditions, or covenants of this Agreement.

5.5.2.2. *Misrepresentation*. If any representation or warranty made by Subrecipient or any information, certificate, statement, or report given by Subrecipient in connection with the Grant shall be untrue or misleading in any material respect at the time made.

5.5.2.3. *Abandonment of the Project*. If Subrecipient abandons or otherwise ceases to continue to make reasonable progress towards completion of the program, activities or Project as outlined in Scope of Work (Exhibit A) and Award Letter.

If, after notice of default or non-compliance, Subrecipient has not cured such default within a reasonable time or is not diligently pursuing a cure satisfactory to Grantee, then Grantee shall promptly notify Subrecipient, in writing, of its determination and the reasons for the termination together with the date on which the termination shall take effect, along with other notifications required by law. Upon termination, Grantee retains the right to recover any improper expenditures from Subrecipient and Subrecipient shall return to Grantee any improper expenditures no later than 30 days after the date of termination. Grantee may, at its sole discretion, allow Subrecipient to be reimbursed for costs reasonably incurred prior to termination, that were not made in anticipation of termination and cannot be canceled, provided that said costs meet the provisions of this Agreement, NCORR Billing Guide (Exhibit B), 24 CFR part 200, subpart E, Cost Principles, and any other applicable state or federal statutes, regulations or requirements.

5.6. Additional Remedies. If Subrecipient defaults, Grantee shall have the power and authority, consistent with statutory authorities: (a) to prevent any impairment of the Grant activities by any acts which may be unlawful or in violation of this Agreement or any other item or document required hereunder; (b) to compel specific performance of any of Subrecipient's obligations under this Agreement; (c) to obtain return of all Grant Funds, including equipment if applicable; and (d) to seek damages from any appropriate person or entity. Grantee shall be under no obligation to complete the activities funded by this Agreement.

5.7. Nonwaiver. No delay, forbearance, waiver, or omission by Grantee to exercise any right, power or remedy upon any event of default shall exhaust or impair any such right, power or remedy or shall be construed to waive any such event of default or to constitute acquiescence therein.

5.8. Closeout. Subrecipient shall closeout its use of the Grant Funds and its obligations under this Agreement by complying with the closeout procedures in 2 CFR 200.344. Activities during this closeout period may include, but are not limited to: making final payments, disposing of program assets (including the return of all unused materials, equipment, unspent cash advances, program income balances, and accounts receivable to Grantee), and determining the custodianship of records. Notwithstanding the foregoing, the terms of this Agreement shall remain in effect during any period that Subrecipient has control over Grant Funds, including program income. The rules governing program income acquired after closeout are modified in the Federal Register notices applicable to this Agreement.

5.8.1. Record Retention and Transmission of Records to Grantee. Prior to closeout of this Agreement, Subrecipient must transmit to Grantee records sufficient for the Grantee to demonstrate that all costs under this Agreement met the requirements of the federal award. Subrecipient shall retain financial records, supporting documents, statistical records, records and all other Subrecipient records pertinent to this Agreement and Subrecipient's subaward for the longer of 5 years after the expiration or termination of this Agreement. Subrecipient must continue to collect and maintain records to ensure that any real property under Subrecipient's control that was acquired or improved, in whole or part, with Grant Funds is used to meet one of the national objectives until 5 years after expiration of this Agreement.

The following exceptions apply to the 5-year retention requirement:

5.8.1.1. If any litigation, claim, or audit is started before the expiration of the 5-year period, the records must be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken; or

5.8.1.2. When the Subrecipient is notified in writing by HUD, the cognizant agency for audit as defined in 2 CFR 200.1, the oversight agency for audit as defined in 2 CFR 200.1, the cognizant agency for indirect costs as defined in 2 CFR 200.1, or the Grantee, the Subrecipient shall extend the retention period consistent with the notification.

5.9. Deobligation of Unused Funds. When project costs are less than the award of Grant Funds, Subrecipient shall deobligate excess Grant Funds back to Grantee.

5.10. Refunds; Unexpended Funds. Subrecipient shall repay to Grantee, or its successor, any Grant Funds received that exceed the amount that has been allocated per this Agreement, including any interest earned on excess Grant Funds. If Subrecipient has Grant Funds on hand or accounts receivable attributable to the use of Grant Funds at the time of termination of this Agreement, Subrecipient must transfer all Grant Funds and attributable accounts receivable to Grantee, or its successor.

5.13. Improper Expenditures. In the sole discretion of Grantee, or its successor, Grantee, or its successor, may recapture from Subrecipient any amount of Grant Funds improperly expended, either deliberately or non-deliberately, by any person or entity.

Article 6. PROCUREMENT, OVERSIGHT, PROPERTY STANDARDS

6.1. Procurement and Contractor Oversight.

6.1.1. Procurement Policies. Subrecipient's procurement policies shall comply with the procurement standards in 2 CFR 200.318 - 200.327 and Appendix II, when procuring property and services under this Agreement. Subrecipient shall impose Subrecipient's obligations under this Agreement on its contractors, specifically or by reference, so that such obligations will be binding upon each of its contractors.

6.1.2. Contractor and Developer Oversight. Subrecipient shall impose Subrecipient's obligations under this Agreement on its contractors, specifically or by reference, so that such obligations thereunder will be binding upon each of its contractors and borrowers. Subrecipient must comply with regulations regarding debarred or suspended entities including 24 CFR 570.489(l), 2 CFR part 180, subparts A-I, and 2 CFR part 2424. Subrecipient is responsible to ensure that it has checked the federal System for Awards Management (SAM) (https://www.sam.gov/portal/SAM) and the State Debarred Vendors Listing (https://ncadmin.nc.gov/documents/nc-debarred-vendors) to verify that contractors, borrowers, developers and their subcontractors, or subsequent recipients have not been suspended or debarred from doing business with the federal or state government. Subrecipient shall maintain oversight of all activities under this Agreement and shall ensure that for any procured contract or agreement, its contractors and borrowers perform according to the terms and conditions of the procured contracts or agreements, and the terms and conditions of this Agreement.

6.2. Property Standards. Subrecipient and its contractors shall abide by the terms as set forth in the Federal Register Notices regarding property standards, which include the following:

6.2.1. Green Building. Pursuant to the Federal Register Notices, all new construction of residential buildings and all replacement of substantially damaged residential buildings funded under this Agreement must meet the Green and Resilient Building Standard, as defined in this Section 6.2.1 for: (i) All new construction and reconstruction (*i.e.,* demolishing a housing unit and rebuilding it on the same lot in substantially the same manner) of residential buildings and (ii) all rehabilitation activities of substantially damaged residential buildings, including changes to structural elements such as flooring systems, columns, or load-bearing interior or exterior walls.

The Green and Resilient Building Standard requires that all construction covered by this Agreement and assisted with CDBG-DR funds meet an industry-recognized standard that has achieved certification under (i) Enterprise Green Communities; (ii) LEED (New Construction, Homes, Midrise, Existing Buildings Operations and Maintenance, or Neighborhood Development); (iii) ICC-700 National Green Building Standard Green+ Resilience; (iv) Living Building Challenge; or (v) any other equivalent comprehensive green building program acceptable to HUD. Additionally, all such covered construction must achieve a minimum energy efficiency standard, such as (i) ENERGY STAR (Certified Homes or Multifamily High-Rise); (ii) DOE Zero Energy Ready Home; (iii) EarthCraft House, EarthCraft Multifamily; (iv) Passive House Institute Passive Building or EnerPHit certification from the Passive House Institute US (PHIUS), International Passive House Association; (v) Greenpoint Rated New Home, Greenpoint Rated Existing Home (Whole House or Whole Building label); (vi) Earth Advantage New Homes; or (vii) any other equivalent energy efficiency standard acceptable to

HUD. Subrecipient must identify, in each project file, which of these Green and Resilient Building Standards will be used for any building subject to this paragraph. However, Subrecipient is not required to use the same standards for each project or building.

6.2.2. Rehabilitation. For rehabilitation work funded by this Agreement, Subrecipients must follow the guidelines specified in the HUD CPD Green Building Retrofit Checklist, available at https://www.hudexchange.info/resource/3684/guidance-on-the-cpd-green-building-checklist/. Subrecipient must apply these guidelines to the extent applicable for the rehabilitation work undertaken, for example, the use of mold resistant products when replacing surfaces such as drywall. Products and appliances replaced as part of the rehabilitation work, must be ENERGY STAR-labeled, WaterSense-labeled, or Federal Energy Management Program (FEMP)-designated products or appliances.

6.3. Relocation, Real Property Acquisition, and One-for-one Housing Replacement. Subrecipient shall comply, when applicable, with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (URA), 42 USC 4601 – 4655, 49 CFR part 24, 24 CFR part 42, and 24 CFR 570.606. In addition to other URA requirements, these regulations implement Section 414 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 USC 5181, which provides: "Notwithstanding any other provision of law, no person otherwise eligible for any kind of replacement housing payment under the [URA] shall be denied such eligibility as a result of his being unable, because of a major disaster as determined by the President, to meet the occupancy requirements set by such Act." Portions of these regulations have been waived for the funds provided under this Agreement, pursuant to the Federal Register Notices.

6.4. Historic Preservation. Subrecipient shall comply with the Historic Preservation requirements set forth in the National Historic Preservation Act of 1966, as amended, 54 USC 300101 – 300321, and the procedures set forth in 36 CFR part 800 insofar as they apply to the performance of this Agreement.

In general, this requires concurrence from the State Historic Preservation Officer for all rehabilitation and demolition of historic properties that are fifty years old or older or that are included on a federal, state, or local historic property list.

6.5. Broadband Infrastructure in Housing. Pursuant to the Federal Register Notices, if funds under this Agreement are used for any substantial rehabilitation, as defined by 24 CFR 5.100, reconstruction, or new construction of a building with more than four rental units must include installation of broadband infrastructure, except where the grantee documents that: (i) The location of the new construction or substantial rehabilitation makes installation of broadband infrastructure infeasible; (ii) the cost of installing broadband infrastructure would result in a fundamental alteration in the nature of its program or activity, or in an undue financial burden; or (iii) the structure of the housing to be substantially rehabilitated makes installation of broadband infrastructure infeasible.

Article 7. MISCELLANEOUS PROVISIONS

7.1. Complaints. Subrecipient may address complaints to Grantee and/or through the Rebuild NC website (https://www.rebuild.nc.gov/). Citizen complaints can be filed directly to Grantee and/or through the Rebuild NC website (https://www.rebuild.nc.gov/).

7.2. Benefit. This Agreement is made and entered into for the sole protection and benefit of Grantee and Subrecipient, and their respective successors and assigns. Except as herein provided otherwise, this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. It is expressly understood and agreed that the enforcement of the terms and conditions of this Agreement, and all rights of action relating to such enforcement, shall be strictly reserved to Grantee and Subrecipient and their respective successors and assigns. Nothing contained in this Agreement shall give or allow any claim or right of action whatsoever by any other third person, other than as expressly provided in this Agreement. It is the express intention of the Parties and their respective successors and assigns that any such person or entity, other than the State, Grantee, and Subrecipient, receiving services or benefits under this Agreement shall be deemed an incidental beneficiary only.

7.3. Further Assurance. In connection with and after the disbursement of Grant Funds under this Agreement, upon the reasonable request of Grantee, Subrecipient shall execute, acknowledge, and deliver or cause to be delivered all such further documents and assurances, and comply with any other requests as may be reasonably required by Grantee or otherwise appropriate to carry out and effectuate this Agreement. Grantee may require the delivery of documents in hard copy or by electronic media.

7.4. Independent Status of the Parties. The Parties are independent entities and neither this Agreement nor any provision of it or any of the documents or records that may or may not be made part of this Agreement shall be deemed to create a partnership or joint venture between the Parties. Further, neither the Agreement nor any of the documents or records that may or may not be made part of this Agreement shall in any way be interpreted or construed as making Subrecipient, its agents or employees, agents, or representatives of Grantee. Given that Subrecipient is independent and apart from Grantee, and therefore acting as an “independent contractor,” Subrecipient is and shall be wholly responsible for the work to be performed and for the supervision of its employees. In no event shall Grantee be liable for debts or claims accruing or arising against Subrecipient. Subrecipient represents that it has, or shall secure at its own expense, all personnel required in the performance of this Agreement. Such employees shall not be employees of, nor have any individual contractual relationship with Grantee.

7.5. Indemnity. Subrecipient agrees, to the fullest extent permitted by law, to release, defend, protect, indemnify and hold harmless Grantee and its employees and agents against claims, losses, liabilities, damages, and costs, including reasonable attorney fees, which result from or arise out of: (a) damages or injuries to persons or property caused by the negligent acts or omissions of Subrecipient, its employees, or agents in use or management of the Grant; and (b) for any claims, whether brought in contract, tort, or otherwise, arising out of this Agreement, if related to Subrecipient’s actions or omissions. The obligations under this section are independent of all other rights or obligations set forth herein. This indemnity shall survive the disbursement of the Grant funds, as well as any termination of this Agreement.

7.6. Binding Effect, Contract Not Assignable by Subrecipient. The terms hereof shall be binding upon and inure to the benefit of the successors, assigns, and personal representatives of the parties hereto; provided, however, that Subrecipient may not assign this Agreement or any of its rights, interests, duties or obligations hereunder or any Grant Funds, program income or other moneys to be advanced hereunder in whole or in part unless expressly allowed under this Agreement, without the prior written consent of Grantee, which may be withheld for any reason and that any such assignment (whether voluntary or by operation of law) without said consent shall be void.

7.7. Successor in Interest and Assignment by Grantee. This Agreement shall be transferred from Grantee to any successor in interest designated by the US Department of Housing and Urban Development as Grantee for the CDBG-DR program for the State of North Carolina immediately upon that designation.

7.8. Savings Clause. Invalidation of any one or more of the provisions of this Agreement, or portion thereof, shall in no way affect any of the other provisions hereof and portions thereof which shall remain in full force and effect.

7.9. Additional Remedies. Except as otherwise specifically set forth herein, the rights and remedies provided hereunder shall be in addition to, and not in lieu of, all other rights and remedies available in connection with this Agreement.

7.10. Survival. Where any representations, warranties, covenants, indemnities, or other provisions contained in this Agreement by its context or otherwise, evidences the intent of the parties that such provisions should survive the termination of this Agreement or closeout of the Agreement, the provisions shall survive any termination or Closeout.

7.11. Headings. The headings of the various sections of this Agreement have been inserted for convenience only and shall not modify, define, limit, or expand the express provisions of this Agreement.

7.12. Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof. All recitals, exhibits, schedules, and other attachments hereto are incorporated herein by reference.

7.13. Counterpart. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which, taken together, shall constitute one and the same agreement. Execution by facsimile, by scanned attachments, or by electronic signature (including, but not limited to DocuSign) has the same force and effect as a wet signature. An executed copy of this Agreement delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

IN WITNESS WHEREOF, the undersigned, as authorized officials on behalf of the Parties have executed this Agreement.

GRANTEE

NORTH CAROLINA OFFICE OF RECOVERY AND RESILIENCY,
a division of the North Carolina Department of Public Safety,
an agency of the state of North Carolina

By: Laura Hogshead

Laura Hogshead, Director
Date: 1/12/2023 | 21:32:35 EST

SUBRECIPIENT

HAYWOOD COUNTY,
a body politic and corporate

By: Bryant Morehead

Bryant Morehead, County Manager
Date: 1/18/2023 | 07:19:24 EST

Addendum 1

Requirements to Comply with Federal Statutes, Regulations and the Terms and Conditions of the Federal Award

The Grant Funds available to Subrecipient through this Agreement constitute a subaward of Grantee's federal award under the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 CFR part 200. This Agreement includes terms and conditions of Grantee's federal award that are imposed on Subrecipient, and Subrecipient agrees to carry out its obligations in compliance with all the obligations described in this Agreement.

1. **General Compliance**. Subrecipient shall comply with all applicable provisions of the Housing and Community Development Act of 1974, as amended, and the regulations at 24 CFR part 570, as modified by the Federal Register notices that govern the use of CDBG-DR funds available under this Agreement. These Federal Register notices include, but are not limited to, the Federal Register Notice dated May 24, 2022 (87 Fed. Reg. 31636). Notwithstanding the foregoing, (1) Subrecipient does not assume any of Grantee's responsibilities for environmental review, decision-making, and action, described in 24 CFR part 58 and (2) Subrecipient does not assume any of Grantee's responsibilities for initiating the review process under the provisions of 24 CFR part 58. Subrecipient shall also comply with all other applicable federal, state, and local laws, regulations, and policies that govern the use of the CDBG-DR funds in complying with its obligations under this Agreement.

2. **Duplication of Benefits**. Subrecipient shall not carry out any of the activities under this Agreement in a manner that results in a prohibited duplication of benefits as defined by Section 312 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 USC 5155). Subrecipient may not use funds provided by this Agreement to carry out the same activities that were funded by another source, including other federal or state sources or private insurance. Subrecipient must repay any assistance later received for the same purpose as those awarded or provided by this Agreement.

3. **Drug-Free Workplace**. Subrecipient must comply with drug-free workplace requirements in subpart B of 2 CFR part 2429, which adopts the government wide implementation (2 CFR part 182) of sections 5152-5158 of the Drug- Free Workplace Act of 1988 (Pub. L. 100-690, Title V, Subtitle D; 41 USC 701 – 707).

4. **Insurance and Bonding**. In compliance with applicable State law and Federal law (2 CFR 200.326 and 200.310), Subrecipient shall carry sufficient insurance coverage and bonding to protect assets acquired with the use of Grant Funds to protect from loss due to theft, fraud, and/or undue physical damage.

5. **Nondiscrimination**.

   5.1. <u>24 CFR part 6</u>. Subrecipient will comply with 24 CFR part 6, which implements the provisions of section 109 of title I of the Housing and Community Development Act of 1974 (Title I) (42 USC 5309) (HCDA). Section 109 provides that no person in the United States shall, on the ground of race, color, national origin, religion, or sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with Federal financial assistance. Subrecipient will adhere to the prohibitions against discrimination on the basis of age under the Age Discrimination Act of 1975 (42 USC 6101 – 6107) (Age Discrimination Act) and the prohibitions against discrimination on the basis of disability under section 504 of the Rehabilitation Act of 1973 (29 USC 794) (Section 504). Section 109 of the HCDA makes these requirements applicable to programs or activities funded in whole or in part with Grant Funds. Thus, Subrecipient shall comply with regulations of 24 CFR part 8, which implement Section 504 for HUD programs, and the regulations of 24 CFR part 146, which implement the Age Discrimination Act for HUD programs.

5.2. Architectural Barriers Act and the Americans with Disabilities Act. Subrecipient shall ensure that its activities funded under this Agreement are consistent with requirements of the Architectural Barriers Act and the Americans with Disabilities Act, as well as other applicable federal and state accessibility statutes and regulations.

