Neighborhood Initiative Program GUIDELINES

Ohio Housing Finance Agency – January 3, 2014

OHIO HOUSING FINANCE AGENCY

A Hardest Hit Fund Program

CONTENTS

Revision History

[This page is reserved for a list of Guidelines revisions]

SECTION 1: DEFINITIONS

APPLICANT means the eligible Land Bank, or Land Bank-affiliated entity that submits an Application to OHFA pursuant to the Request for Qualifications to participate in the NIP program in Round 1, Round 2, or both.

APPLICATION means an Applicant's proposal submitted to OHFA in response to the Request for Qualifications in Round 1, Round 2, or both.

BLIGHT incorporates the same definitions as "blighted area," "slum," and "blighted parcel" as found in Ohio Revised Code Section 1.08 which are as follows:

"Blighted area" and "slum" mean an area in which at least seventy per cent of the parcels are blighted parcels and those blighted parcels substantially impair or arrest the sound growth of the state or a political subdivision of the state, retard the provision of housing accommodations, constitute an economic or social liability, or are a menace to the public health, safety, morals, or welfare in their present condition and use.

"Blighted parcel" means either of the following:

1. A parcel that has one or more of the following conditions:
   a. A structure that is dilapidated, unsanitary, unsafe, or vermin infested and that because of its condition has been designated by an agency that is responsible for the enforcement of housing, building, or fire codes as unfit for human habitation or use;
   b. The property poses a direct threat to public health or safety in its present condition by reason of environmentally hazardous conditions, solid waste pollution, or contamination;
   c. Tax or special assessment delinquencies exceeding the fair value of the land that remains unpaid thirty-five days after notice to pay has been mailed.
2. A parcel that has two or more of the following conditions that, collectively considered, adversely affect surrounding or community property values or entail land use relationships that cannot reasonably be corrected through existing zoning codes or other land use regulations:
   a. Dilapidation and deterioration;
   b. Age and obsolescence;
   c. Inadequate provision for ventilation, light, air, sanitation, or open spaces;
   d. Unsafe and unsanitary conditions;
   e. Hazards that endanger lives or properties by fire or other causes;
   f. Noncompliance with building, housing, or other codes;
   g. Nonworking or disconnected utilities;
   h. Is vacant or contains an abandoned structure;
   i. Excessive dwelling unit density;
   j. Is located in an area of defective or inadequate street layout;
   k. Overcrowding of buildings on the land;
   l. Faulty lot layout in relation to size, adequacy, accessibility, or usefulness;
   m. Vermin infestation;
   n. Extensive damage or destruction caused by a major disaster when the damage has not been remediated within a reasonable time;
   o. Identified hazards to health and safety that are conducive to ill health, transmission of disease, juvenile delinquency, or crime;

p. Ownership or multiple ownership of a single parcel when the owner, or a majority of the owners of a parcel in the case of multiple ownership, cannot be located.

HHF means the Hardest Hit Fund which is a program authorized under the Emergency Economic Stabilization Act (EESA) and funded through the U.S. Department of the Treasury. OHFA is one of 18 states and the District of Columbia that operates HHF through a Commitment to Purchase Financial Instrument and HFA Participation Agreement.

LOAN means funds that a Partner has borrowed from a non-federal source secured by an eligible property; this loan shall be satisfied using funds from the NIP program**.**

LAND BANK has the same meaning as "County Land Reutilization Corporation" as defined in Ohio Revised Code Chapter 1724.

MOVING OHIO FORWARD means the Ohio Attorney General's Moving Ohio Forward Demolition Grant Program.

NON-RESIDENTIAL means a property does not currently contain a Residential dwelling. Non-Residential includes, but is not limited to, vacant land or property primarily used for agricultural, commercial, office or industrial purposes, including commercial hotels.

OHA is Ohio Homeowner Assistance LLC, which is the Eligible Entity for Ohio's Hardest Hit Fund (HHF) program. OHA acts as the fiscal agent for OHFA's Hardest Hit Fund program.

OHFA means the Ohio Housing Finance Agency.

PARTNER is the award recipient and the responsible party with which OHFA will execute a Grant Agreement. A Partner may be a Land Bank established under Section 1724 of the Ohio Revised Code or a local entity that has signed a cooperative agreement with the Land Bank.

PROGRAM means Neighborhood Initiative Program, and may also be abbreviated as "NIP."

RESIDENTIAL means a property that contains a structure that is zoned for Residential use, or is currently or has been used as a Residential dwelling after January 1, 2004. A residential property must have a unique street address. Secondary structures associated with the Residential dwelling and unique address are considered Residential. A mixed use property is considered Residential if it contains at least one and no more than four Residential dwelling units.

RESPONSIBLE ENTITY has the same definition in 24 CFR §58.2(a)(7).

TARGET AREA is an area in which HHF demolition activity may occur as identified in the Partner's approved Target Area Plan.

TARGET AREA PLAN means the manner by which an Applicant proposes the selective or wholesale acquisition and demolition of Vacant properties in Target Areas that are part of a larger, comprehensive strategy to stabilize home values and prevent foreclosure.

VACANT means that a property was previously used for Residential purposes after January 1, 2004 and is currently unoccupied, as defined in Section 323.65 (G) of the Ohio Revised Code and has remained unoccupied for at least 90 days.

SECTION 2: OVERVIEW

A. OHFA CONTACT INFO

Questions concerning the Neighborhood Initiative Program should be directed via e-mail to:

NIP@ohiohome.org

B. PURPOSE

The goal of the Neighborhood Initiative Program is to stabilize property values by removing and greening Vacant and Blighted properties in Targeted Areas in an effort to prevent future foreclosures for existing homeowners. NIP will prevent foreclosure by helping to stem the decline in home values that began with the burst of the housing bubble in 2008. In Ohio, 31 percent of homeowners with loans owe at least 125 percent more than their estimated home value When negative equity combines with other factors such as loss of income, the risk of foreclosure is high because homeowners do not have the option to sell a home they can no longer afford. Foreclosures result in distressed sales that further depress property values and continue the downward spiral, too often resulting in Vacant and Blighted homes. Demolition is a critical component of strategies to stabilize home values.

C. FUNDING AVAILABILITY AND ALLOCATION OF FUNDS

Up to $60 million will be available to eligible Applicants for the acquisition and strategic removal of Vacant and Blighted Residential properties. Funding will be awarded in two rounds. Up to $50 million may be awarded in Round 1. The remainder of the funds may be awarded in Round 2, if there are sufficient qualifying applications.

D. ELIGIBLE APPLICANTS/PARTNERS

Applications must be submitted by a Land Bank established under Section 1724 of the Ohio Revised Code or a local entity that has signed a cooperative agreement with the established Land Bank. There may be only one Applicant per county. A Partner is the award recipient and the responsible party with whom OHFA will execute a Grant Agreement; the Partner must have the capacity and experience to administer the Program.
Partners are encouraged to collaborate with other local governments and with non-profit organizations including community development corporations, regional planning commissions, and community action agencies. Collaboration between the Partner and other local governments or non-profit organizations should be documented in the Application.

