



Special Attention of:

Transmittal for Handbook No: 6509.2 REV-5 CHG-2

CPD Staff

CPD Program Participants/Grantees

Issued: March 2008

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1. This Transmits: the second change to HUD Handbook 6509.2 REV-5, Community Planning and Development Monitoring Handbook.
 2. Explanation of Significant Changes: When the revised Handbook was issued in September 2005, it contained an "Evaluation Questionnaire" to be completed by CPD Field Offices for the purpose of evaluating its effectiveness and determining the need for further improvements or revisions after a period of initial use. This change, in part, represents the results of the completed questionnaires. It is also the result of program and technical area office assessments of those completed monitoring results that were transmitted electronically to a CPD monitoring results website. In addition, this change transmits a new Chapter 27 that provides guidance for monitoring compliance with flood insurance protection requirements, includes a new Exhibit in Chapter 3 for reviewing CDBG-funded Homeownership Assistance activities, deletes Chapter 8 on "Homeownership Zones" in its entirety as all active grants are scheduled to close out in 2008, and reduces the number of Exhibits in Chapter 24, "Lead Based Paint Compliance" from six to four.
 3. Description of Specific Changes: By Chapter, the changes are described below.
 - a. Table of Contents: Conforming changes have been made where necessary to reflect the revisions noted here.
 - b. Chapter 1, "Introduction:" Revisions have been made to indicate the deletion of Chapter 8 ("Homeownership Zones") and inclusion of a new Chapter 27 on "Flood Insurance Protection." Specifically, in Section 1-3.A, the reference to Homeownership Zones has been deleted; in Section 1-3.B, a reference to Flood Insurance Protection has been added; and, in Section 1-6.A, the words "entity or organization" have been added.

Page Changes:

- Pages 1-2 and 1-3 have been changed.
- c. Chapter 2, "Management of Monitoring Activities:" Changes have been made as follows:
 - footnotes 1, 2, 4, 5 and 6 have been revised to reflect updated electronic links to

- referenced documents;
- a typographical correction was made to an Exhibit number in Section 2-7.D;
- in Section 2-7.C.1, the word “continuous” in front of “evaluation” has been changed to “thorough” in the last paragraph;
- in Section 2-9.A, 2nd paragraph, a sentence has been added about referrals to the Office of the Inspector General;
- in Section 2-9.B, first paragraph, the 2nd last sentence has been revised to clarify the reference to program requirements;
- in Section 2-13.A, the first sentence has been revised to clarify the definition of an “administrative record;” and the last sentence in this same paragraph has also been revised for clarity;
- in Section 2-13.B, 2nd paragraph, the first part of the 3rd last sentence has been deleted and a new last sentence has been added; and,
- in Section 2-13.D, the 3rd and 4th sentences have been revised to reflect changes in policies for the retention of emails and voice mails.

Page Changes:

- Pages 2-1, 2-4, 2-5, 2-7, 2-10, 2-11, 2-12, 2-13 have been changed.
- d. Chapter 3, “Community Development Block Grant (CDBG) Entitlement, Small Cities, Non Entitlement CDBG Grants in Hawaii, and Insular Areas Programs:” In response to field office comments, changes have been made to the introduction to this Chapter to include a new Section 3-5 on file selection and sampling (which renumbers the “Using the Monitoring Exhibits” section to Section 3-6) and reference the inclusion of a new Exhibit, 3-22, “Guide for Review of CDBG-Funded Homeownership Assistance - Program Management and Individual Activities.” Additional clarifying changes have been made to the following:
- Exhibit 3-2: The instructions; new text added under Section C; and clarifying revisions to questions 6.d, 7, 8, 9.a, 9.b, 9.c, 11, 13, and 14.
 - Exhibit 3-3: Question 6 has been reworded.
 - Exhibit 3-4: A new subsection “c” was added to question 4, renumbering the existing “c” to “d;” and questions 8.f, 9 and 10 were revised or reworded for clarity.
 - Exhibit 3-5: The instructions and questions 14, 17.b, and 17.d were revised for clarity.
 - Exhibit 3-11: Questions 3.a and 3.b were revised for clarity and a new question 35 was added to include a question cross-referencing the requirement to monitor compliance with flood insurance protection in Chapter 27.
 - Exhibit 3-12: Questions 1.b, 6.a, 6.b, 6.c were revised for clarity; and a new question 9 was added to include a question cross-referencing the requirement to monitor compliance with flood insurance protection in Chapter 27; this change resulted in the renumbering of questions 9, 10, and 11 to questions 10, 11, and 12, respectively.
 - Exhibit 3-13: Table 1 and 2, columns (b) and (c) were switched; column (e) reflects these changes as well as #1 below each table; and the heading in column (d) of Table 2 was revised.
 - Exhibit 3-16: Questions 5.b, 6.a, 6.c, 9, 31 and 38 were revised for clarity; the

