

<b>Guide for Review of Individual CDBG-Funded Rehabilitation Activities</b>			
<b>Name of Program Participant:</b>			
<b>Staff Consulted:</b>			
<b>Property Address:</b>		<b>Project/Application/Identifying Number:</b>	
<b>Application Type (Loan, Grant, etc.):</b>			
<b>Name(s) of Reviewer(s)</b>		<b>Date</b>	

**NOTE:** All questions that address requirements contain the citation for the source of the requirement (statute, regulation, NOFA, or grant agreement). If the requirement is not met, HUD must make a finding of noncompliance. All other questions (questions that do not contain the citation for the requirement) do not address requirements, but are included to assist the reviewer in understanding the participant's program more fully and/or to identify issues that, if not properly addressed, could result in deficient performance. Negative conclusions to these questions may result in a "concern" being raised, but not a "**finding**."

**Instructions:** Complete this Exhibit for each rehabilitation project or activity selected as part of the monitoring review. The Exhibit is divided into eight sections: Eligibility; National Objective; Rehabilitation of Multi-Family Housing; Rehabilitation of Rental Housing; Property Inspection; Rehabilitation Management; Rehabilitation Processing Procedures; and Other Requirements. HUD reviewers should select an appropriate sample (either randomly or judgmentally selected). Irrespective of the sampling type, consideration should be given to:

- the type of rehabilitation undertaken by the program participant, e.g., owner-occupied; investor-owned; multi-family; single family; mixed use; non-residential;
- completed, in-progress, and denied cases;
- properties that were substandard prior to rehabilitation and were brought up to standard with CDBG funds;
- cases for which the Field Office received a recent formal complaint.

If this program participant's overall rehabilitation program is being reviewed as part of the monitoring, conclusions reached in the individual file reviews conducted using this Exhibit should be used to support determinations made under Exhibit 3-10, *Guide for Review of CDBG-Funded Rehabilitation Program Management*. When reviewing larger programs, it may be necessary to either increase the sample size or select a random sample in order to support conclusions about the program participant's performance as a whole.

This Exhibit includes citations to regulations that pre-dated HUD's implementation of 2 CFR Part 200 (e.g., 24 CFR Part 85 (2013 edition) and 24 CFR Part 84 (2013 edition)). CPD staff conducting monitoring should use the appropriate citations based on the applicability of 24 CFR Parts 84/85 (2013 edition) or 2 CFR Part 200. For further information, please see the HUD Transition Notice (SD-2015-01), dated December 26, 2015, which describes the transition to 24 CFR Part 200 located at: <https://portal.hud.gov/hudportal/documents/huddoc?id=15-01sdn.pdf> and additional transition guidance available in a subsequent Notice (CPD-16-04), dated April 13, 2016, and located at: <http://portal.hud.gov/hudportal/documents/huddoc?id=16-04cpdn.pdf>.

**On-Site or Remote Property Inspections.** Because housing rehabilitation has been identified as a high risk CDBG activity, emphasis should be placed on visual property inspections, as frequently as time and resources permit, to determine if the rehabilitation funds were expended to provide quality rehabilitation at reasonable costs. If the expenditure of funds for rehabilitation is not

reflected in the work accomplished, then the reviewer needs to determine causes for any discrepancies and discuss them with the program participant. Suspicious circumstances should be referred to the Regional Inspector General, consistent with Departmental procedures.

It is recommended that HUD reviewers inspect a minimum of *five* properties when the program participant's annual rehabilitation program budget equals \$500,000 or more, or a minimum of *three* properties when the program participant's annual rehabilitation program budget is less than \$500,000.

Please note that “substandard but suitable for rehabilitation” is defined by the program participant in its Consolidated Plan and includes, as a minimum, those units that do not meet Section 8 Existing Housing Quality Standards. The term "standard" refers to units that do not meet the local definition of substandard. [See 24 CFR 91.205(b).]

On-site property inspections must be scheduled with advance notice to the owner/occupant. The program participant shall contact the owners/occupants involved to schedule an inspection. The owner or a representative of the owner and a program participant representative should be present, especially for inspection of property interiors. In the event it is not possible to inspect all the properties selected, HUD reviewers may select additional files for the purpose of property inspections only. To carry out the inspection, HUD reviewers should:

- a. Review documentation of substandard conditions, such as the initial property inspections, or equivalent;
- b. Review the work write-up and cost estimates, or the rehabilitation contract (or equivalent steps for documenting the work performed or to be performed);
- c. Review the final inspection (certificates, or equivalent documentation, if any);
- d. Review the actual work accomplished in comparison with the items established in the rehabilitation contract and the actual expenditures per item to the extent discernible; and
- e. Cover all aspects of the construction as set forth in the work write-up.

