

# State of Montana

## NSP3 SUBSTANTIAL AMENDMENT PLAN YEAR 2010 ANNUAL ACTION PLAN

Governor Brian



Schweitzer

### Investing in Montana's Communities

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Home Investment Partnerships Program

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Plan Year  
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Pending

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**STATE OF MONTANA  
NEIGHBORHOOD STABILIZATION PROGRAM (NSP3)  
SUBSTANTIAL AMENDMENT TO  
PLAN YEAR 2010 ANNUAL ACTION PLAN**

**Introduction**

The Montana Department of Commerce (Commerce) will be administering the Neighborhood Stabilization Program 3 (NSP3) for the State of Montana. Commerce will use NSP3 funds for the purposes set forth in the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act) and the implementing Federal regulations published at Federal Register 64322, Volume 75, No. 201 (the NSP3 Notice). NSP3 funds will be used to promote and stabilize Montana neighborhoods whose viability has been damaged by the economic effects of foreclosed upon and abandoned properties. Funds also be used to demolish blighted structures or redevelop demolished or vacant properties within areas of high need. Accordingly, applicants must target NSP3 resources to neighborhood stabilization projects that will address these problems in areas with the greatest needs and ensure that NSP3 funds are used appropriately in proposed projects.

As allowed by a December 29, 2010 NSP Policy Alert, Guidance on Mapping and Needs Data for State NSP3 Action Plans, Commerce is submitting a description of the criteria that will be used to select NSP3 subgrantees in the March 1, 2011 submission to the substantial amendment with a second submission of the substantial amendment by June 30, 2011.

**Section 1: NSP3 Grantee Information**

|  |  |
|--|--|
| <b>Jurisdiction:</b>                         | State of Montana – Department of Commerce  |
| <b>NSP Grantee :</b>                         | Montana Department of Commerce   |
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| <b>Web Address for NSP Amendment:</b>        | <a href="http://comdev.mt.gov/NSP/nsp3amendment.mcp">http://comdev.mt.gov/NSP/nsp3amendment.mcp</a>  |
| <b>Web Address for Action Plan:</b>          | <a href="http://housing.mt.gov/CP/default.mcp">http://housing.mt.gov/CP/default.mcp</a>  |
| <b>Web Address for Additional Materials:</b> | <a href="http://comdev.mt.gov/NSP/nspusefullinks.mcp">http://comdev.mt.gov/NSP/nspusefullinks.mcp</a>  |

## Section 2: Areas of Greatest Need

### 1. NSP3 Funding Process

Through a two-tiered process Commerce will subgrant \$5 million in NSP3 funds to eligible units of general local government, tribal governments, and tribal housing authorities within NSP3 target areas of greatest need.

The first-tier is an 'Intent to Apply' process that allowed Commerce to gather information on potential NSP3 projects, including intended target areas, implementation strategies, amount of leveraged funds, market analysis of preliminary activities, intended program impact, and capacity of the preliminary sub-applicants. All Intent to Apply submissions were required to include mapping of the target project areas using the HUD NSP3 mapping tool.

The Intent to Apply submission was open to any general local government, tribal government, tribal or local housing authority, non-profit or for-profit developer, or any entity that proposed to carry out project activities in an NSP3 area of greatest need. However, only those entities that submitted an Intent to Apply form may submit a competitive application during the second-tier process. Forms describing the preliminary program descriptions were due to Commerce by February 8, 2011. Detailed program descriptions that were submitted during the Intent to Apply process are included in Attachment A and the corresponding mapping details as Attachment B.

In order to allow all preliminary projects access to NSP3 funds, Commerce advertised the Intent to Apply information in several state-wide and regional newspapers and emails were also sent to local governments, nonprofits and state-wide housing partners. In addition, The Intent to Apply process was posted on the Commerce website, NSP website, and Commerce e-calendar. NSP staff also held a webinar, January 27, 2011, describing the process and how to submit forms. As a result of the outreach efforts, Commerce received numerous inquiries regarding the details of the NSP3 program and the Intent to Apply process. A list of the inquiries is included in Attachment D.

The second-tier will be a competitive application process that will allow further public comment on the NSP3 program process and application. Commerce posted the draft competitive application on the NSP website on February 10, 2011 and will hold a hearing on March 2, 2011 to obtain public comment. On March 15, 2011, the final competitive application will be available for use to those entities that submitted an Intent to Apply form by February 8, 2011. The full competitive application will be due to Commerce on or before May 13, 2011. Commerce staff will review full applications to ensure that all proposed projects meet the established application criteria and NSP3 statutory requirements. After review, Commerce will announce the award of NSP3 funds to approved grantees and submit a second substantial amendment to HUD with the identified final needs and target area mapping data on or before June 30, 2011.

NSP3 applicants are expected to be knowledgeable about and adhere to laws and regulations governing the CDBG program as well as the NSP program. However, Commerce reserves the right to reject any application that does not meet the requirements of the NSP3 Notice or appears infeasible. Additionally, any awarded funds must be committed and expended in accordance with NSP3 funding guidelines and targeting requirements as described in the NSP Notice and this Action Plan Amendment.

### 2. Eligible Applicants

During the Intent to Apply process, Commerce accepted submissions from any local government, tribal government, tribal or local housing authority, non-profit or for-profit developer, or any entity that proposed preliminary projects in an NSP3 area of greatest need. Appendix D includes a list of entities that submitted an Intent to Apply form. Prior to submission of substantial amendment to the Annual Action Plan NSP staff will review all Intent to Apply submissions to ensure that all proposed activities meet minimum NSP eligibility requirements. Only those submissions that meet minimum eligibility will be submitted with the amendment to Annual Action Plan on March 1, 2011 to HUD.

During the competitive application process, Commerce will accept applications only from those local governments, tribal governments, or tribal housing authorities who applied during the Intent to Apply process. Commerce will also accept a competitive application from a local government or tribal government who is applying on behalf of a non-profit or for-profit entity that submitted an Intent to Apply form during the first-tier process.

All eligible competitive applications must target NSP3 funds to high risk census tracts, block groups, or neighborhoods that are located within an area of greatest need; have a NSP3 need score of 10 or higher; and meet the Low, Moderate and Middle Income (LMMI) NSP National Objective. Applicants from the eligible areas will be required to utilize the HUD mapping tools and analysis and other local data (such as foreclosure filings or the number of homes in default) to define targeted areas and project activities.

Additionally, all applicants must hold at least one public hearing prior to the submission of the competitive application.

### *3. Entitlement Communities and Other Direct NSP3 Recipients*

Within the State of Montana, no city, town, county or entitlement community is a direct HUD recipient of NSP3 funds., The City of Great Falls was the only entitlement community in the State of Montana that had an identified neighborhood that met the minimum score of 10 or higher to be designated as an Area of Greatest Need. The City of Great Falls did not submit an NSP3 Intent to Apply form to Commerce. Therefore, Commerce has not linked to any of the entitlement community Annual Action Plans.

### *4. Map Submission*

The maps generated using the HUD NSP3 Mapping Tool for preparing the Amendment to the Annual Action Plan are included as Appendix A.

In order to describe the data sources used to determine the areas of greatest need, Commerce required all applicants that participate in the Intent to Apply process, and will require the second tier applicants who apply during the second tier competitive application process, to use the HUD foreclosure need website (<http://www.hud.gov/nsp>). This meets the NSP 3 requirement that funds be concentrated in highest need census tracts in sufficient amounts to achieve significant impact. Using the minimum risk score of 10 allows funds to be awarded to those areas with the highest need. As described earlier, the areas of greatest need will be selected during the competitive application process which will commence on March 15, 2011 with a deadline of May 31, 2011.

### *5. Timeline for Selection Process*

## **January**

|   |                  |
|---|------------------|
| Distribution of Tier-One Intent to Apply Form:  | January 18, 2011 |
| Advertisement of Intent to Apply in newspapers: | January 23, 2011 |
| Public Webinar for Tier-One guidance:           | January 27, 2011 |

## **February**

|  |                   |
|--|-------------------|
| Submission of Tier-One Intent to Apply Forms:                    | February 8, 2011  |
| Publication of NSP3 Substantial Amendment:                       | February 10, 2011 |
| Public Comment Period of NSP3 Amendment Begins:                  | February 10, 2011 |
| Public Comment on Draft Tier-Two Competitive Application Begins: | February 10, 2011 |
| Advertisement of NSP3 Substantial Amendment:                     | February 11, 2011 |
| Public Webinar for Comments on Action Plan:                      | February 22, 2011 |
| Public Comment Period of NSP3 Amendment Ends:                    | February 25, 2011 |

## **March**

|  |                |
|--|----------------|
| Submission of NSP3 Substantial Amendment to HUD:       | March 1, 2011  |
| Public Hearing NSP3 Tier-Two, Competitive Application: | March 2, 2011  |
| Publication of NSP3 Tier-Two, Competitive Application: | March 15, 2011 |

## **April**

|                              |               |
|------------------------------|---------------|
| Application Guidance Webinar | April 5, 2011 |
|------------------------------|---------------|

## **May**

|  |              |
|--|--------------|
| Submission of NSP3 Tier-Two, Competitive Applications: | May 13, 2011 |
|--|--------------|

## **June**

|   |                            |
|---|----------------------------|
| NSP3 Tier-Two Awardees announced by Commerce:           | June 15, 2011 (or earlier) |
| Submission of second NSP3 substantial amendment to HUD: | June 30, 2011 (or earlier) |

### *6. Eligible Uses and Activities*

Eligible NSP3 Activities are only for housing purposes (homeownership and/or rental). Transitional housing is not eligible. The following are eligible uses identified in the NSP3 notice (Appendix E) and the Dodd-Frank Act:

- Financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties;
- Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon in order to sell, rent or redevelop;
- Establish and operate land banks for homes and residential properties that have been foreclosed upon;
- Demolish blighted structures - limited to 10 percent of total grant funds;
- Redevelop demolished or vacant properties as housing, and;
- Administration costs – (which will not exceed 10% for Commerce and subgrantees).

Note: The Financing Mechanisms activity may only be used for program income revolving in the primary or secondary target area.

### **Restrictions on Demolition**

NSP3 funding may only be used for demolition of blighted residential structures if the structures will be replaced with housing. Redevelopment activities using NSP3 funds must be for housing, however, Commerce encourages subgrantees to leverage non NSP funds for mixed-use developments. Demolition must be part of a plan for redevelopment of the targeted neighborhoods. In addition, no more than 10%

of available NSP3 funds may be used for demolition. All demolition sites must be planned for re-use within the term of a subrecipient's NSP grant as replacement housing.

### **Administrative Funds**

Commerce will equally divide the 10 percent of NSP3 funds available for administrative costs: a minimum of five percent (\$250,000) will be retained by Commerce to fulfill the administrative and monitoring requirements of the program, and up to five percent will be available to subgrantees receiving NSP3 grant funds for grant administration. Commerce will only allow the expenditure of administrative funds for project costs in relative proportion to the amount of funds obligated for or expended on eligible NSP3 activities.

### **Preliminary Activities**

Upon notification, NSP3 grantees will receive authorization to incur preliminary project start-up costs that do not involve any physical construction or demolition activities. These preliminary activities may consist of the following:

- utilizing administrative staff working on NSP3 activities and/or selecting an outside administrative consultant for NSP3 projects;
- preparation or revision of project management plans;
- publishing legal notices;
- incurring other administrative expenses required for capacity building (e.g., training appropriate for the NSP3 project);
- advertising for consultant services (architecture, engineering, and grant administration) by means of requests for proposals (RFPs) or requests for qualifications (RFQs), as applicable;
- Project architecture, engineering and design costs; and
- Environmental studies or assessments required by HUD regulations (24 CFR, Parts 51, 55, and 58).

A State subgrantee or subrecipient may incur no costs other than those listed above without written authorization from Commerce. Reimbursement of preliminary activity costs incurred is contingent on the satisfactory completion of the Environmental Review Record for the NSP3 project, the issuance of a Release of Funds by Commerce, and executing and meeting the terms of the contract between Commerce and the local entity. In the event the grantee is unable to complete any required start-up requirement, any costs incurred will be the responsibility of the subgrantee or sub-recipient.

