

RHODE ISLAND HOUSING AND  
MORTGAGE FINANCE CORPORATION

RULES AND REGULATIONS OF THE CORPORATION APPLICABLE TO THE  
HOME INVESTMENT PARTNERSHIP PROGRAM

SECTION 1. PROGRAM PURPOSES

1.1 Program Purposes and Objectives. Rhode Island Housing and Mortgage Finance Corporation (the "Corporation") hereby promulgates Rules and Regulations (the "Regulations") applicable to the HOME Investment Partnership Program ("HOME Program"). The HOME Program is authorized under the National Affordable Housing Act of 1990. The primary purpose of the HOME Program is to expand the supply of decent, safe, sanitary, and affordable rental housing and homeownership through acquisition, rehabilitation, and new construction of housing and through tenant based rental assistance using a combination of funds from public and private sources. Under the HOME Program, HUD allocates funds by formula to states and local governments. The Corporation has been designated by the Governor to administer the HOME Program on behalf of the State of Rhode Island. These Rules and Regulations set forth criteria established by the Corporation to determine the method by which the Corporation will allocate HOME program funds.

SECTION 2. CONSTRUCTION OF RULES AND REGULATIONS

2.1 Construction with Act and HOME Investment Partnership Legislation. Unless otherwise defined herein or unless a different meaning is required from the context in which they are used herein, all words and terms used in these Rules and Regulations are as defined in the Act, in Title II of the Cranston-Gonzalez National Affordable Housing Act, and in the HUD regulations pertaining to the HOME Program at 24 CFR Part 92, as amended (the "HOME Program Legislation"). In the event of any inconsistency between these Regulations, the HOME Program legislation or any regulations promulgated thereunder, the provisions of the HOME Program legislation or such regulations shall control.

2.2 Definitions. As used in these Regulations:

- 2.2.1 "Act" means the Rhode Island Housing and Mortgage Finance Corporation Act as more particularly set forth in Chapter 55 of Title 42 of the Rhode Island General Laws of 1956, as amended.
- 2.2.2 "Agreement" means the agreement between the Corporation and an applicant, more particularly described in Section 8 of these Regulations.
- 2.2.3 "Board of Commissioners" means the Board of Commissioners of the Corporation.
- 2.2.4 "CHAS" means the Rhode Island Comprehensive Housing Affordability Strategy, as approved by HUD from time to time.
- 2.2.5 "Community Housing Development Organizations (CHDOs)" means those organizations which meet the definition of CHDOs in the Regulations at 24 CFR Part 92.2.
- 2.2.6 "Corporation" or "Rhode Island Housing" means Rhode Island Housing and Mortgage Finance Corporation, a public corporation organized and existing under the Act.
- 2.2.7 "HOME Program Funds" means funds allocated to the Corporation by HUD for use in connection with the HOME Program, plus all repayments and interest or other return on the investment of these funds.
- 2.2.8 "HUD" means the United States Department of Housing and Urban Development or any successor agency thereto.
- 2.2.9 "HUD Regulations" means implementing regulations for the HOME Investment Partnerships Program as published by HUD and as amended from time to time.

