

**UNITED STATES VIRGIN ISLANDS  
HOUSING FINANCE AUTHORITY**

**NEW HOUSING AND INFRASTRUCTURE  
CONSTRUCTION (HOMEOWNERSHIP)  
PROGRAM POLICIES AND PROCEDURES**


**Version: 3.0  
April 13, 2022**



Prepared by:

Virgin Islands Housing Finance Authority - CDBG-DR Division

The policies and procedures stated in this manual are current as of April 13, 2022. This Manual represents the current version of the Virgin Islands Housing Finance Authority's (VIHFA) policies which shall provide general guidance for the operation of the CDBG-DR Division. All manuals will be reviewed periodically and will be updated. Therefore, you are strongly urged to visit our website [cdbgdr.vihfa.gov](http://cdbgdr.vihfa.gov) or to ensure that you have the latest version. There may be times, however, when a policy or procedure will change before the manual is revised.

<b>SUBJECT: New Housing and Infrastructure Construction (Homeownership) Program Policies and Procedures</b>	
<b>Version Number</b>	3.0
<b>Revised Date</b>	April 13, 2022
<b>Effective Date</b>	April 13, 2022
 VIHFA CDBG-DR DIRECTOR OF PROGRAMS	<u>April 13, 2022</u> Date

**Table 1: New Construction and Infrastructure Construction (Homeownership) Program Version Control**

VERSION NUMBER	DATE REVISED	DESCRIPTION
VERSION 1.0	6/3/2019	<ul style="list-style-type: none"> <li>• Version 1 Draft New Construction (Homeownership) and Infrastructure Construction Policies and Procedures</li> </ul>
VERSION 2.0	9/7/2021	<ul style="list-style-type: none"> <li>• Section 2.0 Updated Program Overview.</li> <li>• Moved Section 2.7 to 3.0 Program Administration from 4.0.</li> <li>• Section 4.0 Title change from Program Solutions to Program Options.</li> <li>• Section 6.0 Updated to reflect markets utilized to advertise for the program.</li> <li>• Section 7.0 Title Change from First-Time Homebuyer Applicant Eligibility Criteria and Prioritization to Applicant Eligibility Criteria and Prioritization.</li> <li>• Section 7.2 Incorporated Homebuyers Education Program</li> <li>• Section 8.2 Included HUD’s income limit website hyperlink</li> <li>• Loan Closing Section was moved from Section 3.0 to Section 8.4</li> <li>• Refinancing Section was moved from Section 3.4 to Section 9.0</li> <li>• Resale and Recapture Provisions Section was moved from Section 2.10 to Section 10.0</li> <li>• Duplication of Benefits Section was updated and moved from Section 2.11 to Section 11.0</li> <li>• Program Income was moved from Section 2.12 to Section 12.0</li> </ul>
VERSION 2.1	9/24/2021	<ul style="list-style-type: none"> <li>• Contractor Requirements was updated and moved from Section 3.14 to Section 13.0</li> <li>• Construction Administration was updated with a title change from Construction Contract and Administration and moved from Section 3.15 to Section 14.0</li> <li>• Record-Keeping was moved from Section 4.0 to Section 15.0</li> <li>• Incorporated Section 16.0 Other Federal Requirements</li> <li>• Incorporated Section 16.1 Fair Housing Rights</li> <li>• Incorporated Flood Plain Elevation</li> <li>• Incorporated Green Building Standards</li> <li>• Updated Program Income Section</li> <li>• Updated the Affordability Period</li> </ul>

		<ul style="list-style-type: none"> <li>• Incorporated Section for Conflict of Interest</li> <li>• Incorporated Conflict of Interest Disclosure Statement.</li> </ul>
3.0	4/13/2022	<ul style="list-style-type: none"> <li>• Added definition for the terms: acquisitions, appraisal, and developer</li> <li>• Section 5.1 -Incorporated the developers' section</li> <li>• Section 5.1.5 – Incorporated the Income requirement and verification</li> <li>• Section 5.17– Updated the Application Intake</li> <li>• Section 5.18 – Updated the Eligibility Determination section</li> <li>• Section 5.19 – Incorporated the Loan closing section</li> <li>• Section 5.1.10 – Incorporated the Refinancing section</li> <li>• Section 5.1.11 – Updated the Resale and Recapture provisions</li> <li>• Section 5.1.13 – Updated the Program Income section</li> <li>• Section 5.1.16 – Incorporated Contractor Requirement section</li> <li>• Section 5.1.17 – Incorporated the Construction Administration section</li> <li>• Section 5.1.18 – Incorporated Green Building Standards</li> <li>• Section 5.2.2 – Updated the Maximum Award amount from \$150k to \$250K</li> <li>• Section 5.2.3 – Incorporated the Eligible Use of Funds section</li> <li>• Section 5.2.4 – Incorporated the Ineligible Use of funds sections</li> <li>• Section 5.2.5 – Incorporated the Application Intake Section for Program Option 2</li> <li>• Section 5.2.6 – Updated the Application Period for Program Option 2</li> <li>• Section 5.2.8 – Incorporated the Eligibility Determination section</li> <li>• Incorporated the Lending process</li> <li>• Incorporated the Participating Lending Institutions</li> <li>• Anti-Predatory Lending</li> <li>• Incorporated the Underwriting Review section</li> <li>• Incorporated the Appraisal section</li> <li>• Incorporated the Eligible Prepaid and Closing Costs section</li> <li>• Incorporated Property Eligible Requirements section</li> <li>• Incorporated the Property Location section</li> <li>• Incorporated the Property Standards Requirements section</li> <li>• Updated the Environmental Review Section</li> <li>• Incorporated the Tiered Environmental Review section</li> </ul>

		<ul style="list-style-type: none"><li>• Incorporated the Terms and Conditions section</li><li>• Incorporated the Transfer of Ownership section</li><li>• Incorporated the Leasing section</li><li>• Incorporated the Refinancing First Mortgage section</li><li>• Incorporated the Exceptions for Extenuating Circumstances</li><li>• Incorporated Required Documentations section</li><li>• Incorporated the Administrative Withdrawals section</li><li>• Updated the Homebuyers Education Program section</li><li>• Incorporated the Conflict-of-Interest section</li><li>• Incorporated the Flood Plain Elevation section</li></ul>
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## **1.0: POLICIES**

### **1.1: Version Policy**

Version history is tracked in the table title page, with notes regarding version changes. The dates of each publication are also tracked in this table. The first version of this document is 1.0.

Substantive changes within this document that reflect a policy change will result in the issuance of a new version 2.0, an increase in the primary version number. Future policy changes will result in additional revision and the issuance of a new primary version number.

Non-substantive changes such as minor wording and editing, or clarification of existing policy that do not affect the interpretation or applicability of the policy will be included in minor version updates denoted by a sequential number increase behind the primary version number. Such changes would result in a version number such as 2.1, 2.2, etc.

### **1.2: Policy Change Control Board**

Policy review and changes for the Virgin Islands' New Construction for Homeownership Opportunity and First-Time Home Buyer Assistance Program policies are considered through a change control process. When policy clarifications, additions, or deletions are needed to more precisely define the rules by which the Program will operate, Program staff will submit a Policy Change Request Form or a Request for Decision Form for internal review by the Policy Change Control Board (PCCB). Within the PCCB, two members will separately conduct a review to verify that all relevant information and any supporting documentation are included in the request. Upon PCCB concurrence by these two members that the request raises a policy issue, rather than a process issue, the Policy Change Request Form or Request for Decision is forwarded to the Policy Change Control Board for consideration. The requests are compiled and brought before the entire PCCB for a final policy change determination.

The PCCB is composed of the Special Council for Disaster Recovery, the Senior Housing Program Manager, the Senior Policy Manager, the Housing Program Manager, at least one Subject Matter Expert, and other program staff members representing Program leadership as needed.

The PCCB meets as needed to consider all pending requests but may meet as frequently as necessary to consider critical policy decisions.



## 2.0: DEFINITIONS

**Acquisition:** The utilization of CDBG-DR funds to acquire real property.

**Adjusted Gross Income (AGI):** AGI is an individual's total gross income minus specific deductions. VIHFA's methodology may be found in the VIHFA's Administrative Manual.

**Affordability Period:** The period during which a property must comply with CDBG-DR program rules and regulations, including primary residency, income, and rent restrictions as applicable.

**Applicant:** A person or persons who have applied to VIHFA for approval of a CDBG-DR home purchase and Homeowner Financial Assistance.

**Appraisal:** An estimate of a home's market value based on comparable recent sales in the home's immediate area or neighborhood, conducted by a professional appraiser.

**Area Median Income (AMI):** Calculated annual limits based on HUD-estimated median family income with adjustments based on family size used for demonstrating LMI beneficiaries in the program. May also be referred to as Area Median Family Income (AMFI) in other program documents.

**Contractor:** A person or company that enters a contract to construct or repair houses and or supervised building operations. Contractor must meet all Virgin Island and HUD requirements.

**Common Area Under Roof:** The total area under the common roof is primarily interior, conditioned spaces, and for single-story homes, equal to the footprint of the house. The term is also synonymous with the eligible area. In addition, exterior spaces such as detached porches and garages are not considered eligible areas.

**Community Development Block Grant - Disaster Recovery (CDBG-DR):** The Department of Housing and Urban Development (HUD)'s Community Development Block Grant Disaster program was established by the applicable appropriations statute to assist communities impacted by disasters to recover.