5.2.1. The Architectural Barriers Act of 1968 (42 USC 4151 – 4157) requires certain federal and federally funded buildings and other facilities to be designed, constructed, or altered in accordance with standards that insure accessibility to, and use by, physically handicapped people. The Architectural Barriers Act applies to any facility that is intended for use by the public or that may result in the employment or residence therein of individuals with disabilities, which is to be (1) constructed or altered by, or on behalf of, the United States; (2) leased in whole or in part by the United States; or (3) financed in whole or in part by a grant or loan made by the United States, if the building or facility is subject to standards for design, construction, or alteration issued under the authority of the law authorizing such a grant or loan (41 CFR 102-76.60). The Architectural Barriers Act Accessibility Standard applies to all buildings, other than residential facilities, Department of Defense facilities, and United States Postal Service facilities, and is set forth in Appendices C and D to 36 CFR part 1191 (41 CFR 102-76.65(a)). Residential facilities subject to the Architectural Barriers Act must meet the standards prescribed by the Department of Housing and Urban Development (HUD) (41 CFR 102-76.65(b)), which standards are set forth in the Uniform Federal Accessibility Standards (24 CFR 40.4) (available by contacting the HUD Office of Fair Housing and Equal Opportunity and at https://www.access-board.gov/aba/ufas.html).

5.2.2. The Americans with Disabilities Act (ADA) (42 USC 12131; 47 USC §155, 201, 218 and 225) provides comprehensive civil rights to individuals with disabilities in the areas of employment, public accommodations, state and local government services, and telecommunications. It further provides that discrimination includes a failure to design and construct facilities for first occupancy no later than January 26, 1993, that are readily accessible to and usable by individuals with disabilities. Further, the ADA requires the removal of architectural barriers and communication barriers that are structural in nature in existing facilities, where such removal is readily achievable—that is, easily accomplishable and able to be carried out without much difficulty or expense.

5.2.3. Accessibility Requirements for Federally Assisted Housing. All Federally assisted new construction housing developments with 5 or more units must design and construct 5 percent of the dwelling units, or at least one unit, whichever is greater, to be accessible for persons with mobility disabilities. These units must be constructed in accordance with the Uniform Federal Accessibility Standards (UFAS) or a standard that is equivalent or stricter. An additional 2 percent of the dwelling units, or at least one unit, whichever is greater, must be accessible for persons with hearing or visual disabilities. For more information on the accessibility requirements for Federally assisted new construction and substantial alterations of existing Federally assisted housing, see Section 504: Disability Rights in HUD Programs.

5.2.4. State Building Code. Subrecipient must comply with the North Carolina Building Code's standards for constructing or altering building and facilities to make them accessible to and useable by the physically handicapped.

5.3. State and Local Nondiscrimination Provisions. Subrecipient agrees to comply with state nondiscrimination provisions found at N.C. Gen. Stat. 143-422.1 – 422.3 (Equal Employment Practices); and 41A-1–10 (NC Fair Housing Act).

5.4. Title VI of the Civil Rights Act of 1964 (24 CFR part 1).

5.4.1. General Compliance. Subrecipient shall comply with the requirements of Title VI of the Civil Rights Act of 1964 (P. L. 88-352), as amended and 24 CFR 570.601 and 570.602. No person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity funded by this Agreement. The specific nondiscrimination provisions at 24 CFR 1.4 apply to the use of these funds. Subrecipient shall not intimidate, threaten, coerce, or discriminate against any person for the purpose of interfering with any right or privilege secured by Title VI of the Civil Rights Act of 1964 or 24 CFR part 1, or because he has made a complaint, testified, assisted, or participated in any manner in an investigation, proceeding, or hearing under 24 CFR part 1. The identity of complainants shall be kept confidential except to the extent necessary to carry out the purposes of 2 CFR part 1, including conducting of any investigation, hearing, or judicial proceeding arising thereunder.

5.4.2. Assurances and Real Property Covenants.

5.4.2.1. As a condition to the approval of this Agreement and the extension of any Federal financial assistance, Subrecipient assures that the program or activities described in this Agreement will be conducted and the housing, accommodations, facilities, services, financial aid, or other benefits to be provided will be operated and administered in compliance with all requirements imposed by or pursuant to this Agreement.

5.4.2.2. If the federal financial assistance under this Agreement is to provide or is in the form of personal property or real property or interest therein or structures thereon, Subrecipient's assurance herein shall obligate Subrecipient or, in the case of a subsequent transfer, the transferee, for the period during which the property is used for a purpose for which the Federal financial assistance is extended or for another purpose involving the provision of similar services or benefits, or for as long as the recipient or beneficiary retains ownership or possession of the property, whichever is longer. In all other cases the assurance shall obligate Subrecipient and beneficiary for the period during which Federal financial assistance is extended pursuant to the contract or application. This assurance gives the State and the United States a right to seek judicial enforcement of the assurance and the requirements on real property.

5.4.2.3. In the case of real property, structures or improvements thereon, or interests therein, acquired with Federal financial assistance under this Agreement or acquired with Grant Funds and provided to Subrecipient or beneficiary under this Agreement, the instrument effecting any disposition by Subrecipient of such real property, structures or improvements thereon, or interests therein, shall contain a covenant running with the land assuring nondiscrimination for the period during which the real property is used for a purpose for which the Federal financial assistance is extended or for another purpose involving the provision of similar services or benefits.

5.4.2.4. If Subrecipient or beneficiary receives real property interests or funds for the acquisition of real property interests under this Agreement, to the extent that rights to space on, over, or under any such property are included as part of the program receiving such assistance, the nondiscrimination requirements of 24 CFR part 1 shall extend to any facility located wholly or in part in such space.

5.5. Equal Opportunity and Nondiscrimination.

5.5.1. Compliance. Subrecipient agrees that it shall comply with the provisions of this subsection and shall ensure that its contractors comply with all applicable provisions of this subsection, including with the President's Executive Order 11246 of September 24, 1966, as amended, and implementing regulations at 41 CFR part 60.

5.5.2. Women- and Minority-Owned Businesses (W/MBE). Where applicable, consistent with N.C. Gen. Stat. 143-128.2, Subrecipient must include a 10% goal for participation by minority- and women- owned businesses in total value of work for every building project funded by this Agreement and shall make good-faith effort to recruit minority- and women-owned businesses for the work. Subrecipient shall take the affirmative steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used where possible when Subrecipient procures property or services under this Agreement.

5.5.3. Notifications. Where applicable, Subrecipient will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer, advising the labor union or worker's representative of Subrecipient's commitments hereunder, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

5.5.4. Equal Employment Opportunity (EEO)Statement. Subrecipient shall, in all solicitations or advertisements for employees placed by or on behalf of Subrecipient, state that it is an Equal Opportunity employer.

6. **Labor and Employment**. Subrecipient shall comply with the labor standards in 04 N.C.A.C. 19L.1006, which incorporate the requirements of the Davis-Bacon Act (40 USC 276a), the Contract Work Hours and Safety Standards Act (40 USC 327 through 333), the Fair Labor Standards Act (29 USC 201 et seq.), and federal anti-kickback laws (18 USC 874 and 40 USC 276a). The Davis Bacon Act requirements (prevailing wages) apply to residential construction where the property has eight or more units, or to nonresidential construction projects that exceed $2,000. Subrecipient and borrowers shall maintain documentation that demonstrates compliance with applicable hour and wage requirements. Such documentation shall be made available to Grantee for review upon request.

7. **Section 3 of the Housing and Urban Development Act Notice**.

7.1. Subrecipient shall follow the regulations of 24 CFR part 75 et seq. that implement Section 3 of the Housing and Urban Development Act of 1968. If applicable, Subrecipient agrees to the following:

7.1.1. Any work to be performed under this Agreement that is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 USC 1701u (Section 3) shall follow the requirements of 24 CFR part 75. The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing, community development assistance, public housing financial assistance, or assistance from the Lead Hazard Control and Healthy Homes programs, as authorized by Sections 501 or 502 of the Housing and Urban Development Act of 1970, the Lead-Based Paint Poisoning Prevention Act, and the Residential Lead-Based Paint Hazard Reduction Act of 1992.

7.1.2. Subrecipient agrees to include Section 3 language in every contract subject to compliance with regulations in 24 CFR part 75, and agrees to take appropriate action, as provided in an applicable provision of the contract or in this Section 3 language, upon a finding that the contract is in violation of the regulations in 24 CFR part 75. Subrecipient will not subcontract with any entity where Subrecipient has notice or knowledge that the entity has been found in violation of the regulations in 24 CFR part 75.

7.1.3. Execution of this Agreement is contingent upon the acceptance and approval by Grantee of a Section 3 Utilization Plan consistent with HUD guidelines. If Subrecipient does not have a Section 3 Utilization Plan consistent with 24 CFR part 75 regulations upon signature, Subrecipient shall abide by the Grantee Section 3 guidelines. Grantee will include the Grantee Section 3 Policy on its website at www.rebuild.nc.gov or available on Grantee's System of Record (such as SharePoint). Grantee's Section 3 Policy and subsequent amendments shall be automatically incorporated herein with this Agreement if Subrecipient does not have Section 3 Utilization Plan, or until Subrecipient has a final Section 3 Utilization Plan.

7.1.4. Noncompliance with HUD's regulations in 24 CFR part 75 may result in sanctions, termination of this Agreement for default, and debarment or suspension from future HUD assisted contracts.

7.1.5. Pursuant to 24 CFR 75.27, Subrecipient shall include, or cause its borrowers, contractors, and subcontractors receiving Grant Funds under this Agreement to include Section 3 language and Section 3 requirements in every Section 3 project (as defined in 24 CFR 75.3(A)(2)). Recipients of Section 3 funding must require subrecipients, contractors, and subcontractors to meet the requirements of 24 CFR 75.19, regardless of whether Section 3 language is included in recipient or subrecipient agreements, program regulatory agreements, or contracts.

7.1.6. Subrecipient will certify that any vacant employment positions, including training positions, that are filled (1) after Subrecipient is selected but before the contract (or subrecipient agreement) is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 75 require employment opportunities to be directed, were not filled to circumvent Subrecipient's obligations under 24 CFR part 75.

7.1.7. With respect to work performed in contracts, subcontracts, grants, or subgrants subject to Section 7(b) of the Indian Self-Determination and Education Assistance Act (25 USC 5307(b)) or subject to tribal preference requirements as authorized under 101(k) of the Native American Housing Assistance and Self-Determination Act (25 USC 4111(k)) must provide preferences in employment, training, and business opportunities to Indians and Indian organizations, and are therefore not subject to the requirements of 24 CFR part 75.

8. Conduct.

8.1. Hatch Act. Subrecipient shall comply with the Hatch Act, 5 USC 1501 – 1508, ensuring that no funds provided, nor personnel employed under this Agreement shall be in any way engaged in the conduct of political activities in violation of Chapter 15 of Title V of the United States Code.

8.2. Conflict of Interest. In the procurement of supplies, equipment, construction, and services pursuant to this Agreement, Subrecipient shall comply with the conflict of interest provisions of Grantee's procurement policies, including but not limited to the Grantee Procurement Manual and N.C. Gen. Stat. 14-234. In all cases not governed by Grantee's procurement policies, Subrecipient shall comply with the conflict of interest provisions in 24 CFR 570.489(h) and State law. Subrecipient shall disclose any potential or actual conflicts of interest before executing this

Agreement, and Grantee will have available a form to make such disclosures. Certain limited exceptions to the conflict of interest rules listed in 24 CFR 570.489 may be granted in writing by Grantee or HUD upon written request and the provision of information specified in 24 CFR 570.489(h)(4).

8.3. Lobbying Certification. Subrecipient hereby certifies that:

8.3.1. No federal appropriated funds have been paid or will be paid, by or on behalf of it, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement;

8.3.2. If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, it will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions;

8.3.3. It shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly; and

8.3.4. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is required by section 1352, title 31, USC Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

9. Religious Activities. Subrecipient agrees that funds provided under this Agreement shall not be utilized for inherently religious activities prohibited by 24 CFR 570.200(j), such as worship, religious instruction, or proselytization.

10. Environmental Conditions.

10.1. Recipients of Grant Funds are required to comply with the requirements of the National Environmental Policy Act of 1969 (NEPA) found at 24 CFR part 58 and complete an Environmental Review Record (ERR), if applicable. Grantee may also require additional environmental reviews for projects that receive these funds. No funds may be obligated or expended by Subrecipient until the environment review procedures outlined in Part 58 have been complied with. Full compliance with 24 CFR part 58 shall be confirmed by Grantee to Subrecipient in a Project-specific Award Letter before funds may be obligated or expended with the exception of pre-award costs identified as described in Section 3.5.

10.2. Subrecipient shall comply with the mandatory flood insurance purchase requirements of Section 102 of the Flood Disaster Protection Act of 1973, as amended by the National Flood Insurance Reform Act of 1994, 42 USC 4012a. Additionally, Subrecipient shall comply with Section 582 of the National Flood Insurance Reform Act of 1994, as amended, (42 USC 5154a), which includes a prohibition on the provision of flood disaster assistance, including loan assistance, to a person for repair, replacement, or restoration for damage to any personal, residential, or commercial property if that person at any time has received Federal flood disaster assistance that was conditioned on the person first having obtained flood insurance under applicable Federal law and the person has subsequently failed to obtain and maintain flood insurance as required under applicable Federal law on such property. Section 582 also includes a responsibility to notify property owners of their responsibility to notify transferees about mandatory flood purchase requirements. More information about these requirements is available in the Federal Register notices governing the Grant Funds.

11. **Lead-Based Paint**. Subrecipient agrees that any construction or rehabilitation of residential housing with assistance provided under this Agreement shall be subject to HUD's Lead-Based Paint Regulations at 24 CFR 570.608, 24 CFR part 35, subpart B, and Chapter 130A of the North Carolina General Statutes, Article 19A (Lead-Based Paint Hazard Management Program).

12. **Eligibility Restrictions for Certain Resident Aliens**. Subrecipient shall comply with regulations set forth under the 24 CFR 570.613 regarding the eligibility requirements of certain resident aliens where applicable.

13. **No Funding to Private Utilities.** No funds provided under this Agreement may be used to assist a privately-owned utility for any purpose.

EXHIBIT A

Scope of Work
HAYWOOD COUNTY – AFFORDABLE HOUSING DEVELOPMENT FUND

1. **Summary.** This Scope of Work outlines the Affordable Housing Development Fund program (the "Program") requirements for the Subrecipient. This Scope of Work may be amended from time to time by mutual consent of the Parties.

   1.1. Program Purpose. To use CDBG-DR funds to provide monies to augment public and private financing methods for the construction of affordable rental housing units.

   1.2. National Objective. Activities under the Program meet the national objective of benefitting low- and moderate-income persons through housing (LMH). Each project will demonstrate meeting the national objective through Household Characteristic Reports and Occupancy Reports.

   1.3. Description. Subrecipient will administer the Program by facilitating and/or performing multiple activities to create rental and homeownership opportunities for low- and moderate-income persons, including, but not limited to tax credit projects; multifamily projects; acquisition, renovation and repair of residential properties; homeownership assistance; and rental assistance programs.

2. **Program Activity.** Under the Program, Subrecipient will provide funds to develop housing opportunities through grants and loans. The specific activities for each Project undertaken by Subrecipient must be submitted to NCORR, and each Project must receive a project-specific award letter and appropriate clearance letter before making any choice limiting activities or proceeding with the Project.

   2.1. Management. The activities under this program will be managed by Subrecipient. Technical assistance is available upon request by Subrecipient regarding monitoring, compliance, or any other questions that arise.

3. **Loan Documents**. Subrecipient must submit all documentation utilized for the distribution of funds to each Project prior to the anticipated execution of these documents. Failure to submit draft documents may trigger an Event of Default per the terms of Section 5.5.2 of this Agreement. Final executed copies of documents between Subrecipient and Developer must be submitted to Grantee within 180 days of execution.

4. **Payments and Reimbursements**. The NCORR Billing Guide (Exhibit B), as well as this Agreement, explain the requirements and procedures for the disbursement of Grant Funds to Subrecipient.

   4.1. Comingling Funds. Subrecipient shall not commingle these funds with any other funds and will assure that Grantee has access to monitor the bank account where CDBG-DR and other funds applicable to this agreement are held.

4.2. Timing. After Subrecipient's receipt of Grant Funds for reimbursement payments intended for each Project, Subrecipient shall have no more than five business days to disburse such funds to the appropriate party, as applicable, for conformance with construction and prompt payment regulations.

5. Project Documentation.

5.1. Pre-award. Subrecipient must submit to Grantee a final program Budget including project-specific information within 180 days of the execution of this Agreement.

5.2. Material Changes. If material changes are made to scope, budget, schedule, or sources for Projects included in the final budget or if additional Projects are added, Subrecipient must submit a revised Program budget within 90 days after the change is made. No environmental work, and no choice limiting activities or work on the additional Project, can be started until this information is received and a project-specific award letter and appropriate clearance letters have been delivered to Subrecipient.

5.3. Cost Analysis. Any and all cost analyses performed by Subrecipient must also be submitted to Grantee and information from the cost analyses verified as requested by Grantee.

5.4. Lease Up, Operations, and Close Out. Upon completion of construction, Subrecipient shall make available to Grantee all records and documentation related to Project lease-up and operations in preparation of close out, including, but not limited to, the following information:

5.4.1. Certificate of Completion and/or Cost Certification
5.4.2. Household Characteristics Reports for all housing units
5.4.3. Household Income Worksheets and Certification for all housing units
5.4.4. Final Expenditure Report with documentation
5.4.5. Section 3 Report form HUD-60002
5.4.6. Progress photos from the project
5.4.7. Fair Housing Report
5.4.8. Status reports from Grantee monitoring, if any
5.4.9. MBE/WBE Reports
5.4.10. Flood Insurance coverage, if applicable
5.4.11. Green Building Standard and proof of certifications
5.4.12. Broadband Infrastructure documentation (plans and/or pictures confirming installation)
5.4.13. Most recent single audit report

5.5. Additional Documentation. Subrecipient shall submit any documentation regarding the Project to Grantee as requested. Any additional documentation needed based on specific project activities will be delineated in the appropriate project specific award letters.

6. Affordability Period. As appropriate, NCORR will use the same standards as the HOME Investment Partnership Program to set the length of the affordability periods. The length of such affordability periods will depend on the amount of CDBG-DR assistance provided and the nature of the activity funded. The affordability restrictions, including the affordability period requirements, would not apply to housing units newly constructed or reconstructed for an owner-occupant to replace the owner-occupant's home that was damaged by the disaster.

6.1. Other Restrictions. Other affordable housing subsidies (e.g., Low-Income Housing Tax Credits) layered in the financing structure may require additional rental restrictions. In all cases where other federal, state, or local subsidies are a component of the sources used, the most restrictive requirements will be applied.

7. **Monitoring.** Per Section 4.2, Subrecipient will comply with Grantee's monitoring of Subrecipient and the Program. Subrecipient will monitor the performance of Developer against goals and performance standards stated in the terms and conditions in this Agreement.

8. **Work Performed by Subrecipient:**

8.1. Ensure Uniform Relocation Act compliance, if applicable.
8.2. Review and approve financial closing documents related to the project.
8.3. Ensure all required insurance coverage is established for project.
8.4. Maintain documentation of all activities and expenditures undertaken in a system of record.
8.5. Submit appropriate reimbursement requests for funds with documentation to Grantee on a monthly basis.
8.6. Pre-audit of monthly certifications for payment when and if requested by NCORR.
8.7. Disbursement of monthly certifications for payment.
8.8. Enforcement of provisions in any third party agreements for instances of non-performance or insufficient performance. Any such instances shall be reported to Grantee along with suggested corrective action.
8.9. Reporting and data management, including delivery of ad hoc reports when requested by Grantee or its designee(s).
8.10. Final certificate of completion or cost certification review, as needed.
8.11. Providing documentation for closeout as requested by NCORR.
8.12. Monitor and enforce affordability period.
8.13. Management of agreed upon program budget. Any variances or expected variance which would cause significant impacts on the program must be reported to Grantee along with recommended corrective action.
8.14. Maintain adequate staffing levels to support program activities funded in whole or in part by CDBG-DR.
8.15. Ensure sufficient human resource management for all staff dedicated in whole or in part to programs funded by CDBG-DR.
8.16. Translate program documents, if required to be publicly available by law and by request.
8.17. Provide Grantee with any required or requested documentation and information and other documents required pursuant to law.
8.18. Facilitate the process of tax-exempt bond financing and closing in accordance with the requirements of Section 42(h)(4) of the Internal Revenue Code of 1986, as amended, including serving as bond issuer and hiring underwriters for tax-exempt bonds for 4% LIHTC projects in the event that the local jurisdiction is unable to offer or issue the bonds, or the Project is located

across more than one jurisdiction. If no bond projects are selected by the Subrecipient for funding, this paragraph shall not apply.

