

HOME Monitoring Series

Oversight of Program Partners and Their Written Agreements

Thursday, April 22, 2021

Les Warner: Great, thank you very much. So in our fourth session, we are going to be talking about first, starting with talking about the program partners and the importance of oversight of them and what could be defining who we are talking about there. And then we are going to spend quite a bit of time talking about written agreements, because written agreements are really our key document that we are going to be laying down what the specifics are that we are funding, what the expectations are, all of our reporting requirements.

And it will also end up being the document that if we have to do enforcement later, that is where the language is contained. That gives us the ability to be able to do that. So today it is going to be joined by Monte Franke. He is going to be handling the second half of this. And we are lucky enough, we also have Kris Richmond, who has joined us, and she's going to be helping out on answering questions. So without further ado.

So this is looking at our chart of the courses. So this is our last of our sort of overarching general administration topics that we are going to be covering. And we are going to be looking at Exhibits 7-34, 35 and 36.

Once we have completed today, we have kind of handled the general administration, the program wide requirements, and the rest of this series then will be specifically looking at our four eligible activities and the long-term compliance related to rental compliance specifically. And so, I would encourage you, based on the types of activities that you are undertaking or might undertake in the future, to join us over the rest of this series.

So for today, we are going to be talking about, as I mentioned, oversight of state recipients, subrecipients, and contractors. And one thing I will just point out, and I think Monte will probably be mentioning this again later when we are talking about contractors here, we are not talking about the person that is hired to do the housing rehab. We are talking about a contractor who has been hired by the PJ to administer or do some function as part of running the HOME program.

And so, we will be talking specifically about oversight. And Monte will be talking a little bit later about when we think about written agreements for contractors as part of this. That is why I mentioned we are going to be looking at Exhibits 34, 35 and 36 of the HOME exhibits, and with a focus on both oversight and then the written agreements.

And as we do in each of our sections, will be then talking about some of the things that you might do in preparation for that HUD monitoring. And as we go through this, rather than having to say every single time state recipients, subrecipient and contractors, we are simply going to use the term administering entities. So all of those are kind of rolled into one quick term, so, you do not get really tired of us going through that.

So we are going to start with a poll. And what we want to know is for your oversight of program partners, what issues or concerns you most with that? And then we have given you some options. So you know how to conduct an onsite review, how to track program income and its eligible use, risk assessments, developing a monitoring plan and then monitoring strategically

So the poll is open if you can go in and vote and then hit the submit button. And we will keep this on for just a short while, so we need you to get in there and vote. All right, looks like the poll has closed and we are just waiting for the results to pop up here. There we go. So the big winner here, and we are going -- I think for a lot of folks, all of these are going to be valid. We got the most responses about monitoring strategically. How to, you know, effectively use the limited staff and resources to have really good oversight, but also concerns sort of next in line, there was the risk assessment and the monitoring plan. But again, folks also are concerned about programming income, on site reviews, all of that. So we are going to hopefully give you good information on all of those topics as we go forward.

So as we have done in each of our sessions, we are going to start out talking about the regulatory requirements. So the HOME regulation, and we have given you, I think in all of these, we have given you the regulatory citation, which I really suggest is a good thing to go back and look at the specific language. And in some of these, particularly when we get into written agreements, I think looking back at those, the regulatory language is really helpful when crafting, you know, good written agreement language, making sure that with checklists and other things that you really handling things appropriately.

So the HOME requirements require that the PJ be responsible for compliance if there is another entity that is carrying out the program. So you cannot simply execute a written agreement with a state recipient or subrecipient and kind of, not worry about that and think, well, it is their responsibility to get it right. You, as the grantee for the HOME funds from HUD are going to be held responsible. And so, you need to have appropriate oversight over those program partners, those administrative partners, to make sure that they understand what they need to do and that things are being done correctly, that they are being done in a timely manner. So you have to review the performance of each contractor, subrecipient or state recipient, at least annually.

Now, I think a lot of folks immediately think, well, wait a minute, I thought there was a schedule of every three years for on site. This is not talking about on site monitoring. This is talking about oversight. So we have to, on an annual basis, have some ongoing oversight of those administrative partners to make sure that things are working appropriately. So as part of implementing that, the PJ has to have written policies and procedures and systems for how we are going to do that, how we are going to make sure that that is completed.

And as we mentioned in, I believe, session one, we talked about this requirement for a risk assessment system. And so that would be part of determining maybe who you are going to go see first, but also thinking about when I am providing oversight of these partners, what are some of the areas that I think are particularly at risk? And I am going to focus my oversight efforts, so that all ties back to your risk assessment system. And as part of that, then making sure that you have a monitoring system and you have thought about the timing. We talked about making effective use of limited staffing.

So part of that monitoring system and monitoring planning is how I am going to effectively use the resources I have available to be able to complete that annual oversight. So we know that we not only have the HOME regulatory requirements, but we also have for, you know, our general

program and also for our activity's specifics. But we also have a list of other requirements. And we are not going to walk through in great detail each one of these. But a number of these things we are going to be revisiting as we go through this section.

So making sure that IDIS is appropriately handled, and reporting and funds disbursed appropriately, we are going to be talking about program income and audit requirements and recordkeeping. We, of course, have our consolidated plan and our action plan requirements that are part of our oversight on this. And then we are going to be spending quite a bit of time talking about the written agreement provisions, the requirements of what needs to be within that. And that is going to differ depending on whether it is a written agreement for a state recipient, subrecipient or contractor.

And so here is where our regulatory references are for each of those types of agreements. And this would really be your go to spot to look at, okay, what needs to be in that specific agreement and reviewing all your existing written agreement templates to make sure that they were meeting those requirements.

We have also been talking and we will continue to talk about the OMB Uniform Administrative Requirements, which are now found at 2 CFR Part 200. And we reference that there are separate check lists for 2 CFR Part 200, but that also becomes part of our written agreement. It also becomes part of our oversight to make sure that our partners are in compliance and how they are running their program.

So here is just a quick visual of the three exhibits we are going to be talking about today. This is -- I think all of these exhibits are really helpful to print them out and take a look at them, and then think through your system, and see your policies and procedures, all of your decision-making points and the documentation that is being collected, so that in an advance you have thought about here is what HUD is going to use to evaluate my system, so, I want to know what is in these exhibits and make sure that I have kind of planned for compliance.

So 7-34 is the guide for review of contractor written agreements. Thirty-five is for the state recipient written agreements and oversight, and then 36 is for subrecipient written agreement and oversight. And so, as I mentioned, this is what HUD is going to be using as part of their review. So we want to make sure that we are prepared based on the, essentially, the tool they are going to use to measure the performance of our program.

Let us talk through some of the key oversight requirements. So for our oversight and internal controls, we mentioned that a risk assessment is required and then you are required to also have monitoring policies and procedures. This kind of lays out your process of, you know, how am I going to decide the order that I am going to do this? What tool will I use as part of this? That might go also to the point of a staffing plan.

In the program that I operated at the state level, we had kind of calculated what those responsibilities would be internally, the numbers of grants that would need to be monitored for how to meet our goal. And those became employee goals, annual goals for them.

As part of that we are going to be talking about in recordkeeping needs to be something that is laid out. And that is not only just the documentation we will be talking about for these checklists, but then also thinking about you may have some reporting, some additional state program design or even a state recipient, subrecipient may have some local specific requirements that need to be incorporated in that.

We have audit requirements. I mentioned that we have separate requirements. So we have an annual oversight requirement, but we also have onsite reviews that are required specifically for rental projects. And for most of you within your monitoring policies and procedures, you are going to set what your protocol would be for frequency of onsite reviews, making sure, of course, they are in compliance with the HOME specific requirements.