E. ELIGIBLE PROPERTIES

Only Vacant and Blighted one- to four-unit Residential properties with a unique address that qualify for lawful demolition under state or federal law are eligible for NIP funding. Properties must be located in a Target Area that is part of a comprehensive strategy to stabilize home values and prevent foreclosure. Historic properties listed on the federal historic register are not eligible. Properties located in historic districts will be subject to local historic preservation legislation, which may or may not allow for demolition. The Applicant must acquire, or already own the property being demolished. Each property must have a Loan of non-HHF funds.

F. ELIGIBLE USES OF FUNDS

The maximum amount of assistance is $25,000 per Residential property which may only be used for pay off a Loan, approved demolition, remediation and greening of the site, maintenance, and administration for up to three years or until the final disbursement, whichever is later. See **Eligible Demolition Costs, Administrative Costs.**

G. USE RESTRICTION

The Partner will execute a note and mortgage for each property providing for a maximum draw amount of $25,000 in favor of OHA. The amount due under the note will not exceed the actual amount of NIP funds disbursed in connection with the mortgaged property. The mortgage will be a zero percent non-amortizing loan with a three (3) year term.

The outstanding balance of the note will be due on sale, transfer, or unauthorized use(s) of the property; all net proceeds of any sale or transfer must first be applied to payment of the OHA mortgage. The mortgage lien may be released prior to maturity upon transfer to an adjacent owner occupant, local government or private entity, or for another eligible use. See **Property Disposition.**

SECTION 3: PROCESS AND PROJECT SELECTION

A. PROGRAM CALENDAR

Up to $60 million will be available to eligible Applicants for the acquisition and strategic removal of Vacant and Blighted Residential properties. Funding will be awarded in two rounds. Up to $50 million may be awarded in Round 1. The remainder of the funds may be awarded in Round 2, if there are sufficient qualifying applications. Applicants may apply for one or both rounds.

<u>Round 1</u>

Request for Proposals:	January 3, 2014
Bidders Conference:	January 8, 2014
Application Submission Deadline:	January 31, 2014 - 5:00 p.m.
Grant Award Date:	February 28, 2014
Funding Agreements Executed:	March 31, 2014
Final Drawdown Submission:	December 30, 2016
Final Financial Report:	March 31, 2017
Final Performance Report:	After final lien release

<u>Round 2</u>

Request for Proposals:	June 30, 2014
Bidders Conference:	July 9, 2014
Application Submission Deadline:	July 31, 2014 - 5:00 p.m.
Grant Award Date:	August 29, 2014
Funding Agreements Executed	September 30, 2014
Final Drawdown Submission:	December 30, 2016
Final Financial Report:	March 31, 2017
Final Performance Report:	After final lien release

OHFA reserves the right to adjust the dates set forth above as needed to better meet and address the Program needs.

B. APPLICATION PROCESS

Ohio Housing Finance Agency will post the Request for Proposals (RFP) on its website www.ohiohome.org on the dates listed above. OHFA will also send notification of the publication of the RFP via email to Ohio Land Banks. Applications must be submitted electronically to the mailbox designated in the RFP prior to the deadline.

C. EXPERIENCE AND CAPACITY

OHFA will conduct a review of the experience and capacity of the Applicant. At a minimum OHFA will require the Applicant to provide:

1. Full organizational chart, staff roster, and resumes of key development staff within the organization, and a listing of the organization's governing members. If the Applicant is a Non-Land Bank, the Applicant should also provide the information for the Land Bank with which it is affiliated;

2. A narrative describing the history and experience of the organization, including recent successes and challenges. The Applicant should explain how it seeks input from and collaborates with neighborhood and community groups and local partners. If the Applicant is a Non-Land Bank, the Applicant should also provide the history and experience of the Land Bank with which it is affiliated;

3. A summary of the Land Bank's activity under the Moving Ohio Forward program to date. The Application will contain a spreadsheet format to use for this summary. If the Land Bank did not participate in Moving Ohio Forward because it is newly created, provide a summary of the county's participation and explain how the Land Bank will work with the entities that have the prior experience; and

4. The most recent audited financial statements for the Land Bank. If the Land Bank has not had an audit, then statements that were reviewed or compiled by a third-party accountant may be submitted. The most recent internally prepared financial statements are acceptable only if audited, reviewed, or compiled statements are not available.

D. TARGET AREA PLAN

Applicants must submit a strategic plan, called a Target Plan, which proposes selective or wholesale acquisition and demolition of Vacant and Blighted properties in Target Areas that are part of a larger, comprehensive strategy to stabilize home values and prevent foreclosure**.** See **Section 5: Target Area Plan**

E. ACQUISITION STRATEGY

The Applicant must provide a summary of its experience in acquiring properties through tax foreclosure, forfeiture, donation, purchase, or other means.

The Applicant must provide a copy of the organization's policies and criteria for evaluating properties for acquisition and demolition, if such policies were adopted. Partners that have not adopted policies regarding acquisition and demolition will be required to do so prior to executing a funding agreement with OHFA. The policies should address factors such as available funding, carrying expense, demolition cost versus rehabilitation cost, environmental risk, threat to public safety, deteriorated conditions, long term vacancy, and future use of the site.

The Applicant should describe the strategy for acquiring properties in the Target Area through tax foreclosure, purchase of tax liens, forfeiture, donation, purchase, or other means. Properties already owned by the Land Bank may be included in the strategy

Historic properties listed on the federal historic register are not eligible. Properties located in historic districts will be subject to local historic preservation legislation, which may or may not allow for demolition. See **Section 6: .**

F. DEMOLITION STRATEGY

The Applicant must provide policies and procedures for conducting demolition of properties, if such policies were adopted. If the Applicant is a Non-Land Bank, the Applicant should state the policies and procedures of the Land Bank with which it is affiliated. Partners will be required to adopt policies regarding demolition prior to executing a funding agreement with OHFA. At a minimum, these policies should address: inspections, permits, asbestos abatement, selection and payment of contractors, cost certification, and quality control.

The Applicant should provide a brief narrative describing the process for management and oversight of the demolition process and how the Partner will cover expenses that exceed allowable costs. See

Section 7: Property Demolition**.**

G. MAINTENANCE AND DISPOSITION STRATEGY

The Neighborhood Initiative Program requires Partners to green and maintain properties for three years following the disbursement of NIP funds for demolition. Applicants should describe their organization's current approach to maintenance and disposition of property, as well as their plan to meet the requirements for maintaining the property for the required term. The plan should also address possible disposition of properties through transfers to other owners qualifying for early lien release.

H. REVIEW PROCESS

The review process for the NIP will be detailed in the RFP. The process will include a threshold review to determine if the Applicant is eligible and the proposal is complete. OHFA will complete threshold reviews of Applications and offer the Applicants the opportunity to correct deficiencies in their Applications within a specified period.