8.19. Monitor contractor compliance with Davis-Bacon, including collection of weekly certified payroll and on-site payroll interviews for applicable projects.

8.20. Coordinate environmental reviews with Grantee and contractors, as needed.

8.21. Perform other duties as requested by Grantee.

9. Project Timeline. Subrecipient and Grantee recognize that adjustments to the timeline may be needed due to variance in project underwriting, unforeseen environmental review findings, financing changes or shifting market conditions, and potential acts of God with respect to construction disruptions. If Subrecipient cannot provide documentation that the project is progressing in a manner consistent with the expenditure and placed in service deadlines, Grantee reserves the right to enforce the applicable termination provisions in the Agreement.

EXHIBIT B

NCORR Affordable Housing Development Subrecipient Billing Guide

NCORR

Affordable Housing Development Subrecipient Billing Guide

October 2022

NORTH CAROLINA OFFICE OF RECOVERY AND RESILIENCY

Version History

Version #	Date	Page #	Description
1	3/23/2020	-	Initial Version
2	7/29/2022	-	Updated to remove reference to Salesforce and replace with instructions for SharePoint. Included Appendix G – Section 3 Requirements
3	10/06/2022	-	Updated to be inclusive to all Community Development Affordable Housing Development activities: MFRH; PHRF; and AHDF

Table of Contents

Purpose

The purpose of this guide is to assist Subrecipients with the reimbursement process. Under the Subrecipient Agreement, Subrecipients are able to receive reimbursement from the North Carolina Office of Recovery and Resiliency (NCORR) for incurred, allowable and eligible CDBG-DR expenses.

This guide is applicable specifically to Subrecipients funded in the Community Development Affordable Housing Development Programs.

Introduction

CDBG-DR funds are reimbursable to the Subrecipient by NCORR, if NCORR has found all of the expenses incurred by a Subrecipient to be eligible, necessary, reasonable, allowable and allocable to the CDBG-DR program.

It is the Subrecipient's responsibility to be knowledgeable and compliant with the following regulations, prior to incurring expenses:

- 2 CFR § 200, including all of Subpart E Cost Principles

Knowledge of 2 CFR 200 prior to incurring expenses will ensure the appropriate, effective, timely, and eligible use of CDBG-DR funds. Each Subrecipient is responsible for monitoring contractors[1] and project progress, in accordance with these requirements as well. It is the responsibility of the Subrecipient to pay each contractor. NCORR will reimburse Subrecipients only, not individual contractors.

Pursuant to 2 CFR § 200.302(a), the Subrecipient's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required to demonstrate the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Subrecipient Agreement and CDBG-DR grant.

Furthermore, Subrecipients must maintain accounting systems that provide for clear, real-time tracking of costs and targets related to the CDBG-DR grant, including by national objective, by most impacted and distressed geographies (MID), and by targets outlined in the Subrecipient Agreement (SRA).

[1] For the purpose of this guide the term *contractor(s)* is all-inclusive of any work performed by a company or individual outside of the Subrecipient's in-house staff.

Cost Allocations

Cost principles are those common principles detailed in 2 CFR §200.400 (Subpart E–Cost Principles). The information that follows describes how costs are classified. The Office of Management and Budget (OMB) and The US Department of Housing and Urban Development (HUD) identify three specific attributes related to costs:

- Allowability
- Reasonableness
- Allocability

Allowable Costs (2 CFR § 200.403)

All costs incurred by the Subrecipient must be eligible as described. Eligible costs are those that conform to HUD CDBG-DR requirements, including limitations and waivers described in applicable Federal Register Notices, comply with federal cost principles, and align with all associated cross-cutting federal requirements (Davis Bacons and Related Acts, Environmental requirements, etc.) and State and Local law.

Pursuant to 2 CFR § 200.403, costs must meet the following general criteria in order to be allowable as a charge against any Federal award:

- Costs must be necessary and reasonable for the performance of the Federal award and be allocable to that award and not to a different award;

- Costs must conform to any limitations or exclusions set forth in 2 CFR § 200 or in the Federal award as to types or amount of cost items;

- Costs must be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the Subrecipient;

- Costs must be accorded consistent treatment;

- Costs must be determined in accordance with generally accepted accounting principles (GAAP);

- Costs must be adequately documented

Federal requirements place limitations on specific items of costs, including prohibiting certain costs from being charged to a federal award (notable examples include expenditures for lobbying, alcohol, and payment on uncollectable debts). These requirements are specific and enumerated in 2 CFR § 200.420 – § 200.475. Subrecipients should reference these requirements and become familiar with them in order to carry out the CDBG-DR Federal program.

Costs must be necessary expenditures of Federal funding in order to meet program objectives. Unnecessary costs are those that are not required to achieve the objectives of the Subrecipient agreement or not related to the CDBG-DR program.

Reasonable Costs (2 CFR § 200.404)

A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. In determining reasonableness of a given cost, consideration must be given to:

- Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the non-Federal entity or the proper and efficient performance of the Federal award;

- The restraints or requirements imposed by such factors as: sound business practices; arm's-length bargaining; Federal, state, local, and other laws and regulations; and terms and conditions of the Federal award;

- Market prices for comparable goods or services for the geographic area;

- Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the Subrecipient; and

- Whether the Subrecipient significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the cost.

Allocable Costs (2 CFR § 200.405 and § 200.406)

A cost is allocable to a particular grant, Subrecipient agreement, vendor contract, program or other cost objective if the goods or services involved are chargeable or assignable to that cost objective in accordance with relative benefits received. This standard is met if the cost:

- Is incurred specifically for that cost objective;

- Benefits both that cost objective and other work of the Subrecipient and can be distributed in proportions that may be approximated using reasonable methods; and

- Is necessary to the overall operation of the Subrecipient and is assignable in part to the specified cost objective in accordance with 2 CFR § 200.

Any cost allocable to a particular cost objective may not be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions imposed by Federal statutes, regulations, or terms and conditions of the Federal awards, or for other reasons.

If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost must be allocated to the projects based on the proportional benefit.

Costs should only be charged net of all applicable credits. Applicable credits refer to those receipts or reduction-of-expenditure-type transactions that offset or reduce expense items allocable to the cost objective. Examples include:

- Purchase discounts;
- Rebates or allowances;
- Recoveries or indemnities on losses;
- Insurance refunds or rebates; and
- Adjustments of overpayments or erroneous charges

Subrecipient Payment Set-Up

NCORR is unable to process any request for reimbursement without first receiving the following information from the Subrecipient:

- Authorized Signatories Form **(Appendix A)**
- Direct Deposit Authorization Form **(Appendix B)** – if the Subrecipient elects to use direct deposit
- North Carolina Office of State Controller Tax ID form **(Appendix C)**

Authorized Signatories Form

The Subrecipient must identify the persons responsible for both contractual documents (executed Subrecipient agreement, associated amendments, and various program certifications) and financial documents (requests for payment, issuance of check) on the Authorized Signatories Form:

- Signatures of the persons authorized by the local governing body to sign these documents for the Subrecipient;

- A copy of the resolution passed by the city council or county commissioner's court authorizing the signatories (by job title is recommended);

- If an authorized signatory of the Subrecipient changes (due to elections, illness, resignations, etc.), the form and resolution must be updated

These documents must be submitted electronically in PDF format in SharePoint (instructions included in the *SharePoint instructions for submission* section of this guide). The Subrecipient must keep a hard copy of all documents on file for the purposes of record retention and monitoring.

Direct Deposit Authorization Form

The Subrecipient is strongly encouraged to authorize direct deposit to receive payments from a state agency posted directly to the local bank account. Subrecipients should complete the Direct Deposit Authorization Form (**Appendix B**) and submit electronically in PDF format in SharePoint (instructions included in the *SharePoint instructions for submission* section of this guide). After the form is submitted and subject to a 30-day processing period, grant payments will be deposited using this method. The Subrecipient must keep a hard copy of all documents on file for the purposes of record retention and monitoring.

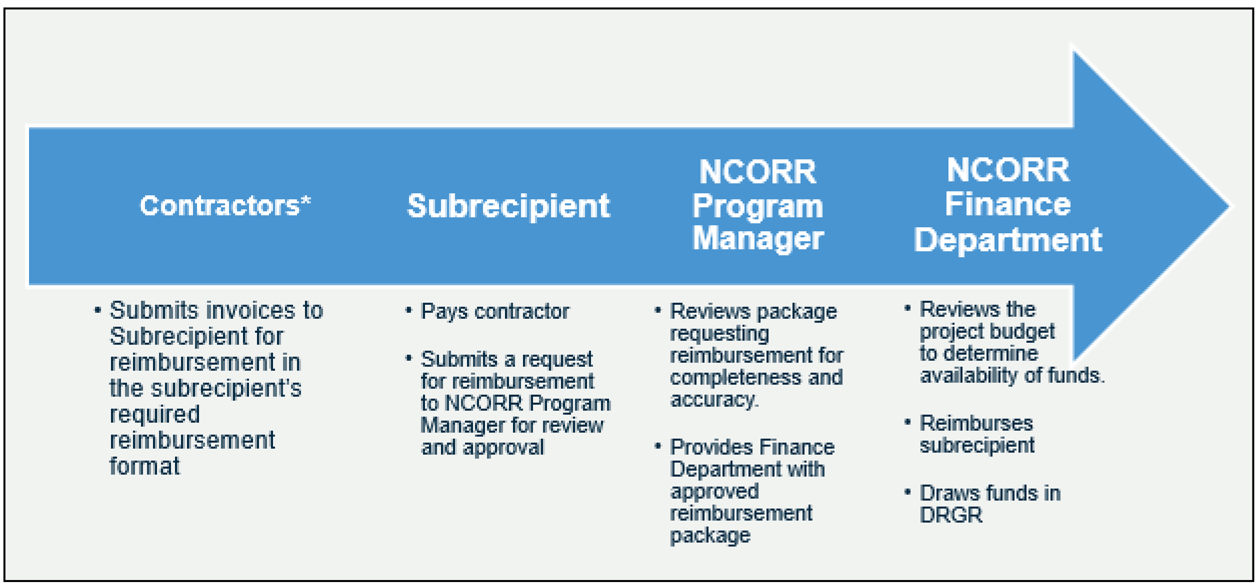
NC Office of State Controller Tax ID form

The Subrecipient must provide the appropriate Taxpayer Identification Number (EIN, SSN, or ITIN) type and enter the 9-digit ID number on this form (**Appendix C**). The U.S. Taxpayer Identification Number is being requested per U.S. Tax Law. The NC Office of the State Controller will not accept IRS Form W-9 in lieu of this form.

This form must be submitted electronically in PDF format in SharePoint (instructions included in the *SharePoint instructions for submission* section of this guide). The Subrecipient must keep a hard copy of all documents on file for the purposes of record retention and monitoring.

Reimbursement Process Flow

The following graphic depicts the process NCORR uses to reimburse Subrecipients**:**



*The use of the term contractors for the purpose of this guide is all inclusive of any work performed by a company outside of the Subrecipient's in-house staff.

Subrecipient's Responsibility

Prior to submitting a request for reimbursement to NCORR, the Subrecipient, **at a minimum,** is responsible for taking the following steps:

- Review the financial management systems in place to determine if changes need to be made to conform to Federal standards prior to incurring costs.

- Confirm there are sufficient internal controls and procedures within the financial system with the proper segregation of duties. No single person is able to have control over the entire payment process. NCORR recommends the Subrecipient have a programmatic approval and a financial approval over each payment.

- Create (or review the existing) payment process for contractors. NCORR does not require a specific process or timeline for a Subrecipient to pay contractors. NCORR does however require Subrecipients to submit a request for reimbursement to NCORR for payment within 60 days of payment to the contractor. NCORR reimburses the Subrecipient only, not individual contractors.

- Providing NCORR with a copy of the entire procurement file for the contractor(s) performing work. These documents must be submitted electronically in PDF format in SharePoint (instructions included in the SharePoint instructions for submission section of this guide). The Subrecipient must keep a hard copy of all documents on file for the purposes of record retention and monitoring. All procurements must be supported by an independent cost estimate or price analysis in accordance with 2 CFR 200.323.

- Ensuring all of the contractors included in the request for reimbursement were procured in compliance with 2 CFR 200.

- Checking all contractors included in the request for reimbursement for current and active status in on SAM.gov.

- Reviewing Davis-Bacon certified payrolls submitted by the contractors for accuracy (if applicable to the project type).

- Conducting on-site Davis-Bacon interviews (if applicable to the project type).

- Reporting compliance with Section 3 (if applicable to the project type).

- Reporting compliance with minority- and women-owned businesses (*MBE*/*WBE*).

- Determining costs included in the request for reimbursement are supported, reasonable and eligible.

Request for Reimbursement

Once the above stated responsibilities have been met, the Subrecipient is able to submit electronically in PDF format in SharePoint (instructions included in the *SharePoint instructions for submission* section of this guide), a **CDBG-DR Subrecipient Payment Request Cover Page (Appendix D).** The completed cover page must be signed by the authorized signatory.

NCORR will accept one request for reimbursement per Subrecipient, per month; exceptions may be made with prior approval from NCORR.

All supporting documents must be submitted electronically in PDF format in SharePoint (instructions included in the *SharePoint instructions for submission* section of this guide). The Subrecipient must keep a hard copy of all documents on file for the purposes of record retention and monitoring.

- All documents attached to the CDBG-DR Subrecipient Payment Request Cover Page must have Personal Identifying Information redacted to preserve Subrecipient and contractor confidentiality. Bank account numbers, checking account numbers, etc. should all be redacted. The Subrecipient must keep an un-redacted hard copy on file for the purposes of record retention and monitoring.

Requests for reimbursement are processed in the order received. Once the request has been processed through the Finance Department, they cannot be amended or recalled.

All questions regarding requests for reimbursement should be submitted to the NCORR Program Manager.

All requests for reimbursement submitted to NCORR will be paid within 30 days of receipt of a complete request for reimbursement package. NCORR has up to 21 days to approve, withdraw and/or reject any Subrecipient requests.

Supporting Documentation

At a minimum, the following are required to be attached to each CDBG-DR Subrecipient Payment Request Cover Page:

- A copy of the invoice received by the Subrecipient from the Contractor requesting payment
- Proof of payment by the Subrecipient for each vendor/contractor included in the Request for Payment is attached (copy of a check, bank statement showing funds debited, electronic fund transfer approval)
- Contractor Certified Davis Bacon Payrolls (if applicable – Construction Projects) on US Department of Labor Payroll Form WH-347 **(Appendix E)**

- Time and Effort Reports for the Subrecipient (if applicable) on approved NCORR Time and Effort sheet **(Appendix F)**
- Time and Effort Reports for the contractor/vendor (if applicable)
- Permits, Certifications or Inspection Reports received during the period covering payment (if applicable)
- Project Progress Report (covering the Period of Payment)
- Approved Change Order(s) (if applicable) with updated Budget
- Any communication received from Federal Agencies (ex. FEMA, HUD, USACE) in regards to the project (if applicable)

Time and Effort Reporting

Subrecipient Staff

Subrecipients seeking reimbursement for personnel costs, for employees performing work on the grant are required to provide timekeeping reports and effort reports. Timekeeping reports may come in the form of a weekly timesheet or reporting from a timekeeping system and the reports must include the following:

- Employee's name
- Position / Title
- Dates of the pay period reported
- Total hours worked by date for the entire pay period - *including all non-grant hours worked*
- Employee and Employee's Supervisor signature and certification

Effort reports must provide sufficient information such that NCORR staff and future auditors are able to confirm a subrecipient employee's work was tied to the specific grant charged. The NCORR Time Allocation Report Form (Appendix F) is provided for use by the subrecipient to record effort. When completing the NCORR form or providing a *NCORR-approved* substitute effort form, the following information must be provided:

- Employee's name
- Position / Title
- Dates of the pay period reported
- Hourly Rate
- Contact Information
- Detailed Description of the Work – **This is the effort statement**. The statement should provide sufficient detail to trace work back to the specific grant. Statements should vary with the work performed and not be generic or repetitive. *Do not include hours worked on non-NCORR subrecipient agreement activities.*
- Work or Task Type – Employee will select the *Project Delivery Number* of the specific project for the work performed under the grant agreement. For subrecipient organizations with multiple NCORR awarded projects, employees will select *Administration* in certain circumstances. For more information, please see the Time Allocation section below.
- Hours worked for each day of the week for the particular effort statement for each CDBG-DR grant
- Employee and Employee's Supervisor signatures and certifications.

Subrecipient's Vendors

If the subrecipient has a contract with a vendor to provide professional services charged by hourly rate, with an overall not-to-exceed amount or, where tangible deliverables are not evident, the contractor must provide the same timekeeping and effort reports, as subrecipient employees. These timekeeping and effort reports must be provided to the subrecipient as part of the invoice package. Subrecipients will be unable to submit to NCORR for reimbursement if vendor timekeeping and effort reports are missing. Subcontractors of vendors are not required to provide timekeeping reports reflecting all hours worked during a pay period, however, subcontractors must complete effort reports for time worked on the specific grant.

- A typical vendor contract that results in the need for time and effort reporting is a Program Management Organization (PMO) contract.

- If the vendor contract is for the delivery of specific deliverables, such as design or engineering documents or performing construction, then no time and effort reporting is required.

It should be noted - timekeeping and effort reporting **does not** replace required Davis Bacon Payroll reporting for construction contractors and subcontractors.

Time Allocation

Subrecipients with only one awarded project will allocate time to hat single project. Employees will always select the *Project Delivery Number* for that specific project under *Work or Task Type*. Subrecipients with Multiple Awarded Projects will record their effort, to the whole hour, for each specific project.

- For example, a county employee acting as a project manager will select the specific Project Delivery Number for the specific project worked on at a given time. The effort (broken into whole hours) for each day will be divided among multiple effort statements, with each line capturing time spent on a specific project. Some subrecipient employees, such as an assistant county manager, may need to oversee multiple projects, but cannot easily assign their time to each project. For these general management employees, the employee would select *Administration* to allocate their time.

Vendors and subcontractors will always select the Project Delivery Number for recording effort. Vendor and subcontractors never have access to *Administration* funds.