But for instance, the PJ that I was managing, we had a standard that every grant would be monitored on site before that grant was closed out. So that becomes part of your monitoring policies and procedures. You are going to spend quite a bit of time talking about program income a little bit later in this.

And so, we have regulatory requirements about our written agreements, what those required provisions would be. But also, there are some recommended written agreement provisions and we do not in this session have a separate program design section of this. But I will be mentioning as we go along some places where some considerations you may want to make as a PJ and kind of thinking about how some of those key documents are laid out.

So things like, you know, how do we make sure that we are getting reports, and that we are going to use as part of that oversight? How are we going to reconcile between what we are seeing within those reports and records with what is actually been placed in IDIS? Some some decisions about communication policies? We will be talking a little bit strategically about training and technical assistance. And, you know, part of what we are doing with monitoring is a. trying to figure out do we have compliance? But also, this is a housing production program. Is this, you know, efficiently moving forward? Are we being effective as trying to meet the targets that we set as part of our [inaudible] and our annual action plan?

All right, so let us talk about monitoring and oversight of state recipients and subrecipients. So our requirements here, we talked about this annual oversight, and so that is what the exhibit questions have been based on. And then we are going to be talking about, following each highlighted of the requirements we are going to be talking about, so what documentation,

what I need to have in place to be able to demonstrate that I have actually met that requirements generally. These are going to want to be called out within your policies and procedures. I think many or most folks are going to use some kind of a final checklist to say, you know, a complete file needs to include, at a minimum, these key documents, because they are going to be the documentation required to show that you have met those requirements.

And then, of course, as we are talking about, the compliance review, is how we are going to make sure that all of that basic file documentation has been captured and that our policies and procedures, our monitoring plan are actually being implemented effectively.

So here is kind of our task of topics that we are going to be working our way through. And we will come back to this multiple times during the session and say, okay, you know, here is where we are as we go through this information.

So we are going to start by talking about oversight and talking about performing, monitoring, the audit requirements and then spend a little bit of time about program income requirements. So for our oversight, we have mentioned this needs to be done annually for all administering entities. And we said administering entities means our state recipients, subrecipients and contractors. So our monitoring plan is going to include how are we going to maintain that?

So we have got a lot of documentation that is coming across our desk. So as a grantee starts up a program, we are going to be looking at their environmental review, and their requests for release of funds. we will be hitting draw requests from them, but we also can, as part of our written agreement, put in place some additional reporting requirements. And so that becomes part of our protocol of how are we -- what you know, what documents, what reporting are we going to use as part of this annual oversight process? And with that, we also need to think, what is our process going to be when that report comes into it?

So that is, you know, one of those areas where I say this is a program designed policies and procedures, issue. So thinking about, okay, so we have asked for, we have required that a specific report is being provided to us and it is being provided on a specific frequency. Then program design, and policies and procedures, is thinking about what am I going to do once that report comes to my office? Who is going to review it? How do we document that someone actually looked at that? What questions are they thinking through? If there is, you know, a red flag that is indicated based on what they have responded with this report, what is our next step going to be? What is our response on that? Who is responsible for that? But it becomes part of our oversight process.

Also, for our audit requirements, it becomes the responsibility of the PJ when that single agency audit is required or triggered for the state recipients or subrecipient, the PJ is responsible for getting a copy of that audit, reviewing it, and then addressing whatever issues have been identified by that audit. Then we will be talking about program income requirements. So these are oversight for state recipients and subrecipients.

So keep in mind on some of these things, because we also have contractors in the mix. So for a state recipient and a subrecipient, they are essentially going to be responsible for all of these federal provisions and implementing those on the behalf of the PJ. In the case of a contractor, they are, doing a portion or all of the implementation for a particular project. The PJ is not able to hand off some of these requirements.

So for instance, the audit and program income requirements do not apply to contractors. And so, we want to make sure that the template that is used for those written agreements are going to be different for, amongst our administrative partners. Because the requirements are a bit different.

So what we need to create as part of this is not only a plan for providing adequate oversight, but we also need to create a paper trail. So when HOME does evaluating -- is the PJ providing adequate oversight for state recipients and recipients? That we have evidence to show that, yes, we are requiring a review of certain documents. We have a process in place that staff is implementing to make sure that we are completing that. So we also need a paper trail.

So our requirements as part of this, the PJ must have written policies and procedures and systems, and they include a risk assessment for activities and projects. And we talked about this in session one when we provided the overview of monitoring. And so, for those of you that need a refresher on that from that earlier session, or may be missed that I would recommend you go back to the recording for session one where Monte covered what that risk assessment is and how to how to complete that.

You also need to have appropriate systems for monitoring in place. And so, I mentioned that that includes both a desk review where we are looking at documents that are coming through, perhaps reports, additional reports that we have required, but then also what that process will be. So it is laying out within the policy procedure, what documents will be used, when they will be provided, how you will utilize those as part of your oversight.

And with that then becomes that, how am I going to document that? What is my paper trail on that. Also thinking about how you will communicate your monitoring results and when so setting some time expectations as part of this. Now, I will just mention, I see monitoring, the PJ's monitoring of its state recipients and some recipients as an opportunity for a sort of teaching moment. So it is not that you are just going to call out, hey, you know, you have a noncompliance here, but we are really doing some diagnostic to try to figure out, why are we seeing when we go out to monitor or based on what we are looking at in records, what is happening here that causes them to be in this situation and what is the fix for this? So it is some diagnostics to figure out what is going on and then using that as sort of a teaching moment.

So that communication on monitoring results becomes really important on, you know, setting some standards for laying out within your communication specifically what the compliance issues are, what the expectations are, and in some cases, being very explicit on what the expected changes are. And that might be that you need policies and procedures to be changed, or you need some additional staff or staff training for those partners. And included in that would be on those corrective actions, what evidence do you want to come back to you as part of that?

So setting parameters about the response that comes from the state recipient, subrecipient, that might be that you need, you know, a reinspection evidencing that corrective actions have been made when it is something physical. But also, it might be that you are seeking revisions to policies and procedures. Maybe you are going to say, you know, I want to actually see -- maybe you saw that there were income qualification issues on a couple of tenets, let us say that the subrecipient had approved. And you want to make sure that they actually know how to apply the requirements correctly, that corrective action could be as specific as saying we want from now forward until we say otherwise, we want to see certain files before they are finalized to make sure that these corrections happen.

So that is an important communication as part of that process. And that also may be as part of your monitoring assessment, thinking about, as the PJ, when issues rise to a particular level, do I want to go back and look at more issues? And we generally are going to be sampling, and we are drawing conclusions from a sample that we have looked at. It might be that part of our monitoring policies and procedures would set some standards about when we actually want to make -- go on site or make a return visit and actually look at more files, and more documentation to determine, is this a widespread issue and what is the fix on that.

So we need to also make sure that the record keeping requirements are in place, though those records are maintained throughout the compliance period, and we do have record retention requirements, that needs to be passed on to our state recipients and subrecipients. And many of those documents and records are being held at the local level.

So the documentation we are going to have policies and procedures that lay out that risk assessment and the monitoring plan; it needs to incorporate not just what is being done at the PJ level, but what the expectations are and how that is going to be applied for state recipients and subrecipients that include those record keeping and reporting requirements for each of those partners.

So next are the audit requirements. So the audit requirements are found at 2 CFR Part 200 in subpart F. And so that triggering dollar figure has risen over the years, at least, and in my time working with the program. But it is now at 750,000 dollars in federal assistance. So an agency that is receiving seven -- over 750,000 dollars in federal assistance is required to have a single audit completed. And that is really looking at all of their internal controls of their financial systems and how they are going to handle process federal dollars. So the PJ is required to receive a copy of that state recipient or subrecipient audit.

