

INTRODUCTION



Congratulations! Your sub-grant is approved!

Your State Grant Administrator will send you a sub-grant agreement, which fully describes the scope of work necessary to implement your acquisition project. Simply defined, scope of work is what your State expects you to do to carry out your acquisition project as approved and funded by the State and the Federal Emergency Management Agency (FEMA). Adhere to the scope of work, and *do no more or no less than what it requires of you*. The agreement also might reference other documents rather than provide them within the agreement itself. Such referenced documents carry the same weight as if they were included in full.

CONTENTS OF THIS PHASE

Phase III guides you through the actual acquisition of properties as well as management of your sub-grant. It comprises five chapters:

- ❑ **Chapter 1 — Before You Do Anything Else.** Chapter 1 identifies your first steps of implementation, ensuring you start out right.
- ❑ **Chapter 2 — Set Up Your Sub-Grant Administration System.** Chapter 2 guides you through setting up a documentation filing system that creates a framework for organizing your project.
- ❑ **Chapter 3 — Finish What You Started.** Chapter 3 guides you through preliminary steps (some of which you might have started in Phase II) that prepare you to acquire properties. This chapter covers finalizing and enacting all relevant policies and ordinances, developing and issuing bid packages, and conducting a town meeting to announce your sub-grant award and explain how the project will work.
- ❑ **Chapter 4 — Acquire Those Properties!** Chapter 4 provides a plan to follow for acquiring properties. Use it as a guide to follow from your first meeting with a property owner through every step necessary to reach your goal of newly acquired open space.

- ❑ **Chapter 5 — Conduct Sub-grant Closeout.** Chapter 5 helps you finalize your project activities and prepare your files for audit.

- ❑ Part 1 of the **Toolkit** contains the following tools referred to in this phase:
 - Tool III-1, Allowable and Unallowable Costs
 - Tool III-2, Sample Spreadsheet: Tracking the Use of Funds
 - Tool III-3, Sample Notice of Relocation Eligibility
 - Tool III-4, Sample 90-Day Notice to Vacate
 - Tool III-5, Sample 30-Day Notice to Vacate
 - Tool III-6, Sample Agenda
 - Tool III-7, Sample Presentation Notes
 - Tool III-8, Sample Request for Bids
 - Tool III-9, Sample Reminder of Appraisal
 - Tool III-10, Sample Official DOB Determination Request

- ❑ Part 2 of the **Toolkit** contains the following forms:
 - Form III-1, Summary of Property Owner Case Files
 - Form III-2, Summary of Tenant Case Files
 - Form III-3, Case File Status Chart (Property Owner)
 - Form III-4, Communication Log
 - Form III-5, Case File Status Chart (Tenant)
 - Form III-6, Appointment Sign-up Sheet
 - Form III-7, What Should I Bring to My Individual Appointment?
 - Form III-8, Monthly Project Status Report
 - Form III-9, Quarterly Financial Status Report

- Form III-10, Meeting Checklist for Property Owners
- Form III-11, Preliminary DOB Research Request
- Form III-12, Meeting Checklist for Tenants
- Form III-13, Project Completion Certificate

CHAPTER 1 — BEFORE YOU DO ANYTHING ELSE . . .

COMPLETE ACTIVITIES FROM PHASE II, CHAPTER 3

Chapter 3 of Phase II suggests activities you could do to prepare for receipt of your sub-grant. If you have not yet completed any of those activities, complete them now. They include:

- Identifying your sub-grant administrator
- Preparing for a town meeting and preparing a press release
- Drafting contracts for services
- Drafting local policies and procedures

CAREFULLY REVIEW YOUR SUB-GRANT AGREEMENT

Read your entire sub-grant agreement. If you have any questions or need copies of referenced forms and documents, contact your local procurement office or your State Grant Administrator. At this stage, your primary concern is to understand the sub-grant agreement and your community's rights and responsibilities. Do not implement your project until you fully understand your obligations.

GATHER COPIES OF APPLICABLE REGULATIONS AND PROCEDURES

The following regulations found in the Code of Federal Regulations (CFR) are relevant to sub-grant administration:

- 44 CFR, Parts 13, 14, and 206
- 49 CFR, Part 24

Your State also has regulations and procedures covering the administration of sub-grants. Acquaint yourself with them and keep them on hand to refer to throughout implementation. If you do not have copies, contact your State Grant Administrator.

CHAPTER 2 — SET UP YOUR SUB-GRANT ADMINISTRATION SYSTEM



Good Idea

If possible, given your community's existing computer systems, use electronic spreadsheets and databases to maintain records. If your community does not already have an electronic financial management system, consult with your State Grant Administrator. Your State should be able to suggest software products or provide guidance on what to look for in a product.