All Applications that pass the threshold review will be reviewed by OHFA staff and scored according to the criteria set forth in the Application. The review will cover the Applicant's experience and capacity, Target Area plan, acquisition strategy, demolition strategy, and maintenance and disposition strategy.

I. FUNDING AWARD

Applicants will be notified of their funding award via email and the results will be posted on OHFA's website. Within ten business days following the award announcement, OHFA will send contract documents to the Partner. Documents should be executed as soon as possible, consistent with the Program Calendar.

J. APPEAL PROCESS

Applicants who are not offered an award in Round 1 may reapply in Round 2. Upon request, OHFA will provide the scoring summary and will meet with Applicants that were not funded in Round 1. No decisions may be appealed until after the Round 2 awards. Appeals must be submitted within 90 days of the Round 2 awards.

Applicants who wish to appeal must request their scoring summary and shall submit documentation to address deficiencies in the original Application(s).

Appeals will be reviewed by at least one member of OHFA's Senior Staff. Funding awards to qualified applicants will be subject to the availability of funds.

SECTION 4: PROGRAM ADMINISTRATION

A) PROGRAM PERIOD

Funds will be reserved for successful Applicants after execution of a Funding Agreement (contract). All demolition work must be completed by October 31, 2016. Funds will be allocated for ongoing maintenance and administration in multiple disbursements. Final reimbursement/disbursement request reports are due on or before December 30, 2016. The demolition activities of the NIP will close out with the submission of the final financial reports which are due March 31, 2017. The programmatic aspect of the Program will continue while the properties remain in control of the Partner and until the HHF liens are released. Partners must submit quarterly reports and OHFA will continue compliance monitoring through lien release. See **Program Calendar.**

B) CONTRACTS

All Partners must execute a Funding Agreement with OHFA no later than March 31, 2014, for Partners participating in Round 1 and June 30, 2014, for Partners participating in Round 2, unless the Partner requests and OHFA agrees to an extension. Contracts will not be finalized without the provision of all onboarding documents as required by OHFA and further specified in the Funding Agreement and accompanying onboarding checklist.

C) REIMBURSEMENT/DISBURSEMENT OF FUNDS

A Request for Payment must be submitted to OHFA by the Partner via e-mail to an address specified by OHFA. The completed documentation with all items on the Reimbursement/Disbursement Report Checklist must be included.

This report must include documentation of the Loan, pictures before, during, and after demolition for each address, demolition expenses, documentation of hazardous materials identification survey and disposal, authority for demolition (title, consent, court order, etc.), and contractor release of liens. Reimbursement/disbursement requests are encouraged to be grouped together. Incomplete reports will not be processed and will be returned to the Partner.

OHFA will review the reports and authorize payment to the Partner by OHA. Payments will be made by electronic funds transfer. The Partner is responsible for updating OHA when banking information or signatories change. Questions regarding the reimbursement/disbursement of grant funds should be directed to OHFA by telephone at 614-387-5045 or by e-mail at NIP@ohiohome.org or to OHA at 614-545-7839 or by e-mail at OHADocuments@occh.org

D) ELIGIBLE DEMOLITION COSTS

Allowable reimbursable/disbursable demolition expenses include the cost of demolition contractors and vendors, environmental assessments and disposition, title searches and legal advertisements, administrative costs, and contract preparation or review.

Reimbursement/disbursement for a demolition activity is contingent on submission and approval of all required forms, photographs, and documentation. Partners shall submit a copy of the demolition contract with the reimbursement/disbursement request.

E) ADMINISTRATIVE COSTS

Administrative costs incurred by the Partner are deemed an eligible expense up to the maximum amount of ten percent (10%) of fully documented eligible pre-demolition costs, hard costs, and post demolition costs per Property. Examples of eligible administrative activities include soliciting and vetting contractors, compiling documentation for reimbursement/disbursements, oversight of property maintenance and disposition, and writing quarterly and grant-end reports.

Reimbursement/disbursement for an administrative activity may be contingent on submission and approval of all required supporting documents proving the cost incurred for each eligible activity, organized by property address where applicable.

Documentation of administrative expenses in excess of $1,000 must be provided with the invoice for payment. Administrative expenses less than or equal to $1,000 per property may be invoiced as a flat fee.

F) ELIGIBLE COSTS CHART

The chart below describes mandatory, eligible, and non-eligible costs under the NIP program.

REQUIRED NIP COST *(Reimbursed at 100%)* • Payoff of Existing Loan
ELIGIBLE ACQUISITION COSTS *(Reimbursed 100% up to $5,000)* • Acquisition of real estate • Purchase and litigation of Tax Lien Certificates for Vacant property • Payment of real estate taxes and tax delinquencies* • Payment of property assessments*

- Payment of delinquent utility costs*

Payment of delinquent taxes, assessments, and utility costs may not exceed $2,500 total per property.

ELIGIBLE PRE-DEMOLITION COSTS

(Reimbursed 100% for Completed Demolitions)

- Environmental assessments
- Asbestos surveys
- Title searches
- Contract preparation and review by third-parties
- Architectural/engineering fees, including cost estimates, bid specifications and job progress inspections
- Legal/bid advertisements
- Other third-party expenses approved on a case-by-case basis by OHFA

ELIGIBLE DEMOLITION HARD COSTS

(Reimbursed 100% for Completed Demolitions)

- Demolition of buildings
- Removal of asbestos
- Removal of other hazardous materials
- Clearance of structures (poles, fences, walls, driveways, service walks, etc.)
- Removal of underground storage tanks and utility services
- Removal and/or filling/capping of septic systems and wells
- Clearance of debris and garbage (illegal dumping, junk vehicles, etc.)
- Site restoration (grading and seeding)
- Regulatory permit and inspection fees
- Other expenses approved on a case-by-case basis by OHFA

ELIGIBLE POST-DEMOLITION COSTS

(Reimbursed as set forth below)

- Additional greening or improvements beyond basic site restoration up to $1500
    - planting grass, trees or flowers
    - installing fencing, benches or beds
- Current and future maintenance up to $400 annually for up to 3 years

ELIGIBLE ADMINISTRATIVE COSTS

Up to 10% of fully documented eligible pre-demolition costs, hard costs and post-demolition costs, or; $1,000 flat fee without documentation)

- General management and oversight

- Technical support services
- Monitoring and evaluation
- Preparation of Reimbursement/Disbursement Requests
- Performance Report preparation
- Local historic review/Assessments (OHPO clearance is not required)
- Audit costs
- Contract preparation and review by internal counsel or staffers
- NIP Loan closing expenses by internal staff or third party
- Mortgage recording
- Other expenses approved on a case-by-case basis by OHFA

INELIGIBLE COSTS

(No reimbursement)

- Marketing of project site(s)
- Litigation expenses unrelated to tax foreclosure

G) INVOICE

Partners must submit an invoice for payment using an OHFA-approved form. Each invoice must be accompanied by sufficient supporting documentation as determined by OHFA to justify the expense incurred. Invoices missing required documentation will be returned to the Partner for correction or amendment; returned invoices may result in payment delays to the Partner.