**CDBG-DR Development Agreement:** An agreement entered by Grantee and Developer for the purpose of funding and carrying out CDBG-DR-eligible activities on one or more CDBG-DR eligible properties.

**CDBG-DR Buyer:** Applicant eligible to purchase a CDBG-DR constructed home.

**CDBG-DR Property:** A property that is rehabilitated, newly constructed, or reconstructed pursuant to Developer's agreement with Grantee, utilizing CDBG-DR funds.

**CDBG-DR Home:** An CDBG-DR property that is being sold to an owner-occupant.

**CDBG-DR Program Budget:** The budget is attached to a CDBG-DR Development Agreement showing projected development costs and funding for the Developer's entire CDBG-DR program in the aggregate.

**Construction Cap:** For the New Construction for Homeownership and First-Time Buyer Assistance program the Grant cap is \$325,000 for the development of properties owned by HFA, and \$150,000 when building on land owned by a prospective homebuyer.

**Davis-Bacon Act of 1931 (40 USC Part 3141 et seq.) and Related Acts:** All laborers and mechanics employed by contractors or subcontractors in the performance of construction work financed in whole or in part with the assistance received under this chapter shall be paid wages at

rates not less than those prevailing on similar construction in the locality of determined by Secretary of Labor in accordance with the Davis-Bacon Act, as amended. This applies to the rehabilitation and reconstruction of residential property with 8 or more units

**Demolition:** The clearance and proper disposal of dilapidated buildings and improvements.

**Developer:** is a for-profit or private nonprofit individual or entity that the grantee provides assistance to for the purpose of (1) acquiring homes and residential properties to rehabilitate for use or resale for residential purposes and (2) constructing new housing in connection with the redevelopment of demolished or vacant properties.

**Duplication of Benefits:** The Robert T. Stafford Disaster Assistance and Emergency Relief Act (Stafford Act) prohibits any person, business concern, or other entity from receiving financial assistance from CDBG-DR funds with respect to any part of a loss resulting from a major disaster which he/she has already received financial assistance under any other program, from insurance, or any other source. It is an amount determined by the Program that may result in the reduction of an award value.

**Environmental Review:** All qualified projects must undergo an environmental review process. This process ensures that all activities comply with National Environmental Policy Act (NEPA) and other applicable state, territorial, and federal laws.

**Environmental Review Record (ERR):** the document resulting from the required environmental review which includes a description of activities, evaluation of environmental impact, documentation of compliance with applicable environmental regulations, and an environmental determination.

**FEMA-Designated High-Risk Area:** Area designated by FEMA as vulnerable to significant wind and/or storm surge damage as well as areas located in the designated 100-year flood zone. These areas will be identified during the environmental review process for each participating jurisdiction.

**Flood Hazard Area:** Areas designated by FEMA at risk of flooding.

**Flood Insurance:** The Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a) requires that projects receiving federal assistance and located in an area identified by FEMA as a Special Flood Hazard Area (SFHA) be covered by flood insurance under the National Flood Insurance Program (NFIP). To purchase flood insurance, a community must participate in the NFIP. If a community does not participate in the NFIP, federal assistance cannot be used in those areas.

**Floodplain:** FEMA designates floodplains as geographic zones subject to varying levels of flood risk. Each zone reflects the severity or type of potential flooding in the area.

- a. "100-year floodplain" - the geographical area defined by FEMA as having a one percent chance of being inundated by a flood event in any given year.
- b. "500-year floodplain" - the geographical area defined by FEMA as having a 0.2 percent chance of being inundated by a flood event in any given year.

**Grantee:** Eligible first-time homebuyer

**Household:** A household is defined as all persons occupying the same housing unit, regardless of their relationship to each other. The occupants could consist of a single-family, two or more families living together, or any other group of related or unrelated persons who share living arrangements. For housing activities, the test of meeting the LMI National Objective is based on the LMI of the

household.

**HOME Program:** The HOME Investment Partnerships Program (HOME) provides formula grants to States and localities that communities use - often in partnership with local nonprofit groups - to fund a wide range of activities including building, buying, and/or rehabilitating affordable housing for rent or homeownership or providing direct rental assistance to low-income people. HOME is the largest Federal block grant to state and local governments designed exclusively to create affordable housing for low-income households.

**Individual Mitigation Measures (IMM):** Activities designed to mitigate /or reduce the risk of damage beyond the pre-disaster condition of a housing unit when the activities are above and beyond federal, state, or local requirements and the payment of flood insurance are not IMM activities. Examples of IMM activities include elevating a structure above the base flood elevation level, the addition of storm shutters, disaster-proof windows, roof straps, etc. if those improvements are not required to comply with local code requirements and did not exist on the housing unit prior to the disaster damage.

**Low- and Moderate-Income (LMI):** A household is of low- and moderate income if the household income (including income derived from assets) is at or below 80 percent of an area's median income. All income is based on the Area Median Income limits set annually by HUD for each county or metropolitan statistical area.

**Low to Moderate Income (LMI) National Objective:** Activities that benefit households whose total annual gross income does not exceed 80% of Area Median Income (AMI), adjusted for family size. Income eligibility will be determined and verified in accordance with 24 CFR Part 5 requirements using procedures as stated in the Technical Guide for Determining Income and Allowances, 3<sup>rd</sup> Edition (HUD-1780-CPD). The most current income limits, published annually by HUD, shall be used to verify the income eligibility of each household applying for assistance at the time assistance is provided.

**Mitigation:** Improvements made to reduce the possibility of a loss of life, property damage, personal and commercial hardship, as well as long-lasting monetary burdens. For example, implementing a flood mitigation program such as the acquisition of flood-prone property/housing, or the elevation of housing in floodplains are effective mitigation projects that can make residents and communities safer in the face of natural disasters.

**Mixed-income Housing:** Mixed-income housing development can include diverse types of housing units, such as apartments, townhomes, and/or single-family homes for people with a range of income levels.

**New Construction:** The construction of a new home in a new location.

**Project Funding:** Any governmental and private funds, including a developer's cash, used to pay for the costs to redevelop a single CDBG-DR-assisted property.

**Project Budget:** A budget for all acquisition, rehab/construction, and soft costs for a potential CDBG-DR project. A developer must submit the budget to the Grantee and the property must pass Environmental Review and receive Authorization to Use Grant Funds before committing to the purchase of any property for use in the CDBG-DR program.

**Section 3:** A provision of the Housing and Urban Development (HUD) Act of 1968 that requires recipients of certain HUD financial assistance, to the greatest extent feasible, provide job training, employment, and contracting opportunities for low- or very-low-income residents in connection

with projects and activities in their neighborhoods.

**Section 504:** A provision of the Rehabilitation Act of 1973 which provides that no qualified individual with a disability should, only because of his or her disability, be excluded from the participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance.

**Single-Family Home:** A single-unit family residence detached or attached to other housing structures.

**Urgent Need National Objective:** An urgent need that exists because conditions pose a serious and immediate threat to the health or welfare of the community. The existing conditions must be recent or have recently become urgent and the subrecipient cannot finance the activities on its own because other funding sources are not available. Subrecipients or the state must document how each program and/or activity funded under this category responds to a disaster-related impact. See 24 CFR 570.208(c).

**Virgin Islands Housing Finance Authority (VIHFA):** VIHFA is the Grantee for HUD's Community Development Block Grant-Disaster Recovery (CDBG-DR) funding. VIHFA will retain day-to-day administrative management and oversight of CDBG-DR activities and will be responsible for establishing and maintaining financial accountability for CDBG-DR funds, compliance with CDBG-DR requirements, and establishing and maintaining project files and records. VIHFA will be implementing this program directly and acting as the developer within this program.

### 3.0: PROGRAM OVERVIEW

As the Grantee for the HUD Community Development Block Grant Disaster Recovery (CDBG-DR) funds in the Territory, the Virgin Islands Housing Finance Authority (VIHFA) has established programs and projects in their CDBG-DR Action Plan to address the needs of the Territory after Hurricanes Irma and Maria. In a period where the local housing stock is low, quality replacement homes, especially affordable homes in the United States Virgin Islands (also referred to as “the Territory”) will be impossible to find. The VIHFA has struggled to keep up with the housing demand before Hurricanes Irma and Maria, and now the capacity to deliver completed single-family constructed homes has worsened by these Hurricanes’ recovery efforts.

There is a decreasing level of homeownership opportunities across the Territory and a growing stock of vacant and abandoned homes are on the rise. Therefore, the VIHFA will administer CDBG-DR funding to support first-time homebuyers with the purchase of a newly constructed property through the New Construction for First-Time Homebuyers Program (also referred to as “the Program”). This program focuses on promoting homeownership while also improving the long-term viability and sustainability of the communities across the Territory.

Under this program, VIHFA will administer CDBG-DR funding to support first-time homebuyers with the purchase of a home. Assistance will be limited to the amount necessary

to achieve homeownership. VIHFA will utilize CDBG-DR funds to install infrastructure (roads, lighting, etc.), grading, installation of utilities, land preparation, and the construction of homes in mixed-income communities in the Territory.

These new homes will be developed based on **two (2) program options: (1) turnkey developments on land owned by VIHFA or (2) on land owned by the potential homeowner.** To be qualified, applicants must be mortgage-ready and have incomes at or below 80% AMI. Second mortgages in the form of forgivable loans for first-time homebuyers at or below 120% AMI may also be available under the turnkey option. Homebuyers' assistance for a down payment and closing cost will be based on VIHFA's underwriting standards.

The awards for homebuyer assistance will not exceed the total of the down payment and closing cost necessary to make the home affordable, based on VIHFA's underwriting standards.