Subgrantees will also be responsible for any costs incurred in the event the subgrantee or sub-recipient fails to obligate NSP3 funds by executing a contract or similar agreement to carry out a NSP3 activity.

## *7. Project Selection Criteria*

### **Selection Criteria and Priorities**

The priorities described below are those that will be used in the NSP3 competitive application process. While each criterion is important to demonstrate a successful NSP3 proposal, the priorities were designed to assure that Commerce complies with the NSP3 Notice, meets applicable CDBG regulations,

and spends the funds in an effective and timely manner. The following selection ranking criteria will be used to determine NSP3 grant awards:

I. Neighborhood Stabilization: Subgrantees and/or subrecipients must document the problems experienced in the area or community as a result of the prolonged foreclosure crisis and abandonment of properties. Subrecipients must describe existing or anticipated targeted improvements efforts to:

- Stabilize the residential structures;
- Provide housing opportunities for income eligible households;
- Prevent additional foreclosures;
- Encourage commercial development;
- Ensure consistency with local housing priorities, and;
- Provide employment opportunities for vicinity LMMI households or individuals.

Subrecipients must describe the eligible activities for which NSP3 funds will be used and how those activities will effectively address the identified problems, contribute to the stabilization of the targeted neighborhoods or blocks, and/or develop new housing opportunities in the targeted neighborhoods or blocks. Effectiveness of the activities to be undertaken may be demonstrated, for example, by describing past experiences with similar activities from NSP1, CDBG, or HOME projects (either by the subrecipient or others) and the measurable outcomes.

II. Recognizable Impact: Areas in the State of Montana that are eligible for NSP3 funds are those areas that have received a NSP3 foreclosure need score of 10 or greater (with the greatest need being 20). In order to carry out the intent of the NSP3 program per the Dodd-Frank Act, subrecipients must discuss how project activities will address the percentage of home foreclosures, homes financed by subprime mortgage related loans, and those impacted areas that are likely to face a significant rise in the rate of home foreclosures. The grantee must submit a market analysis that demonstrates the eligible NSP3 activities would result in a long-term, recognizable, and visible impact, as defined in the NSP3 notice, HUD mapping tools, and HUD NSP3 guidance. Preference will be given to those projects that can demonstrate a need for long term affordable rental units; and those subgrantees that impact 20 percent of the real estate owned (REO) units in the targeted area. This preference can be documented with projects targeting a geographic area or clientele of high need (i.e. concentrations of lower income families and substandard housing suitable for NSP funds) and that offer a reasonable potential for generating substantial recognizable impact.

III. Capacity of Applicant and Program Administrators: Under HUD regulations, a subgrantee must have the management capacity to undertake and satisfactorily complete a proposed project. A subgrantee is assumed to have the capacity to undertake the proposed project unless available information raises a question concerning an applicant's capacity. If any question or concern arises during the evaluation of the application, Commerce may request additional information from the applicant.

Under federal regulations and state law (Section 2-7-504, MCA), subgrantee must be able to demonstrate that their financial management system meets generally accepted accounting principles before Commerce will disburse grant funds. As part of this process, Commerce will consult with the Local Government Services Bureau of the Montana Department of Administration, as applicable, to determine a local government applicant is current in completing required financial audits and submitting annual financial reports. Tribal Governments must comply with auditing and reporting requirements provided for in OMB Circular A-133.

IV. Public Participation Requirements: Each applicant for NSP3 funds must hold at least one public hearing during the competitive application period. In any case, the public hearing or meeting must be

conducted by the city, town, county government, or Tribal Council or Tribal Housing Authority that will sponsor the application. Preference will be given to those applicants that demonstrate a commitment to public participation through additional public meetings, workshops, outreach, and the like.

Public notice must be provided before the public hearing is in accordance with state law. Notice of each public hearing or meeting should be published at least once in a newspaper of general circulation in the community at least seven days prior to the event. Supplemental means of notice, such as posting in community post offices, grocery stores, etc. are encouraged. Where possible, extra notice should also be directed to persons and/or groups representing low, moderate, and middle income persons (LMMI).

The hearing must be held at a time and location convenient to the general public and with reasonable accommodations for disabled persons.

V. Assistance to Low-Income Households at or below 50% Area Median Income: At least \$1,250,000 of the grant funds administered by Commerce will be used to assist individuals and families with incomes not exceeding 50% of AMI. Each subrecipient must use at least 27% of its funding award to assist individuals and families with incomes at or below 50% of area median income.

For activities that do not benefit individual households, the activity must benefit areas in which at least 51% of the residents have incomes at or below 120% of area median income. Commerce will not accept competitive applications for projects that do not propose to provide at least 27% of the activity grant award to assist to households and individuals with incomes at or below 50% of area median income.

VI. Readiness to Proceed and Use of Funds: Subgrantees and/or subrecipients must describe any additional funding that can be leveraged and are expected to consider all funding resources and programs available to them, including those available for energy efficiency improvements. Subrecipients will be asked to specify the area(s) into which they will expand their activities once they have impacted 20 percent of the projected REOs and have program income they can use for additional activity. All activities or projects proposed must include a line-item budget detailing the cost of the activity(s) and the anticipated outcomes in terms of units assisted, type of housing rehabilitated or redeveloped, the affordability range, units serving households up to 120% AMI or below 50% AMI, and the proposed end use, either for homeownership or for rental.

Commerce will also consider the cost per unit as a determining factor in the review of grant application. A NSP1 typical total development cost per unit was \$150,000. Commerce intends to use this amount as a basis for determining cost effectiveness and reasonableness of the amount of funds requested in the NSP3 program. Additionally, if a subgrantee or subrecipient intends to contract with another entity to administer NSP3 awarded funds, the entity should be reflected in the program description.

### **General Program Requirements**

While this substantial amendment to the Action Plan indicates some preliminary projects and potential funding awards, final funding will be based on the competitive application review as stated above and the applicant's program description demonstrating that:

- The funding request is part of a comprehensive plan or strategy to stabilize a neighborhood(s) or blocks including efforts to improve living conditions, preserve affordable housing opportunities, stabilize home values, job creation and other economic development needs;
- It is feasible to use the requested funding within the required timeframe;

- The subrecipient is maximizing opportunities to leverage other resources, both private and public; and
- The identified outcomes are achievable;
- Activities must benefit middle and low- to moderate-income homebuyers and renters with household incomes not exceeding 120 percent of area median income;
- 27 percent of total grant funds must benefit low income households with incomes at 50 percent of area medium income or below , or areas in which at least 51% of the residents have incomes at or below 120% area median income;
- Subrecipients shall acquire properties at a minimum discount of 1 percent of the appraised value;
- As required in the Dodd-Frank and the NSP3 Notice, subrecipients shall, to the maximum extent feasible, provide for the hiring of employees who reside in the vicinity or contract with small businesses that are owned and operated by persons residing in the vicinity of projects funded with NSP3. Vicinity is defined as each NSP3 target area. The following are suggested procedures:
  - Outreach to workforce services, commercial associations, local churches, civic clubs, and other agencies/organizations;
  - Identify business phone numbers, search zip code lists;
  - Develop email distributions or mailers;
  - Utilize employment agencies;
  - Develop documents such as flyers, program sheets, and other general materials that provide additional information to community members, and;
  - Citizen participation process.
- If subrecipients are unable to provide hiring or business opportunities to residents in the vicinity of the project, they must encourage employment of Section 3 residents and Section 3 businesses.
- All persons purchasing NSP3-assisted homeowner housing must receive at least 8 hours of homebuyer counseling from a HUD-approved housing counseling agency.
- Subrecipients using NSP funds for demolition must describe short-term and long-term plans for the use of the land. Demolition plans should include a strategy for assembling land for redevelopment and not simply demolition on a case-by-case basis.
- Subrecipients intending to use NSP funds for land banking must describe how the use of the land bank will facilitate housing affordable to the targeted incomes and how it will assist in stabilizing neighborhoods. Land banks must operate in specific, defined geographic areas.
- Subrecipients must describe any continuing affordability restrictions that they may impose beyond the minimum required in this amendment.
- Subrecipients should incorporate green/energy efficient elements, access to transit, deconstruction, passive solar design features, etc in the proposed project.
- Commerce encourages the use of conventional financing, but, will not consider proposals or activities that include the following:
  - Mortgages with balloon payments or variable interest rates; or
  - Foreclosure prevention activities, such as providing NSP funds to refinance existing mortgages that currently have a subprime loan, are currently in default, or listed on the County's Notices of Trustees Sales.

### **Project Timelines**

As stated in the NSP3 notice, 50% and 100% of grant funds must be expended within 24 months and 36 months, respectively, after HUD signs the State of Montana's Grant Agreement. Quarterly or more

frequent evaluations of awardees' performance in the obligation of funds will be conducted by Commerce to ensure that all expenditures will meet the established deadlines. Should insufficient progress be noted in the expenditure of funds, Commerce may provide direct assistance in order to meet the expenditure timeline or re-allocate resources to better performing subgrantees or subrecipients.

### **Reporting Requirements/ Evaluation**

Subrecipients will be required to submit actual outcome numbers as compared to projected numbers as stated in their application and contract with Commerce. Commerce will monitor and evaluate the uses and outcomes achieved with NSP3 funding. Success in the use of NSP3 funds is viewed not merely in the numbers of houses bought, demolished or rehabilitated, but in the extent to which neighborhoods have been restored or stabilized, thus meeting the criteria of a functioning market. Subrecipients will be required to submit other relevant information necessary to evaluate the success of the individual project or NSP3 program.

### **Section 3: Definitions and Descriptions**

#### *1. Blighted Structure*

As established in NSP1, the definition of Blighted Structure is below. Under NSP, structures must be "blighted" to qualify for demolition (Eligible Activity 'D'). For the purpose of Montana's NSP Program, the definition of "blighted structure" can include any one of the following categories:

- Structures that would follow the definition under MCA 7-15-4206 part (a)
  - "Blighted Structure" means a structure that is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency, and crime, that substantially impairs or arrests the sound growth of the city or its environs, that retards the provision of housing accommodations, or that constitutes an economic or social liability or is detrimental or constitutes a menace to the public health, safety, welfare and morals in its present conditions and use by reason of substantial physical dilapidation, deterioration, age, obsolescence, or defective construction, material, and arrangement of buildings or improvements, whether residential or non-residential.

#### *2. Affordable Rents*

The State is required by HUD to provide a definition of Affordable Rents. Commerce will use the HOME standards at 24 CFR 92.252(a), (c), (e), and (f) to define affordable rents including:

- The maximum rent will be the lesser of: (a) the fair market rent for existing housing for comparable units in the area as established by HUD; or (b) a rent that does not exceed 30% of the adjusted income of a family whose annual income equals 65% of the median income for the area, as determined by HUD, with adjustments for number of bedrooms in the unit.
- The maximum monthly allowance for utilities and services will be those used by the local housing authority
- Units assisted with NSP3 funding must meet the affordability requirements for not less than the applicable period specified in the table below without regard to the term of any loan or mortgage or the transfer of ownership. The affordability requirements will be guaranteed by use of a deed restrictions that will be recorded against the property and become part of the public record.
- NSP-assisted units will carry rent and occupancy restriction requirements.

| Subsidy Amount<br>(amount of NSP3 assistance provided for rentals)                     | Minimum Affordability Period |
|--|------------------------------|
| Under \$15,000<br>per rental unit  | 5 years                      |
| \$15,000 – \$40,000<br>per rental unit   | 10 years                     |
| Over \$40,000<br>per rental unit   | 15 years                     |
| New Construction or Acquisition of Newly<br>Constructed Rental Housing (any \$ amount) | 20 years                     |

Subsequent rents during the affordability period: are recalculated by HUD periodically and distributed. However, the rents for a project are never lower than the rent limits for the project in effect at the time of project commitment.

Updated rent limits are posted on the HUD website and are available to project owners. Rents may be adjusted in accordance with the contract between the subgrantee and the owner. Owners must annually provide information on rents and occupancy of the assisted units to demonstrate compliance. Any increase in rents for assisted units is subject to the provisions of existing leases, and, the owner must provide tenants of those units at least less than 30 days prior written notice before implementing any increase in rents.

