



Due Diligence Process

Overview

The Boulder County Collaborative (BCC) adopts the following process for verifying due diligence of actions taken to ensure persons or entities receiving CDBG-DR funds are in compliance with program requirements for Housing Assistance Programs and the Buyouts & Acquisitions Program. Each of these categories will be addressed separately in the document below.

Housing Assistance Programs

The BCC Partners will undertake the following Due Diligence Process to ensure that applicants for the following Housing Assistance Programs (HAP) have ample opportunity to participate in the housing program once they become non-responsive, that various agencies, entities or businesses are contacted for the purpose of 3rd party verification of potential duplication of benefits, and that one year following grant award, beneficiaries are contacted to verify post-award compliance with their grant or loan. HAP programs include Home Repair/Replacement, Temporary Rental Assistance, Down Payment Assistance, Home Access and Elevations.

Due Diligence Process

A. Non-Responsive Applicant Pre-Award

In the case of a non-responsive applicant to a housing assistance program, the partner will make efforts to obtain needed documentation to complete an award and determine if there is a duplication of benefits (DOB). If after following the Due Diligence Process there is no response from the applicant, the applicant will be determined ineligible for the CDBG-DR program(s) to which they applied.

Process for Non-Responsive Applicant

- The applicant will begin the CDBG-DR process by completing an application and returning it with the required supporting documentation to the partner. The applications for the HAP programs include space for the applicant to list the contact information of two people who do not live in the household and may be contacted in order to follow up with the applicant.
- The application will be reviewed and any deficiencies identified, including information not completed on the application and/or missing required documentation. The BCC Partner will request the missing

information or documentation in writing by letter, email, and/or fax. Missing information or documentation must be provided by the applicant within **15 days** of the date of the letter.

- If the applicant does not provide the requested documents within 15 days, the partner will mail an incomplete application letter to the applicant requesting the required information or documents. The applicant will have **15 days** from the date of the second letter to provide the missing information or documents.
- If there is no response to the incomplete application letter after 15 days, the partner will mail a second and final due diligence letter by certified mail to the address listed on the application. The partner will also attempt to reach the applicant by phone or email to get a current address. These calls will be logged on the due diligence form including date of call, who was called, who was spoken with, and which staff member placed the call.
- If the homeowner does not respond within **10 days** of the date of the the **certified letter**, the partner will complete the Due Diligence Form and the applicant will be determined ineligible for the program(s) to which they applied.
- The BCC partner will mail the Due Diligence Ineligible letter along with the appeal procedure to the applicant at the mailing address listed on the application.

B. Non-Response for 3rd Party Verification of DOB

In the case of 3rd party verification for duplicated benefits (DOB) or items requiring verification external to the program, the partner will implement the following Due Diligence Process to make every effort to obtain required documentation. If after following this process, the documentation is not received from a 3rd party, the partner will use the documentation provided by the applicant along with an applicant certification to complete processing the award.

Process for Non-Response on 3rd Party Verification

- The BCC Partner will request the disclosure of all financial assistance provided to applicants from the following agencies, entities, and/or businesses regarding duplication of benefits according to the State's and BCC's DOB policies.
 - FEMA
 - SBA
 - Boulder County Long-Term Flood Recovery Group
 - The OUR Center
 - Boulder County Division of Housing and Human Services
 - Community Fund
 - Can'd Aid
 - Catholic Charities
 - Insurance companies by which applicants have received a payout or have been denied a payout from an insurance claim
 - Other organizations as identified
- Financial assistance requested to be disclosed includes, but is not limited to, assistance for rent, replacement housing, home repairs, food and gas, clothing, and/or the purchase of other personal property.

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- All applicants will sign a Consent to Release Information form, permitting the above organizations to release financial information to the City of Longmont or Boulder County.
- A request for information will be mailed to the appropriate agencies with a copy of the release signed by the applicant. Organizations will be requested to respond in writing regarding any and all financial assistance they have provided to applicants in response to the September 2013 flood. Organizations will be requested to respond within 15 days of the date of the letter.
- If no response from an organization is received by the BCC Partner within 15 days, another request will be mailed out. The second attempt will also request that a response is given within 15 days of the receipt of the letter.
- If after the second attempt to gather information, there is no information provided by the organization, the partner will document that the organization is non-responsive and will proceed with determining an applicant's eligibility for the Housing Assistance Programs using any financial assistance documented by the applicant or otherwise verified by the BCC Partner.
 - An applicant will sign a Duplication of Benefits Certification and a Beneficiary or Participant Agreement stating that they have and will report all financial assistance received in response to the September 2013 flood and that they are liable to repay any duplication of benefits up to one year after the receipt of CDBG-DR assistance.
- For applicant's projects completed prior to October 5, 2016, when requests for information were not mailed out to the third-party organizations, Boulder County can accept the completed post award compliance documents or one-year compliance documents from those awardees as third party verifications for additional funds received.

C. Non-Responsive Beneficiary Post-Award

Following award and completion of the assistance requested, the BCC Partner must verify one year after close-out of the activity, that the beneficiary has not received additional funds after close or funds not reported prior to close. Applicants receiving awards are "beneficiaries" of federal assistance and must verify on-going compliance with the CDBG-DR requirements.