This policy document explains the structure of the program, the requirements for developers, including VIHFA acting as the developer, requirements for contractors, eligibility criteria for first time homebuyers, and supporting documentation for program eligibility determination.

## **4.0: PROGRAM ADMINISTRATION**

VIHFA will administer and oversee all activities and expenditures in connection with the Virgin Islands CDBG-DR funds. VIHFA employees, along with contractors procured to aid VIHFA staff, will ensure that the activities are undertaken to meet all program requirements, including the disaster threshold, eligibility, national objective, compliance, fair housing, labor standards, nondiscrimination, environmental regulations, and procurement regulations.

VI CDBG-DR will monitor the activities in accordance with HUD, VI CDBG-DR, and VIHFA monitoring and compliance requirements so that each activity funded will meet the disaster threshold and one of HUD's national objectives, with emphasis on eligible activities achieving the new construction of affordable housing units primarily benefiting low to moderate-income persons.

### **4.1: Total Allocation**

Total Allocation is \$85,000,000.00 and/or as detailed in the CDBG-DR Action Plan and Amendments.

### **4.2: Tie to the Disaster**

Hurricanes Irma and Maria caused significant damage to both the owner-occupied and rental housing stock, depleting an already limited housing stock, and driving housing prices above affordable levels. This is especially true for single-family homes for sale. Prior to

the hurricanes, according to the Housing Demand Study completed in 2015, six percent of overall listings for single-family homes for sale were available to households with up to 80% of AMI. Many homes for sale were higher-priced homes and condominiums.

### **4.3: National Objective**

The Virgin Islands Housing Authority CDBG-DR New Housing and Infrastructure Construction Program for Homeownership will meet these National Objectives as prescribed by HUD:

- Benefit Low-to-Moderate Income Persons
- Urgent Need

### **4.4: Eligible Activities**

HUD determines if an activity is eligible. The following activities under the Housing and Community Development Act of 1974 (HCDA) are eligible for CDBG-DR grant funds:

- Acquisition of real property (HCDA Section 105 (a)(1));  
Clearance, Rehabilitation, Reconstruction and Construction of Buildings (including Housing) (HCDA Section 105(a)(4));
- Public Facilities (HCDA Section 105(a)(2);
- Public Services (HCDA Section 105(a)(8);

### **4.5: Ineligible Activities**

*Activities are not eligible for CDBG-DR funds if the activity*

- Does not correspond to an identified Hurricane Irma or Maria disaster-related impact.
- Is restricted in the Public Laws appropriating the CDBG-DR funds (Public Laws 115-56 and 115-123) or in the Housing and Urban Development Block Grant Disaster Recovery Federal Register Notices (Docket numbers FR-6066-N-01, FR-6109-N-01, and FR-6136-N-01).
- Is ineligible according to CDBG-DR requirements and a waiver has not been granted
- Activities that fail to meet a national objective.

### **4.6: Geographic Area(s) Served**

Projects across the Territory are eligible for this program as priorities are determined by VIHFA.

## **4.7: Estimated Start and End Dates**

Quarter 2, 2022 through Quarter 3, 2026.

## **5.0: PROGRAM OPTIONS**

### **5.1: Option 1: Turnkey Development**

Under the Turnkey Development option, VIHFA will act as the developer and solicit contractors to construct homes and install infrastructure utilizing CDBG-DR funding. This option will be open to eligible residents that have been pre-qualified for VIHFA's homebuyer program. Other Developers may participate in Option 1 if additional funding is made available.

#### **Developers**

In order to participate in any program of the Authority, a Developer must be duly organized, validly existing, qualified, and licensed to do business under the laws of the Virgin Islands. The Developer must be in good standing with the Government of the Virgin Islands and shall have the power and authority, corporate or otherwise, to own properties and carry on the business in which it is conducting.

Demonstrate specific, measurable housing construction experience, expertise, and adequate staff capacity to undertake the proposed development. A developer without sufficient experience, expertise, or staff is encouraged to strengthen his or her record by entering a joint effort with a developer or development consultant who has an established record of success, the required resources, and who assumes an active role in such a joint effort.

#### **Development Partner Responsibility**

Developers partnering with VIHFA must have the ability to manage and coordinate the types of activities required in the development of single-family housing. The Developer responsibility will include but not be limited to the following:

- Preparing plans and specifications (or work write-ups) that conform to program construction standards Permits, fees, mobilization, site utilities, site security, builder's risk insurance, homebuyer warranty, etc.
  - Site Plans, fencing, landscaping, or other site improvements being provided

- Working drawings and materials specifications
- Estimating construction costs
  - Cost estimates for construction of new structures based on take-offs from the working drawings of the quantities of materials and labor required or compilations of costs for similar and recently built or renovated structures
- Managing contract awards and construction process
  - The developer is responsible for monitoring the quality, completeness, and conformity to specifications of all work performed by third party contractors and if the Developer is also the general contractor all work performed by Developer's personnel or subcontractors
- Developer assumes all risks of cost overruns in excess of the construction and contingency budget line item in the previously approved Project Budget unless VIHFA approves a revised Project Budget

### **5.1.1: Eligible Applicants**

Potential homebuyers must have been a resident of the Territory at the time of the disaster (this would be evidenced by the 2018 Income Tax Return stamped in the Territory or a lease and/or utility bill) and demonstrate they are mortgage-ready with incomes less than 80% AMI will be prioritized.

### **5.1.2: Maximum Award**

Awards to developers/contractors may be up to \$325,000.00 per home, including the infrastructure and construction of homes for first-time homebuyers. Circumstances, where additional costs may be incurred, will be reviewed against cost reasonableness guidelines. Awards for homebuyer assistance will not exceed the total of the down payment and closing costs necessary to make the home affordable, based on VIHFA's underwriting standards.

### **5.1.3: Application Period**

Option 1, VIHFA will have an open application period for mortgage-ready applicants during the construction phases until all housing units are sold.

### **5.1.4: Applicant Eligibility Criteria and Prioritization**

- Must be a first-time homebuyer.



- Must meet established income requirements.
- Must provide proof of citizenship or residency.
- Must be a resident of the Territory for the last three (3) years.
- Must have the ability to make a minimum earnest money deposit of \$500. For qualified veterans, no earnest money deposit is required.
- Must be pre-qualified for a mortgage loan based on nationally accepted underwriting standards of FHA/VA/Conventional Mortgages.
- Must attend VIHFA's Homebuyer's Education Program and earn a Certificate of Completion.
- Must occupy the property as their primary residence during the twenty (20) year affordability period.
- Once Applicant's file is complete and evaluation of file has been completed, CDBG-DR Program staff will issue an Eligibility Notice or an Adverse Eligibility Notice to the Applicant. If an Adverse Eligibility Notice is sent, the Applicant has the right to file a Program-based reconsideration request and/or Administration Review of the determination if he/she believes an error has occurred, as provided herein.

#### **5.1.5: Prioritization Criteria**

The Program will prioritize pre-qualified applicants with incomes at or below 80% AMI for new housing construction or at or below 120% AMI for homeownership assistance.

#### **5.1.6: Income Requirement and Verification**

The Program requires applicant household income to be at or below 80% AMI for Option 1 or at or below 120% AMI for Option 2. Prior to receiving assistance, applicants will be screened for household income eligibility through the submission of specific required income documentation or third-party data sources. The Program will use the most recent Internal Revenue Service (IRS) Form 1040 as the primary source of verification of income. Form 1040 will be utilized as the definition of income, as set forth in HUD regulations, for determining all applicants' eligibility for this CDBG-DR funded Program. The IRS Form 1040 method of calculating income is often referred to as the Adjusted Gross Income or AGI method.

A household is defined as all persons occupying the same housing unit, regardless of their relationship to each other. The occupants could consist of a single-family, two or more families living together, or

any other group of related or unrelated persons who share living arrangements. Household members are all persons (minors and adults) who were living in the damaged home at the time of the disaster. For housing activities, the test of meeting the low to moderate income objective is based on the total adjusted gross income of all of the household members. Information on HUD's most recent income limits may be found at: [www.hudexchange.info/resource/5334/cdbg-income-limits](http://www.hudexchange.info/resource/5334/cdbg-income-limits).

The Program will use the following rules to determine the household income of household members to be included in the household income calculation:

- Minors: unearned income attributable to a minor is included in the household income calculation (Examples include payments from trusts, stocks, bonds, etc. if the payments are taxable at the Federal level). Earned income of minors, including foster children (under 18) is not counted.

The income of temporarily absent family members is counted in the annual income, regardless of the amount the absent member contributes to the household. Temporarily absent family members are also counted as a member of the household when determining the household size.

In situations where family members are permanently absent such as when a spouse is in a nursing home, the head of household has the choice of excluding the individual in the household composition, as well as any taxable income they receive. However, if the absent family member is included in the household composition, the taxable income must also be included in the total household income calculation.

Under the following special circumstances, the income of the referenced individuals will be excluded from the total household income calculation:

- Persons who are temporarily living with the applicant.
- Persons who are employed by the household as a live-in aide and/or are a child of that aide .Note: A live-in aide/caregiver that is related does not qualify. In such cases, their income will be included in the total household income calculation and the live-in aide and any child of the aide will be included in the total household composition.

If an applicant is married and their spouse is absent from the household, the income absent spouse will not be included in the total household income if verifiable documentation of a separate

residence for the absent spouse is provided. These verifiable documents must meet the same standards as the documentation provided for participation in the Program.