All invoices must be signed by two (2) Partner-authorized signatories attesting the invoice and all supporting documents are attached and are accurate before payment will be disbursed.

H) PAYMENTS

Partners shall have a final inspection conducted on all demolition projects prior to submitting an invoice to OHFA for payment. All punch list items shall be completed and inspected at that time. Reimbursements for partially completed items are prohibited.

Whenever reasonably possible, invoices submitted by the first of each month with all required supporting documentation included will be paid to the Partner via ACH deposit no later than thirty (30) days following submission. OHFA reserves the right to withhold or delay full or partial payment where additional documentation is requested to substantiate the funding request amount.

Final payments for each Round are listed in Section 3(A). OHFA may amend these dates at its discretion as may be necessary. Notice of any amendment to the payment cycle will be provided to all Partners as early as reasonably possible.

I) QUARTERLY REPORTING

Partners must submit quarterly reports, using the Quarterly Report Form, containing the following information for the reporting period:

- Demolitions completed for the quarter;
- Cumulative demolitions completed;
- Funds disbursed by property for the quarter;
- Cumulative funds disbursed by property;
- Properties transferred with lien release;
- Properties transferred with lien payoff;
- Summary of Progress Towards Award Completion;
- Program income summary;
- Staffing changes;
- New or Revised Sub-Recipient Agreements; and
- Notable Achievements and Challenges Experienced by the Partner.

Quarterly Reports are due by the fifteenth of the month in April, July, October, and January provided, however, no report is due sooner than sixty (60) days from the date of initial funding in the Partner's first Round of funding.

J) FINAL REPORTING

A final report of demolitions and property disposition is required after final lien release. This report must include the number of demolitions completed, expenditures including in-kind contributions, and program accomplishments including community and economic benefits realized.

K) PROGRAM INCOME

NIP funds may only be used for the purpose of paying eligible expenses. Any revenues in excess of expenses that are generated as a result of the final disposition of the property must first be used to reduce or payoff the NIP mortgage. Program income must be submitted to OHA as it occurs, summarized by address and amount in each Quarterly Performance Report to OHFA. Once the HHF mortgage is satisfied, the Partner may use excess revenues for other purposes consistent with its mission.

L) CONTRACT AMENDMENTS

Amendments to the final contracts may be proposed by a Partner to increase the grant award up to the maximum award amount. OHFA will approve grant amendments on a case-by-case basis. OHFA may require contract amendments as further specified in the Reallocation and Recapture sections.

M) CONTRACT EXTENSIONS

OHFA will approve contract extensions on a case-by-case basis. It is OHFA's intention that all demolition funds be expended no later than December 31, 2016.

N) SUB-RECIPIENT AGREEMENT

The Partner may enter into a sub-recipient agreement with other entities for performance of specific functions, subject to approval by OHFA. Sub-recipient agreements must include, at a minimum, the following: statement of work, records and reports, budget and balances, compliance with federal and state laws, and suspension and termination provisions.

O) REALLOCATION

It is OHFA's intention that all demolition funds be expended or committed no later than December 31, 2016. To meet this goal, OHFA will monitor all Partner's expenditures and Reimbursement Requests on an ongoing basis. OHFA reserves the right to recapture and/or reallocate grant funds to ensure project completion within the grant period. See

Section 9: Reporting and Compliance**.**

SECTION 5: TARGET AREA PLAN

Applicants must submit a Target Area Plan that proposes selective or wholesale acquisition and demolition of Vacant and Blighted properties in Target Areas that are part of a larger, comprehensive strategy to stabilize home values and prevent foreclosure. Partners may amend or update the Target Area Plan with prior written approval by as may be needed based on changing conditions.

The Target Plan should address three key elements:

- Identification of Target Areas;
- Source of properties to be acquired; and
- Maintenance and/or redevelopment of properties.

A) TARGET AREAS

For each Target Area, the Partner should:

- Explain the reason the area was selected and how the strategy will reduce foreclosures for existing homeowners by increasing the value of surrounding properties, attracting private investment and development, or supporting current investment and development;
- Partners should look first to Tipping Point Neighborhoods, although all types of neighborhoods may qualify with justification;
- Categorize each neighborhood according to the chart in Figure 1, below;
- Provide a map with the location and condition of Vacant Residential properties, and the location of Vacant land resulting from prior demolition;
- Provide a list and/or map of recent foreclosure activity and describe trends in foreclosure since 2009;
- Describe the number and percentage of owner-occupied Residential units, and show evidence of decline in property values;
- Describe the neighborhood assets, including recent and proposed public or private investments, proximity to employment, major institutions, and amenities;
- If applicable, identify local historic districts and properties; and
- Describe the impact of proposed demolition on the fabric of the neighborhood.

Figure 1

Type of Neighborhood	Appropriate Strategy
Healthy Neighborhoods	Spot Demolition
Tipping Point Neighborhoods	Targeted Demolition
Revitalization Neighborhoods	Demolition for Infill Redevelopment
Redevelopment Area	Large scale demolition for *(a)* redevelopment or *(b)* green and maintain

See the following detailed description, provided by the Michigan NSP2 Consortium Policy and Procedures Manual:

Healthy neighborhoods: Healthy neighborhoods are neighborhoods where the market is largely sustaining occupancy and real estate transactions. Homes in these neighborhoods are generally reasonably well maintained, and there is an above average share of the housing stock that is owner occupied. In the present economic climate, even otherwise healthy neighborhoods are in some distress. Market transactions take considerably longer than normal and job loss and a loss of market value has resulted in some foreclosure activity. In this type of neighborhood, market forces generally resolve vacancy and abandonment issues. Though in some distress now, these neighborhoods will be the first to rebound when the economy improves. Loss of property values will typically be less than in the other neighborhood types. Any blighted properties will be more likely to be purchased by speculators or adjoining property owners and cleaned up. Strategies for addressing needs in this type of neighborhood would be primarily through citywide programs, such as home repairs to very low-income households, mortgage payment assistance to those in danger of losing their home to foreclosure, code compliance, and the demolition of blighted properties.

Tipping point neighborhoods: In these neighborhoods there has been some marked decline. There are often a significant number of houses for sale and/or rent and a number of vacancies. However, these neighborhoods are still vital. Occupancy is often a mix of owners and renters, and the majority of units are occupied, though the vacancies are increasing and the home values are falling. Generally, less than 20% of the properties are blighted. For the most part, people still maintain their properties, though the number of properties not maintained is growing. Like the healthy neighborhoods, these neighborhoods fall into a rather broad range. Therefore the strategies necessary will vary from neighborhood to neighborhood. In general, the goal is to stop the bleeding and to begin to turn these neighborhoods in a positive direction so that market forces will take over. Examples of effective strategies for meeting needs in this type of neighborhood will include targeted demolition, acquisition/rehabilitation/resale, and scattered site rental development to remove blighting influences, raise property values, and encourage reinvestment. This can occur alongside owner and renter occupied rehabilitation and home repair programs, and targeted minor infrastructure projects.