And the PJ cannot just, you know, get the copy and drop it in their files. The PJ also needs to review that. So it may be that you have specific staff within your financial section that are going to review that. It might be that you actually have an audit division within maybe your department that is going to look at those single agency audit reports overall. But they may be coming back to you asking specific questions about financial requirements and whether things are actually acceptable or not.

So the reference on this is Exhibit 34-1 and that is Section K, so that relates to the 2 CFR Part 200. But specifically, that is where the questions are that pertain to the review of audit reports. And so you are going to need a system in place on documenting, first off, whether your partners are actually triggering the requirement to have a single agency audit, and then if so, that you are getting a copy, that you reviewed it and that you have appropriately addressed whatever that issues, those issues would be.

So for on review, so we know that our onsite reviews are required under our, specifically under our rental programs. You may have additional requirements that you have set in place as part of your monitoring requirements. So we know that we have to do an annual review of each of our state recipients and subrecipients. We have talked about the risk assessment and monitoring

reports, but probably based on your -- on your risk assessment and your monitoring plan, you are going to be doing some on site reviews.

And so, we need to make sure that that is being completed based on your monitoring policies and procedures. And we are going to be talking a little bit about some of the required documentation that needs to be in place. So when HUB comes to monitor the PJ, they are looking to see, are you providing appropriate oversight to be looking to your risk assessment and monitoring policies, and then asking to see evidence that you have actually carried that out.

So they are going to want to see where did you go on site, they want to see the monitoring reports, how you address those. And HUD can, as part of their monitoring, go on site to those partners, look at the same records, and determine whether they agree with the conclusions that you have reached and the corrective actions that you have taken.

As part of this, we also need to make sure that that IDIS data is correct. So part of your monitoring function is you are getting written reporting to you, and sometimes electronic reporting to you, about the use of those funds, who has been served, but as part of your onsite review, is then verifying that what you are receiving, the data actually lines up with what you are seeing and files what you are seeing, and evidence of that local program having been completed. And so, the PJ needs to make sure that the data lines up and that where there are inaccuracies that that has to be corrected.

The IDIS reports in both cases will really serve as the official status of where your program is and its implementation, who has been served. And so, all of that needs to be accurate and kept up to date.

So the monitoring documentation on this: when we do our onsite visits, we need to make sure that there is a written monitoring report for each of your state recipients, subrecipients as part of that, also all of the related correspondence that goes with that. So you know, you are issuing a monitoring report and you issued findings and you have required that they respond with an update to their policies and procedures. We would then include in that documentation response that came back from the state recipient. Your review of that, your acceptance and closing of that monitoring finding.

And so also this verification of comparing the IDIS data with your onsite review on that. Part of the compliance review would make sure that, you know, you could show the dates of the review, the areas that were monitored, your findings, corrective actions. Also, you know, the recommendations that you have made on, you know, if you have to make this program more efficient or more effective.

So the PJ's monitoring records are going to document those efforts that they have made to provide oversight, to strengthen those partners, and make sure that they are effectively overseeing that program.

So let us switch gears just a little bit and talk about program income. And we could have program income being received at both the PJ level, but it also could be that we are allowing

some of our program partners to hold and maintain the program income at the state recipient or subrecipient level. And in those cases, the PJ needs to have evidence to show that you are tracking that.

So you are making sure that the program income is being reported as it is being received, that it is being used before requesting additional HOME dollars from the PJ. And that -- also keep in mind that we have to make sure that those program income funds are being used for eligible activities and following all the other federal requirements. So in some cases, your state recipient or subrecipient is using the program income or the same program and following the same design, just dumping it into existing projects. But we could have program income that is being retained at the local level and used for an additional activity.

And so, we would need to make sure that not only that additional activity was eligible, but all of the other requirements, including things like environmental review, Davis-Bacon [ph], would all be implemented appropriately because these program income are funds that are retaining their federal identification.

We also have the ability for the PJ to use program income that is accrued in one year and essentially pledge it within the consolidated planning process for the next year. So we need to make sure that the PJ was following its program income plan.

So documentation that is going to be included in this. So the PJ needs to have internal financial records and of course, the IDIS entries, which will show that as program income is being received, that is receded into the IDIS system when the program income is being retained at the state recipient or subrecipient level, that we need to make sure that it is being dispersed before they request additional HOME funds.

And so that may be that for your draw requests that are coming from a state recipient or subrecipient, that a draw request has a line in it which requires them to report if they have received any additional program income since their last draw, and then we are going to reduce this request by that amount. So if they were needing to draw 100,000 dollars to reimburse HOME expenses, and they had received 20,000 in program income, they will be reporting that on the draw form. And so, we would reduce their draw request by that 20 thousand dollars in program income so that we are making sure they actually are disbursing that first and again, making sure that we have the funds being used for eligible activities.

So as part of our Con Plan or Action Plan, if the PJ is committing a crude program income for the future program, then we need to make sure that the PJ is actually following that. And each of our written agreements is going to need to specify what those program income requirements are. So the PJ might say this is again a program design requirement of are we going to allow a state recipient or some recipient to hold a program income at that level? Or does it all need to come back to the PJ? All of that would be laid out within the written agreement.

And if there is a specific process where the recipient or state recipient needs to request permission or something else that would need to be included in that, there is an exhibit within

34-1 which goes through the program income requirements, which would be an important reference to look to.

So I think we have talked a good bit about also the the communication requirement. So the PJ has to you know, you have got a written agreement at the point that you are issuing new funding, which is going to lay out specifics about a particular activity that is being funded. But throughout the life of that grant, there are updates that need to be provided. So for instance, we talked about thinking that there is going to be a new match notice coming out. So you know, you hope that your state recipients and subrecipient are actually on the list serve and would be getting that information. But the PJ itself makes -- needs to make sure that those updated policy notices are going to those partners. Also, any technical guidance that is coming out.

And then, of course, we have things like our income limits are updated on an annual basis, rent limits, subsidy limits, as part of that. And so, we need to make sure that each of those program partners is receiving that information.

The last ball here, I think, is really very important to consider, and particularly as part of that sort of using monitoring as an evaluation; is thinking about with my partners where I see weaknesses. Is it that they need additional training? Is that they need some technical assistance and thinking about having policies in place, that the PJ has a system for identifying those needs and working to make sure that those training needs are met.

And that might be as simple as saying to your partners that they need to utilize those existing publicly available systems. So we could do a monitoring where we saw that one of our partners did not seem to fully understand what one of the requirements were. We might require them as part of our corrective action that we needed key staff to participate in building a home and be able to show verification that they had completed all or certain sections of that training.

This also might be, particularly for a larger PJ to think about, are there additional guidance or additional training that I could provide to those partners to make sure that we meet some of those gaps? And so, I think that is an important aspect of this sort of diagnostics on monitoring, on then taking appropriate next steps as part of that. So that might be something that is kind of laid out in policies and procedures. That might be something that is included as an aspect of your monitoring plan.

So one of the tools that the PJ can use that certainly will be a tool that HUB going to be using is looking at the available IDIS reports, but specifically for the PJ in tracking. How am I moving along with the implementation of my program, making sure that I know where I have open activities that are stalled, or maybe I have vacant units. We have a project that is been completed and reported as completed, but we still showing that there are no occupants.

And over the last number of years have been a lot of attention on this part of that came out of an Audit of the system and finding that there just was a lot of missing data. So consider using the IIDIS reports as a way to sort of check in on the status of that list.

Monte Franke: Can we -- Les, can I bring a few questions up just before you go away from that last topic?

Les Warner: Sure. Absolutely.

Monte Franke: We have got a couple of questions on program income, and one was asking for an example of how a recipient might receive program income. Can you give some examples of where program income might come up that a subrecipient could receive and [inaudible] --?