The Program will allow the use of the previous tax year's tax return in determining household AGI and no other documentation will be required. (For example, an applicant applying for disaster recovery assistance on May 1, 2019, will provide 2018 tax returns).

There may be situations where a household member may have had no obligation to file a return, have not yet filed it, or filed an extension. If any household member did not file a prior year income tax return, the household member is required to submit current documentation that reflects their current income. The following income documentation will be required for each applicant household member only if a prior year income tax return is not available.

If the household member does not have IRS Form 1040 then they may utilize the following documentation, along with an executed Request Tax Transcript (4506-T):

Wages:

- All paystubs from the most recent 90-day period prior to the date of application.
- W-2 Wage statements for all income. Retirement/Social Security:
- Current Social Security Benefits letter (including benefits paid to minors)
- Current Pension/Retirement Benefit letter (if applicable), or prior year 1099
- Current Annuity Payment letter (if applicable), or prior year 1099

Self-Employment Income:

- Most recent tax return (1040 or 1040 A)
- Current year profit and loss statement
- Two most recent year's tax returns including Schedule C Unemployment Benefits
- Current benefit letter with the gross benefit amount
- Court Ordered Alimony/Spousal Maintenance
- Copy of court order documentation
- Taxable Interest and Dividends (including amounts received by, or on behalf of minors)
- The most recent statement or prior year 1099 No Income
- Certification of Non-Taxable Income Verification (required for anyone residing in the household over the age of 18 not receiving Social Security benefits who has no income.)

- Documentation for other less common types of income that may be taxable at the federal level and will be assessed by the Program based on the type of income reported. IRS Form 4506-T must be signed at the time of application for all household members over the age of eighteen (18).

### **5.1.7: Application Intake**

Option 1: For properties developed by VIHFA through the Turnkey Option 1, there will be an initial open application period during construction until all homes are sold. For any applications submitted by the private sector or non-profit developers, home purchase referrals of mortgage-ready buyers may be available from VIHFA. The VIHFA Homeownership staff will maintain an existing pool of prequalified mortgage-ready priority applicants. The VIHFA Homeownership staff will determine if applicable records are current or need to be updated.

Interested home purchasers will complete interviews with the Homeownership Division for eligibility determination and a file copy package will be provided to the CDBG-DR New Housing and Infrastructure Construction Program Manager to perform Quality Assurance/Quality Control for program eligibility prior to the execution of the Sales Agreement.

The file copy package will consist of the following:

- Application for Homeownership;
- Income & Asset Questionnaires;
- Third-party verification authorizations, as applicable;
- Birth Certificate and Social Security Cards for all household members;
- All income Verifications;
- Bank and Assets Verifications;
- Preceding Year Filed Income Tax Return;
- 2018 Tax Return documenting tie to the disaster;
- Income Calculation Worksheet;
- Applicable Income Limits Chart;
- Loan Evaluation Form; and
- Amortization Schedule

### **5.1.8: Eligibility Determination**

VIHFA's Homeownership Staff will request all necessary third-party verification of income, assets, and other application requirements.

Upon receipt of all verifications from third-party verifiers, the VIHFA's Program Coordinator completes the Income Calculation Worksheet (HUD form) to determine the applicant household's income in accordance with the applicable income definition as permitted by the HOME regulations. The VIHFA has adopted the use of the 1040 adjusted income definition for use in its HOME-funded homeownership programs.

### **5.1.9: Loan Closing**

Loan closings are scheduled by the primary lender in consultation with the VIHFA Loan Processor, legal counsel, and client. All closing documents are prepared by VIHFA.

### **5.1.10: Refinancing**

With respect to refinancing loans to which Program loans are subordinated, the Grantee shall seek the written consent of the Authority before refinancing or obtaining a subsequent mortgage of the property.

### **5.1.11: Resale Provisions**

VIHFA currently follows the regulations of the HUD CDBG-DR regulations and regulations of the Territory pertaining to affordable housing, including the resale and recapture provisions, which are detailed in the V.I.C Title 21, Chapter 1 and are further defined in the Joint Rules and Regulations for the U.S. Virgin Islands Affordable Housing Program outlined in Title 29, Chapter 16, Sections 930 of the code. These provisions are further codified in VIHFA's Deed of Conveyance which is instituted for each sale within the existing program.

Affordable housing units constructed or offered for sale under this Program shall not be sold during a control period of twenty (20) years from the date of the original sale for a price greater than a sales price which equals the original selling price plus a percentage of the unit's original selling price equal to the increase in the cost of living as determined by the United States Department of Labor's Consumer Price Index, plus the fair market value of

improvements made to the unit between the date of original sale and the date of resale, plus an allowance for payment of closing costs. The affordable sale price formula may be amended or modified from time to time by the Agency.

A Resale Covenant outlining the resale requirements will be recorded against the property at the time of the original purchase and will remain in place until the control period of twenty (20) years has been satisfied.

#### **5.1.12: Recapture**

An applicant may be required to repay all, or a portion of the funds received. The reasons for recapture include but are not limited to the following:

- Providing false or misleading information to the Program;
- Any instance of fraud;
- Withdrawal from the program prior to completion of the project;
- Does not complete construction;
- Non-compliance with the approved scope of work in a manner that would make the home ineligible (e.g. did not comply with lead paint abatement requirements) and/or
- Failure to report the receipt of additional insurance, SBA, FEMA, non-profit assistance, and/or any other duplication of benefits received after award.
- Voluntary or involuntary relinquishment of ownership in the property prior to successful completion of a final inspection and issuance of a Certificate of Occupancy.

#### **5.1.13: Enforcement**

CDBG-DR funds will be secured by the incorporation of the applicable language in the Deed of Conveyance. VIHFA may also require the homebuyer to execute a Mortgage which shall be recorded against the property.

#### **5.1.14: Program Income**

All collection of payments for VI CDBG-DR funds shall be considered Program Income and

maintained by VIHFA under the direction of VI CDBG-DR. These are to include administrative fees, penalties, and grant repayments because of program noncompliance. To the maximum extent feasible, Program income must be used for eligible CDBG-DR activities as listed in Title I, Section

5305(a). As noted above, CDBG-DR funds retain their CDBG-DR rules as long as they are used to continue disaster recovery activities. Program income is subject to all the rules and regulations governing CDBG-DR funds including, but not limited to, compliance with national objectives, procurement, equal opportunity, environmental, labor standards, lead-based paint hazard treatment, etc. As stated previously, miscellaneous revenue funds are not subject to these rules.

The grantee can expend up to 5 percent of the total program income received for administration. As allowed by HUD, no more than 15 percent of the program income can be used for planning and technical assistance activities.

#### **5.1.15: Pro-Rating Program Income**

When program income is generated by an activity that is only partially assisted by CDBG-DR funds, the program income shall be pro-rated to reflect the percentage of CDBG-DR funds used (24 CFR Part 570.489(e) (1) (ix)). For example, if a parcel of land were purchased with 50 percent CDBG-DR funds and 50 percent other funds, 50 percent of any program income from the sale or long-term lease of that property would be considered CDBG-DR program income subject to CDBG-DR rules and requirements.

#### **5.1.16: Procurement**

All potential procurements involving the expenditure of federal resources must be submitted to the CDBG-DR procurement division. For properties developed by VIHFA on VIHFA owned land the construction contractor and related professionals will be selected as the result of a procurement process. The CDBG-DR procurement officer shall determine whether the proposed procurement process complies with applicable public contracting laws, rules, and regulations. Procurement of goods and services for which local funds will be utilized, must fully comply with the Authority's Procurement Policy.

#### **5.1.17: Contractor Requirements**

All contractor requirements are outlined in the VIHFA Procurement Policies and Procedures.

The Pre-Qualified Pool (PQP) of potential contractors, chosen from an RFQ/RFP process. Contractors may be added to the PQP over time, through a repetition of that RFQ/RFP



process.

- Have a satisfactory performance record;
- Have a satisfactory record of integrity and business ethics;
- Have the necessary organization, experience, accounting and operational controls, and technical skills, or the ability to obtain them;
  - A. Have the necessary production, construction, and technical equipment and facilities, or the ability to obtain them; and
  - B. Be otherwise qualified and eligible to receive an award under applicable laws and regulations, including not being suspended or debarred.

If a prospective contractor is found to be non-responsible, a written determination of non-responsibility shall be prepared and included in the official contract file, and the prospective contractor shall be advised of the reasons for the determination.

#### **5.1.18: Construction Administration**

Construction Administration will be conducted by the VIHFA. VIHFA has adopted the U.S. Virgin Islands building code based on the International Residential Code; Department of Planning and Natural Resources' Construction Information for a Stronger Home Guide; VIHFA's Affordable Housing Guidelines; the Model Energy Code and the HUD Community Planning and Development Green Building Retrofit Checklist.

#### **5.1.19: Green Building Standards**

All reconstruction and new construction of residential buildings and substantially damaged homes must adhere to Green Building Checklist, or another Green Building standard approved by HUD. Repair of buildings must follow guidelines in the HUD CPD Green Building Retrofit Checklist (Appendix A) or another Green Building standard approved by HUD.

### **5.2: Option 2 – Own a Lot, Build a Home**

The New Housing and Infrastructure Construction (NHIC) program will administer CDBG-DR funding to support first-time homebuyers with the construction of a single-family home on their existing property. Qualified Applicants may be eligible to receive financial assistance in the form of a grant to be used towards the construction of a new home on their existing property, including eligible prepaid and/or closing costs. Assistance amount will be limited to the amount necessary

to achieve homeownership. Assistance will be provided in the form of a grant, secured with a lien on the property for the CDBG-DR assistance through a Deed of Mortgage and Restrictive Covenants, for **twenty (20) year** affordability period.