[13] To determine a subrecipient organization's *Project Delivery* and *Administration*

budge

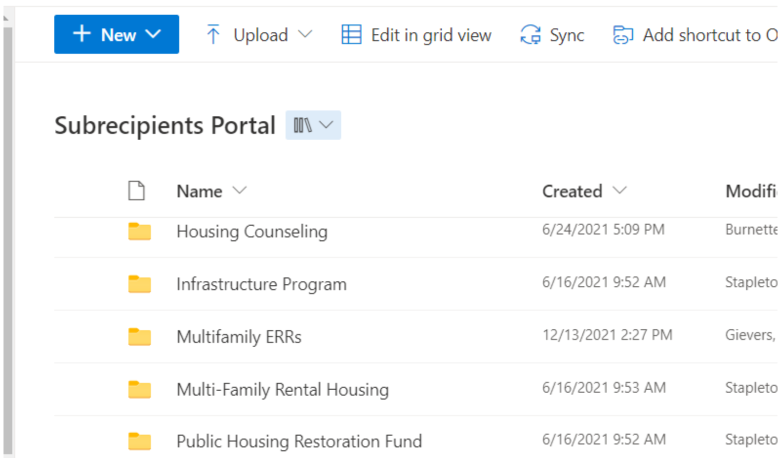
ts, pleas e refer to the subre cipien t agree ment.|

SharePoint Instructions for Submission

SharePoint is the vehicle for uploading all documents referenced within this guide. The Subrecipient must use SharePoint as the only means to upload financial documents for NCORR's review. The SharePoint site is the repository for **all** requests for reimbursement. The process for uploading requests for reimbursement is as follows:

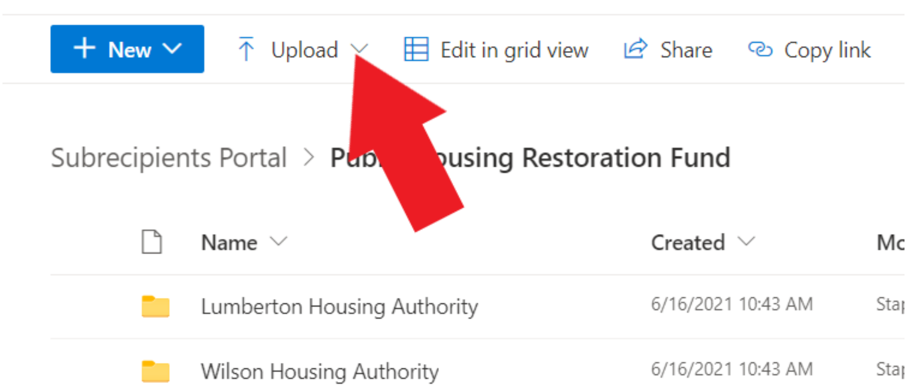
1. Click on the SharePoint link emailed to you to access the SharePoint main landing page. When the main landing page opens, you will see only the folders accessible to you.

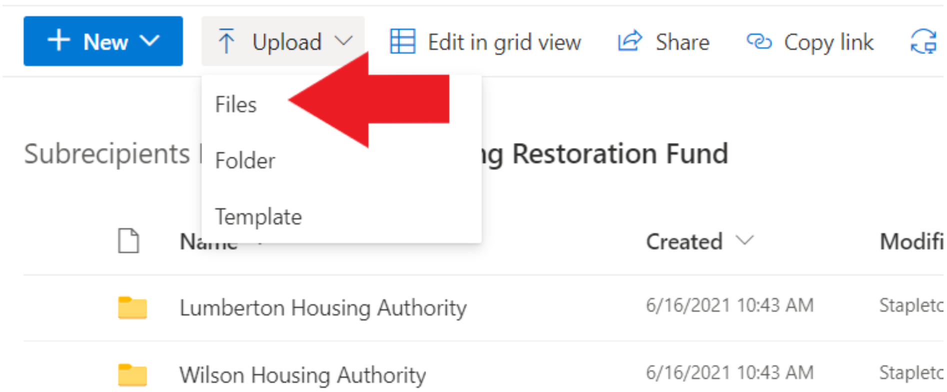
2. Click on the folder corresponding to your program ("Multi-Family Rental Housing"; "Public Housing Restoration Fund"; etc.)



3. Each Subrecipient has their own folder. Click on the folder for your Agency.

4. To upload a new document into the folder, click the "Upload" button in the top banner. Choose "Files" from the dropdown options.





5. When the window opens up, select the files you want to upload. Alternatively you can click on the document you want to upload and move your cursor over to the SharePoint screen, then unclick. This action will also upload a document.

6. Following upload, SharePoint will ask if you would like to notify your team. Clicking on "Notify your team" will send an automated email to the Program Manager, facilitating timely processing.

NCORR staff will review all requests for payment for completeness, accuracy, and eligibility on a first in, first out basis. Subrecipients must ensure that all CDBG-DR funding is spent only on eligible, necessary, reasonable, and allocable costs associated with project activities within their Subrecipient agreement.

Recalling Submission

If an error or omission is discovered after a request for reimbursement is submitted, the Subrecipient should:

- Send an email to the NCORR Program Manager requesting the submission be deactivated;
- Wait for notification from NCORR that the requisition is able to be deactivated in SharePoint by the Subrecipient;
- Resubmit the full reimbursement request including the corrected or additional information

Minimizing the Time between Payment and Disbursement

Subrecipients may submit a payment request for eligible costs once per month, subject to limitations in their Subrecipient agreement and at least quarterly throughout the life of their Subrecipient agreement. Subrecipients must remit payment to developers within five (5) days of receipt of reimbursement from NCORR.

Reimbursement Best Practices

- Review the entire request for reimbursement before submission to NCORR.
- Compile all required documents in the order outlined on the CDBG-DR Subrecipient Payment Request Cover Page and scan the entire package as a PDF file.

- Review the scanned PDF to ensure the file is legible and in the proper order.
- For each expense, review to ensure it is allowable, necessary, eligible and reasonable.

Final Request for Reimbursement

Subrecipients must submit final reimbursement requests to NCORR no later than 60 days after the Subrecipient agreement expires or is terminated. NCORR in its sole discretion may deny payment and de-obligate remaining funds from the Subrecipient agreement 60 days after expiration.

Appendix A: Authorized Signatures Form

NCORR CDBG-DR SUBRECIPIENT
AUTHORIZED SIGNATORIES FORM

Mailing Address:
Post Office Box 110465
Durham, NC 27709

NCORR
NORTH CAROLINA OFFICE OF RECOVERY AND RESILIENCY

Telephone: 984.833.5350
www.ncdps.gov
www.rebuildnc.gov

Subrecipient Name: ______________________

Address: ______________________
____
____
____

Signatures of individuals authorized to sign requests for reimbursement from NCORR.
Electronic signatures and stamps will not be accepted.

(Signature)	**(Typed Name) (Typed Title)**
(Signature)	**(Typed Name) (Typed Title)**
(Signature)	**(Typed Name) (Typed Title)**
(Signature)	**(Typed Name) (Typed Title)**

CERTIFICATION

I certify that the signatures above are of the individuals authorized to sign requests for reimbursement from NCORR.

____
Certifying Official + Title

NCORR CDBG-DR SUBRECIPIENT
AUTHORIZED SIGNATORIES FORM

INSTRUCTIONS FOR COMPLETING SIGNATORY FORM AND CERTIFICATION

1. Indicate name and address of the subrecipient.

2. Two authorized signatures are required on all requests for reimbursement forms. NCORR will check the signatures on each submission to ensure that they match the authorized signatures on the Signatory Form. Only the signatures of persons shown on the Signatory Form will be accepted. **Electronic signatures and stamps will not be accepted**.

3. To allow for flexibility in making reimbursement requests, it is recommended that four authorized signatures appear on the Signatory Form.

4. If the recipient wishes to change the persons authorized to sign the request for reimburse form a new Signatory Form must be submitted to NCORR.

Appendix B: Direct Deposit Authorization Form

Office of the State Controller
Return to: OSC Support Services Center
Address: 1410 Mail Service Center
Raleigh, NC 27699-1410
Email: osc.support.services@osc.nc.gov
Telephone: 919-707-0795

Vendor Electronic Payment Form

☐ New Add Request
☐ Change/Update Existing Account
☐ Inactivate Existing Account

***Denotes a required field**

The State of North Carolina offers payees the opportunity to receive payments electronically through U.S. based banks. In addition to having the funds deposited electronically, you will also receive remittance information by e-mail.

We require you to submit a copy of a voided check, bank statement, or a bank authorization letter on bank letterhead for account verification.

*TAX ID # or SSN

*PAYEE NAME

*REMITTANCE ADDRESS (AS PRINTED ON YOUR INVOICE)
STREET SUITE/ROOM #
CITY STATE ZIP CODE

*CONTACT
NAME & TITLE PHONE NUMBER

NEW FINANCIAL INFORMATION

*FINANCIAL INSTITUTION NAME:	
*NAME ON ACCOUNT:	
*NEW ROUTING NUMBER:	
*NEW ACCOUNT NUMBER:	
*ACCT TYPE:	☐ Checking ☐ Savings
*REMIT E-MAIL ADDRESS	

New add requests MUST include contact information for the state agency with which you are doing business.

*North Carolina Agency Name:	*North Carolina Agency Contact Name:
*North Carolina Agency Contact Email Address:	*North Carolina Agency Contact Phone Number:

PRIOR FINANCIAL INFORMATION (only required for updates)

FINANCIAL INSTITUTION NAME:	
NAME ON ACCOUNT:	
ROUTING NUMBER:	
ACCOUNT NUMBER:	
ACCT TYPE:	☐ Checking ☐ Savings
REMIT E-MAIL ADDRESS	

*	ALL BOXES BELOW MUST BE REVIEWED AND CHECKED
☐	I acknowledge that electronic payments to the designated account must comply with the provisions of U.S. law, and the requirements of the Office of Foreign Assets Control (OFAC). I affirm the entire amount of the payment will not be transferred to a foreign bank account.
☐	I authorize the Office of the State Controller to initiate ACH payments, and if necessary, adjustments for any ACH payments in error, to the financial institution and account identified on the attached certification document. This authority will remain in effect until I, the vendor, cancel it in writing or the authority is terminated by the NC Office of the State Controller.
☐	I have attached a copy of a current voided check, current bank statement, or a bank authorization letter on bank letterhead.

*PRINT NAME:	*DATE:
*SIGNATURE:	*PHONE NUMBER:

Instructions *** Denotes a required field on the form**

1. *Check the appropriate box at the top of the form:
   - New Add Request – Vendor would like to begin receiving payments via ACH.
   - Change/Update Existing Account – Vendor's account number, routing number, or remittance email address has changed.
   - Inactivate Existing Account – Vendor no longer wants to receive payments via ACH.
2. *Enter the vendor's Tax Identification Number or Social Security Number.
3. *Enter the Payee Name – The name of the person or business receiving payment.
4. *Enter the vendor's remittance address. The remittance address is the address printed on your invoice where payments should be sent.
5. *Enter the vendor's contact name, title, and phone number.
6. *Enter the vendor's financial information:
   - Financial Institution Name – Name of the financial institution.
   - Name on Account – The account owner's name.
   - Routing Number – Nine-digit number identifying the financial institution.
   - Account Number – The bank account number where the funds should be deposited.
   - Account Type – Is this a checking or savings account? Check the appropriate box.
   - Remit E-mail address - Enter the email address to which the remittance advices should be sent.
7. *For a **new add request only**, provide the following:
   - North Carolina State Agency Name – The state agency the vendor is doing business with.
   - North Carolina State Agency Contact Name – The vendor's contact person name at the state agency.
   - North Carolina State Agency Contact Email Address – The contact person's email address at the state agency.
   - North Carolina State Agency Contact Phone Number – The contact person's phone number at the state agency.

   NOTE: New add requests MUST include contact information for the state agency with which you are doing business.
8. Prior Financial Information – this is required if the vendor's bank account, routing number, or remittance email address has changed.
   - Financial Institution Name – Name of the prior financial institution.
   - Name on Account – The account owner's name.
   - Routing Number – Nine-digit number identifying the prior financial institution.
   - Account Number – The bank account number where the funds were being deposited.
   - Account Type – Is this a checking or savings account? Check the appropriate box.
   - Remit E-mail address - Enter the email address to which the remittance advices were being sent.
9. *Review all the information in the 3 attestation boxes located above the signature area. All 3 boxes must be checked – **otherwise the form will not be processed.**
10. *Print Name – Print the name of the authorized signee on the form.
    *Date – Date of signature.
    *Signature – The authorized signee's signature.
    *Phone Number – The authorized signee's phone number.

Return to: OSC Support Services Center
Address:
1410 Mail Service Center
Raleigh, NC 27699-1410
Email: osc.support.services@osc.nc.gov

Please allow up to 30 days for processing.

Appendix C: NC Controller Tax ID Form

REV 01/2019

NC Office of the State Controller (IRS Form W-9 will not be accepted in lieu of this form) *Denotes a Required Field	**STATE OF NORTH CAROLINA** **SUBSTITUTE W-9 FORM** **Request for Taxpayer Identification Number**	

Section 1 – Taxpayer Identification

*1. ☐ Social Security Number (SSN),
OR
☐ Employer Identification Number (EIN),
OR
☐ Individual Taxpayer Identification Number (ITIN)

*2.

(PRESS THE TAB KEY TO ENTER EACH NUMBER)

Please select the appropriate Taxpayer Identification Number (EIN, SSN, or ITIN) type and enter your 9-digit ID number. The U.S. Taxpayer Identification Number is being requested per U.S. Tax Law. Failure to provide this information in a timely manner could prevent or delay payment to you or require The State of NC to withhold 24% for backup withholding tax.

***4. Legal Name** (as shown on your income tax return):

5. Business Name/DBA/Disregarded Entity Name, if different from Legal Name:

3. Dunn & Bradstreet Universal Numbering System (DUNS) (see instructions)

(PRESS THE TAB KEY TO ENTER EACH NUMBER)

Contact Information

***6. Legal Address** (DO NOT TYPE OR WRITE IN THIS FIELD)	**7. Remittance Address** (Location specifically used for payment that is different from Legal Address, if applicable)
***Address Line 1:**	**Address Line 1:**
Address Line 2:	**Address Line 2:**
***City** ***State** ***Zip (9 digit)**	**City** **State** **Zip (9 digit)**
***County**	**County**

***8. Contact Name:**	
***9. Phone Number:**	
10. Fax Number:	
11. Email Address:	

***12. Entity Type**	***13. Entity Classification**	**14. Exemptions (see instructions)**
☐ Individual/Sole Proprietor/Single-member LLC ☐ C-Corporation ☐ S-Corporation ☐ Partnership ☐ Trust/Estate ☐ Other________________________ ☐ Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ________ **Note:** Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is not disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner.	☐ Medical Services ☐ Legal/Attorney Services ☐ NC Local Govt ☐ Federal Govt ☐ NC State Agency ☐ Other Govt ☐ Other (specify)	Exempt payee code (if any): Exemption from FATCA reporting code (if any):

Section 2 -Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding because of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
3. I am a U.S. citizen or other U.S. person (defined later in general instructions), and
4. The FATCA code(s) entered on this form (if any) indicting that I am exempt from FATCA reporting is correct.

Certification instructions: Please refer to the IRS Form W-9 located on the IRS Website (https://www.irs.gov/):

***Printed Name:**		***Printed Title:**	
***Authorized U.S. Signature:**		*** Date:**	

Please complete the "Modification to Existing Vendor Records" section below If there have been any changes to the following: Tax Identification Number (TIN), Legal Name, Business Name, Remittance Address

Return to the NC State Agency from which you are requesting payment.

NC Office of the State Controller *Denotes a Required Field **This form is to be completed by the vendor.**	**STATE OF NORTH CAROLINA SUBSTITUTE W-9 FORM Modification to Existing Vendor Records**	

This form is to be completed by the vendor if one or more of the following have changed:

1. Change of remittance address.
2. Change of Social Security Number (SSN), or Employer Identification Number (EIN), or Individual Taxpayer Identification Number (ITIN).
3. Change of Vendor Name.

Please complete the applicable sections below.

Section 1:

CHANGE FROM: Remittance Address			**CHANGE TO: Remittance Address**		
***Address Line 1:**			***Address Line 1:**		
Address Line 2:			**Address Line 2:**		
***City**	***State**	***Zip (9 digit)**	***City**	***State**	***Zip (9 digit)**
***County**			***County**		

NOTE: If you would like to receive your payments electronically, please complete the Vendor Electronic Payment Form

Section 2:

*** CHANGE FROM: SSN, or EIN, or ITIN**	*** CHANGE TO: SSN, or EIN, or ITIN**
(PRESS THE TAB KEY TO ENTER EACH NUMBER)	(PRESS THE TAB KEY TO ENTER EACH NUMBER)

Section 3:

CHANGE FROM: Vendor Name	**CHANGE TO: Vendor Name**
***Legal Name:**	***Legal Name:**
Business Name/DBA/Disregarded Entity Name, if different from Legal Name:	**Business Name/DBA/Disregarded Entity Name, if different from Legal Name:**

***Printed Name:**		***Printed Title:**	
***Authorized U.S. Signature:**		*** Date:**	

General Instructions

For General Instructions, please refer to the IRS Form W-9 located on the IRS Website (https://www.irs.gov/).

Specific Instructions

Section 1 -Taxpayer Identification

1. **Taxpayer Identification Type.** Check the type of identification number provided in box 2.

2. **Taxpayer Identification Number (TIN).** Enter taxpayer's nine-digit Employer Identification Number (EIN), Social Security Number (SSN), or Individual Taxpayer Identification Number (ITIN) without dashes.

Note: If an LLC has one owner, the LLC's default tax status is "disregarded entity". If an LLC has two owners, the LLC's default tax status is "partnership". If an LLC has elected to be taxed as a corporation, it must file IRS Form 2553 (S Corporation) or IRS Form 8832 (C Corporation).

3. **Dunn and Bradstreet Universal Numbering System (DUNS).** Vendors are requested to enter their DUNS number, if applicable.

4. **Legal Name.** Enter the legal name as registered with the IRS or Social Security Administration. In general, enter the name shown on your income tax return. Do not enter a Disregarded Entity Name on this line.

5. **Business Name.** Business, Disregarded Entity, trade, or DBA ("doing business as") name.

Contact Information

6. Enter your **Legal Address.**

7. Enter your **Remittance Address, if applicable.** A **Remittance Address** is the location in which you or your entity receives business payments.

8. Enter the **Contact Name.**

9. Enter your **Business Phone Number.**

10. Enter your **Fax Number**, if applicable.

11. Enter your **Email Address**, if applicable.

For clarification on IRS Guidelines, see www.irs.gov.

12. **Entity Type.** Select the appropriate entity type.

13. **Entity Classification.** Select the appropriate classification type.

Exemptions

If you are exempt from backup withholding and/or FATCA reporting, enter in the Exemptions box, any code(s) that may apply to you. See Exempt payee code and Exemption from FATCA reporting code below.

14. **Exempt payee code.** Generally, individuals (including sole proprietors) are not exempt from backup withholding. Corporations are exempt from backup withholding for certain payments, such as interest and dividends. Corporations are not exempt from backup withholding for payments made in settlement of payment card or third party network transactions.

Note. If you are exempt from backup withholding, you should still complete this form to avoid possible erroneous backup withholding.

The following codes identify payees that are exempt from backup withholding:
1 - An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2)
2 - The United States or any of its agencies or instrumentalities
3 - A state, the District of Columbia, a possession of the United States, or any of their political subdivisions, or instrumentalities
4 - A foreign government or any of its political subdivisions, agencies, or instrumentalities
5 - A corporation
6 - A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States
7 - A futures commission merchant registered with the Commodity Futures Trading Commission
8 - A real estate investment trust
9 - An entity registered at all times during the tax year under the Investment Company Act of 1940
10- A common trust fund operated by a bank under section 584(a)
11 - A financial institution
12 - A middleman known in the investment community as a nominee or custodian
13 - A trust exempt from tax under section 664 or described in section 4947.