- 2.2.10 "PHA" means a public housing authority including any state, county, municipality or other governmental entity or public body (or its agency or instrumentality) that is authorized to engage in or assist in the development or operation of low-income housing.
- 2.2.11 "Income" shall be defined as follows: Whenever a determination is made under the HOME program based on family income or adjusted income, monthly income, and monthly adjusted income it shall have the same meaning as in 24 CFR part 813, as amended from time to time.
- 2.2.12 "Low-Income families" means families whose annual incomes do not exceed 80 percent of the median income of the area, as determined by HUD, with adjustments for smaller and larger families.
- 2.2.13 "Program Advisory Committee" means the committee appointed by the Corporation including representation of the Governor's Office of Intergovernmental Relations, the Rhode Island Division of Planning, representation of non-profit agencies or corporations, private developers, and housing advocates which will review applications and recommend funding to the Board.
- 2.2.14 "Predevelopment Loans" means loans as defined in Part 92.301 of the HUD regulations, including project specific technical assistance and site control loans and project-specific seed money loans. Only those entities qualifying as CHDOs may apply for Predevelopment Loans.
- 2.2.15 "Project" means a site or an entire building (including a manufactured housing unit), or two or more buildings, together with the site or sites on which the building or buildings are located, that are under common ownership, management, and financing and are to be assisted with HOME Program funds, under a commitment by the owner as a single undertaking. Project includes all the activities associated with the site and building. If there is more than one site associated with a project, the sites must be within a four-block area.
- 2.2.16 "Proposal" means any eligible activity or group of activities necessary to implement a single program or project.
- 2.2.17 "Regular Business Hours" means between the hours of 9:00 a.m. – 5:00 p.m. on Mondays through Fridays, except holidays.
- 2.2.18 "State Recipient" means a unit of general local government designated to receive funds from the Corporation.
- 2.2.19 "Very Low Income Families" means low-income families whose annual incomes do not exceed 50 percent of the median family income for the area as established by HUD, with adjustments for smaller and larger families.

### SECTION 3 ALLOCATION OF FUNDS

3.1 Low Income Targeting. Under the HUD regulations, the Corporation must distribute HOME Program Funds so that, with respect to tenant-based rental assistance and rental units, not less than 90 percent of such funds are invested with respect to dwelling units that are occupied by families whose annual incomes do not exceed 60 percent of the median family income for the area and, with regard to homeownership assistance, 100 percent of the funds are invested with respect to dwelling units which are occupied by households which qualify as low-income families at the time of occupancy, or at the time of investment, whichever is later.

3.2 Reservations. Not less than 15 percent of the total HOME funds shall be set aside by the Corporation for a period of 18 months for Community Housing Development Organizations. Of such amount, not more than 10 percent shall be set aside for Predevelopment Loans to eligible Community Housing Development Organizations. An amount published by HUD shall be reserved for up to 24 months to fund proposals for new construction or substantial rehabilitation. All HOME Program funds will be awarded on the basis of applications submitted in accordance with these Regulations.

3.3 Amount of Award. The minimum amount of award shall be \$1,000 per housing unit or per family assisted in accordance with the HUD Regulations. A maximum of \$500,000 may be

awarded in accordance with the HUD Regulations. A maximum of \$500,000 may be awarded per applicant per fiscal year allocation.

3.4 Maximum HOME Investment. The average per unit maximum HOME investment in a project is the maximum per unit subsidy as published by HUD and adjusted by the number of bedrooms.

#### SECTION 4. ELIGIBLE APPLICANTS

4.1 Generally. Eligible applicants for HOME Program Funds include non-profit organizations with 501(c ) status, Community Housing Development Organizations, private for-profit entities, any of the 39 cities and town incorporated in the State of Rhode Island, and PHA's.

#### SECTION 5. ELIGIBLE ACTIVITIES

5.1 Generally. Eligible activities are those established in the HUD Regulations (24 CFR Part 92.205). HOME funds may be used to provide incentives to develop and support affordable rental housing and homeownership affordability through the acquisition (including assistance to first time homebuyers), new construction, reconstruction, or moderate or substantial rehabilitation of nonluxury housing with suitable amenities, including real property acquisition, site improvement, conversion, demolition, and other expenses, including financing costs, relocation expenses of any displaced persons, families, businesses, or organizations and to provide tenant-based rental assistance.

5.2 Predevelopment Loans. Only Community Housing Development Organizations may apply for predevelopment loans.

5.3 New Construction. New construction is an eligible activity in those communities authorized by the U. S. Department of Housing and Urban Development; for neighborhood revitalization in accordance with regulations at 24 CFR part 92.209; and for special needs in accordance with regulations at 24 CFR Part 92.210, as amended from time to time.