Les Warner: Sure. So you might have -- let us say you were doing a homeowner rehabilitation program and you had chosen to add an affordability period to that and saying that if the house was sold prior to the completion of whatever affordability period that the PJ had added, because we know that there is not an affordability period for homeowner rehabilitation, that there -- they will have to pay back some of those funds. So funds coming back to the subrecipient, state recipient, or the PJ, are going to be considered program income. So they are going to retain their federal identity. And so those need to be reported, tracked, received into the IDIS, and that as those funds are being reused, making sure that they are used for eligible activities.

Monte Franke: Thank you. And one other thing that I want to just clarify. The topic today is on state recipients, subrecipients and contractors. So it is focusing only on what you called administering entities, this webinar, and these guys are not focusing on requirements as they pertain to individual projects or project developer owners. And so, the question came up a few times on, like, the Single Audit Act being triggered and things like that. Today we are only talking about Part 200 requirements as they apply to administering entities, not the projects.

Les Warner: Great. And we will as we get into our activities, specific sections of this series, then be talking about with those direct recipients, the homebuyer, the rental project, what those oversight requirements are specifically for that. But this is one of those project partners that we are talking about. Great clarification.

Okay, I am going to keep rolling because we have got a lot of material to be able to cover here.

Monte Franke: Yes. Thank you.

Les Warner: So we are going to kind of switch gears and talk about written agreements. And so, you know, key issues here are that each time you are committing, it is really you or your partners are committing HOME funds, that there needs to be a written agreement in place. So the PJ will have a written agreement with HUD when they are receiving their annual allocation. The PJ will then execute a written agreement with each of their administering entities.

And it is important to note, I mentioned earlier about the fact that state recipients and subrecipients are going to essentially have responsibility for all of the federal Provisions. But in cases where we have a contractor, that some of the requirements, such as the audit requirement and program income, are not going to apply. So making sure that our written agreement is specific and correct for that specific partner becomes really important.

And so, we need to execute those written agreements with each of those entities. The timing on that is that that written agreement, when it is fully executed, becomes our legally binding commitment for the HOME Funds. So it has to be executed before the funds are distributed, it is executed before it is set up in IDIS.

And it is required to have all of the specific provisions that are listed out at 92.504. As we mentioned earlier, and we gave specific references, depending on who that administrative partner would be, that the specific provisions are going to vary a little bit depending on the entity. And then, of course, as we talk through activities, as we go through further in this training series, there are some activities, specific requirements that would also need to be called out within those requirements.

And so as part of that, we have minimum requirements that need to be within those written agreements, but also there certainly are based on sort of best practices, also based on your individual program design, other elements that may be added to that.

So you know, we need to make sure that each agreement is clearly calling out what it is that we are providing them funding to do, so, spelling out what the program or tasks that are going to be implemented and what the HOME requirements that would apply to that.

But this is also where we have our provisions that relate to the PJ's monitoring and oversight. So we might be calling out, you know, you have to submit every six months to a specific report that are going to give us part of what we need. The fact that you have -- you will be and you have a right to come on site to these projects, look at records. But this is also where it gives you the ability to enforce that, the terms of that agreement.

Now, keep in mind, your written agreement needs to be in place, and have an effective date through the end of an affordability period. So if we are doing a rental project, then our written agreement would give us an effective agreement in place throughout that affordability period. And we certainly have seen some agreements in the past that actually only went to the project completion, and kind of ended before an affordability period would be in place. We are going to need to continue as the PJ, to have the ability to enforce that agreement since we have HOME requirements that will apply beyond just completion of the project itself.

That written agreement is also as we spell out those roles and responsibilities as part of that. So as I mentioned, when we get to the activity specific exhibits, they will have additional requirements that are, you know, activity, specific requirements that would need to be incorporated in that. And also, we will be checking that owner developer sponsors and specifically beneficiaries. So as Michael mentioned, right now we are talking about oversight of our partners, administrative partners. But in many cases, those administrative partners will be executing agreements with the beneficiaries. And so, there are some separate requirements for some of those agreements based on -- particularly on the activity.

So the documentation, the requirement here is to make sure that we have that agreement in place, signed and dated, fully executed. So in some cases, fully executed might mean that there are not only the subrecipient, state recipient has signed it, but also, you know, for instance, I worked at

the state level and there were two signatures: the office program office itself and that also our legal. And so that that particular agreement would not have been fully executed until all of the required signatures were in place.

So that commitment date is based on when the document is fully executed. That must be done before the PJ is going to enter that as a subgroup within IDIS. So our documentation is going to be that written agreement, making sure that it is fully completed and then the IDIS data showing that.

All right, so let us move forward, talking more about written agreements. We are going to talk specifically about the provisions that are required for state recipients and subrecipients, which I mentioned are a bit different, vary a bit from what a contractor's requirements would be.

So we have a whole bunch of requirements that need to be in place. Our income determination, we know that we have to do underwriting and subsidy layering in time. And so, we have guidelines that are in place, rehab standards, the PJ may have policies and procedures about refinancing, homebuyer program affordability requirements.

Keep in mind that particularly for a state recipient, it might be a combination of its own policies and procedures. But it also might be that the state would allow a state recipient to have some local program design that usually they would have approved as part of their application and their funding process. So that would need to be called that within the written agreement.

So for instance, let us say you were running a competitive local housing program funded with HOME funds, and the applicants were required to submit a very detailed application about how they would be implementing -- so what their local policies and procedures would be for that specific program. It could be that the state recipients, that those policies and procedures are going to vary from one recipient to another. And so, the PJ would need to be clarifying, you know, what part of this was going to be the state's requirements, what part would also allow some local program design and that that would be captured within that written agreement.

So our written agreement provisions also have to call out, not only the amount of the HOME funds, but also the use of that. So things like, you know, number the type of housing projects that were being done, breaking out between administrative costs and program costs in terms of payment, and then detailing out specifically what we are paying for and that schedule of completing tasks really important. We have talked about -- when we talk about underwriting, looking at, you know, a production schedule for the project.

And that is one of the things we are going to use to monitor the progress on that. So a schedule for committing funds in this case right now our commitment deadlines have been suspended, but that may not always go forward. And then a budget, and I would specifically say that you want a line-item budget, so we can tell how specific are your HOME funds being used by the state recipient, subrecipient, making sure they are all being used for eligible costs. And that is one of the things that you are going to monitor as they are drawing funds to make sure that they are playing between the lines on that and in compliance with that.

So we also talked last week about our Match requirements, or maybe that was Tuesday. It is all a little bit of a blur. We talked about our Match requirements, and so depending on how the PJ is handling Match, in some cases, PJs themselves are able to cover the Match obligation. But in other cases, our Match is going to be covered based on other nonfederal sources that that state recipient, subrecipient is bringing to the table.

And so, when our Match sources are coming from that project sources, that needs to be called out within that written agreement. And that would also have some language about, you know, reporting on that, so that you are able to track and report on that. So in the case, and I do not know how often this happens, but in some cases, we might have a state recipient who actually is going to serve as the owner developer of the project themselves. So in those cases, then, we need to call out specifically the affordability requirements for that HOME assisted housing, whether it is rental or whether it is homebuyer. We have specific citation based on the project type.

And then the duration of our agreement needs to be clear as part of that. It is going to vary based on the type of activity we mentioned earlier that that written agreement needs to remain in force throughout the affordability period. So some of our activities, obviously are going to have a longer affordability period.

And then making sure that it also calls out what those post completion requirement responsibilities are. So for instance, you know, we have got not only long-term compliance requirements for rental, but on a homebuyer. We have got things like residency, recapture-resale provisions called out within that. Also, we may need some language in there about the reporting that we need from them so that we can report into IDIS, the occupancy of those units and the demographics that need to be reported as part of that.

