

**COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS
SAIPAN, TINIAN, ROTA and NORTHERN ISLANDS**



COMMONWEALTH REGISTER

**VOLUME 48
NUMBER 07
JULY 15, 2026
Addendum**

COMMONWEALTH REGISTER
VOLUME 48
NUMBER 07
JULY 15, 2026
Addendum

TABLE OF CONTENTS

ADOPTION

Public Notice of Certification and Adoption of Regulations Northern Marianas Housing Corporation	054280
Public Notice of Certification and Adoption of Regulations Northern Marianas Housing Corporation	054282
Public Notice of Certification and Adoption of Regulations Northern Marianas Housing Corporation	054284



NORTHERN MARIANAS HOUSING CORPORATION

P.O. BOX 500514, Saipan, MP 96950-0514

Email: nmhc@nmhc.gov.mp

Website: <http://www.nmhc.gov.net>

Tels: (670) 234-9447

234-6866

234-7670

Fax: (670) 234-9021

PUBLIC NOTICE OF CERTIFICATION AND ADOPTION OF REGULATIONS OF The Northern Marianas Housing Corporation

PRIOR PUBLICATION IN THE COMMONWEALTH REGISTER
AS PROPOSED REGULATIONS
Volume 48, Number 06, pp. 054034-054173 of June 15, 2026

ACTION TO ADOPT PROPOSED REGULATIONS: The Northern Marianas Housing Corporation (NMHC) HEREBY ADOPTS AS PERMANENT the Proposed Regulations which were published in the Commonwealth Register at the above-referenced pages, pursuant to the procedures of the Administrative Procedure Act (APA), 1 CMC § 9104(a). The NMHC announced that they intended to adopt these regulations as permanent, and now do so.

I also certify by signature below that as published, Adopted Regulations are a true, complete, and correct copy of the referenced Proposed Amendments to the NMHC's Community Development Block Grant – Disaster Recovery (CDBG-DR) Homebuyer Activities Program and Homeowner Rehabilitation & Reconstruction Program Policies and Procedures, and they are being adopted without modification or amendment.

PRIOR PUBLICATION: The prior publication was as stated above.

MODIFICATIONS FROM PROPOSED REGULATIONS, IF ANY: NONE.

AUTHORITY: The Northern Marianas Housing Corporation is empowered by the Legislature with the authority to adopt and modify rules and regulations for the administration and enforcement of its housing programs. 2 CMC § 4433(i).

EFFECTIVE DATE: Pursuant to the APA, 1 CMC § 9105(b), these Adopted Regulations are effective 10 days after compliance with the APA, 1 CMC § 9102 and 9104(a) or (b), which, in this instance, is 10 days after this publication in the Commonwealth Register.

COMMENTS AND AGENCY CONCISE STATEMENT: Pursuant to the APA, 1 CMC § 9104(a)(2), the agency shall consider all written submissions respecting the Proposed Regulations. No written comments were submitted to NMHC on the Proposed Regulations.



“NMHC is an equal employment and fair housing public agency”

Tinian Field Office

Tel: (670) 234-9447

Fax: (670) 234-9021

COMMONWEALTH REGISTER

CDBG-DR Office

Tel: (670) 233-9447/9448/9449

VOLUME 48 NUMBER 07

JULY 15, 2026

Rota Field Office

Tel: (670) 532-9410

Fax: (670) 532-9441

PAGE 054280

ATTORNEY GENERAL APPROVAL: The Adopted Regulations were approved for promulgation by the Attorney General in the above-cited pages of the Commonwealth Register, pursuant to 1 CMC § 2153(e) (to review and approve, as to form and legal sufficiency, all rules and regulations to be promulgated by any department, agency or instrumentality of the Commonwealth government, including public corporations, except as otherwise provided by law).

The Adopted Regulations were approved by the Northern Marianas Housing Corporation through the approval of the Board of Directors during its meeting on June 5, 2026 and the Board of Directors was authorized to promulgate these regulations on behalf of the Northern Marianas Housing Corporation.

I DECLARE under the penalty of perjury that the foregoing is true and correct and that this declaration was executed on _____ day of July 2026, at Saipan, Commonwealth of the Northern Mariana Islands.

Certified and ordered by:  07/15/2026
Merced "Marcie" M. Tomokane
Chairperson
NMHC Board of Directors
Date

Filed and
Recorded by:  07-21-2026
Esther R.M. San Nicolas
Commonwealth Register *rar*
Date



"NMHC is an equal employment and fair housing public agency"

TITLE 100: NORTHERN MARIANAS HOUSING CORPORATION

SUBCHAPTER 100-100.3 CDBG-DR HOMEBUYER ACTIVITIES POLICIES AND PROCEDURES

Part 001 - General Provisions

§ 100-100.3-001 Introduction
§ 100-100.3-005 Public
Announcement

Part 100 - Application

§ 100-100.3-101 Formal Application
§ 100-100.3-105 Supplemental
Information

Part 200 - Eligibility

§ 100-100.3-201 Eligibility Requirements

Part 300 - Affordability Restrictions

§ 100-100.3-301 Long Term Affordability
§ 100-100.3-305 Right of First Refusal
§ 100-100.3-310 Resale
§ 100-100.3-315 Recapture

Part 400 - Homebuyer Costs

§ 100-100.3-401 Eligible Costs

Part 500 - Notification to Applicants

§ 100-100.3-501 Notification of
Eligibility or
Ineligibility

Part 600 – Grant Processing

§ 100-100.3-601 Selection
§ 100-100.3-605 Administration;
Approval; Appeals
Process
§ 100-100.3-610 Homebuyer/New
Construction Counseling
Session
§ 100-100.3-615 Commitment Letter

Part 700 – Terms and Conditions of Grant

§ 100-100.3-701 Maximum Homebuyer
Program Grant Amount
§ 100-100.3-705 Maximum and
Minimum CDBG-DR

Homebuyer Program
Grant Amount
§ 100-100.3-710 Determination of Unit
Size and Occupancy
Standards
§ 100-100.3-735 After-Construction
Property Value, After-
Rehabilitation Property
Value, or Property Value
at Initial Purchase (if
Acquisition Only).
§ 100-100.3-740 Security, Restrictive
Covenant, Homeowner
Requirements

Part 800 – Fraud, Waste and Abuse

§ 100-100.3-801 Eligibility Certification
§ 100-100.3-805 Default
§ 100-100.3-810 Remedies Upon Default
§ 100-100.3-815 Disposition of Fraud
Cases
§ 100-100.3-820 Grant to Loan
Conversion
§ 100-100.3-825 Eligible Repayment
Costs
§ 100-100.3-830 Repayment Terms
§ 100-100.3-835 Affordability
Restrictions
§ 100-100.3-840 Right of First Refusal
§ 100-100.3-845 Recapture
§ 100-100.3-850 Distressed Applicants
§ 100-100.3-855 Types of Assistance
§ 100-100.3-860 Foreclosure
§ 100-100.3-865 Mitigation to
Foreclosure
§ 100-100.3-870 Loan Satisfaction and
Lien Release

Part 900 – Miscellaneous Circumstances Affecting Grant Agreement

§ 100-100.3-901 Assumption of a Grant

Part 1000 – Ethics

TITLE 100: NORTHERN MARIANAS HOUSING CORPORATION

§ 100-100.3-1001 Conflict of Interest

Part 1100 - Performing New Construction Work

§ 100-100.3-1101 Performing New
Construction Work

Part 1200 - Homebuyer Underwriting

§ 100-100.3-1201 Guidelines and
Referenced Sections
§ 100-100.3-1205 Subsidy Layering
§ 100-100.3-1210 Acronyms Reference
Section

APPENDIX A.1: Crosscutting Requirements

- 1.1 Crosscutting Requirements
- 1.2 Fair Housing
- 1.3 Environmental Review
- 1.4 Labor Standards
- 1.5 Limited English Proficiency
- 1.6 Minority and/or Women-Owned
Business Enterprises
- 1.7 Section 3 Economic Opportunities
- 1.8 System for Award Management (SAMs)
- 1.9 Uniform Relocation and Real Property
Acquisition Act (49 CFR 24)

APPENDIX A.2: HOMEBUYER APPLICATION CHECKLIST

Part 001 - General Provisions

§ 100-100.3-001 Introduction

- (a) As a result of the 2018 storms, namely Typhoon Mangkhut and Super Typhoon Yutu, the Commonwealth of the Northern Mariana Islands (CNMI) received an allocation of Community Development Block Grant Disaster Recovery (CDBG-DR) funds which will be administered by the Northern Marianas Housing Corporation (NMHC). NMHC has developed the Homebuyer Program patterned after HUD's HOME program to cover the eligible costs to construct a new home, acquire a home, or to acquire and renovate a home. The governor of the CNMI has placed housing as the highest recovery priority. The total allocation amount under this Program is \$59,009,534.
- (b) At the time of Typhoon Mangkhut and Super Typhoon Yutu, the CNMI was still and most recently recovering from Typhoon Soudelor that hit the islands in 2015. The Soudelor event received only FEMA assistance and did not receive HUD CDBG-DR funds so recovery efforts have been slow and on-going.
- (c) A shortage of available homes for sale or vacant house lots was in existence prior to the typhoons mentioned above. Overall damage to the housing stock compounded the shortage of affordable housing stock. Further, in July of 2017, there were still 2,614 homestead applicants on the waiting list per the Department of Public Lands, demonstrating the continuing need for affordable housing.
- (d) The CDBG-DR Homebuyer Program provides an opportunity for first-time homebuyers to build resilient homes or to purchase existing homes in lower risk areas and to add to the housing stock of typhoon-proof homes.
- (e) Funds will be made available for eligible projects and to eligible beneficiaries through the following forms of financial assistance or subsidy:
 - (1) Grants for acquisition (land or home) or for new construction of home. Must be applicant's primary residence
 - (2) Downpayment assistance
 - (3) Closing cost assistance
- (f) Due to the limited availability of CDBG-DR funds allocated to the Commonwealth of the Northern Mariana Islands (CNMI) from the U.S. Department of Housing and Urban Development (HUD), financial assistance will be limited to qualified extremely low, very low-, low-, and moderate-income homebuyers. No less than eighty percent (80%) of CDBG-DR funds will be used to assist families with income levels at or below 80 percent of the area median income while the remaining twenty percent (20%) of the funds will be used to assist families with income levels at or below 120 percent of the area median income. Eligible households over 80% AMI will meet the national objective of urgent need. These families' income eligibility is based on their annual income. Annual income for this purpose is the gross amount of income anticipated by all adults in a family during the 12 months following the

TITLE 100: NORTHERN MARIANAS HOUSING CORPORATION

effective date of the determination. The determination of income and allowances as a criterion to qualify these homebuyers shall be guided by 24 CFR Part 5 (Part 5 annual income).

- (g) NMHC, on behalf of the CNMI, has been tasked with the responsibility and administration of the CDBG-DR Homebuyer Program. Support services will also be provided by NMHC's Fiscal Division (FD) with respect to CDBG-DR related disbursement of funds and collection of payments, accounting, and maintenance of financial records. NMHC's CDBG-DR Project Manager, in-house engineer/architect, and hired A&E firms with respect to reasonableness of cost estimates, dwelling unit inspections, and other related matters. Overall, the NMHC Corporate Director will assume ultimate responsibility for the efficient and proper administration of the CDBG-DR Homebuyer Program in accordance with federal and local statutory and regulatory requirements.
- (h) With these policies and procedures, NMHC will strive to accomplish the following objectives:
- (1) Provide for the efficient and effective administration of the CDBG-DR Program wherein eligible beneficiaries can avail the financial assistance provided for the construction of their principal residence, acquisition of their principal residence, or acquisition and repair of their principal residence;
 - (2) Foster positive working relationships among NMHC, homebuyers assisted with CDBG-DR monies, and Minority and Women-Owned Businesses (MBE/WBE); as well as prospective developers;
 - (3) Enforce the 2018 International Building Code (IBC) enacted by law and any updates approved by regulations by the CNMI Department of Public Works; and HUD-prescribed residential building standards; and
 - (4) Preserve and improve the general housing stock of the CNMI. There was an existing housing shortage prior to the storms and the housing/homebuyer market has been stressed and exacerbated by the storms.
- (i) These policies and procedures shall govern; however, in situations in which these policies and procedures are silent, NMHC's general standard grants policies/procedures to address these situations in the administration of the CDBG-DR Homebuyer Program will apply.

