contract or subcontract, and the date of

- (7) Rating and Ranking. After rating all Group 2 HAs on each of the technical review factors and providing any bonus points as set forth in subparagraph (6) of this paragraph, the Field Office shall rank each Group 2 HA based on its total score, list Group 2 HAs in descending order and identify other Group 2 HAs with lower ranking applications, but with high priority needs. The Field Office shall consult with Headquarters regarding any identified FHEO noncompliance.
- (d) Joint Review. The purpose of the Joint Review is for the Field Office to discuss with the HA the proposed modernization program, as set forth in the CIAP Application, and determine the size of the grant, if any, to be awarded.
- (1) The Field Office shall select HAs, including all Group 1 HAs, for Joint Review so that the total dollar value of all proposed modernization recommended for funding exceeds the assignment amount by at least 15%. This will preserve the Field Office's ability to adjust cost estimates and work items as a result of Joint Review.
- (2) The Field Office shall notify in writing each HA whose application has been selected for further processing as to whether the Joint Review will be conducted on-site or off-site (e.g., by telephone or in-office meeting). An HA will not be selected for Joint Review if there is a duplication of funding (refer to section V(g)). The Field Office shall notify in writing each HA not selected for Joint Review and the reasons for non-selection.
- (3) Where the HA has not included some of its developments in the CIAP Application, the Field Office may not, as a result of Joint Review, consider funding any non-emergency work at excluded developments or subsequently approve use of leftover funds at excluded developments. Therefore, to provide maximum flexibility, the HA may wish to include all of its developments in the CIAP Application, even though there are no known current
- (4) The HA shall prepare for the Joint Review by preparing a draft CIAP budget, and reviewing the other items to be covered during the Joint Review, such as the need for professional services, method of accomplishment of physical work (contract or force account labor), HA compliance with various Federal statutes and regulations, etc. If conducted on-site, the Joint Review may include an inspection of the proposed physical work.

- (e) HUD Awards. After all Joint Reviews are completed, the Field Office shall adjust the HAs, developments, and work items to be funded and the amounts to be awarded, on the basis of information obtained from Joint Reviews, FHEO review, and environmental reviews (refer to paragraph (h)). Such adjustments are necessary where Joint Review determines that actual Group 1 emergencies and Group 2 high priority needs, HA priorities, or cost estimates vary from the HA's application. Such adjustments may preclude the Field Office from funding all of the higher ranked HA applications in order to accommodate the funding of high priority needs. However, where the information obtained from Joint Reviews, FHEO review, and environmental reviews does not substantially alter the information used to establish the rankings before Joint Review, the Field Office shall make funding decisions in accordance with its rankings. After Congressional notifications, the Field Office shall announce the HAs selected for CIAP grants, subject to their submission of an approvable CIAP budget and other required documents.
- (f) HA Submission of Additional Documents. After Field Office funding decisions, the Field Office shall provide written notification to the HA of funding approval, subject to HA submission of the following documents within the time frame prescribed by the Field Office:
- (1) Form HUD-52825, CIAP Budget/ *Progress Report,* which includes the implementation schedule(s), in an original and two copies.

(Ž) Form HUD-50070, Certification for a Drug-Free Workplace, in an original

(3) Form HUD-52820, HA Board Resolution Approving CIAP Budget, in an original only.

(g) ACC Amendment. After HUD approval of the CIAP budget, HUD and the HA shall enter into an ACC amendment in order for the HA to obtain modernization funds. The ACC amendment shall require low-income use of the housing for not less than 20 years from the date of the ACC amendment (subject to sale of homeownership units in accordance with the terms of the ACC). HUD has the authority to condition an ACC amendment (e.g., to require an HA to hire a modernization coordinator or contract administrator to administer its modernization program).

(h) Environmental review. The Field Office shall review the environmental impact of all modernization activities

under Part 50, in accordance with the provisions of Parts 905 and 968. The Field Office may obtain the information required to conduct the environmental review during Joint Review. The HA shall provide any documentation to the Field Office that it needs to carry out its review under NEPA. After all Joint Reviews are conducted, the Field Office shall complete the environmental reviews before funding decisions are made and announced and before HAs are invited to submit CIAP budgets. Therefore, in requesting CIAP budgets, the Field Office shall specify any HA modification or elimination of activities or expenditures that the Field Office has determined, after review under the National Environmental Policy Act (NEPA) or related laws, to have an unacceptable environmental impact. Upon approval of the CIAP budget, the Field Office shall send an approval letter to the HA which includes notification that HUD has complied with its responsibilities under 24 CFR 905.120(a) or 24 CFR 968.110(c) and (d) before entering into an ACC amendment with the HA.

(i) Declaration of Trust. Where the Field Office determines that a Declaration of Trust is not in place or is not current, the HA shall execute and file for record a Declaration of Trust as provided under the ACC to protect the rights and interests of HUD throughout the 20-year period during which the HA is obligated to operate its developments in accordance with the ACC, the Act, and HUD regulations and requirements. HUD has determined that its interest in Mutual Help units is sufficiently protected without the further requirement of a Declaration of Trust; therefore, a Declaration of Trust is not required for Mutual Help units.

(j) "Fast Tracking" Applications. Emergency applications do not have to be processed within the normal processing time allowed for other applications. Where an immediate hazard must be addressed, HA applications may be submitted and processed at any time during the year when funds are available. The Field Office shall "fast track" the processing of these emergency applications so that fund reservation may occur as soon as possible.

V. Other Program Items

(a) Turnkey III Developments. (1) General. Eligible physical improvement costs for existing Turnkey III developments are limited to work items under Emergency Modernization or Other Modernization which are not the responsibility of the homebuyer families and which are related to health