Current HUD regulations state that all rental income above the amount needed for operations, maintenance, and reserves is considered program income and must follow established NSP guidelines. This provision does not provide for a sliding scale or shared return of those funds. Therefore, Commerce strongly encourages applicants to consider the long term feasibility of assisting rental housing using these funds.

### *3. Continued Affordability*

HUD requires that Commerce ensure, to the maximum extent practicable and for the longest feasible term, that the sale, rental or redevelopment of abandoned and foreclosed upon homes and residential properties remain affordable to individuals or families whose incomes do not exceed 120 percent of area median income (AMI).

In order to meet the long-term affordability requirements, Commerce will require NSP3 assisted homeownership to utilize the HOME standards at 92.252 (a), (c), (e), and (f), and 92.254, including:

- The housing must be single-family housing;
- The housing must be modest housing;
  - Subrecipients must provide a detailed list of rehabilitation work to Commerce for review and approval prior to work beginning, and;
  - The purchase price/after rehabilitation value cannot exceed 95% of the median purchase price for the area as contained in the Single Family Mortgage Limits under Section 203(b) of the National Housing Act (which can be obtained from HUD or Commerce or Appendix C);
- The housing must serve a household with incomes at less than or equal to 120% of area median income,
- The housing must be the principal residence of the family throughout the period of affordability; and
- Affordability of owner-occupied housing will be guaranteed by use of a deed restriction recorded against a property. Each subrecipient will design its own recapture or resale provisions, for review and approval by Commerce, which will be applied uniformly within their program.

All homebuyer units assisted with NSP funds must include provisions for long-term affordability restrictions meeting the following minimum requirements:

| Subsidy Amount<br>(amount of NSP assistance provided to a homebuyer)                       | Minimum Affordability Period |
|--|------------------------------|
| Under \$15,000   | 5 years                      |
| \$15,000 – \$40,000  | 10 years                     |
| Over \$40,000  | 15 years                     |
| New Construction or Acquisition of Newly Constructed Single Family Housing (any \$ amount) | 20 years                     |

While these are minimum requirements, the applicant may choose to implement more stringent affordability requirements than the minimum listed here (with review and approval by Commerce) to ensure that the properties remain affordable for as long as possible.

Proceeds from resale where subsidy recapture provision is used can be reinvested in eligible NSP activities within the established period of affordability. If the grantee chooses not to use recaptured funds for an eligible NSP activity, those funds or proceeds or program income must be returned to the subgrantee or Commerce as outlined in the subrecipients program income plan. Commerce may choose to reinvest those funds or proceeds for eligible NSP activities in other areas that were identified as areas of greatest need or return such amounts in accordance with the NSP3 Notice.

#### 4. *Housing Rehabilitation Standards*

NSP3 housing rehabilitation or related redevelopment activities must focus on bringing housing units up to basic code standards by addressing structural deficiencies, upgrading electrical systems, plumbing, and roofing, or incorporating energy conservation measures.

Housing rehabilitated with NSP3 funding must meet all applicable local codes, rehabilitation standards, ordinances, and zoning at the time of project completion. All housing assisted with NSP funds must meet, at a minimum, the Housing Quality Standards in 24 CFR Part 982.401.

In addition, all gut rehabilitation (i.e., general replacement of the interior of a building that may or may not include changes to structural elements such as flooring systems, columns or load bearing interior or exterior walls) or new construction of residential buildings up to three stories must be designed to meet the standard for Energy Star Qualified New Homes.

Gut or full rehabilitation or new construction of multifamily housing structures of four or more floors must be designed to meet American Society of Heating, Refrigerating, and Air Conditioning Engineers (ASHRAE) Standard 90.1-2004, Appendix G plus 20 percent (which is the Energy Star standard for multifamily buildings piloted by the Environmental Protection Agency and the Department of Energy.)

Other (less than full rehabilitation) rehabilitation must meet these standards to the extent applicable to the rehabilitation work undertaken, e.g. replace older obsolete products and appliances (such as windows, doors, lighting, hot water heaters, furnaces, boilers, air conditioning units, refrigerators, clothes washers and dishwashers) with Energy Star labeled products. Water efficient toilets, showers, and faucets, such as those with the WaterSense label, must be installed.

Applicants are advised to review Attachment C of the NSP3 Notice found at <http://www.hud.gov/offices/cpd/communitydevelopment/programs/neighborhoods/pg/5447-N-01NSP3Notice100810.pdf> for additional information on recommended energy efficient and environmentally friendly green elements. Competitive applications should include a narrative that addresses these additional elements. Competitive applicants are encouraged to exceed these standards through the scoring criteria by awarding points for projects that achieve LEED, Green Communities, or National Association of Homebuilder's National Green Building Standard Certification.

As stated above, improvements must meet or exceed requirements contained in current editions of the HUD Section 8 Housing Quality Standards (or FHA equivalent standards) and the following most current codes adopted by the Building Codes Bureau of the Montana Department of Labor and Industry (MDLI):

- International Building Code,
- International Residential Code, (one and two-family dwellings and townhouses up to three stories in height)
- International Existing Building Code,
- Uniform Plumbing Code,
- International Mechanical Code,
- International Fuel Gas Code,
- National Electrical Code,
- International Energy Conservation Code; and
- American Society of Engineers, Boiler and Pressure Vessel Code.

**Note on Energy Conservation:** Communities proposing rehabilitation or new construction of residential housing units should pay particular attention to the most current edition of the International Energy Conservation Code.

For all areas outside the boundaries of Montana's tribal reservations permits, must be obtained from the MDLI, Building Codes Bureau for all electrical and/or plumbing work (and a licensed plumber or electrician must perform the work) rehabilitation involves structures with five or more units, or any commercial or

public buildings undertaken with NSP funds unless the grant recipient has been certified by the Bureau to enforce the codes cited above. The Building Codes Bureau maintains a listing of Montana counties and incorporated municipalities, that are certified to enforce building, electrical, mechanical, and plumbing codes. For those structures falling within Montana's tribal reservations, tribal ordinances and related requirements apply.

Grantees will be responsible for assuring that proper authorities inspect such work. Options to provide code inspection may include interlocal agreements with governments that have existing building departments, arrangements with MDLI's Building Codes Bureau, or by contracting with qualified, private sector persons.

For further information, please contact:

Building Codes Bureau/Montana Dept of Labor & Industry  
301 South Park, Room 430 -- P.O. Box 200517  
Helena, MT 59620-0517  
Phone: (406) 841-2300  
Website: [http://mt.gov/dli/bsd/bc/bs\\_index.asp](http://mt.gov/dli/bsd/bc/bs_index.asp)

#### **Section 4: Low-Income Targeting**

At least \$1,250,000 of the grant funds administered by Commerce will be used to assist individuals and families with incomes not exceeding 50% of AMI. Each subrecipient must use at least 27% of its funding award to assist individuals and families with incomes at or below 50% of area median income. This percentage may be revised upon receipt of subrecipient's final competitive application and project description.

For activities that do not benefit individual households, the activity must benefit areas in which at least 51% of the residents have incomes at or below 120% of area median income.

Commerce will not accept applications for projects that do not propose to provide assistance to households and individuals with incomes at or below 50% of area median income.

#### **Section 5: Acquisition and Relocation**

At least \$4.5 million of the funds awarded to Commerce will be used for NSP3 eligible projects. Based on the expected total development cost per unit of \$150,000, Commerce anticipates that approximately thirty units will be assisted. Of those units, it is estimated that approximately nine (9) units will be available for households at or below 50% of AMI.

Demolition or conversion of low-, moderate- and middle-income dwelling units may be deemed an important part of neighborhood stabilization by subrecipients. Commerce anticipates that during the competitive application process that applicants may determine that demolition is necessary if a blighted structure is beyond repair. When acquiring property, the subrecipient must ensure that the owner is informed in writing of what the subrecipient believes to be the market value of the property; and that the subrecipient will not acquire the property if negotiations fail to result in an amicable agreement (as required in 49 CFR 24.101(b)(1) & (b)(2)).

Relocation assistance under the NSP Program must comply with the requirements of the Uniform Relocation Act of 1970(URA), as amended and with relocation assistance requirements at 42 U.S.C. 5304(d). The subrecipient must document that the initial successor in interest to a foreclosed upon

dwelling or residential real property (typically in a property acquired through foreclosure is the lender) has provided bona fide tenants with the notice and other protections outlined in the URA. Subrecipients may assume the obligations of such initial successor in interest with respect to bona fide tenants. Tenants displaced as a result of an NSP funded acquisition are entitled to the benefits outlined in 24 CFR 570.606. The use of NSP funds for acquisition of such property is subject to a determination by the subrecipient and Commerce that the initial successor in interest complied with the requirements of the URA.

**Section 6: Public Comment**

*Response to Public Comments on the State of Montana’s NSP3 Program*

Intent to Apply Process:

On January 18, 2011, Commerce posted the Intent to Apply form and instructions on the NSP website and sent an email to the Housing Coordinating Team (state-wide housing partners), local governments, tribal housing authorities and various non-profit and for-profit entities. On January 23, 2011, the Intent to Apply process was advertised in State-wide and Regional newspapers to ensure that any entity interested in the NSP3 program had an opportunity to become involved. On January 27, 2011, NSP staff held a webinar to explain the Intent to Apply form and instructions.

Substantial Amendment to the Action Plan:

On February 10, 2011, the substantial amendment to the Annual Action Plan was posted to the NSP and Consolidated Plan websites to solicit public comments. On February 11, 2011, Commerce began advertising in several state-wide and regional newspapers the publication of the substantial amendment and emailed the same organizations and entities identified during the Intent to Apply process. On February 22, 2011, NSP staff held a webinar to solicit public comment regarding the draft amendment. Comments will be accepted by Commerce until 5:00 p.m. on February 25, 2011. Final draft of the amendment will be submitted to HUD on March 1, 2011.

Competitive Application Guidelines:

On February 10, 2011, Commerce published the NSP3 competitive application guidelines in the Montana Administrative Register. Through this process, the public will have 30 days to comment on the proposed application guidelines. NSP staff will hold a hearing to solicit public comment regarding these application guidelines on March 2, 2011. The competitive application guidelines will be adopted on March 14, 2011 and use of the application guidelines will be first available on March 15, 2011. Applications are due to Commerce on or before 5:00 p.m. on May 13, 2011.

**Section 7: NSP Information by Proposed Activity**

| Activity Number 1                                      |  |
|--|--|
| <b>Activity Name</b>                                   | Lincoln County/Community Action Partnerships                                       |
| <b>Uses</b>  | Select all that apply:   |
|  | <input checked="" type="checkbox"/> Eligible Use A: Financing Mechanisms           |
|  | <input checked="" type="checkbox"/> Eligible Use B: Acquisition and Rehabilitation |
|  | <input type="checkbox"/> Eligible Use C: Land Banking                              |
|  | <input checked="" type="checkbox"/> Eligible Use D: Demolition                     |
| <input type="checkbox"/> Eligible Use E: Redevelopment |  |