The following chart shows types of payments that may be exempt from backup withholding. The chart applies to the exempt payees listed above, 1 through 13.

If the payment is for...	**THEN the payment is exempt for...**
Interest and dividend payments	All exempt payees except for 7
Broker transactions	Exempt payees 1 through 4 and 6 through 11 and all C corporations. S corporations must not enter an exempt payee code because they are exempt only for sales of noncovered securities acquired prior to 2012.
Barter exchange transactions and patronage dividends	Exempt payees 1 through 4
Payments over $600 required to be reported and direct sales over $5,000[1]	Generally, exempt payees 1 through 5[2]
Payments made in settlement of payment card or third party network transactions	Exempt payees 1 through 4

[1] See Form 1099-MISC, Miscellaneous Income, and its instructions.

[2] However, the following payments made to a corporation and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees, gross proceeds paid to an attorney, and payments for services paid by a federal executive agency.

Exemption from FATCA reporting code. The following codes identify payees that are exempt from reporting under FATCA. These codes apply to persons submitting this form for accounts maintained outside of the United States by certain foreign financial institutions. Therefore, if you are only submitting this form for an account you hold in the United States, you may leave this field blank. Consult with the person requesting this form if you are uncertain if the financial institution is subject to these requirements.

A - An organization exempt from tax under section 501(a) or any individual retirement plan as defined in section 7701(a)(37)
B - The United States or any of its agencies or instrumentalities
C - A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities
D - A corporation the stock of which is regularly traded on one or more established securities markets, as described in Reg. section 1.1472- 1(c)(1)(i)
E - A corporation that is a member of the same expanded affiliated group as a corporation described in Reg. section 1.1472-1(c)(1)(i)
F - A dealer in securities, commodities, or derivative financial instruments (including notional principal contracts, futures, forwards, and options) that is registered as such under the laws of the United States or any state
G - A real estate investment trust
H - A regulated investment company as defined in section 851 or an entity registered at all times during the tax year under the Investment Company Act of 1940
I - A common trust fund as defined in section 584(a)
J - A bank as defined in section 581
K - A broker
L - A trust exempt from tax under section 664 or described in section 4947(a)(1)
M - A tax exempt trust under a section 403(b) plan or section 457(g) plan

Section 2 - Certification

To establish to the paying agency that your TIN is correct, you are not subject to backup withholding, or you are a U.S. person, or resident alien, sign the certification on NC Substitute Form W-9. You are being requested to sign by the State of North Carolina.

For additional information please refer to the IRS Form W-9 located on the IRS Website (https://www.irs.gov/).

Appendix D: NCORR Reimbursement Cover Sheet

North Carolina Department of Public Safety

Office of Recovery and Resiliency

Roy Cooper, Governor
Eddie M. Buffaloe, Jr., Secretary

Laura H. Hogshead, Chief Operating Officer

CDBG-DR Request for Payment Cover Sheet / Checklist

This cover sheet must be completed and attached to each request for payment submitted to NCORR. Please direct questions to Tracey Colores, NCORR Community Development Director, or designee.

SECTION 1					
Name of Subrecipient:					
Amount of Payment Requested:	$				
Project Name:		Federal Tax ID #:		Date Submitted:	
Percentage of Project Complete:		Period of Payment (date range):			
Payment Request Number:		Subrecipient Agreement Effective Dates From _______ to_______			
Contact Name:		Contact Phone #:			
Contact Email:					

SECTION 2	
Additional information and instructions for completion can be found in the NCORR Billing Guide	**Check if attached**
Request for Payment Cover Sheet is signed by the Subrecipient's authorized signatory	☐
Expenditures are appropriate and allowable under the contract between the Subrecipient and the vendor/developer*	☐
Expenditures were incurred after the Subrecipient executed a contract/MOU with the vendor/developer	☐
Expenditures conform to the current approved budget	☐
Contractor Certified Davis Bacon Payrolls (if applicable – Construction Projects) – Form WH-347	☐
Permits, Certifications or Inspection Reports received during the period covering payment	☐
Reports on Status of Mitigation Efforts Required in MOA, if applicable	☐
Project Progress Report Covering the Period of Payment	☐
Approved Change Order(s) (if applicable) with updated Budget	☐
Any communication received from Federal Agencies (ex. FEMA, HUD, USACE) regarding the project	☐

***Cost Allowability**: (2 CFR Part2 00) The Cost is necessary and reasonable; allocable to program; authorized and not prohibited; conforms to rules and requirements; and has been allocated correctly.

Mailing Address:
Post Office Box 110465
Durham, NC 27709

NCORR
NORTH CAROLINA OFFICE OF RECOVERY AND RESILIENCY

Telephone: 984.833.5350
www.ncdps.gov
www.rebuildnc.gov

An Equal Opportunity Employer

Vendor/Contractor Name	Business is a Section 3 Business	Business is Certified HUB or WMBE	Invoice Number	Total Amount of Invoice	Amount of Invoice Requesting Reimbursement
				TOTAL	$
Printed Name and Title			Signature		

State Use Only		
Comments:		
NCORR Printed Name and Title	Signature	Date

Appendix E: WH-347 (Davis Bacon Wage Sheet)

U.S. Department of Labor
Wage and Hour Division

PAYROLL

(For Contractor's Optional Use; See Instructions at www.dol.gov/whd/forms/wh347instr.htm)

Persons are not required to respond to the collection of information unless it displays a currently valid OMB control number.

U.S. Wage and Hour Division

Rev. Dec. 2008

NAME OF CONTRACTOR ☐ OR SUBCONTRACTOR ☐	ADDRESS	OMB No.: 1235-0008 Expires: 04/30/2021
PAYROLL NO. / FOR WEEK ENDING	PROJECT AND LOCATION	PROJECT OR CONTRACT NO.

(1) NAME AND INDIVIDUAL IDENTIFYING NUMBER (e.g., LAST FOUR DIGITS OF SOCIAL SECURITY NUMBER) OF WORKER	(2) NO. OF WITHHOLDING EXEMPTIONS	(3) WORK CLASSIFICATION	OT. OR ST.	(4) DAY AND DATE / HOURS WORKED EACH DAY							(5) TOTAL HOURS	(6) RATE OF PAY	(7) GROSS AMOUNT EARNED	(8) DEDUCTIONS: FICA	WITH-HOLDING TAX			OTHER	TOTAL DEDUCTIONS	(9) NET WAGES PAID FOR WEEK
			O																	
			S																	
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While completion of Form WH-347 is optional, it is mandatory for covered contractors and subcontractors performing work on Federally financed or assisted construction contracts to respond to the information collection contained in 29 C.F.R. §§ 3.3, 5.5(a). The Copeland Act (40 U.S.C. § 3145) contractors and subcontractors performing work on Federally financed or assisted construction contracts to "furnish weekly a statement with respect to the wages paid each employee during the preceding week." U.S. Department of Labor (DOL) regulations at 29 C.F.R. § 5.5(a)(3)(ii) require contractors to submit weekly a copy of all payrolls to the Federal agency contracting for or financing the construction project, accompanied by a signed "Statement of Compliance" indicating that the payrolls are correct and complete and that each laborer or mechanic has been paid not less than the proper Davis-Bacon prevailing wage rate for the work performed. DOL and federal contracting agencies receiving this information review the information to determine that employees have received legally required wages and fringe benefits.

Public Burden Statement

We estimate that is will take an average of 55 minutes to complete this collection, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. If you have any comments regarding these estimates or any other aspect of this collection, including suggestions for reducing this burden, send them to the Administrator, Wage and Hour Division, U.S. Department of Labor, Room S3502, 200 Constitution Avenue, N.W. Washington, D.C. 20210

(over)

Date ____________________

I, ____ ____
(Name of Signatory Party) (Title)

do hereby state:

(1) That I pay or supervise the payment of the persons employed by

____ on the
(Contractor or Subcontractor)

____; that during the payroll period commencing on the
(Building or Work)

________ day of _______________, ________, and ending the _______ day of _______________, _______,

all persons employed on said project have been paid the full weekly wages earned, that no rebates have been or will be made either directly or indirectly to or on behalf of said

____ from the full
(Contractor or Subcontractor)

weekly wages earned by any person and that no deductions have been made either directly or indirectly from the full wages earned by any person, other than permissible deductions as defined in Regulations, Part 3 (29 C.F.R. Subtitle A), issued by the Secretary of Labor under the Copeland Act, as amended (48 Stat. 948, 63 Stat. 108, 72 Stat. 967; 76 Stat. 357; 40 U.S.C. § 3145), and described below:

____

____

____

____

(2) That any payrolls otherwise under this contract required to be submitted for the above period are correct and complete; that the wage rates for laborers or mechanics contained therein are not less than the applicable wage rates contained in any wage determination incorporated into the contract; that the classifications set forth therein for each laborer or mechanic conform with the work he performed.

(3) That any apprentices employed in the above period are duly registered in a bona fide apprenticeship program registered with a State apprenticeship agency recognized by the Bureau of Apprenticeship and Training, United States Department of Labor, or if no such recognized agency exists in a State, are registered with the Bureau of Apprenticeship and Training, United States Department of Labor.

(4) That:

(a) WHERE FRINGE BENEFITS ARE PAID TO APPROVED PLANS, FUNDS, OR PROGRAMS

☐ – in addition to the basic hourly wage rates paid to each laborer or mechanic listed in the above referenced payroll, payments of fringe benefits as listed in the contract have been or will be made to appropriate programs for the benefit of such employees, except as noted in section 4(c) below.

(b) WHERE FRINGE BENEFITS ARE PAID IN CASH

☐ – Each laborer or mechanic listed in the above referenced payroll has been paid, as indicated on the payroll, an amount not less than the sum of the applicable basic hourly wage rate plus the amount of the required fringe benefits as listed in the contract, except as noted in section 4(c) below.

(c) EXCEPTIONS

EXCEPTION (CRAFT)	EXPLANATION

REMARKS:

NAME AND TITLE	SIGNATURE

THE WILLFUL FALSIFICATION OF ANY OF THE ABOVE STATEMENTS MAY SUBJECT THE CONTRACTOR OR SUBCONTRACTOR TO CIVIL OR CRIMINAL PROSECUTION. SEE SECTION 1001 OF TITLE 18 AND SECTION 231 OF TITLE 31 OF THE UNITED STATES CODE.

U.S. DEPARTMENT OF LABOR

Wage and Hour Division

Instructions For Completing Payroll Form, WH-347

- WH-347 (PDF)
  OMB Control No. 1235-0008, Expires 04/30/2021.

General: Form WH-347has been made available for the convenience of contractors and subcontractors required by their Federal or Federally-aided construction-type contracts and subcontracts to submit weekly payrolls. Properly filled out, this form will satisfy the requirements of Regulations, Parts 3 and 5 (29 C.F.R., Subtitle A), as to payrolls submitted in connection with contracts subject to the Davis-Bacon and related Acts.

While completion of Form WH-347 is optional, it is mandatory for covered contractors and subcontractors performing work on Federally financed or assisted construction contracts to respond to the information collection contained in 29 C.F.R. §§ 3.3, 5.5(a). The Copeland Act (40 U.S.C. § 3145) requires contractors and subcontractors performing work on Federally financed or assisted construction contracts to "furnish weekly a statement with respect to the wages paid each employee during the preceding week." U.S. Department of Labor (DOL) Regulations at 29 C.F.R. § 5.5(a)(3)(ii) require contractors to submit weekly a copy of all payrolls to the Federal agency contracting for or financing the construction project, accompanied by a signed "Statement of Compliance" indicating that the payrolls are correct and complete and that each laborer or mechanic has been paid not less than the proper Davis-Bacon prevailing wage rate for the work performed. DOL and federal contracting agencies receiving this information review the information to determine that employees have received legally required wages and fringe benefits.

Under the Davis-Bacon and related Acts, the contractor is required to pay not less than prevailing wage, including fringe benefits, as predetermined by the Department of Labor. The contractor's obligation to pay fringe benefits may be met either by payment of the fringe benefits to bona fide benefit plans, funds or programs or by making payments to the covered workers (laborers and mechanics) as cash in lieu of fringe benefits.

This payroll provides for the contractor to show on the face of the payroll all monies to each worker, whether as basic rates or as cash in lieu of fringe benefits, and provides for the contractor's representation in the statement of compliance on the payroll (as shown on page 2) that he/she is paying for fringe benefits required by the contract and not paid as cash in lieu of fringe benefits. Detailed instructions concerning the preparation of the payroll follow:

Contractor or Subcontractor: Fill in your firm's name and check appropriate box.

Address: Fill in your firm's address.

Payroll No.: Beginning with the number "1", list the payroll number for the submission.

For Week Ending: List the workweek ending date.

Project and Location: Self-explanatory.

Project or Contract No.: Self-explanatory.

Column 1 - Name and Individual Identifying Number of Worker: Enter each worker's full name and an individual identifying number (e.g., last four digits of worker's social security number) on each weekly payroll submitted.

Column 2 - No. of Withholding Exemptions: This column is merely inserted for the employer's convenience and is not a requirement of Regulations, Part 3 and 5.

Column 3 - Work Classifications: List classification descriptive of work actually performed by each laborer or mechanic. Consult classification and minimum wage schedule set forth in contract specifications. If additional classifications are deemed necessary, see Contracting Officer or Agency representative. An individual may be shown as having worked in more than one classification provided an accurate breakdown or hours worked in each classification is maintained and shown on the submitted payroll by use of separate entries.

Column 4 - Hours worked: List the day and date and straight time and overtime hours worked in the applicable boxes. On all contracts subject to the Contract Work Hours Standard Act, enter hours worked in excess of 40 hours a week as "overtime".

Column 5 - Total: Self-explanatory

Column 6 - Rate of Pay (Including Fringe Benefits): In the "straight time" box for each worker, list the actual hourly rate paid for straight time worked, plus cash paid in lieu of fringe benefits paid. When recording the straight time hourly rate, any cash paid in lieu of fringe benefits may be shown separately from the basic rate. For example, "$12.25/.40" would reflect a $12.25 base hourly rate plus $0.40 for fringe benefits. This is of assistance in correctly computing overtime. See "Fringe Benefits" below. When overtime is worked, show the overtime hourly rate paid plus any cash in lieu of fringe benefits paid in the "overtime" box for each worker; otherwise, you may skip this box. See "Fringe Benefits" below. Payment of not less than time and one-half the basic or regular rate paid is required for overtime under the Contract Work Hours Standard Act of 1962 if the prime contract exceeds $100,000. In addition to paying no less than the predetermined rate for the classification which an individual works, the contractor must pay amounts predetermined as fringe benefits in the wage decision made part of the contract to approved fringe benefit plans, funds or programs or shall pay as cash in lieu of fringe benefits. See "FRINGE BENEFITS" below.

Column 7 - Gross Amount Earned: Enter gross amount earned on this project. If part of a worker's weekly wage was earned on projects other than the project described on this payroll, enter in column 7 first the amount earned on the Federal or Federally assisted project and then the gross amount earned during the week on all projects, thus "$163.00/$420.00" would reflect the earnings of a worker who earned $163.00 on a Federally assisted construction project during a week in which $420.00 was earned on all work.

Column 8 - Deductions: Five columns are provided for showing deductions made. If more than five deduction are involved, use the first four columns and show the balance deductions under "Other" column; show actual total under "Total Deductions" column; and in the attachment to the payroll describe the deduction(s) contained in the "Other" column. All deductions must be in accordance with the provisions of the Copeland Act Regulations, 29 C.F.R., Part 3. If an individual worked on other jobs in addition to this project, show actual deductions from his/her weekly gross wage, and indicate that deductions are based on his gross wages.

Column 9 - Net Wages Paid for Week: Self-explanatory.

Totals - Space has been left at the bottom of the columns so that totals may be shown if the contractor so desires.

Statement Required by Regulations, Parts 3 and 5: While the "statement of compliance" need not be notarized, the statement (on page 2 of the payroll form) is subject to the penalties provided by 18 U.S.C. § 1001, namely, a fine, possible imprisonment of not more than 5 years, or both. Accordingly, the party signing this statement should have knowledge of the facts represented as true.

Items 1and 2: Space has been provided between items (1) and (2) of the statement for describing any deductions made. If all deductions made are adequately described in the "Deductions" column above, state "*See* Deductions column in this payroll." *See* "FRINGE BENEFITS" below for instructions concerning filling out paragraph 4 of the statement.

Item 4 FRINGE BENEFITS - Contractors who pay all required fringe benefits: If paying all fringe benefits to approved plans, funds, or programs in amounts not less than were determined in the applicable wage decision of the Secretary of Labor, show the basic cash hourly rate and overtime rate paid to each worker on the face of the payroll and check paragraph 4(a) of the statement on page 2 of the WH-347 payroll form to indicate the payment. Note any exceptions in section 4(c).

Contractors who pay no fringe benefits: If not paying all fringe benefits to approved plans, funds, or programs in amounts of at least those that were determined in the applicable wage decision of the Secretary of Labor, pay any remaining fringe benefit amount to each laborer and mechanic and insert in the "straight time" of the "Rate of Pay" column of the payroll an amount not less than the predetermined rate for each classification plus the amount of fringe benefits determined for each classification in the application wage decision. Inasmuch as it is not necessary to pay time and a half on cash paid in lieu of fringe benefits, the overtime rate shall be not less than the sum of the basic predetermined rate, plus the half time premium on basic or regular rate, plus the required cash in lieu of fringe benefits at the straight time rate. In addition, check paragraph 4(b) of the statement on page 2 the payroll form to indicate the payment of fringe benefits in cash directly to the workers. Note any exceptions in section 4(c).

Use of Section 4(c), Exceptions

Any contractor who is making payment to approved plans, funds, or programs in amounts less than the wage determination requires is obliged to pay the deficiency directly to the covered worker as cash in lieu of fringe benefits. Enter any exceptions to section 4(a) or 4(b) in section 4(c). Enter in the Exception column the craft, and enter in the Explanation column the hourly amount paid each worker as cash in lieu of fringe benefits and the hourly amount paid to plans, funds, or programs as fringe benefits. The contractor must pay an amount not less than the predetermined rate plus cash in lieu of fringe benefits as shown in section 4(c) to each such individual for all hours worked (unless otherwise provided by applicable wage determination) on the Federal or Federally assisted project. Enter the rate paid and amount of cash paid in lieu of fringe benefits per hour in column 6 on the payroll. See paragraph on "Contractors who pay no fringe benefits" for computation of overtime rate.

Public Burden Statement: We estimate that it will take an average of 55 minutes to complete this collection of information, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. If you have any comments regarding these estimates or any other aspect of this collection of information, including suggestions for reducing this burden, send them to the Administrator, Wage and Hour Division, U.S. Department of Labor, Room S3502, 200 Constitution Avenue, N.W.,Washington, D.C. 20210.

Note: In order to view, fill out, and print PDF forms, you need Adobe® Acrobat® Reader® version 5 or later, which you may download for free at www.adobe.com/products/acrobat/readstep2.html.