§ 100-100.3-005 Public Announcement

(a) Publicity.

- Upon notification from HUD of the approval of the grant agreement, NMHC shall publish such approval within thirty calendar days from the date of the approval. General information of the CDBG-DR Homebuyer Program shall be published in the print media of the widest local circulation and other suitable means available (social media, CDBG-

TITLE 100: NORTHERN MARIANAS HOUSING CORPORATION

DR website, etc.). CDBG-DR Homebuyer Program information shall also be posted on public and private bulletin boards where announcements are commonly posted. Grant applications may be submitted on or after a specified date to be stated in the public notice.

- (1) Note: When it is determined that CDBG-DR funds have been exhausted, the application intake may be closed until funding is once again available. Those applicants who did not submit their grant applications when funds were available may do so once NMHC is notified by HUD of the availability of funds and after such notice is published.
- (2) As of the date of this posting, the program is closed. Not all of the current pool of accepted applicants will be able to be served by the program with the current funding available. Care will be taken to ensure that the appropriate number of low and moderate applicants are served based on the Action Plan.
- (3) LMI Applicants who were denied assistance under the prior loan program based on high debt-to-income ratios, and who may be otherwise eligible, shall be **PRIORITIZED** under the grant program over the current pool of eligible applicants currently being served, and before the program is re-opened to the public and after determined to meet the following criteria or conditions:
 - a. Continued interest and eligibility for program assistance;
 - b. Determination of Ability to Maintain Housing as prescribed under § 100-100.3.-201 (e); and
 - c. Receive assistance based in the order of applicants' time stamped application.
- (b) Contents. Program announcements shall inform interested applicants on how and where they may obtain an application and additional information on the type of CDBG-DR Homebuyer Program activity being administered in the CNMI. Such announcements shall further contain the following information:
 - (1) Brief overview of the Homebuyer program;
 - (2) General list of eligible activities available;
 - (3) Amount of funds available;
 - (4) General eligibility requirements to qualify for financial assistance;
 - (5) Homebuyer selection process;
 - (6) Fair Housing logo and Equal Opportunity language;
 - (7) Opening date for acceptance of applications;

(c) Affirmative Marketing. To ensure that all persons are effectively and adequately informed about the CDBG-DR Homebuyer Program and the availability of funds, brochures or program information notices shall be provided and distributed or posted in the following locations and shall contain the information described in subsection (b). Brochures and/or program information notices shall be made available at the following public and private areas:

- (1) Major shopping centers;
- (2) Public health centers;
- (3) Places of worship;
- (4) Government office buildings;
- (5) The Nutrition Assistance Program (Food Stamp) office(s); and
- (6) U.S. Social Security Administration office(s).

Part 100 - Application

§ 100-100.3-101 Formal Application

Upon initial determination of eligibility after completion of the pre-qualification process, which involves household income and citizenship verification, applicants may obtain a Uniform Residential Grant Application form along with a checklist of required documents in order to complete the application submission. Those applicants who are initially determined eligible shall be notified to provide additional documents to further process their applications. Proper completion of the formal application and submission of supplemental information shall be in accordance with CDBG-DR Homebuyer Program and NMHC grant processing procedures. Grant which applications shall be completed and signed by applicant(s) requesting assistance and such signature(s) shall certify to the truth of all statements contained therein.

Title 18, Section I 00 I, et seq. of the United States Code, the general false statement statute, outlaws making materially false statements, intentional or negligent misrepresentations in matters within the jurisdiction of a federal agency or department, such as federal disaster relief funding. Civil or criminal penalties, including but not limited to fine, imprisonment or both, as well as repayment of any assistance provided, may be pursued. Under Section I00I, a statement is a crime if it is false, regardless of whether it is made under oath. Failure to disclose accurate and complete information may affect eligibility requirements. Some of the information submitted by applicants will be validated through third-party sources during the eligibility process.

The following is incorporated into all application and grant documents:

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

TITLE 100: NORTHERN MARIANAS HOUSING CORPORATION

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

§ 100-100.3-105 Supplemental Information

(a) Completed applications shall be submitted together with the following supporting information which shall be used solely for the purpose of determining applicant eligibility for financial assistance:

- (1) Prior year's income tax return and/or W-2 Tax Form;
- (2) Recent check stubs for the past two months prior to applying for CDBG-DR program financial assistance of all household members that are 18 years old or older;
- (3) Other forms of documentation of income (i.e., Social Security payments, SSI, retirement income, etc.), if any;
- (4) Interested applicants must provide proof of ownership such as fee simple title to the property. Ownership may also include leases of 40 years or more provided that the applicant must have at least a minimum of thirty (30) years leasehold interest remaining on the property to be improved.
- (5) If property has been identified, proof of land ownership or lease agreement for principal residence to be used as collateral for the grant. Non-indigenous residents cannot own land and must provide a lease agreement.

If no land ownership or lease agreement is available, lot number and lot description must be provided for parcel that the applicant is planning to purchase;

- (6) Property map for principal residence;
 - (7) Preliminary Title Report (PTR) showing clear title to property; and
 - (8) Savings and checking account(s) information, if any.
- (b) A checklist of the above-described supplemental information shall be provided with each formal application obtained. Additional information may be requested if deemed necessary by NMHC to ensure the eligibility of each applicant. NMHC must complete the Grantee's income eligibility within six (6) months before the homebuyer(s) acquires the property.
- (c) To substantiate eligibility, supplemental information submitted with each grant application shall be verified in writing, from a reliable third party and such verification shall be

considered valid for a period of one hundred eighty (180) calendar days from the date the verification was completed. Prior to verifying any applicant information, NMHC shall obtain written authorization from the applicants.

- (d) If a written third-party verification is not used, notarized statements or signed affidavits by the applicants shall be an acceptable form of verification, but only in situations where a more acceptable form of verification cannot be obtained.

Part 200 - Eligibility

§ 100-100.3-201 Eligibility Requirements

- (a) Must be a U.S. Citizen or Permanent Resident.
- (b) Must be a first-time homebuyer. A **first-time homebuyer** is an individual who has had no ownership in a principal residence during the 3-year period ending on the date of purchase of the property or new home construction completion. This includes a spouse (if meets the above test, they are considered **first-time homebuyers**).
- (c) Must be a resident of the CNMI at the time of application or have been a resident of the CNMI at the time of the qualifying event.
- (d) Household Income.

- (1) Homebuyer(s) must qualify as a low-income household as defined in Section 3(b)(2) of the Housing Act of 1937. Income eligibility is determined based on annual income. Combined anticipated gross household income of adults 18 years old or older, must not exceed 80% of the median income for the area (adjusted for family size), as prescribed by HUD (see § 100-100.3201(a)(2)). However, household income of adults 18 years old or older exceeding 80% of the median income for the area but not greater than 120% will also be eligible for assistance.

To qualify for the First Time Homebuyer Program, applicants must meet prescribed income limits as published annually by HUD. Priority is given to applicants at 80% or less of median income based on household size. The program will also serve those households in the 81% to 120% range. The most current income limits can be found at:

<https://www.huduser.gov/portal/datasets/il/il2022/2022summary.odn>

- (2) NMHC shall use HUD's Section 8 of Part 5 Technical Guidelines as the basis in calculating annual gross household income. NMHC will verify their income using at least two months of source documentation such as wage statements, interest statements, and SSI documents to determine if program applicants are income eligible.

TITLE 100: NORTHERN MARIANAS HOUSING CORPORATION

- (3) CDBG-DR Homebuyer Program Underwriting Guidelines and Subsidy Layering is further outlined herein under Part 1200, § 100-100.3-1201.
- (e) Determination of Ability to Maintain Housing. NMHC shall evaluate the gross monthly income of both applicant and co-applicant (homebuyers) combined, to determine the amount available for housing costs. This would include insurance, utilities, and typical maintenance costs. This will ensure that the new homeowner will be able to afford the home over the affordability period.
- (f) Property Ownership. Interested applicants must provide proof of ownership such as fee simple title to the property. Ownership also includes leases of 40 years or more provided that the applicant must have at least a minimum of thirty (30) years leasehold interest remaining on the property to be improved. If the applicant does not yet own the property, a parcel description must be provided to facilitate the completion of the required tiered environmental review.
- (g) Principal Residence and Annual Recertification.
- (1) Homebuyers/Applicants approved to receive financial assistance must occupy the property as their principal/primary residence immediately upon completion of all CDBG-DR Homebuyer funded activities. An annual recertification for principal residency notice and form shall be sent to homebuyers/grantees to complete, sign, and submit to NMHC in order to confirm and have on file that they are continually occupying the mortgaged property and housing. The following stipulations apply for a principal residence:
- (i) A deed restriction or covenant running with the land shall incorporate this requirement;
- (ii) The grant documents between the homeowner and NMHC shall also incorporate this requirement;
- (iii) Temporary subleases are not allowed.
- (2) Annual recertifications shall be required for all CDBG-DR homebuyer-assisted grantees. This is conducted in order for homeowners to maintain compliance with the affordability restrictions.
- (3) Annual recertifications through field visits may be conducted if the required completed form has not been provided, or if the account status is pending probate, or the account has been accelerated to the collection attorney for foreclosure proceedings. The Grant Specialist shall verify the grantee(s) principal residence and, as necessary, to take photos and document the status of the residential unit.

TITLE 100: NORTHERN MARIANAS HOUSING CORPORATION

- (h) Grant Cancellation. NMHC reserves the right to cancel any grant if in its opinion the homebuyer(s)/applicant(s) have not substantially complied with all the terms and conditions of the grant agreement and restrictive covenant.

Part 300 - Affordability Restrictions

§ 100-100.3-301 Long Term Affordability

The Federal Register notice requires that new construction of housing (not impacted by the qualifying disaster) remain affordable for a specific period of time.

NMHC will impose the following affordability periods:

	Minimum Length of the Affordability Period
Homebuyer with Reconstruction/Rehabilitation/New Construction	15 years
New Construction	15 years

- (a) The affordability requirements are to be imposed by deed restrictions, covenants running with the land, or other mechanisms approved by HUD, except that the affordability restrictions may terminate upon transfer in lieu of foreclosure. NMHC may use its right of first refusal, as set forth in the grant documents, to purchase the housing before the transfer in lieu of foreclosure to preserve affordability.
- (b) The affordability restrictions shall continue according to the original terms if, during the original affordability period, the owner of record before the termination event, or any entity that includes the former owner or those whom, the former owner has or had family or business ties, obtains an ownership interest in the project or property. If a home purchased with CDBG-DR assistance is sold during the affordability period, recapture provisions apply to ensure the continued provision of affordable homeownership. Grant payoffs do not end the affordability period.
- (c) Grantees may submit a written request to temporarily defer the affordability period for up to sixty (60) months. Requests may be considered for the following reasons:
- Military-related leave;
 - Medical leave requiring extended off-island medical treatment and care; and/or
 - Higher education when an accredited institution requires relocation.

In cases where extended leave is necessary and another family member continues to occupy the assisted property, the deferral may still be granted, provided that occupancy requirements are met and supporting documentation is submitted for review.

All requests must be documented and submitted in writing for evaluation and approval by the Corporate Director.

§ 100-100.3-305 Right of First Refusal

During the affordability period, the homeowner(s) agrees not to sell or assign the residence hereby built or purchased to any persons or persons unless and until homeowner(s) proposes to sell same to NMHC, its successors or assigns, on terms consistent with preserving affordability and allows then sixty (60) days' time within which to purchase said residence.