|                                    |  |   |
|------------------------------------|--|---|
| <b>CDBG Activity or Activities</b> | 24 CFR 570.206; 24 CFR 570.201(a),(b),(i),(n); 24 CFR 570.202;24 CFR 570.201(d);   |   |
| <b>National Objective</b>          | Low-Income Housing to Meet 25% Set-Aside (LH25)  |   |
| <b>Activity Description</b>        | Community Action Partnerships will work with Lincoln County using NSP eligible activities A and B to acquire foreclosed homes, oversee minor rehabilitation for resale to income eligible homeowners. Upon resale, all homes will become part of the Northwest Montana Community Land Trust. Discussion is ongoing to determine if demolishing blighted properties for redevelopment will be undertaken as an activity. The expected benefit will be six units available to income qualified persons                               |   |
| <b>Location Description</b>        | Libby, Montana   |   |
| <b>Budget</b>                      | <b>Source of Funding</b>   | <b>Dollar Amount</b>  |
|                                    | NSP3   | \$1,500,000   |
|                                    | (Other funding source)   | \$  |
| <b>Total Budget for Activity</b>   | <b>\$1,500,000</b>   |   |
| <b>Performance Measures</b>        | 6 homes will become available for homeownership, 6 households assisted   |   |
| <b>Projected Start Date</b>        | As soon as funding is available (July 2011)  |   |
| <b>Projected End Date</b>          | Three years from start date or as mandated by MDOC   |   |
| <b>Responsible Organization</b>    | <b>Name</b>  | Community Action Partnership  |
|                                    | <b>Location</b>  | Kalispell, Montana  |
|                                    | <b>Administrator Contact Info</b>  | Marney McMcleary<br><a href="mailto:mmcCleary@kalhrdc.mt.gov">mmcCleary@kalhrdc.mt.gov</a><br>406-752- 6565 |
| <b>Activity Number 2</b>           |  |   |
| <b>Activity Name</b>               | Lake County / Lake County Community Housing  |   |
| <b>Uses</b>                        | Select all that apply:   |   |
|                                    | <input checked="" type="checkbox"/>  | Eligible Use A: Financing Mechanisms  |
|                                    | <input checked="" type="checkbox"/>  | Eligible Use B: Acquisition and Rehabilitation  |
|                                    | <input type="checkbox"/>   | Eligible Use C: Land Banking  |
|                                    | <input type="checkbox"/>   | Eligible Use D: Demolition  |
| <input type="checkbox"/>           | Eligible Use E: Redevelopment  |   |
| <b>CDBG Activity or Activities</b> | 24 CFR 570.206;<br>24 CFR 570.201(a),(b),(i),(n); 24 CFR 570.202;  |   |
| <b>National Objective</b>          | Low-Income Housing to Meet 25% Set-Aside (LH25)  |   |
| <b>Activity Description</b>        | <b>This project proposes to purchase five bank owned or foreclosed homes priced at less than \$125,000 in the Ronan and Pablo area, rehabilitate if needed and lease the homes on a rent to own program. This will relieve some of the pressure of too many listed homes and give reluctant buyers an opportunity to weather the worst of the economic downturn and be ready to purchase the home they are living in when they are more confident. The expected benefit will be 5 units available to income qualified persons.</b> |   |
| <b>Location Description</b>        | Ronan and/or Pablo Montana   |   |
| <b>Budget</b>                      | <b>Source of Funding</b>   | <b>Dollar Amount</b>  |
|                                    | NSP3   | \$375,000   |
|                                    | Bank Financing   | \$250,000   |
|                                    | (Other funding source)   | \$  |
| <b>Total Budget for Activity</b>   | <b>\$625,000</b>   |   |

|                                    |   |   |
|------------------------------------|---|---|
| <b>Performance Measures</b>        | 5 homes will become available for rental, potential for lease to own in future;<br>5 households will be assisted  |   |
| <b>Projected Start Date</b>        | 10-1-2011   |   |
| <b>Projected End Date</b>          | 2013  |   |
| <b>Responsible Organization</b>    | <b>Name</b>   | Lake County Community Housing   |
|                                    | <b>Location</b>   | Polson MT   |
|                                    | <b>Administrator Contact Info</b>   | Jan Neimeyer <a href="mailto:janw@ronan.net">janw@ronan.net</a><br>406-676-5900 |
| <b>Activity Number 3</b>           |   |   |
| <b>Activity Name</b>               | Mineral County/District XI Human Resource Council   |   |
| <b>Uses</b>                        | Select all that apply:  |   |
|                                    | <input type="checkbox"/>  | Eligible Use A: Financing Mechanisms  |
|                                    | x   | Eligible Use B: Acquisition and Rehabilitation                                  |
|                                    | <input type="checkbox"/>  | Eligible Use C: Land Banking  |
|                                    | <input type="checkbox"/>  | Eligible Use D: Demolition  |
| <input type="checkbox"/>           | Eligible Use E: Redevelopment   |   |
| <b>CDBG Activity or Activities</b> | 24 CFR 570.201(a),(b),(i),(n); 24 CFR 570.202;  |   |
| <b>National Objective</b>          | Low-Income Housing to Meet 25% Set-Aside (LH25)   |   |
| <b>Activity Description</b>        | Human Resource Council plans to purchase, rehabilitate and resell foreclosed, abandoned or vacant single-family homes to low and moderate homebuyers in the two targeted census tracts. The expected benefit will be 4 units available to income qualified persons. |   |
| <b>Location Description</b>        | Mineral County, MT  |   |
| <b>Budget</b>                      | <b>Source of Funding</b>  | <b>Dollar Amount</b>  |
|                                    | NSP3  | \$ 551,555  |
|                                    | Private Mortgages/Buyer Funds   | \$1,120,000   |
|                                    | (Other funding source)  | \$  |
| <b>Total Budget for Activity</b>   | <b>\$1,671,555</b>  |   |
| <b>Performance Measures</b>        | 9 housing units will become available for homeownership opportunities; 9 households assisted  |   |
| <b>Projected Start Date</b>        | Contract signature with MDOC  |   |
| <b>Projected End Date</b>          | 36 months after contract initiation or June, 2014   |   |
| <b>Responsible Organization</b>    | <b>Name</b>   | District XI Human Resource Council  |
|                                    | <b>Location</b>   | Missoula MT   |
|                                    | <b>Administrator Contact Info</b>   | Jim Morton <a href="mailto:jpm@hrcxi.org">jpm@hrcxi.org</a><br>406-728-3710     |
| <b>Activity Number 4</b>           |   |   |
| <b>Activity Name</b>               | Butte-Silver Bow County/National Affordable Housing Network   |   |
| <b>Uses</b>                        | Select all that apply:  |   |
|                                    | X   | Eligible Use A: Financing Mechanisms  |
|                                    | X   | Eligible Use B: Acquisition and Rehabilitation                                  |
|                                    | X   | Eligible Use C: Land Banking  |
|                                    | X   | Eligible Use D: Demolition  |
| x                                  | Eligible Use E: Redevelopment   |   |
| <b>CDBG Activity or Activities</b> | 24 CFR 570.206; 24 CFR 570.201(a),(b),(i),(n); 24 CFR 570.202; 24 CFR 570.201(a),(b); 24 CFR 570.201(d); 24 CFR 570.201(a),(b),(c),(i),(n); 24 CFR  |   |

|                                    |   |   |
|------------------------------------|---|---|
|                                    | 570.202, 24 CFR 570.204   |   |
| <b>National Objective</b>          | Low-Income Housing to Meet 25% Set-Aside (LH25)   |   |
| <b>Activity Description</b>        | Vacant or foreclosed homes and vacant land formerly occupied by blighted homes will be purchased and developed, and made ready for redevelopment as low-income housing or sold to income qualified buyers (grantee-driven homeownership) OR foreclosed, bank-owned, vacant and blighted homes will be purchased with down payment assistance to the buyer (buyer-driven homeownership). All homes will be part of the land-trust model to insure affordability. The expected benefit to low income persons is proposed to be 25 units to income qualified households. |   |
| <b>Location Description</b>        | Butte- Silver Bow Original Town   |   |
| <b>Budget</b>                      | <b>Source of Funding</b>  | <b>Dollar Amount</b>  |
|                                    | NSP3  | \$1,700,000   |
|                                    | Line of Credit  | \$1,700,000   |
| <b>Total Budget for Activity</b>   | <b>\$0.00</b>   |   |
| <b>Performance Measures</b>        | 25 units to potentially become available for home ownership opportunities; 25 households will be assisted   |   |
| <b>Projected Start Date</b>        | 9/1/2011  |   |
| <b>Projected End Date</b>          | 8/1/2012  |   |
| <b>Responsible Organization</b>    | <b>Name</b>   | National Affordable Housing Network   |
|                                    | <b>Location</b>   | Butte MT  |
|                                    | <b>Administrator Contact Info</b>   | Barbara Miller <a href="mailto:bmiller@nahn.com">bmiller@nahn.com</a><br>406-782-8145 |
| <b>Activity Number 5</b>           |   |   |
| <b>Activity Name</b>               | TDB – City of Kalispell or Flathead County / Community Action Partnerships  |   |
| <b>Uses</b>                        | Select all that apply:  |   |
|                                    | <input checked="" type="checkbox"/>   | Eligible Use A: Financing Mechanisms  |
|                                    | <input checked="" type="checkbox"/>   | Eligible Use B: Acquisition and Rehabilitation  |
|                                    | <input type="checkbox"/>  | Eligible Use C: Land Banking  |
|                                    | <input type="checkbox"/>  | Eligible Use D: Demolition  |
| <input type="checkbox"/>           | Eligible Use E: Redevelopment   |   |
| <b>CDBG Activity or Activities</b> | 24 CFR 570.206;<br>24 CFR 570.201(a),(b),(i),(n); 24 CFR 570.202;   |   |
| <b>National Objective</b>          | Low-Income Housing to Meet 25% Set-Aside (LH25)   |   |
| <b>Activity Description</b>        | Community Action Partnership will acquire foreclosed homes, oversee rehabilitation, and resale to income eligible households, resold homes will be placed in Northwest Montana Community Land Trust for long term affordability. The expected benefit is affordable homeownership to 6 income eligible households.  |   |
| <b>Location Description</b>        | Flathead County MT  |   |
| <b>Budget</b>                      | <b>Source of Funding</b>  | <b>Dollar Amount</b>  |
|                                    | NSP3  | \$1,500,000   |
|                                    | (Other funding source)  | \$  |
|                                    | (Other funding source)  | \$  |
| <b>Total Budget for Activity</b>   | <b>\$1,500,000</b>  |   |
| <b>Performance Measures</b>        | 6 units will be available for homeownership; 6 households will be assisted  |   |
| <b>Projected Start Date</b>        | As soon as funding is available (July 2011)   |   |
| <b>Projected End Date</b>          | Three years from start date or as mandated by MDOC  |   |
| <b>Responsible Organization</b>    | <b>Name</b>   | Community Action Partnership  |
|                                    | <b>Location</b>   | Kalispell MT  |

|                                    |  |   |
|------------------------------------|--|---|
|                                    | <b>Administrator Contact Info</b>  | Marney McCleary<br>mmccleary@kalhrdc.mt.gov<br>406-752-6565 |
| <b>Activity Number 6</b>           |  |   |
| <b>Activity Name</b>               | Petroleum County/ NeighborWorks Motana   |   |
| <b>Uses</b>                        | Select all that apply:   |   |
|                                    | <input checked="" type="checkbox"/>  | Eligible Use A: Financing Mechanisms                        |
|                                    | <input checked="" type="checkbox"/>  | Eligible Use B: Acquisition and Rehabilitation              |
|                                    | <input checked="" type="checkbox"/>  | Eligible Use C: Land Banking                                |
|                                    | <input checked="" type="checkbox"/>  | Eligible Use D: Demolition                                  |
| <input type="checkbox"/>           | Eligible Use E: Redevelopment  |   |
| <b>CDBG Activity or Activities</b> | 24 CFR 570.206; 24 CFR 570.201(a),(b),(i),(n); 24 CFR 570.202; 24 CFR 570.201(a),(b);24 CFR 570.201(d);  |   |
| <b>National Objective</b>          | Low-Income Housing to Meet 25% Set-Aside (LH25)  |   |
| <b>Activity Description</b>        | Foreclosed, bank-owned, vacant and blighted homes will be purchased, renovated and sold to income qualified buyers (grantee-driven homeownership) OR foreclosed, bank-owned, vacant and blighted homes will be purchased with down payment assistance to the buyer (buyer-driven homeownership). All homes will be sold under the land trust model, insuring permanently affordable housing. In some cases, the purchased home may be demolished and replaced with a new manufactured home on a permanent foundation. The expected benefit will be 1 unit will be available to income qualified persons. |   |
| <b>Location Description</b>        | Winnett, MT  |   |
| <b>Budget</b>                      | <b>Source of Funding</b>   | <b>Dollar Amount</b>  |
|                                    | NSP3   | \$50,000  |
|                                    | Line of Credit   | \$50,000  |
| <b>Total Budget for Activity</b>   | <b>\$100,000</b>   |   |
| <b>Performance Measures</b>        | 1 unit will be made available for homeownership; 1 household will be assisted  |   |
| <b>Projected Start Date</b>        | 9/1/2011   |   |
| <b>Projected End Date</b>          | 8/31/2012  |   |
| <b>Responsible Organization</b>    | <b>Name</b>  | Neighborworks Montana                                       |
|                                    | <b>Location</b>  | Great Falls MT  |
|                                    | <b>Administrator Contact Info</b>  | Sheila Rice info@nwmt.org<br>406-761-5861                   |
| <b>Activity Number 7</b>           |  |   |
| <b>Activity Name</b>               | Broadwater County/Neighborworks Motana   |   |
| <b>Uses</b>                        | Select all that apply:   |   |
|                                    | <input checked="" type="checkbox"/>  | Eligible Use A: Financing Mechanisms                        |
|                                    | <input checked="" type="checkbox"/>  | Eligible Use B: Acquisition and Rehabilitation              |
|                                    | <input checked="" type="checkbox"/>  | Eligible Use C: Land Banking                                |
|                                    | <input checked="" type="checkbox"/>  | Eligible Use D: Demolition                                  |
| <input type="checkbox"/>           | Eligible Use E: Redevelopment  |   |
| <b>CDBG Activity or Activities</b> | 24 CFR 570.206; 24 CFR 570.201(a),(b),(i),(n); 24 CFR 570.202; 24 CFR 570.201(a),(b);24 CFR 570.201(d);  |   |
| <b>National Objective</b>          | Low-Income Housing to Meet 25% Set-Aside (LH25)  |   |
| <b>Activity Description</b>        | Foreclosed, bank-owned, vacant and blighted homes will be purchased, renovated and sold to income qualified buyers (grantee-driven homeownership) OR foreclosed, bank-owned, vacant and blighted homes will be purchased with down payment assistance to the buyer (buyer-driven homeownership). All homes will be sold under the land trust model, insuring permanently affordable housing. In some   |   |