Revitalization neighborhoods: These neighborhoods have often seen considerable decline over years or even decades. Vacant, boarded up houses are noticeable, and there is a mix of occupied and unoccupied units. Often occupancy is primarily renters. Many properties are not well maintained, and 20 to 70% are blighted. These neighborhoods again fall into a broad range, but are generally unable to become vital in the marketplace again, without substantial outside assistance. The strategies necessary to revitalize these neighborhoods will vary based upon the needs and specific characteristics of each neighborhood. Often the assistance will include concentrated work in a small targeted area and radiating from there into the surrounding neighborhoods. This work will usually involve multiple activities including rehabilitation, infill development, streetscaping, infrastructure improvements, and demolition. Scattered site rental development, if done as a stand-alone strategy, is not very likely to be successful in this type of neighborhood. However, if planned as part of a concentrated and targeted strategy for revitalization, it can be a useful tool.

Resources necessary to be successful in this type of neighborhood are typically much greater than in tipping point neighborhoods, as the scale, concentration, and diversity of the work will be much greater. This also generally means utilizing resources from a number of sources and working with multiple partners that are a part of the overall neighborhood plan. This includes both non-profit and for profit organizations involved in services, housing development, commercial development, and infrastructure projects.

Redevelopment areas: These areas have seen the most decline. Though once vibrant neighborhoods, lost industries and decades of disinvestment have caused these communities to become almost virtual ghost towns. Abandoned, blighted houses are everywhere, with over 70% of the properties blighted. A minority of houses are occupied, usually by renters or illegal occupants. Maintaining basic utilities and city services to these areas usually places a burden on the City. There are two primary strategies that will generally have some likelihood of success for addressing this type of neighborhood, as described below.

Reinventing the neighborhood: In this strategy, much, or all of a neighborhood will be demolished, and the neighborhood will be redeveloped. Sometimes a few of the original properties will be saved and will serve as a design element for the new neighborhood. Other times the entire neighborhood will be razed and redeveloped with a new plan. This strategy will often make sense where a critical mass of properties of character remain in reasonably good condition; where adjacent neighborhoods contain important community anchors that need protected; or where adjacent neighborhoods are being revitalized.

Shrinking toward prosperity: In this strategy whole blocks or neighborhoods are razed and the property turned into vacant land, which may be land banked for future redevelopment or utilized for parks, green space, or urban farmland. This strategy is often used where few of the properties are salvageable and there is an overabundance of housing in the region. Its secondary goals include cutting municipal costs associated with infrastructure and crime

B) SOURCE OF PROPERTIES

All properties must be owned by the Land Bank to qualify for NIP. The Land Bank may acquire the properties through tax foreclosure, purchase of tax liens, forfeiture, donation, purchase, or other means. Properties already owned by the Land Bank are eligible, but must be encumbered by a Loan prior to demolition. The Target Area Plan should include information to demonstrate that eligible properties are and will be available through a variety of sources.

The Applicant should:

- List properties already owned in the Target Area that the Land Bank expects to include in this Program.
- List properties in the Target Area that are reasonably expected to be acquired for this Program and identify the source and expected date of acquisition; and
- Demonstrate that there is a reasonable likelihood of acquiring additional properties in the Target Area within the timeframe of the Program.

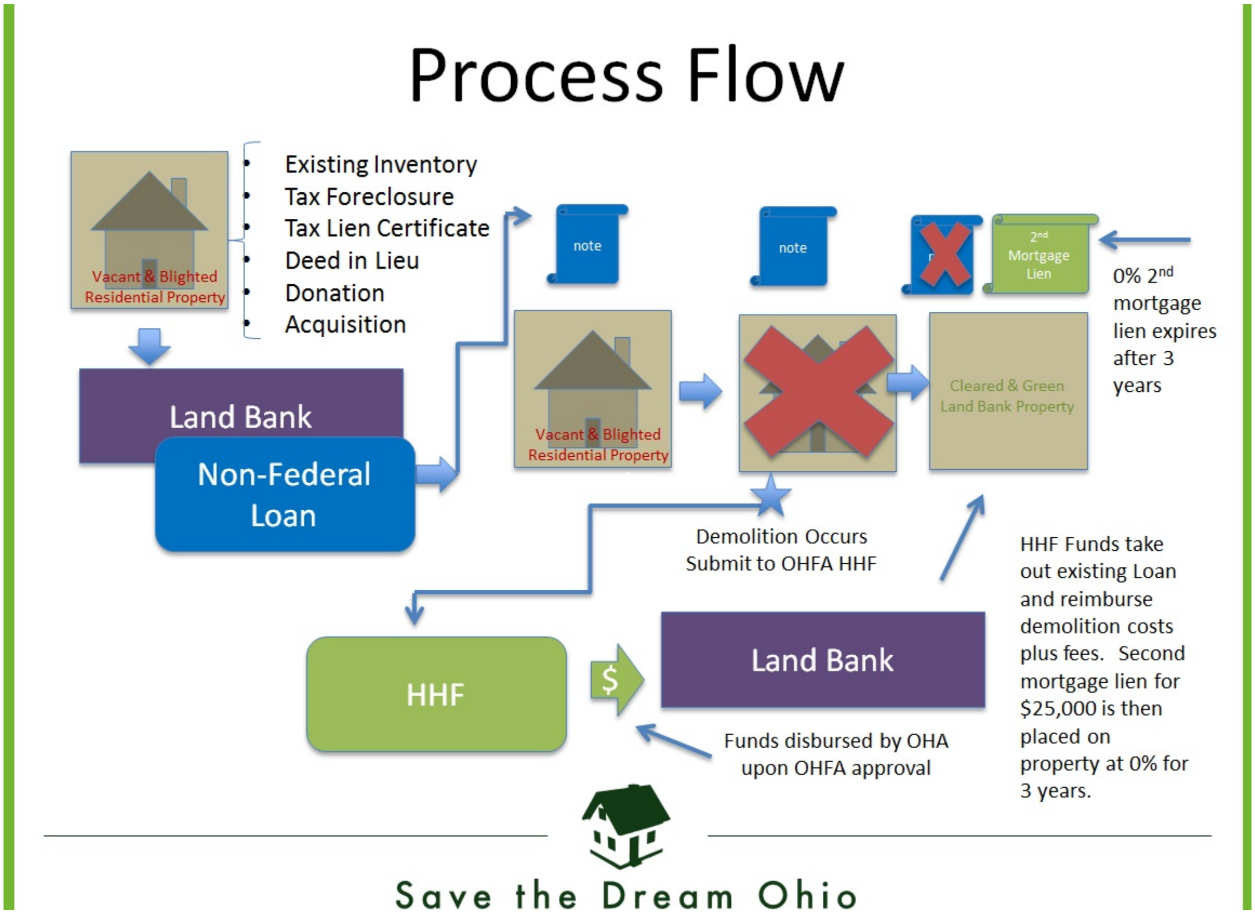
C) MAINTENANCE AND/OR REDEVELOPMENT

NIP requires Partners to green and maintain properties for three years following the disbursement of NIP funds for demolition. Applicants should describe their organization's current approach to maintenance and disposition of property, as well as their plan to meet the requirements for maintaining the property for the required term. Partners may contract with other entities to perform the required maintenance activity but may not transfer the property to that entity, except for eligible purposes.