§ 100-100.3-310 Resale

[Reserved]

§ 100-100.3-315 Recapture

(a) Recapture. NMHC will ensure that it recoups all or a portion of the CDBG-DR grant assistance provided to the homebuyer(s) if the housing unit ceases to be the principal residence of the homebuyer(s) for the duration of the period of affordability. All subsidy amounts (in the form of grants) that directly benefited the property owner (i.e., through grants, down payment and/or closing cost assistance,) are also subject to recapture. Recapture is capped at what is available out of net proceeds for agreements after January 2021. Net proceeds are defined as the sales price less superior non CDBG-DR debt (if any) fewer closing costs. NMHC will utilize the following recapture options:

- (1) Recapture entire amount. NMHC may recapture the entire amount of the grant and/or subsidy from the homebuyer(s) if the sale of the property occurs within halfway into the given affordability period. For example, a homebuyer was approved for a \$50,000 CDBG-DR grant to construct a home. The affordability period is therefore, fifteen (15) years. On the fourth year, the grantee sells the house for \$60,000. Since the grantee failed to comply with the minimum five years of the fifteen-year affordability period, the recaptured amount is \$50,000.
- (2) Reduction During Affordability Period. NMHC may reduce the grant amount and/or subsidy to be recaptured on a pro rata basis for the period the homebuyer(s) has/have owned and occupied the housing unit measured against the required affordability period; however, homeowner(s) must occupy the housing unit at a minimum of five years or at least halfway into the affordability period, whichever is greater, in order to qualify for this recapture option. For example, if the CDBG-DR subsidy is \$60,000 with 15-year affordability and the owner sells the property in the 8th year of ownership the recapture amount will equal \$28,000. ($\$60,000/15$ years affordability period x 7 years remaining = \$28,000 recapture.)
- (3) Buyer's recovery of initial investment. The homebuyer(s) investment (down payment and capital improvements made by the owner since purchase) may be

TITLE 100: NORTHERN MARIANAS HOUSING CORPORATION

repaid in full before any CDBG-DR funds are recaptured, provided that the homebuyer(s) occupied the housing unit at a minimum of fifteen (15) years before the sale of the property and the homebuyer's household income level is at or below 50% of the area median income in order to qualify for this recapture option.

- (4) Shared appreciation. In the case where net proceeds exceed the amount necessary to repay both the homebuyer(s)' investment and the CDBG-DR assistance, the excess proceeds may be shared proportionately (i.e., percentage of investment provided) by both parties.
- (b) When the recapture requirement is triggered due to a voluntary or involuntary sale during the period of affordability and there are no net proceeds or the net proceeds are insufficient to repay the CDBG-DR investment due, NMHC may recapture an amount less than or equal to the net proceeds available.
- (c) Circumstances Under Which Recapture Will Apply. Recapture restrictions must be used in cases where grants were provided to the homebuyer(s) in order to subsidize the purchase of the property to cover the down payment or closing costs.
- (d) Legal Instrument to Enforce Recapture. NMHC must use deed restrictions, land covenants, or other similar legal documents to enforce these recapture restrictions. These requirements will also be included in grant agreements.

Part 400 - Homebuyer Costs

§ 100-100.3-401 Eligible Costs

- (a) Hard costs include:
 - (1) Acquisition of land and existing structures;
 - (2) Site preparation or improvement, including demolition;
 - (3) Securing buildings; and
 - (4) Construction materials and labor.
- (b) Soft costs include:
 - (1) Credit reports;
 - (2) Preliminary Title Reports and Title insurance;
 - (3) Recordation fees;
 - (4) Legal & accounting fees;
 - (5) Appraisals;
 - (6) Architectural/engineering fees, including specifications and job progress inspections;
 - (7) Environmental investigations, which shall be addressed in the commitment letter as a condition before any Homebuyer activity is to be committed or funded;
 - (8) Homebuyer counseling provided to purchasers of CDBG-DR-assisted housing;
 - (9) Management fees; and

TITLE 100: NORTHERN MARIANAS HOUSING CORPORATION

(10) Direct project costs incurred by the PJ.

(c) Grant closing fees and related costs:

NMHC shall charge \$9,950.00 (more or less, depending on current costs) to the applicant for certain grant closing fees and other related costs such as but not limited to the following:

- | | | | |
|----|------------|------|---|
| a. | \$100.00 | ---- | Preliminary Title Report (PTR) |
| b. | \$600.00 | ---- | Appraisal Report |
| c. | \$250.00 | ---- | Recordation of Covenant |
| d. | \$2,000.00 | ---- | First Annual Premium for Hazard Insurance |
| e. | \$5000.00 | ---- | Initial Utility Connection* |
| f. | \$2,000.00 | ---- | Title Policy |

\$9,950.00 Total

*Provided that circumstances, such as the lack of CUC infrastructure (power and water) on-site, additional costs may be incurred subject to CUC's assessment for Line Extension Chargeable to the Customer and Water Application-Installation-Approval & Cost Assessment.

Grant closing fees and associated hard and soft costs is part of the total approved grant amount.

CUC utility connection: Homebuyer(s) are responsible for ensuring that there are no outstanding issues with CUC and resolving any such issues. Any costs not related to initially connecting to CUC utilities are not granted closing fees and related costs and none of the approved grant amount will be used to resolve such issues.

- (d) If the homebuyer(s) opt to have a private inspector perform unit inspection, the first/initial unit inspection fee may be covered by NMHC, subject to any conditions set by NMHC. Any cost associated with any subsequent inspection shall be the responsibility of the homebuyer client(s).
- (e) NMHC hired construction managers will inspect the home to determine if work is still needed in order to comply with the Green Building and other required construction standards.

Part 500 - Notification to Applicants

§ 100-100.3-501 Notification of Eligibility or Ineligibility

- (a) Eligible Applicants. NMHC shall send written notifications to all applicants determined eligible for financial assistance. Such notification shall be mailed no later than five (5) working days after the determination and shall contain a listing of additional information to be submitted for completion of the grant file. Eligible applicant(s) shall be given thirty calendar days to submit the additional information requested. Applicant(s) that do not

TITLE 100: NORTHERN MARIANAS HOUSING CORPORATION

submit all pending information before the thirty (30) calendar day deadline, shall have their applications file placed in the inactive files. Extensions may be granted.

- (b) Ineligible Homebuyers/Applicants. All ineligible applicants shall be notified in writing of their ineligibility. Such notification shall be mailed no later than five working days after the determination of ineligibility and shall include a description/reason for such determination. Please see § 100-100.3-605 for Appeals Process.

Part 600 - Grant Processing

§ 100-100.3-601 Selection

- (a) Financial assistance shall be based on available CDBG-DR Program funds and such assistance shall be awarded to eligible applicants on a first come, first-serve basis. The application will have the date and time stamped when received; however, to be considered received, the application must be completely filled-out and the applicant has submitted all additional information requested by NMHC to perform an eligibility review.
- (b) Potential homebuyers displaced by the storms and can show (completed application form along with all necessary documents) their incomes do not exceed 80% of AMI will be prioritized. No less than 80% of the funding will be reserved for those applicants at or below 80% AMI.
- (c) In the event that there are more applicants than available funds, NMHC shall establish and maintain an applicant waiting list. Applicants placed on the waiting list shall be assisted in the event that funds available are not entirely used up or committed by the homebuyers/applicants initially awarded financial assistance. Those applicants unable to be assisted with remaining funds shall be given first priority if and when additional funds are available.
- (d) Applicants who were initially determined to be ineligible for the loan program will receive reconsideration for the grant program before the program is re-opened to the general public.

§ 100-100.3-605 Administration; Approval; Appeals Process

- (a) Program Administration.
 - (1) The CDBG-DR Housing Administrator shall be responsible for the CDBG-DR Homebuyer program implementation and management of related tasks. The CDBG-DR Housing Administrator shall supervise division staff in grant origination, underwriting and closings under the CDBG-DR Homebuyer program. The Duplication of Benefits (DOB) analysis will also be conducted by the CDBG-DR Housing Administrator to determine net financial assistance to be provided to the homebuyer applicant.
 - (2) The CDBG-DR Grant Supervisor shall review each submitted application, ensure all supporting documentation is in place and make any necessary recommendations to

TITLE 100: NORTHERN MARIANAS HOUSING CORPORATION

the Housing Administrator prior to the Housing Administrator making the final decision on the grant application.

(b) Grant Review and Approval

- (1) Under the direction of the CDBG-DR Housing Administrator, a CDBG-DR Grant Supervisor and/or a Grant Specialist shall review and verify all applicants' income, assets, liabilities, title reports, and any other requested reports and documentation. Upon completion of the review process, the Grant Specialist shall prepare a grant write-up containing his/her recommendations.
- (2) The CDBG-DR Grant Supervisor shall review the grant write-up for concurrence before submitting the same to the Housing Administrator for a final decision. Final approval or denial of any CDBG-DR grant or grant shall be made by the Housing Administrator except as follows:
 - (i) If the Housing Administrator is off-island or on extended leave at the time the grant or grant is submitted to him/her for a final decision, then the Acting Housing Administrator may make the final decision to approve or deny the CDBG-DR grant; or
- (3) For purpose of these policies, off-island or extended leave shall be defined as an absence or leave that extends for more than three working days after the grant or grant is submitted to the Corporate Director for his or her final decision.
- (4) A written notice of the final decision shall be provided to the applicant.
- (5) Once the applicant has been approved, as soon as a property or site has been identified, the Grant Specialist is notified so that the tiered environmental review can be completed.

(c) Grant/Denial Appeals Process.

- (1) Applicants denied assistance under the CDBG-DR Homebuyer program may appeal the final decision to the NMHC Corporate Director by submitting their appeal in writing to the Housing Administrator within ten (10) working days of the written notice of the final decision.
- (2) Any appeal submitted must indicate the basis for the appeal and include any supporting documents. Upon receipt of an appeal, the Housing Administrator shall submit the same to the Corporate Director for review and action.
- (3) Possible Outcomes:
 - (i) Upheld Denial: If the original decision is confirmed, the applicant should be notified with a clear explanation of why the decision stands.
 - (ii) Reversal of Denial: If the decision is overturned, the applicant should be granted housing assistance, and they should receive written confirmation.
 - (iii) Further Action: If the appeal is complex, a hearing or meeting may be scheduled.

- (4) Hearing (if requested/applicable)
 - (i) Scheduling: If the applicant requests a hearing, the agency should schedule it within 30 days or as soon as possible.
 - (ii) Location: The hearing can be held in person or virtually, depending on the circumstances.
 - (iii) Representation: The applicant may be allowed to bring a representative, such as a lawyer, advocate, or family member, to assist with the hearing.
 - (iv) Presentation of Evidence: Both the applicant and the agency can present evidence or make arguments related to the denial.
 - (v) Neutral Hearing Officer: The Corporate Director or a neutral party should preside over the hearing to ensure fairness.
- (5) Decision on Appeal
 - (i) Issuance of Decision: After the hearing or review, the Corporate Director should issue a written decision, which should include:
 - 1. A summary of the hearing or review process.
 - 2. The findings of fact.
 - 3. The rationale for the decision.
 - 4. Information on next steps, if applicable (such as the right for judicial review).
 - (ii) If a Hearing Officer presides over the appeal, the Hearing Officer will adhere to 1 CMC § 9110. Which includes the need to provide the agency and applicant to submit proposed findings of fact and conclusions of law under 1 CMC § 9110(b)(1); and providing parties the ability to submit exceptions to the Hearing Officer's recommended order or decision before it becomes the final agency decision under 1 CMC § 9110(b)(2).
 - (iii) Timeframe: The decision should be made within a reasonable time after the hearing or review was conducted.
 - (iv) Under 1 CMC § 9112(b), within 30 days after the final agency decision has been issued, the applicant will have a right for judicial review.