**Questions**

**A. ELIGIBILITY**

1.

a.	How is this activity classified in the Consolidated Plan Annual Action Plan or the Integrated Disbursement and Information System (IDIS)?						
<b>Describe Basis for Conclusion:</b>							
b.	Does the project file for the CDBG assistance provide a full description sufficient to show that the activity is eligible and has been properly classified under Subpart C of Part 570? [24 CFR 570.506(a)]						
<table style="width: 100%; border: none;"> <tr> <td style="text-align: center; border: none;"><input type="checkbox"/></td> <td style="text-align: center; border: none;"><input type="checkbox"/></td> <td style="text-align: center; border: none;"><input type="checkbox"/></td> </tr> <tr> <td style="text-align: center; border: none;">Yes</td> <td style="text-align: center; border: none;">No</td> <td style="text-align: center; border: none;">N/A</td> </tr> </table>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes	No	N/A
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
Yes	No	N/A					
<b>Describe Basis for Conclusion:</b>							

B. NATIONAL OBJECTIVE

2.

Which national objective is this activity intended to meet?	
<input type="checkbox"/>	Housing activities [24 CFR 570.208(a)(3)]
<input type="checkbox"/>	Activities to address slums or blights on an area basis [24 CFR 570.208(b)(1)]
<input type="checkbox"/>	Activities to address slums or blight on a spot basis [24 CFR 570.208(b)(2)]
<b>Describe Basis for Conclusion:</b>	

3.

a. If the activity was designed to benefit low- and moderate-income households, which of the two definitions of income at 24 CFR 570.3 did the program participant use (Section 8 or adjusted gross income from IRS Form 1040)? <b>NOTE:</b> The Census Long-Form definition is not applicable as of the 2010 Census.
<b>Describe Basis for Conclusion:</b>

b. If the low- and moderate-income national objective for housing applies to this activity, is there documentation that shows that the applicant is low- and moderate-income, based on the applicant's household size and household income at the time the assistance was provided? [24 CFR 570.208(a)(3) and 24 CFR 570.506(b)(4)(iii)]	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
<b>Describe Basis for Conclusion:</b>			

c. For an activity determined to benefit low- and moderate-income households, were the correct <u>income limits applied</u> at the <u>point in time</u> when the benefit was determined? [24 CFR 570.506(b)(1) and 24 CFR 570.506(b)(4)(iii)]	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
<b>Describe Basis for Conclusion:</b>			

4.

Where less than 51 percent of the units in a structure will be occupied by low- and moderate-income households, are there records demonstrating that the activity meets the criteria as set forth at 570.208(a)(3), (3)(i), and/or 570.208(d)? [24 CFR 570.506(b)(4)(vi)]	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
<b>Describe Basis for Conclusion:</b>			

5.

For each property acquired for the purpose of providing or improving housing and on which there are no structures, is there evidence of commitments ensuring that the criteria in 24 CFR 570.208(a)(3) will be met when the structures are built? [24 CFR 570.506(b)(4)(v)]	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
<b>Describe Basis for Conclusion:</b>			

C. REHABILITATION OF MULTI-FAMILY HOUSING

6.

a. Is there a copy of a written agreement between the program participant/ subrecipient and the landlord or developer receiving CDBG assistance? [24 CFR 570.506(b)(4)(i)]	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
<b>Describe Basis for Conclusion:</b>			
b. If the answer to "a" above is "yes," does the agreement include the total number of dwelling units in each multifamily structure assisted and the number of units that will be occupied by low-and moderate-income households upon completion? (Include the numbers below.) [24 CFR 570.506(b)(4)(i)]	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
<b>Describe Basis for Conclusion:</b>			
c. Is there file documentation that shows the total cost of the activity, including both CDBG and non-CDBG funds? (Include in your response below the CDBG funds, the non-CDBG funds, and the total.) [24 CFR 570.506(b)(4)(ii)]	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
<b>Describe Basis for Conclusion:</b>			

D. REHABILITATION OF RENTAL HOUSING

7.