The plan should also address the possible or expected post-demolition use of properties in each Target Area that will benefit the neighborhood. This may include, side lot programs, public use, commercial use, economic development, residential redevelopment, or non-profit use. See: **Greening, Maintenance.**

SECTION 6: PROPERTY ELIGIBLITY AND PROCESS FLOW

Figure 2. Process Flow



A) PROPERTY ELIGIBILITY

Property Eligibility Criteria includes all of the following:

- Vacant at the time of acquisition;
- Blighted properties at the time of acquisition;
- Last use was as Residential with no more than four units;
- Can be acquired and demolished for an acquisition and demolition amount not to exceed $25,000 per property address or have funds committed in writing that can be leveraged to complete acquisition and demolition costs that exceed that amount.
- properties must be located within a Target Area as defined in the Grant Agreement. The Partner may request a change to the approved Target Areas by submitting an amendment with justification to OHFA.

Documentation that properties in the Target Plan meet the Eligibility Criteria must be submitted with the request for NIP funding.

B) SOURCE OF PROPERTIES

All properties must be owned by the Land Bank to qualify for NIP. The Land Bank may acquire the properties through tax foreclosure, purchase of tax liens, forfeiture, donation, purchase, or other means. Properties already owned by the Land Bank are eligible, but must be encumbered by a Loan prior to demolition. See: Acquisition Strategy.

C) PROPERTY COST GUIDELINES

Partners should strive to limit the property acquisition costs and implement best efforts to stay below the $5,000 maximum acquisition costs. With the exception of tax lien certificate purchase and litigation, total taxes, tax delinquencies, assessments, and utility delinquencies may not exceed $2,500 per property.

D) ENVIRONMENTAL REVIEW

The HHF program is authorized under the EESA and funded by the U.S. Department of the Treasury through a Commitment to Purchase Financial Instrument and HFA Participation Agreement. HHF is not considered federal funding. Although a formal Environmental Assessment is not required, Partners are expected to consider environmental factors when making property acquisitions. Environmental review may be required for demolition activity.

The Partner assumes the role of Responsible Entity for the purposes of environmental review for all demolition activities. See **Environmental Conservation.**

E) HISTORIC PRESERVATION

Partners are expected to consider alternatives to demolition of properties with significant historic or architectural value. Historic properties listed on the federal historic register are not eligible. Properties located in historic districts will be subject to local historic preservation legislation, which may or may not allow for demolition.

HHF is not considered federal funding. Although a formal Section 106 review will not be required, Partners must adhere to state and local historic preservation regulations. If, after acquisition but prior to demolition, a Partner becomes aware of information regarding the historic significance of a property that is neither on the federal historic register nor in a local historic district the Partner must notify OHFA and must provide justification to proceed with demolition.

F) PROPERTY ACQUISITION TIMELINE

Twelve months after the execution of the funding agreement, the Partner must submit a Pipeline Report demonstrating that they will own or control a minimum number of properties equal to their funding allocation divided by $25,000. OHFA will reallocate funds to increase or decrease the funding agreement, up to a maximum of $15,000,000, based on the twelfth-month Pipeline Report.

Property acquisition through public processes such as delinquent tax foreclosure or forfeited land can take months or years. Partners should pursue a varied approach to acquisition, including donations and voluntary sales, in order to meet the performance timeline. See **Reallocation.**

G) LOAN REQUIREMENTS

Funds for the NIP come through the U. S. Department of the Treasury under the Emergency Economic Stabilization Act (“EESA”) and the HHF program. That funding requires the modification of a loan to prevent foreclosure. In order to qualify for reimbursement of demolition costs through NIP, there must first be an associated Loan for the subject property. This Loan may not be funded through HHF/NIP or with federal funds.

H) HHF SECOND MORTGAGE

After the property has an associated Loan and the structure is demolished, the Partner will submit a request for reimbursement to OHFA for eligible expenses including modification (pay off) of the Loan. In exchange, a second mortgage lien for $25,000 will be attached to the property, but the note will reflect the amount of HHF/NIP funds actually disbursed for eligible uses for that property. Subsequent disbursements can occur for additional eligible post demolition and annual maintenance costs.

SECTION 7: PROPERTY DEMOLITION

A. ENVIRONMENTAL CONSERVATION

OHFA supports the efficient (green) use of resources, including deconstruction and recycling. When using deconstruction techniques, the value of reusing resources must be weighed against the added costs and concerns about environmental hazards, such as lead-based paint, that may be present on the building components.

B. LEAD-BASED PAINT REQUIREMENTS:

Participants must follow all applicable state and local regulations, laws, and policies in effect regarding Lead-Based Paint.

C. ASBESTOS REQUIREMENT

An asbestos survey is required for all renovations and demolitions to determine (1) if there is any asbestos and then (2) if the asbestos is subject to Ohio Department of Health and/or Ohio Environmental Protection Agency ("OEPA") regulations. Definitions of an asbestos hazard abatement project are found in Ohio Administrative Code Chapter 3701-34. Asbestos hazard abatement activities mean any activity involving the removal, renovation, enclosure, repair, or encapsulation of reasonably related friable asbestos-containing materials. FAQ on this topic is available from the Ohio Department of Health. Prior notification of abatement is also required to the Ohio Department of Health; the form for this notification is available online.

Every demolition of a facility meeting the threshold amounts of regulated asbestos containing material requires notification to the appropriate OEPA district office or local air agency office depending upon which county the demolition will occur." (See color coded map on the OEPA, Division of Air Pollution Control ("DAPC") website. The notification form is also available. Notification requirements are found in OAC 3745-20-03 and the form is available online.

Any asbestos hazard abatement activities must include proper disposal. Record of disposal must be documented to fully complete the demolition activities. A Waste Shipment Record is online, with instructions for Waste Shipment here.

D. DEMOLITION PERMIT

The Participant is required to obtain a local building demolition permit. If the city and/or county do not require a demolition permit, the Participant must certify that none was required.

E. FINAL INSPECTION

Partners shall have a final inspection conducted on all demolition projects. All punch list items shall be completed and inspected prior to submitting a request for each reimbursement/disbursement request. Reimbursements/disbursements for partially completed items are prohibited.

F. SELECTION OF CONTRACTORS

Participant is responsible for screening local contractors that perform demolition. The screening requirements should be rigorous enough to screen out unqualified or unstable contractors but not so stringent as to prevent the participation of an adequate number of competent contractors. Participant shall submit its contractor selection policy at the request of OHFA.

The following minimum requirements apply to the screening of contractors conducting work through the Neighborhood Initiative Program.