5.4 Rental Assistance. Tenant-based rental assistance will be available only in circumstances in which there are assurances that the need for assistance is temporary. This could, for example, include emergency assistance where an applicant can demonstrate that Section 8 assistance will be available within a specified period of time, or the assistance might be linked with a program in which recipients are likely to achieve self-sufficiency within 24 months and will therefore no longer need assistance. Rental assistance may also be necessary to prevent displacement in housing developments receiving funding under the HOME Program. Families will be selected from the Section 8 waiting list based on preferences of the applicable PHA. Eligible families currently residing in units designated for rehabilitation may also be selected for rental assistance.

Rental assistance using HOME Program Funds will be administered by the Corporation. PHAs or other eligible agencies receiving HOME Program Funds for this purpose will be responsible for certifying the eligibility of tenants and establishing the level of rental assistance necessary. However, the Corporation will monitor compliance with program requirements set forth in 24 CFR 92 and, at its sole option, may independently verify rent and income determinations. Rental assistance payments will be processed monthly by the Corporation and paid to the landlord or property owner through a rental assistance contract with the Corporation. All rental assistance payments will be in the form of grants. Property inspections will be performed by the Corporation to insure compliance with HUD Housing Quality Standards.

Recipients of rental assistance must use the assistance within the State of Rhode Island, but may use the assistance to rent in any community in the State. Tenants must pay a minimum of \$50 or 30% of adjusted income, whichever is greater, as their share of the rent. The Corporation will review rents to assure reasonableness and consistency with rent standards established by HUD.

- 5.5 Homeownership Assistance. Because homeownership is not a priority of the Rhode Island HOME Program, the Corporation does not anticipate funding many homeownership proposals. In most cases these proposals can be funded from other sources and other programs of the Corporation. However, in those limited instances in which first time homebuyers are assisted through the HOME program, resale of the property will be restricted in compliance with the HUD Regulations. Initial purchase under these requirements is restricted to first time homebuyers who qualify as low income families under the HUD Regulations at the time of occupancy or the time HOME Program Funds are invested, whichever is later. The initial purchase price shall not exceed single-family mortgage limits as established by HUD. Housing must remain affordable for 20 years for new construction and 15 years otherwise. The subsequent purchaser within that period must be a low-income family. The price must be such that the subsequent purchaser's monthly payments (including principal, interest, taxes, and interest) would not exceed 30% of the income of a family at 75% of median.

To comply with these requirements and to assure a fair return on the original owner's investment, the following price guidelines have been established by the Corporation. The guidelines will apply if the residence is sold prior to the expiration of the required term of affordability. At a minimum, if there are sufficient proceeds from the sale, the owner shall receive equity invested, adjusted for the Consumer Price Index, plus the value of any permanent improvements to the home. Upon sale, any additional equity gain shall be apportioned between the HOME Program and the homeowner in proportion to their contributions. Proceeds allocated to the HOME Program may be used to lower the cost of the property to the subsequent lower income purchaser if necessary to meet the affordability requirements. The sales price of the property shall exceed the limits established by Rhode Island Housing for first-time homebuyers. If the property is sold below the fair market value, a lien will be placed on the property for the amount of the difference. The lien will be paid to the HOME Program upon subsequent sale of the property.

For purposes of the HUD Regulation, an occupancy agreement in a cooperative is considered homeownership.

## SECTION 6. APPLICATION PROCESS

- 6.1 Threshold Requirements. Threshold requirements established for the submission of applications are as follows:
- 6.1.1 All proposed activities for which funding with HOME funds is requested must be eligible in accordance with Section 5 of these Regulations.
  - 6.1.2 All applicants must be eligible entities as defined in Section 4 of these Regulations.
  - 6.1.3 A minimum request for \$1,000 per unit or family assisted.
  - 6.1.4 A maximum request for \$500,000 per applicant.
  - 6.1.5 Proposals must meet the requirements of the HUD Regulations in all respects.
  - 6.1.6 Cities and Towns applying for funding must demonstrate that they are maintaining their level of commitment to housing. A proposed Community Development Block Grant budget which indicates a level of funding consistent with assistance provided to housing over the last three years will be considered evidence of maintenance of effort.
- 6.2 Submission of Applications for funding. The Corporation will announce the availability of funds and set a deadline for the receipt of applications upon approval of funding by HUD. Applications will be accepted at this time from all eligible applicants with the exception of applicants proposing activities to be located in a city receiving funding directly from HUD under the HOME Program. Proposals by eligible applicants for all

eligible activities will be reviewed for funding. Applications for funding may be submitted to the Corporation during regular business hours. A proposal shall be deemed received as of the date received by the Corporation.