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Wage and Hour Division

An agency within the U.S. Department of Labor

200 Constitution Ave NW
Washington, DC 20210
1-866-4-US-WAGE
1-866-487-9243

www.dol.gov

Appendix F: NCORR Section 3 Reporting Form with Instructions

In compliance with HUD regulations, NCORR requires all subrecipients to report the anticipated Section 3 projects are housing rehabilitation, housing construction, and other public construction projects assisted under HUD programs that provide housing and community development financial assistance when the total amount of assistance to the project exceeds a threshold of $200,000.

Section 3 applies to projects that are fully or partially funded with HUD financial assistance. Projects that are financed with state, local or private matching or leveraged funds used in conjunction with HUD funds are covered by Section 3 if the amount of HUD funding for the project exceeds the regulatory thresholds.

Your Section 3 reporting goals depend on the type of assistance you are receiving, whether public housing financial assistance or housing and community development financial assistance. For ***public housing financial assistance***, the benchmark for Section 3 workers is set at 25 percent or more of the total number of labor hours worked by all workers employed with public housing financial assistance in the PHA's or other recipient's fiscal year. The benchmark for Targeted Section 3 workers is set at 5 percent or more of the total number of labor hours worked by all workers employed with public housing financial assistance in the PHA's or other recipient's fiscal year. This means that the 5 percent is included as part of the 25 percent threshold.

For ***housing and community development financial assistance*** projects, the benchmark for Section 3 workers is set at 25 percent or more of the total number of labor hours worked by all workers on a Section 3 project. The benchmark for Targeted Section 3 workers is set at 5 percent or more of the total number of labor hours worked by all workers on a Section 3 project. This means that the 5 percent is included as part of the 25 percent threshold.

The Section 3 benchmarks are minimum targets that must be reached in order for HUD to consider a grantee/subrecipient in compliance. Grantees/Subrecipient agencies are required to make best efforts, or to the greatest extent feasible, to achieve the benchmarks required for the number of labor hours performed by both Section 3 workers and Targeted Section 3 workers. If an agency fails to fully meet the Section 3 benchmarks, they must adequately document the efforts taken to meet the numerical goals

Grantees/Subrecipients will be considered to have complied with the Section 3 requirements and met the safe harbor, in the absence of evidence to the contrary, if they certify that they have followed the required prioritization of effort and met or exceeded the applicable Section 3 benchmarks.

If a Grantee/subrecipient agency or contractor does not meet the benchmark requirements but can provide evidence that they have made a number of qualitative efforts to assist low- and very low-income persons with employment and training opportunities, the recipient or contractor is considered to be in compliance with Section 3, absent evidence to the contrary (i.e., evidence or findings obtained from a Section 3 compliance review).

Recordkeeping requirements for federal funds recipients are found at 24 CFR § 75.31.

Grantees/Subrecipients are required to maintain documentation to demonstrate compliance with the regulations and are responsible for requiring their contractors/subcontractors to maintain or provide any documentation that will assist recipients in demonstrating compliance, including documentation that shows hours worked by Section 3 workers, Targeted Section 3 workers, and any qualitative efforts to comply with Section 3. Examples of documentation can be found in 24 CFR §75.31.

At a minimum, all Subrecipients are expected to report on Section 3 performance measures on a **monthly basis**. These Section 3 reports are required to be submitted to NCORR no later than the 10th of the month for activities undertaken the previous month.

Following is the entire adopted NCORR policy concerning Section 3 compliance. Of the identified **Forms** identified within the NCORR Section 3 compliance policy, the following Forms contained within the policy are not applicable to a Subrecipient Agreement where the Subrecipient is awarded CDBG-DR funds and proceeds to follow HUD procurement requirements to secure the services of a developer/Construction General Contractor that will be responsible for the construction/rehabilitation of housing units funded by CDBG-DR:

NCORR Section 3 Compliance Policy/Procedures Forms that are not applicable:

Form

CONTRACTOR PROJECT IMPLEMENTATION PLAN

North Carolina Office of Recovery and Resiliency

Section 3 Project Implementation Plan

NOTE TO BIDDERS: You must return ALL applicable forms in this packet with your bid. Failure to do so may result in your bid being disqualified.

Section 3 Goals

Section 3 is a provision of the Housing and Urban Development (HUD) Act of 1968 that helps foster local economic development, neighborhood economic improvement, and individual self-sufficiency. The Section 3 program requires recipients of certain HUD financial assistance to provide job training, employment, and contracting, to the greatest extent feasible, for low- or very low-income residents in connection with projects and activities in their neighborhoods. Section 3 is race and gender-neutral and is NOT the same as WBE/MBE.

Contracts over $200,000 trigger Section 3. When triggered, best efforts must be made to extend Section 3 opportunities to verified Section 3 residents and business concerns to meet these *minimum* numeric goals:

1. Twenty-five percent (25%) of the total hours on a Section 3 project must be worked by Section 3 workers; and
2. Five percent (5%) of the total hours on a Section 3 project must be worked by Targeted Section 3 workers.

Preference for Contracting with Section 3 Business Concerns

North Carolina Office of Recovery and Resiliency is required by HUD Regulation 24 CFR Part 75 to make best efforts to contract with businesses that direct economic opportunities to Section 3 workers. As part of its qualitative efforts, North Carolina Office of Recovery and Resiliency has elected to institute a preference which stipulates that contract award shall be given to the bidder using the highest number of qualified Section 3 subcontractors and/or workers if the bid is reasonable and no more than ten percent (10%) higher than the lowest responsive bid from any qualified source. This benefit applies to ALL projects, even if Section 3 is not triggered.

Programmatic Responsibilities

Contractors and/or Subcontractors are expected to meet the minimum goals listed above, to the greatest extent feasible. (Note: Section 3 may not be required for all projects, but best efforts to comply with the minimum numerical goals are still highly recommended.) All efforts to utilize Section 3 businesses and workers should be documented, and this Section 3 Project Plan should be submitted for all relevant project bids.

Submit FORMS 1 & 2 for all projects or FORMS 1 – 4 for all Section 3-triggered projects (over $200,000) at the time of the bid submission or application for funding.

FORM 1 – SECTION 3 ASSESSMENT AND CERTIFICATIONS

This form is required for ALL projects and must be submitted with bid or application for funding.

Project Name:	
Project Location or Address(es):	

Developer/Contactor Information:

Name of Firm:	Address:
Authorized Representative:	Title:
Phone:	Email:

1. Check all that apply to your business:
   - ☐ Your business is at least 51% owned and controlled by low- or very low-income persons
   - ☐ Over 75% of the labor hours performed by your business over the past three-month period were performed by Section 3 workers
   - ☐ Your business is at least 51% owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing
   - ☐ None of the above
2. Will you be hiring new employees or providing new training opportunities because of this contract? ☐ Yes ☐ No
3. Will you be using subcontractors to complete this project? ☐ Yes ☐ No
4. Is your bid/contract amount greater than $200,000? ☐ Yes ☐ No

If response to item 4 above is "YES," Section 3 requirements will be fully enforced on this project. Failure to comply may result in the suspension of funding. Please complete the certifications below and submit FORMS 1-4 with your bid or application for funding.

If NO, Section 3 participation is strongly encouraged but not required. Please attempt to meet the Section 3 goals to the greatest extent feasible. You must still complete the certifications below as applicable and return FORMS 1 and 2 with your bid or application for funding.

Certifications		YES	NO	N/A
All Projects:	By completing and signing this form, I agree to comply with all applicable requirements of the Section 3 of the Housing and Urban Development Act of 1968 (24 CFR Part 75)	☐	☐	
	I understand that I must complete and submit FORMS 1 and 2 and submit them with my bid even if my bid is under $200,000.	☐	☐	
Projects over $200K:	I have included/will include the Section 3 Clause (FORM 5) in all subcontracts for which Section 3 compliance is required.	☐	☐	☐
	I understand that I am required to submit monthly and final Section 3 reports (FORM 6), associated forms as applicable (FORMS 2, 3 and 4) and supporting documentation.	☐	☐	☐
	I agree that my company has made and will continue to make efforts "to the greatest extent feasible" to comply with Section 3 as required by HUD.	☐	☐	☐
	I understand the minimum numerical goals for Section 3 participation and I have completed FORMS 1 through 4, and 6 and attached them to my bid.	☐	☐	☐

I declare that all statements contained in this form and any accompanying documents are true and correct, and made with full knowledge that all statements given are subject to investigation and that any false or dishonest answer to any question may be grounds for denial or revocation of funding or other penalties as prescribed under 18 U.S. Code § 1001.

______________________________ ________________

Authorized Representative Signature Date

FORM 2 – SUBCONTRACTOR INFORMATION

This form is required for ALL projects (regardless of whether Section 3 is triggered) and must be submitted with bid or application for funding. If project is over $200,000 in HUD funds, this form must be updated and re-submitted at the time of contract execution and again with the final Section 3 compliance report.

Project Name	Contract Execution Date	Construction Start Date	Today's Date

Check the box that applies and complete the table if applicable:

- ☐ This project WILL NOT utilize subcontractors. (Form Complete)
- ☐ This project MAY utilize the following subcontractors:

No.	Sect3 Bus.	Subcontractor Name	Subcontractor Address and Phone Number	Trade	Subcontract Amount
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					

FORM 3 – LIST OF PERMANENT EMPLOYEES

This form is required for all Section 3-triggered projects (over $200,000) and must be submitted with bid or application for funding and again with the final Section 3 compliance report.

Project Name	Contract Execution Date	Construction Start Date	Today's Date

Please list all current permanent employees (both full and part-time) employed by your company (or local/regional office) as of the signature date on FORM 1, as well as employees of all subcontractors working on this project. Use additional sheets as necessary. A computer-generated employee registry can be provided in lieu of this form if it includes the worker's name, employer and job category and indicates Section 3/targeted Section 3 status either with yes or no or manually highlighted.

No.	Name of Worker	Employer	Job Category/Trade	Section 3 Worker (Y/N)	Targeted Section 3 Worker (Y/N)
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					

Please note that your business may be eligible for Section 3 Business certification if at least 75% of your labor hours performed on all contracts over the past three-month period were performed by employees who meet one of the following categories below:

- The worker lives within one mile of the Section 3 project (or, if fewer than 5,000 people live within one mile of the Section 3 project, within a circle centered on the Section 3 project that is sufficient to encompass a population of 5,000 people according to the most recent U.S. Census);
- The worker is a HUD YouthBuild participant; or
- The worker's income for the previous or annualized calendar year is below 80% of the current area median income for the area in which the worker resides. (Use the worker's annual gross income based on AMI for a single-person household.) HUD income limits can be found at https://www.huduser.gov/portal/datasets/il.html.)

FORM 4 – DOCUMENTATION OF QUALITATIVE EFFORTS

This form is required for all Section 3-triggered projects (over $200,000) and must be submitted with bid or application for funding, as well as with all monthly or final compliance reports that indicate numeric goals were not met. Please fill out this form completely. Attach additional pages if needed.

Project Name	Contract Execution Date	Construction Start Date	Today's Date

1. Describe all efforts made to direct the employment and other economic opportunities generated by HUD financial assistance for housing and community development programs, to the greatest extent feasible, to Section 3 workers. Attach additional pages if needed.

Attach supporting documentation such as:

- Copies of all publications, notices, pictures of posted notices, and other outreach materials.
- List of all Section 3 workers that responded to your responded to your outreach efforts (e.g., submitted job applications, phone logs, etc.); were any of them hired? If not, please explain why.

2. Describe all efforts made to notify Section 3 businesses of any subcontracting opportunities generated by HUD financial assistance for this project, to the greatest extent feasible. Attach additional pages if needed.

Attach supporting documentation such as:

- Section 3 Business List used in solicitation. Must have been provided by North Carolina Office of Recovery and Resiliency prior to solicitation and should be no more than 30 days old at the time of solicitation.
- List of Section 3 business included in solicitation and documentation of efforts (emails, letters, phone, logs, etc.).
- List of Section 3 businesses that responded to your solicitation and/or outreach efforts; were any of them hired? If not, please explain why.
- Copies of all publications, notices, pictures of posted notices, and any other outreach material utilized.

FORM 4 – DOCUMENTATION OF QUALITATIVE EFFORTS (CONTINUED)

3. Describe all additional qualitative efforts made to comply with Section 3 requirements. See below for examples. Attach all applicable supporting documentation.

4. If there are employment opportunities associated with your project, include a draft of the proposed signage. Section 3 signage should be posted at the construction site. Signage must be large enough to be visible from the street. The sign must (a) identify the name of the project, (b) state the project is a HUD Section 3 Project, and (c) include the name, phone number and email address of an appropriate point of contact regarding employment opportunities.

<u>Examples of Qualitative Efforts</u>

- Engage in outreach efforts to generate job applicants who are Targeted Section 3 workers
- Provide training or apprenticeship opportunities
- Provide technical assistance to help Section 3 workers compete for jobs (e.g., resume assistance, coaching)
- Assist or connect Section 3 workers with drafting resumes, preparing for interviews, and finding job opportunities
- Hold one or more job fairs
- Provide or refer Section 3 workers to services supporting work readiness and retention (e.g., work readiness activities, interview clothing, test fees, transportation, childcare)
- Provide assistance to apply for or attend community college, a four-year educational institution, or vocational/technical training
- Help Section 3 workers to obtain financial literacy training and/or coaching
- Engage in outreach efforts to identify and secure bids from Section 3 business concerns
- Provide technical assistance to help Section 3 business concerns understand and bid on contracts
- Divide contracts into smaller jobs to facilitate participation by Section 3 business concerns
- Provide bonding assistance, guaranties, or other efforts to support viable bids from Section 3 business concerns
- Promote use of business registries designed to create opportunities for disadvantaged and small businesses
- Outreach, engagement, or referrals with the state one-stop system as defined in Section 121(e)(2) of the Workforce Innovation and Opportunity Act
- Other:

FORM 5 – SECTION 3 CONTRACT CLAUSE

<u>All Section 3 covered contracts and subcontracts must include the following clause:</u>

I. 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 USC.1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance, or HUD-assisted projects covered by Section 3, shall to the greatest extent feasible be directed to low and very low-income persons, particularly persons who are recipients of HUD assistance for housing.

II. The parties to this contract agree to comply with HUD's regulations in 24 CFR part 75, which implement Section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with 24 CFR part 75 regulations.

III. The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this Section 3 Clause and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.

IV. The contractor agrees to include this Section 3 Clause in every subcontract subject to compliance with regulations in 24 CFR part 75, and agrees to take appropriate actions, as provided in an applicable provision of the subcontract or in this Section 3 Clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR part 75. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR part 75.

V. The contractor will certify that any vacant employment positions, including training positions, that are filled after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 75 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR part 75.

VI. The contractor agrees to retain documentation demonstrating which workers meet the definition of a Section 3 Worker or Targeted Section 3 Worker at the time of hire or the first reporting period, as follows:

(a) For a worker to qualify as a Section 3 Worker, one of the following documentations must be maintained:

(1) A worker's self-certification that their income is below the income limit from the prior calendar year;

(2) A worker's self-certification of participation in a means-tested program such as public housing or Section 8-assisted housing;

(3) Certification from a Public Housing Authority (PHA), or the owner or property manager of project- based Section 8-assisted housing, or the administrator of tenant-based Section 8-assisted housing that the worker is a participant in one of their programs;

(4) An employer's certification that the worker's income from that employer is below the income limit when based on an employer's calculation of what the worker's wage rate

would translate to if annualized on a full-time basis; or

(5) An employer's certification that the worker is employed by a Section 3 business concern.

(b) For a worker to qualify as a Targeted Section 3 Worker, one of the following must be maintained:

(1) A worker's self-certification of participation in public housing or Section 8-assisted housing programs;

(2) Certification from a PHA, or the owner or property manager of project-based Section 8-assisted housing, or the administrator of tenant-based Section 8-assisted housing that the worker is a participant in one of their programs;

(3) An employer's certification that the worker is employed by a Section 3 business concern; or

(4) A worker's certification that the worker is a Youth Build participant;

(5) An employer's confirmation that a worker's residence is within one mile of the work site or, if fewer than 5,000 people live within one mile of a work site, within a circle centered on the work site that is sufficient to encompass a population of 5,000 people according to the most recent U.S. Census;

(6) An employer's certification that the worker is employed by a Section 3 business concern; or

(7) A worker's self-certification that the worker is a Youth Build participant.

VII. In accordance with 24 CFR Part 75.25(a), the contractor agrees to document the following labor hours (including total hours worked by all contractors and subcontractors) for Section 3 projects and to provide such documentation for review by the Subrecipient:

- The total number of labor hours worked by all workers,
- The total number of labor hours worked by Section 3 Workers, and
- The total number of labor hours worked by Targeted Section 3 Workers.

VIII. Noncompliance with HUD's regulations in 24 CFR part 75 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.

IX. With respect to work performed in connection with Section 3 covered Indian housing assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act (25 USC 450e) also applies to the work to be performed under this contract. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract that are subject to the provisions of Section 3 and section 7(b) agree to comply with Section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b).

FORM 6 – SECTION 3 PROJECT FORECAST AND COMPLIANCE REPORT

This form is required for all Section 3-triggered projects (over $200,000) and must be submitted **every 30 days beginning [date of contract award]. The final report is due 30 days after project completion.**

Project Name:	Contractor:
Project Location:	Report Type: ☐ Monthly ☐ Final
Reporting Period Start Date:	Reporting Period End Date:

I. SECTION 3 CONTACTINFORMATION

Contractor Section 3 Point of Contact:	
Phone:	Email:

II. SECTION 3 HOURS PROJECTED / WORKED – *Forecast the total project labor hours and report the number of Section 3 hours for this reporting period. Attach time records to support the information provided.*

A. Total hours projected for the project / hours worked this period by all workers	B. Number of Section 3 hours projected for the project / hours worked this period	% Section 3 hours (Divide column B by column A)

III. TARGETED SECTION 3 HOURS PROJECTED / WORKED – *Forecast the targeted section3 labor hours and report the number of targeted Section 3 hours for this reporting period. Attach time records to support the information provided.*

A. Total hours projected for the project / hours worked this period by all workers	B. Number of targeted Section 3 hours projected for this project / hours worked this period	% Targeted Section 3 hours (Divide column B by column A)

IV. QUALITATIVE EFFORTS – If this report indicates numeric goals were not met, attach FORM 4 describing any qualitative efforts made to increase Section 3 participation for this reporting period.

V. ADDITIONAL ATTACHMENTS – For the final Section 3 compliance report, attach FORMS 2 and 3 with updated information (versions 2 or 3).

I declare that all statements contained in this form and any accompanying documents are true and correct, and made with full knowledge that all statements given are subject to investigation and that any false or dishonest answer to any question may be grounds for denial or revocation of funding or other penalties as prescribed under 18 U.S. Code § 1001.

Signature:____ Date: ______________________

Print Name:____ Title: _________________________

FORM 7 – SECTION 3 BUSINESS OUTREACH FORM

Please complete this form to determine if your business may qualify as a Section 3 Business. Businesses that qualify will be contacted by the North Carolina Office of Recovery and Resiliency Section 3 Coordinator to complete a Section 3 Business Application and asked to provide additional documentation to verify their status as a Section 3 Business.

What is Section 3?

Section 3 is a provision of the Housing and Urban Development Act of 1968 (24 CFR Part 75) that requires recipients of certain HUD financial assistance, to the greatest extent possible, to provide job training, employment, and contract opportunities for low- or very low-income residents in connection with projects and activities in their neighborhood.

