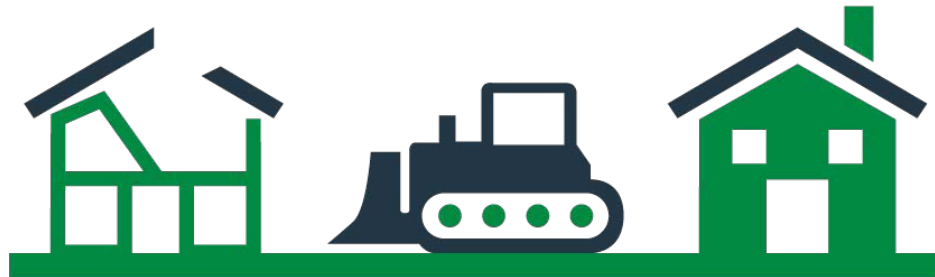




MISSISSIPPI HOME CORPORATION



BEEP

Blight Elimination Program

Program Guide

Rev. 06.28.19

Table of Contents

SECTION I: DEFINITIONS	4
SECTION II: GENERAL INFORMATION	5
A. Overview	5
B. MHC Contact Information	5
C. BEP Program Information.....	5
D. Funding Availability	5
E. Program Period	6
F. Target Areas	6
G. Technical Assistance.....	6
H. MITAS Software System (MITAS).....	6
SECTION III: ELIGIBILITY.....	7
A. Eligible Applicants	7
B. Eligible Blight Partners.....	7
C. Ineligible Partners	8
D. Eligible Property	8
E. Eligible Costs	9
F. Eligible Activities	10
G. Ineligible Activities	10
SECTION IV: APPLICATION PROCESS.....	12
A. Application Period	12
B. Application Content.....	12
C. Application Submission	12
D. Application Review	12
E. Notification Letters.....	13
F. MITAS Software System	15
SECTION V: GRANTEE RESPONSIBILITIES.....	16
A. Funding Time Limits.....	16
B. Milestones	16
C. Program Reporting	16
D. Fair and Open Competition	16
E. Conflict of Interest	17
SECTION VI: PROPERTY DEMOLITION PROCESS	18
A. Pre-Demolition Stage	18

B. Demolition	22
C. Post-Demolition	22
SECTION VII: COMPLIANCE PERIOD.....	24
A. Maintenance	24
B. Record-Keeping and File Maintenance.....	24
C. Quarterly Reporting.....	24
D. Final Reporting	24
SECTION VIII: LIEN RELEASE	25
A. Early Lien Release	25
B. Lien Release Process.....	28

SECTION I: DEFINITIONS

ADMINISTRATOR: A staff person employed by the Grantee or a grant administrator contracted by the Grantee that manages a Project.

APPLICANT: A city or county government that has applied for BEP funds.

BLIGHT PARTNER (BP): An organization legally structured to own and hold title to residential property during the demolition and compliance period. A Blight Partner may carry out various tasks associated with the Project depending on the capabilities and interests of the Applicant and Blight Partner.

COMPLIANCE PERIOD: The three-year period in which the property must maintain compliance with all BEP requirements. The Compliance Period begins the date of the first HHF disbursement and ends after 36 months.

DEMOLITION CONTRACTOR: A licensed firm procured by the Grantee to demolish property.

FIELD COMPLIANCE MONITOR: Firm(s) employed by MHC to monitor activities performed by Grantee and Blight Partner.

GRANTEE: An Applicant that has been approved for BEP funds.

PROJECT: An award of funds to demolish residential housing carried out by Grantee of Blight Elimination Program (BEP) Funds.

TARGET AREAS: An area in which BEP demolition activity may occur as identified in the Target Areas Block Groups List (HHF/BEP Form 0702) and the Target Block Groups and State-owned Properties Map (HHF/BEP Form 0701).

SECTION II: GENERAL INFORMATION**A. Overview**

The U.S. Department of the Treasury (“Treasury”) established the Housing Finance Agency Innovation Fund for the Hardest-Hit Markets (“Hardest Hit Fund” or “HHF”) to provide financial assistance to families in the states most impacted by the downturn of the housing market. Treasury designed the overall program to give each participating state the flexibility to tailor its program to the unique factors contributing to the state’s foreclosure problems. Under the Hardest Hit Fund Program, the State of Mississippi has established the Blight Elimination Program (“BEP”) which will use a portion of the HHF allocation to demolish blighted and abandoned homes that are beyond repair. The goal is not simply to demolish abandoned homes, but to prevent avoidable foreclosures and stabilize property values in Mississippi communities. The Blight Elimination Program will serve as a partnership between the Mississippi Home Corporation (“MHC”) and local government municipalities that will allow communities to demolish blighted properties and offer a variety of end uses for the newly cleared properties, including green space and redevelopment.

B. MHC Contact Information

MHC’s Research and Development Division has the day-to-day operation responsibility over the Blight Elimination Program. All correspondence should be directed to:

Lisa Coleman
Mississippi Home Corporation
RE: Blight Elimination Program
735 Riverside Drive
Jackson, MS 39202
lisa.coleman@mshc.com

C. BEP Program Information

MHC Website: www.mshomecorp.com
BEP Information Page: <https://www.mshomecorp.com/federal-programs/bep/>
BEP Documents and Forms: <https://archivemhc.com/hhf/>
Email: hfh.bep@mshc.com

D. Funding Availability

MHC will allocate \$20,000,000 from the Hardest Hit Funds to the Blight Elimination Program. These funds will be awarded to eligible applicants for the acquisition and demolition of vacant and blighted single family residential properties throughout the state. Applicants may apply for up to \$500,000 per application.

E. Program Period

MHC will accept applications for BEP from May 1, 2017 through April 15 2020 or until all funds have been expended, whichever comes first.

F. Target Areas

In accordance with Treasury requirements, the BEP funds will be limited to target areas as identified by MHC. A map of the target areas may be found under Eligible Block Groups on MHC's website at <https://archivemhc.com/hhf/>.

G. Technical Assistance

MHC provides on-going technical assistance to applicants as needed. Technical Assistance meetings may be conducted by conference call or in person. Applicants may contact MHC to schedule a meeting.