1. *Liability insurance:* Private contractors participating in a local demolition program must have adequate liability and property damage insurance;

2. *Workers compensation:* Private contractors with employees participating in a local demolition program must, at a minimum, be paying into the Ohio Workers' Compensation Program. Private contractors operating a sole proprietorship and who have no employees are exempt from this requirement; however, they must have proof of adequate private medical insurance coverage;

3. *Debarment:* Partners must check the Federal and State debarment list for additional evaluation. Checks may be made at www.sam.gov and on the Ohio Secretary of State or State Architect's Office of Ohio websites;

4. *Performance:* Partners must identify and document policies and procedures for barring poor performing contractors from continuing to participate in the program;

5. *Certifications:* Private contractors must have policies regarding a Drug Free Workplace and Equal Employment Opportunity; and

6. *Ethics:* All private contractor personnel must be knowledgeable of and understand Ohio Ethics and Conflict of Interest Laws.

G. CONTRACT REQUIREMENTS

Demolition of a property shall not take place until after property acquisition and after a Funding Agreement is executed between the Partner and contractors or vendors. The contract must as a minimum contain the following:

1. Demolition start date and completion date;
2. Total amount of money to be paid for the work;
3. Responsibilities, terms and conditions for all parties
4. Daily property maintenance and site cleanup provisions;
5. Any requirements and limitations regarding sub-contractors;
6. Work specifications;
7. Signatures of parties and dated;
8. Procedures for inspections, payments, changes in the scope or cost of work, resolving disputes and termination of the contract;
9. Appropriate federal and state provisions, including, but not limited to equal opportunity, etc.;
10. Requirements regarding the release of liens;
11. All applicable warranties; and
12. Procedures for settling of disputes.

H. SELECTION OF OTHER VENDORS

The Participant is responsible for diligent selection and review of all vendors. Public contracts shall include anti-kickback and non-collusion clauses and property tax certifications.

SECTION 8: PROPERTY DISPOSITION

The goal of the NIP is to stabilize property values by removing and greening Vacant and Blighted properties in Target Areas in an effort to prevent future foreclosures for existing homeowners. Simply demolishing a Vacant property may not have a positive impact unless the property is subsequently improved through redevelopment or by grading and greening the site. NIP will provide funds for greening and maintaining properties for three (3) years or until disposition for an eligible use.
Eligible uses include side lot programs, transfer the property local government, or transfer of the property to a private entity.

A) RELEASE OF HHF SECOND MORTGAGE

After the property has an associated Loan and the structure is demolished, the Partner shall submit a request for reimbursement to OHFA for eligible expenses including modification (pay off) of the Loan. In exchange, a second mortgage lien for $25,000 will be attached to the property, but the note will reflect the amount of HHF/NIP funds actually disbursed for eligible uses for that property. Subsequent disbursements can occur for additional eligible post demolition and annual maintenance costs.

Partners are responsible for recording the mortgage, including the payment of any recording fee that may be required by the local government. The cost of recording the mortgage is an eligible, reimbursable administrative cost.

If the property is transferred prior to 3 years from the date of the mortgage, the mortgage must be satisfied and funds returned to OHA. Mortgage payoffs will be recycled to HHF Programs as determined by OHFA and approved by the U.S. Department of the Treasury. Partners must notify OHFA and OHA using a provided form immediately upon the transfer or disposition of any property that received funding under the NIP program.

OHA will release the mortgage free and clear prior to 3 years if the property is transferred for an eligible use outlined below in Section D: Disposition.

B) GREENING

The value added by greening and maintaining Vacant lots has been documented by academic research conducted by the Wharton School of Business at the University of Pennsylvania. That study concluded:

> ". . . Vacant lots left in the wake of housing abandonment and demolition often have significant and adverse effects on a neighborhood's quality of life, attracting refuse and vandals and creating a perception of impaired public safety. Our findings indicate that adjacency to a neglected Vacant lot subtracts 20 percent of value from a home relative to comparable homes farther away from the site. Recent public initiatives have worked to "stabilize" these sites through a process of cleaning and greening.

> This process involves the removal of discarded trash; grading and amending the soil; planting grass, trees, and shrubbery; and even adding such amenities as benches, sidewalks, and fences. Our results indicate that these efforts almost entirely reverse the negative impact of adjacency to neglected Vacant lots resulting in a gain in value of 19%. "[1]

The findings for the Philadelphia study are substantiated in other cities, including Pittsburgh, where green strategies were promoted as "environmentally-friendly land management methods that improve quality of life, enhance neighborhood interactions, increase recreational opportunities, and stimulate local economies.[2]"

In Ohio, the *Re-imagining Cleveland: Ideas to Action Resource Book* details various green tactics and lists "vacant land re-use strategies.[3]"

Partners should consider several factors in determining the appropriate method of greening a site after demolition, including the:

- Size;
- Location;
- Condition of the soil;
- Availability of water and sunlight; and
- Slope.

A single Residential lot may be suited to cleaning and planting with transfer to an adjacent property owner, while adjacent lots along an urban corridor may be conducive to public use as a greenway or recreation use, and Vacant blocks may be appropriate for temporary greening and holding for future redevelopment.

Partners will be reimbursed up to $1,500 per property for the cost of greening a site upon submission of an invoice with appropriate documentation.

Eligible costs for greening include: disposing of debris (illegal dumping, junk vehicles, etc.) grading the soil, planting grass, trees or flowers, and installing fencing, benches or beds. When planting cannot be conducted immediately following demolition, the Partner may submit a separate invoice at a later date, but not more than nine months following completion of the demolition.

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[1] Susan M. Wachter, Kevin C. Gillen, Carolyn R. Brown, SILUS WORKING PAPER, A Collaboration between the Wharton GIS Lab and the Center for Science and Resource Management at USGS, 2007.

[2] Policy Recommendations, Greening Vacant Lots for Pittsburgh's Sustainable Neighborhood Revitalization, Carnegie Mellon Heinz School, Fall 2006.

[3] Re-imagining Cleveland: Ideas to Action Resource Book, Kent State University's Cleveland Urban Design Collaborative, Neighborhood Progress, Inc. and the City of Cleveland, January 2011.

C) MAINTENANCE

While the long term goal of acquisition and demolition of some Vacant and Blighted properties may be redevelopment, the market may not be ready in the short term. Partners must have a strategy for maintaining properties in a manner that enhances the neighborhood. Partners will incur costs to maintain sites, including mowing, trimming and removal of trash; therefore NIP will provide funds to support ongoing care of sites.

NIP will reimburse up to $400 annually for up to three (3) years for maintenance of the site, upon submission of an invoice with appropriate documentation.

The actual cost of maintenance may be less for properties that are quickly transferred to another owner for eligible use, but may be greater for properties that are held longer. Partners will be permitted to aggregate the reimbursements for maintenance into one account that can be allocated over all of the NIP properties and used until liens are released.