Is there documentation showing the rent charged (or to be charged) after completion, for each CDBG-assisted dwelling unit in each structure? [24 CFR 570.506(b)(4)(iv)(A)]	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
<b>Describe Basis for Conclusion:</b>			

8.

Is there documentation showing the affordability of the assisted units (occupied or to be occupied) by low- and moderate-income households, pursuant to criteria established and made public by the program participant? [24 CFR 570.506(b)(4)(iv)(B)]	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
<b>Describe Basis for Conclusion:</b>			

E. PROPERTY INSPECTION

9.

Is there a copy of an initial inspection in the file?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
<b>Describe Basis for Conclusion:</b>			

10.

Does the file contain a Work Write-Up and Cost Estimate that addresses the issues raised in the initial inspection?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
<b>Describe Basis for Conclusion:</b>			

**F. REHABILITATION MANAGEMENT**

11.

If a loan was made to the owner, is there a copy of a promissory note or loan agreement signed by the owner in a properly secured file?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
<b>Describe Basis for Conclusion:</b>			

12.

a. Is there a construction contract or equivalent document in the file?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
<b>Describe Basis for Conclusion:</b>			

b. If “yes” to “a” above, does the contract contain either: (i) a list of all of the work to be performed, or (ii) refer to some other document (e.g., a work write-up) that lists all of the work to be performed?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
<b>Describe Basis for Conclusion:</b>			

c. 1. Does the contract include the cost of the work to be performed and, if so, does the cost appear reasonable for the kind of work to be performed? (If “no,” describe what you found.) [24 CFR 570.502(a)(6); 24 CFR 85.22 (2013 edition)]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
<b>Describe Basis for Conclusion:</b>			

For Monitoring Covered by 2 CFR Part 200 Requirements.

c. 2. Does the contract include the cost of the work to be performed and, if so, does the cost appear reasonable for the kind of work to be performed? (If “no,” describe what you found.) [24 CFR 570.502; 2 CFR 200.323; 2 CFR 200.403; 2 CFR 200.404]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
<b>Describe Basis for Conclusion:</b>			

Exhibit 3-11  
CDBG Entitlement Program

d. Does the contract name all of the contractors and/or subcontractors responsible for performing each item of work?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A

**Describe Basis for Conclusion:**

e. 1. Is there documentation to show that the program participant ensured that all contractors and subgrantees that it is doing business with under the grant are not excluded (debarred/suspended) in accordance with 2 CFR Parts 180 and 2424? [24 CFR 570.609; 2 CFR Part 180; 2 CFR Part 2424]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A

**Describe Basis for Conclusion:**

For Monitoring Covered by 2 CFR Part 200 Requirements.

e. 2. Is there documentation to show that the program participant ensured that all contractors and subgrantees that it is doing business with under the grant are not excluded (debarred/suspended) in accordance with 2 CFR Parts 180 and 2424? [24 CFR 570.609; 2 CFR 200.205; 2 CFR 200.213; 2 CFR Part 180; and 2 CFR Part 2424]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A

**Describe Basis for Conclusion:**

13.

Is a pre-construction conference held with the contract parties?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A

**Describe Basis for Conclusion:**

14.

Is there a copy of a written "Notice to Proceed" to the contractor in the file?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A

**Describe Basis for Conclusion:**

15.

a. Was there a local building permit taken out for the job?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A

**Describe Basis for Conclusion:**

b. If a permit was taken out, did the building official sign off on the permit, indicating that the work was completed?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
<b>Describe Basis for Conclusion:</b>			

16.

a. Is there documentation of routine progress inspections? [24 CFR 570.502(a)(14) and (b)(3)(vii); 24 CFR 84.51 and 85.40 (2013 edition)]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
<b>Describe Basis for Conclusion:</b>			

For Monitoring Covered by 2 CFR Part 200 Requirements.

b. Is there documentation of routine progress inspections? [24 CFR 570.502; 2 CFR 200.328(a) & (c)]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
<b>Describe Basis for Conclusion:</b>			

17.

Is the work inspected prior to paying the contractor?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
<b>Describe Basis for Conclusion:</b>			

18.

a. Is the actual cost of the work components documented?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
<b>Describe Basis for Conclusion:</b>			

b. Did the owner or the owner's authorized representative approve each payment?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
<b>Describe Basis for Conclusion:</b>			

19.