- 6.3 Subsequent Applications. After the initial application deadline, applications will be accepted on a continuous basis. Applications for proposals located in cities receiving HOME funding directly from the U. S. Department of Housing and Urban Development will be eligible for funding provided that the city commits at least an equal amount of its HOME Program Funds to the activity or the city documents that all of its HOME allocation has been committed. As long as HOME Program Funds remain uncommitted, and are available to the Corporation, applications will be reviewed and scored in accordance with these regulations. Recommendations for funding will be submitted to the Board on a quarterly basis by the Program Advisory Committee.
- 6.4 Predevelopment Loans. Applications by CHDOs for Predevelopment Loans will be accepted by the Corporation and funded on a first come first serve basis in accordance with the application procedures of the Corporation's Predevelopment Loan Program. Consistent with the regulations at 24 CFR 92.301, as amended from time to time, project-specific assistance and site control loans may be provided to cover project expenses necessary to determine project feasibility (including costs of an initial feasibility study), consulting fees, costs of preliminary financial applications, legal fees, architectural fees, engineering fees, engagement of a development team, site control and title clearance. Loans under this section may be provided to Community Housing Development Organizations which have site control, a preliminary financial commitment, and a capable development team for preconstruction project costs, including but not limited to the costs of obtaining firm construction loan commitments, architectural plans and specifications, zoning approvals, engineering studies, and legal fees.
- 6.5 Review of Applications. Applications shall be reviewed by the Corporation staff to determine eligibility and conformance with the threshold requirements. All eligible applications which comply with the threshold requirement will thereupon be scored based on the scoring system in Section 6.6. All eligible applications will then be presented to the HOME Program Advisory Committee which shall review each application and the scoring prepared by staff and will make recommendations for funding to the Board. The award of funds shall be by approval of the Board.
- 6.6 Application Scoring System. All eligible applications, except for requests for predevelopment loans, shall be scored by the Corporation staff based on a scale of a total of 100 points in accordance with the following criteria:

6.6.1 The extent to which the application addresses one of the priorities of the HOME program as established in the CHAS. The scoring system as applied to priority activities under the HOME program shall be as follows: (Total of 20 points)

**Highest Priorities include: (15 points)**

- Acquisition and/or rehabilitation of structures to be owner-occupied with two to three residential units to stabilize neighborhoods and to encourage homeownership.
- Moderate rehabilitation of rental units for low and very low income families (as defined by HUD) throughout the State including the elimination of lead based paint hazards, correction of code violations, the provision of handicapped access for persons with disabilities and for the elderly, and to increase the energy efficiency of units occupied by lower income families.
- Substantial rehabilitation of deteriorated units for low and very low-income families.

- Preservation of the existing affordable housing stock through rehabilitation, acquisition, or other eligible assistance. (Properties eligible for assistance under 24 CFR part 248, "Prepayment of Low Income Housing Mortgages", are ineligible for HOME assistance.)
- Rehabilitation of owner-occupied units for lower income households and of units intended to be owner-occupied. Assistance will be provided particularly for large families and minorities and to expand housing opportunities for these groups to alleviate overcrowding and to provide a wider range of housing choices as an alternative to concentrations of minorities.
- Acquisition and rehabilitation of units to increase the supply of both rental and owner-occupied housing in communities with an inadequate supply of affordable housing.