SET UP YOUR FINANCIAL RECORD-KEEPING SYSTEM

Because the funds for your sub-grant originate with FEMA, a Federal agency, you must keep careful financial records. Consult with your community's finance or procurement office, or your State Grant Administrator, for guidance if necessary.

Depending on your community's financial management system, your first step is to either establish separate charge codes or open separate non-interest-bearing checking accounts exclusively for managing your property acquisition project funds. Keep matching funds (State, local, or private) separate from FEMA funds.

A good financial record-keeping system has these characteristics:

- Complies with Federal grant management guidelines as dictated by the Office of Management and Budget (OMB)

- Documents and “tracks” all funds originating from FEMA
- Documents and “tracks” all funds and in-kind services received from matching sources (e.g., State and local match, including Community Development Block Grants)
- Documents and “tracks” all monies paid out and the sources of monies paid out (e.g., Federal or non-Federal share)
- Has internal controls governing the management of funds and records
- Is regularly audited by an independent auditor

See below for further explanations of these characteristics.

■ Complying with OMB guidelines

OMB outlines general principles of allowable costs using Federal funds. To comply with OMB guidelines, be aware of the following.

Allowable costs

Generally, allowable costs are costs that are:

- Necessary and reasonable for performance and administration of the sub-grant
- Allocable to the sub-grant
- Authorized or otherwise permitted under State and local laws and regulations
- Consistently applied as either a project or administrative cost

Tool III-1

Refer to Tool III-1, Allowable and Unallowable Costs, for a general understanding of OMB guidelines. If you have questions about a cost that is not listed, contact your local procurement office or State Grant Administrator for guidance.

A community may not spend sub-grant funds on an item that was not included in its budget or scope of work without prior approval from the State and FEMA.

Allocable costs

Allocable costs are the costs of goods and services necessary to conduct required sub-grant activities, and, therefore, are properly allocated to the sub-grant and paid for by sub-grant funds. Your project costs (e.g., appraisal, title examination, relocation, and demolition costs, etc.) are allocable costs.

Reasonable costs

Reasonable costs are practical expenses that any prudent person in similar circumstances would assume. Expenses are considered reasonable if they are:

- Ordinary and necessary for the management of sub-grant activities
- Within the confines of Federal, State, and local laws and regulations
- Based on market prices for comparable goods and services

Direct versus administrative costs

- Direct costs are project costs allocable to a specific cost objective. Your project costs are direct costs.
- Administrative costs are the general costs to the community to coordinate the project and meet Federal reporting and record-keeping requirements.

Cost overrun and underrun

- A cost overrun is an unanticipated increase in the total cost of the project.
- A cost underrun is an unanticipated decrease in the total cost of the project.

A cost overrun or underrun often is the result of the difference between an estimated cost and an actual cost.

Change in scope

A change in scope often results in a change of cost. Only your State, with FEMA's approval, can authorize changes in scope and any associ-

ated changes in costs. *Immediately notify your State Grant Administrator if a change in scope might occur. Do not perform any activities that change the scope of your sub-grant without the expressed, written approval of your State Grant Administrator.*

Program income

Your acquisition project might generate program income before you closeout your sub-grant. Program income can result from the sale of salvage or the lease of acquired property. Unless the State directs otherwise, any income generated before the sub-grant period ends must be used to defray the overall costs of the project. This in turn will reduce the total sub-grant funding.

For example, if the total cost estimate for a project is \$12,000, but salvage is sold for \$2,000 before sub-grant closeout, that \$2,000 is program income. Consequently, total cost for the project would be \$10,000 (\$12,000 minus \$2,000). Therefore, the Federal share for this project would be no more than 75 percent of \$10,000, or \$7,500. The community would be responsible for at least 25 percent, or \$2,500.

Once the sub-grant is closed out, any income generated by the property belongs to the community as titleholder.

■ **Documenting and tracking project funds**

Ensure that your financial management system can document and track all the funds you acquire and spend for your property acquisition project. Make sure that your system allows you to *track FEMA funds separately from local match funds*. At project closeout you must document that non-Federal funds were used to pay for at least 25 percent of the total project cost.

To best track project funds, keep separate charge codes or non-interest-bearing checking accounts for FEMA and matching funds. Every time you deposit or withdraw from one of these accounts, document it on a spreadsheet or some other type of log. For deposits, track the sources of the funds, means in which they were provided (cash, check, etc.), and dates they will be available. For withdrawals, track the sources of funds;

to whom and why they were disbursed; dates of payment; and check numbers. Also document the value of in-kind services. A sample spreadsheet that tracks funds can be found in the Toolkit (Tool III-2).

Tool III-2

■ Managing funds and records

Establish internal controls for managing funds and records. For guidance, consult with your community's finance or procurement office, or your State Grant Administrator. Internal controls usually begin by limiting access to funds and financial records to only a few authorized individuals.