Are payment disbursement records maintained?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
<b>Describe Basis for Conclusion:</b>			

Exhibit 3-11  
CDBG Entitlement Program

20.

a. Are change orders documented and approved by the owner?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A

**Describe Basis for Conclusion:**

b. 1. Does the scope and cost of change order work appear reasonable? [24 CFR 570.502(a)(6); 24 CFR 85.22 (2013 edition)]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A

**Describe Basis for Conclusion:**

For Monitoring Covered by 2 CFR Part 200 Requirements.

b. 2. Does the scope and cost of change order work appear reasonable? [24 CFR 570.502; 2 CFR 200.323; 2 CFR 200.403; 2 CFR 200.404]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A

**Describe Basis for Conclusion:**

21.

Is there documentation of a final inspection of the work by program participant staff?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A

**Describe Basis for Conclusion:**

22.

Has a formal Notice of Completion been recorded? (This notice sets a time limit for filing any mechanic's liens against the property, if applicable.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A

**Describe Basis for Conclusion:**

23.

Is there documentation to show the contractor provided the appropriate lien releases?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A

**Describe Basis for Conclusion:**

24.

[OS] a. Does the work appear to correct the deficiencies noted in the initial inspection?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A

**Describe Basis for Conclusion:**



b. Does a walk-through inspection indicate that all items were completed as specified in the Work Write-Up?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
<b>Describe Basis for Conclusion:</b>			

25.

a. Was the owner, the owner's representative, or property manager, satisfied with the work? <b>NOTE:</b> The owner, representative, or manager should be provided an opportunity to be interviewed with only HUD personnel present.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
<b>Describe Basis for Conclusion:</b>			

b. Is there evidence that the owner received contractor and equipment warranties?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
<b>Describe Basis for Conclusion:</b>			

G. REHABILITATION PROCESSING PROCEDURES

26.

What is the date of the initial application for rehabilitation assistance?
<b>Describe Basis for Conclusion:</b>

27.

What date was the application either approved or denied?
<b>Describe Basis for Conclusion:</b>

28.

If the application for rehabilitation assistance was approved, what date did the rehabilitation work begin?
<b>Describe Basis for Conclusion:</b>

29.

If the rehabilitation was approved, what date was the rehabilitation completed and final payment to the contractor made?
<b>Describe Basis for Conclusion:</b>

30.

Is there any indication that the rehabilitation processing time for this activity was excessive and not due to extenuating circumstances or circumstances beyond the control of the program participant?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
<b>Describe Basis for Conclusion:</b>			

H. OTHER REQUIREMENTS

31.

Is there documentation to support compliance with the Lead Hazards requirements of 24 CFR Part 35? (Use appropriate Exhibits in Chapter 24 to answer this question.) [24 CFR 570.608]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
<b>Describe Basis for Conclusion:</b>			

32.

If CDBG funds were used in a project involving the rehabilitation, acquisition, or demolition of the property and, if any tenants or owners were required to relocate permanently or temporarily, were the applicable relocation requirements followed [e.g., the Uniform Relocation Act (URA), Section 104(d)]? (If needed, refer to your Regional Relocation Specialist for assistance with this question.) [24 CFR 570.606; 49 CFR Part 24; and 24 CFR Part 42]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
<b>Describe Basis for Conclusion:</b>			

33.

Were the environmental requirements at 24 CFR Part 58 met? (Use the applicable Exhibit(s) in Chapter 21 to answer this question.) [24 CFR 570.604]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
<b>Describe Basis for Conclusion:</b>			

34.

If applicable, were the Davis-Bacon labor standards requirements met? (Use the appropriate question(s) in Exhibit 23-1 to answer this question.) [24 CFR 570.603]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
<b>Describe Basis for Conclusion:</b>			

35.

If CDBG funds were used for rehabilitation of real property located within the Special Flood Hazard Area (SFHA), are those assisted properties in compliance with the flood insurance purchase and community participation requirements at Sections 102(a) and 202(a) of the Flood Disaster Protection Act of 1973, as amended, and at 24 CFR 570.605 and 24 CFR 570.509(c)(4)(iv)? (For review of compliance with Sections 102(a) and 202(a), use Exhibit 27-1 of this Handbook, <i>Guide for Review of Flood Insurance Protection</i> , especially questions 1-6, 9, 10 and 12.) [24 CFR 570.605 and 24 CFR 570.509(c)(4)(iv)]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	N/A
<b>Describe Basis for Conclusion:</b>			