### **5.2.1: Eligible Applicants**

Applicants must have been a resident of the Territory at the time of the disaster (this would be evidenced by the 2018 Income Tax Return stamped in the Territory or a lease and/or utility bill) and demonstrate they are mortgage-ready with incomes less than 80% AMI.

### **5.2.2: Maximum Award**

Awards may be up to **\$250,000.00** for the construction of a first home. This amount also includes any required infrastructure. Applicants will be expected to obtain additional financing for the total project cost before the commitment of the CDBG-DR funds. Program funds are to be used in conjunction with other resources, such as a USDA Rural Development loan or bank loan, to complete construction and occupy the home.

It is expected that the Program will offer the CDBG-DR funds as a grant in combination with a primary lender, on progress payments will be made at the same time, or *pari passu*, with the primary lender.

The construction loan will be a second mortgage, fully forgivable over the term of the loan, with any remaining balance due if the property is sold before the end of the twenty (20) year affordability period. The schedule for forgivability will be outlined in the second mortgage.

### **5.2.3: Eligible Use of Funds:**

Eligible use of CDBG-DR funding shall be used to assist income eligible first-time homebuyers to acquire either an existing market-listed home ready to move in or a newly constructed housing unit.

Funds may be used to pay for the following:

- May provide up to 100% of required down payment assistance
- May cover reasonable closing costs
- May provide principal write-down assistance
- May cover pre-paid items

#### **5.2.4: Ineligible Uses of Funds**

The NHIC Program may not cover the following costs:

- Delinquent property taxes;
- Fees or charges on properties that are the result of the seller;
- Refinancing of existing mortgages; and
- Finance acquisitions of second homes

#### **5.2.5: Application Intake**

Option 2: All applications will be thoroughly reviewed by the lending institution and referred to CDBG-DR Program during the intake and eligibility process to ensure Applicants are eligible for the Program prior to receiving assistance. Eligibility determinations for each submitted Program intake application will be made by VIHFA based upon the documentation submitted by the Applicant and verification of information by third-party sources, including federal databases.

The following documents must be submitted with the completed Program application and Conflict of Interest form:

- Valid State Issued Driver's License or U.S. Passport (All household members 18 years or older)
- Proof of Legal Status or Citizenship (All household members)
- Birth Certificate, Legal Documentation of Adoption or Guardianship (All household members 17 years, or younger)
- Virgin Islands Income Tax Return Form (W-2 and 1040 or 1040A forms) (last three (3) years)
- Pre-qualification letter from Lending Institution
- Wages: last three (3) recent pay stubs (All household members 18 years, or older)
- Copy of Verification of Employment (VOE)
- Award letters for benefits/verification letter (SSI, Disability, Pension, Unemployment) (if applicable)
- Certification of Zero Income (if applicable) (All household members 18 years or older)
- Most recent three (30 months bank statements for all savings, retirement accounts, 401ks

(all household members 18 years, or older) (if applicable)

- Child Support Documentation (If applicable)
- Homebuyer Education Certification (For applicant and must be less than one (1) year old)
- Form 1003 Uniform Residential Loan Application (URLA)

### **5.2.6: Application Period**

Option 2, Applicants will be required to complete the Program application through a participating Lending Institution and submit all required Program documentation. All applications will be accepted and considered for processing on a first-come, first-served basis. Subject to receipt, VIHFA may reserve the right to close the application period at any time.

Applicants who initiate the Application and Intake phase within the prescribed timelines will be allowed thirty (30) days to fully complete the application and required supplemental documentation. An Application Document Checklist will be provided along with every Application to identify document types accepted for each eligibility criteria.

### **5.2.7: Prioritization Criteria**

The VIHFA CDBG-DR Program will prioritize applications for property to be constructed that will be sold to homebuyers with incomes at or below 80% of median income. Applications for properties to be sold to homebuyers with incomes between 80% to 120% of median income will be funded as a second priority.

### **5.2.8: Eligibility Determination**

Option 2: All applications will be thoroughly reviewed by the lending institution and VIHFA CDBG-DR during the intake and eligibility process to ensure applicants are eligible under the New Housing and Infrastructure Construction (Homeownership) Program prior to receiving assistance. Eligibility determinations for each submitted Homeownership Program intake application will be made by VIHFA based upon the documentation submitted by the Applicant and verification of information by third-party sources, including federal databases.

Applicants who are deemed eligible will be sent a written Eligibility Notice informing them of the eligibility decision and Program next steps. If at any point during the Program eligibility

determination process or throughout any other phase of the process, it is found that the Applicant is ineligible for the Program, the Applicant will be notified through an Adverse Eligibility Notice. The notice will outline the eligibility determination made and next steps, if applicable, instructions for submitting a Program-based Reconsideration Request and/or an Administrative Review Request. The notification will inform the Applicant of the reason for ineligibility and outline the process to challenge the decision. See the Program-based Reconsideration and/or Administrative Review section of these Guidelines.

## **6.0: LENDING PROCESS**

### **6.1: Participating Lending Institutions**

VIHFA CDBG-DR administers the Homebuyers Assistance Program in coordination with the Applicant's selected lending institution. Through outreach initiatives, VIHFA CDBG-DR will inform and engage lending institutions on the Program Guidelines and requirements, as well as how to become a participating lender. As VIHFA, to originate subsidized loans under the Program, the lending institutions must first execute a Memorandum of Understanding (MOU) with the VIHFA and agree to comply with the Program Guidelines and all applicable federal, state, and local laws and regulations. Interested lending institutions may submit a request to VIHFA.

### **6.2: Anti-Predatory Lending**

VIHFA does not condone unscrupulous actions carried out by a lending institution to entice, induce and/or assist a borrower in taking a mortgage that carries a high-interest rate and fees or place the borrower in a lower credit-rated loan to the benefit of the lender. Participating lending institutions must adhere to anti-predatory lending practices. These include, but are not limited to the following:

- No adjustable rate mortgages
- No excessive fees. Mortgage Lender's fees must not exceed one percent (1%) origination and one percent (1%) processing and administrative fees therefore lender fees are restricted to no more than two percent (2%) of the loan amount;
- The buyer is required to pay the owner's title insurance policy. Exceptions will be granted on an as-needed basis at VIHFA's sole discretion;
- No balloon loans;
- No prepayment penalty that requires the borrower to pay a steep fee before refinancing (if applicable); and

- Interest Market Rate to be used as per financial institutions credit policy. Mortgage loan products applied for by Applicants seeking assistance from the Program must meet the above requirements.

## **6.2: Underwriting Review**

The underwriting review is performed by VIHFA prior to committing funds to an applicant and assures that only the amount of funds necessary for a sufficient down payment and reasonable closing costs is provided. The underwriting process also ensures that the first mortgage is reasonable and affordable.

As part of the cost reasonableness review, VIHFA will determine the amount that the household requires to be able to afford homeownership and use the following criteria:

- The first mortgage amount is reasonable under current lending standards;
- The CDBG-DR assistance amount is adequate to make homeownership affordable and is not an excessive subsidy based on Duplication of Benefits (DOB) review, which is detailed further in the DOB Review section of these Guidelines;
- The required homebuyer down payment amount is reasonable based on the total mortgage amount; and
- Closing costs are reasonable and do not exceed seven percent (7%) of the primary loan amount. In the event, the closing cost exceeds six percent (6%), the Applicant must cover the amount in excess.

Also, the VIHFA will assess the sustainability of the CDBG-DR grant against the following criteria:

- The primary mortgage is fixed rate and long term; and
- Projected taxes and insurance are reasonable.

Pursuant to Federal Register Volume 83, Issue 157 (August 14, 2018) 83 FR 40314, cost reasonableness is described as the price that a prudent businessperson would pay for an item or service under competitive market conditions, given a reasonable knowledge of the marketplace. Further, the Program shall assure that all costs are reasonable in accordance with the Cost Principles outlined in the CDBG-DR Cross-Cutting Guidelines.

The Program will maintain its written procedures and consistent processes for evaluating the long-term financial sustainability of transactions assisted with CDBG-DR funds.

### **6.3: Appraisal**

To assure that the purchase price is reasonable, the VIHFA will rely on a full appraisal commissioned by the lending institution. The purchase price must not exceed the current FHA mortgage limits and the value stated in the Appraisal.

- The Appraisal must meet the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA), as amended, 42 U.S.C. § 4601 et seq., definition of an appraisal (see 49 C.F.R. 24.2(a) (3) and the five following requirements (49 C.F.R. 24.103(a) (2):
- An adequate description of the physical characteristics of the property being appraised (and, in the case of a partial acquisition, an adequate description of the remaining property), including items identified as personal property, a statement of the known and observed encumbrances, if any, title information, location, zoning, present use, an analysis of highest and best use, and at least a five (5) year sales history of the property;
- All relevant and reliable approaches to value. If the appraiser uses more than one approach, there shall be an analysis and reconciliation of approaches to value used that is sufficient to support the appraiser's opinion of value;
- A description of comparable sales, including a description of all relevant physical, legal, and economic factors such as parties to the transaction, source, and method of financing, and verification by a party involved in the transaction;
- The property's location coordinates, in latitude and longitude, to a minimum of six decimal points
- A statement of the value of the real property to be acquired and, for a partial acquisition, a statement of the value of the damages and benefits, if any, to the remaining real property,

where appropriate; and

- The effective date of valuation, date of appraisal, signature, and certification of the appraiser

#### **6.4: Eligible Prepaid and Closing Costs**

VIHFA will review and evaluate all CDBG-DR eligible prepaid and closing costs to ensure that they are necessary and cost reasonable.