|                                    |   |  |
|------------------------------------|---|--|
|                                    | cases, the purchased home may be demolished and replaced with a new manufactured home on a permanent foundation. The expected benefit will be 4 units will be available to income qualified persons.  |  |
| <b>Location Description</b>        | Townsend MT   |  |
| <b>Budget</b>                      | <b>Source of Funding</b>  | <b>Dollar Amount</b>   |
|                                    | NSP3  | \$200,000  |
|                                    | Line of Credit  | \$200,000  |
| <b>Total Budget for Activity</b>   | <b>\$400,000</b>  |  |
| <b>Performance Measures</b>        | 4 homes will become available to eligible homeowners; 4 units will be assisted  |  |
| <b>Projected Start Date</b>        | 9/1/2011  |  |
| <b>Projected End Date</b>          | 8/31/2012   |  |
| <b>Responsible Organization</b>    | <b>Name</b>   | NeighborWorks Montana  |
|                                    | <b>Location</b>   | Great Falls MT   |
|                                    | <b>Administrator Contact Info</b>   | Sheila Rice <a href="mailto:info@nwmt.org">info@nwmt.org</a><br>406-761-5861 |
| <b>Activity Number 8</b>           |   |  |
| <b>Activity Name</b>               | Sanders County/NeighborWorks Montana  |  |
| <b>Uses</b>                        | Select all that apply:  |  |
|                                    | <input checked="" type="checkbox"/>   | Eligible Use A: Financing Mechanisms   |
|                                    | <input checked="" type="checkbox"/>   | Eligible Use B: Acquisition and Rehabilitation                               |
|                                    | <input checked="" type="checkbox"/>   | Eligible Use C: Land Banking   |
|                                    | <input checked="" type="checkbox"/>   | Eligible Use D: Demolition   |
| <input type="checkbox"/>           | Eligible Use E: Redevelopment   |  |
| <b>CDBG Activity or Activities</b> | 24 CFR 570.206; 24 CFR 570.201(a),(b),(i),(n); 24 CFR 570.202; 24 CFR 570.201(a),(b); 24 CFR 570.201(d);  |  |
| <b>National Objective</b>          | Low-Income Housing to Meet 25% Set-Aside (LH25)   |  |
| <b>Activity Description</b>        | Foreclosed, bank-owned, vacant and blighted homes will be purchased, renovated and sold to income qualified buyers (grantee-driven homeownership) OR foreclosed, bank-owned, vacant and blighted homes will be purchased with down payment assistance to the buyer (buyer-driven homeownership). All homes will be sold under the land trust model, insuring permanently affordable housing. In some cases, the purchased home may be demolished and replaced with a new manufactured home on a permanent foundation. The expected benefit will be 4 units will be available to income qualified persons. |  |
| <b>Location Description</b>        | Thompson Falls, Plains, Paradise Mt   |  |
| <b>Budget</b>                      | <b>Source of Funding</b>  | <b>Dollar Amount</b>   |
|                                    | NSP3  | \$200,000  |
|                                    | Line of Credit  | \$200,000  |
| <b>Total Budget for Activity</b>   | <b>\$400,000</b>  |  |
| <b>Performance Measures</b>        | 4 homes will become available to eligible homeowners; 4 units will be assisted  |  |
| <b>Projected Start Date</b>        | 9/1/2011  |  |
| <b>Projected End Date</b>          | 8/31/2012   |  |
| <b>Responsible Organization</b>    | <b>Name</b>   | NeighborWorks Montana  |
|                                    | <b>Location</b>   | Great Falls MT   |
|                                    | <b>Administrator Contact Info</b>   | Sheila Rice <a href="mailto:info@nwmt.org">info@nwmt.org</a><br>406-761-5861 |
| <b>Activity Number 9</b>           |   |  |
| <b>Activity Name</b>               | Town of Cut Bank/ NeighborWorks Montana   |  |
| <b>Uses</b>                        | Select all that apply:  |  |

|                                    |   |  |
|------------------------------------|---|--|
|                                    | X   | Eligible Use A: Financing Mechanisms   |
|                                    | X   | Eligible Use B: Acquisition and Rehabilitation                                 |
|                                    | X   | Eligible Use C: Land Banking   |
|                                    | x   | Eligible Use D: Demolition   |
|                                    | <input type="checkbox"/>  | Eligible Use E: Redevelopment  |
| <b>CDBG Activity or Activities</b> | 24 CFR 570.206; 24 CFR 570.201(a),(b),(i),(n); 24 CFR 570.202; 24 CFR 570.201(a),(b); 24 CFR 570.201(d);  |  |
| <b>National Objective</b>          | Low-Income Housing to Meet 25% Set-Aside (LH25)   |  |
| <b>Activity Description</b>        | Foreclosed, bank-owned, vacant and blighted homes will be purchased, renovated and sold to income qualified buyers (grantee-driven homeownership) OR foreclosed, bank-owned, vacant and blighted homes will be purchased with down payment assistance to the buyer (buyer-driven homeownership). All homes will be sold under the land trust model, insuring permanently affordable housing. In some cases, the purchased home may be demolished and replaced with a new manufactured home on a permanent foundation. The expected benefit will be 4 units will be available to income qualified persons. |  |
| <b>Location Description</b>        | Cut Bank MT   |  |
| <b>Budget</b>                      | <b>Source of Funding</b>  | <b>Dollar Amount</b>   |
|                                    | NSP3  | \$200,000  |
|                                    | Line of Credit  | \$200,000  |
| <b>Total Budget for Activity</b>   | <b>\$400,000</b>  |  |
| <b>Performance Measures</b>        | 4 homes will become available to eligible homeowners; 4 units will be assisted  |  |
| <b>Projected Start Date</b>        | 9/1/2011  |  |
| <b>Projected End Date</b>          | 8/31/2012   |  |
| <b>Responsible Organization</b>    | <b>Name</b>   | NeighborWorks Montana  |
|                                    | <b>Location</b>   | Great Falls MT   |
|                                    | <b>Administrator Contact Info</b>   | Sheila Rice <a href="mailto:info@nwmmt.org">info@nwmmt.org</a><br>406-761-5861 |
| <b>Activity Number 10</b>          |   |  |
| <b>Activity Name</b>               | Town of Alberton/NeighborWorks Montana  |  |
| <b>Uses</b>                        | Select all that apply:  |  |
|                                    | X   | Eligible Use A: Financing Mechanisms   |
|                                    | X   | Eligible Use B: Acquisition and Rehabilitation                                 |
|                                    | X   | Eligible Use C: Land Banking   |
|                                    | x   | Eligible Use D: Demolition   |
|                                    | <input type="checkbox"/>  | Eligible Use E: Redevelopment  |
| <b>CDBG Activity or Activities</b> | 24 CFR 570.206; 24 CFR 570.201(a),(b),(i),(n); 24 CFR 570.202; 24 CFR 570.201(a),(b); 24 CFR 570.201(d);  |  |
| <b>National Objective</b>          | Low-Income Housing to Meet 25% Set-Aside (LH25)   |  |
| <b>Activity Description</b>        | Foreclosed, bank-owned, vacant and blighted homes will be purchased, renovated and sold to income qualified buyers (grantee-driven homeownership) OR foreclosed, bank-owned, vacant and blighted homes will be purchased with down payment assistance to the buyer (buyer-driven homeownership). All homes will be sold under the land trust model, insuring permanently affordable housing. In some cases, the purchased home may be demolished and replaced with a new manufactured home on a permanent foundation. The expected benefit will be 2 units will be available to income qualified persons. |  |
| <b>Location Description</b>        | Alberton Mt   |  |
| <b>Budget</b>                      | <b>Source of Funding</b>  | <b>Dollar Amount</b>   |
|                                    | NSP3  | \$100,000  |

|                                    |  |   |
|------------------------------------|--|---|
|                                    | Line of Credit   | \$100,000   |
| <b>Total Budget for Activity</b>   |  | <b>\$200,000</b>  |
| <b>Performance Measures</b>        | 4 homes will become available to eligible homeowners; 4 units will be assisted   |   |
| <b>Projected Start Date</b>        | 9/1/2011   |   |
| <b>Projected End Date</b>          | 8/31/2012  |   |
| <b>Responsible Organization</b>    | <b>Name</b>  | NeighborWorks Montana   |
|                                    | <b>Location</b>  | Great Falls MT  |
|                                    | <b>Administrator Contact Info</b>  | Sheila Rice <a href="mailto:info@nwmt.org">info@nwmt.org</a><br>406-761-5861    |
| <b>Activity Number 11</b>          |  |   |
| <b>Activity Name</b>               | Lake County/Lake County Community Housing  |   |
| <b>Uses</b>                        | Select all that apply:   |   |
|                                    | <input type="checkbox"/>   | Eligible Use A: Financing Mechanisms  |
|                                    | x  | Eligible Use B: Acquisition and Rehabilitation                                  |
|                                    | <input type="checkbox"/>   | Eligible Use C: Land Banking  |
|                                    | X  | Eligible Use D: Demolition  |
| x                                  | Eligible Use E: Redevelopment  |   |
| <b>CDBG Activity or Activities</b> | 24 CFR 570.201(a),(b),(i),(n); 24 CFR 570.202; 24 CFR 570.201(d); 24 CFR 570.201(a),(b),(c),(i),(n); 24 CFR 570.202, 24 CFR 570.204  |   |
| <b>National Objective</b>          | Low-Income Housing to Meet 25% Set-Aside (LH25)  |   |
| <b>Activity Description</b>        | <b>This project proposes to purchase the Charlo Apartments, demolish the four single bedroom apartments of the building that cannot be brought to code and rehabilitate the remaining four two bedroom units for rent. Due to limited borrowed funding the rents could be kept well below HOME rents to make the units very affordable for 4 lower income residents in Lake County</b> |   |
| <b>Location Description</b>        | Charlo, MT   |   |
| <b>Budget</b>                      | <b>Source of Funding</b>   | <b>Dollar Amount</b>  |
|                                    | NSP3   | \$250,000   |
|                                    | MBOH loan  | \$ 50,000   |
|                                    | (Other funding source)   | \$  |
| <b>Total Budget for Activity</b>   |  | <b>\$300,000</b>  |
| <b>Performance Measures</b>        | 4 homes will become available to eligible homeowners; 4 units will be assisted   |   |
| <b>Projected Start Date</b>        | 10/1/2011  |   |
| <b>Projected End Date</b>          | 2013   |   |
| <b>Responsible Organization</b>    | <b>Name</b>  | Lake County Community Housing   |
|                                    | <b>Location</b>  | Polson MT   |
|                                    | <b>Administrator Contact Info</b>  | Jan Neimeyer <a href="mailto:janw@ronan.net">janw@ronan.net</a><br>406-676-5900 |
| <b>Activity Number 12</b>          |  |   |
| <b>Activity Name</b>               | Teton county- NeighborWorks Montana  |   |
| <b>Uses</b>                        | Select all that apply:   |   |
|                                    | X  | Eligible Use A: Financing Mechanisms  |
|                                    | X  | Eligible Use B: Acquisition and Rehabilitation                                  |
|                                    | X  | Eligible Use C: Land Banking  |
|                                    | X  | Eligible Use D: Demolition  |
| X                                  | Eligible Use E: Redevelopment  |   |
| <b>CDBG Activity or Activities</b> | 24 CFR 570.206; 24 CFR 570.201(a),(b),(i),(n); 24 CFR 570.202;<br>24 CFR 570.201(a),(b); 24 CFR 570.201(d) ; 24 CFR 570.201(a),(b),(c),(i),(n); 24 CFR 570.202, 24 CFR 570.204   |   |