§ 100-100.3-610 Homebuyer/New Construction Counseling Session

- (a) All applicants for grant assistance must attend a Homebuyer/New Construction Education and Counseling Session that will be provided by NMHC. NMHC employees providing housing counseling will be HUD certified housing counselors, and NMHC will have applied directly to HUD and received approval, or NMHC will have applied to a HUD-approved intermediary and received approval by the entity to be its affiliate. NMHC shall notify the applicant(s) of the date, time, and location of the session. The education and counseling session shall be scheduled after the grant has been preliminarily approved and may be conducted before or on the day that NMHC issues the commitment letter to the applicant(s). The counseling session shall include a discussion of the terms and conditions of the grant, educate the new homeowner(s) of their financial responsibilities, the importance of budgeting, making timely payments, foreclosure prevention, as well as home maintenance and repair measures. Acceptable delivery method for housing counseling may be in-person, phone, or internet. Duration of the housing counseling is four (4) hours. Upon completion of the housing

TITLE 100: NORTHERN MARIANAS HOUSING CORPORATION

counseling, the grantee(s) will receive a counseling certificate and this counseling certificate is valid for 2 years. Funding for housing counseling will come from project-related soft costs.

- (b) NMHC shall inform applicant(s) at the time of their submission of their application of the required homebuyer/new construction counseling session and again in written form when NMHC notifies the applicant(s) of NMHC's preliminary approval of their grant request. Failure to attend the required Homebuyer/New Construction Education and Counseling Session may be grounds for denial or cancellation of assistance.

§ 100-100.3-615 Commitment Letter

Once the grant application has been approved by the Housing Administrator, the responsible grant specialist shall prepare the Commitment Letter for the Housing Administrator's signature. The Commitment Letter is a binding agreement between NMHC and the grantee(s) wherein it discloses the terms and conditions of the grant including that the housing is the principal residence of an income qualified homeowner; the amount of the grant, the rehabilitation work to be performed; the completion date; and the property standards that must be met.

- (a) After the Commitment Letter has been signed and dated by the Housing Administrator, the responsible program specialist shall schedule the applicant(s) to come in and sign and date the document should they agree with the terms and conditions.
- (b) NMHC must reexamine the household's income eligibility if the determination was made more than six (6) months before signing the Commitment Letter.
- (c) NMHC must set up the activity in DRGR following execution of the grant agreement and commitment of CDBG-DR funds.

Part 700 - Terms and Conditions of Grant

§ 100-100.3-701 Maximum Homebuyer Programs Grant Amount

- (a) The amount of CDBG-DR Homebuyer grant funds that may be used for a new construction, purchase, or for an acquisition and repair shall be based on the funding required, not to exceed the program cap.
- (b) For NMHC-owned properties, NMHC may sell the property directly to the CDBG-DR Homebuyer-approved applicant(s) but only after the property has been publicly auctioned at least once and resulted in an unsuccessful bid.

§ 100-100.3-705 Minimum and Maximum CDBG-DR Homebuyer Program Grant Amount

- (a) The minimum grant amount shall not be less than \$1,000.00.
- (b) The maximum grant amount shall not exceed the prevailing funding cap set by NMHC based on local prevailing costs for construction (New Construction housing projects) and appraised value determined by certified independent appraisal companies.

TITLE 100: NORTHERN MARIANAS HOUSING CORPORATION

- (i) New construction project costs presented by contractors may exceed maximum grant and NMHC may approve such costs provided that are deemed justified and cost reasonable and supported by independent cost estimates.
- (ii) NMHC, through the assistance of a private A&E Firm, may update independent cost estimates periodically and as may be needed or required.

The maximum grant amount shall not exceed \$250,000.00.

Provided that circumstances, where additional costs may be incurred, will be reviewed against cost reasonableness guidelines and to meet reasonable accommodations and accessibility requirements.

§ 100-100.3-710 Determination of Unit Size and Occupancy Standards

- (a) **Fair Housing.** The Fair Housing Act (“Act”) (42 U.S.C. §§ 3601-19) prohibits discrimination in the sale, rental, and financing of dwellings, and in other housing-related transactions, based on race, color, national origin, religion, sex (including gender identity and sexual orientation), familial status, and disability. Discrimination includes a failure to make a change, exception, or adjustment to a policy, practice, procedure, or service when such accommodation may be necessary for an individual with a disability to enjoy and use housing. In addition to the requirements under the Act, there may be additional requirements for recipients of federal assistance from HUD.
- (b) **Housing Unit Suitability.** Homes acquired, purchased, or newly constructed with CDBG-DR funds under this program, at a minimum, shall be decent, safe, and sanitary.
- (c) **Determination of Unit Size.** Limited funding notwithstanding, NMHC shall ensure that the following occupancy standards are observed.
 - (1) **Occupancy Standards.** Occupancy standards are rules about the number of people that can live in a bedroom or at a property. These standards are usually based on the number of bedrooms at a property, but they can also take into account the total amount of livable square footage. Oftentimes, a combination of both makes the final call about how many people can live there. HUD occupancy standards are the rules set up by the Department of Housing and Development. These federal occupancy standards are part of the Fair Housing Act Amendment, and they are the overarching rules for occupancy.
 - (2) **Unit Bedroom Size.** NMHC has set the following Occupancy Standards for family and unit size:
 - (i) All bedrooms with one person should have at least 70 square feet.
 - (ii) Shared bedrooms must have at least 50 square feet per person.
 - (iii) Kitchens and other non-habitable rooms cannot be used as a bedroom.
 - (iv) Every unit should have an overall occupant limitation based on its overall size:
 - (i) 1-2 occupants: must have at least 120 square feet living room.
 - (ii) 3-5 occupants: must have at least 120 square feet living room and 80 square feet dining room.
 - (iii) 6 or more occupants: must have at least 150 square feet living room and 100 square feet dining room.

No. of Family Members	No. of Bedrooms
-----------------------	-----------------

TITLE 100: NORTHERN MARIANAS HOUSING CORPORATION

1-2	2
3-4	2
5-6	3
7-8	4
9 and above	5

- (v) Exceptions. In certain unique conditions and situations, NMHC, on a case-by-case basis, may grant exceptions when warranted and after thorough review of grant applications.

§ 100-100.3-735 After-Construction Property Value, After-Rehabilitation Property Value, or Property Value at Initial Purchase (if Acquisition Only).

§ 100-100.3-740 Security, Restrictive Covenant, Homeowner Requirements

- (a) To ensure affordability for CDBG-DR funds invested, NMHC shall place a restrictive covenant on the property. The restrictive covenant shall be maintained for no less than the term of the affordability period.
- (b) NMHC will execute a written agreement with the homebuyer that will specify the use of CDBG-DR funds, description of the project, roles and responsibilities, compliance with affordability period requirements, qualifications for affordable homeowner housing, monitoring, the purchase price, date by which housing must be acquired, address or legal description of the property, and duration of the agreement. Additionally, the purchase price, date by which housing must be acquired, address or legal description of the property must be indicated in the applicable written agreement.
- (c) During the term of the grant, homebuyer shall be required to maintain, at their own expense, adequate property insurance on the mortgaged property. This insurance must provide coverage for fire, earthquake, typhoon, and where applicable, flood damage. The policy shall insure the property for its full replacement value, and the homeowner must ensure that the coverage remains active and in good standing throughout the entire grant period.

Requests for relief from this insurance requirement due to financial hardship will be reviewed on a case-by-case basis. Homeowners seeking such consideration must submit documentation demonstrating their financial circumstances. Any waiver or modification of the insurance requirement shall be granted solely at the discretion of the NMHC.

- (d) NMHC will require the homebuyer to execute and file for record a deed or deeds of restriction, land covenant or similar legal documents approved by HUD that will assure compliance with the principal residency and affordability period requirements and enforce CDBG-DR restrictions.

Part 800 – Fraud, Waste and Abuse

§ 100-100.3-801 Eligibility Certification

Homeowner certifies that he/she has provided complete, accurate, and current information regarding household income, residency, occupancy, and any other documentation required to demonstrate Homeowner's eligibility to receive CDBG Disaster Recovery funds.

Any activity carried out with CDBG-DR funds involving the construction, acquisition, or acquisition w/renovation is considered to benefit LMI or UN persons only to the extent such housing will, upon completion, be occupied by such persons.

The Homeowner hereby affirmatively certifies that their material representations which have been relied upon by NMHC as essential to its determination of the eligibility of the Homeowners to receive the grant funds have been truthfully, satisfactorily and adequately provided to NMHC.

The Homeowner agrees and attests to the fact that if any of the representations made are intentionally or willfully false or fraudulent, NMHC may immediately declare the Homeowner in default of his/her Grant Agreement, allowing for remedies as provided for under that grant agreement and the law.

§ 100-100.3-805 Default

Any one or more of the following events shall constitute an event of default under the grant agreement:

- a. Failure to perform any covenant or promise under the Grant Agreement, or making any representation or warranty in the Grant Agreement, or in the application for the grant, or in any report, certificate, financial statement or other instrument furnished in connection with the property, which is false or misleading in any material respect.
- b. Seizure or foreclosure of the property or assets of the Homeowner pursuant to process of law or be respect of legal self-help, unless said seizure or foreclosure is stayed or bonded within thirty (30) days after the occurrence of same; or
- c. If any other event of default has occurred and remains uncured under any other agreement entered into between NMHC and the Homeowner.

§ 100-100.3-810 Remedies Upon Default

Upon the existence of any event of default, NMHC, after giving notice and reasonable opportunity to cure the default may, in its sole discretion, do any of the following, alone or in combination:

- a. Terminate the Grant Agreement;
- b. Withhold grant funds not yet paid at the time of default during such time as an event or events of default remain uncured;
- c. File an action at law against the Homeowner to obtain a judgment against the Homeowner to recover the full amount of all grant funds paid; or
- d. Pursue any other remedies against the Homeowner including any civil and criminal remedies allowed by law.

TITLE 100: NORTHERN MARIANAS HOUSING CORPORATION

NMHC's rights under Default shall survive termination of the Grant Agreement. Failure to insist on the prompt performance by Homeowner of Homeowner obligations pursuant to the Grant Agreement is not a waiver by the NMHC of any of its rights hereunder.

Suspected Fraud, Waste and Abuse cases shall be handled in accordance with the Northern Marianas Housing Corporation's Fraud, Waste and Abuse Policy, as amended.

§ 100-100.3-815 Disposition of Fraud Cases

Upon completion of the review and investigation process, NMHC shall determine the appropriate administrative action based on the facts, evidence obtained, and the stage of assistance provided under the applicable housing program. Administrative remedies may include repayment obligations, conversion of assistance, termination of participation, recapture of funds, referral to law enforcement, and any other action permitted under federal regulations, program requirements, and applicable laws.

The following case scenarios may apply:

A. No Confirmation of Fraud

If the investigation determines that there is insufficient evidence to substantiate fraud, waste, or abuse, the case shall be closed with no adverse administrative action taken against the applicant or participant. NMHC may retain documentation of the investigation and findings for monitoring and compliance purposes.

B. Confirmation of Fraud – Closed Loan – No Housing Unit Constructed – Property Purchased

If fraud is confirmed after loan closing and no housing unit has been constructed, but program funds were used to acquire real property, NMHC may require the applicant or participant to reimburse the Corporation for:

- The cost of the property acquisition;
- All closing costs and related transaction expenses;
- Any administrative or program-related costs incurred by NMHC; and
- Any additional costs allowable under applicable program regulations and agreements.

NMHC may also pursue recapture, collection efforts, legal remedies, or referral to appropriate authorities.

C. Confirmation of Fraud – Closed Loan – No Property Purchased

If fraud is confirmed after loan closing and no property was acquired or housing unit constructed, NMHC may require repayment of:

- Closing costs;
- Administrative expenses;

- Fees paid on behalf of the applicant or participant; and
- Any disbursed program funds associated with the transaction.

Additional administrative or legal actions may also be taken, as appropriate.

D. Confirmation of Fraud – Closed Loan – Housing Unit Constructed – Loan Conversion

If fraud is confirmed after construction or rehabilitation of a housing unit has been completed, and the assistance was originally provided in the form of a grant or grant-convertible loan, NMHC may:

- Convert the assistance to a repayment loan;
- Require full or partial repayment of funds provided;
- Record or enforce liens or other security instruments against the property;
- Terminate continued participation in the program; and/or
- Pursue any additional remedies available under federal regulations, written agreements, or applicable law.