H. MITAS Software System (MITAS)

All Grantees will be given access to MHC's grant tracking software system, MITAS, upon approval of an award of BEP funds. This system will allow Grantees and their Blight Partners to upload required documents, submit reimbursement requests and view project and property status. Refer to the MITAS User Guide for instructions on navigating through the system.

SECTION III: ELIGIBILITY

A. Eligible Applicants

Eligible applicants include cities, towns, counties, other units of local government located in Mississippi, nonprofit organizations, community development corporations, economic development entities, including Planning and Development Districts, land banks and for-profit entities.

Applicants must be able to meet the following:

1. Demonstrated Financial Capacity to carry out demolition activities
2. Demonstrated Experience with procuring contracts in accordance with State/HUD regulations
3. Demonstrated evidence that it or its officers or members have experience in managing a Demolition program or provides an acceptable plan for procuring and managing demolition services from a firm experienced in demolishing residential housing following EPA guidelines.
4. Must not have any staff member or member of the board of directors materially participate in the demolition process as a contractor, vendor, or any other professional service provider.

Applicants may not hold title to the properties to be demolished.

B. Eligible Blight Partners

A Blight Partner is an entity that partners with an Applicant through the execution of a Grantee and Blight Partner Participation Agreement. The Blight Partner's role in the project may vary but at a minimum, the Blight Partner will be required to hold title to each property prior to demolition and throughout the three-year Compliance Period. Each applicant must have at least one Blight Partner to hold title to the property. Applicants may elect to work with one or several Blight Partners.

Applicants may be held accountable for the actions of their Blight Partners including a breach of the participation agreement. For this reason, Applicants should select their Blight Partners with extreme care.

- i. **Eligible Blight Partner Entities.** All Blight Partners must be legally formed entities that are authorized to do business in the state of Mississippi. The following entities are eligible to serve in the role of a Blight Partner for an eligible applicant:
 - Private organizations including faith-based organizations
 - For-profit entities
 - Nonprofit entities("NFPs")
 - Community Development Corporations ("CDCs")
 - Home Owner Associations ("HOAs")
 - Economic development entities
 - Land banks
- ii. **Blight Partners Responsibilities.** At a minimum, Blight Partners will be responsible for (a) holding title to the property prior to demolition and throughout the three-year Compliance

Period, (b) maintaining the property throughout the three-year Compliance Period, and (c) pay annual property taxes (*a reimbursable expense*) on the property throughout the three-year Compliance Period. Additional responsibilities may be negotiated between the Applicant and the Blight Partner.

- iii. **Religious and Faith-Based Organizations.** Organizations that are religious or faith-based are eligible to participate in the BEP as a Blight Partner. A religious organization that participates in the BEP will retain its independence from Federal, State, and local governments, and may continue to carry out its mission, including the definition, practice, and expression of its religious beliefs, provided that it does not use direct BEP funds to support any inherently religious activities, such as worship, religious instruction, or proselytization. Among other things, faith-based organizations may use space in their facilities, without removing religious art, icons, scriptures, or other religious symbols.

In addition, a BEP funded religious organization retains its authority over its internal governance, and it may retain religious terms in its organization's name, select its board members on a religious basis, and include religious references in its organization's mission statements and other governing documents. An organization that participates in the BEP program shall not, in providing program assistance, discriminate against a program beneficiary or prospective program beneficiary on the basis of religion or religious belief.

C. Ineligible Partners

MHC reserves the right to disqualify from funding any application that has either an applicant, sub-recipient, administrator, preparer, Blight Partner or related parties if any of the aforementioned has a history of disregarding the policies, procedures, or staff directives associated with administering any program administered by MHC or programs administered by any other State, Federal, or affordable housing entities, including but not limited to the Mississippi Secretary of State's Office, the U.S. Department of Housing and Urban Development (HUD), the U.S. Department of Agriculture (RD), the Federal Home Loan Bank, or the U.S. Department of Treasury.

Any entity currently on MHC's suspension or debarment list is ineligible to submit an application.

D. Eligible Property

BEP funds may only be used for the acquisition and demolition of vacant and blighted single-family (1- 4 unit) residential structures in targeted areas. Properties must not be legally occupied at the time of any review or approval for BEP activities.

- *Manufactured/Mobile Homes.* Manufactured or mobile homes are eligible for acquisition and demolition using a BEP award only if the manufactured or mobile home meets the BEP requirements and is permanently affixed to the real estate. "Permanently affixed" means wheels, axles, and tongue have been removed, property is attached to the land, and property was classified and taxed as real estate by the jurisdiction.
- *Historic Properties.* Eligible properties must not be listed on a local, state, or national historic

register. All properties will be subject to a Section 106 Review by the Mississippi Department of Archives and History.

All properties must be owned by the Blight Partner prior to demolition. The Blight Partner may acquire the properties through tax foreclosure, purchase of tax liens, forfeiture, donation, purchase, or other means. Properties already owned by the Blight Partner are also eligible as long as the Blight Partner is not the owner that caused the property to become dilapidated. All properties must be condemned prior to application submission.

E. Eligible Costs

All expenses must be reasonable and necessary. Allowable reimbursable expenses are listed on the Allowable Expense Chart (HHF/BEP Form 0103). If a limit is set forth for an expense item listed in the Allowable Expense Chart, an Applicant or Blight Partner will not be reimbursed in excess of the specified amount.

The combined total of acquisition costs, demolition costs, property maintenance and other approved costs may not exceed \$25,000. Any costs above \$25,000 must be paid by the Applicant or the Blight Partner. Applicants may not seek a waiver to exceed this limit.

