

HOME Standard Conditions (to be used for Tax Credit Projects)

1. Grantee may convey the project to a limited partnership or limited liability company, provided that:
 - (a) Grantee or a subsidiary or affiliate controlled by Grantee shall be a general partner in the partnership or a manager member of the limited liability company;
 - (b) the partnership or limited liability company shall enter into development services and financial services agreements with a syndicator approved by VHCB, which agreements must be approved by and shall be enforceable by VHCB;
 - (c) the partnership or limited liability company shall execute an Addendum to Grant Agreement pursuant to which the owner agrees, both jointly and severally with Grantee, to comply with and perform all obligations of Grantee in connection with this award;
 - (d) the partnership or limited liability company shall be subject to the VHCB Housing Subsidy Covenant;
 - (e) if this award includes a loan, the partnership or limited liability company shall execute an assumption agreement approved by VHCB and VHCB shall release Grantee from any obligation to repay the loan; and
 - (f) the partnership or limited liability company shall execute an Option to Purchase or Right of First Refusal, the form and content of which must be approved by VHCB, granting to Grantee, VHCB and any other optionees approved by VHCB, an option or rights to purchase the project at the end of the tax credit compliance period.
2. If, after the expiration of the low income tax credit compliance period, Grantee obtains the prior written approval of VHCB to convey the project to another qualified entity which intends to maintain the project as affordable housing in accordance with the VHCB Housing Subsidy Covenant, all replacement, operating and any other reserves set aside for use in connection with the project shall be transferred to the entity that exercises the Option or Right of First Refusal and shall be maintained by such entity for the intended purposes.
3. Prior to closing, Grantee shall provide a plan for VHCB review and approval detailing (i) how Grantee will assemble the funds necessary to purchase the project from the partnership or limited liability company (at the approved option or buyout price); (ii) the effect, if any, on project costs after purchase from the partnership or limited liability company and the Grantee's ability to comply with the VHCB Housing Subsidy Covenant; and (iii) whether project funds (including net cash) or reserves can be made available for this purpose.
4. Grantee shall discuss with the municipality a post-construction appraisal value of the housing project which considers the effect of the Housing Subsidy Covenant and/or the use of tax stabilization agreements which fix project property taxes so that they are consistent with the affordability and economic viability of the project. Prior to disbursement of funds, Grantee shall report back to VHCB staff on the outcome of these discussions with the municipality.

5. Prior to disbursement of any HOME funds, Grantee shall obtain written documentation that the plans for the project comply with the Secretary of Interior's Standards for Rehabilitation, 36 CFR Part 67.
6. Prior to disbursement of any HOME funds, Grantee shall submit a final pre-development project budget and performance schedule for review by VHCB. VHCB reserves the right to reduce or change the terms of this award if other financing terms change or if Grantee receives additional funding for the project that was not included in the budget submitted prior to VHCB Board action, or if total development cost is less than anticipated at the time of VHCB Board action. If the VHCB approved budget for the project shows a primary loan from a bank or other lending institution, VHCB will subordinate its interest in the project to documents securing the primary loan, provided that the primary lender shall execute a subordination and priority agreement approved by VHCB.
7. Grantee shall utilize HOME funds only for eligible activities. HOME funds shall be disbursed in accordance with the budget as approved by VHCB.
8. Grantee shall utilize a written lease that includes the HOME lease addendum.
9. Grantee shall establish a written tenant selection policy in compliance with the HOME Program requirements to include an Affirmative Marketing Plan.
10. Grantee shall comply with Uniform Relocation Assistance and Real Property Act of 1970 (URA) and Section 104(d) of the Housing and Community Development Act of 1974. Grantee shall provide for VHCB review and approval, documentation of all required notices, correspondence, benefit analysis and return receipts.
11. Grantee shall follow VHCB Procurement Guidelines and Disbursement Procedures unless an alternative procurement plan is submitted and approved by VHCB staff. Grantee shall demonstrate that procurement procedures include the Minority and Women Owned Business Enterprise marketing requirements and Debarment and Suspension Contractor requirements. Grantee shall, upon request, make available to VHCB for review all procurement documentation.
12. Grantee shall draft a written conflict of interest policy to cover both staff, board members and shareholders and forward it to VHCB for review and approval prior to disbursement of funds.
13. Grantee shall comply with Federal Labor Standards.
14. Grantee shall construct, rehabilitate and maintain the project so that it meets the HOME Program Rehabilitation and Construction Standards as set forth in 24 CFR 92.251.
15. Grantee shall submit written requests for disbursements of HOME funds, along with a statement or schedule allocating the amount requested among the line items shown in the approved budget. Each request shall include copies of requisitions and invoices for the items covered by the request. Disbursements of HOME funds for non-construction costs will only be made for expenses actually incurred.