The Program will provide a variable amount of down payment, eligible prepaid, and closing cost assistance based on the underwritten gap between the approved mortgage and purchase price not to exceed the grant limit.

In the event that closing costs exceed six percent (6%), the applicant will be required to pay the amount in excess of this cap. Total eligible prepaid and closing costs, under no circumstances, may exceed six percent (6%).

The allowable caps for closing costs will be:

- Up to two percent (2%) for origination and discount.
- Point five percent (.5%) of one percent (1%) for fees in the deed of sale (if paid by the buyer).
- Point five percent (.5%) of one percent (1%) for fees in the mortgage deed (first lien).
- One percent (1%) for fees in writing restrictive conditions (second lien).
- Up to \$250 for the Housing Quality Standard (HQS) inspection and \$125 for HQS reinspection.

Additionally, the seller may not have a financial interest in the property as all transactions may not result in a conflict of interest. HUD prohibits these individuals from contributing to the down payment: Homebuilders, Sellers, Real estate agents or brokers; or anyone with a vested interest in selling the house. Secondary Financing may not be utilized when VIHFA acquires a HUD REO property.

#### **7.0: PROPERTY ELIGIBLE REQUIREMENTS**

Eligible Property Types may include any property that will serve as the applicant's principal residence, including a single-family property (1 unit), condominium unit, townhouse, cooperative



unit, or manufactured homes.

Ineligible property types include but are not limited to travel trailers, campers, houseboats, investment properties, multi-family buildings, second units, or other forms of ownership when the homebuyer does not have an individual deed to the property. Homebuyers who select properties that do not pass the property eligibility review will have the option to pursue an alternate property that meets the Program's requirements. In the case that the Homebuyer opts to not select a property that meets the Program's requirements then the Program will not be able to commit any CDBG-DR funds to the homebuyer.

### **7.1: Property Location**

All properties must be located within the U.S. Virgin Islands' jurisdiction. This will be verified by the Office of the Lieutenant Governor's Recorder of Deeds Division.

### **7.2: Property Standards Requirements**

In accordance with the US Department of Housing and Urban Development's (HUD) regulations for implementing the National Environmental Policy Act at 24 CFR Part 58, all properties must meet HUD's Housing Quality Standards (HQS). All properties that are being proposed for use in HUD programs be free of hazardous materials, contamination, toxic chemicals and gases, and radioactive substances, where a hazard could affect the health and safety of occupants or conflict with the intended utilization of the property.

The Lending Institution shall ensure that the property is inspected and/or appraised in accordance with the requirements of the primary loan issuer.

## **8.0: ENVIRONMENTAL REVIEW**

An environmental review is a process of reviewing a project and its potential environmental impacts to determine whether it complies with the National Environmental Policy Act (NEPA) and related laws and authorities. All HUD-assisted projects are required to undergo an environmental review to evaluate environmental impacts. The analysis includes both how the project can affect the environment and how the environment can affect the project, site, and end users.

Under the HUD 24 CFR Subpart D§58.30 (a) The environmental review process consists of all the

actions that a responsible entity must take to determine compliance with this part. The environmental review process includes all the compliance actions needed for other activities and projects that are not assisted by HUD but are aggregated by the responsible entity in accordance with Sec. 58.32. (b) The environmental review process should begin as soon as a recipient determines the projected use of HUD assistance.

All Program awards must have documentation that they follow NEPA and other environmental requirements. Therefore, all projects shall have an Environmental Review Record (ERR), as required by NEPA and related laws. The ERR for the projects shall set forth: the existence of negative impacts on a site; the means to mitigate negative impacts; alternatives to the project (if needed); and the rejection of the proposed activities if all other options fail and it becomes the most prudent action to take.

Environmental reviews will be conducted as part of the property eligibility reviews.

Environmental reviews shall be completed prior to determining the CDBG-DR award to be offered to an eligible Applicant.

## **8.1: Environmental Level of Review**

To conduct the appropriate level of environmental review, the Program will determine the environmental classification of the project. The term “project” may be defined as an activity or group of activities geographically, functionally, or integrally related, regardless of funding source, to be undertaken by the Program in whole or in part to accomplish a specific objective. There are four (4) major classifications of environmental review for projects:

- Exempt Activities: Those activities which are highly unlikely to have any direct impact on the environment.
- Categorically Excluded Activities: Those activities that may have an impact to the environment, but not to the extent that an Environmental Assessment under NEPA or Environmental Impact Statement is required. There are two (2) types of Categorically Excluded Activities, as follows:
  - Categorically Excluded Not Subject to 24 C.F.R. § 58.5: Includes those activities included under 24 C.F.R. § 58.35 (b) and requires environmental checks for the items listed at 24 C.F.R. § 58.6. For activities under this classification, no public notice or request for release of funds is required to use grant funds.

- Categorically Excluded Subject to 24 C.F.R. § 58.5: Refers to those activities included under 24 C.F.R. § 58.35 (a) and require environmental checks for the items listed at 24 C.F.R. § 58.5 and 24 C.F.R. § 58.6. If any environmental items are identified as potentially impacting (such as floodplains), a Request for Release of Funds (including publication of Notice of Intent) is required.
- Environmental Assessment: Includes those activities that could potentially have a significant impact on the environment. In addition to compliance with the laws and authorities at 24 C.F.R. § 58.5 and 24 C.F.R. § 58.6, environmental assessments must consider an array of additional potential impacts of the project, including a National Environmental Policy Act analysis. This environmental assessment requires publishing a Notice of Intent to Request Release of Funds as well as a Finding of No Significant Impact.
- Environmental Impact Statement: Those activities that require a detailed written statement required by Section 102(2)(C) of NEPA for a proposed major Federal Action significantly affecting the quality of the human environment. These statements are normally used for major housing (2,500 units or more) or infrastructure projects.

## **8.2: Coastal Barrier Resources Area**

The Coastal Barrier Resources Act (**CBRA**), *16 U.S.C. §3501 et seq.*, protects coastal areas that serve as barriers against wind and tidal forces caused by coastal storms and serve as a habitat for aquatic species. In compliance with the Act, if the property is determined to be located within a Coastal Barrier Resources Area, the property will not qualify for CDBG-DR assistance.

## **8.3: Runway Protection Zone or Clear Zone**

In case a property is determined to be in a runway protection zone or clear zone, VIHFA as the Responsible Entity, must inform the buyer of the implications of such location and that there is a possibility that the property may, at a later date, be acquired by the airport operator. The buyer must sign an acknowledgment statement understanding the implications of such purchase.

## **8.4: Tiered Environmental Review**

The Program will follow a tiered Environmental Review process that allows for an initial “broad” review of all environmental factors that will be shared by properties in a given geographic area. Based on this broad review, the funds will be released for the program

activity contingent upon completing a “site specific” review once a potential property is identified and determined eligible. Site-specific Environmental Reviews will identify any above ground hazards, flood plains, historic properties, and noise issues when applicable.

A site-specific Tier II must be completed for each property prior to project bidding or taking any choice limiting actions on the proposed project site. Site-specific Tier II reviews will identify any above ground hazards, flood plains, and historic properties, if applicable.

## **9.0: AWARD DETERMINATION**

Upon determination of the property’s eligibility and the award amount, NHIC Program Staff will issue a Commitment Letter to the Applicant(s) and forward a copy of the letter to the Lender.

VIHFA will reserve CDBG-DR funds for sixty (60) days unless causes beyond the control and without fault of negligence of the Lender or Applicant occur. The funding reservation begins the day that VIHFA issues the Commitment Letter to the Applicant.

## **10.0: Affordability Period**

The CDBG-DR award will be secured in a Second Lien and is forgiven on an amortized basis over an affordability period of **twenty (20) years**. A Borrower must occupy the property as their primary residence for a minimum of **twenty (20) years**. The affordability period shall commence on the date of the closing when Deed of Mortgage and Restrictive Covenants is executed. If the Borrower violates the terms and conditions of the Second Lien, VIHFA has the right to recapture the entire amount or a portion of the grant. The balance of the grant is forgiven or reduced at a rate of **twenty percent (20%)** for each completed year of residency, with no credit given for partial years completed.

The Program’s recapture is proportional to the forgiveness rate per year during the affordability period. VIHFA, at its discretion, may accept a reduced recapture or forgive an event of default for cases beyond the Borrower’s control, including but not limited to, a natural disaster, death in the family, or job relocation.

## **11.0: TERMS AND CONDITIONS**

### **11.1: Transfer of Ownership**

Selling the home during the affordability period is considered a default on the terms and conditions of the affordability period.

### **11.2: Leasing**

The Borrower may not lease the property or use it for any other use other than as a primary residence. The VIHFA may evaluate requests for exceptions on a case-by-case basis.

### **11.3: Refinance First Mortgage**

In the case that the first mortgage is refinanced, the Borrower will not have to reimburse the VIHFA for the grant.

### **11.4: Exceptions for Extenuating Circumstances**

VIHFA may make exceptions to Borrowers in Default due to one or more of the following hardships:

- A loss or reduction in income that was supporting the first mortgage;
- A change in household financial circumstances;
- Death of a co-Borrower;
- Long-term/permanent illness or disability of a Borrower or dependent Family Member;
- Divorce or legal separation of a Borrower; or
- Distant employment transfer or relocation greater than fifty (50) miles one-way from the Borrower's current Principal Residence to be closer to employment.