Repayment terms, interest, affordability requirements, and enforcement actions shall be determined by NMHC in accordance with program policies, HUD requirements, and applicable funding regulations.

In all cases involving confirmed fraud, NMHC reserves the right to refer the matter to the appropriate federal, Commonwealth, or local authorities for civil, administrative, or criminal enforcement actions.

§ 100-100.3-820 Grant to Loan Conversion

When instances of fraud, waste, or abuse are identified and substantiated in accordance with established review and compliance procedures, the Agency is required to recapture all improperly expended grant funds and remit those amounts to the U.S. Department of Housing and Urban Development (HUD). In such cases, a grant-to-loan conversion is implemented as a mechanism to facilitate repayment.

Through this process, the original grant agreement—along with all other associated terms and conditions—are terminated and replaced with new loan agreements. The converted loan establishes defined repayment terms, including the total amount owed and a fixed repayment period, thereby ensuring the Agency's compliance with federal requirements while providing a structured path for the applicant to satisfy the debt.

§ 100-100.3-825 Eligible Repayment Costs

The Agency determines the "Eligible Repayment Costs" that are converted from grant to loan terms based on the types of expenses originally covered by the grant agreement.

TITLE 100: NORTHERN MARIANAS HOUSING CORPORATION

These costs are categorized as Hard Costs, Soft Costs and Grant Closing Fees and related costs outlined in § 100-100.3-401(a)(b)(c).

§ 100-100.3-830 Repayment Terms

Repayment Period

The maximum repayment term shall not exceed 360 months, unless the repayment term is amended or revised and approved by the Corporate Director to accommodate requests for relief from borrowers who have been determined not able to repay their obligations, with the amended or revised repayment terms not to exceed an additional 60 months. A balloon payment is required for any unpaid principal, interest, fees, etc. remaining at the end of the repayment term.

Interest Rate Chart

Household Income Categories	Interest Rate
Extremely Low-Income (30%)	1%
Very Low-Income (50%)	2%
Low-Income (80%)	3%
120% of Median Income	4%

Interest Rate Determination

The interest rate applied to each grant-to-loan conversion may vary based on the applicant's annual gross household income.

NMHC shall use HUD's Section 8 of Part 5 Technical Guidelines as the basis in calculating annual gross household income.

NMHC will verify income of all household members using at least 3 months of source documentation such as wage statements, interest statements, and SSI documents.

The area median income for the CNMI was established by HUD for the CDBG-DR program and is revised on an annual basis. NMHC shall comply with any revisions that the U.S. Congress enacts. The most current income limits can be found at:

<https://www.huduser.gov/portal/datasets/il/il2022/2022summary.odn>.

Late Charges

For interest-bearing loans, a fixed one (1) percent late installment charge of the missed monthly principal and interest payment shall be assessed for every monthly payment that is over fifteen calendar days late or past due.

Prepayment of Loan

TITLE 100: NORTHERN MARIANAS HOUSING CORPORATION

There shall be no prepayment penalties for loans that are paid-off prior to the completion of the term of the loan. The affordability period provision is still applicable to loans that are paid-off.

Security

To insure borrowed CDBG-DR funds, NMHC shall secure a mortgage on the property. The mortgage shall be maintained for no less than the term of each approved loan or the affordability period, whichever is greater.

- NMHC will execute a written agreement with the applicant that will specify the use of CDBG-DR funds, description of the project, roles and responsibilities, compliance with affordability period requirements, qualifications for affordable homeowner housing, monitoring, the purchase price, date by which housing must be acquired, address or legal description of the property, and duration of the agreement. Additionally, the purchase price, date by which housing must be acquired, address or legal description of the property must be indicated in the applicable written agreement.
- During the term of the loan, the applicant shall also be required to maintain, at their expense, property insurance on the mortgaged property for fire, earthquake, typhoon, and flood damage (if applicable) covering the replacement value of all properties at a minimum equal to the loan amount. Financial hardships will be reviewed on a case-by-case basis.
- NMHC will require the homeowner to execute and file for record a deed or deeds of restriction, land covenant or similar legal documents approved by HUD that will assure compliance with the principal residency and affordability period requirements and enforce CDBG-DR restrictions

Principle Residence and Annual Recertification

Shall apply in accordance to §100-100.3-201(g)(1)(2)(3).

§ 100-100.3-835 Affordability Restrictions

Long Term Affordability

Shall apply in accordance to §100-100.3-301.

§ 100-100.3-840 Right of First Refusal

Shall apply in accordance with §100-100.3-305.

§ 100-100.3-845 Recapture

Shall apply in accordance with §100-100.3-315.

§ 100-100.3-850 Distressed Applicants

Distressed applicants are those who are having a difficult time meeting their monthly loan payments due to external circumstances beyond their control.

These circumstances include:

- Reduction-in-force;
- Reduction in pay;
- Family medical emergency (including death of an immediate family member: siblings, child(ren), spouse, and in-laws); parents;
- Medical condition (including career-ending injury) that causes the applicant to discontinue employment. The borrower's physician must complete the Homebuyer/Homeowner Program Disability Eligibility Verification to certify the borrower's medical condition; or
- Natural disaster.

§ 100-100.3-855 Types of Assistance

Types of Assistance NMHC may offer the following types of assistance depending on the circumstances mentioned above:

- Reduction-in-force. Monthly loan payments may be deferred for a period of up to twelve months. Late charges would not accrue. If this approach is still deemed unaffordable, the current term may be extended and reamortized with an additional sixty (60) months.
- Reduction in pay. Monthly loan payments may be deferred for a period of up to twelve months. If this approach is still deemed unaffordable, the current term may be extended and reamortized with an additional sixty (60) months.
- Family medical emergency. Monthly loan payments may be deferred for a period of up to twenty-four (24) months. Late charges would not accrue. The current term may be extended and reamortized with an additional sixty (60) months.
- Medical condition that causes borrower to discontinue employment - Principal amount may be forgiven incrementally (based on term).
- Natural Disaster. Monthly loan payments may be deferred for a period of up to six (6) months in the event of a natural disaster, such as fire, typhoon, earthquake, flood, and local or pandemic spread of disease. Final decisions regarding requested deferments shall be made by the Corporate Director. Late charges shall not accrue during deferment. Borrowers may be eligible for a deferment upon written request accompanied by acceptable evidence of negative impact caused by the natural disaster. Further, in order to qualify for a deferment, the Borrower's loan and hazard insurance must be up to date.
- Other Hardships. Any other claimed financial hardship outside of the aforementioned five listed hardships shall be brought to the Corporate Director for review and decision.

- Denial of assistance may be appealed to the NMHC Board.

In addition, NMHC may offer the following types of assistance:

- Penalty Waiver. Accrued penalty fees for delinquent borrowers may be waived to assist them in making their accounts current.
- Loan Assumption
 - i. Death of a homeowner/borrower: Upon the death of the borrower which occurs within the affordability period, the entire unpaid balance of the loan shall be immediately due and payable. Title transfer without sale triggers the CDBG-DR recapture agreement enforceable through the restrictive deed or land covenant. The Corporate Director may allow assumption of the loan by the heirs of the borrower if a final decree in the probate of the borrower identifies the heirs and approves distribution to them of the improved property and the loan, and if the heirs themselves would qualify as a new applicant for the loan.
 - ii. At the sole discretion of the NMHC Board, the loan may be assumed by a legal heir of a deceased borrower(s) of the CDBG-DR-assisted unit. This assumption exception is permitted where transfer of title is through the laws of descent provided that the heir is of legal age, meets all CDBGDR Program eligibility requirements and has a full, undivided interest in the real property. The heir will be required to fill out an application and will be subject to credit, income, and asset verification.

§ 100-100.3-860 Foreclosure

- Foreclosure Prevention. In situations where a foreclosure is imminent, the Corporate Director may allow a borrower to have a CDBG-DR eligible immediate relative (i.e., mother, father, brother, sister, son, daughter) assume the loan, all for the purpose of preserving the affordability period. The total outstanding balance thereof shall be fully amortized at the original interest rate and terms to produce equal monthly payments. If, however, the CDBG-DR eligible immediate relative assuming the loan cannot afford the repayment of the loan at its original rate and terms, the NMHC Board may extend the term up to a period of sixty months. Should this accommodation still prove unaffordable, the property will go through foreclosure process.
- Foreclosure. NMHC may use its right of first refusal, as set forth in the loan documents, written agreement with the homeowner, and restrictive deed or land covenant, to purchase the housing before foreclosure or deed in lieu of foreclosure to preserve affordability. Foreclosure triggers the CDBG-DR recapture agreement enforceable through the restrictive deed or land covenant.
- Foreclosure and Recapture. If the CDBG-DR assisted property is subject to recapture terms, NMHC has two options:

TITLE 100: NORTHERN MARIANAS HOUSING CORPORATION

- i. Recapture Option 1: NMHC will recapture and pay to the CNMI CDBG-DR account the net proceeds from the foreclosure sale of the property in accordance with the recapture terms; or
- ii. Recapture Option 2: NMHC may purchase the CDBG-DR assisted property at foreclosure sale and additional CDBG-DR funds may be spent. However, the total amount of the original and additional CDBG-DR funds spent may not exceed the maximum per unit subsidy amount.

If NMHC forecloses on its own loan, NMHC cannot spend any additional CDBG-DR funds to acquire the property.

§ 100-100.3-865 Mitigation to Foreclosure

Items Needed to Cancel Foreclosure and Reinstate Account To cancel foreclosure and reinstate account, the Borrower shall:

- (a) In accordance with 2 CMC § 4536(a), pay the entire amount then due under the terms of the mortgage other than such portion of principal as would not then be due had no default occurred, and reasonable attorney's fees actually incurred.
- (b) Pay delinquent account current inclusive of one month advance payment.
- (c) Have the homeowner(s) submit a written proposal on how he/she will maintain the account in good standing.
- (d) Submit paid in full receipt of homebuyer(s)' insurance coverage for fire and earthquake.
- (e) Submit 2-3 recent check stubs and/or verification of benefits

§ 100-100.3-870 Loan Satisfaction and Lien Release

Upon full repayment of a loan established through grant-to-loan conversion, the Agency shall take all necessary steps to formally acknowledge satisfaction of the debt, release any secured interest in the property, and ensure compliance with all applicable federal requirements, including those of the U.S. Department of Housing and Urban Development.

The Agency shall ensure that all actions related to loan payoff and lien release are completed in a timely, accurate, and documented manner to protect both the applicant and the Agency's legal and financial interests.

Part 900 - Miscellaneous Circumstances Affecting Grant Agreement

§ 100-100.3-901 Assumption of a Grant

- (1) Death of a homebuyer/grantee: Upon the death of the grantee, which occurs within the affordability period, the entire unpaid balance of the grant shall be immediately due and payable. Title transfer without sale triggers the CDBG-DR recapture agreement enforceable through the restrictive deed or land covenant. The Corporate Director may allow assumption of the grant by the heirs of the grantee if a final decree in the probate of the grantee identifies the heirs and approves distribution to them of the improved property and the grant, and if the heirs themselves would qualify as a new applicant for the grant.
- (2) At the sole discretion of the NMHC Board, the grant may be assumed by a legal heir of a deceased grantee(s) of the CDBG-DR-assisted unit. This assumption exception is permitted where transfer of title is through the laws of descent provided that the heir is of legal age, meets all CDBG-DR Program eligibility requirements and has a full, undivided interest in the real property. The heir will be required to fill out an application and will be subject to credit, income, and asset verification.
- (3) Default for Violation of Grant Agreement and/or Restrictive Covenant. In situations where a default is imminent, the Corporate Director may allow a grantee to have a CDBG-DR eligible immediate relative (i.e., mother, father, brother, sister, son, daughter) assume the grant, all for the purpose of preserving the affordability period.
 - (a) Default. NMHC may use its right of first refusal, as set forth in the grant documents, written agreement with homeowner, and restrictive deed or land covenant, to reclaim the housing to preserve affordability. Default triggers the CDBG-DR recapture agreement enforceable through the restrictive deed or land covenant.
 - (b) Recapture in the Event of Default. If the CDBG-DR assisted property is subject to recapture terms, NMHC has three options:
 - (i) Recapture Option 1: NMHC will recapture and pay to the CNMI CDBG-DR account the net proceeds from the foreclosure sale of the property in accordance with the recapture terms; or
 - (ii) Recapture Option 2: NMHC may purchase the CDBG-DR assisted property at foreclosure sale and additional CDBG-DR funds may be spent. However, the total amount of the original and additional CDBG-DR funds spent may not exceed the maximum per unit subsidy amount.
 - (iii) Recapture Option 3: NMHC will allow the homeowner in default to repay the entire amount of the CDBG-DR investment and own the property free and clear. In this event, the affordability period will be terminated.