■ Auditing

The Federal Government requires having project funds regularly audited by an independent auditor. Such audits also are in your best interest. Consider asking the Certified Public Accountant who completes your yearly or bi-yearly audits to audit your property acquisition funds in accordance with the Single Audit Act. Depending on the size of your community and the amount of Federal funds received, use the following Federal guidelines as the minimum audit requirements:

- If you expend \$300,000 or more in Federal funds in any 1 fiscal year, you must have a single audit completed.
- If you receive between \$25,000 and \$300,000 in Federal funds in any 1 fiscal year, and choose not to have a citywide or county wide single audit, you must conduct individual grant audits.
- If you receive less than \$25,000 in Federal funds in any 1 fiscal year, you are exempt from complying with Federal audit requirements. However, you are still subject to State and local auditing requirements.

SET UP YOUR PROPERTY ACQUISITION PROJECT FILING SYSTEM

Good Idea

Use classification folders that are divided into several sections to organize your documents within each file.

■ Sub-grant file contents

Keep the following in your sub-grant file:

- Sub-grant agreement and any amendments to it
- Financial records including copies of each quarterly financial status report and all funds documentation and tracking
- Commitment letters (from non Federal sources)
- Schedule depicting estimated and actual milestones
- Copies of reports
- Correspondence with your State
- Property site inventory as updated from your sub-grant application, identifying properties actually being acquired
- Summary of property owner case files including the following information about each:
 - Property owner name
 - Property address
 - Fair market value (FMV)
 - Duplication of benefit (DOB) deduction
 - Purchase price (FMV less DOB deductions)

- Case file contents log (to be checked off as completed for each property)
 1. Statement of Voluntary Participation
 2. Affidavit
 3. Determination of value (e.g., preliminary assessment and final appraisal)
 4. Income Status Worksheet (if applicable)
 5. Offer Letter
 6. DOB settlement sheet, provided by FEMA, and copies of receipts for repairs
 7. Proof of ownership and a copy of title insurance policy provided by the title company
 8. Deed with restrictive covenants (or easement with restrictive covenants)
 9. Closing statement, provided by title company
 10. Copy of each check written per the closing statement
 11. Verification of relocation or demolition

A sample Summary of Property Owner Case Files is provided in the Toolkit (Form III-1).

Form III-1

- Summary of tenant case files including the following information about each:
 - Tenant name
 - Property address
 - Case file contents log (to be checked off as completed for each tenant)
 1. Letter of preliminary notification
 2. Letter of relocation assistance eligibility

3. 90-day notice to vacate, if applicable
4. 30-day notice to vacate, if applicable
5. Income Status Worksheet, if applicable
6. Tenant Relocation Assistance Application and Worksheet
7. Receipts
8. Copy of each relocation assistance check written

Form III-2

A sample Summary of Tenant Case Files is provided in the Toolkit (Form III-2).

Contractor file(s) contents:

- Contracts
- Invoices
- Copies of checks or other payment documentation
- Correspondence
- Other

■ **Property owner case file contents**

Set up a file folder for each eligible property owner. Keep a Property Owner Status Chart and a Communication Log inside the front cover. Summarize the communication every time a project team member meets with or speaks to a property owner. A sample Case File Status Chart for property owners and a sample Communication Log can be found in your Toolkit (Forms III-3 and III-4). By closing, each property owner case file should contain:

Forms III-3 & III-4

- Offer Letter. (See Form II-8). For each property owner, prepare a letter signed by a community official that states the determined value of the property and instructions to the owners for conducting negotiations.

- ❑ Determination of value (preliminary and final). The preliminary determination is the value of the property as identified on your application. The final determination is the price your community is willing to pay for the property, which you attach to the offer letter. (See Form II-8.) The final determination of value is the FMV, as determined by a State-certified or -licensed professional appraiser, less any DOB.
- ❑ Statement of Voluntary Transaction. (See Form II-9). Each owner must sign a statement indicating that he or she understands the buyout program is voluntary and he or she can decline to sell at any time prior to closing.
- ❑ Affidavit. (See Form II-10). Each property owner must sign a statement disclosing all Federal disaster assistance benefits received in conjunction with the event leading to this property acquisition.
- ❑ Proof of DOB (settlement sheet provided by State). The settlement sheet identifies any DOB that must be deducted from the FMV and any payments due to the U. S. Small Business Administration (SBA) at closing. Attach copies of receipts for repairs to the settlement sheet.
- ❑ Proof of ownership. The title company conducting the title search should provide a letter indicating who the legal owner(s) is, if any outstanding liens exist, copy of title insurance policy, etc.
- ❑ Deed with restrictive covenants (or easement with restrictive covenants). Each deed filed by the community for the purchase of property using FEMA or matching funds must include the restrictive covenants discussed in Phase II (Forms II-11 and II-12).
- ❑ Closing statement. The real-estate attorney should provide a copy of the closing statement indicating the flow of funds from the market value price to the proceeds the owner received.
- ❑ Copies of checks. Keep a copy of each check written to the property owner as verification that he or she was paid in accordance with the closing statement.