instructions for Sections C and H were revised; and Sections G, H and I were corrected to read as Sections F, G and H, respectively.

- Exhibit 3-18: Question 2 had text deleted; questions 2.b, 9.e, 9.f, 9.i, 10.a, 14, 25.b, 26.a, 26.b, 28, 29, 30, 31, 32, 33, 34, 40 were reworded; question 3 was slightly revised and moved to 10.d; questions 4, 5, 6, 8, 27.b, 41, and 43.b were deleted, renumbering all remaining questions in the Exhibit; and new questions 3, 10.c, 16.c and 16.d were added.
- Exhibit 3-19: Questions for assessing compliance with the statutory CDBG caps on planning/administrative and public service costs were included and are reflected in the Exhibit instructions, the addition of new questions 11, 12, and 13, and the additions of Worksheets I and II.
- Exhibit 3-20: The number “1” was added to the first question only.
- Exhibit 3-22: This is a new Exhibit.

Page Changes:

- Introductory text: Pages 3-3 and 3-4 have been changed.
 - Exhibit 3-2: Pages 3-1, 3-3, 3-4, 3-5, 3-7, and 3-8 have been changed.
 - Exhibit 3-3: Page 3-4 has been changed.
 - Exhibit 3-4: Pages 3-3 and 3-7 have been changed.
 - Exhibit 3-5: Pages 3-1, 3-9, 3-11, and 3-12 have been changed.
 - Exhibit 3-11: Pages 3-3 and 3-13 have been changed.
 - Exhibit 3-12: Pages 3-1, 3-3, 3-4, and 3-5 have been changed.
 - Exhibit 3-13: Pages 3-2, 3-3, and 3-6 have been changed.
 - Exhibit 3-16: Pages 3-4, 3-6, 3-9, 3-15, 3-17, 3-18, 3-20, and 3-21 have been changed.
 - Exhibit 3-18: Pages 3-1 through 3-13 and pages 3-15 through 3-20 have been changed.
 - Exhibit 3-19: Pages 3-1, 3-4, and 3-5 have been changed; pages 3-6, 3-7, 3-8, and 3-9 have been added.
 - Exhibit 3-20: Page 3-1 has been changed.
- e. Chapter 4, State CDBG Program: Editorial changes have been made to the introduction. Additional changes are reflected in:
- Exhibit 4-1: This Exhibit has been changed to reflect questions on the performance measurement system; questions 10, 12.b, 13, and 15 have been revised; and a new question 14 has been added, renumbering the last two questions in the Exhibit.
 - Exhibit 4-2: A regulatory citation has been corrected in the instructions to Section B; a new question 15 has been added to assess compliance with anti-pirating provisions, resulting in the renumbering of all subsequent questions; and minor typographical errors were corrected in #5 of the instructions on page 4-21 and “j” on page 4-22.
 - Exhibit 4-3: A new question 2 was added, renumbering the remaining questions in the Exhibit.
 - Exhibit 4-4: Questions 3, 4 and 5 on the method of distribution have been added, resulting in the renumbering of all subsequent questions; a new heading “C” has been added for the file review section; and a minor editorial change has been

made to Table I.

- Exhibit 4-5: A minor typographical error was corrected in question 1.
- Exhibit 4-6: A typographical error was corrected in the table in question 7.a; and question 18 was moved to question 16, renumbering 16 and 17 as 17 and 18, respectively; and a regulatory citation was added for question 26.
- Exhibit 4-7: A minor typographical error has been corrected in the first paragraph under “State CDBG Program Review Subject Areas;” and two new questions, 23 and 24, have been added to assess compliance with the planning/administrative and public services caps for the State CDBG program).
- Exhibit 4-8: The word “general” was added to question 21.