- i. **Acquisition Costs.** Acquisition Costs are limited to the purchase price and related costs associated with the acquisition of a parcel of real property. The acquisition costs should include the payment and release of all liens against the real estate. Grantees/Blight Partners must use a title company or an attorney when purchasing or selling properties acquired or demolished with BEP funds. The BEP funds will reimburse acquisition costs up to \$6,000, based on the fair market value of the vacant lot.
- ii. **Administrative Fees.** Grantees/Blight Partners that take on the role as Project Administrator may receive an administrative fee of \$1,000 per property. The administrative fee may be drawn down from BEP funds after the issuance of a Letter to Proceed. The \$1,000 per property administrative fee will be taken out of the \$25,000 per property limit.
- iii. **Property Maintenance.** Property Maintenance fees of \$1,000 per year per lot may be available for three years after the demolition activity occurs. Property Maintenance fees are only available within the property cap. Therefore, if the cost of acquisition and/or acquisition and demolition for a specific parcel exceeds the property cap, no Property Maintenance fees will be available for that parcel. Each property must be maintained at least once each quarter. Reimbursement for property maintenance will only occur at the end of each year. Grantees will only be reimbursed by submitting the Administration and Property Maintenance Claim form (HHF/BEP Form 0208) by year end.
- iv. **Administrative Fees for Property Maintenance.** A maximum of \$500 per year per parcel may be taken from the \$1,000 Property Maintenance award for BEP Administration. No more than \$500 per \$1,000 Property Maintenance allocation may be used for administrative purposes. The administration costs paid by the BEP are not to exceed \$1,500 per property for the life of the program. The administrative fees are derived from the Property Maintenance fees. If Property Maintenance fees are not awarded for a parcel, administrative fees will not be available. These

costs will be paid upon invoice from the applicant or Blight Partner once per year at years end. No administrative fees will be paid for an unsuccessful application.

- v. **Retainage Policy.** MHC will hold the first installment of the Property Maintenance Fees until all invoices and required reporting for the property acquisition and demolition have been submitted.

F. Eligible Activities

BEP funds may only be used for the acquisition and demolition of residential structures that are blighted and abandoned. Residential structures located on any real property purchased with BEP funds must be demolished.

1. Demolition must be completed by licensed contractors. All debris resulting from demolition must be removed and deposited in state licensed landfills. Clean fill dirt must be provided to fill any basements, cellars or crawl spaces.
2. A chart of eligible activities associated with demolition and the extent to which the expenses may be paid with BEP awards are listed in the Allowable Expense Chart (HHF/BEP Form 0103).
3. BEP funds may be used to acquire properties for the purpose of demolishing the residential structures located on that parcel. Properties may be purchased from third parties, at tax sale, at sheriff sale, or through the purchase of an outstanding tax sale certificate. This list is not an exclusive list of the means through which property may be acquired for demolition. No more than \$6,000 of the maximum BEP amount available for each property (\$25,000) may be spent on the acquisition of any one qualifying property.
4. Title to a property must be held by a Blight Partner prior to demolition of that property.
5. Demolition activities may not commence until clear title to the real property is held by a Blight Partner.
6. All approved acquisition and demolition activities must occur within six (6) months of an applicant receiving a Letter to Proceed. Funding not used within six (6) months will be de-obligated.
7. Manufactured or mobile homes are eligible for acquisition and demolition using a BEP award only if the manufactured or mobile home meets the terms of the BEP and is permanently affixed to the real estate. Permanently affixed means wheels, axles, and tongue have been removed, property is attached to the land, and property was classified and taxed as real estate by the jurisdiction.

G. Ineligible Activities

Any questions about whether an activity is eligible should be referred to MHC's BEP Staff. It is the job of the successful applicant to determine whether the activity is eligible prior to engaging in the activity.

The following items are considered ineligible activities for BEP:

- Demolition of any structure not residential in nature.
- Demolition of multi-family structures including any property where two or more separate living units are attached by a common wall.
- Realtor's fees in excess of six (6) percent shall not be paid for the acquisition of any qualifying property if the acquisition is made with a BEP award.
- Administrative and/or attorney fees associated with the drafting, review, negotiation and/or litigation of any vendor contract.
- Realtor fees or closing costs for the sale of a lot post demolition.
- Rehabilitation activities.
- Institutions that discriminate on the basis of race, color, national origin, sex, religion, familial status, disability, sexual orientation, or gender identity in policy or in practice.

SECTION IV: APPLICATION PROCESS**A. Application Period**

MHC will accept applications for the Blight Elimination Program beginning May 1, 2017 on a first come first served basis until April 15, 2020 or until all funds have been exhausted.

B. Application Content

The application package must consist of all information and documentation required in the BEP Application Guide (HHF/BEP Form 0102) and within the online application. Incomplete applications will be rejected.

C. Application Submission

Effective January 1, 2018, all applications for the Blight Elimination Program (BEP) must be submitted online. Applicants may access the online application through the following link:

<https://www.mhcfundingapp.com/FundingAppCollector>

The Online Application User Guide may be found on MHC's website at:

<https://www.mshomecorp.com/federal-programs/bep/>.

All applications must be submitted in accordance to the Application Guide and the BEP Program Guide.

D. Application Review

Applications will be reviewed as follows:

1. **Required Documents.** All information and supporting documents listed in the *BEP Application Guide* must be submitted. MHC will reject any incomplete application. After adding missing items, the application may be re-submitted.
2. **Threshold Review.** Each application must demonstrate that it meets the threshold factors listed below to be considered for a BEP award:
 - a. Demolition Plan
 - b. Identify all qualified blighted properties
 - c. Demonstrate that at least one staff member of the project management team has at least one year of demolition experience.
 - d. Copy of the city's approved Comprehensive or Economic Development Plan that identifies the areas to be improved. If the community has not adopted a comprehensive plan,

provide narrative explaining how the proposed demolition will preserve and increase the value of surrounding owner-occupied residential properties.

- e. Copy of the Demolition Plan that includes Post-Demolition activities.
- f. Identify all Blight Partners to hold lien on properties.

3. **Site Assessment.** MHC will designate a Field Compliance Monitor (“Monitor”) to conduct site visits for each property listed in the BEP Application. The Monitor will meet with the Grantee and Blight Partner and at a minimum, assess the staff’s capacity to carry out the work, its record keeping process, and file maintenance. The Monitor will also visit each property to determine its qualification for the BEP Program. MHC requires that a representative of the Grantee or Blight Partner accompanies the Monitor to all sites. The Monitor will complete and submit the Field Compliance Site Visit Report (HHF/BEP Form 0803) to MHC upon completion of the site visit. Applicants will be notified if a property does not meet the requirements of BEP.