Part 1000 – Ethics

§ 100-100.3-1001 Conflict of Interest

- (a) Under no circumstances shall any immediate family members (whether by blood, marriage or adoption) the spouse, parent (including a stepparent), child (including a stepchild); brother, sister (including a stepbrother or stepsister), grandparent, grandchild, and in-laws of a covered person, elected or appointed officials of the CNMI government, NMHC's Board of Directors, its officers, agents, and employees may participate in any CDBG-DR assisted projects or units including the procurement of materials, or have an interest in any contracted services, or be a beneficiary in any proceeds. Other provisions in 24 C.F.R. § 92.356 shall apply. Conflict of interest applies to covered persons who exercise or have exercised any functions or responsibilities with respect to activities assisted with CDBG-DR funds or who are in a position to participate in a decision-making process or gain inside information with regard to these activities. Covered persons may not obtain a financial interest or financial benefit from a CDBG-DR activity, or have a financial interest in any contract, subcontract, or agreement with respect to the CDBG-DR assisted activity, or the proceeds from such activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for one year thereafter.
- (b) Exceptions: Threshold requirements. Upon the written request of the participating jurisdiction, HUD may grant an exception to the provisions above on a case-by-case basis when it determines that the exception will serve to further the purposes of the CDBG-DR Program and the effective and efficient administration of the participating jurisdiction's program or project. An exception may be considered only after the participating jurisdiction has provided the following:
- (1) A disclosure of the nature of the conflict, accompanied by an assurance that there has been public disclosure of the conflict and a description of how the public disclosure was made; and
 - (2) An opinion of the participating jurisdiction's or state recipient's attorney that the interest for which the exception is sought would not violate state or local law.
- (c) Factors to be considered for exceptions. In determining whether to grant a requested exception after the participating jurisdiction has satisfactorily met the requirements mentioned above, HUD will consider the cumulative effects of the following factors, where applicable:
- (1) Whether the exception would provide a significant cost benefit or an essential degree of expertise to the program or project which would otherwise not be available;
 - (2) Whether the person affected is a member of a group or class of low-income persons intended to be the beneficiaries of the assisted activity, and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class;
 - (3) Whether the affected person has withdrawn from his or her functions or responsibilities, or the decision-making process with respect to the specific assisted activity in question;
 - (4) Whether the interest or benefit was present before the affected person was in a position as described in paragraph (c) of this section;

- (5) Whether undue hardship will result either to the participating jurisdiction or the person affected when weighed against the public interest served by avoiding the prohibited conflict; and
- (6) Any other relevant considerations.

Part 1100 - Performing New Construction Work

§ 100-100.3-1101 Performing New Construction Work

- (a) NMHC Independent Cost Estimate: NMHC or its procured construction manager will establish an estimated cost for construction and/or rehabilitation of the property to be acquired. This cost estimate will be used to validate that the winning bid is acceptable as being “eligible, necessary, and reasonable.”
- (b) Contractor Cost Estimates: The homebuyer(s)/applicant(s) shall be responsible in obtaining a minimum of three (3) written construction cost estimates from at least three (3) NMHC approved contractors, and each cost estimate submitted must include, at a minimum, the following information: bid price, cost breakdown of materials and labor charges, and schedule for completion of work.
- (c) Selection of Contractor/Contract Award: The homebuyer(s) shall have the right to select whichever contractor to perform the construction work, provided that NMHC has assessed the sources and uses of funds and determined that the costs are reasonable, provided that the contractor’s quotation does not exceed the approved grant amount and provided that the contractor is an NMHC-approved contractor. Should it exceed the grant amount, the homeowner shall choose to either deposit the difference or negotiate with contractor in reducing the contract amount. Should the grantee not be able to deposit the difference or the contractor unwilling to lower the contract amount, then the grantee shall select his/her/their next choice. The homebuyer(s) shall submit a contractor selection notice notifying NMHC of his/her/their selection. NMHC may, at its own discretion, select the appropriate contractor for the applicant if the homebuyer project is deeply subsidized using additional CDBG-DR funds. Deeply subsidized means additional funding assistance on top of the underwritten funding assistance.
- (d) Construction Contract: The construction contract is a binding agreement strictly between the homebuyer(s) and the contractor whereby the contractor will provide the construction or repair work for a specified and agreed upon price. As NMHC’s role is to finance the construction of the project, it is not a party to the construction contract. However, at any time the contractual provisions are not followed, NMHC shall have the right to withhold any progress payment until the contractor has complied with such provisions. The construction contract shall include, but is not limited to, the following provisions:
 - (1) Contractor’s name and mailing address;
 - (2) Homeowner(s) name and mailing address;

TITLE 100: NORTHERN MARIANAS HOUSING CORPORATION

- (3) Date of the contract, the contract amount, and payment schedule for each incremental billing;
 - (4) Calendar days to complete the work (includes Saturdays, Sundays, and holidays);
 - (5) Contractor will provide the performance bond, and labor and material payment bond up to the contract amount, as well as a builder's risk policy for the project;
 - (6) The contractor will provide all the construction plans and permits necessary to comply with applicable local and federal laws;
 - (7) Issuance of the notice to proceed or the commencement of the project;
 - (8) Contractor will provide a one-year warranty on all work completed;
 - (9) NMHC's right to inspect the progress of the project and right to withhold progress payments;
 - (10) Change order procedures, if any; and
 - (11) A provision for liquidated damages must be included in the construction contract which shall be negotiated between the homebuyer(s) and the contractor.
 - (12) Description of the work to be performed so that inspections can be conducted and, for rehabilitation, so that housing will meet NMHC's rehabilitation standards.
- (e) Contractor Notification and Pre-Construction Requirements: Once NMHC is in receipt of the grantee(s)/homebuyer(s) contractor selection notice, NMHC shall notify the contractor of the homebuyer(s) selection of their company. NMHC shall inform the contractor of the scheduled pre-construction conference and shall likewise inform the contractor of the required construction documents for submission as listed below:
- (1) Building permit (if applicable)
 - (2) Earthmoving and erosion control permit (if applicable)
 - (3) Construction contract
 - (4) Performance and payment bonds
 - (5) Certified Plans and specification approved by DPW
 - (6) Private inspector's contract (if applicable)
 - (7) Notice that an environmental review and clearance has been conducted, and Authorization to Use Grant Funds has been received.
 - (8) Verification that any mitigation measures identified in the course of the environmental review have been incorporated into the plans and specification approved by DPW.
 - (9) Builder's Risk Policy
 - (10) Workmen's Compensation Policy

TITLE 100: NORTHERN MARIANAS HOUSING CORPORATION

- (11) IWDS Permit
- (12) Division of Fish and Wildlife Permit
- (13) Zoning Permit

(e) Project Duration: Construction must start within 12 months of NMHC's execution of the CDBG-DR written agreement with the homebuyer(s).

(1) Progress payment requests shall be submitted to NMHC by the contractor incrementally as specified in the payment schedule. NMHC shall ensure that all work description indicated on the payment schedule is completed prior to releasing contractor's payment. An original and a copy of the requests must be submitted to NMHC. The contractor shall freely use his/her/their company's billing form when submitting a payment request. The payment request shall be accompanied with the following whenever applicable: inspection reports (DPW and/or private inspector), geotesting results, termite treatment certification and/or warranty, builder's warranty, and grantee/homebuyer's acceptance of the project. In addition, each billing submitted must include pictures of the progress of the project and a copy of the payment schedule.

(2) Payment schedule shall be as follows:

- (i) Payment request number 1 shall not be more than 10% of the contract amount. This shall include the installation of the project sign board accompanied with a picture, the delivery of materials to the construction site, and commencement of the project.
- (ii) Payment request number 2 shall not be more than 25% of the contract amount.
- (iii) Payment request number 3 shall not be more than 25% of the contract amount.
- (iv) Payment request number 4 shall not be more than 25% of the contract amount.
- (v) Payment request number 5 shall be the 15% retainage request when all work is completed. The final payment request shall be accompanied with the certificate of occupancy from the Commonwealth Building Safety Office, builder's warranty, window warranty if subcontracted, termite treatment warranty, final inspection report from the DPW and if applicable, the private inspector's, certificate of acceptance from the homeowners, geotesting results if applicable, proof of Green Standards implementation, pictures of project interior and exterior, and DEQ certificate of use (sewage disposal system), if applicable and house keys with duplicates.

- (3) Change Order Procedures. From time to time, the homebuyer(s) may request for changes in the plans and specifications. In the event that this should occur, the following steps must be taken to address such request:
- (i) The grantee/homebuyer must notify contractor in written form of the proposed changes and provide NMHC a copy of the notification.
 - (ii) Upon receipt of the notification, the contractor must cease work at the project site and obtain NMHC's approval of the change order request. Upon approval the contractor shall then provide NMHC a revised plan and specifications, including a revised payment schedule (if scheduled payments will be altered by the proposed changes). The contractor must obtain NMHC's approval of the change order request.
 - (iii) Once the change order request is approved, the homeowner will be required to deposit the additional money needed to NMHC (if applicable) to carry out the change order. The contractor will be required to submit the revised plans and specifications to DPW for approval.
 - (iv) Should the change order request be denied, then the contractor shall resume work to ensure timely completion of the project. The contractor may not be able to complete the project on time because of the delays the change order request may have caused. Therefore, the homebuyer(s) shall give the contractor additional days equal to the time the work was ceased up until the time the change order request was denied to complete the project. The homebuyer shall not charge the contractor for liquidated damages during this period.
- (4) Once the contractor has obtained the DPW's approval of the plans and specifications, then it shall provide NMHC with the same copy. The contractor shall proceed in carrying out the change order and completing the project.
- (f) Inspections: NMHC shall have the right, during the construction or improvement of the building, to inspect the same and to reject and to require to be replaced, any material or workmanship that does not comply with the plans and specifications, without any liability on the part of NMHC, as to workmanship or materials therein. Such inspection is solely for financing purposes and for the disbursement of funds, and any inspection or approval of any construction phase or increments of said dwelling shall not be deemed as a warranty by NMHC of the workmanship and material therein.
- (g) Inspector: Upon completion, the building is subject to inspection by the Building Safety Office of the Department of Public Works (DPW) prior to the issuance of an occupancy permit or other permits as provided in the Building Safety Code codified in 3 CMC § 7101 et seq. Applicant(s) may have a private inspector, (i.e., a qualified licensed engineer or a qualified licensed architect), conduct inspection with the costs with such inspection to be handled in accordance with § 100-100.2-240.

(h) Minimum Property Standards (MPS): For new construction of housing and acquisition rehabilitation of housing, the 2018 International Building Code enacted by law and any updates approved by regulation by the Department of Public Works Building Safety Office and zoning laws (if applicable for Tinian and Rota), International Energy Conservation Code, NMHC written design standards for single family housing new/rehabilitation, and accessibility requirements (where applicable) must be adhered to.