Page Changes:

- Introductory text: Pages 4-3 and 4-9 have been changed.
- Exhibit 4-1: Pages 4-3, 4-4 and 4-5 have been changed.
- Exhibit 4-2: Pages 4-5, 4-9, 4-11 through 4-18, 4-21 and 4-22 have been changed.
- Exhibit 4-3: Pages 4-1 and 4-2 have been changed.
- Exhibit 4-4: Pages 4-2 through 4-8 have been changed.
- Exhibit 4-5: Page 4-2 has been changed.
- Exhibit 4-6: Pages 4-3, 4-7, and 4-9 have been changed.
- Exhibit 4-7: Pages 4-2 and 4-13 have been changed.
- Exhibit 4-8: Page 4-7 has been changed.

- f. Chapter 6, “Disaster Recovery CDBG Supplemental Grants:” Two questions, 5 and 6, have been added to Exhibit 6-1 to cross-reference the requirement to monitor compliance with flood insurance protection in Chapter 27.

Page Changes:

- Exhibit 6-1: Pages 6-2 and 6-3 have been changed.

- g. Chapter 7, “HOME Investment Partnerships Program (HOME):” Additional guidance for monitoring HOME-funded activities has been included in the introduction in Section 7-1 on “Applicability;” Section 7-2 (b)-(e) has been revised; and minor text changes/corrections have been made to Sections 7-3, 7-4.B and C. The four Attachments have been modified to reflect their use as optional pre-assessment tools. Additional, clarifying changes are as follows:

- Optional Attachment 7-0-HR: A grammatical change was made to question 2; sections “a” through “c” in question 4 were broken out for individual responses; and the yes/no boxes were removed from question 9.
- Optional Attachment 7-0-HA: Sections “a” through “d” of question 1 were reformatted and text was added in the “Reviewer Notes” section; and questions 5, 8, 9, and 10 were reformatted.
- Optional Attachment 7-0-R: A grammatical error in question 3 was corrected; questions 4, 7 and 9 were reformatted; and text was added to the “Reviewer Notes.”
- Optional Attachment 7-0-TBRA: Questions 1, 4 and 7 were slightly revised.
- Optional Exhibit 7-1: The heading only was revised to reflect its use as optional.

- Exhibit 7-2: References to compliance and activities reports have been added to questions 6, 7, 8, 9 and 10; a yes/no box was deleted in question 13; question 17 was revised to include question 18 which has been deleted, resulting in the renumbering of all subsequent questions in the Exhibit; questions 19, 21.b, 22, 26 and 29 have been reworded; grammatical errors were corrected in questions 24, 27 and 28; and a new question 34 was added to address flood insurance protection.
- Exhibit 7-3: Question 1 was deleted, renumbering the second question as #1; a new question 2 was added; a new question 9.b was added to address compliance with flood insurance protection requirements; the Chapter 24 Exhibit number was changed in question 22 to conform to changes in Chapter 24 and a regulatory citation was added; a typographical error was corrected in question 23.c; and the heading in Section I was changed from “Documentation” to “Recordkeeping,” with a corresponding change in the Exhibit instructions.
- Exhibit 7-4: The heading to Section A was slightly reworded and a corresponding change was made to the instructions to reflect this; question 4 was reworded and the regulatory citation revised; and questions 13.a, 15, 16, 18, 29,30 and 31 were reworded; a new question 13.b was added to address compliance with flood insurance protection requirements; and grammatical errors were corrected in question 20.
- Exhibit 7-5: Question 1 was deleted and replaced with question 2; a new question 2 was added; a new subsection “e” was added to question 16 to cover flood insurance protection; questions 9 and 28 were reworded; grammatical corrections were made to questions 26.c and 42.e; the reference to the Chapter 24 Exhibit was corrected in question 27 to reflect changes in that Chapter; “N/A” boxes were added to questions 29, 38, 39, 40, and 41; and the regulatory citation for question 35 was revised.
- Exhibit 7-6: The first section on Recordkeeping has been moved from A to Section J at the end of the Exhibit, renumbering all sections and question numbers in this Exhibit; questions 5, 6, 7, 8, 11, 12, 13 and 24 have been reworded; and question 27 has been broken into two parts, with a new subsection “b” added to address compliance with flood insurance protection requirements.
- Exhibit 7-7: The first section on Recordkeeping has been shifted to the end of the Exhibit, from Section B to J, changing the numbering of all questions and sections starting with B.2; question 3 was slightly revised; a minor typographical error was corrected in question 10; the reference to the Exhibits in Chapter 24 in question 16 has been changed to reflect changes in Chapter 24; the regulatory citation below question 22 has been deleted; question 25 has been reworded and now provides for an N/A option; question 35 has been revised; and two questions, 46.b and 57.j, were added to address compliance with flood insurance protection requirements.
- Exhibit 7-8: The heading for Section A has been reworded and is reflected in the instructions which have also been slightly revised; question 24 has been slightly revised; the regulatory citation contained within question 29 has been changed; and a new question 31.b has been added to address compliance with flood insurance protection requirements.
- Exhibit 7-9: A new section, F, on Recordkeeping has been included, adding questions 28-31; question 1 has been deleted and replaced with question 2 and a