Site Visits will be conducted as follows:

- a. Initial Site Visit
The Initial Site Visit will take place once an application is submitted. The Monitor will be responsible for verifying that the property meets all requirements of the program.
- b. Post-Demolition Site Visit
The Post-Demolition Site Visit will take place upon completion of the demolition and removal of all debris. Grantees/Blight Partners must upload all required documentation listed in Section VI (C)(1) of the BEP Program Guide prior to the site visit.
- c. Maintenance Site Visit
Maintenance Inspections will take place periodically throughout the three-year compliance period.

4. **Scoring Review.** All applications will be scored by two separate reviewers using the BEP Application Evaluation Form (HHF/BEP Form 0401). Applications must meet a minimum score of one hundred and twenty (120) points to qualify for an award.

E. Notification Letters

MHC will make the final determination of all scores, successful applicants and awards. All awards are subject to approval by the MHC Board. Funded and/or partially funded applications will be announced at the published MHC Board Meeting date or thereafter. Conditional Award Letters will be sent to all successful applicants. Applicants with unfunded applications will be notified by MHC via a denial letter. Unsuccessful applicants will be permitted to resubmit a new application.

1. **Clarification Letter/Email.** Applications with missing or incomplete documentation will receive a clarification letter/email. The applicant will have the opportunity to respond on or before the response deadline provided by MHC. If the applicant does not respond to the clarification letter/email within the deadline date, the application will be placed in withdrawn status. Applicants may reactivate the application by supplying the requested information.

2. **Denial Letter.** Applications that do not meet BEP requirements will receive a denial letter. Applicants may revise the application and resubmit for reconsideration.
3. **Conditional Award Letter.** Successful Applicants (Grantees) will receive a Conditional Award Letter. The Conditional Award Letter will outline the requirements needed before a Final Award Letter can be issued. Applicants must execute the letter and return to MHC (along with all required documents) by the deadline date indicated in the letter.

Required Documents to be submitted with executed Conditional Award Letter:

- **Participation Agreement**
All recipients of BEP Funds (“Grantees”) will be required to execute the MHC Participation Agreement (HHF/BEP Form 0302). This form must be executed by an authorized signer of the Grantee and MHC. The Participation Agreement will set forth the Grantee’s obligations and identify events that may constitute a default by the Grantee under the terms of the BEP.
- **Grantee and Blight Partner Participation Agreement**
The Grantee and the Blight Partner will be required to execute a Grantee and Blight Partner Participation Agreement (HHF/BEP Form 0301). A separate form must be executed for each Blight Partner. If a Blight Partner will be responsible for any additional responsibilities (other than what’s outlined in the Agreement), then the additional responsibilities must be outlined and submitted as Exhibit A with the Agreement. Any additional adjustments made to the Agreement must also be included as an exhibit.
- **BEP Bank Account Information**
Grantees must set up and maintain a bank account (“BEP Account”) for use in conjunction with the BEP. The BEP Account may only be used to receive BEP funds and pay approved invoices associated with approved BEP activities. MHC reserves the right to audit the Grantee’s BEP Account at any time and for any reason. Evidence that the bank account has been established must be provided to MHC prior to issuance of the Final Award Letter.
- **Wire Transfer Set Up Form (HHF/BEP Form 0204)**
All BEP reimbursements will be wired to the Grantees BEP Account. A copy of the Wire Transfer Setup Form that includes the Grantees bank account information must be executed to authorize MHC to process wire transfers to the account.
- **Contractor Procurement Process Certification (HHF/BEP Form 0203)**
Grantees will be required to meet applicable federal, state and local laws and regulations when procuring contractors for the demolition of property. Grantees must execute the Contractor Procurement Process Certification Form to acknowledge their understanding, acceptance, and willingness to comply with the requirements. Documentation including the bid materials and public notices must be submitted to MHC prior to demolition of structures.
- **Demolition Project Schedule**
Grantees must provide a time estimate for the demolition of all properties listed in the application. MHC must be notified in writing if any changes to the schedule are made.

4. **Final Award Letter.** Upon meeting all the requirements of the Conditional Award Letter, a Final Award Letter will be issued to the Grantee. The Final Award Letter must be executed by the highest elected official and returned to MHC. All Final Award Letters will expire within one year of the Final Award Letter date.

F. MITAS Software System

Upon issuance of a Final Award Letter, MHC will provide Grantee with access to the MITAS Software System. Grantees will utilize the MITAS System to upload all required documentation and request reimbursements.

MHC Staff will input property data for each approved property into the MITAS Software System based on the information submitted by the Grantee. Grantee must notify MHC if there are any changes to the information originally submitted. Data to be entered includes Grantee and Blight Partner information, property location, sources of funds, estimated demolition budget and vendor information.

SECTION V: GRANTEES RESPONSIBILITIES**A. Funding Time Limits**

All Grantees and their respective Blight Partners must use their full BEP allocation within six (6) months of receiving a Letter to Proceed. Status reports will be required each quarter for each property until thirty-six (36) months after demolition. All funds not used within the six (6) month timeframe will be de-obligated and will be recycled back into the BEP.

B. Milestones

Grantees shall expend twenty-five percent (25%) of the award within sixty (60) days of the Letter to Proceed (the "First Milestone Date"). Grantees that believe they may not be able to expend twenty-five percent (25%) of the funds by the First Milestone Date should seek an extension from MHC, which must be requested prior to the First Milestone Date. All extensions of time to expend the award shall be granted at the sole discretion of MHC.

Grantees shall expend seventy percent (70%) of the award within one-hundred twenty (120) days of the Letter to Proceed (the "Second Milestone Date"). Grantees that believe they may not be able to expend seventy percent (70%) of the funds by the Second Milestone Date should seek an extension from MHC, which must be requested prior to the Second Milestone Date. All extensions of time to expend the award shall be granted at the sole discretion of MHC.

Grantees shall expend one hundred percent (100%) of the award within one-hundred eighty (180) days of the Letter to Proceed. All extensions of time to expend the award shall be granted at the sole discretion of MHC.

MHC may, in its sole discretion, cancel and/or re-distribute all or any portion of the award if any of the following events occur: (1) Grantee fails to meet applicable program requirements; (2) Grantee fails to meet any of the milestones, benchmarks, or deadlines; or (3) MHC concludes that it is not likely that the Grantee will meet at least one of the milestones or benchmarks referenced above.