- ❑ Verification of relocation or demolition. The best evidence is a picture of the vacant lot with either an invoice from the demolition contractor marked “paid in full” or a copy of the check written to the contractor.

Also include other items, such as questionnaires, correspondence, appeals, special approvals, and State-specific documentation in the case file.

■ Tenant case file contents

As with each property owner, set up a file folder for each eligible tenant and maintain a Case File Status Chart and a Communication Log. A sample Case File Status chart for tenants is included in the Toolkit (Form III-5). By closing, each tenant case file should contain:

Tool III-3

- ❑ Letter of Notification (see Tool II-3). As soon as you notify property owners that their properties are eligible for acquisition, notify any tenants of those properties that the property might be sold and advise them of their rights, responsibilities, and options. Keep a copy of the letter and proof of delivery in the case file.

Tool III-4

- ❑ Notice of relocation eligibility. (See Tool III-3 for a sample.) This notice informs tenants that their landlord has accepted an offer to sell their home and, consequently, they are now eligible for relocation assistance benefits. Keep a copy of the letter and proof of delivery in the case file.

Tool III-5

- ❑ 90-day notice to vacate. (See Tool III-4 for a sample.) Send a 90-day notice to vacate to any tenant still residing in a property being acquired immediately after the property owner accepts the community’s offer to purchase (the same day if possible). Keep a copy of the letter and proof of delivery in the case file.
- ❑ 30-day notice to vacate (See Tool III-5 for a sample). Send a 30-day notice to vacate to tenants as applicable. Keep a copy of the letter and proof of delivery in the case file.

- Tenant Relocation Assistance Application and Worksheet. (See Form II-13.) This application/worksheet, to be completed at the tenant's individual appointment, determines whether the tenant is eligible for relocation benefits and, if so, how much. Give the tenant a copy and keep a copy of the completed application/worksheet in the tenant case file.
- Receipts. Tenants must submit proof of moving expenses and decent, safe, and sanitary replacement housing. Proof can take the form of receipts from a moving company, copies of utility bills, copies of leases, etc.
- Copies of checks issued. Keep a copy of each check written for relocation or moving assistance.

Also include other items, such as questionnaires, copies of correspondence, appeals, special approvals, and State-specific documentation.

BUDGET YOUR ADMINISTRATIVE COSTS

■ Determine your eligible amount.

The total amount of your sub-grant determines the total amount you will receive for administrative costs. Determine your administrative funding as follows:

- For the first \$100,000 of the sub-grant award, budget 3 percent (.03)
- For the next \$900,000, budget 2 percent (.02)
- For the next \$4,000,000, budget 1 percent (.01)
- For any amount over \$5,000,000, budget ½ percent (.005)

For example, if you are awarded a \$500,000 sub-grant, budget your administrative costs as follows:

Project Costs	Scale	Administrative Costs
\$500,000	\$100,000 X .03	\$3,000
(\$500,000 - \$100,000) \$400,000	\$400,000 X .02	\$8,000
0	\$0 X .01	\$0
0	\$0 X .005	\$0
Total Administrative Costs		\$11,000

The total allowable administrative cost using FEMA funds is \$11,000.

If you are awarded \$6,000,000, budget your administrative cost as follows:

Project Costs	Scale	Administrative Costs
\$6,000,000	\$100,000 x .03	\$3,000
(\$6,000,000-\$100,000) \$5,900,000	\$900,000 x .02	\$18,000
(\$5,900,000 - \$900,000) \$4,000,000	\$4,000,000 X .01	\$40,000
(\$5,000,000 - \$4,000,000) \$1,000,000	\$1,000,000 X .005	\$5,000
Total Administrative Costs		\$66,000

The total allowable administrative cost using FEMA funds is \$66,000.

■ Document and track all administrative expenses.

Tracking and documenting your administrative expenses are good accounting practices. Forms of documentation include:

- Timesheets and either copies of payroll checks or payroll receipts
- Receipts for supplies and equipment purchased, and either copies of checks or other payment documentation
- Inventory of equipment, and either copies of checks or other payment documentation

CHAPTER 3 — FINISH WHAT YOU STARTED



IMPLEMENT POLICIES & PROCEDURES

Now that you have actual sub-grant funding, you might need to revise your draft policies and procedures. Also, determine whether all property owners who originally signed up still want to participate. Discuss any potential changes to your project as it is identified in your sub-grant with your State Grant Administrator. *Do not implement any changes to your project without first seeking approval from your State.* Then, finalize your draft policies and procedures, develop any necessary ordinances and resolutions, and submit all documents to your State for approval.