|                                  |   |  |
|----------------------------------|---|--|
| <b>National Objective</b>        | Low-Income Housing to Meet 25% Set-Aside (LH25)   |  |
| <b>Activity Description</b>      | 1) foreclosed, bank-owned, vacant and blighted homes will be purchased, renovated and sold to income qualified buyers (grantee-driven homeownership) or 2) foreclosed, bank-owned, vacant and blighted homes will be purchased with down payment assistance to the buyer (buyer-driven homeownership). All homes will be sold under the land trust model, insuring permanently affordable housing. In some cases, the purchased home may be demolished and replaced with a new manufactured home on a permanent foundation. The expected benefit will be 4 units available to income qualified persons. |  |
| <b>Location Description</b>      | Fairfeild Montana   |  |
| <b>Budget</b>                    | <b>Source of Funding</b>  | <b>Dollar Amount</b>                                     |
|                                  | NSP3  | 200,000  |
|                                  | Line of Credit  | 200,000  |
| <b>Total Budget for Activity</b> | <b>\$400,000</b>  |  |
| <b>Performance Measures</b>      | Potential of 4 home purchases to assist 4 households  |  |
| <b>Projected Start Date</b>      | 9/1/2011  |  |
| <b>Projected End Date</b>        | 8/31/12   |  |
| <b>Responsible Organization</b>  | <b>Name</b>   | NeighborWorks Montana                                    |
|                                  | <b>Location</b>   | 509 1 <sup>ST</sup> AVENUE SOUTH<br>GREAT FALLS MT 59401 |
|                                  | <b>Administrator Contact Info</b>   | Shelia Rice<br>406-761-5861, INFO@NWMT.ORG               |

| <b>Activity Number 13</b>          |   |  |
|------------------------------------|---|--|
| <b>Activity Name</b>               | Town of Browning- NeighborWorks Montana   |  |
| <b>Uses</b>                        | Select all that apply:  |  |
|                                    | <input checked="" type="checkbox"/>   | Eligible Use A: Financing Mechanisms           |
|                                    | <input checked="" type="checkbox"/>   | Eligible Use B: Acquisition and Rehabilitation |
|                                    | <input checked="" type="checkbox"/>   | Eligible Use C: Land Banking                   |
|                                    | <input checked="" type="checkbox"/>   | Eligible Use D: Demolition                     |
|                                    | <input type="checkbox"/>  | Eligible Use E: Redevelopment                  |
| <b>CDBG Activity or Activities</b> | 24 CFR 570.206; 24 CFR 570.201(a),(b),(i),(n); 24 CFR 570.202;<br>24 CFR 570.201(a),(b); 24 CFR 570.201(d) ; 24 CFR 570.201(a),(b),(c),(i),(n)  |  |
| <b>National Objective</b>          | Low-Income Housing to Meet 25% Set-Aside (LH25)   |  |
| <b>Activity Description</b>        | 1) foreclosed, bank-owned, vacant and blighted homes will be purchased, renovated and sold to income qualified buyers (grantee-driven homeownership) or 2) foreclosed, bank-owned, vacant and blighted homes will be purchased with down payment assistance to the buyer (buyer-driven homeownership). All homes will be sold under the land trust model, insuring permanently affordable housing. In some cases, the purchased home may be demolished and replaced with a new manufactured home on a permanent foundation. The expected benefit will be 4 units available to 4 income qualified persons. |  |
| <b>Location Description</b>        | Browning Montana  |  |
| <b>Budget</b>                      | <b>Source of Funding</b>  | <b>Dollar Amount</b>                           |
|                                    | NSP3  | 200,000  |
|                                    | Line of Credit  | 200,000  |
| <b>Total Budget for Activity</b>   | <b>\$400,000</b>  |  |
| <b>Performance Measures</b>        | Potential of 4 home purchases to assist 4 households  |  |
| <b>Projected Start Date</b>        | 9/1/2011  |  |

|                                 |                                   |  |
|---------------------------------|-----------------------------------|--|
| <b>Projected End Date</b>       | 8/31/12                           |  |
| <b>Responsible Organization</b> | <b>Name</b>                       | NeighborWorks Montana                                    |
|                                 | <b>Location</b>                   | 509 1 <sup>ST</sup> AVENUE SOUTH<br>GREAT FALLS MT 59401 |
|                                 | <b>Administrator Contact Info</b> | Shelia Rice<br>406-761-5861, INFO@NWMT.ORG               |

| <b>Activity Number 14</b>          |   |  |
|------------------------------------|---|--|
| <b>Activity Name</b>               | Powell County- NeighborWorks Montana  |  |
| <b>Uses</b>                        | Select all that apply:  |  |
|                                    | <input checked="" type="checkbox"/>   | Eligible Use A: Financing Mechanisms                     |
|                                    | <input checked="" type="checkbox"/>   | Eligible Use B: Acquisition and Rehabilitation           |
|                                    | <input checked="" type="checkbox"/>   | Eligible Use C: Land Banking                             |
|                                    | <input checked="" type="checkbox"/>   | Eligible Use D: Demolition                               |
|                                    | Eligible Use E: Redevelopment   |  |
| <b>CDBG Activity or Activities</b> | 24 CFR 570.206; 24 CFR 570.201(a),(b),(i),(n); 24 CFR 570.202;<br>24 CFR 570.201(a),(b); 24 CFR 570.201(d) ; 24 CFR 570.201(a),(b),(c),(i),(n)  |  |
| <b>National Objective</b>          | Low-Income Housing to Meet 25% Set-Aside (LH25)   |  |
| <b>Activity Description</b>        | 1) foreclosed, bank-owned, vacant and blighted homes will be purchased, renovated and sold to income qualified buyers (grantee-driven homeownership) or 2) foreclosed, bank-owned, vacant and blighted homes will be purchased with down payment assistance to the buyer (buyer-driven homeownership). All homes will be sold under the land trust model, insuring permanently affordable housing. In some cases, the purchased home may be demolished and replaced with a new manufactured home on a permanent foundation. The expected benefit will be 2 units available to 2 income qualified persons or households. |  |
| <b>Location Description</b>        | Deer Lodge Montana  |  |
| <b>Budget</b>                      | <b>Source of Funding</b>  | <b>Dollar Amount</b>                                     |
|                                    | NSP3  | 100,000  |
|                                    | Line of Credit  | 100,000  |
| <b>Total Budget for Activity</b>   | <b>\$200,000</b>  |  |
| <b>Performance Measures</b>        | Potential of 2 home purchases to assist 2 households  |  |
| <b>Projected Start Date</b>        | 9/1/2011  |  |
| <b>Projected End Date</b>          | 8/31/12   |  |
| <b>Responsible Organization</b>    | <b>Name</b>   | NeighborWorks Montana                                    |
|                                    | <b>Location</b>   | 509 1 <sup>ST</sup> AVENUE SOUTH<br>GREAT FALLS MT 59401 |
|                                    | <b>Administrator Contact Info</b>   | Shelia Rice<br>406-761-5861, INFO@NWMT.ORG               |

| <b>Activity Number 15</b> |                                       |  |
|---------------------------|---------------------------------------|--|
| <b>Activity Name</b>      | Cascade County- NeighborWorks Montana |  |
| <b>Uses</b>               | Select all that apply:                |  |
|                           | <input checked="" type="checkbox"/>   | Eligible Use A: Financing Mechanisms           |
|                           | <input checked="" type="checkbox"/>   | Eligible Use B: Acquisition and Rehabilitation |
|                           | <input checked="" type="checkbox"/>   | Eligible Use C: Land Banking                   |
|                           | <input checked="" type="checkbox"/>   | Eligible Use D: Demolition                     |

|                                    |   |  |
|------------------------------------|---|--|
|                                    | X   | Eligible Use E: Redevelopment                            |
| <b>CDBG Activity or Activities</b> | 24 CFR 570.206; 24 CFR 570.201(a),(b),(i),(n); 24 CFR 570.202; 24 CFR 570.201(a),(b); 24 CFR 570.201(d) ; 24 CFR 570.201(a),(b),(c),(i),(n); 24 CFR 570.202, 24 CFR 570.204   |  |
| <b>National Objective</b>          | Low-Income Housing to Meet 25% Set-Aside (LH25)   |  |
| <b>Activity Description</b>        | 1) foreclosed, bank-owned, vacant and blighted homes will be purchased, renovated and sold to income qualified buyers (grantee-driven homeownership) or 2) foreclosed, bank-owned, vacant and blighted homes will be purchased with down payment assistance to the buyer (buyer-driven homeownership). All homes will be sold under the land trust model, insuring permanently affordable housing. In some cases, the purchased home may be demolished and replaced with a new manufactured home on a permanent foundation. The expected benefit will be 10 units available to 10 income qualified persons or households. |  |
| <b>Location Description</b>        | Great Falls Montana   |  |
| <b>Budget</b>                      | <b>Source of Funding</b>  | <b>Dollar Amount</b>                                     |
|                                    | NSP3  | 1,000,000  |
|                                    | Line of Credit  | 1,000,000  |
| <b>Total Budget for Activity</b>   | <b>\$2,000,000</b>  |  |
| <b>Performance Measures</b>        | Potential of 10 home purchases to assist 10 households  |  |
| <b>Projected Start Date</b>        | 9/1/2011  |  |
| <b>Projected End Date</b>          | 8/31/12   |  |
| <b>Responsible Organization</b>    | <b>Name</b>   | NeighborWorks Montana                                    |
|                                    | <b>Location</b>   | 509 1 <sup>ST</sup> AVENUE SOUTH<br>GREAT FALLS MT 59401 |
|                                    | <b>Administrator Contact Info</b>   | Shelia Rice<br>406-761-5861, INFO@NWM.T.ORG              |

| <b>Activity Number 16</b>          |  |  |
|------------------------------------|--|--|
| <b>Activity Name</b>               | Powell County- NeighborWorks Montana   |  |
| <b>Uses</b>                        | Select all that apply:   |  |
|                                    | X  | Eligible Use A: Financing Mechanisms           |
|                                    | X  | Eligible Use B: Acquisition and Rehabilitation |
|                                    | X  | Eligible Use C: Land Banking                   |
|                                    | X  | Eligible Use D: Demolition                     |
|                                    |  | Eligible Use E: Redevelopment                  |
| <b>CDBG Activity or Activities</b> | 24 CFR 570.206; 24 CFR 570.201(a),(b),(i),(n); 24 CFR 570.202; 24 CFR 570.201(a),(b); 24 CFR 570.201(d) ; 24 CFR 570.201(a),(b),(c),(i),(n)  |  |
| <b>National Objective</b>          | Low-Income Housing to Meet 25% Set-Aside (LH25)  |  |
| <b>Activity Description</b>        | 1) foreclosed, bank-owned, vacant and blighted homes will be purchased, renovated and sold to income qualified buyers (grantee-driven homeownership) or 2) foreclosed, bank-owned, vacant and blighted homes will be purchased with down payment assistance to the buyer (buyer-driven homeownership). All homes will be sold under the land trust model, insuring permanently affordable housing. In some cases, the purchased home may be demolished and replaced with a new manufactured home on a permanent foundation. The expected benefit will be 1 unit available to one income qualified person or household. |  |
| <b>Location Description</b>        | Ovando/Helmville Montana   |  |
| <b>Budget</b>                      | <b>Source of Funding</b>   | <b>Dollar Amount</b>                           |
|                                    | NSP3   | 50,000   |
|                                    | Line of Credit   | 50,000   |