C. Program Reporting

Grantees will be responsible for reporting BEP progress to MHC. All Grantees and Blight Partners will be required to assist MHC in reporting to the United States Department of the Treasury during the course of the BEP. The forms and requirements for reporting may be subject to change.

D. Fair and Open Competition

All Grantees must commit to awarding work through fair and open competition. Demolition contractors must be selected using the State/HUD procurement process. Selection of other professionals to carry out work must pay only necessary and reasonable costs for services. If public bid process is not practicable for

the nature of the work, the jurisdiction must state how professionals have been selected to ensure that BEP funds pay only necessary and reasonable costs. Professionals include legal and appraisal services.

E. Conflict of Interest

Grantees must provide written policy that addresses how it handles potential conflict of interest or reports of conflict of interest between employees of the jurisdiction and Blight Partners, contractors, and other businesses that will be directly contracted by the jurisdiction, or it's Blight Partner, to carry out the work.

SECTION VI: PROPERTY DEMOLITION PROCESS**A. Pre-Demolition Stage**

Prior to any demolition activity, Grantees must (1) procure bids for demolition contract; (2) identify and secure the interim financing sources for demolition; (3) upload all required documentation into MITAS for each property; and (4) receive a Letter to Proceed from MHC.

1. Procure Bids for Demolition Contract

Work undertaken to complete blight elimination activities must be awarded through full and open competition consistent with practices required under federal, state, and local laws. All procurement policies being followed to solicit the services of contractors for BEP projects must, at a minimum, be in compliance with Federal regulations located at 2 CFR Part 200.

At a minimum, all contractor bids for BEP work must:

- a. be competitively bid out;
- b. prohibit receiving a single quote from a single source;
- c. prohibit placing unreasonable requirements on firms to bid;
- d. prohibit those who worked on request for proposals from bidding;
- e. prohibit noncompetitive pricing practices between affiliated companies;
- f. use sealed (anonymous) bids;
- g. solicit offers for smaller contracts from an adequate number of qualified bidders from a public request for proposal; and
- h. take affirmative steps to use minority and women owned businesses.

All bid notices must be published at least ten (10) business days before the date bids are due. A minimum of two bids are required. If less than two bids are received after first solicitation, then a second solicitation of bids must be conducted.

Grantees must provide MHC with a copy of the public notification to request demolition bids on the same day that it is released to the public. MHC will post all bids on its website at <https://www.mshomecorp.com/federal-programs/bep/>.

A Bid Tabulation Form (HHF/BEP Form 0212) must be completed to list all bids received. Contracts should be awarded to the lowest bid. If for any reason the lowest bid is not selected, justification must be provided to MHC. MHC reserves the right to deny the acceptance of a contract award that does not meet MHC's requirements.

2. Identify Financing Sources

Grantees must identify all sources of funds that will be utilized for the acquisition and demolition of each property. Since BEP funds are not reimbursed until after MHC has verified that the

demolition has been completed in accordance with BEP requirements, the Grantee must utilize other funding sources to complete the acquisition and demolition activities. Possible interim financing sources may include but are not limited to MHC's Corporate Revolving Loan Fund, Grantees own funds, or other sources of funds.

- MHC Corporate Revolving Loan Fund (RLF)

Grantees will have the option of utilizing MHC's Corporate Revolving Loan Fund ("RLF") for interim financing of the acquisition (if applicable) and demolition costs. Grantees utilizing this option will be required to execute a Promissory Note ("RLF Note"), Deed of Trust, and Guaranty Agreement for each property to be demolished. All RLF Loans will be handled by MHC's Construction Lending Department.

Term: The RLF Note will bear a zero percent (0%) interest rate, will mature in one hundred eighty (180) days, and will be in an amount not to exceed \$25,000.

Draw Requests: Funds from the RLF may be drawn down in no more than three draws: (1) the acquisition of the property; (2) qualifying pre- demolition costs; and (3) the completion of the demolition. The draws will be funded upon receipt of approved invoices and satisfactory inspections. All reimbursements will be issued via wire transfer to the Grantee's BEP account.

Repayment: Upon verification that the property has been demolished in accordance with the BEP requirements, MHC will approve the release of funds from the Hardest Hit Funds (HHF) to pay off the RLF Loan.

Disbursements: Grantees must submit all draw requests through MITAS. Disbursements will be allowed from the RLF for acquisition and demolition costs only. Costs incurred post demolition and during the three-year Compliance Period (property taxes, property maintenance, and administrative fees) will be disbursed from the Hardest Hit Fund (HHF) proceeds on an annual basis.

Grantees must provide a receipt or invoice for all funds to be reimbursed. MHC will only reimburse costs that are necessary and reasonable. MHC will not reimburse funds for any item that is not properly documented.

Upon receipt of a draw request, MHC's BEP Staff will review the request for proper documentation. A copy of the request will be given to the Construction Lending Department for approval. The Construction Lending Department will submit authorization to the Accounting Department for the release of funds. Once funds are wired, MITAS will be updated to show that funds were disbursed. Grantees will be able to view the status of their disbursements by accessing the MITAS system.

- Grantees' Option to Utilize Other Funds

Grantees that choose to utilize their own funds in lieu of MHC's RLF Program must execute a

Statement of Sources of Funds (Form 0206). In addition, Grantees must demonstrate through financial records that they have the financial capacity to carry out the completion of the project. Grantee will not be reimbursed for funds until MHC has verified that all BEP requirements have been met.

3. Uploading Documentation

For each property to be demolished, Grantees and/or their Blight Partner must upload the Pre-Demolition Required Documentation through MITAS. (*For instructions on navigating through MITAS, see MITAS User Guide for BEP.*) Only properties that have all required documents submitted may be approved for demolition. Grantees may demolish as many or as little properties at one time as they choose.