(1) Further adherence to CDBG-DR acquisition and repair standards, which details the methods, materials, and other requirements that the housing must meet upon completion, including each of the following:

- (i) Health and Safety [24 CFR 92.251(b)(1)(i)]
- (ii) Major systems that were rehabilitated or replaced as part of the rehabilitation [24 CFR 92.251(b)(1)(ii)]
- (iii) Lead-based paint [24 CFR 92.251(b)(1)(iii)]
- (iv) Disaster mitigation, if applicable [24 CFR 92.251(b)(1)(vi)]
- (v) State and local codes, ordinances and zoning requirements [24 CFR 92.251(b)(1)(vii)]
- (vi) Minimum deficiencies that must be corrected based on inspectable items and areas in HUD's Uniform Physical Condition Standards [24 CFR 92.251(b)(1)(viii)]
- (vii) HUD Green Building Standards or Green Building Retrofit Checklist, as required by Federal Register Notice.

(i) Homebuyer(s), through their contractors, must ensure that they are familiar with these requirements. PJs using MPS may rely on inspections performed by a qualified person. If using CDBG-DR funds solely for acquisition, the property must also meet the minimum property standards mentioned above or HUD's Uniform Physical Condition Standards (UPCS). The contractor will provide all the construction plans and permits necessary to comply with applicable local and federal laws.

(j) Project Completion:

- (1) Project shall be completed prior to the termination of the CDBG-DR Grant Agreement with HUD.
- (2) Project completion information shall be entered in the Disaster Recovery Grant Reporting (DRGR) System within 120 days of the final project draw.

(k) Record Retention:

- (1) NMHC shall retain CDBG-DR homebuyer project records for five (5) years after project completion. [24 CFR 92.508(c)(2)]
- (2) NMHC shall retain documents imposing recapture provisions for five (5) years after the period of affordability terminates. [24 CFR 92.508(c)(2)]

- (3) NMHC shall retain CDBG-DR homebuyer project written agreement records for five (5) years after the agreement terminates. [24 CFR 92.508(c)(4)]

Part 1200 - Homebuyer Underwriting

§ 100-100.3-1201 Guidelines and Referenced Sections

In order to determine the specific amount of CDBG-DR assistance needed to ensure that the unit is affordable and sustainable over the long-term, NMHC's CDBG-DR Homebuyer Program design reflects and incorporates underwriting standards that the HOME regulations at § 92.254(f) has set forth; and further examines the following for each homebuyer:

- (a) Program Eligibility and income;
- (b) Monthly expenses;
- (c) Assets or cash reserve, as applicable; and
- (d) Appropriateness of the amount of assistance

In addition to the underwriting provisions of these regulations, the following applies to Homebuyer activities:

(a) Determining income eligibility.

- (1) The NMHC CDBG-DR Homebuyer Program methodology for determining income-eligibility, income as a component of underwriting, income verification and required source documentations, treatment and the calculation of assets are derived from the HUD *Part 5 Technical Guidelines* as herein stated
 - (i) To receive CDBG-DR assistance, households must have incomes at or below 80 percent of the area median household income, adjusted for household size, and determined annually by HUD. Households with incomes at or below 120 percent of the area median household income, adjusted for household size, are also eligible for assistance.
 - (ii) CDBG-DR Homebuyer Program regulations require that income of all family members be included in the determination of income for the purpose of eligibility. The HOME regulations at 24 CFR 92.203 (d) require that a PJ must project a household's income for the next 12 months. Chapter Two of the Part 5 Technical Guide reviews this in detail. The NMHC CDBG-DR Homebuyer Program shall also use the same methodology of projecting income for the purpose of underwriting.
 - (iii) The Part 5 definition of annual income provides specific guidance pertaining to whose income in a household must be included in that calculation. Chapter Three reviews this in detail.

- (iv) Gross amount. NMHC uses the monthly gross amounts, before any deductions have been taken, for those types of income counted. Adjusted income is not required for CDBG-DR-funded homebuyer or for owner-occupied rehabilitation as per the Part 5 Technical Guide.
 - (v) The CDBG-DR Homebuyer program requires that the grantee determine income eligibility of CDBG-DR applicants by examining source documents, such as wage statements or interest statements, as evidence of annual income. NMHC requires additional supporting information to confirm eligibility and for purposes of underwriting. This is specified in §100-100.3-105, Supplemental Information. Review of documents and third-party verification is further reviewed in detail in Chapter Two of the Part 5 Technical Guide.
 - (vi) What to include as an Asset. There is no asset limitation for participation in the CDBG-DR Homebuyer Program. Eligible families are not required to “spend down” assets before they can participate in the Program. Income from assets is, however, recognized as part of annual income under the Part 5 definition.
 - (vii) In general terms, an asset is a cash or non-cash item that can be converted to cash. Income that is earned, such as interest on a savings or checking account, is counted or factored into annual income. Chapter Three of the Part 5 Technical Guide explains in detail the treatment of assets and considers what is to be included as an asset, as well as explaining actual income from assets.
 - (vii) Recurring monthly expenses, or those that are considered fixed monthly living expenses such as utilities and transportation costs are the type of expenses should be considered in the underwriting process and must be carefully budgeted and monitored by the homebuyer. The housing counseling shall address these types of essential expenses so that it does not decrease residual income and affect the homebuyer’s ability to sustain the property.
- (b) The affordability restrictions that will be imposed on the property, a grant will only be extended to applicant(s) who will make their assisted unit their primary residence (see § 100-100.3-201(d)).

§ 100-100.3-1205 Subsidy Layering

- (a) NMHC may provide eligible homebuyers with additional locally funded assistance to cover additional housing cost that is deemed to have exceeded the maximum CDBG-DR assistance limit.

- (b) Homebuyer(s) that are approved for any additional, or supplemental assistance whether it be a CDBG-DR grant or with NMHC's local funds, shall be required to choose from NMHC's house design and layouts. Such house layout and unit size is dependent on the household size, the original approved CDBG-DR assistance, as well as the total estimated costs to construct a new principal residence.

§ 100-100.3-1210 Acronyms Reference Section

[For Homebuyer Policies and Procedures]

- (a) AIA—American Institute of Architects
- (b) AMI—Area Median Income
- (c) CD—Corporate Director
- (d) CFR—Code of Federal Regulations
- (e) CNMI—Commonwealth of the Northern Mariana Islands
- (f) CPSC—Consumer Product Safety Commission
- (g) DCD—Deputy Corporate Director
- (h) DEQ—Department of Environmental Quality
- (i) DPW—Department of Public Works
- (j) EA—Environmental Assessment
- (k) GFE—Good Faith Estimate
- (l) HOME Program—U.S. HUD Homeownership Investment Partnerships Program
- (m) HQS—Housing Quality Standards
- (n) NAHA—National Affordable Housing Act
- (o) NEPA—National Environmental Policy Act
- (p) NMHC—Northern Marianas Housing Corporation

- (q) NTP—Notice to Proceed
- (r) PITI—Principal, Interest, Taxes, and Insurance
- (s) PJ—Participating Jurisdiction
- (t) PTI—Payment-to-Income Ratio
- (u) PTR—Preliminary Title Report
- (v) RER—Rehab Environmental Review
- (w) RESPA—Real Estate Settlement Procedures Act
- (x) SCRA—Service members Civil Relief Act
- (y) SSI—Supplemental Security Income [Social Security]
- (z) TCD—Time Certificates of Deposits
- (aa) TILA—Truth in Lending Act
- (bb) U.S. HUD—United States Department of Housing and Urban Development
- (cc) USDA RD—United States Department of Agriculture Rural Development
- (dd) USPAP—Uniform Standard of Professional Appraisal Practice
- (ee) VOE—Verification of Employment

APPENDIX A.1: Crosscutting Requirements

1.1 Crosscutting Requirements

1.2 Fair Housing

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

Projects must also assess how planning decisions may affect members of protected classes, racially and ethnically concentrated areas, as well as concentrated areas of poverty; will promote the availability of affordable housing in low-poverty, non-minority areas where appropriate; and will respond to natural hazard-related impacts. Program staff will use demographic, geographic, and social vulnerability analyses to determine any positive or negative impacts to protected classes. Should a project present negative impacts, project scope or design will be reassessed to mitigate such impacts.

1.3 Environmental Review

Early environmental coordination must be completed to ensure effective implementation of all CDBG-DR Programs. CDBG-DR funding is contingent upon compliance with both local and federal environmental regulations. This includes compliance with NEPA and related environmental and historic preservation legislation and executive orders. In general, NMHC serves as the lead agency for the purposes of NEPA.

HUD's Environmental Review process allows grantees to serve as the "Responsible Entity" to assume environmental review responsibilities under NEPA. As the grantee, NMHC serves as the Responsible Entity (through authorization from the Governor) as it relates to environmental review responsibilities under NEPA. Within NMHC, Environmental Review Staff will be responsible for performing environmental reviews and compiling the Environmental Review Records (ERR). Reviews are conducted either directly or using qualified environmental service contractors. NMHC's Corporate Director, as the Certifying Officer, is responsible with certifying that NMHC's environmental reviews follow NEPA and HUD environmental regulations.

Federal Register Notice FR-6182-N-01 authorizes recipients of CDBG-DR funds under the Appropriations Act to adopt any environmental review, approval, or permit performed by a Federal agency for the same project to satisfy responsibilities with respect to environmental review, approval, or permit. NMHC will notify HUD in writing of its decision to adopt another agency's environmental review. NMHC will also retain a copy of the review in its environmental records. Further information concerning the environmental review process is set forth in the Environmental

Policies and Procedures. Further information concerning the specific HUD requirements for the adoption of other Federal agency environmental reviews can be found in the HUD Memorandum dated March 4, 2013, *Adoption of FEMA and Other Federal Environmental Reviews Processing for Hurricane Sandy Supplemental Appropriation (H.R. 152) Activities*. Additional information on the environmental review process in general is set forth in Section § 100-100.4-335, Environmental Review Procedures for Entities Assuming HUD Environmental Responsibilities (24 C.F.R. Part 58).

1.4 Labor Standards

The Davis-Bacon and Related Acts (DBRA) applies to all federally funded or assisted construction contracts in excess of \$2,000. This may apply to projects that are fully or partially funded with CDBG-DR, including FEMA or FHWA match programs. In matched projects, only the scope of the CDBG-DR portion of the project are subject to crosscutting requirements DBRA requires all workers employed by contractors or subcontractors on CDBG-DR programs, be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with DBRA, as amended. DBRA also requires that workers on federally-assisted projects are paid not less than weekly.

Wage information for labor under CDBG-DR programs will be tracked in detail by both NMHC and relevant Implementing Partners and subrecipients throughout the life of the Program. Compliance for this requirement may be tracked in the following ways:

- (1) Additional NMHC Program staff hired to track wages and verify contractor and agency compliance
- (2) External contractor hired by NMHC to track DBRA compliance
- (3) Enhanced TA provided to Implementing Partners to track DBRA compliance

Davis Bacon applies to the rehabilitation of residential property only if the property contains eight (8) or more units under common ownership, on same or contiguous lots, or with common financing. Residential property that contains seven (7) or fewer units is exempt. Although the statute refers to the rehabilitation of residential property, this exemption has been interpreted to include the new construction of residential property containing seven (7) or fewer units. Typically, single-family homeowner properties are excluded under this exemption.

For prime contracts in excess of \$100,000, contractors and subcontractors must also, under the provisions of the Contract Work Hours and Safety Standards Act, as amended, pay laborers and mechanics, including guards and watchmen, at least one and one-half times their regular pay for all hours worked over 40 in a work week. Additionally, NMHC must follow the reporting requirements per HUD and U.S. Department of Labor (DOL) regulations. This requirement also extends to NMHC subrecipients, Implementing Partners, and contractors.

The Fair Labor Standards Act of 1938 (FLSA), as amended, establishes the basic minimum wage levels for all work and requires the payment of overtime at the rate of at least one and one-half times the basic hourly rate of pay for hours worked in excess of 40 per week. These labor standards are applicable to the entire construction contract whether or not CDBG-DR funds finance only a portion of the project.