- new question 2 has been added; the regulatory citation for question 10 has been revised; and minor grammatical errors have been corrected in question 10, 11 and 12.
- Exhibit 7-10: The instructions have been slightly revised; a new section, D, on Recordkeeping has been included, adding questions 26, 27, 28 and 29; grammatical errors in questions 14 and 15 have been corrected; question 19 had an N/A option added; question 23 has been deleted, renumbering questions 24-26 as 23-25; and questions 23, 24 and 25 have been reworded.
 - Exhibit 7-11: Regulatory citations have been included below the questions in 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 16 and 22; the regulatory citation has been revised for question 17; “N/A” options have been added to questions 18 and 19; a minor edit for the regulatory citation has been corrected in question 19; and questions 21 and 22 have been reworded.
 - Exhibit 7-12: Questions 8 and 12 were slightly revised; and an “N/A” option was added to question 9.
 - Exhibit 7-16: Typographical errors to the regulatory citations were corrected for questions 6.b and 14.b; and question 17 was revised.
 - Exhibit 7-17: Questions 11 and 16 were slightly revised.
 - Exhibit 7-18: Question 9 was revised for clarity; and a typographical error was corrected in the citation under question 11.b.
 - Exhibit 7-19: Typographical errors were corrected in questions 1, 30.b and 35; a regulatory citation was added for question 9; regulatory citations were deleted from questions 10, 12, and 13; an “N/A” option was added to question 12; text was deleted from question 14.c; questions 15.a and 15.b were revised; a yes/no/N/A option was added to 15.b; and 15.c was added.
 - Exhibit 7-20: The instructions were revised; questions 2, 7.a, 7.b, 10.a, 23, 24, 26, 27 and 35 were revised; the instructions for Section I and the Worksheet were slightly revised as well as the heading to column (a) of the Worksheet; grammatical errors were corrected in questions 11.e, 11.f, 11.g, 11.i, and 19; regulatory citations were added below questions 17.c and 20; and “yes/no” boxes were added to questions 23.a, 23b, 23.c, 26, 27, 28, 29, and 30.
 - Attachment to 7-20: Conforming changes were made here to reflect changes in Exhibit 7-20; questions 2.a, 7.a and 7.b were reworded; the regulatory cite below question 7.b was revised; grammatical errors were corrected in 11.e, 11.f, 11.g, 11.i and 19; question 21.c was added; and questions 21, 22, 25, 29, 32 and 36 were renumbered.
 - Exhibit 7-21: Citations have been added to questions 1.a, 1.b, 1.c, 2.a, 2.b, 2.c, and 2.d; the citation for question 1 has been revised; question 1.d has been deleted; question 3 has been slightly reworded; and a grammatical error in question 8 has been corrected.
 - Exhibit 7-22: Questions 5 and 10 were slightly reworded; a regulatory citation was added to questions 10 and 15.c; regulatory citations for questions 10 and 19 were revised; and an “N/A” option was added to question 27.
 - Exhibit 7-23: An “N/A” option was added to question 2.h and a typographical error was corrected in question 5.