Pre-Demolition Required Documentation:

- **Evidence that the Blight Partner owns the Property**
A Blight Partner is required to hold title to the property prior to demolition. Evidence of ownership of the property may be submitted in the form of a deed to the property or a copy of the title insurance. The title holder's name on the documentation must be consistent with the name listed on the Mississippi Secretary of State's Certificate of Good Standing, which must also be provided. Failure to provide evidence of ownership by the Blight Partner will render the property ineligible for BEP funding.
- **Title Opinion Letter**
Evidence of clear title from an attorney or title company.
- **Closing Statement for Property Acquisition** (acquisition only).
The BEP funds will reimburse acquisition costs up to \$6,000, based on the fair market value of the vacant lot. Evidence of the acquisition costs in the form of a Closing Statement (HUD-1 Settlement Statement) must be submitted to MHC.
- **Copy of Public Advertisement for Demolition Bids.** Provide a copy of the Public Notice that was used for dissemination to the public/media to advertise for demolition bids.
- **Bid Tabulation Sheet** (HHF/BEP Form 0212)
Provide a tabulation of all the bids received, including the winning bid.
- **Copy of all Demolition Bids Received**
Provide copies of all demolition bids received, including the winning bid.
- **Asbestos Testing Quotes**
Provide copies of all asbestos testing quotes received (a minimum of two must be provided)
- **Demolition Contract**
Provide a copy of the Demolition Contract for the winning bid. The demolition contract must at a minimum contain the following:

- Total amount of money to be paid for the work;
 - Responsibilities, terms and conditions for all parties;
 - Daily property maintenance and site cleanup provisions;
 - Requirements and limitations regarding sub-contractors, if any;
 - Work specifications;
 - Signatures of parties and dated;
 - Procedures for inspections, payments, changes in the scope or cost of work, resolving disputes and/or termination of the contract;
 - Any appropriate federal and state provisions, including, but not limited to equal opportunity, etc.;
 - Requirements, if any, regarding the release of liens; and
 - Any applicable warranties
- **Property Demolition Cost Estimate** (HHF/BEP Form 0210)
The Property Demolition Cost Estimate must be completed for each property to be demolished. Information provided on this form will be uploaded to the MITAS System. Grantees must notify MHC of any changes to this form.
 - **Identity of Interest Statement** (HHF/BEP FORM 0205)
MHC must be notified if there is an identity of interest between the Grantee, the Blight Partner, and the Demolition Contractor.
 - **Copy of Contractor's License and Liability Insurance**
Provide a copy of the selected contractor's license and liability insurance.
 - **Appraisal** (acquisition only)
An appraisal must be conducted by a licensed appraiser. The appraisal must include the value of the land and the value of the structure.
 - **Copy of Survey or Legal Description**
Provide documentation showing the legal description of each property.
 - **Current Photos of the Property**
Provide at a minimum: (1) a photo of the entire lot; (2) a photo of the street scene; (3) photos of all sides of the structure to be demolished; and (4) a photo of the neighborhood.
 - **Letter from MDAH**
Submit a copy of the letter from the Mississippi Department of Archives and History (MDAH) that clears the property of the Section 106 Review.
 - **Asbestos Testing Report**
Provide a copy of the Asbestos Testing Report. If asbestos is detected, evidence of proper removal must be documented prior to funding.
 - **Statement of Sources of Funds** (HHF/BEP Form 0206)
Grantees must identify the interim source of funds that will be used to acquire and demolish the property until the HHF/BEP funds are released. If MHC RLF funds will be used, it must be

stated on the form.

4. Letter to Proceed

Upon submission of all required documentation and execution of the closing documents (if using RLF) or verification of sources (if using own funds), MHC will issue a Letter to Proceed that includes a list of all properties that have been cleared for demolition.

All properties must complete the demolition process within one hundred eighty (180) days of the issuance date of the first Letter to Proceed. Failure to meet this deadline may result in funds being de-obligated.

B. Demolition

Demolition must be completed by a licensed contractor. All debris resulting from demolition must be removed and deposited in state licensed landfills. Clean fill dirt must be provided to fill any basements, cellars or crawl spaces. The site must be left clean and safe from any haphazard materials.

C. Post-Demolition

1. Post-Demolition Required Documents

Upon completion of the demolition process, Grantees must upload the following documents through MITAS:

- Final Invoices/Receipts
- Evidence that the Contractor has been paid
- Letter of Attestation (Form 0209)
- Photos of Property
- Evidence of Asbestos Removal

2. Post-Demolition Site Visit

The assigned Field Compliance Monitor will conduct a site visit to verify that the demolition has been completed and the site meets BEP requirements. The Monitor will complete and submit Part III of the Field Compliance Site Visit Report (HHF/BEP Form 0803) along with current photos of the property to MHC. Funds will not be released if the site does not meet all BEP requirements.

3. Hardest Hit Funds (HHF) Note

The HHF Note (“Note”) and mortgage will be executed for every property for which BEP funds are received. The Note will be equal to the amount of funds disbursed up to \$25,000. Grantees that utilize the MHC RLF for interim financing must submit a Closing Statement (HHF/BEP Form 0309) that authorizes MHC to use HHF proceeds to pay off the RLF. If Grantee already executed a Deed of Trust by utilizing the RLF Loan Program, then an amendment to the RLF Deed will be executed.

Terms: The Note will bear a zero percent (0%) interest rate and will be for a term

of three (3) years. The Note will be forgiven at a rate of 33 1/3% each year and the amount of the note will not exceed \$25,000.

Repayment: Loans will be forgiven at a rate of 33 1/3% per annum as long as terms of the BEP are met. All sums due and owing under the Demand Note will be forgiven upon the Expiration Date.

The outstanding loan balance will become due and payable if a property is sold or title transferred prior to the Expiration Date, unless the property is eligible for a waiver under Section VIII (A) of the Program Guide. The method for calculating the outstanding balance will be determined based upon the time and method of transfer. The outstanding balance may include any and all net sale proceeds and/ or the full principal balance of the loan. Prior to the Expiration Date, any and all net sale proceeds will be due and payable to MHC.

Disbursements: Funds from the Hardest Hit Fund will be disbursed for the following:

- a. Pay off RLF debt (if RLF was utilized) or reimburse Grantee for acquisition and demolition costs (if own funds were utilized);
- b. Reimbursement for annual property taxes paid;
- c. Reimbursement for annual maintenance fees paid; and
- d. Payment for annual administration fee.