1.5 Limited English Proficiency

Federal Executive Order 13166 requires NMHC and all satellite offices, programs, subrecipients, contractors, subcontractors, and/or developers funded whole or in part with CDBG-DR financial assistance to ensure fair and meaningful access to programs and services for families and individuals with Limited English Proficiency (LEP) and/or deaf/hard of hearing. Compliance with this requirement is detailed in NMHC's Language Action Plan (LAP) and will be coordinated and tracked by the Monitoring and Compliance division at VIHFA. Depending on the program, NMHC, Implementing Partners, sub-recipients, and subcontractors will share the following expectations to comply with this Executive Order:

- (1) Document Translation: All documents defined as "vital documents" will be translated into Chamorro or Carolinian by NMHC, Implementing Partners, and sub-recipients. A "vital document" is defined as a document that includes information regarding eligibility requirements, applications and instructions, program eligibility determinations, and appeals procedures. NMHC may aid to ensure this requirement is met.
- (2) Where required, seek feedback from the community the project serves (advocacy groups serve vital role).

Language maps provided in the Language Action Plan will be used to determine the project's location and subsequent language context and if proactive LEP outreach will be required. These maps will be included as part of the Project Assessment Form used by NMHC to review the eligibility, priority level, and impacts of a potential project.

1.6 Minority and/or Women-Owned Business Enterprises

The Federal Executive Order 12432 guidelines require selected federal agencies to promote and increase the utilization of Minority-Owned and Women-Owned Business Enterprises (M/WBEs). Following procurement guidelines under 2 CFR 200.321, NMHC must make efforts to ensure that all subrecipients, contractors, subcontractors, and/or developers funded in whole or in part with HUD CDBG-DR financial assistance encourage participation in contracts and other economic opportunities by small and minority firms, women-owned business enterprises (WBEs), and labor surplus area firms whenever possible. NMHC will accept a MWBE certification from another state, local or regional, DPW, SBA HUB Zone, SBA 8-A certification (economically disadvantaged and 51% locally-owned), and other eligible certification processes. Documentation and goals regarding M/WBE percentages and reporting will be determined in the contracting agreements.

1.7 Section 3 Economic Opportunities

Section 3 is triggered when the award of CDBG-DR funds for new construction and rehabilitation projects if the construction contract is \$200,000 or more.

TITLE 100: NORTHERN MARIANAS HOUSING CORPORATION

Section 3 of the Housing and Urban Development Act of 1968 is to “ensure that employment and other economic opportunities generated by certain U.S. Department of Housing and Urban Development (HUD) financial assistance for housing and community development programs shall, to the greatest extent feasible, be directed to low and very low income individuals, especially recipients of government assistance for housing and to businesses which provide economic opportunities to low and very low income individuals.”

The Section 3 program requires that recipients of HUD CDBG-DR funds, to the greatest extent feasible, provide (a) employment and training, and (b) contracting opportunities for low- or very-low-income residents in connection with construction projects in their neighborhoods.

It requires any “Section 3” project (construction contract of \$200,000 or more) to report in three categories of labor hours:

- Total project labor hours
- Section 3 labor hours (any position where wages are at or below the threshold for a 1-person household at 80% AMI).
- Section 3 targeted worker (Section 3 worker living in proximity to the project site)

It also specifically encourages economic opportunities for households who are recipients of government assistance for housing. NMHC and all administering entities will follow and require relevant contractors to follow Section 3 requirements in contracting.

Section 3 applies to the CNMI, as recipient of HUD funding, as well as to subrecipients or Implementing Partners/Sub-recipients receiving HUD funding exceeding \$200,000. Whenever any portion of HUD funding is invested into projects involving housing construction, demolition or rehabilitation, commercial/private improvements for economic development, or other public construction (e.g., roads, sewers, community centers, and public facilities), the requirements of Section 3 apply.

In conjunction with construction activity, Section 3 applies to projects that are fully or partially funded with CDBG-DR assistance, including projects that are financed in conjunction with territory, local, or private matching or leveraged funds, provided that the Section 3 monetary threshold requirements are met. In particular:

- In conjunction with construction activities, Section 3 applies to contractors or subcontractors that receive contracts more than \$200,000 for Section 3-covered projects/activities. Once it is determined that Section 3 applies to a project, the requirements apply to all contracts for construction work arising in connection with that project exceeding \$200,000, including those not funded with CDBG-DR assistance. Contractors or subcontractors are required to comply with the Section 3 regulations in the same manner as the Commonwealth; and
- “Section 3-covered contract” includes professional service contracts, provided that the work to be performed is generated by the expenditure of funds in furtherance of Section 3 covered work (e.g., housing construction, housing rehabilitation, and other public construction), arising relating to construction projects. Professional service contracts that may constitute Section 3-covered contracts include construction contract oversight,

engineering, architectural, environmental and property evaluation, construction progress and draw inspections, and prevailing wage labor compliance.

The regulations pertain to total labor hours required to complete Section 3-covered projects and activities. If the expenditure of funding for an otherwise covered project and activity does not result in new employment, contracting, or training opportunities, Section 3 reporting will still be required.

When NMHC awards CDBG-DR funds to other governmental departments, nonprofit organizations, subrecipients or other funded entities, NMHC will require they document how reasonable attempts were made to reach numerical goals set forth at 24 CFR Part 75. (25% total hours for Section 3 workers, 5% total labor hours for targeted Section 3 workers). NMHC will inform its Implementing Partners and other funded entities of the requirements of Section 3, including the language required to be inserted into all construction-related contracts, assist them and their contractors with achieving compliance, and monitor their performance with respect to the Section 3 objectives and requirements.

Implementing Partners/Sub-recipients will receive training on this requirement and methods of compliance, technical assistance from Program staff, and continual monitoring from NMHC. Currently, a Section 3 Plan is under development, the details of which will be included in an update to this manual.

1.8 System for Award Management (SAMs)

SAM is the federal System for Award Management and is a requirement for doing business with the U.S. government. All vendors are required to register in SAM in order to be awarded contracts under the CDBG-DR program. Vendors are required to complete a one-time registration to provide basic information relevant to procurement and financial transactions. Vendors must update or renew their registration annually to maintain an active status.

1.9 Uniform Relocation and Real Property Acquisition Act (49 CFR 24)

The Uniform Relocation Assistance and Real Property Acquisition Act (URA) is a federal law that establishes minimum standards for federally funded programs and projects that require the acquisition of real property (real estate) or displace persons from their homes, businesses, or farms. The URA's protections and assistance apply to the acquisition, rehabilitation, or demolition of real property for federal or federally funded projects. The phrase "program or project" is defined in 49 CFR Part 24 as, "any activity or series of activities undertaken by a federal agency or with federal financial assistance received or anticipated in any phase of an undertaking in accordance with the federal funding agency guidelines."

The objectives of the URA are:

- To provide uniform, fair and equitable treatment of persons whose real property is acquired or who are displaced in connection with federally funded projects;
- To ensure relocation assistance is provided to displaced persons to lessen the emotional and financial impact of displacement;

- To ensure that no individual or family is displaced unless decent, safe, and sanitary (DSS) housing is available within the displaced person's financial means;
- To help improve the housing conditions of displaced persons living in substandard housing; and,
- To encourage and expedite acquisition by agreement and without coercion.

49 CFR 24.101(c)(1) provides that the subpart B requirements also apply to the acquisition of permanent and/or temporary easements necessary for the project. However, 49 CFR 24.101(c)(2) provides an exception for the acquisition of temporary easements which exclusively benefit the property owner.

Demonstrable Hardship - A demonstrable hardship is a substantial change in an applicant's financial situation that will prohibit or severely affect their ability to provide a minimal standard of living or the basic necessities of life including food, housing, clothing and transportation without causing economic distress well beyond mere inconvenience as shown by objective evidence. A demonstrable hardship must be occurring after the named storms. The demonstrable hardship must be of a severe, involuntary and unexpected nature. It must not be one that is generally shared by other applicants affected by the named storms. Examples of demonstrable hardships may include job loss, failure of a business, divorce, severe medical illness, injury, death of a family member or spouse, unexpected and extraordinary medical bills, disability, substantial income reduction, unusual and excessive amount of debt due to a natural disaster, etc. None of the listed examples above, individually or taken together, automatically establish a demonstrable hardship nor is the listing above exhaustive as there may be other factors relevant to the issue of demonstrable hardship in a particular case. If an applicant believes that they are in the state of demonstrable hardship and that the demonstrable hardship causes them to not comply with any of the program policies, they may present their existence of a demonstrable hardship to their case worker (housing or grant specialist) and the Program will evaluate on a case-by-case basis after review of all of the circumstances. Applicants claiming a Demonstrable Hardship shall be required to provide evidence of such claimed Demonstrable Hardship to the case worker.

Not Suitable for Rehabilitation – properties where the cost of rehabilitation exceeds the after rehab appraisal and there is not a compelling historical or community justification to save the property.

APPENDIX A.2: HOMEBUYER APPLICATION CHECKLIST



NORTHERN MARIANAS HOUSING CORPORATION
Community Development Block Grant – Disaster Recovery (CDBG-DR) Division
P.O. BOX 500514, Saipan, MP 96950-0514
Email: cnmi-cdbg-dr@nmhcgov.net
Website: <http://www.cnmi-cdbgdr.com>

Tels: (670) 233-9447
233-9448
233-9449
233-9450
Fax: (670) 233-9452

CDBG-DR PROGRAM GRANT APPLICATION CHECKLIST

Applicant(s): _____ Date: _____ Submission
Date: _____

In order to complete your application for assistance, we need the following items below:

- ☐ Uniform Residential Loan Application
- ☐ Certification of Household Size Form
- ☐ Use of Funds Certification (**both Applicant and Co-Applicant must sign**)
- ☐ Certification of Storm Tie-Back (**both Applicant and Co-Applicant must sign**)
- ☐ Duplication of Benefits Affidavit and Subrogation Agreement (**both Applicant and Co-Applicant must sign**)
- ☐ Division of Tax & Revenue- Certificate of Compliance (**for both Applicant and Co-Applicant**)
- ☐ FEMA Applicant Information Request form (**both Applicant and Co-Applicant must sign**)
- ☐ Photo I.D. -Driver's License, MOS, Passport (**for applicants only**) and Birth Certificates (**for each member of the household**)
- ☐ Eligibility Release Form (**each adult member of the household must sign date and initial**)
- ☐ Statement of Unemployment (**each adult member of the household who is unemployed must complete this form**)
- ☐ Social Security -Consent to Release Information (**must be completed by each household member**)
- ☐ Verification of Employment (**employee's employer must complete this form**)
- ☐ Check/Pay stubs (**4 most current**)
- ☐ 1040 Tax Form for previous two (2) years (**20__ and 20__**)
- ☐ Verification of Child Support Payments, if applicable
- ☐ Checking Account Statement (**6 most recent statements**)
- ☐ Savings Account Statement (**most recent statement**)
- ☐ Assets – Retirement 401 (a)/(k), Supplemental Life, etc. (**most recent statement with each cash value**)
- ☐ Divorce Decree, Judgment(s), etc., if applicable
- ☐ Certificate of Title, Deed, or Residential Homestead Permit, etc. with Property Map (**if applicable**)
- ☐ Documentation for any Federal assistance such as WIC, MEDICAD, MEDICARE, LIHEAP, NAP, CHILDCARE ASSISTANCE, etc.
- ☐ Utility Bill (most current)
- ☐ Affidavit

Due to the fact that many families are in the same position you are and the high demand for our services, we ask that you notify us one (1) day prior to your appointment if are unable to attend. If you are unable to submit ALL the necessary photocopied documents to your appointment, your eligibility assistance may be delayed.

Please read carefully:

As head of the household, I declare that members of my household have no ownership, in full or in part, of any assets other than those identified above, the value of which have been disclosed. Please sign below:

APPLICANT/DATE

CO-APPLICANT/DATE

DR LOAN SPECIALIST/DATE



Tinian Field Office
Tel: (670)433-9213
Fax: (670)433-3690

“NMHC is an equal employment and fair housing public agency”

CDBG-DR Office
Tel: (670)233-9447/9448/9449

Rota Field Office
Tel: (670)532-9410
Fax: (670)532-9441