Once your State approves your policies, procedures, etc. implement them as you would any other. Do not begin your property acquisition project before you have enacted all policies, procedures, etc. that will affect the project. Publicize those policies, procedures, etc. and ensure that all participating property owners, tenants, and others who might be directly affected are aware of them.



SUBMIT PRESS RELEASE & CONDUCT TOWN MEETING

■ Prepare to conduct a town meeting.

The purpose of this meeting is threefold: announce award of the sub-grant; explain policies, procedures, etc. governing the property acquisition project; and begin acquisition proceedings.

You might have started preparing for this town meeting as suggested in Phase II. If you have not yet begun preparing for this town meeting, do

so now. Refer to the Town Meeting Checklist (Tool I-4). In addition to completing the checklist:

- Update/finalize milestones. Now that you have been awarded a sub-grant and are prepared to begin your property acquisition project, adjust your time line and milestones to reflect the current date, resources, and expected participants.
- Establish blocks of time for individual appointments with property owners. After this town meeting, the community will begin negotiations with property owners. Since details of the negotiations are specific to each property owner, meeting with them individually allows the project team to more easily resolve questions and concerns, ensure understanding of responsibilities, and obtain property owners signatures on all necessary documents. Select blocks of time when project team members are available and plan to have “sign-up” sheets at the town meeting so property owners can schedule appointments.
- Develop “sign up” sheets for property owner appointments. Plan approximately one hour for each appointment. Be sure that the time, date, location, and name of the project team member who is conducting the meeting are all clearly marked on each sign-up sheet. A sample sign-up sheet is provided as Form III-6.
- Anticipate individual appointments with tenants. Explain that you will notify each tenant to schedule an individual appointment as you conclude negotiations with the rental property’s owner. During the appointment, answer the tenant’s questions, address the tenant’s concerns, and help the tenant complete a relocation assistance application.

Form III-6

Good Ideas

- 1 Make evening and/or weekend appointments available for property owners and tenants who cannot meet during the day.
- 2 If your community is acquiring many properties and will have many individual meetings, use pre-printed, bound calendars with hourly appointment slots as sign-up sheets. Provide one calendar for each project team member who will be conducting meetings.
- 3 If possible, assign project team members to meet with either property owners or tenants, not both. They will be better able to focus on the issues concerning their audience and will develop extensive knowledge of their part of the process more quickly.

■ Conduct town meeting.

During this town meeting:

- Announce award of the sub-grant
- Explain and provide copies of policies, procedures, etc. regarding:
 - Property acquisition criteria
 - Fair market value (FMV)
 - Appraisals
 - Property taxes
 - Amount of acreage per property to be acquired
 - Relocation
 - Demolition

- Salvage (what the owner may and may not remove from the property)
 - Vacating property
 - Mobile homes
 - Tenants
 - Appeal process
- Explain milestones. Make the property owners and tenants aware of project goals. Understanding the overall time line and knowing certain milestones clarify how their responsibilities affect the rest of the project, and encourage treating deadlines seriously. Also, emphasize all tasks that must be completed before any buyout checks will be issued, and solicit their support.
- Review the voluntary nature of acquisition. Remind property owners that participation in the property acquisition project is voluntary, and all participants can withdraw from participation at any time up until closing. Also remind them that, since they are choosing to sell their homes, they are ineligible for relocation assistance. (See Tool I-7.)
- Review property owners' obligations. Re-emphasize that the property owners' full cooperation and participation will help the process move more quickly and smoothly. (See Tool I-7.)
- Duplication of benefits (DOB). Remind property owners that certain funds from other sources, such as some disaster assistance and insurance will be counted toward the purchase price of their home unless they can document that the money was spent on approved home repairs. Emphasize the importance of retaining all receipts and disclosing all previously collected benefits. Bring copies of fact sheets distributed during the town meeting in Phase II to distribute as necessary. (See Forms II-2, II-3, and II-4.)
- Request that property owners sign up for appointments. Explain that the project team would like to meet individually with each eligible property owner and tenant to address individual concerns and complete necessary forms. Distribute Form III-7 (What Should I Bring to My Appointment?) and copies of the following items to property

Form III-7

owners and tenants, as appropriate. They will be completed and signed during appointments.

- Statement of Voluntary Participation
 - Affidavit
 - Income Status Worksheet (if applicable)
 - Tenant Assistance Application and Worksheet
- Compile minutes. Designate a recorder to compile the minutes of the meeting.

Tools III-6 & III-7

The Toolkit contains a Sample Agenda (Tool III-6) and Sample Presentation Notes (Tool III-7).