**Lower priorities include: (5 points)**

- Rehabilitation of units for small families and new construction of units for low and moderate income families. However, new construction should be undertaken where eligible if necessary to increase the supply of affordable housing in the communities where there is an inadequate supply and units are not available to be rehabilitated to create affordable housing.
- Rental assistance may be provided in emergency situations, to minimize involuntary displacement, or as an integral part of programs in which services and support are sufficient to help families to achieve self-sufficiency within a two-year period.
- HOME funds may also be used to create additional affordable housing units to assure no net loss of units as a result of demolition, conversions to homeownership, prepayment or voluntary termination or State or Federally assisted mortgages.
- Homeownership assistance is not among the priorities for the use of the HOME program. The exception to this strategy is the use of HOME funds to create cooperative housing opportunity.

**Other Priorities of the CHAS. (5 points)**

- Proposals which make use of property owned, held, or controlled by the Rhode Island Depositor Economic Protection Corporation (DEPCO) or other assets of State or federal agencies or authorities.
- Proposals which address the needs of large families.
- Proposals which will assist elderly families and individuals to remain in their homes.
- The provision of housing for homeless families and individuals.
- The provision of housing for special needs populations.

6.6.2 The extent to which the Proposal promotes a more equitable distribution of affordable housing throughout the State (10 points)

- Scoring will be based on the percent of low and moderate income housing in the community in which the funds will be spent.

6.6.3 Benefit to low income families and individuals (20 points)

- Scoring will be based on the number of very low-income households to be served and the number of low and very low-income households per HOME dollar invested.

6.6.4 Commitment of funds (10 points)

- Private resources to be leveraged by the Proposal.
- Other public funding committed to the activity.
- The availability of matching funds. (Required in 1993 and subsequent years)

6.6.5 Capacity of the Applicant to Undertake the Proposed Activity (10 points)

Capacity will include:

- The track record of the applicant in implementing housing proposals and identification of current housing activities.
- The experience and success of the staff or a development team in implementing similar proposals.
- The track record of the applicant in completing activities funded under the HOME program will be a factor in future years.

6.6.6 Timing and readiness to proceed (10 points)

Applications will be ranked in accordance with the degree to which they are ready to proceed. Factors to be considered are site control, financial commitments, identification of financial resources, identification of the population to be served, appropriate zoning, environmental factors, appropriate location in accordance with HUD site and neighborhood standards at 24 CFR 92.202.

6.6.7 Terms of Affordability (10 points)

The extent to which the proposal exceeds requirements under the HUD Regulations for the length of time the property must remain affordable.

6.6.8 Forms of investment (10 points)

SECTION 7. CONTENTS OF THE APPLICATION

7.1 Separate Application Requirements. A separate application must be submitted for each proposal and must contain the following information:

- 7.1.1 The name, address and telephone number of the Applicant.
- 7.1.2 A resolution of the Board of Directors or other governing body of private entities or PHAs or resolution of the City or Town Council in the case of a municipal application, as applicable.
- 7.1.3 A description of the proposed activity including the proposed use of funds, address of the site location, where known, the number of low and very low-income persons to be served, terms of the assistance requested, proposed rents and/or purchase price.
- 7.1.4 For proposed site specific rehabilitation or new construction, a proforma including projected operating budget, and sources and uses of funds.
- 7.1.5 Identification and evidence of commitment where applicable of other funding committed.

- 7.1.6 Evidence of compliance with local zoning and environmental regulations, where applicable.
- 7.1.7 Evidence of site control, where applicable.
- 7.1.8 A monthly schedule for the completion of the activity including a projected date for the start of construction, where applicable.
- 7.1.9 Cities and Towns must provide a copy of their proposed budget for the current fiscal year for the Community Development Block Grant Program and a copy of the actual budget for the last three years.
- 7.1.10 A description of how the activity addresses the priorities of the CHAS.
- 7.1.11 A description of the experience of the applicant including identification of staff and their qualifications and experience, past projects undertaken, and current housing projects underway.
- 7.1.12 A description of the term of affordability to be required for the assisted housing.