### **11.5: Required Documentation**

The Borrower must provide VIHFA with evidence of the Borrower's hardship in order to request an exception. VIHFA may require additional financial documentation from the Borrower's Lender to support the identified hardship(s).

## **12.0: PROGRAM INCOME**

All collection of payments for VI CDBG-DR funds shall be considered Program Income and maintained by VIHFA under the direction of VI CDBG-DR. These are to include administrative fees, penalties, and grant repayments because of program noncompliance. To the maximum extent

feasible, Program income must be used for eligible CDBG-DR activities as listed in Title I, Section 5305(a). As noted above, CDBG-DR funds retain their CDBG-DR rules as long as they are used to continue disaster recovery activities. Program income is subject to all of the rules and regulations governing CDBG-DR funds including, but not limited to, compliance with national objectives, procurement, equal opportunity, environmental, labor standards, lead-based paint hazard treatment, etc. As stated previously, miscellaneous revenue funds are not subject to these rules.

The grantee can expend up to 5 percent of the total program income received for administration. As allowed by HUD, no more than 15 percent of the program income can be used for planning and technical assistance activities.

## **13.0: ADMINISTRATIVE WITHDRAWALS**

Applicants may be administratively withdrawn for multiple reasons; the following are several example reasons:

- Any applications that are started but not completed and not submitted within thirty (30) days of the initial start of the application or by the end of the application period will be formally withdrawn.
- The program confirms that an application is a duplication of other valid applications or results in an overlap of other program funds.
- An applicant fails to provide required documentation or information after receiving a written request, or to communicate a reasonable timeframe for supplying said documentation;
- An applicant violates the statement to provide true and complete information by providing false or misleading information

***Warning: Any person who knowingly makes a false claim or statement to HUD may be subject to civil or criminal penalties under 18 U.S.C. 287, 1001 and 31 U.S.C. 3729.”***

## **14.0: Community Engagement**

Outreach efforts will be conducted through various mediums to ensure that the existing Priority clientele database, as well as the public, is notified. The VIHFA markets in the following manner to advertise its services to all first-time homebuyers. Communication methods may include but are not limited to: the CDBG-DR Website, the VIHFA Website, Published Program Materials; Mass Media, and other related communication methods.

### **14.1: Homebuyers Education Program**

All eligible applicants will be required to attend a housing counseling course provided by VIHFA's Housing Counseling Program or eHome America Education Course found online at [ehomeamerica.org](http://ehomeamerica.org).

HUD-certified Housing Counselors will provide a homeowner course specific to the needs of these Applicants. Upon the successful completion of the course, the counseling agency will provide the Applicant with a Certificate of Completion. It is the responsibility of the Applicant to provide a copy of the Certificate of Completion to their Lending Institution.

The housing counseling requirement must be fulfilled prior to closing. No CDBG-DR funds will be committed or disbursed until the housing counseling requirement has been fulfilled.

## **15.0: RECORD-KEEPING AND REPORTING**

VIHFA Operations and New Construction for Homeownership program staff (including contractors) will comply with 24 C.F.R. Part 5.2, Compliance with the Privacy Act, which requires the safeguarding of Personally Identifiable Information (PII) by:

- Minimizing the use of PII on program documents and records.
- Providing access to PII only to those who require it for official business.
- Securing PII appropriately for paper or electronic forms.
- Training for data security and compliance with the Privacy Act will be provided to all their onboarding process.

In accordance with HUD regulations, as a grantee and recipient of CDBG-DR funds, VIHFA follows the records retention requirements cited at 2 CFR Part 200.333-337, which includes financial records, supporting documents, statistical records, and all other pertinent records are maintained for five years after closeout of the grant between HUD and VIHFA. VIHFA established requirements in its sub-recipient and contractor agreements for compliance with all HUD cross-cutting requirements outlined at 2 CFR 200: Appendix II, including recordkeeping requirements. Records such as mortgages and other legal documents enforcing provisions of long-term affordability shall be maintained for five (5) years after the termination of the compliance period.

Homebuyers will be advised to maintain all records, receipts, invoices, and other

documentation related to the purchase of their homes for three years from the date VIHFA close the CDBG-DR program with HUD.

For additional information regarding records retention, how the program will manage PII, and file security, please refer to VIHFA General Administrative Policy Manual.

## **16.0: FEDERAL REQUIREMENTS**

### **16.1: Housing/Civil Rights**

The Fair Housing Act requires all grantees, sub-recipients, and/or developers funded in whole or in part with HUD financial assistance to certify that no person was excluded from participation in, denied the benefit of, or subjected to discrimination in any housing program or activity because of their age, race, color, creed, religion, familial status, national origin, sexual orientation, military status, sex, disability, or marital status. VIHFA complies with and enforces the Civil Rights requirements of Title I of the Housing and Community Development Act and the Fair Housing Law.

This program will be designed and implemented in compliance with cross-cutting federal regulations when applicable, including:

#### **16.1.1: Americans with Disabilities Act (ADA)**

The Americans with Disabilities Act of 1990 (ADA) prohibits discrimination and ensures equal opportunity for persons with disabilities in employment, state, and local government services, public accommodations, commercial facilities, and transportation. It also mandates the establishment of a telecommunications device for the deaf (TDD)/telephone relay services. VIHFA takes affirmative steps to ensure that people with disabilities have equal access to the programs offered by VIHFA and that any services are delivered in the most integrated manner possible. VIHFA's mandate to conform to the requirements of ADA flows down to every stakeholder, including sub-recipients, vendors, and developers.

#### **16.1.2: Davis-Bacon Labor Standards**

The Davis-Bacon Act and Related Acts (DBRA) applies to contractors and subcontractors carrying out certain federally funded or assisted construction contracts in excess of \$2,000 and requires, the payment of the prevailing wages (including fringe benefits) for corresponding work on similar projects in the area. "The payment of prevailing wage rates is applicable to CDBG-DR projects that



include eight (8) or more units.”

### **16.1.3: Section 3**

Section 3 of the Housing and Urban Development Act of 1968 requires that grantees, sub-recipients, contractors, sub-contractors, and/or developers funded in whole or in part by CDBG- DR funding, to the greatest extent feasible, extend economic opportunities such as hiring opportunities and contracts to Section 3- eligible residents and businesses. Section 3-eligible residents are low- and very low-income persons who live in the metropolitan area or non- metropolitan county where a HUD-assisted project for housing or community development is located and people who live or reside in public or government assisted housing.

## **17.0: CONFLICT OF INTEREST**

VIHFA will comply with all applicable laws and regulations and expects all employees to conduct business in accordance with relevant laws, rules, and regulations, and refrain from dishonest and unethical conduct.

Transactions with outside firms must be conducted within a framework established and controlled by the Executive level of VIHFA. Business dealings with outside firms should not result in unusual gains for those firms. Unusual gain refers to bribes, product bonuses, special fringe benefits, unusual price breaks, and other windfalls designed to ultimately benefit the employer, the employee, or both. Promotional plans that could be interpreted to involve unusual gain require specific executive-level approval.

Applicants and Program staff are required to make full disclosure to the Program of any interests, relationships, and holdings, which could potentially result in a conflict of interest. Potential conflicts of interest may include relationships with neighbors, acquaintances, friends, family members, and other members of the community. As soon as one is aware of a potential conflict, they are required to immediately notify Program management staff. Program management staff will ensure project team members do not process or interact with applications where potential conflicts of interest exist.

This separation of responsibility will ensure an unbiased approach to the processing of all applications and final eligibility determinations. The goal is for every citizen to have confidence their application is being processed with expedient efficiency and integrity. In the event a potential

or actual conflict is reported, the Program Manager will review the circumstances in depth and be responsible for determining the course of action to be taken if a conflict is found to exist. If a team member has any doubt as to whether a current or prior relationship poses a potential conflict of interest, they should escalate the matter to Program management for guidance.

Additional guidance on conflict of interest adopted by VIHFA is contained in the VIHFA's Conflict of Interest Policy

## **18.0: PREVENTION OF FRAUD, WASTE, AND ABUSE**

This policy applies to any irregularity, or suspected irregularity, involving employees as well as consultants, vendors, contractors, sub-recipients, sub-grantees, applicants, or outside agencies doing business with employees of such agencies, and/or any other parties with a business relationship with VIHFA.

Fraud is an intentional, wrongful act to obtain either money or some other advantage or benefit from government programs. Fraud includes theft, embezzlement, false statements, illegal commissions, kickbacks, conspiracies, obtaining contracts through collusive arrangements, and similar devices.

Waste is an appropriate action or omission by those with controls over government resources that result in taxpayers not receiving reasonable value for money in connection with any government-funded activities. Waste relates primarily to mismanagement, inappropriate actions, and inadequate oversight.

Abuse is an administrative violation of judiciary, court unit, or organization regulation that impairs effective and efficient operations. The violation may result in federal losses or denial or reduction of lawfully authorized federal benefits to participants.

All applicant forms and agreements should contain the following statement:

**Warning:** Any person who knowingly makes a false claim or statement to HUD or the USVI may be subject to civil or criminal penalties under 18 U.S.C. 287, 1001, and 31 U.S.C. 3729. Under penalties of perjury, I/we certify that the information presented above is true and accurate to the best of my/our knowledge and belief. I/We further understand that providing false representations herein constitutes an act of fraud. False, misleading, or incomplete information may result in my ineligibility to participate in this program or any other programs that will accept this document.