D) PROPERTY DISPOSITION

The HHF lien shall remain in place for three (3) years. The lien may be released prior to the expiration date if the lien amount is paid off in full. Special considerations for properties proposed for early lien release and without payment must be submitted to OHFA on a case by case basis. The special considerations are limited to:

1) Residential Side Lot Programs

Partners should submit their Policies and Procedures for Side Lot Disposition, including policies related to qualified properties, qualified transferees, maintenance agreements and resale restrictions to OHFA for review and approval. Minimum side lot program requirements by OHFA include:

- The adjacent neighbor is an owner occupant that shares at least a 50% common boundary with the subject property.
- The adjacent neighboring property is in compliance with the local building and zoning regulations.
- The adjacent neighboring property is current on all real estate taxes and assessments, and its owner is current on real estate taxes and assessments for other properties he or she owns in the subject county.
- The adjacent owner was not a prior owner of real property in the subject county that was transferred as the result of tax foreclosure proceedings.

OHFA will approve programs that are consistent with best practices and HHF policies. After approval by OHFA, Partners may request a release of mortgage from OHA by attaching a certification that the transfer is consistent with their policy.

2) Public Use

Transfer to a political subdivision for use such as parks, recreation areas, infrastructure projects, and community gardens owned by a public entity is an eligible use if construction or operation for that use begins within one (1) year of transfer. Documentation required will be an approval from the public entity stating that the conveyance of the subject property is required for the public facility, and that the public facility will commence construction or operation within one (1) year of the property conveyance.

3) Business or Residential Development

Business or residential development is an eligible use if the property proposed for release will be developed in accordance with local zoning regulation, and the development will commence construction or operation within one (1) year of the property conveyance. An adjacent and existing owner may be conveyed the subject property for development including ancillary uses like parking lots and accessory buildings that will be used by the existing owner. Additionally, the subject property may be transferred to a non-adjacent owner if that owner will develop the subject property.

Upon an approved property conveyance for business or residential development, the property will become fully taxable; however, tax abatements are permitted in accordance with existing local incentive programs. Required documentation required includes a purchase agreement, proof that the proposed owner is current on all real estate taxes and assessments in the subject county, and proof the proposed owner was not a prior owner of real property in the subject county that was transferred as the result of tax foreclosure proceedings. In addition, if the proposed owner is adjacent to the subject property, then the adjacent property must be in compliance with local building and zoning codes. Documentation showing that the subject property is properly zoned for its new use is also required.

4) Non Profit Organizations

If the property proposed for release is adjacent to an existing tax exempt property with an associated community oriented non-profit use, then that owner may be conveyed the subject property for continued tax exempt use. Furthermore, the subject property may be transferred to a non-adjacent tax exempt owner if that owner will expand their associated community oriented non-profit use to the subject property. In either case the tax exempt development must commence construction or operation within one (1) year of the property conveyance.

Non-profit groups, community development corporations, churches/religious organizations qualify, but community benefit must be demonstrated and quantified in order for lien release. Documentation necessary will include proof of tax exempt status, and a detailed description of the entity’s community benefiting activities along with how the proposed use of the subject property will benefit the community. In addition, if the proposed owner is adjacent to the subject property, then the adjacent property must be in compliance with local building and zoning codes. Documentation showing that the subject property is properly zoned for its new use is also required.

SECTION 9: REPORTING AND COMPLIANCE

A) POLICIES AND PROCEDURES

All Partners must have policies and procedures in place at the local level to effectively and consistently handle the details of administration, conflict of interest, and each component of acquisition, demolition, maintenance and disposition. These policies and procedures must incorporate all federal, state, and local regulations and guidelines.

These policies must be submitted with the Partner's Application for funding. Partners should inform OHFA of any changes or updates to these policies. OHFA will require certification that the activities undertaken in connection with the NIP program are consistent with the Partner's policy. See **Greening, Maintenance, Property Disposition.**

B) DOCUMENT RETENTION

The Partner shall establish and maintain for at least three (3) years from the termination of the Funding Agreement such records as are required by OHFA, including but not limited to, contractor and vendor agreements, financial reports, expense documentation, and all other relevant information. The parties further agree that records required by Partner and NIP with respect to any questioned costs, audit disallowances, litigation or dispute between the Partner and OHFA shall be maintained for the time needed for the resolution of said question and that in the event of early termination of the Funding Agreement, or if for any other reason OHFA shall require a review of the records related to NIP, Grantee shall, at its own cost and expense, segregate all such records related to NIP from its other records of operation.

C) COMPLIANCE MONITORING

Partners must comply with all OHFA, OHA, and/or third-party quality control and compliance measures that OHFA deems necessary; these measures may include site visits, remote desktop reviews of supporting documentation, file audits, and other measures to ensure compliance with requirements set forth in the Funding Agreement and terms of NIP.

At any time during normal business hours upon ten (10) days written notice and as often as OHFA may deem necessary and in such a manner as not to unreasonably interfere with the normal business operations, the Partner shall make available to OHFA or its designee, for examination, all of its records with respect to matters covered by the NIP program including, but not limited to, records of personnel and conditions of employment and shall permit OHFA or its designee to audit, examine, and make excerpts or transcripts from such records.

The Partner further agrees to comply with OHFA's requests to schedule site visits, desktop reviews, monthly reports, and final reporting. OHFA shall conduct at least one on-site visit during each year in which the Partner participates. Furthermore, OFHA will make periodic requests for evidence of work completed and financial documentation of funds received and expended under NIP.

The Partner will attend all required OHFA webinars and training sessions designed to assure compliance with the terms of the NIP.

D) CORRECTIVE ACTIONS

OHFA may issue a review report at the conclusion of all monitoring activities, site visits, or desktop reviews. Any areas of potential non-compliance will be highlighted and OHFA will require the Partner to develop a Correction Plan. Additional site visits, conference calls, and/or other methods to remedy findings will be detailed in the Correction Plan.

E) INDEMNIFICATION

The Partner, OHFA, and OHA each agree to be responsible for any personal injury or property damages caused solely by its negligent acts or omissions as determined by a court of competent jurisdiction or as the parties may otherwise mutually agree. In no event shall either party be liable to the other party for indirect, consequential, incidental, special, or punitive damages, or lost profits.

F) DODD FRANK COMPLIANCE

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Pub. L. 111-203) provides that no person shall be eligible to receive assistance from the Making Home Affordable Program, authorized under the Emergency Economic Stabilization Act of 2008 (12 U.S.C. 5201 et seq.), or any other mortgage assistance program authorized or funded by that Act, if such person, in connection with a mortgage or real estate transaction, has been convicted, within the last 10 years, of any one of the following: (A) felony larceny, theft, fraud or forgery, (B) money laundering or (C) tax evasion.

G) SUSPECTED FRAUD

When fraud is suspected in connection with HHF or any component thereof, the Partner shall forward the information to OHFA for review. Partners, contractors, vendors, or other related entities that are determined to have submitted fraudulent documentation will be declined for funding. If payment was already received or is ongoing, it will be cancelled and all funds requested returned.

Examples of possible fraud include:

- Unsupportable requests for payment;
- Altered documentation or Forms; and
- Signature Issues.

SECTION 10: FORMS

[This section is reserved]…