PROCURE NECESSARY SERVICES

Special Note

To comply with FEMA's requirements, your State will not approve percentage-of-cost contracts, or any contract where payment for work is contingent on Federal reimbursement. Any work performed under either type of contract will be ineligible for Federal and State funding. Firm-fixed-price, and time and material contracts generally are acceptable.

■ Develop bid packages.

The bid package is a bidder's main source of information about the community's wants and needs. Finalize any draft specifications you have started, revising them per your sub-grant as necessary, and submit them to your State for approval. Include the final bid specifications

(after they have been approved by your State), any standard bidding forms (if applicable), and any supplemental information helpful to bidders in the final bid package. Be sure to include the date and time bids are due.

■ Issue bid packages.

Make the full bid packages available at a central location for review by prospective bidders. Advertise the request for bids in local newspapers, on community bulletin boards, and through announcements at local professional association meetings. A sample Request for Bids can be found in the Toolkit (Tool III-8).

Tool III-8

Good Idea

Consider allowing prospective bidders to photocopy the bid package, or providing a photocopy of the package for a small fee that is returned upon receipt of a bid.

How One State Did It: The State of Minnesota

The State of Minnesota requires that sub-grantees give preference, to the extent practical, to local organizations, firms, and individuals. The State encourages local contracting officers to advertise in the local area, subdivide large projects into smaller contracts when feasible to increase the likelihood of finding a qualified local contractor, and stress in the bid announcement and package that contractors who purchase resources and hire employees from the mitigation project area will receive first priority.

- **Evaluate bids received.**

Open the bids on the date and at the time announced in the bid package and request for bids. You should accept the lowest, technically acceptable bid. However, you may reserve the right to evaluate the bids more carefully before entering into a contract. If you choose to accept a bid other than the lowest one, you must justify your choice. Check with your local procurement office or State Grant Administrator.

- **Award contracts to successful bidders.**

Once a bid is selected, create a file for the contractor and award the contract. Keep a copy of the contract and all invoices in the contractor's file. Also keep a list of all bidders with proof that the project was given to the lowest bidder or justification why it was not.

CHAPTER 4 — ACQUIRE THOSE PROPERTIES!

General Note

You are required to submit periodic reports of the status of your project and funds you have expended. If your State does not have forms to provide to you, use the Monthly Project Status Report (Form III-8) and Quarterly Financial Status Report (Form III-9) provided in the Toolkit.

Forms III-8 & III-9

MEET WITH PROPERTY OWNER

- **Confirm appointments with property owners.**

Depending on the number of properties you plan to acquire, you might schedule appointments up to six weeks or more in advance. Since much of your community will be focused on rebuilding, some people are likely to forget their appointments, especially those that are weeks away. Therefore, call and/or send a reminder letter to confirm appointments.

- **Follow up with eligible property owners who did not sign up at the town meeting.**

Participation in a property acquisition project is often mutually beneficial for the community and the property owner; encourage everyone who is eligible to participate. If some people did not attend or sign up for an appointment at a town meeting, investigate the situation. Elderly or physically challenged people might not have signed up simply due to problems with transportation; others might be concerned about finding replacement housing. If the project team can help resolve their concerns (such as by providing transportation or meeting at the property owner's home, helping them find housing), the property owners might be more than willing to participate.



■ Conduct meeting with individual owners.

The purpose of the meeting is to ensure that each property owner understands all policies and restrictions that affect the acquisition of his or her property, and to collect any missing data. The more you verify at this meeting, the more likely your documents will be complete and accurate, and your property owners will be satisfied. The Toolkit contains a checklist (Form III-10) to help you prepare for and conduct the meeting. During the meeting:

- Ensure property owner understands property acquisition in general, duplication of benefits (DOB), and all community policies and procedures.
- Confirm information previously gathered.
- Obtain property owner's signature on Statement of Voluntary Participation and Affidavit.
- Ensure property owner correctly completes an Income Status Worksheet (if applicable).
- Collect receipts and attach them to the Affidavit.
- Schedule the appraisal and ensure property owner understands the community's policy regarding second appraisals.
- Request the property owner to complete and return the hazardous materials property survey (Form II-14) by the required date. Provide a self-addressed, stamped envelope. Emphasize the date the completed survey is due back to you.

When you are finished, remember to document your meeting in the property owner's case file.

■ Follow up with individual property owners.

- Remind property owner of scheduled appraisal 24 to 48 hours beforehand. A sample reminder letter can be found in the Toolkit (Tool III-9).

Tool III-9

- Remind property owner to return hazardous materials property survey, as necessary.
- Meet with property owner to discuss the completed hazardous materials property survey and abatement of hazardous materials, as necessary.