Title 18, Section 1001 of the U.S. Code states that a person is guilty of a FELONY if he/she knowingly and willfully makes a false statement to any department of the United States Government.

## **18.1: Actions That Constitute Fraud, Waste, And Abuse**

This Fraud, Waste, and Abuse Prevention Policy is established to facilitate the development of controls that will aid in the detection and prevention of fraud against the Authority in the administration of all VIHFA programs and the Authority's internal procurement. Some actions constituting fraud are as follows:

- Any dishonest or fraudulent act;
- Misappropriation of funds, securities, supplies, or other assets;
- Impropriety in the handling or reporting of money or financial transactions;
- Profiteering because of insider knowledge of the Authority's activities;
- Disclosing confidential and proprietary information to outside parties;
- Accepting or seeking anything of material value from contractors, vendors, or persons providing services/materials to the Authority.
- Destruction, removal, or inappropriate use of records, furniture, fixtures, and equipment; and/or any similar or related irregularity.

It is the intent of the Authority to promote consistent organizational behavior by providing guidelines and assigning responsibility for the development of controls and conduct of investigations. Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position/title, or relationship to the Authority.

## **19.0: DUPLICATION OF BENEFITS**

Section 312 of the Robert T. Stafford Disaster Assistance and Emergency Relief Act (42 U.S.C.§5155) prohibits any person, business concern, or other entity from receiving financial assistance with respect to any part of a loss resulting from a major disaster for which he has received financial assistance under any other program or from insurance or any other source. In accordance with the Stafford Act, Disaster Recovery funds issued through the Department of Housing and Urban Development's CDBG-DR program may not be used for any costs for which another disaster recovery assistance was previously provided for the same purpose. As mandated by law, all projects receiving CDBG-DR funding must undergo an analysis of duplication of benefits to ensure no funds have been or will be received for the same purpose as the intended CDBGDR grant.

Developers must disclose all sources of funding for project finance in accordance with the following list of potential sources of funding that may result in a duplication of benefits. Generally, financial

assistance received from any other source that is provided for the same purpose as the CDBG-DR funds is considered a Duplication of Benefit (DOB). The Territory's policy is in accordance with HUD's guidance on duplication of benefits; details for preventing Duplication of Benefits can be found in the VIHFA General Administrative Policy.

The Program must consider the total assistance available to the Developer for the project. This includes all benefits, including cash, insurance proceeds, grants from FEMA, SBA loans, as well as any other assistance received by the applicant from other local, Territory, or federal programs, or private or nonprofit charities.

Developers should pay special attention to the following potential sources of benefits:

- National Flood Insurance Program (NFIP): Insurance proceeds received must be disclosed by the project owner and/or Subrecipient.
- Private Insurance: All insurance proceeds received must be disclosed by the Developer. Where necessary, the Program will look for "undeclared" insurance benefits as well as confirming those disclosed by the project owner and/or Subrecipient.
- FEMA: FEMA proceeds received must be disclosed by the project owner and/or Subrecipient.
- Other: Funds received from other sources must be disclosed by the project owner and/or Subrecipient and verified by the Program. Examples include nonprofits, other governmental agencies, and social groups.

CDBG-DR funds cannot supplant other funding; project budget, sources, and uses documents will be reviewed to ensure an appropriate amount of CDBG-DR assistance. All Applicants are required to report all assistance reasonably anticipated. Reasonably anticipated funds include assistance that has been awarded, but has not yet been received, as well as funding the Developer anticipates will be making an application. If excessive funds are reported or identified, the CDBG-DR funds will be the funding source reduced.

## **20.0: FLOODPLAIN ELEVATION**

New housing construction within the floodplain will be built in accordance with the existing local building codes. The existing code is consistent with HUD guidance to ensure all structures, as

defined at 44 CFR 59.1, are designed principally for residential use and located in the 1 percent annual (or 100-year) floodplain that receives federal 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 to three feet above the 1 percent annual base floodplain elevation as determined by best available data. Residential structures with no dwelling units and no residents below two feet above the 1 percent annual floodplain, must be elevated or flood-proofed, in accordance with FEMA floodproofing standards at 44 CFR 60.3(c)(3)(ii) or up to at least two (2) feet above the 1 percent annual floodplain. Thus, the Territory has put mechanisms in place to ensure all structures requiring elevation go through an in-depth structural analysis to determine whether the rehabilitation or reconstruction is the most cost-effective approach to helping homeowners.

Property owners assisted through the recovery program will be required to acquire and maintain flood insurance for the affordability period, if their properties are located in a FEMA- designated floodplain. This requirement is mandated to protect the safety of residents and their property and the investment of federal dollars. The elevation height of a house can significantly reduce the cost of flood insurance. The Territory will implement procedures and mechanisms to ensure that assisted property owners comply with all flood insurance requirements, including the purchase and notification requirements as a condition of receiving assistance.

## **APPENDIX**

### **Appendix A: HUD GREEN BUILDING RETROFIT CHECKLIST FOR THE U.S.V.I**

The CPD Green Retrofit Checklist promotes energy efficiency and green building practices for residential retrofit projects. The USVI CDBG-DR program had adapted the checklist to reflect the unique climate of the USVI.

Note: Historic averages for high and low temperatures by month in the USVI, coupled with the fact that there is no need for space heating equipment, should be sufficient evidence for exemption from typical Green requirements for building envelope insulation, air sealing, and ventilation. This source provides a simple format for displaying average high and low temperatures by month. <http://www.intellicast.com/Local/History.aspx?location=USVI9994>

The phrase “when replacing” in the Checklist refers to the mandatory replacement with specified green improvements, products, and fixtures only when replacing those systems during the normal course of the retrofit.

#### **WATER AND ENERGY CONSERVATION MEASURES**

- Water-Conserving Fixtures**  
Install or retrofit water conserving fixtures in any unit and common facility, use the following specifications: Toilets-- 1.28 gpf; Urinals-- 0.5 gpf; Showerheads-- 2.0 gpm; Kitchen faucets-- 2.0 gpm; and Bathroom faucets-- 1.5gpm. [gpf = gallons per flush; gpm = gallons per minute]
- ENERGY STAR Appliances**  
Install ENERGY STAR-labeled clothes washers, dishwashers, and refrigerators, if these appliance categories are provided in units or common areas.
- Domestic Hot Water Systems**  
New water heaters shall be ENERGY STAR labeled.
- Efficient Lighting: Interior Units**  
All newly installed lighting fixtures must be ENERGY STAR-qualified or have ENERGY STAR-qualified lamps installed, including emergency lighting in multifamily.

#### **INDOOR AIR QUALITY**

- Low/No VOC Paints and Primers**

All interior paints and primers must be less than or equal to the following VOC levels: Flats--50 g/L; Non-flats--50 g/L; Floor--100 g/L. [g/L = grams per liter; levels are based on a combination of the Master Painters Institute (MPI) and GreenSeal standards.]

- Low/No VOC Adhesives and Sealants**  
All adhesives must comply with Rule 1168 of the South Coast Air Quality Management District. All caulks and sealants must comply with regulation 8, rule 51, of the Bay Area Air Quality Management District.
- Clothes Dryer Exhaust**  
Vent clothes dryers directly to the outdoors using rigid-type duct work, or into the crawl space on masonry homes if there is not an existing vent outlet to the exterior.
- Mold Inspection and Remediation**  
Inspect the interior and exterior of the building for evidence of moisture problems. Document the extent and location of the problems and implement the proposed repairs according to the Moisture section of the EPA Healthy Indoor Environment Protocols for Home Energy Upgrades.
- Mold Prevention: Surfaces**  
When replacing or repairing bathrooms, kitchens, and laundry rooms, use materials that have durable, cleanable surfaces.
- Mold Prevention: Tub and Shower Enclosures**  
When replacing or repairing tub and/or shower enclosures, use non-paper-faced backing materials such as cement board, fiber cement board, or equivalent in bathrooms.
- Integrated Pest Management**  
Seal all wall, floor, and joint penetrations with low-VOC caulking or other appropriate sealing methods to prevent pest entry. [If applicable, provide training to multifamily buildings staff.]
- Lead-Safe Work Practices**  
For properties built before 1978, if the project will involve disturbing painted surfaces or cleaning up lead contaminated dust or soil, use certified renovation or lead abatement contractors and workers using lead-safe work practices and clearance examinations consistent with the more stringent of EPA's Renovation, Repair, and Painting Rule and HUD's Lead Safe Housing Rule.



## Appendix B: Conflict of Interest Disclosure Statement

### Appendix B: Conflict of Interest Disclosure Statement

**Contract/Contractor/Subrecipients/Vendors/Grantee/Employees:**

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- I declare no conflict of interest
- I declare the following potential conflict of interest:

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I hereby affirm that the disclosure made above are complete and correct to the best of my information and belief. I shall not be participating in the discussion and decision making of this matter where a conflict of interest exist. Further, I agree that if I become aware of any information that might indicate that this disclosure is inaccurate or that I have not complied with the conflict of interest policy, I will notify my supervisor and/or management of the CDBG-DR Program and the Virgin Islands Housing Finance Authority (VIHFA).

VIHFA's established Conflict of interest policy outlines the process of formally disclosing any potential conflict of interest between VIHFA and entities with which they conduct business, in accordance with 2 CFR 200.112. Any potential conflicts must be promptly reported to the Virgin Islands Housing Finance Authority for further investigation and subsequently to the Department of Housing and Urban Development.

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Name

Date: \_\_\_\_\_