We already just mentioned with homebuyer the fact that we would have recapture and resale provisions. We also will have some cases where we have a project that does not meet the requirements, and in those cases, we would have to require repayment of funds. So we need a clause within our written agreement that says that repayment will be required if it doesn't meet our affordability requirements as part of that.

Also, language tying in your recapture requirements as part of that. And then we mentioned about program income and whether it is being allowed to be retained by the partner, or whether it is being returned to the PJ, that all needs to be identified within our written agreement.

And, of course, our project requirements need to be rather specifically called out. So this includes we know, and we will get into these before we get into our activity specific activities. But things like our per unit subsidy, underwriting subsidy, layering property standards, for all of your requirements that are going to pair with either homebuyer or rental projects, DBRA, if we have conversion, that happens later within that project. So all of these project requirements are then called out in subpart F.

One of the things I will just mention, is I always found it helpful that the monitoring exhibits List out each of the federal requirements and give you the regulatory reference. So it is very easy to

cross-reference and go back and read the specifics in the requirements themselves on this. And I would encourage you to do there, that where it where it makes sense for you.

Also, keep in mind we have a whole overlay of other federal requirements. So we have our OMB circular, as we have been talking about our CFR Part 200. But we also have things like affirmative marketing, conflict of interest. So those provisions need to be included within the written agreements.

And of course, the exhibits for monitoring and review of written agreements are going to have questions pertaining to each one of those provisions, making sure that they would be included. So as HUD is monitoring, they are going to be looking at those requirements are going to be then pulling out your written agreements and going through to make sure that they meet all of these requirements. So obviously something you would want to do in advance and make sure that your written agreements are in compliance with these requirements.

That list goes on things like nondiscrimination. We have some of our overlay of other Federal Environmental Review, URA, Davis-Bacon, lead paint. Keep in mind, so this is a reference to the applicable requirements, but based on the project that you are undertaking, it may be that you will want to include in your written agreement some project specific requirements.

So for instance, if we had a project that included relocation and so we have required them to have a relocation plan in place, we might want our written agreement to include some specific sections that have clauses about that. Maybe we got an environmental review. We found that we have some archeologically sensitive portions of that site. Maybe we have a mitigation plan that is in place with the state historic preservation office. It makes good sense when those are available to call those out as an additional provision.

So a lot of folks will have a boilerplate or template for their written agreement, which also allows them to add projects specific special conditions. And that is a great way to attach some of those requirements with this written agreement so that they are part of that legally binding agreement and also can be found later.

We also have the Violence Against Women Act VAWA, and that is specifically for rental housing or TBRA. And so, there is a whole list of requirements that are in place that that needs to be as part of our projects when those activities are included. So when we mentioned some of these provisions and they are specific to a particular activity, those provisions do not need to be included if our agreement is for something that does not include them. Right now, there is not an exhibit that lines up specifically with VAWA, but that is something that there is a planned update to exhibit 7.35 for state recipient. So we would expect that in the future we are going to see that.

And keep in mind, for VAWA for rental, that is going to apply for the duration of the affordability period where, when we are talking about tenant based rental assistance, it is only during the period where we are actually providing a subsidy to that project.

And then requirements such as disbursement of funds. HOME is being provided to reimburse for eligible HOME costs. I have mentioned about using a line-item budget. So it is very clear in that written agreement what we are funding and how we expect our funds to be used.

But listing out that they can only draw the amount that is actually needed, that they have to disperse some local accounts first. And then our revision, or reversion of assets needs to be as part of that is one of our required provisions, so that the expiration of an agreement that any remaining HOME funds or accounts receivable have to go back to the PJ. And this was really only required for subrecipient agreements only on this.

So record keeping and reporting really important, so, you know, the way we are going to document compliance is by having our documents in place, and when the PJ is using state recipients or subrecipients to operate the program on their behalf. We are depending on them to maintain those records and have them in place to be able to document compliance. So we need to make sure that they are retained, and they are retained for the required period.

So usually, they have to be retained for tenant records for the most recent five-year period. And that needs to be held on to the five years after the compliance requirements have been completed. And in some cases, the PJ itself may set some more restrictive requirements.

Monte, have a question? No. Okay, so.

Monte Franke: Go ahead. No, please, go ahead.

Les Warner: Okay, so enforcement provision. So we know that we are going to have for some of our activities, we are going to have affordability requirements that are going to apply. And so, we mentioned that our written agreements need to be enforced throughout that affordability period. And so, we are having a requirement for rental housing that we are going to have a deed restriction, or a land covenant, that is going to keep those provisions in place. If it is something other than that, it would have to be something approved by HUD. For a state recipient that is going to own affordable housing to completion, making sure that we have an enforcement ability as part of that written agreement.

And then spelling out some of those remedies for breach of those provisions, would need to be in place. And those might include things like, you know, withholding payment or adding some special conditions where they have to do more reporting or monitoring. And so that would be spelled out within the written agreement on that.

Usually, they will also be rights to terminate that agreement, and specifically what grounds would constitute the PJ's ability to be able to cancel that agreement. And so, we have some specifics on this: whether it was executed prior to the 2014 date, our citations are going to be a little bit different. After 12/26/2014, then we are going to be utilizing the 2 CFR 200 citations on that.

And as Monte referenced in one of our earlier trainings, and we will point out probably in a couple of places as we go forward, there has been an update to 2 CFR Part 200 and a couple of

places where the reference numbers have changed slightly. And we have tried to make sure that we have updated those in the materials as we go forward.

So far, our written agreements with other entities, we need to make sure that that written agreement is in place to make sure that before we provide our HOME funds that we have a fully executed written agreement in place before any funds are provided, that it includes 24 CFR, 92.504 for the entity and activities. So we talked about specifically depending on the activity that was being undertaken and the partner, that those require provisions are going to change a bit.

And then again, we mentioned about recapture resale is something that needs to be incorporated within those documents.

So one last item on this section is about fee requirements. So we have some fees that are prohibited. So things like servicing, origination, processing and inspection; these are all fees that are being -- would be generated to try to cover the administrative costs of the HOME program. And that is what our admin funds are provided in place for. So those are prohibited fees but permitted fees that could be allowed would be a nominal application fee for owners, housing counseling fees to homebuyers. Those may be things that the PJ themselves has some specific program design requirements that they may want to be more restrictive on or call out some further level of detail on that.

All right, so this brings us to the point where we are going to switch over and you will get to hear Monte and not have to hear me talking. I do not know, Monte, do you think we have time to give them a couple of minutes break or do you want to move forward?

Monte Franke: They have been through a lot already, I guess giving them a few minutes break makes sense. We will talk fast when we get back.

Les Warner: Okay. So it is 2:10 if we could start at 2:15, that would give folks a five minute break.

Monte Franke: Okay.

The -- what I was saying at the beginning, there were two things that I said that did not come through and I apologize. The first thing is, is that this is about administering the program activities on behalf of the PJ. And it is not about the individual projects that are done by those state recipients, subcontractors, or subrecipients and contractors. It is about the agreement between the PJ and its administrative partner.

There are the three categories because they are all slightly different. The state recipient is a local government that has been given an allocation of funds by the PJ to administer an activity or a project on its -- in its own jurisdiction. It is its own separate category because, in that case, it has the authority under environmental review to be the responsible entity. So the roles are a little bit different for the state recipient.

Most of you are familiar with the subrecipient category because that can be a non-for-profit or a public entity that is an administrative entity administering an activity. They are a pass-through entity, but they are also subject to all those part 200 rules that Les was talking about. Contractors, on the other hand, can be for-profits in addition to being non-profits who are retained for a specific task or function. They are not -- they do not have the broad authority and they do not have the broad application of part 200 requirements to them. So your agreement with them has to be very specific about what it is that they are doing, and what they are being held to in terms of performance. There are also differences in terms of compensation and things of that nature that come into play.