A business can qualify as Section 3 if it meets one of the following criteria:

A. It is at least 51% owned and controlled by low- or very low-income persons;

B. Over 75% of the labor hours performed for the business over the past three-month period were performed by workers who met at least one of the criteria below; or

C. It is at least 51% owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing.

Workers must meet one of the following criteria for a business to qualify as Section 3 under item B above:

- Reside within one mile of the Section 3 project (or, if fewer than 5,000 people live within one mile of the Section3 project, within a circle centered on the Section 3 project that is sufficient to encompass a population of 5,000 people according to the most recent U.S. Census);
- Be a HUD YouthBuild participant; or
- Income for the previous or annualized calendar year is below 80% of the current area median income for the area in which the worker resides. (Use the worker's annual gross income based on AMI for a single-person household.) HUD income limits can be found at https://www.huduser.gov/portal/datasets/il.html.)

Subcontractor Information

Company Name:		
Contact Person:		
Address:		
City:	State:	Zip:
Phone:	Email:	

☐ I have reviewed the above information and my business MAY QUALIFY as a Section 3 Business. Please contact me about completing an application.

☐ I have reviewed the above information and my business DOES NOT QUALIFY as a Section 3 Business.

______________________________ __________________

Signature of Business Owner Date

Please return completed forms to:
North Carolina Office of Recovery and
Resiliency Attn: Section 3 Program
PO Box 110465
Durham, NC 27709
984-833-5402, **Section3@rebuild.nc.gov**

FORM 8 – SECTION 3 WORKER OUTREACH FORM

Please complete this form to determine if you may qualify as a Section 3 or Targeted Section 3 Worker. Workers who qualify will be contacted by North Carolina Office of Recovery and Resiliency Section 3 Coordinator to complete a Section 3 Worker Application and asked to provide additional documentation to verify their status as a Section 3 or Targeted Section 3 Worker.

What is Section 3?

Section 3 is a provision of the Housing and Urban Development Act of 1968 (24 CFR Part 75) that requires recipients of certain HUD financial assistance, to the greatest extent possible, to provide job training, employment, and contract opportunities for low- or very low-income residents in connection with projects and activities in their neighborhood.

A worker can qualify as Section 3 if they meet one of the following criteria:

- Are employed by a Section 3 business concern;
- Are a HUD YouthBuild participant; or
- Their income for the previous or annualized calendar year is below 80% of the current area median income for the area in which the worker resides. (Use the worker's annual gross income based on AMI for a single-person household.) HUD income limits can be found at https://www.huduser.gov/portal/datasets/il.html.)

A worker can qualify as targeted Section 3 if they meet one of the following criteria:

- Are employed by a Section3 business concern.
- Are a HUD YouthBuild participant; or
- Reside within one mile of the Section 3 project (or, if fewer than 5,000 people live within one mile of the Section 3 project, within a circle centered on the Section 3 project that is sufficient to encompass a population of 5,000 people according to the most recent U.S. Census);

Worker Information

Name:		
Employer Name:		
Address:		
City:	State:	Zip:
Phone:	Email:	

☐ I have reviewed the above information and I MAY QUALIFY as a Section 3 or Targeted Section 3 worker. Please contact me about completing an application.

☐ I have reviewed the above information and I DO NOT QUALIFY as a Section 3 or Targeted Section 3 worker.

Signature ______________________ Date ______________________

Please return completed forms to:
North Carolina Office of Recovery and Resiliency Attn: Section 3 Program
PO Box 110465
Durham, NC 27709
984-833-5402, **Section3@rebuild.nc.gov**

SECTION 3 BUSINESS APPLICATION

Completed applications should be submitted to:

North Carolina Office of Recovery and Resiliency Attn: Section 3 Program
PO Box 110465
Durham, NC 27709

If you have any questions on the application process Please contact the Section 3 Program
984-833-5402, **Section3@rebuild.nc.gov**

Section 3 Business Application Checklist:

- ☐ Complete Section 3 Business Application
- ☐ Organizational Information
  - Articles of Incorporation or Organization (as applicable to business type)
  - Assumed Business Name Certificate
  - Certificate of Good Standing or Active status (as applicable to business type)
  - Partnership Agreement (if applicable)
  - Organizational Chart with Job Titles and Duties
  - Evidence of Business License
  - Other Applicable Documentation
- ☐ Qualifying Section 3 Criteria (Check applicable qualifying criteria below and include all requested supporting documentation)
  - 51% or more owned by low- or very low-income individuals;
  - 51% or more owned by a resident of public housing; or
  - 75% of all hours worked over the prior three months worked by Section 3 workers
- ☐ Other Pertinent Information
  - Insurance Certificates
  - Current Financial Statement
  - Statement of Ability to Comply with Public Policy
  - List of all contracts for the past two years
  - W-9 (see last page of this application)

Name of Business____

Physical Address ____

City, State, Zip ____

Mailing Address, if different__________________________________

City, State, ZIP____

Owner’s Name (Please include a copy of State ID or Driver’s License)__________________

Telephone Number, including area code______________________________

Email____

Date Company was established ___________________________________

ORGANIZATIONAL INFORMATION

All questions must be answered and the data given must be clear and comprehensive. If necessary, questions may be answered on separate attached sheet(s).

The company is a:
- □ Sole Proprietorship □ Partnership □ Joint Venture
- □ Corporation (please enclose a copy of corporation papers and corporate seal)
- □ Limited Liability Company (LLC)

General type of work performed by your Company (i.e. general contracting, HVAC, etc.):

____

____

____

Is your company Minority owned (MBE)? Yes □ No □
Woman owned (WBE)? Yes □ No □ (Optional – For reporting purposes only)

Is this business licensed to operate in the certifying locality? Yes □ No □ (Enclose a copy if yes)
Please check and attach the following Business Entity documents, as applicable:

____ Copy of Articles of Incorporation
____ Certificate of Good Standing
____ Organization Chart with titles/duties
____ Assumed Business Name Certificate
____ Partnership Agreement
____ Other Documentation

The Applicant must have at least the following insurance coverage for Section 3 contract work:

- Commercial General Liability on an occurrence form for:
  - Bodily injury, and
  - Property damage liability

General Contractor limits of $2,000,000 combined single limit each occurrence covering the Project specifically, and umbrella excess liability of $5,000,000 Subcontractor limits will be $1,000,000 combined single limit occurrence, and
$2,000,000 umbrella excess liability

- Worker's Compensation:
  - Statutory limits required by State Law
  - Employer's Liability: $100,000
- Comprehensive Automobile Liability
  - Bodily Injury: $1,000,000 Each Person

$1,000,000 Each Occurrence

  - Property Damage: $1,000,000 Each Occurrence

A copy of above insurance certificates must accompany this application. Coverage shall be maintained for the life of each contract or subcontract. Lapse of coverage may result in termination of contract and/or termination of approval to participate by the certifying entity.

The Applicant must have a satisfactory record of past work. Applicants with limited or no past performance will be accepted on a "probation" basis, and will not be awarded more than one contract at a time.

Please provide evidence of ability to perform successfully under the terms and conditions of other contracts:

☐ Current Financial Statement
☐ Statement of Ability to Comply with Public Policy
☐ List of all contracts for the past two (2) years

QUALIFYING SECTION 3 CRITERIA

The Applicant must satisfy at least one of the following minimum requirements to be qualified as a Section 3 Business Concern. Please check the appropriate box(es):

☐ At least 75% of all hours worked over the prior three-month period worked by Section 3 workers (attach supporting documentation)

☐ 51% or more owned by low- or very low-income individuals as determined by current HUD income limits for the area where the individual resides (https://www.huduser.gov/portal/datasets/il.html)

NAME & ADDRESS OF OWNER(S)	TITLE	% OWNER	ADJUSTED GROSS INCOME (Attach current proof of income)

☐ 51% or more owned by residents of public housing

NAME & ADDRESSOF OWNER(S)	TITLE	% OWNER	PUBLIC HOUSING RESIDENT (Attach current public housing lease)

Please sign the statement below certifying accuracy and authorizing the release of information to the certifying entity for the purpose of verifying your references. We have the right to request any additional information to validate information presented.

I certify that my answers are true and complete to the best of my knowledge. I hereby authorize the release of information to the certifying entity for the purpose of verifying my references.

Signature ____________________ Date ____________________

FIELDS OF INTEREST AND EXPERIENCE

Please indicate the areas of interest and the length of experience within each capacity:

Construction-Related Services	Interest	Length of Experience	Non-Construction/Post-Construction Services	Interest	Length of Experience
Architecture			Appraisal Services		
Bricklaying			Archeology		
Carpentry			Building Inspection Services		
Cement/Masonry			Building Maintenance		
Demolition			Catering		
Drywall			Computers/IT		
Electrical			Courier Services		
Elevator Construction			Engineering		
Engineering			Janitorial		
Environmental Services			Landscaping		
Fencing			Legal Services		
Flooring Installation			Management Consulting		
Heating			Marketing/Photography		
Insulation/Siding			Printing		
Iron Works			Real Estate Services		
Landscaping			Security		
Machine Operation			Surveying Services		
Painting			Transportation		
Plastering			Other:		
Plumbing			Other:		
Roofing			Other:		

What size of jobs in the areas indicated above are preferred?

____

Please list the suppliers with whom you do business (include the name, address and phone number):

____

____

____

Please list the Subcontractors with whom you regularly do business, if any, and indicate if they are Section 3 qualified*.

A. Carpentry: ____________________________ _____ Y/N _____

B. Electrical: ____________________________ _____ Y/N _____

C. Plumbing: ____________________________ _____ Y/N _____

D. Roofing: ____________________________ _____ Y/N _____

E. Masonry: ____________________________ _____ Y/N _____

F. Mechanical: ____________________________ _____ Y/N _____

G. Painting: ____________________________ _____ Y/N _____

H. Other: ____________________________ _____ Y/N _____

I. Other: ____________________________ _____ Y/N _____

J. Other: ____________________________ _____ Y/N _____

*Section 3 qualified businesses may receive preference on federally funded projects

OTHER PERTINENT INFORMATION

Have you ever been convicted of violating Federal, State or Local Law in the course of discharging your duties as a contractor? If yes, please explain:

_____ YES _____ NO

____

Have you ever been disbarred from participating as a contractor in any Federal, State or Local program? _____ YES _____ NO
If yes, please explain:

____

Are you a licensed lead-based paint abatement contractor? _____ YES _____ NO
If yes, please provide a copy of all worker supervisor and contractor licenses.

____

____

____

Please complete and return the attached W-9 form (found on the last page of this application) along with this application.

REFERENCES

Name	Address	Phone number	Years Associated
Banks			
Trades			
Subcontractors			

CERTIFICATION

I certify that all of the above information is correct and true to the best of my knowledge, under the penalty of law. I understand that this information will be used to determine my eligibility for the North Carolina Office of Recovery and Resiliency Section 3 Program, which utilizes funds from the U.S. Department of Housing and Urban Development. The participating agencies do not discriminate against any person because of race, color, religion, sex, handicap, family status, or national origin. I understand that this application may be rejected if I withhold information requested or provide falsified information.

I understand that a Section 3 Business Concern certification is not an offer of employment. By signing this document I give the certifying entity permission to place my contact information on a list to be shared with businesses and community partners when they are hiring for Section 3 covered projects in the area. If awarded a HUD-funded contract, I agree to comply with all federal and local reporting requirements.

*Printed Name: ________________________________ *Title: ________________________

*Authorized Signature: ________________________________ Date: ________________

*CORPORATE OFFICER OR PERSON AUTHORIZED TO SIGN BIDS AND CONTRACTS ON BEHALF OF THECOMPANY.

FOR INTERNAL USE ONLY

Date Application Received:____________________

Reviewed By:____

Date:_________________________ Contractor: Does ______ or Does Not _______

SECTION 3 WORKER AND TARGETED WORKER APPLICATION

Completed applications should be submitted to:

North Carolina Office of Recovery and Resiliency Attn: Section 3 Program
PO Box 110465
Durham, NC 27709

If you have any questions on the application process Please contact the Section 3 Program at
984-833-5402, **Section3@rebuild.nc.gov**

Name ____

Physical Address ____

City, State, Zip ____

Mailing Address, if different ____

City, State, Zip ____

Telephone Number, including area code ______________________________

Email ____

I qualify as a Section 3 worker or Targeted Section 3 worker because (choose one):

☐ I am employed by a Section 3 business concern.
(Attach proof of employment such as a current pay stub.)

☐ I have completed a YouthBuild program within the past twelve (12) months or I am a current Youthbuild participant.
(Attach a copy of your certificate of completion or documentation of Youthbuild participation.)

☐ My income is below 80% of the Area Median Income for a household size of one for the area in which I reside.
(Attach proof of income such as most recent W-2, recent paystubs (last month) and/or proof of public assistance OR complete the Zero Income Statement on Page 5 of this application.)

☐ I reside within one mile of the Section 3 project or, if fewer than 5,000 people live within one mile of a Section 3 project, within a circle centered on the Section 3 project that is sufficient to encompass a population of 5,000 people according to the most recent U.S. Census.
(Attach proof of residency.)

Fields of Experience and Interest

If you have skills in a particular area and you are interested in working in that field, please check the "Interest" box and provide your length of experience.

Construction-Related Services	**Interest**	**Length of Experience**	**Non-Construction/Post-Construction Services**	**Interest**	**Length of Experience**
Architecture			Appraisal Services		
Bricklaying			Archeology		
Carpentry			Building Inspection Services		
Cement/Masonry			Building Maintenance		
Demolition			Catering		
Drywall			Computers/IT		
Electrical			Courier Services		
Elevator Construction			Engineering		
Engineering			Janitorial		
Environmental Services			Landscaping		
Fencing			Legal Services		
Flooring Installation			Management Consulting		
Heating			Marketing/Photography		
Insulation/Siding			Printing		
Iron Works			Real Estate Services		
Landscaping			Security		
Machine Operation			Surveying Services		
Painting			Transportation		
Plastering			Other:		
Plumbing			Other:		
Roofing			Other:		

Required Documents

Submit the following with this application:

☐ Proof of Identity (a photo ID: state-issued, college, employee badges are all accepted)

☐ Proof of Address if qualifying based on residency (a piece of official mail such as a utility bill, paycheck stub or government document with your current address on it)

☐ Income Documentation for last 30 days (most recent W-2, paystubs, Social Security/SSI/SSDI income statement, unemployment statement, worker's comp award letter, and any other item which would be considered cash income). Non-cash items like food stamps are not needed.

☐ Zero-income statement (if applicable)

Applicant Certification

I understand that Section 3 Worker certifications are valid for up to five (5) years. It is my responsibility to contact the office that holds my certification in order to update my contact information and my qualifications, or if I no longer wish to be a certified Section 3 Worker.

I understand that a Section 3 Worker certification **is not an offer of employment**. By signing this document, I give the North Carolina Office of Recovery and Resiliency permission to place my contact information on a list to be shared with businesses and community partners when they are hiring for Section 3 covered projects in the area. I may or may not be contacted about a position. If contacted, I will have to undergo the job application or interview process of that potential employer. If selected, I agree to comply with all federal and local reporting requirements.

I understand that a more detailed review of my information may be requested for any reason.
I affirm that the information I provided was true to the best of my knowledge and belief, and that I have not withheld information in order to obtain certification. I further understand that if I have failed to provide truthful information, or to provide all information, I will be removed from the certification list and will not be able to reapply for one (1) year.

Signature of Applicant____Date________________

FOR INTERNAL USE ONLY
Date Application Received: ____

Reviewed by: ____Date: _______________________
Applicant qualifies as ☐ Section 3 Worker ☐ Targeted Section 3 Worker ☐ Does not qualify for Section 3

Exhibit A: Zero Income Statement:

If you have no income, complete this section. If homeless, attach a letter from the shelter where you receive assistance, regardless of the type of assistance you receive.

I,______________________________________, certify that I have no income. I understand this means wages from work, unemployment, TANF, SSI/SSDI, Social Security, or any other program that I would receive a cash payment from.

The reason I am able to survive with no income is because (choose one):

☐ I am currently homeless. I am able to meet my basic needs by doing the following:

____

____

____

____

____

☐ I am living with someone not in my household who provides me with support.

Their name is: ____

Their telephone number/email is:____

Their relationship to me is (mother, uncle, friend, etc.):___________________________________

To be filled out by the supporting party: How do you provide support to the applicant?
Provide approximate cash amounts for all major expenses ($50 or more). *Example: "I pay $500 in rent; I spend $200 on food that he/she shares with me", etc.*:

____

____

____

____

Signature of Supporting Party: ____________________________________Date: ______________

Signature of Applicant: ____Date: ______________

SECTION 3 PROJECT CLOSEOUT CHECKLIST

Project Name:	
Project Location or Address(es):	
Contract Execution Date:	Original Contract Amount:
Contractor Name and Phone Number:	

☐ Invitation to Bid and bid solicitation documents reference Section 3 Final Rule applicability

☐ The following blank forms included in bid solicitation documents:

FORM 0: Overview*
FORM 1: Assessment and Certifications* FORM
2: Subcontractor List*
FORM 3: List of Permanent Employees*
FORM 4: Documentation of Qualitative Efforts*
FORM 5: Section 3 Contract Clause*
FORM 6: Project Compliance Report*
FORM 7: Business Outreach Form*
FORM 8: Worker Outreach Form*

☐ Section 3 talking points and sign-in sheet from pre-bid meeting
☐ Documentation of Section 3 questions received and answers provided
☐ Copies of all returned bids including completed FORMS 1-4 (if returned)
☐ Documentation of bid review assessing if Section 3 preference applies (if applicable)
☐ Copy of executed contract including Section 3 clause, completed FORMS 1-4 and blank FORMS 2-4 and 6-8
☐ Section 3 talking points and sign-in sheet from pre-construction conference
☐ FORM 6 submitted with supporting time records for each reporting period
☐ FORM 4 submitted with supporting documentation for each reporting period where numeric goals were not met
FORMS 2 and 3 updated and re-submitted with final FORM 6 report
☐ Notes from Section 3 monitoring site visits
☐ "Section 3 Worker and Targeted Worker Application" and supporting documentation for each worker verified as Section 3 and targeted Section 3
☐ Map of Section 3 service area for purpose of certifying targeted Section 3 workers on project (if applicable)
☐ "Section 3 Business Application" and supporting documentation for each business verified as a Section 3 business
☐ Documentation of FORMS 7 and 8 (Section 3 business and worker outreach forms) sent and returned
☐ Documentation of additional qualitative efforts as applicable: ____________________________________
☐ Section 3 representative project-related notes/correspondence

*These forms are part of the grantee's Section 3 Policy and Project Implementation Plan custom tools.

EXHIBIT C

NCORR Compliance and Monitoring Manual, as amended

Compliance and Monitoring Manual

Version 6.0
July 2022

Document Version History Version #	Date	Description
1	11/2019	Initial Version
2	12/19/2019	Added CDBG-MIT Language, Management Decisions, Remedies for Non- Compliance and NCORR Risk Assessment Process Flow
3	7/16/2020	Added: Revisions from Version 4 to Version 5 of the HRP Manual Dated 04.03.2020; Updated for HOPE
4	9/10/2021	Updated to include SAPA 6 and SAPA 7 changes; added recommendations received during HUD Monitoring April 2021 regarding risk assessments and monitoring tools; Updated for HOPE
5	4/14/2022	Added: Requirement per FR-6384 for Tropical Storm Fred funding.
6	7/11/2022	Added: Monthly Report instructions for DRGR

NCORR
NORTH CAROLINA OFFICE OF RECOVERY AND RESILIENCY

Contents

Section 1: Overview

PURPOSE

The purpose of this manual is to outline the North Carolina Office of Recovery and Resiliency (NCORR) procedures for monitoring and maintaining compliance with federal funding from the United States Department of Housing and Urban Development (HUD) and, any State Funds received via the North Carolina State Legislature

BACKGROUND

NCORR receives State and Federal funds which, are required to undergo extensive monitoring and compliance to ensure the funds are utilized in accordance with all applicable state and federal regulations.