The draws will be funded upon receipt of approved invoices and satisfactory inspections. All reimbursements from the HHF will be issued via wire transfer to the Grant Recipient's BEP account. Upon receipt of a draw request, MHC's BEP Staff will review the request for proper documentation. A copy of the request will be given to the VP of the Executive Division for approval. The VP of the Executive Division will submit authorization to the Accounting Department for the release of the HHF funds. Once funds are wired, MITAS will be updated to show that funds were disbursed.

SECTION VII: COMPLIANCE PERIOD

The Compliance Period will begin on the date of the HHF Note and will end after thirty-six (36) months.

A. Maintenance

Grantees are required to maintain the property at least quarterly throughout the Compliance Period. Maintenance includes, but is not limited to, mowing grass, removing trash and debris from site, raking leaves, and trimming hedges and bushes.

MHC will reimburse up to \$1,000 per property per year (up to three years) for maintenance. Grantees may elect to use up to \$500 of the property maintenance fees for administrative fees. Maintenance Fees will be reimbursed at the end of each calendar year. The Administration & Property Maintenance Claim Form (HHF/BEP Form 0208) must be submitted to MHC through MITAS to request a reimbursement.

B. Record-Keeping and File Maintenance

Grantees are required to retain a copy of the complete application package as well as other documentation related to the Blight Elimination Program within their files throughout the Compliance Period.

C. Quarterly Reporting

MHC requires that a Program Performance Quarterly Status Report (HHF/BEP Form 0213) be completed for all projects that have approved for BEP funding. Information pertaining to the properties must be current and consistent with the properties approved in the original application, unless a request for change has been approved by MHC.

All quarterly reports are due on the last day of the quarter. Grantees must start submitting reports at the end of the quarter following the issuance of the Final Award Letter.

All reports must be emailed to hfh.bep@mshc.com by the last day of each quarter (*March 31, June 30, September 30, and December 31*). A five-day grace period will be granted for each quarter. Failure to meet these deadlines may result in a delay in reimbursements.

D. Final Reporting

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

SECTION VIII: LIEN RELEASE

The HHF lien shall remain in place for three (3) years. The lien may be released prior to the expiration date if the unforgiven portion of the balance of the HHF proceeds disbursed is repaid in full. Requests for dispositions should not be submitted until reimbursement has been received.

A. Early Lien Release

MHC may permit early lien release and debt forgiveness without full repayment on a case-by case-basis. The following disposition options are pre-approved for early release without repayment provided the detailed requirements set forth below are met: Residential Side Lot Programs, Public Use, and Non-Profit Organizations. Disposition for business or residential development may qualify for early release provided all net proceeds of the sale are first used to repay the HHF Note and Mortgage.

1. Residential Side Lot Programs

Owner Occupied

Lots transferred under a residential side lot program may be eligible for early lien release without full payoff of the HHF Note; net proceeds generated as a result of these transfers, if any exists, must first be applied towards the HHF Note. Residential side lots do not need to be transferred at fair market value.

Partners should submit their Policies and Procedures for Side Lot Disposition, including policies related to qualified Properties, qualified transferees, maintenance agreements and resale restrictions to MHC for review and approval. MHC will approve programs that are consistent with industry practices and HHF policies. Minimum side lot program requirements include:

- The adjacent neighbor is an owner occupant that shares at least a 50% common boundary line with the subject Property. Adjacency will not be broken due to a vacant, intermediary lot that is also owed by the owner-occupant or will be acquired by the owner occupant via a HHF side lot transfer in the same transaction.
- The lot is physically contiguous to the adjacent neighboring property; for HHF purposes, properties that are across the street from a lot are not contiguous.
- The adjacent neighboring property is in compliance with the local building and zoning regulations.
- The adjacent neighboring property is current on all real estate taxes and assessments, and its owner is current on real estate taxes and assessments for other properties he or she owns in the subject county.
- The adjacent owner was not a prior owner of real property in the subject county that was transferred as the result of tax foreclosure proceedings after January 1, 2010.
- The adjacent property is residential and owner-occupied (not rental or multi-unit)

MHC will approve programs that are consistent with best practices and HHF policies. After approval by MHC, Blight Partners may request a lien release from MHC by attaching a

certification that the transfer is consistent with their policy. As a condition of a side lot transfer, MHC strongly recommends the Partner enter into an agreement with the transferee that the lot transferred will be consolidated with the legal description of the contiguous lot, by recorded deed and not subject to subdivision or partition, within a one (1) year period following the date of the transfer. Partners must maintain supporting documentation evincing the adjacent neighbor's side lot eligibility under these HHF guidelines, the Partner's internal side lot policies and procedures, and all local laws and regulations.

With the exception of marketing costs, administrative costs incurred in completing a side lot transfer may be eligible for reimbursement.

Partners may identify and vet Residential Side Lot candidates prior to demolition in anticipation of conveying newly cleared Property after all HHF related work is completed. Partners may submit an Early Lien Release form together with their reimbursement package. In all cases, an HHF lien shall be attached to the Property and recorded as part of the HHF reimbursement process, but the lien may be immediately released following MHC approval.

Non-Owner Occupied (rental property owner)

Partners should submit their Policies and Procedures for Side Lot Disposition, including policies related to qualified properties, qualified transferees, maintenance agreements and resale restrictions to MHC for review and approval. MHC will approve programs that are consistent with industry practices and HHF policies. Minimum side lot program requirements include:

- Must be released for fair market value
- The neighboring property is current on all real estate taxes and assessments, and its owner is current on real estate taxes and assessments for other properties he or she owns in the subject county.
- The adjacent owner was not a prior owner of real property in the subject county that was transferred as the result of tax foreclosure proceedings after January 1, 2010.
- The adjacent neighbor shares at least a 50% common boundary line with the subject Property.
- The lot is physically contiguous to the adjacent neighboring property; for HHF purposes, properties that are across the street from a lot are not contiguous.
- The adjacent neighboring property is in compliance with the local building and zoning regulations.

2. Public Use

Lots transferred for a public use may be eligible for early lien release without full payoff of the HHF Note; net proceeds generated as a result of these transfers, if any exists, must first be applied towards the HHF Note. Public use transfers do not need to be conveyed for a fair

market value.