And contractors are procured under procurement rules, while subrecipients do not have to be procured. There is a number of differences that justify having these in three separate categories and having three separate documents to do it. The -- the agreement requirements are pretty similar to what Les is already recovered, but as I just mentioned, with contractors, you have to have very specific requirements for them in terms of how they are to conduct the activities, and what -- and the tasks to be performed, the schedule, the budget in terms of the budget that they may have for project activities that they are overseeing or -- and also the budget in terms of what costs they are being paid for their services.

The -- these agreements have to be in sufficient detail for the PJ to monitor effectively. You are familiar with the concept of what gets measured, gets done. And it is very important with contractors that you have very specific performance measures, milestones, goals, outcomes, things of that, that you want to measure their progress, and be able to measure their progress along the way and are milestones. And you also has to designate the duration at which cannot exceed two years.

So the other thing that has to be in the agreement is that the contractor has to -- the contractors agreement has to contain all of the part 92 requirements that are applicable to the activity. That -- whatever that activity is, whatever kind of activity we will be talking about in the next couple of weeks, you want to make sure that they have in their agreement all the requirements of the activities they are administering has to meet to meet the part 92 requirements.

As I mentioned, they are not subject to the uniform administrative requirements, are not subject to the audit requirements that we talked about earlier. And they cannot assume any of the environmental review authority that the PJ has. The PJ remains the responsible entity, and the PJ might use a contractor to help generate some of the environmental data and analysis that is needed. But it is the PJ that has the authority to make the decisions, to publish, and to request the release of funds.

The -- the agreement has to be clear in terms of the requirements. That the contractor has to deliver sometimes they are administering state specific tasks or activity or service, for example, conducting inspections or doing income processing and checks and things of that nature. So when you have a PJ that is administering a whole activity, there is a lot of things they have to do. But when you have a PJ -- or a contractor that is administering just a specific part of an activity for the PJ, then the agreement has to focus more specifically on the requirements related to the task for which they have been hired. And the exceptions are the same as we just discussed.

Les just talked about the VAWA requirements that apply. And when contractors are hired, they are subject to and have to comply with those same VAWA requirements that the MIDI introduced. And in addition to what you see listed there, in terms of those requirements, they also are subject to the confidentiality requirements that cover -- that run to covered parties under the VAWA rules. Sometimes we get questions of, if VAWA is not extended as it is still a requirement. And, yes, it is in the HOME rules. So yes, it is a requirement that we continue to follow.

There is a few things that I want to cover now that are not specific to any one of the three parties, but rather just general things, provisions, that you will want to address across the parties. And this might be the category where, Les mention we wouldn't be doing what the section called program design considerations, because we are not really talking about a program today. We are talking instead about agreements and relationships. And so, this is the closest thing we have to those sort of, beyond the regulations kind of recommendations that we are making to you.

There will be a number of additional provisions you will want to have in the agreement. I should -- I should state the 92.504 has the requirements in each of these categories, in terms of what needs to minimally be in the agreement. But it is not represented as a list that is complete and comprehensive. It does not include everything. And you need to add details based upon what it is you have them doing.

So there will, may be provisions that reflect HOME requirements that are not listed in the 92.504 list that you want to add. There will be provisions that you will want to add to help PJs manage their projects. There will be local policy design issues that you will want to reflect on the agreements. And there might be state and local law that you have to also reflect in the agreement that are not in the standard HUD documents and monitoring exhibits.

There is a number of things you probably want to do to facilitate your management, and oversight of the PJ compliance can be enhanced when the PJ is able to more readily manage its partners. So defining roles and responsibilities very clearly as to who does what and what the handoffs are. A lot of times the slowdowns come in the handoffs when there is not a clean handoff and it is not clear who is, who is controlling the next step. You want to make sure you define those.

The way I like to characterize written agreements is that they are a business deal. It is not just a legal document. It is not just compliance document, but it is a business deal between two parties. And it should define what those parties are each responsible for doing as part of the project.

There may be expanded reporting requirements or record keeping requirements. There may be particular formats that you need them to report on; checklists, file checklists that you want them to keep to make sure their files are complete and organize timeline, and progress reporting things of that nature. You may want to add those so that you have adequate oversight to be able to do desk review along the way and track progress.

There oftentimes issues that need to be addressed in terms of who will do the project, publicity, advertising, outreach and things of that nature. They -- usually you want to have other legal clauses that your lawyer will recommend, including prohibiting the right to assign the agreement to another entity. And you might want to identify terms in the agreement that you want to modify or be able to modify. While agreements are often set up to be modified by mutual consent, there might be things where the PJ might want to reserve the right to unilaterally amend the agreement to ensure compliance.

For example, if there is noncompliance, or their monitoring findings to unilaterally amend reporting, or recording record keeping requirements and things of that nature. All those things you want to think about the document beyond the minimum compliance measures to how will I add, how will I use this agreement to oversee my administering entity?

There is also provisions that you might want to add that improve compliance, reserving your right to do on site monitoring and for HUD to be able to do the same. You might want to have more detailed and explicit instructions on the disbursement policies and procedures, how and when they can request the money and what documentation needs to be provided.

You might want to go into clarifying the return of funds that are gained, the program income that we talked about earlier, the recaptured funds, if we are working with a down payment assistance program or a homebuyer activity, the -- and also repayments. And repayments are real important word here that all that I will be coming back to in just a minute.

You might want to specify the closeout requirements because these are term limited contracts with these entities. And so there will when they come to the end of the activity and all work has been done, you want to have procedures to close that, to make sure all documents have been transferred, all compliance requirements have been met, all signs are accounted for. And how you do that close out is something you should specify in the agreement.

The last point here is an important one for you to consider, some of you have longer term affordability expectations than just the minimum HOME period of affordability. That is a POA, it is a Period of Affordability. As you know, the HOME rule has five to 15 years and on the rental side, up to 20 years for new construction at minimum periods. But it says -- the rule says that the affordability, the enforcement of the requirements shall be for a period at least. And so, if you designate a longer period, you run the risk of triggering longer term HOME requirements.

You are permitted to have a locally imposed period of affordability or compliance period after the HOME period expires. But it needs to be explicit. HUD recommends that that be in separate agreements, not within the same agreement, just so that you do not inadvertently carry over HOME requirements to a longer term than you intended to. This is not to discourage you from doing longer term affordability. It is encouraged when you can do it, but you just have to make sure that you have not legally bound yourself to HOME requirements for longer than you intended.

Then finally, there -- I want to mention that there are some provisions that you probably want to add just to protect the HOME investment. The HOME investment is a is something that you are

accountable for. And I am going to bring up that repayment word now, it is the dirty word in the HOME program. The statute says that if the project does not meet the requirements of the act, the funds have to be repaid. And so, this repayment is actually a statutory requirement, not just a regulatory one.

If you are subrecipient fails, if the people that they fund fail and repayment is triggered, HUD will hold you accountable. But you want to be able to hold that subrecipient and those other parties accountable if you get into that situation. And so, making sure your agreement puts them in the chain, if you are on the hook, you want them to be on the hook with you. And so, make certain the agreement provides for them being responsible.

In addition, you want to make sure that you have got enough provisions in there to deal with noncompliance nonperformance, whether it is to cancel or whether it is to intervene in some other way. You want to make certain that you have all those powers and rights to intervene, that an attorney will make certain your agreement has.

You also want to make sure that you impose any bonding or insurance requirements that pertain to protecting the funds that they are managing on your behalf, and also to meet any local requirements that may exist with regard to insurance.