|                                  |  |  |
|----------------------------------|--|--|
| <b>Total Budget for Activity</b> |  | <b>\$100,000</b>   |
| <b>Performance Measures</b>      | Potential of 1 home purchase to assist 1 household |  |
| <b>Projected Start Date</b>      | 9/1/2011   |  |
| <b>Projected End Date</b>        | 8/31/12  |  |
| <b>Responsible Organization</b>  | <b>Name</b>  | NeighborWorks Montana                                    |
|                                  | <b>Location</b>                                    | 509 1 <sup>ST</sup> AVENUE SOUTH<br>GREAT FALLS MT 59401 |
|                                  | <b>Administrator Contact Info</b>                  | Shelia Rice<br>406-761-5861, INFO@NWMT.ORG               |

| <b>Activity Number 17</b>          |   |  |
|------------------------------------|---|--|
| <b>Activity Name</b>               | Roundup- NeighborWorks Montana  |  |
| <b>Uses</b>                        | Select all that apply:  |  |
|                                    | <input checked="" type="checkbox"/>   | Eligible Use A: Financing Mechanisms                     |
|                                    | <input checked="" type="checkbox"/>   | Eligible Use B: Acquisition and Rehabilitation           |
|                                    | <input checked="" type="checkbox"/>   | Eligible Use C: Land Banking                             |
|                                    | <input checked="" type="checkbox"/>   | Eligible Use D: Demolition                               |
|                                    | <input type="checkbox"/>  | Eligible Use E: Redevelopment                            |
| <b>CDBG Activity or Activities</b> | 24 CFR 570.206; 24 CFR 570.201(a),(b),(i),(n); 24 CFR 570.202;<br>24 CFR 570.201(a),(b); 24 CFR 570.201(d) ; 24 CFR 570.201(a),(b),(c),(i),(n)  |  |
| <b>National Objective</b>          | Low-Income Housing to Meet 25% Set-Aside (LH25)   |  |
| <b>Activity Description</b>        | 1) foreclosed, bank-owned, vacant and blighted homes will be purchased, renovated and sold to income qualified buyers (grantee-driven homeownership) or 2) foreclosed, bank-owned, vacant and blighted homes will be purchased with down payment assistance to the buyer (buyer-driven homeownership). All homes will be sold under the land trust model, insuring permanently affordable housing. In some cases, the purchased home may be demolished and replaced with a new manufactured home on a permanent foundation. The expected benefit will be 2 units available to 2 income qualified persons or households. |  |
| <b>Location Description</b>        | Roundup Montana   |  |
| <b>Budget</b>                      | <b>Source of Funding</b>  | <b>Dollar Amount</b>                                     |
|                                    | NSP3  | 100,000  |
|                                    | Line of Credit  | 100,000  |
| <b>Total Budget for Activity</b>   |   |  |
| <b>Performance Measures</b>        | Potential of 2 home purchases to assist 2 households  |  |
| <b>Projected Start Date</b>        | 9/1/2011  |  |
| <b>Projected End Date</b>          | 8/31/12   |  |
| <b>Responsible Organization</b>    | <b>Name</b>   | NeighborWorks Montana                                    |
|                                    | <b>Location</b>   | 509 1 <sup>ST</sup> AVENUE SOUTH<br>GREAT FALLS MT 59401 |
|                                    | <b>Administrator Contact Info</b>   | Shelia Rice<br>406-761-5861, INFO@NWMT.ORG               |

| <b>Activity Number 18</b> |  |                                      |
|---------------------------|--|--------------------------------------|
| <b>Activity Name</b>      | Superior / St Regis- NeighborWorks Montana |                                      |
| <b>Uses</b>               | Select all that apply:                     |                                      |
|                           | <input checked="" type="checkbox"/>        | Eligible Use A: Financing Mechanisms |

|                                    |   |  |
|------------------------------------|---|--|
|                                    | X   | Eligible Use B: Acquisition and Rehabilitation           |
|                                    | X   | Eligible Use C: Land Banking                             |
|                                    | X   | Eligible Use D: Demolition                               |
|                                    |   | Eligible Use E: Redevelopment                            |
| <b>CDBG Activity or Activities</b> | 24 CFR 570.206; 24 CFR 570.201(a),(b),(i),(n); 24 CFR 570.202; 24 CFR 570.201(a),(b); 24 CFR 570.201(d) ; 24 CFR 570.201(a),(b),(c),(i),(n)   |  |
| <b>National Objective</b>          | Low-Income Housing to Meet 25% Set-Aside (LH25)   |  |
| <b>Activity Description</b>        | 1) foreclosed, bank-owned, vacant and blighted homes will be purchased, renovated and sold to income qualified buyers (grantee-driven homeownership) or 2) foreclosed, bank-owned, vacant and blighted homes will be purchased with down payment assistance to the buyer (buyer-driven homeownership). All homes will be sold under the land trust model, insuring permanently affordable housing. In some cases, the purchased home may be demolished and replaced with a new manufactured home on a permanent foundation. The expected benefit will be 4 units available to 4 income qualified persons or households. |  |
| <b>Location Description</b>        | Superior and St. Regis Montana  |  |
| <b>Budget</b>                      | <b>Source of Funding</b>  | <b>Dollar Amount</b>                                     |
|                                    | NSP3  | 200,000  |
|                                    | Line of Credit  | 200,000  |
| <b>Total Budget for Activity</b>   | <b>\$400,000</b>  |  |
| <b>Performance Measures</b>        | Potential of 4 home purchases to assist 4 households  |  |
| <b>Projected Start Date</b>        | 9/1/2011  |  |
| <b>Projected End Date</b>          | 8/31/12   |  |
| <b>Responsible Organization</b>    | <b>Name</b>   | NeighborWorks Montana                                    |
|                                    | <b>Location</b>   | 509 1 <sup>ST</sup> AVENUE SOUTH<br>GREAT FALLS MT 59401 |
|                                    | <b>Administrator Contact Info</b>   | Shelia Rice<br>406-761-5861, INFO@NWMT.ORG               |

| <b>Activity Number 19</b>          |   |  |
|------------------------------------|---|--|
| <b>Activity Name</b>               | Meagher County- NeighborWorks Montana   |  |
| <b>Uses</b>                        | Select all that apply:  |  |
|                                    | X   | Eligible Use A: Financing Mechanisms           |
|                                    | X   | Eligible Use B: Acquisition and Rehabilitation |
|                                    | X   | Eligible Use C: Land Banking                   |
|                                    | X   | Eligible Use D: Demolition                     |
|                                    |   | Eligible Use E: Redevelopment                  |
| <b>CDBG Activity or Activities</b> | 24 CFR 570.206; 24 CFR 570.201(a),(b),(i),(n); 24 CFR 570.202; 24 CFR 570.201(a),(b); 24 CFR 570.201(d) ; 24 CFR 570.201(a),(b),(c),(i),(n)   |  |
| <b>National Objective</b>          | Low-Income Housing to Meet 25% Set-Aside (LH25)   |  |
| <b>Activity Description</b>        | 1) foreclosed, bank-owned, vacant and blighted homes will be purchased, renovated and sold to income qualified buyers (grantee-driven homeownership) or 2) foreclosed, bank-owned, vacant and blighted homes will be purchased with down payment assistance to the buyer (buyer-driven homeownership). All homes will be sold under the land trust model, insuring permanently affordable housing. In some cases, the purchased home may be demolished and replaced with a new manufactured home on a permanent foundation. The expected benefit will be 2 units available to 2 income qualified persons or households. |  |
| <b>Location Description</b>        | White Sulphur Springs, Montana  |  |

| Budget                           | Source of Funding                                    | Dollar Amount  |
|----------------------------------|--|--|
|                                  | NSP3   | 100,000  |
|                                  | Line of Credit                                       | 100,000  |
| <b>Total Budget for Activity</b> |  | <b>\$200,000</b>   |
| <b>Performance Measures</b>      | Potential of 2 home purchases to assist 2 households |  |
| <b>Projected Start Date</b>      | 9/1/2011   |  |
| <b>Projected End Date</b>        | 8/31/12  |  |
| <b>Responsible Organization</b>  | <b>Name</b>  | NeighborWorks Montana                                    |
|                                  | <b>Location</b>                                      | 509 1 <sup>ST</sup> AVENUE SOUTH<br>GREAT FALLS MT 59401 |
|                                  | <b>Administrator Contact Info</b>                    | Shelia Rice<br>406-761-5861, INFO@NWM.T.ORG              |

| Activity Number 20                 |  |   |
|------------------------------------|--|---|
| <b>Activity Name</b>               | Anaconda Deer Lodge- homeWORD, Inc.  |   |
| <b>Uses</b>                        | Select all that apply:   |   |
|                                    | X  | Eligible Use A: Financing Mechanisms                  |
|                                    | X  | Eligible Use B: Acquisition and Rehabilitation        |
|                                    | X  | Eligible Use C: Land Banking                          |
|                                    | X  | Eligible Use D: Demolition                            |
|                                    | X  | Eligible Use E: Redevelopment                         |
| <b>CDBG Activity or Activities</b> | 24 CFR 570.206; 24 CFR 570.201(a),(b),(i),(n); 24 CFR 570.202;<br>24 CFR 570.201(a),(b); 24 CFR 570.201(d) ; 24 CFR 570.201(a),(b),(c),(i),(n); 24<br>CFR 570.202, 24 CFR 570.204  |   |
| <b>National Objective</b>          | Low-Income Housing to Meet 25% Set-Aside (LH25)  |   |
| <b>Activity Description</b>        | <b>Anaconda will continue their partnership with homeWORD to purchase foreclosed, vacant and abandoned properties in the eastern portion of Anaconda. Activities will be to rehab or demolish properties in order to bring them up to standard and to remove blighted structures to improve the housing conditions of the targeted neighborhood. Single family rental housing will be considered as need is evaluated. The applicant will also consider the opportunity to purchase vacant properties for future multi-family development or an existing rental property in need of rehab.</b> |   |
| <b>Location Description</b>        | Anaconda Montana   |   |
| <b>Budget</b>                      | Source of Funding  | Dollar Amount   |
|                                    | NSP3   | 900,000   |
|                                    | NSP1   | 1,131,310   |
|                                    | Other  | 1,665,000   |
| <b>Total Budget for Activity</b>   |  | <b>\$3,696,331</b>                                    |
| <b>Performance Measures</b>        | Potential of 20 home purchases to assist 20 households   |   |
| <b>Projected Start Date</b>        | 7/1/2011   |   |
| <b>Projected End Date</b>          | 6/1/14   |   |
| <b>Responsible Organization</b>    | <b>Name</b>  | homeWORD  |
|                                    | <b>Location</b>  | 127 N. Higgins Ave Ste. 307                           |
|                                    | <b>Administrator Contact Info</b>  | Heather McMilin<br>406-532-4663, heather@homeword.org |

| Activity Number 21   |   |
|----------------------|---|
| <b>Activity Name</b> | Eureka- Eureka Rural Development Partners |