CONDUCT TITLE SEARCH & APPRAISAL

Conduct a title search for each property to ensure that:

- The owner selling the property is also the titleholder
- The title is clear at the time of sale and has no mortgages, outstanding liens, incompatible easements, or other encumbrances to the property

Also have the property appraised by an independent appraiser to determine the fair market value (FMV). Use this appraisal, subtracting any DOB, to determine the purchase price offered to the property owner.



DETERMINE DUPLICATION OF BENEFITS

■ Develop and submit preliminary DOB research request.

Develop a Preliminary DOB Research Request form with the following information:

- Property owner name
- FEMA control number or Social Security Number if FEMA control number is not available
- Address of damaged property
- Telephone number (both day and evening) where property owner currently can be reached



- National Flood Insurance Policy (NFIP) policy number
- Five-digit NFIP company code
- Insurance agent's name and telephone number
- Indication whether any repairs have been made

Submit the completed form to your State. Your State and FEMA will use this information to begin compiling DOB determinations for your property owners. However, they will not send you an official DOB settlement sheet for any property owner without an official determination request. A sample Preliminary DOB Research Request form is provided in the Toolkit (Form III-11).

Form III-11

■ **Submit request for official DOB determination.**

When closing on a group of properties, compile any new DOB data for those properties and submit an official letter of request for determination for those specific properties to your State. The official DOB determination request should follow these guidelines:

- Use official community letterhead signed by an authorized agent. (If the agent is a private contractor hired to oversee the closing, enclose a letter signed by a community official granting the agent authority.)
- Include the following or similar disclaimer: "The disaster assistance award information will be used only for the purpose of avoiding duplication of benefits for a property acquisition project."
- For each property to be acquired and listed on the Preliminary DOB Research Request form identify the FMV as agreed to by the property owner. (This value should be the result of the appraisal and any negotiations with the property owner.)
- For each property owner, enclose a signed Affidavit with attached receipts.

A sample official DOB determination request can be found in the Toolkit (Tool III-10).

Tool III-10

■ Obtain DOB settlement sheets.

Your State will provide a settlement sheet for each property owner. The Settlement Sheet identifies all deductions and credits applicable to the purchase price. The property owner must sign the settlement sheet at closing. Closing cannot proceed until all claims have been settled.

MAKE OFFER TO PROPERTY OWNER

Using information from the DOB settlement sheet and appraisal, finalize an offer letter for each property owner. The offer letter should include:

- A purchase price for clear title to the property
- A determination of compensation
- A statement that the acquisition is voluntary
- An explanation of the property owner's right to appeal



■ Distribute notice of relocation eligibility to tenants.

If you make an offer to the owner of a rental property, immediately notify the tenants of that property that they might be eligible for relocation assistance. If possible, send notices of relocation eligibility to tenants (see Tool III-3) the same day you send the offer letter to the owner.

Good Idea

Send offer letters by certified mail or some other secured means that provides tracking and proof of delivery. Also maintain proof of delivery records for each property owner.



PROPERTY OWNER ACCEPTS OFFER

At this point, the property owner must decide whether or not to sell his or her property for the purchase price the community has offered. If the owner accepts the community's offer, proceed. If the owner rejects the offer and wishes to terminate negotiations, stop closing proceedings on that property. If the owner submits an appeal, stop closing proceedings pending the resolution of the appeal.

■ Follow up with property owners, as necessary.

Remember to contact property owners with the answers to any questions you could not answer at the individual meeting. Also, schedule a time to inspect the property. Encourage them to attend the inspection to review the property and answer any questions.

■ Inspect property.

When the offer letter has been executed, inspect the property to:

- Ensure hazardous materials per the Hazardous Material Property Survey/ Individual Property Survey Form have been abated
- Ensure fixtures included in the appraisal have not been removed

■ Finalize deed (or easement) restrictive covenants.

Per the assurances on your application, all deeds or easements must place permanent restrictions on the property (see Form II-11). Restrictions include:

- The property shall be dedicated and maintained in perpetuity for uses compatible with open space, recreational or wetlands management practices
- No structures shall be built on the property unless they are public facilities, functionally related to open space usage, wet floodproofed, and open on all sides or are rest rooms
- No future Federal disaster assistance in any form will be sought or given with respect to the property

■ Distribute a 90-day Notice to Vacate to tenants and schedule an appointment.

As soon as a property owner accepts the community's offer to purchase a rental property, any tenants of that property automatically become eligible for relocation assistance. Immediately notify the tenant of his or her eligibility and request to schedule an individual appointment to complete a Tenant Relocation Assistance Application and Worksheet. Also, issue the tenant a 90-day notice to vacate.

Timing for the 90-day notice is essential because the tenant must move early enough for the community to demolish the structure before the end of the 90-day period after closing. Properties should be vacant by closing. Allowing owners or tenants to remain on the property after closing can cause serious problems; avoid those problems by ensuring properties are vacant before the closing.