SECTION 8. PROGRAM ADMINISTRATION

8.1 Contracting. Upon approval of the application by the Board, the applicant shall enter into, execute, deliver and provide the Corporation with such documents, instruments, and further assurances as the Corporation deems necessary to assure compliance with the HUD Regulations. The Agreement shall remain in effect for the period of affordability or, if the applicant is a "subrecipient" (as defined in the HUD Regulations), during any period that the applicant has control over HOME funds. At a minimum, the Agreement shall contain provisions concerning the following items, in accordance with the requirements of the HUD Regulations together with such other requirements as the Corporation may require:

- 8.1.1 Description of the use of the HOME Program Funds;
- 8.1.2 The required term of affordability and a requirement that the funds be repaid if the housing assisted does not meet the affordability requirements for the specified period;
- 8.1.3 Use of interest, repayments, and other return on investment;
- 8.1.4 Conformance with applicable uniform administrative requirements, as described in 24 CFR 92.505;
- 8.1.5 Compliance with Project requirements as applicable in accordance with the type of Project funded;
- 8.1.6 A commitment that owners of rental housing must maintain the housing in compliance with applicable Housing Quality Standards and local housing code requirements for the duration of the Agreement;
- 8.1.7 Compliance with all other program requirements, including but not limited to; equal opportunity and fair housing; affirmative marketing; environmental review; displacement, relocation and acquisition; labor; lead-based paint; conflict of interest; debarment and suspension; and flood insurance;
- 8.1.8 Affirmative Marketing. The HOME Program will be administered by the Corporation in accordance with the requirements of HUD Regulations at 24 CFR Part 92.351 and 92.350 with regard to the affirmative marketing requirements and the use of Minority Business Enterprises and Women's Business Enterprises. Cities and Towns awarded funds as state recipients will be obligated to certify their compliance with these procedures and will be responsible for enforcing compliance with regard to participants in their programs. The Corporation will monitor local programs to ensure the implementation of program requirements.



All other agencies funded under the HOME program, except PHAs, must agree to comply with the procedures required by the regulations. Owners or properties with 5 or more housing units must take actions to attract eligible persons from all racial, ethnic and gender groups to own or lease the properties, as the case may be, and must comply with the following affirmative marketing procedures:

- (i) The Corporation will provide all state recipients and other entities receiving funds with a copy of its written affirmative marketing policy and information with regard to fair housing law.
- (ii) All owners of rental property will be required to advertise vacancies in the Providence Journal Bulletin, a community newspaper, and in minority papers. A list of minority papers will be provided to owners by the Corporation.
- (iii) All notices, ads, and communications shall contain equal housing and handicapped accessibility logos.
- (iv) In order to solicit applications from those likely to apply, owners will be required to send a letter to organizations on an outreach list prepared by the Corporation. The letter shall state the owner's fair housing policy and encourage minority households to apply. If there is an inadequate response, vacancies may be made available through radio announcements or by speaking to community groups. In order to notify handicapped persons of the availability of units, a letter must be mailed to organizations which serve the handicapped.
- (v) Owners of 5 or more units which receive assistance under the HOME Program shall report occupancy on a monthly report form until all units are occupied in accordance with the HOME requirements. Thereafter, all owners must file an annual report on a form developed by the Corporation certifying name, age, number of persons in the household, income, rent, apartment number, race and ethnicity of occupants. Owners will also be required to document procedures followed to fill any vacancies.
- (vi) Assessment to determine the success of the policy and corrective actions required: On an annual basis, the Corporation will require reports from all entities awarded funding. These will be used to create an annual report on the State HOME program which will be available to the public for review and comment. Changes which appear necessary to more effectively implement the affirmative marketing policy will be incorporated into the program description for funding for the following fiscal year. Funding and continued participation in the program will be conditioned on compliance with the affirmative marketing requirements.
- (vii) Minority Business Enterprise/Women's Business Enterprise: Rhode Island Housing will continue its present efforts to utilize minority and women's business enterprises (WBEs and MBEs). A policy statement of its commitment to contract with MBEs and WBEs will be published in the Providence Journal Bulletin. The outreach efforts will be implemented by the HOME Program staff with the oversight of the Director of Policy and Program Development and the Executive Director of the Corporation. All contracts for the procurement of property and services awarded by the Corporation under the HOME program and all such contracts awarded by state recipients and other entities funded under the HOME program shall to the maximum extent possible be awarded to businesses owned by minorities and women.
- (viii) The State of Rhode Island maintains a listing, published annually, of minority and women's business enterprises including identification of services and products. In order to implement an outreach program, all solicitations by the Corporation or its subrecipients or other entities receiving funding under the HOME program for the procurement of services and property shall be mailed to