Successful implementation, administering and monitoring of NCORR's state and federally funded programs requires coordination with NCORR from all parties involved, including HUD, Treasury, NCPRO, subrecipients and contractors. The following are the three levels of monitoring performed and the entity responsible for each type of monitoring.

FIRST LEVEL MONITORING (AWARDING AGENCY)

The awarding agency is the state or federal awarding agency. In accordance with 24 CFR 570.493, the awarding agency is required to monitor Grantees at least once annually. HUD and, any other awarding agency have the authority to monitor the Grantee and Subrecipients.

SECOND LEVEL MONITORING (NCORR)

NCORR as the Grantee (direct recipient) of the funds, is responsible for monitoring their Subrecipients and/or beneficiaries to determine if the grant is operating in compliance with applicable federal and State laws and requirements.

This level also determines the Subrecipient's ability to implement the program in a timely manner consistent with grant conditions. The monitoring consists of a review of project files, records and documentation as well as a visit to the project site, if applicable, following of Action Plan and Subrecipient Agreement, financial management controls, and Subrecipient's policies and procedures. Additionally, for CDBG-DR specifically, these monitoring visits assist NCORR staff in filing Disaster Recovery Grant Reporting (DRGR) quarterly reports.

NCORR, as the administrator of the State-centric programs managed without the use of subrecipients, must monitoring themselves to ensure they remain in compliance with all applicable federal mandates, as well as their approved plans.

THIRD LEVEL MONITORING (SUB-SUBRECIPIENTS)

Subrecipients are allowed to grant awards to Sub-subrecipients. The prime subrecipient is responsible for monitoring the Sub-subrecipients, sub-contractors and/or beneficiaries to determine if the grant is being implemented in compliance with applicable federal and State laws and requirements. The monitoring consists of a review of project files, records and documentation as well as a visit to the project site, if applicable.

COMPLIANCE DEPARTMENT

The purpose and responsibility of the Compliance Department is to effectively:

- Ensure that all subrecipients and contractors administering state and federal funds comply with all applicable federal, state and local rules and regulations;
- Assist in preventing and minimizing fraud, waste, and abuse;
- Fulfill the goals set forth in NCORR's Action Plan and amendments in a timely manner;
- Detect potential inefficiencies early; and
- Communicate best practices to Subrecipients.

In an effort to ensure these responsibilities are carried out, the Compliance Department will conduct reoccurring monitoring reviews throughout the life cycle of each grant. The frequency of the monitoring reviews is based on the level of risk associated with the annual risk assessment required by 2 CFR 200.331(b).

- High Risk = Immediate monitoring (within 30-90 days of completing the risk assessment)
- Medium Risk = Intermediate need (within 90-120 days of completing the risk assessment)
- Low Risk = Add subrecipient to semi-annual on-site monitoring schedule
- Very Low Risk = Add subrecipient to semi-annual desk monitoring schedule

The purpose of this manual and operating procedures is to provide the Compliance Department with guidance and clearly defined quality assurance and quality control (QA/QC) expectations. NCORR's Compliance Department is made up of a Compliance Director and Compliance Specialists. Below are the roles and responsibilities of the department members.

COMPLIANCE DIRECTOR

The Compliance Director's role is to monitor the use of recovery funds in accordance with federal, state, and local and program policies. The Compliance Director is responsible for leading NCORR's Compliance Department and reports directly to the NCORR Finance Chief. The Compliance Director also serves as the Fraud, Waste and Abuse (FWA) facilitator for the Compliance Triage Team.

COMPLIANCE SPECIALISTS

The Compliance Specialist(s) role is to perform monitoring and technical assistance on all NCORR program areas and program files. The Compliance Specialist(s) are responsible for tracking, monitoring and reporting on compliance and performance of all state and federal funded programs. Compliance Specialist(s) will evaluate risk assessments, monitoring plans, monitoring reports, and make recommendations for corrective actions. Compliance Specialist(s) report to the NCORR Compliance Director.

INTERNAL AUDITOR

The Internal Auditor(s) for the CDBG-DR and CDBG-MIT programs is appointed by the Office of State Budget and Management (OSBM) Office of Internal Audit (IA). The Internal Auditor(s) shall remain independent while designing and conducting audits in accordance with the Institute of Internal Auditors standards. Internal Auditor(s) can provide objective, professional advice to all facets of the CDBG-DR and CDBG-MIT programs with the focus to detect and prevent fraud, waste, and abuse, and assist NCORR in continuously improving the efficiency and effectiveness of all program operations. This includes, but is not limited to, administrative, financial, and operational reviews to ensure funds are spent in compliance with applicable laws and guidelines. Additionally, the Internal Auditors will investigate reports of fraud, waste, and abuse and, if applicable, monitor the process until resolved.

For the CDBG-CV and ERA funding from NCPRO and the US Treasury, NCORR will utilize the State Term contract to choose an internal auditing firm. The firm chosen is responsible for internal audit reviews as well as investigations of fraud, waste and abuse.

Section 2: Risk Assessments

The risk assessment is a tool used to identify risks and specific areas that may be at a high risk for potential non-compliance. In addition, the risk assessment tool aids in prioritizing monitoring efforts for higher risk programs and determining the amount of technical assistance necessary.

SUBRECIPIENT PRE-AWARD RISK ASSESSMENT

NCORR Program Managers may request a pre-award risk assessment to be completed by the Compliance Department. This assessment may be completed prior to NCORR entering into a subrecipient agreement. The Compliance Department will utilize the NCORR Subrecipient Pre-award Assessment Tool criteria to determine the subrecipient's potential risk and overall ability to manage the project upon which they are requesting program funds.

Upon completion of the pre-award risk assessment, the Compliance Department will provide the requesting program manager with the completed Subrecipient Pre-award Assessment and recommendations. The recommendations will include the following information.

- Eligibility Status – Determines whether or not the potential subrecipient is eligible to receive funds;
- Capacity – Determines whether or not the potential subrecipient has the knowledge, tools and/or capacity to carry out the activity for which they are requesting funding.
- Risk Level – Determines whether or not the potential subrecipient would be a high, medium or low risk based on the results of the pre-award risk assessment.

The decision to approve an agreement with the potential subrecipient is at the discretion of NCORR's program management as the Compliance Department will only provide recommendations.

ANNUAL SUBRECIPIENT RISK ASSESSMENTS

NCORR Program Managers and/or NCORR's Legal Counsel provides the Compliance Director with a list of agreements entered into by NCORR. Once NCORR enters into an agreement with a subrecipient, pursuant to 2 CFR 200.331(b), the Compliance Department performs an initial risk assessment during the year a subrecipient commits the funds to a specific project. The Compliance Department continues to assess each subrecipient's risk level annually.

The frequency of monitoring a subrecipient will be based on the level of risk associated with the annual risk assessment required by 2 CFR 200.331(b).

- High Risk = Immediate monitoring (within 30-90 days of completing the risk assessment)
- Medium Risk = Intermediate need (within 90-120 days of completing the risk assessment)
- Low Risk = Add subrecipient to semi-annual on-site monitoring schedule
- Very Low Risk = Add subrecipient to semi-annual desk monitoring schedule

Section 3: Monitoring

The Compliance Department utilizes monitoring checklists as the primary tools to determine compliance by a grant recipient. Each checklist covers a different regulatory compliance area (example – national objectives, labor standards, fair housing and financial management).

MONITORING PLAN AND TIMELINE

The Compliance Department is responsible for developing a timeline for monitoring based on agreements executed and risk assessments completed. For CDBG-DR, the Compliance Department will provide DRGR with a monitoring plan outlining the monitoring timeline and objectives for the current fiscal year. The plan will also include a proposed schedule for technical assistance sessions. The Compliance Department will also provide the DRGR team with the monitoring efforts completed each quarter for inclusion in the Quarterly

Performance Report (QPR). DRGR team will compile the efforts performed under the CDBG-DR grant, producing a year end Compliance plan.

For all other funding sources outside of DRGR, the Compliance Department will keep a monitoring calendar showing the dates a risk assessments or monitoring will occur/have occurred.

DESK MONITORING

The Compliance Department performs various types of desk monitoring reviews to ensure compliance with federal, state and local regulations, and program requirements, and a timely expenditure of funds. Each type of monitoring review outlined below includes a review of all applicable federal, state, and local regulations, and program requirements., in addition to the other resources used and outlined below.

SUBRECIPIENT DESK MONITORING

Subrecipient desk monitoring reviews are the primary method of tracking compliance with the governing regulations and program requirements. These types of reviews will be completed based on the progress of the subrecipient's program/project and will be conducted annually (at minimum).

The results of the desk monitoring will include the following determinations:

- Compliance Status/Risk - Whether or not the grant recipient is compliant and if there are any potential risk of non-compliance
- Technical Assistance - The need for technical assistance;
- Review Frequency/Type - The frequency of on-site visits needed.

INTERNAL PROGRAM DESK MONITORING

The Compliance Department performs internal program desk monitoring reviews on the programs NCORR administers in house. These programs are part of the state-centric model and are overseen by NCORR staff members. The frequency of the monitoring is dependent on program progress, policy manual changes and amount of spending. The Program Manager may request the Compliance Department to perform an internal program desk monitoring review at any time.

Each program is monitored utilizing the manual governing the respective program area to be monitored. The Compliance Department does not utilize a monitoring checklist for internal programs monitoring, instead a management memo is sent from the Compliance Director to the Chief Recovery Officer and a carbon copy sent to the program manager outlining the results of the desk monitoring.

PROCURED CONTRACTS DESK MONITORING

The Compliance Department performs desk monitoring reviews on contractors procured directly by NCORR. General oversight of the contracts is the responsibility of NCORR's

Contract Administrator. At any time, the contract administrator may request the Compliance Department perform a desk monitoring review on any contract.

It is NCORR's responsibility to ensure subrecipients and contractors are making every effort to comply with the regulatory requirements of Section 3. Hence, the Compliance Department will review appropriate documentation to verify subrecipients and contractors made every effort to comply with Section 3 regulatory requirements to the greatest extent feasible.

Each contract is monitored using the Request for Proposal (RFP) solicited by NCORR, the contractor's response and the executed contract with any amendments. The frequency of monitoring will be based on risks identified by the Contract Administrator. The Compliance Department does not utilize a monitoring checklist for contract monitoring, instead a management memo is sent from the Compliance Director to the Director of NCORR outlining the results of the desk monitoring.

INTERNAL PROCESS AND POLICY DESK MONITORING

Periodically, the Compliance Department will conduct desk monitoring reviews of their internal program's policies and procedures. NCORR's upper management may request the Compliance Department perform a desk monitoring of their internal policy or procedure to ensure compliance with all federal regulations, as well as its overall effectiveness. The frequency of this type of monitoring review is dependent on the requests received from NCORR's management and/or if a substantial change is made to policies or processes governing the program.

The Compliance Director is a standing member of the Policy Change Control Board (CCB) and attends board meetings which is where HUD compliance with policy changes are discussed. The CCB meetings takes place when a policy change is proposed by NCORR's management. The Compliance Department does not utilize a monitoring checklist for contract monitoring, instead a management memo is sent from the Compliance Director to the Chief Operating Officer outlining the results of the desk monitoring.

ON-SITE SUBRECIPIENT MONITORING

REMOTE ON-SITE

The Compliance Department performs on-site monitoring reviews of all subrecipients throughout the lifecycle of the program/project. On-site monitoring reviews are determined based on the annual risk assessment score as follows:

- High Risk = Immediate monitoring (within 30-90 days of completing the risk assessment)
- Medium Risk = Intermediate need (within 90-120 days of completing the risk assessment)
- Low Risk = Add subrecipient to semi-annual on-site monitoring schedule

Subrecipients deemed High Risk will also be offered technical assistance by the NCORR Compliance Department.

SCOPE OF THE ON-SITE MONITORING

The scope of the monitoring review will be based on several factors: the assessed risk level of the Subrecipient, the complexity of the project, the budget expenditure percentage, and specific areas of concerns identified by program management.

COMPONENTS OF THE ON-SITE MONITORING

The on-site monitoring consists of the following actions in the order they will occur:

- Notification/Engagement Letter
- Entrance Conference
- Interviews with staff
- Monitoring review using checklists
- Follow up interviews with staff, as applicable
- Exit Conference
- Additional off-site review by Compliance Department, as applicable
- Outcome letter

ENGAGEMENT LETTER

The Engagement Letter is sent no less than two weeks prior to the on-site monitoring review visit. The letter includes the monitoring schedule, scope of the review, and the names and titles of the staff conducting the monitoring. The letter may also request documentation to be submitted by the subrecipient prior to the monitoring occurring.

ENTRANCE CONFERENCE

The Purpose of the entrance conference is to:

- Review the scope of work and areas of focus
- Identify the subrecipient staff that will assist during the monitoring;
- Set-up interview times and, if applicable, schedule physical inspections;
- Verify the method for accessing files and work areas.
- Schedule daily Teams meeting to address any pending questions/concerns during the monitoring review.

INTERVIEWS AND CHECKLISTS

On-site Monitoring reviews includes conducting interviews and the completion of checklists to verify and document compliance and performance (this can also include physical inspections if monitoring is conducted on-site). Interviews with subrecipient staff can clarify and determine the accuracy of the file information reviewed and assess their level of satisfaction with the program.

Specific responses to the Monitoring Checklist questions are required. The responses to each question provide important documentation for the subrecipient's record. The

Compliance Department expects the main objective of monitoring to be assisting program participants and Subrecipients in carrying out their program responsibilities.

The responses to the questions in the Monitoring Checklist form the basis for monitoring conclusions and are supplemented by the subrecipient's program and project records reviewed during the monitoring. All Checklist questions will be clearly answered (both the "Yes/No/N/A" box and the "Findings/Comments" text box).

EXIT CONFERENCE

At the end of the monitoring review, the Compliance Department staff will conduct an exit conference with the appropriate subrecipient officials or designated staff to discuss preliminary conclusions. In part, this conference will afford both parties an opportunity to confirm the accuracy and completeness of the information used to formulate the basis for the monitoring conclusions.

The Compliance Department staff will be responsible for using the checklist not only to prepare for the exit conference by clearly and concisely summarizing the conclusions, but also to document any issues found. To the extent that a program participant or Subrecipient signifies disagreement, the basis for any objections should be noted. These summarizations are used to develop the monitoring conclusion letter.

OUTCOME LETTER

NCORR is required by 2 CFR 200.331(d)(3), 2 CFR 200.521(a) and (c) to issue a management decision for all findings in a monitoring report that involve federal grants awarded by NCORR. Upon completion of the monitoring review, the Compliance Department will prepare an Outcome Letter describing the results in sufficient detail to clearly describe the areas that were covered and the basis for the conclusions. The letter will be generated and sent to the subrecipient within forty- five (45) days of completion of the monitoring.

Each Outcome Letter will include:

- The program, project, and entity monitored
- The dates of the monitoring
- The name(s) and title(s) of the staff who performed the monitoring review
- Subrecipient staff present during the monitoring
- A listing of the areas reviewed
- If applicable, clearly labeled findings and concerns
    - Every finding must be followed with the federal citation that applies
    - Recommended corrective actions
- An opportunity to provide a corrective action plan
- Response timeframes (if applicable)
- An offer of technical assistance (as needed)

In the rare event a monitoring results in any suspicion of fraud or misconduct, the monitoring report will be referred to the NCORR Compliance Triage Team for subsequent referral to third party investigators.

CORRECTIVE ACTIONS

The Compliance Department provides the Subrecipient(s) with an opportunity to cure any monitoring deficiencies (findings or concerns) identified through corrective actions or corrective action plans.

Findings: Where an identified deficiency results in a finding, the finding must include the condition, criteria, cause, effect, and recommended corrective action.

- The condition describes the issue.
- The criteria cite the regulatory or statutory requirements that were not met or violated.
- The cause explains why the condition occurred.
- The effect describes what happened due to the condition.
- The recommended corrective action identifies the action(s) needed to resolve the finding.

Concerns. Monitoring concerns brought to the Subrecipient's attention should include the condition, cause, and effect. The monitoring staff will suggest or recommend corrective actions that the program participant can take to address a concern, based on sound management principles or other guidelines. Corrective actions are not *required* for concerns.

The Subrecipient will be provided 45 days from the date of the outcome letter to provide NCORR with the corrective actions taken or corrective action plan to be carried out by the Subrecipient. In the event a Subrecipient does not take corrective actions or provide a corrective action plan to the Compliance Department, NCORR has the ability to begin seeking recapture of misused grant funds.

CLOSING FINDINGS

NCORR's Compliance Department will consider the monitoring process to be completed only after all deficiencies identified have been addressed and remedied through corrective actions.

Subrecipients are required to provide NCORR with a status of the corrective actions that have been implemented within 45 days from the date of the outcome letter. The Compliance Department will review the submitted information within 30 days of receipt. Upon completion of the review, they will issue a letter to the Subrecipient indicating the status of each finding after the 30-day review period has passed.

REOCCURRING NON-COMPLIANCE

In the case of reoccurring noncompliance of federal and/or state statutes, regulations or terms or conditions of the federal grant, by a Subrecipient, NCORR will take actions as may be appropriate to prevent a continuance of any deficiencies, mitigation of any adverse effects or consequences and to prevent reoccurrences. The Compliance Department will coordinate with Legal Counsel to determine the appropriate actions to remedy reoccurring non-compliance.

Section 4: Technical Assistance

NCORR is responsible for providing technical assistance to their subrecipients. When deficiencies are identified as a result of a monitoring review, technical assistance may be required to assist in the resolution of the deficiency. Hence, conducting desk and on-site monitoring reviews helps the Compliance Department determine the type of technical assistance subrecipients may needs.

The objective of technical assistance is to aid the subrecipient in the day-to-day management of the program in compliance with program and regulatory requirements. The nature and extent of technical assistance should be determined at the discretion of the respective program manager. Examples of technical assistance may include:

- Verbal or written advice;
- Formal training; and/or
- Programmatic Information Resources.

ANNUAL FRAUD, WASTE, ABUSE (FWA) TRAINING

To assist in the proper management of funds, NCORR and its Subrecipients will attend fraud related training provided by HUD OIG. Upon completion of the Subrecipient agreement, the Subrecipients are required to attend the first available HUD OIG training. After completion of the training, Subrecipients are required to maintain a copy of their Certificate of Completion documentation for their administrative file. An NCORR desk or on-site monitoring review will ensure that the Subrecipient has met the statutory requirements in accordance with federal laws and appropriate Federal Register Notices.

Section 5: Monitoring and Compliance Monthly Reports

Compliance is required to provide a summary of information outlining the monitoring and technical assistance carried out upon completion of an event type. Once a monitoring or technical assistance has been completed, the report shall be submitted to DRGR team for quarterly reporting purposes. If a finding or concern has been issued, the Compliance team will provide justifications for the lack of progress and outline plans, steps, and strategies to address the issue.

All Compliance technical assistance trainings and monitoring reports will be submitted by the 10th of each month upon completion of an event type.