As I mentioned earlier, state recipients generally act like subrecipients as pass through entities, but there is one exception, and that is that state recipients can actually do their own projects themselves. And in that case, there is some slightly different requirements in terms of the agreement between the PJ and the state recipient have to include provisions that pertain directly to the project that is being funded, because in effect, this almost becomes or looks more like an owner developer agreement.

So whether they are doing homebuyer activities or rental activities, a state recipient doing its own projects by itself will trigger these other requirements and will trigger the monitoring from the other exhibits that you see listed there that will be covering over the next couple of weeks.

In terms of preparing for head monitoring, Les already introduce these three exhibits to you, I told you what, either three different exhibits, because they are even though they play a similar role, they are slightly different in terms of legal authority and responsibility and accountability. You have seen this flow before where we talk about getting ready for HUD first with document assembly and then doing the self-assessments so that you can identify and correct things, if possible, before HUD conducts its monitoring to make sure certain you are ready for monitoring.

The document assembly for this particular type of activity, similar to the other things, you want to make sure you have the policies and procedures that pertain to your oversight of all these administrative partners that we have been discussing. Remember that HUD always can, even though they will come in to look at individual written agreements and relationships, if they see a problem, they need to figure out whether it is an idiosyncratic problem related to that particular contractor relationship, or whether it is something that is systemic across your whole program. And that is when they look to the, your policies and procedures to see whether, whether this is, in fact, something that is more than just in this one case, a concern.

You will want the written agreements with these entities ready for review, making sure they meet the requirements we have discussed; you want the current IDIS reports that show the performance of the administrating entities. You will want to make certain you have evidence of your past monitoring of these entities and any findings that you have made in the resolution of those findings, as Less has discussed.

You want to make certain that you have looked at citizen complaints, public comments, social media, press reports and inquiries. We recommend that you might consider looking at CPD monitoring handbook, exhibit 7-24, which is HUD's premonitory and checklist before they come out to do their in-depth monitoring. It will give you an idea of the documents that HUD is looking for. It might help you prepare better. So you may also want to add that to the list of exhibits. Again, that is 7-24.

In terms of the self-assessment, we introduced that back in webinar one, you have the self-assessment tool as one of the tabs up on top and you will also be able to access it on the same website where you obtain the materials for this webinar in the webinar series. Self-assessment is something that we recommend not only just to get you ready for the HUD visit, but it really should be an ongoing thing that you are doing to examine your program.

But it is especially important as you are getting ready for HUD monitoring to make certain that you have got everything that HUD needs to see to show that you comply. In terms of the written agreements and partner oversight, it really the self-assessment should focus on how and how well you are overseeing their administrative partners.

So self-assessment would consist of looking at your policies and procedures to ensure they are complete and that you are following them, reviewing the project documentation, and the file documentation to make sure you have got complete documentation. And looking at the monitoring exhibits, the 7-34, 35, and 36 that we are talking about today for this particular one. And of course, the other instruments, depending upon what HUD is going to be looking at on their visit.

Remember that HUD can come in and look at different things. So in terms of your setting up with them, when they are going to come in, they will usually disclose what parts of your program they are going to be looking at, and whether looking at your administrative partners contracts is part of it. You will know that in advance so that you can prepare.

To take it just one step further, let us go to this next slide and this gives you an overview. Again, this relates heavily to the self-assessment tool that we have got. It is one of the tabs at the top of your web-x screen that you also have the link down below to go get this self-assessment tool. that is the generic self-assessment tool across all 10 webinars.

In terms of preparing for this particular area of monitoring, as I mentioned, you want your policies and procedures and to know that they not only that they exist, but that you are following them and whether or not they really are effective, whether they are ensuring the quality performance that you need. Are they sufficiently detailed? Do they sufficiently identify the roles

between the PJ and the partner as to who is doing what? You want your written agreements to make sure they have all the required elements, but also the things that I have talked about in terms of the additional management issues that you may want to address as part of your agreement to make sure that you can use it as a method or a tool for overseeing your partners.

The documentation, the written agreements, the risk assessment policy, the monitoring policy, the program income records; Less talked about all those earlier in the presentation program. Performance runs to issues of whether the -- your partners are making adequate progress or are they meeting the milestones and the performance goals. Again, we are recommending that you have these milestones and performance goals built into your written agreement. As I said earlier, what gets measured gets done. So putting the measures in your agreement gives everybody something to focus on as they go about implementing it.

There are a whole bunch of different performance indicators you can use in terms of their processing progress. The applications receive the process, the units being produced, the beneficiaries served, the -- all those kinds of things depending upon the activities they are doing for you. You want some sort of milestones.

You also want the IDIS information because you want to see what data is missing, what projects appear to be stalled, what are approaching deadlines, other potential issues, and if they run to one or more of your administrative partners, you want to focus in on that and get that corrected as soon as you can.

In terms of monitoring and evaluation, we are interested in whether or not you are doing the required oversight of your partners; whether you have done the risk assessment, whether you are doing at least annual review, whether you are surveilling their progress, whether you are doing any in-depth follow up, or additional assistance as a result of your monitoring, when you sense that they are not making adequate progress, or they are not complying with all requirements.

Les mentioned earlier the notion of monitoring being more proactive and technical assistance-oriented thing. I would like to, I would like to endorse that. These are your partners, and it is not entirely arm's length and arbitrary and does not need to be antagonistic. You want them to comply. They probably want to comply as well, as long as they know what they are doing, and the extent to which you help them early on might in fact reduce or eliminate the performance problems down the road.

To me, monitoring is something -- successful monitoring helps you to minimize the findings that need to be made, but not to hide those findings, but rather to just simply make certain that things are that all the requirements are met before the monitoring actually occurs.

You will also want to be clear if you are providing feedback to your PJs, not only from your monitoring visits, but as you as you work with them through the program year. Constant interaction and contact is useful. And if you have done monitoring, have you done the follow up and the resolution of any findings? And again, as I mentioned earlier, focusing on citizen complaints and social media and issues that might relate to your administrative partners activities might help you identify some problems with their performance.

And so these are things you want to use to evaluate them. You will also want to look at whether they or their staff have the skills or need additional training. We know that there is not a lot of HOME training out there right now, especially during the pandemic. And we can tell from the questions that you have been asking today that many of you are looking for -- for guidance on HOME activities.

There is a lot of details in both the HOME statute and the rule, and everybody wants to comply. But you cannot comply if you do not know the basic requirements. So we always encourage you to use opportunities to train both your staff and your partner's staff. And also whether, you want to keep an eye on whether the program is changing, whether it has been changed or whether it needs to be changed.

Again, this is all about getting ready for HUD. I want to make it clear that you probably will not be looking just at your administrative partners solely as you get ready for. They are probably going to be looking more broadly at your program. This is just going to be one component of it. But if you are using partners, it is important that you look at their performance and whether they are ready for the monitoring, not just you, because HUD will need access to that information when they, when they do conduct the in-depth monitoring.

I would like to mention again, some resources and tools. The -- I had commented earlier about the CPD monitoring handbook. Remember, chapter seven is HOME, and so all these exhibits are seven dash. The 7-24 was the pre monitoring checklist that HUD has their own staff follow to get ready to come monitor you. So they give you advance notice of what they are looking for. And you should make certain that you have those things available for them because not everything has already been submitted to HUD that they were going to want to look at.

The exhibits that we have been talking about today are down at the bottom and they are in the highlighted with the red box exhibit 7-34, 7-35 and 7-36. They are there, but all of the exhibits are at the link that you can see in the right-hand link on your screen.

We have talked about the HUD exchange home page, the home landing page as a really important resource to note, to know: hudexchange.info will take you to it. There are some things at the top. As you scroll down, you can get into the individual topic areas, the two areas that we have dealt with today. You will see them in the lower left. They are actually the mongering, and they are also the program administration and management box next to them.