appropriate firms listed by the State of Rhode Island. All public notices of bid solicitations and requests for proposals shall be advertised in minority newspapers. A listing of such papers shall be provided by the Corporation. Information with regard to the HOME program and funded proposals will be available to MBEs and WBEs. The Corporation will schedule a meeting with MBEs, WBEs, sponsors and subrecipients to explain program contracts and opportunities. Subrecipients and other entities receiving funding under the program will be required to report annually on the type and number of contracts awarded, the name and address of the firm awarded the bid, the dollar value of all contracts awarded, the dollar value of contracts awarded to minority and women's businesses and the method of implementing the outreach requirements.

- 8.1.9 Conditions for Religious Organizations as prescribed in 24 CFR Part 92.504.
  - 8.1.10 The Agreement shall specify that the entity may not request disbursement of funds under the Agreement until the funds are needed for payment of eligible costs. The amount of each request must be limited to the amount needed.
  - 8.1.11 If the entity is a subrecipient, the agreement will specify that upon expiration of the agreement, the entity must transfer to the Corporation any HOME funds on hand at the time of expiration and any accounts receivable attributable to the use of HOME funds.
  - 8.1.12 Records and Reports. The agreement will specify the particular records that must be maintained and any information on reports that must be submitted.
  - 8.1.13 Enforcement of the Agreement. The agreement will include the method of enforcement by the Corporation or the intended beneficiaries. The agreement will specify remedies for breach of the provisions of the agreement. In accordance with 24 CFR 85.43 suspension or termination may occur if the entity materially fails to comply with any term of the agreement, and the agreement maybe terminated for convenience.
  - 8.1.14 Duration of the Agreement. The Agreement shall be in effect for the required period of affordability.
- 8.2 State Recipients. The Corporation will specify in the agreement the responsibilities of the state recipient in performing program functions. The Corporation will ensure that the state recipient used HOME Program Funds in accordance with the requirements of the HUD Regulations and these Regulations and include in the Agreement provisions necessary to ensure compliance and to enable the Corporation to carry out its responsibilities
- 8.2.1 State recipients may be given access to the Case and Management System for investment of HOME funds at the sole discretion of the Corporation and upon submission of the appropriate banking and security documents, as specified in the agreement.
  - 8.2.2 The Corporation shall conduct such reviews and audits of the state recipients as may be necessary or appropriate to determine whether the State Recipient has committed the HOME Program Funds in the United States Treasury account and expended funds as required in 24 CFR Part 92.500, and has met the requirements of the program, particularly eligible activities, income targeting, and affordability.
  - 8.2.3 State Recipients will be required to complete all eligible activities within twelve months of signing the agreement with the Corporation. All unexpended funds will be reallocated by the Corporation consistent with the procedures specified in these Regulations.

## SECTION 9. MISCELLANEOUS

9.1 Monitoring. To insure compliance with the requirements of the HUD Regulations and these Regulations, the Corporation may from time to time conduct site visits and inspections and may require reports and information to document compliance with the HOME Program requirements. Housing

9.2 Modification of Proposals. In awarding funds to eligible applicants, the Corporation reserves the right to modify, amend, or reduce funding or the scope of activities as proposed in the application.