■ Meet with each tenant.

The purpose of this meeting is to ensure that tenants understand all policies and restrictions that affect their relocation eligibility and benefits, collect any missing data, and complete the Tenant Relocation Assistance Application and Worksheet. The more you verify in this meeting, the more likely your documents will be complete and accurate, and the faster you can provide assistance funds and help the tenant move. Included in the Toolkit is a checklist (Form III-12) to help you prepare for and conduct this meeting.

Good Idea

Consider ordering and distributing copies of U. S. Department of Transportation publication No. FHWA-PD-95-010, "Your Rights and Benefits as a Displaced Person," to tenants affected by the property acquisition project. This publication, intended for public distribution, helps tenants understand their rights and responsibilities with regard to relocation benefits under the Uniform Relocation Assistance and Real Property Acquisition Policies Act.



REQUEST FUNDS FROM STATE

Once several offers have been accepted but prior to closing, request funds from your State in the total amount necessary to pay those owners. Generally, States disburse funds on a regular schedule, so adhere to that schedule and conduct closings accordingly. A few days after submitting your request, call to ensure the State received it and ask when you can expect to receive the funds.

■ Schedule closing.

Schedule the closing only after you are sure the funds will be available to disburse to the property owner. If the community has the funds to cover payment before receiving grant funds from the State, then schedule the closing at a time convenient to the property owner and the community representative. But if the community is relying on grant funds to cover the acquisition payment, wait until the State forwards payment before scheduling the closing.

When scheduling the closing, also consider when the property will be vacated. Schedule the closing when the property will be vacant by the closing date or soon thereafter, according to community policy.

■ Distribute 30-day Notice to Vacate.

Mail, or otherwise distribute, a 30-day Notice to Vacate to tenants, as appropriate.



CONDUCT CLOSING

The community pays the fair and reasonable costs normally associated with a real-estate closing, including costs of title transfer, recording fees, transfer taxes, and evidence of title and legal description. The property owner is responsible for recording fees necessary to clear existing mortgages, liens and encumbrances from the deed, as well as past or present property taxes.

Also during the closing, obtain final evidence of title showing the community as owner of the property, including documentation of a recording with the county recorder of deeds. This, along with the following documents, should be added to each property owner case file: a final title insurance policy that insures the community has free and clear title to the property, a recorded warranty deed, and copies of all disbursement checks.

CLEAR AND INSPECT LAND

After the property is vacated:

- Relocate structures, as applicable
- Take possession of keys to remaining structures
- Secure remaining structures (i.e., lock and board windows, and lock doors)
- Disconnect electricity and gas
- Turn off water and other utilities
- Post signs (e.g., "No trespassing by order of __. Violators will be prosecuted to the fullest extent of the law.")
- Demolish remaining structures as soon as possible, but no later than 90 days after closing
- Inspect cleared land



Congratulations! You have done it! You have successfully removed people from harm's way, and reduced the financial and emotional costs of a future disaster. You also have created open space that your community can now enjoy in any number of ways. **Phase IV — Open Space Management** will help you make your open space vision a reality.



CHAPTER 5 — CONDUCT SUB-GRANT CLOSEOUT

If you have maintained good files, managed your finances properly, and kept your State Grant Administrator apprised of changes, you have already taken the first steps toward sub-grant closeout. Sub-grant closeout is the process of officially “closing the books” on your community’s property acquisition project. Closing out a sub-grant does not affect FEMA’s right to disallow costs and recover funds on the basis of a later audit or review, or your community’s obligation to return any funds due as a result of later refunds, corrections, or other transactions.

Specific procedures might vary in your State, but generally to closeout a sub-grant:

- Submit a final Monthly Project Status Report and Quarterly Financial Status Report. Clearly mark them as final.
- Request final funds, if applicable. Request any administrative funds that have not yet been disbursed. If you still have to complete the last of the property closings, or have just completed the final ones, you also might need to request final project funds.
- Make all final payments to property owners, contractors, and vendors.
- Return unused funds to your State, if applicable.
- Submit a Certification of Completion once all costs have been paid and unused funds returned. If your State does not provide one for you to use, use the generic Certification of Completion in the Toolkit (Form III-13).
- Make files available for State inspection and audit. Closeout procedures will vary from state to state, but should be accomplished within 90 days of their receipt of your Certificate of Completion. Usually a State representative will review projected and actual work schedules, all property files (or a representative sample), all documents pertaining to the use of Federal funds, all procurement files,

Form III-13

and all contracts to third parties. The reports generated from the review will be compared to the sub-grant agreement. Any significant differences will be reported to your State Hazard Mitigation Officer. The State will take corrective action if necessary.

- Retain files for at least three years after closeout is completed.