|                                    |  |   |
|------------------------------------|--|---|
| <b>Uses</b>                        | Select all that apply:   |   |
|                                    | <input type="checkbox"/>   | Eligible Use A: Financing Mechanisms                |
|                                    | X  | Eligible Use B: Acquisition and Rehabilitation      |
|                                    | <input type="checkbox"/>   | Eligible Use C: Land Banking                        |
|                                    | <input type="checkbox"/>   | Eligible Use D: Demolition                          |
| <input type="checkbox"/>           | Eligible Use E: Redevelopment  |   |
| <b>CDBG Activity or Activities</b> | 24 CFR 570.201(a),(b),(i),(n);   |   |
| <b>National Objective</b>          | Low-Income Housing to Meet 25% Set-Aside (LH25)  |   |
| <b>Activity Description</b>        | Eureka Rural Development Partners (ERDP) in partnership with the Town of Eureka, Lincoln County Commissioner District 3, MSU-Lincoln County Extension, Tobacco Valley Community Land Trust, and Glacier Bank Eureka branch will work on developing an in-fill rental housing program for the Town of Eureka proper. The project will target LMI housing with a focus of at least 25% for Senior Housing. The expected benefit will be 4 units available to 4 income qualified persons or households. |   |
| <b>Location Description</b>        | Eureka Montana   |   |
| <b>Budget</b>                      | <b>Source of Funding</b>   | <b>Dollar Amount</b>                                |
|                                    | NSP3   | 970,000   |
|                                    | Glacier Bank   | Up to 2,000   |
| <b>Total Budget for Activity</b>   | <b>\$972,000</b>   |   |
| <b>Performance Measures</b>        | Potential of 4 property purchases to assist 4 households   |   |
| <b>Projected Start Date</b>        | 7/1/2011   |   |
| <b>Projected End Date</b>          | 7/31/14  |   |
| <b>Responsible Organization</b>    | <b>Name</b>  | Eureka Rural Development Partners                   |
|                                    | <b>Location</b>  | PO Box 1951<br>Eureka MT 59917                      |
|                                    | <b>Administrator Contact Info</b>  | Tracy McIntyre<br>406-297-7374, tracy@eurekardp.net |

| <b>Activity Number 22</b>          |   |  |
|------------------------------------|---|--|
| <b>Activity Name</b>               | Flaxville- Flaxville Development Corporation  |  |
| <b>Uses</b>                        | Select all that apply:  |  |
|                                    | <input type="checkbox"/>  | Eligible Use A: Financing Mechanisms           |
|                                    | <input type="checkbox"/>  | Eligible Use B: Acquisition and Rehabilitation |
|                                    | <input type="checkbox"/>  | Eligible Use C: Land Banking                   |
|                                    | <input type="checkbox"/>  | Eligible Use D: Demolition                     |
| X                                  | Eligible Use E: Redevelopment   |  |
| <b>CDBG Activity or Activities</b> | 24 CFR 570.201(a),(b),(c),(i),(n); 24 CFR 570.202, 24 CFR 570.204   |  |
| <b>National Objective</b>          | Low-Income Housing to Meet 25% Set-Aside (LH25)   |  |
| <b>Activity Description</b>        | The proposed project will be to remodel the Flaxville School Building into independent living quarters, individual apartments to utilize the building for a future housing market. The feasibility study was completed to accommodate 14 independent living quarters, some designed as single living quarters, some designed as small family quarters. The school was closed in 2006 and has been used for community congregate meals and a variety of community functions. The expected benefit will be 14 units available to 14 income qualified persons or households. |  |
| <b>Location Description</b>        | Flaxville Montana   |  |

| Budget                              | Source of Funding  |  | Dollar Amount  |
|-------------------------------------|--|--|--|
|                                     | NSP3   |  | 1,500,000  |
|                                     | Other – Private Source   |  | 100,000  |
|                                     | Other – Private Source   |  | 100,000  |
| <b>Total Budget for Activity</b>    |  |  | <b>\$1,700,000</b>                                     |
| <b>Performance Measures</b>         | Potential of 14 units to assist 14 households  |  |  |
| <b>Projected Start Date</b>         | 9/1/2011   |  |  |
| <b>Projected End Date</b>           | 8/31/12  |  |  |
| <b>Responsible Organization</b>     | <b>Name</b>  |  | Flaxville Development Corporation                      |
|                                     | <b>Location</b>  |  | PO Box 62<br>Flaxville, MT 59222                       |
|                                     | <b>Administrator Contact Info</b>  |  | Mayor Connie Wittak<br>406-474-2354, cwittak@yahoo.com |
| <b>Activity Number 23</b>           |  |  |  |
| <b>Activity Name</b>                | Lewis Clark county- NeighborWorks Montana  |  |  |
| <b>Uses</b>                         | Select all that apply:   |  |  |
|                                     | <input type="checkbox"/>   | Eligible Use A: Financing Mechanisms           |  |
|                                     | <input checked="" type="checkbox"/>  | Eligible Use B: Acquisition and Rehabilitation |  |
|                                     | <input type="checkbox"/>   | Eligible Use C: Land Banking                   |  |
|                                     | <input checked="" type="checkbox"/>  | Eligible Use D: Demolition                     |  |
| <input checked="" type="checkbox"/> | Eligible Use E: Redevelopment  |  |  |
| <b>CDBG Activity or Activities</b>  | 24 CFR 570.202; 24 CFR 570.201(a),(b),(c),(i),(n); 24 CFR 570.202, 24 CFR 570.204  |  |  |
| <b>National Objective</b>           | Low-Income Housing to Meet 25% Set-Aside (LH25)  |  |  |
| <b>Activity Description</b>         | <b>RMDC proposes to purchase and remediate the site commonly known as Caird Property located within the City of Helena – Census Tract 9. Acquisition of property, demolition of blighted structure and new construction of 30 units of senior accessible housing. The expected benefit will be 30 units available to income qualified persons.</b> |  |  |
| <b>Location Description</b>         | Helena Montana   |  |  |
| Budget                              | Source of Funding  |  | Dollar Amount  |
|                                     | NSP3   |  | 2,070,936  |
|                                     | HOME   |  | 750,000  |
|                                     | LITC   |  | 4,559,795  |
| <b>Total Budget for Activity</b>    |  |  | <b>\$7,540,731</b>                                     |
| <b>Performance Measures</b>         | Potential of 30 units to assist 30households   |  |  |
| <b>Projected Start Date</b>         | 7/1/2011   |  |  |
| <b>Projected End Date</b>           | 5/1/2014   |  |  |
| <b>Responsible Organization</b>     | <b>Name</b>  |  | Rocky Mountain Development Council                     |
|                                     | <b>Location</b>  |  | PO Box 1717<br>Helena MT 59624                         |
|                                     | <b>Administrator Contact Info</b>  |  | Mat Rude<br>406-447-1680, mrude@rmdc.net               |

| <b>Activity Number 24</b> |                                  |  |  |
|---------------------------|----------------------------------|--|--|
| <b>Activity Name</b>      | Big Horn County- District 7 HRDC |  |  |
| <b>Uses</b>               | Select all that apply:           |  |  |
|                           | <input type="checkbox"/>         | Eligible Use A: Financing Mechanisms           |  |
|                           | <input type="checkbox"/>         | Eligible Use B: Acquisition and Rehabilitation |  |

|                                    |   |  |
|------------------------------------|---|--|
|                                    |   | Eligible Use C: Land Banking             |
|                                    |   | Eligible Use D: Demolition               |
|                                    | X   | Eligible Use E: Redevelopment            |
| <b>CDBG Activity or Activities</b> | 24 CFR 570.202, 24 CFR 570.204  |  |
| <b>National Objective</b>          | Low Moderate Middle Income Housing (LMMH)   |  |
| <b>Activity Description</b>        | <b>Project will provide down payment assistance and closing costs and/or gap financing for families wishing to replace substandard manufactured homes with a new or standard unit of manufactured housing or modular homes in Big Horn County area. The expected benefit will be 6 units available to income qualified persons or households.</b> |  |
| <b>Location Description</b>        | Areas located in Big Horn County Montana  |  |
| <b>Budget</b>                      | <b>Source of Funding</b>  | <b>Dollar Amount</b>                     |
|                                    | NSP3  | 100,000                                  |
|                                    | Other   | 36,000                                   |
| <b>Total Budget for Activity</b>   | <b>\$136,000</b>  |  |
| <b>Performance Measures</b>        | Potential of 6 home purchases to assist 6 households  |  |
| <b>Projected Start Date</b>        | 9/1/2011  |  |
| <b>Projected End Date</b>          | 8/31/12   |  |
| <b>Responsible Organization</b>    | <b>Name</b>   | District 7 HRDC                          |
|                                    | <b>Location</b>   | PO Box 2016<br>Billings MT 59101         |
|                                    | <b>Administrator Contact Info</b>   | HRDC<br>406-247-4787, sboelter@hrdc7.org |

## Section 8: Certifications

### *Certifications for State and Entitlement Communities*

(1) **Affirmatively furthering fair housing.** Commerce certifies that it will affirmatively further fair housing, which means that it will conduct an analysis to identify impediments to fair housing choice within Commerce, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting the analysis and actions in this regard. The full analysis is available for review at <http://housing.mt.gov/cp/cpdocuments.mcp> .

(2) **Anti-displacement and relocation plan.** Commerce certifies that it has in effect and is following a residential anti-displacement and relocation assistance plan. The Plan is available for review at <http://housing.mt.gov/cp/cpdocuments.mcp> .

(3) **Anti-lobbying.** Commerce will submit a certification with regard to compliance with restrictions on lobbying required by 24 CFR part 87, together with disclosure forms, if required by that part.

(4) **Authority of jurisdiction.** Commerce certifies that the consolidated plan or abbreviated plan, as applicable, is authorized under state and local law (as applicable) and that Commerce possesses the legal authority to carry out the programs for which it is seeking funding, in accordance with applicable HUD regulations and other program requirements.

(5) **Consistency with plan.** Commerce certifies that the housing activities to be undertaken with NSP funds are consistent with its consolidated plan or abbreviated plan, as applicable.

(6) **Acquisition and relocation.** Commerce certifies that it will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. 4601), and implementing regulations at 49 CFR part 24, except as those provisions are modified by the notice for the NSP program published by HUD.

(7) **Section 3.** Commerce certifies that it will comply with Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR part 135.

(8) **Citizen participation.** Commerce certifies that it is in full compliance and following a detailed citizen participation plan that satisfies the requirements of Sections 24 CFR 91.105 or 91.115, as modified by NSP requirements. The Plan is available for review at <http://housing.mt.gov/cp/cpdocuments.mcp>.

(9) **Following a plan.** Commerce certifies it is following a current consolidated plan (or Comprehensive Housing Affordability Strategy) that has been approved by HUD. [Only States and entitlement jurisdictions use this certification.]

(10) **Use of funds.** Commerce certifies that it will comply with the Dodd-Frank Wall Street Reform and Consumer Protection Act and Title XII of Division A of the American Recovery and Reinvestment Act of 2009 by spending 50 percent of its grant funds within 2 years, and spending 100 percent within 3 years, of receipt of the grant.

(11) **Commerce certifies:**

- a. that all of the NSP funds made available to it will be used with respect to individuals and families whose incomes do not exceed 120 percent of area median income; and
- b. that it will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108 loan guaranteed funds, by assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements. However, if NSP funds are used to pay the proportion of a fee or assessment attributable to the capital costs of public improvements (assisted in part with NSP funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. In addition, with respect to properties owned and occupied by moderate-income (but not low-income) families, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than NSP funds if Commerce certifies that it lacks NSP or CDBG funds to cover the assessment.

(12) **Excessive force.** Commerce certifies that the State of Montana has adopted and is enforcing:

- a. A policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in nonviolent civil rights demonstrations; and
- b. A policy of enforcing applicable state and local laws against physically barring entrance to, or exit from, a facility or location that is the subject of such nonviolent civil rights demonstrations within its jurisdiction.

(13) **Compliance with anti-discrimination laws.** Commerce certifies that the NSP grant will be conducted and administered in conformity with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), the Fair Housing Act (42 U.S.C. 3601-3619), and implementing regulations.

(14) **Compliance with lead-based paint procedures.** Commerce certifies that its activities concerning lead-based paint will comply with the requirements of part 35, subparts A, B, J, K, and R of this title.

(15) **Compliance with laws.** Commerce certifies that it will comply with applicable laws.

(16) **Vicinity hiring.** Commerce certifies that it will, to the maximum extent feasible, provide for hiring of employees that reside in the vicinity of NSP3 funded projects or contract with small businesses that are owned and operated by persons residing in the vicinity of NSP3 projects.

(17) **Development of affordable rental housing.** Commerce certifies that it will abide by the procedures described in its NSP3 Abbreviated Plan to create preferences for the development of affordable rental housing for properties assisted with NSP3 funds.

\_\_\_\_\_  
Signature/Authorized Official

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title