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

3. Non-Profit Organizations

Lots transferred to a Non-Profit 501(c)(3) Organization may be eligible for early lien release without full payoff of the HHF Note; net proceeds generated as a result of these transfers, if any exists, must first be applied towards the HHF Note. Non-Profit 501(c)(3) Organization transfers do not need to be conveyed for a fair market value.

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

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

Lot transfers to Habitat for Humanity or MHC-financed housing development projects (regardless of the developer's non-profit status) with construction or operation to commence within one (1) year of the property conveyance qualify for early lien release without repayment under this provision.

4. Business or Residential Development

Properties that are transferred for business or residential development may qualify for early lien release provided, however, that the Property is transferred at or above a fair market value as determined at the time of the transfer and all Net Proceeds of that transaction are first applied to repaying the HHF/HHF mortgage.

The Property proposed for release will need to be developed in accordance with local zoning regulation, and the development shall commence construction or operation within one (1) year of the Property conveyance. An adjacent and existing owner may be conveyed the subject Property for development including ancillary uses like parking lots and accessory

buildings that will be used by the existing owner. Additionally, the subject Property may be transferred to a non-adjacent owner if that owner will develop the subject Property.

Upon an approved Property conveyance for business or residential development, the Property will become fully taxable; however, tax abatements are permitted in accordance with existing local incentive programs. Required documentation required includes a purchase agreement, proof that the proposed owner is current on all real estate taxes and assessments in the subject county, and proof the proposed owner was not a prior owner of real Property in the subject county that was transferred as the result of tax foreclosure proceedings after January 1, 2010. In addition, if the proposed owner is adjacent to the subject Property, then the adjacent property must be in compliance with local building and zoning codes. Documentation showing that the subject Property is properly zoned for its new use is also required.

B. Lien Release Process

Blight Elimination Program loans are structured as zero percent, non-amortizing loans, secured by a deed of trust on a BEP property. Loans will terminate three years after the origination date ("Expiration Date"). Prior to the Expiration Date, loans will be forgiven at a rate of 33.33% per annum as long as certain covenants and terms of the Blight Elimination Program are met.

However, if prior to the Expiration Date, a property is sold or otherwise conveyed, or is used for an unauthorized purpose, the outstanding loan balance will become immediately due and payable. The method for calculating the outstanding balance will be determined based upon the time and method of transfer. The outstanding balance may include any and all net sale proceeds and/or the full principal balance of the loan. Prior to the Expiration Date, all proceeds will be due and payable to MHC. If a property is sold or otherwise conveyed prior to the Expiration Date, the Recipient may request a release of MHC's deed of trust, which may be granted in MHC's sole and absolute discretion.

The deed of trust release process is structured as follows:

1. Grantee submits an official payoff request to MHC using Payoff Request Letter (Sample) (HHF/BEP Form 0901) and Loan Payoff Calculation Worksheet (HHF/BEP Form 0902).
2. Grantee will provide preliminary HUD-1/Closing Disclosure Statement demonstrating whether net sales proceeds exist.
3. MHC will provide a BEP Payoff Statement
4. Grantee submits executed conveyance deed with request for deed of trust release or submits executed conveyance deed, check for net sales proceeds and request for deed of trust release. A copy of the post-demolition appraisal must also be submitted.
5. A release of deed of trust will be drafted and submitted to the MHC Executive Director for execution.
6. A copy of the recorded release will be returned to MHC.

An electronic copy of the deed of trust can be submitted to the Recipient for presentation at the closing on the property. The original deed of trust will not be submitted to the Recipient until after the closing on the property.

SECTION IX: DOCUMENTS & FORMS

All documents and forms can be found on MHC's website at <https://archivemhc.com/hhf/>.

01- Application Guidance

- 0101 BEP Program Guide
- 0102 BEP Application Guide
- 0103 Allowable Expense Chart

02- Forms

- 0201 <Reserved>
- 0202 Statement of Application and Certification
- 0203 Contractor Procurement Process Certification
- 0204 Wire Transfer Set-Up Form
- 0205 Identity of Interest Form
- 0206 Statement of Sources of Funds
- 0207 Draw Requests Form
- 0208 Administration and Property Maintenance Claim Form
- 0209 Letter of Attestation
- 0210 Property Demolition Cost Estimate
- 0211 Self-Score Worksheet
- 0212 Bid Tabulation Sheet
- 0213 Program Performance Quarterly Status Report
- 0214 ACH Form

03- Legal Documents

- 0301 Grantee and Blight Partner Partnership Participation Agreement
- 0302 MHC and Grantee Participation Agreement
- 0303 Note (RLF)
- 0304 Deed of Trust (RLF)
- 0305 Guaranty Agreement
- 0306 Note (BEP)
- 0307 Deed of Trust (BEP)
- 0308 Lien Release Process (BEP)
- 0309 Closing Statement

04- MHC Review Sheets

- 0401 BEP Application Evaluation
- 0402 Property Demolition Checklist & Review Sheet
- 0403 Property Pre-Demolition Required Documents Checklist
- 0404 Property Post-Demolition Required Checklist

05- Miscellaneous

- 0501 BEP Program Flow Chart

- 0502 Demolition Debris Best Practices for Residential Structures
- 0503 BEP Application Workshop Presentation
- 0504 Tax Assessor and Tax Collector
- 0505 Blight Elimination Program Compliance Manual
- 0506 Search for Tax Forfeited Properties

06- MHC Notification Letters

- 0601 Conditional Commitment Letter
- 0602 Commitment Letter

07- Eligible Block Groups

- 0701 Target Block Groups (map)
- 0702 Target Areas Block Groups List
- 0703 Methodology Report Blight Potential Index
- 0704 Using the Map Tool

08- Field Compliance Services

- 0801 FCSC Assigned Serv Areas
- 0802 Field Compliance Service Region (Map)
- 0803 Field Compliance Site Visit Report
- 0804 FCSC Contact Information Form
- 0805 RFP Invoice
- 0806 Field Compliance Service Payment Process
 - Addendum A- Site Visit Report Guide
 - Addendum B- Site Visit Report Guide Document Submission
- 0807 IRS Form W-9

09- Lien Release

- 0901 Payoff Request Letter (Sample)
- 0902 Loan Payoff Calculation Worksheet