Process for Non-Responsive Beneficiary

- A verification request will be sent from the BCC Partner approximately 1 year following the completion of housing assistance. The request will include verifying that beneficiaries did not receive additional post-award funds from other sources for the same purpose as the assistance provided by the CDBG-DR funds¹, homeowners in 100-yr flood plains will be required to show proof of flood insurance, and if applicable, proof of primary residence.

¹ For Boulder County housing assistance grants completed before October 5, 2016, an additional request for verification of funding received *prior* to award will be required and included in the 1-year Verification.

- The Partner may choose to send the first request for verification by standard or certified mail (if choosing to send certified mail, only one request is needed).
- If there is no response to the first standard letter after 15 days or if the certified letter comes back undeliverable, the Partner will mail a second and final due diligence letter by certified mail (only if first letter did not go out certified mail) to the address listed on the application. The Partner will also attempt to reach the beneficiary by phone or email to get a current address. These calls will be logged on the due diligence form including date of call, who was called, and which staff member placed the call.

Beneficiary Does Not Return Requested Information

- If the Partner has verification that the beneficiary received the request for information, but does not send the information within **15 days** of the date of receiving the request for information, the Partner will send a second **certified letter** stating that the beneficiary may be in violation of the terms of the Beneficiary Agreement and at risk of having to return funds to the program and will continue to take action per the terms of the Agreement.

Buyouts

The BCC will undertake the following Due Diligence Process to ensure that BCC Partners have taken sufficient steps to obtain 3rd Party verification of assistance from various agencies, entities or businesses and at approximately one year following grant closeout, Partners will complete the One Year Post-Award Verification of compliance for beneficiaries receiving assistance under the Buyout Program.

Due Diligence Process

D. Non-Response for 3rd Party Verification

In the case of 3rd party verification for duplicated benefits (DOB) or items requiring verification external to the program, the BCC Partner will implement the following Due Diligence Process to make every effort to obtain required documentation. If after following this process, the documentation is not received from a 3rd party, Partners will use the documentation provided by the applicant along with an applicant certification to complete processing the award. Note that the process listed here for Non-Response to 3rd Party Verification is also applicable to benefits paid to eligible tenants of buyout properties under the Uniform Relocation Assistance and Real Property Acquisition Act (Uniform Act).

Process for Non-Response to 3rd Party Verification of DOB

- The BCC Partner will request the disclosure of all financial assistance provided to applicants from the following agencies, entities, and/or businesses regarding duplication of benefits
 - FEMA
 - SBA
 - Boulder County Long-Term Flood Recovery Group
 - The OUR Center
 - Boulder County Division of Housing and Human Services

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- Community Fund
 - Can'd Aid
 - Catholic Charities
 - Insurance companies by which applicants have been denied a payout from an insurance claim
 - Other organizations as identified
- Financial assistance requested to be disclosed includes, but is not limited to, assistance for rent, replacement housing, home repairs, food and gas, clothing, and/or the purchase of other personal property.
 - All applicants will sign a Consent to Release Information form, permitting the above organizations to release financial information to the BCC Partner.
 - A request for information will be mailed to the appropriate agencies with a copy of the release signed by the applicant. Organizations will be requested to respond in writing regarding any and all financial assistance they have provided to applicants in response to the September 2013 flood. Organizations will be requested to respond within 15 days of the date of the letter.
 - If no response from an organization is received by the Partner within 15 days, another request will be mailed out. The second attempt will also request that a response is given within 15 days of the receipt of the letter.
 - If after the second attempt to gather information, there is no information provided by the organization, the Partner will document that the organization is non-responsive and will proceed with determining an applicant's eligibility for the Buyout Program using any financial assistance documented by the applicant or otherwise verified by the Partner.
 - An applicant will sign a Duplication of Benefits Certification and a Beneficiary or Participant Agreement stating that they have and will report all financial assistance received in response to the September 2013 flood and that they are liable to repay any duplication of benefits up to one year after the receipt of CDBG-DR assistance.

E. Non-Responsive Beneficiary One Year Post-Award Verification

Following award and completion of the CDBG-DR assisted activity, the BCC Partner must verify one year after close-out of the activity that the applicant has not received additional funds after close or funds not reported prior to close. Applicants receiving awards are "beneficiaries" of federal assistance and must verify on-going compliance with the CDBG-DR requirements. Note that this section is not applicable to eligible tenants of buyout properties paid benefits under the Uniform Act.

Process for Non-Responsive One Year Post Award Verification

- A verification request will be sent from the BCC Partner approximately 1 year following the completion of Buyout assistance. The request will include verifying that beneficiaries did not receive additional post-award funds from other sources for the same purpose as the assistance provided by the CDBG-DR funds², and for LMI properties proof of establishing a new residence³.

² For Boulder County Buyout projects completed before October 5, 2016, an additional request for verification of funding received *prior* to award will be required.

- The Partner may choose to send the first request for verification by standard or certified mail (if choosing to send certified mail, only one request is needed).
- If there is no response to the first standard letter after 15 days or the certified letter comes back undeliverable, the Partner will mail a second and final due diligence letter by certified mail (if first letter did not go out certified mail) to the address listed on the application. The Partner will also attempt to reach the beneficiary by phone or email to get a current address. These calls will be logged on the due diligence form including date of call, who was called, and which staff member placed the call.

³ The HUD Federal Register Notice (80 FR 72104), November 18, 2015, requires grantees to verify homes purchased under the LMI Housing national objective “results in occupancy” to meet the criteria under 24 CFR Part 570”.

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