There are some resources there that you might want to look at. We have also provided for you the request TA link if you are asking for help, to look at these issues. There is all the -- there is a lot of information on the HUD exchange home page, all of the limits and the policy guidance and everything else, it is -- it ought to be one of the links that is on the top of your, of your browser that you can go to regularly and get the, any information you need and also get it to your partners

In each of the sessions we have talked about the building home, online training. We have detected from your questions that many of you, and also from the experience levels that you have indicated to us and some of the early polls, that a lot of you have probably not had much HOME

training, especially if you have had less than a year experience and you have tried to come into this program under the pandemic when we are not able to do anything on site, and we are limited to some webinars and other things to help you.

One of the most important resources is building a home online. It is available in the link that you see there. It will take you there. I think we have told you a couple of times there are three modules that open it that are the basics. And you have to go through them as one, two, three and then you can launch into the other activities, specific module.

This one on program administration that includes oversight of partners and the written agreements with partners, is part of Module Three. And you can see that in the right-hand part of the screen. If you have not done this before and have not had other HOME training, we urge you to take this. A lot of your questions that you posed to us to be answered in that training. This webinar is about introducing the monitoring exhibits to you. It is not a basic training, and we did not plan to go into that level of detail. But we can see from your questions that you would like to get more detail. So please use this online resource.

With that I am going to pause and ask Les or Kris to take questions that they have seen come up that we might want to talk about for the audience.

Les Warner: Well, I was just going to make a kind of a comment circling back based on a couple of the questions that came in about written agreements. We have mentioned in, both Monte and I in couple of different places, about the fact that the requirements that apply are going to be different based on the type of organization.

So we mentioned that CHDOs -- we have some questions about, where do I, where do I see in 2 CFR Part 200, that CHDOs do not fall under the full requirements of this. And the issue here is that 2 CFR Part 200 applies to the PJ, to the state recipient, and the subrecipient. And CHDO is not a state recipient or a sub recipient.

And so, the HOME rules then have specified that there are two sections of the 2 CFR Part 200 which really apply to talk about some basic financial system. But what we see, oftentimes happening, is that PJs have templates that, written agreement templates that they have used that actually have some of the provisions that do not actually apply, and they had not intended on putting in there.

So for instance, we said that CHDO does not fall under the rest of the 2 CFR Part 200, but if you inadvertently have simply had language that cites all of 2 CFR Part 200, then things like procurement, a lot of requirements would actually apply. And so, we sometimes have PJs that inadvertently trigger these things, and then they have noncompliance because no one realized that they had sort of accidentally done that.

So part of this pre -- this preparation of this would be go back and look at how, you know, what provisions you have included, making sure you have the required ones, but also make sure that if you have, for instance, a contractor, and Monte will talk to you about some sections would apply, some would not to that contractor, the same thing with CHDOs, make sure that you have

not inadvertently used one template that actually triggers some of these things that you do not have to require and did not really intend to require.

And we see a lot of folks who did not realize that they had some things in there that they did not intend to have.

Monte Franke: That is a good comment lesson. I would just add that HUD not only expects you to enforce the rules, but they expect you to enforce the agreements you execute. So if you impose additional requirements, which you are permitted to do so, they would expect you to enforce them even if you do so inadvertently. Were there other things in the questions? We want to address?

Les Warner: I do not have anything additional.

Monte Franke: Kris, did you see anything?

Kris Richmond: I just had a lot of people asking about -- where do we find out about how to do strategy or a little more about the background of monitoring and so on, referring people back to the first session that we did, understanding monitoring. And I put the link on how to access that recording that is already posted in the answer box.

Each of the first three modules I -- somebody was asking for the e-building home. I do not know, off the top of my head, I knew at one point. I think, Les, is it like 15 hours of training for the whole thing? Or 20 hours of training? I mean, there is like 12 modules for the online building homes.

Les Warner: Yeah, I think it is actually more like 20. But it is probably best not to tell people.

Kris Richmond: It is self-paced. I mean, it took a three day in person training and changes to online training. So it is self-paced. I know it is really hard to find chunks of time, but if you maybe schedule yourself for Thursday's at 8:30, maybe every Thursday, you take an hour and just keep moving through the sessions.

Les Warner: [inaudible] To go into more detail than the on-site ones did. So there it can be very helpful for folks like.

Kris Richmond: Some people were actually asking, Monte, you might have more input about this, how do we capture the feedback that is coming from the community through social media? And one suggestion I have, well take a screenshot of it and put it in your social media feedback file, or if this is your complaint or your action plan, you want to make sure you include that in your responses. But have you, have you come across that or have any suggestions for other PJs about how to handle social media feedback [inaudible]?

Monte Franke: Is this a question run to how to document that or how to respond to it?

Kris Richmond: I think it was how to document it because I think they can probably respond to it in whatever their policy says. But, you know, one of our self-assessment questions or is have you been seeing any feedback as there have been posts in social media? We talk about it where where you might be able to access it. But there was just wondering if there is any guidance on appropriate ways of saving that or documenting that.

Monte Franke: Yeah, I think most things are, these days you are doing screen shots and just sort of recording it. I think the important thing is it is not just the recording of the comment, but how you choose to respond, whether there is an adjustment that can be made in the program. We know that there is different types of comments and criticisms that are received, and some have more validity in terms of programing administration than others. But tracking it is one thing, and then choosing how to respond is another, and keeping track or recording how you are handling that as you go along is an important thing to also document.

Kris Richmond: There was also a couple of questions when you were going over the contractor written agreements, the recommendation was two years, and so people were saying, well, why is it only two years? Can I do more than two years? And I looked back at the exhibit and it is a recommendation. It does not say it is a requirement, it just says that HUD recommends that it be two years. Some of the reasons I said it gives you a little more flexibility in case or any changes you might want to make. But is there anything you want to add to that about why you might want to only have your agreement with a contractor for two years or less?

Monte Franke: I would say that the thing is, is you want to be able to have a point at which you can decide that they are not performing for you, and letting it go on too long without being able to maybe recompete or look at a different way to do things; you do not want to be tied in forever. I think the two-year recommendation that goes back historically to when we had, you know, the five-year expenditure deadlines and things like that that we do not have currently in front of us.

But timeliness is important whether or not those deadlines exist. And so, I would not want to give an administrative entity an unlimited amount of time, or an excessive amount of time. I would want to keep the pressure on. And one of the ways you keep the pressure on is to have a deadline for the contract. And I think that is why it remains as a recommendation.

Kris Richmond: Great. Another, another -- go ahead.

Les Warner: And it was a way also that we could potentially reprogram funding if there was an issue on the table to be used.

Kris Richmond: Great. So that kind of brings us to our time. Monte, do you want to maybe move on to slide 72 so folks can see what is up next, and you can give a little talk for next week.

Monte Franke: Yeah, the this completes the general administration track, the green track that you see on your screen. Next week we go into we start parallel tracks and homeowner activities and rental activities. So these will be the more activity-based things that many of you have been clamoring for in your questions this week.

We, generally we are going to -- Tuesdays are going to be homebuyer activities, and Thursdays will be rental based activities. So this coming Tuesday, we are doing homebuyer development, and next Wednesday will be rental development, and then the subsequent weeks will take care of the other activities that you see there.

I hope you are finding this useful. I know it is a lot of detail, and I know it is rather dry, but it is really important. It is both important that we run good programs and that we are also ready for when HUD monitors. I know there is a lot of details in the program, and we do not want the monitoring to what would be the tail that wags the dog here. We want to we want to implement effective programs, and that includes making sure our programs comply. So we thank you for investing the time that you have with us, and we hope that you will find the next couple of weeks useful as well for those activities that you do, too. And I would like to thank you.

Les Warner: Thanks, everybody.

Kris Richmond: See you next week. Bye.

(END)