Disbursements of HOME funds for construction costs will only be made for completed work in place and will be based on the percentage of completion of the total amount of work covered by the contract. (for example: Assume that the total contract amount is \$2,000 and the HOME grant is \$1,000. If the total amount of work covered by the contract is 50% completed on the date of a particular requisition, the maximum amount of HOME funds that can be disbursed at that time will be \$500.) If Grantee has an architect under contract to oversee the project and/or inspect the work in connection with requests for payment received from contractors, an architect's certification shall be submitted to VHCB along with each request for disbursement of HOME funds. VHCB reserves the right to require independent inspections of construction work prior to disbursing funds. VHCB also reserves the right to require lien waivers from all contractors, subcontractors and/or suppliers prior to disbursing funds.

16. Grantee shall use the percentage of completion method to pay for project construction costs and withhold a minimum of 10% of funds from all construction contracts pending completion of the work and execution of final lien waivers.
17. This award shall be evidenced by a Promissory Note and secured by a Mortgage Deed. The Promissory Note and Mortgage Deed will be prepared by VHCB staff counsel.
18. At closing, Grantee shall execute the VHCB Housing Subsidy Covenant and Mortgage Deed, both of which shall be recorded in the appropriate Land Records and shall have equal priority with any mortgages securing Community Development or similar public funding for the project.
19. If Community Development funds are being provided to the project, VHCB shall review and approve the terms and conditions of such funding so that repayment, if any, is consistent with the VHCB approved budget for the project and the VHCB Housing Subsidy Covenant. A mortgage securing a Community Development loan shall be of equal priority with all VHCB mortgages securing loans, if any, and subordinate to the VHCB Housing Subsidy Covenant.
20. Prior to disbursement, Grantee shall demonstrate compliance with the VHCB Policy Position on Lead-Based Paint and Other Toxic and Hazardous Materials regarding environmental assessments, testing for lead-based paint and asbestos, and plans for abatement of identified hazards.
21. Prior to disbursement, Grantee shall demonstrate compliance with the VHCB Policy on the Conservation of Energy and Water in Residential Properties. If an energy audit or analysis has been undertaken, Grantee shall indicate that a contact has been made with the energy consultant after issuance of the report to discuss the implementation of findings and recommendations in the report, and shall inform VHCB staff regarding the result of that conversation.
22. Prior to disbursement, Grantee shall demonstrate to VHCB satisfaction that the project as proposed complies with all applicable federal, state and local statutes, codes, ordinances and regulations, including those relating to historic preservation and access by persons with physical disabilities.

23. Grantee's attorney shall submit a preliminary title opinion and title insurance binder as well as drafts of all legal documents relating to the project for review by VHCB staff counsel. Prior to disbursement, any issues involving the title or legal documents shall be resolved to the satisfaction of VHCB.
24. Within thirty (30) days after closing, Grantee shall provide a final, updated title opinion and a title insurance policy reflecting the recording and approved priority of the VHCB Housing Subsidy Covenant and other recorded documents relating to the project.
25. Grantee shall commence construction at the project within six (6) months from the date of this Grant Agreement. VHCB staff may agree to extend this period if Grantee has been making reasonable efforts to commence construction in a timely fashion. Within thirty (30) days after substantial completion of construction at the project, Grantee shall submit a final development financial report.
26. Any signs erected on the property that list sponsors or funding sources for the project shall include the Vermont Housing and Conservation Board.
27. Grantee shall make every reasonable effort to fully fund, on a monthly basis, all replacement and other reserves shown in the pro forma operating budget for the project which has been approved by VHCB. Replacement, operating and any other reserves shown in the development budget or pro forma operating budget which have been approved by VHCB shall not be used for purposes other than the purposes designated in said budgets without the prior consent of VHCB.
28. Refinancing or incurring additional debt on the project shall be prohibited unless authorized by the VHCB Board Chair. In addition, unless Grantee obtains the prior written consent of VHCB staff, (a) the property or properties involved in the project funded with this award shall not be cross-collateralized with other property or used as additional collateral for financing involving other property; (b) except as provided in subpart (c), income from the project shall be used exclusively for "Project Costs" as defined in the Housing Subsidy Covenant.
29. Within six months from the time of substantial completion of construction, the Grantee shall develop a Capital Needs Assessment for the buildings in the project. It shall include the following components: a comprehensive assessment of the current physical condition of the buildings in the project; an estimate when various building components are likely to need replacement; a schedule for maintenance and improvement over no less than a ten year period; an estimate of cost to adequately maintain each building's physical condition taking into account inflation over time; and, a projection of potential sources of income to meet maintenance and replacement expenses. The Capital Needs Assessment shall be submitted for the review and approval of VHCB.