Page Changes:

- Introductory text: Pages 7-1 through 7-4 have been changed.
 - Optional Attachment 7-0 for Homeowner Rehabilitation: Pages 7-i, 7-ii and 7-iii have been changed.
 - Optional Attachment 7-0 for Homebuyer Assistance: Pages 7-i, 7-ii, 7-iii, and 7-iv have been changed.
 - Optional Attachment 7-0 for the Rental Program: Pages 7-ii and 7-iii have been changed.
 - Optional Attachment 7-0 for Tenant-Based Rental Assistance: Pages 7-i, 7-ii, and 7-iii have been changed.
 - Optional Exhibit 7-1: Changes have been made to the headers and footers only.
 - Exhibit 7-2: Pages 7-2, 7-3, 7-4, and 7-6 through 7-13 have been changed.
 - Exhibit 7-3: Pages 7-1, 7-3, 7-7, 7-8, and 7-12 have been changed.
 - Exhibit 7-4: Pages 7-1, 7-2, 7-4, 7-5, 7-6, 7-9, and 7-10 have been changed.
 - Exhibit 7-5: Pages 7-1, 7-2, 7-3, 7-5, 7-8, 7-9, 7-11, 7-12 and 7-13 have been changed.
 - Exhibit 7-6: Pages 7-1 through 7-14 have been changed.
 - Exhibit 7-7: Pages 7-1 through 7-17 have been changed.
 - Exhibit 7-8: Pages 7-1, 7-7, 7-8 and 7-9 have been changed.
 - Exhibit 7-9: Pages 7-1, 7-3, 7-4, 7-8 and 7-9 have been changed.
 - Exhibit 7-10: Pages 7-1, 7-4, 7-5, 7-6, 7-7 and 7-8 have been changed.
 - Exhibit 7-11: Pages 7-1 through 7-8 have been changed.
 - Exhibit 7-12: Pages 7-3 and 7-4 have been changed.
 - Exhibit 7-16: Pages 7-3, 7-6 and 7-7 have been changed.
 - Exhibit 7-17: Pages 7-4 and 7-5 have been changed.
 - Exhibit 7-18: Pages 7-3 and 7-4 have been changed.
 - Exhibit 7-19: Pages 7-1, 7-4, 7-5, 7-6, 7-7, 7-13 and 7-15 have been changed.
 - Exhibit 7-20: Pages 7-1, 7-2, 7-3, 7-4, 7-6, 7-7, 7-10, 7-11, 7-12, 7-13, 7-14, 7-15, 7-16, 7-18 and 7-20 have been changed.
 - Attachment I to Exhibit 7-20: Pages 7-20-i, 7-20-ii, 7-20-iii, 7-20-v, and 7-20-vi have been changed.
 - Exhibit 7-21: Pages 7-1, 7-2, and 7-4 have been changed.
 - Exhibit 7-22: Pages 7-3, 7-4, 7-6, 7-7, and 7-10 have been changed.
 - Exhibit 7-23: Pages 7-2 and 7-3 have been changed.
- h. Chapter 8, "Homeownership Zones:" This Chapter has been removed from the Handbook because this program has received no new funding since 1997 and the active grants are targeted for close-out in FY 2008.
- i. Chapter 9, "Emergency Shelter Grants (ESG) Program:" Editorial and clarifying changes were made as follows:
- Exhibit 9-1: The regulatory citation was revised for question 1; and the citation was removed from below question 2 and incorporated into the body of the question.
 - Exhibit 9-3: The wording to question 5 was revised.
 - Exhibit 9-4: A grammatical error was corrected in the Instructions; question 2 was revised; and a new question 3 was added, renumbering all subsequent questions.

- Exhibit 9-6: The instructions and headings in the table in question 1 were changed; citations below questions 2, 3, 4, 5, 6, 8, 9, 10, 12 and 17 were revised; and “N/A” options were added to questions 6 and 12.
- Exhibit 9-8: Text was deleted and revised in the Instructions; citations were changed and/or corrected below questions 2, 4, 5, 6, 7, 8, 9, 10, 11, 14, 15, 16, 17, 18, 19, 20, 23.a, 23.b and 23.c; and a typographical error was corrected in question 12.
- Exhibit 9-9: Questions 1, 2, 3, 4, 5 and 11 were reworded to conform to the Handbook requirement that “no” responses to certain questions result in findings of noncompliance.
- Exhibit 9-12: A new question 8 was added to address compliance with flood insurance protection requirements.

Page Changes:

- Exhibit 9-1: Page 9-1 has been changed.
 - Exhibit 9-3: Page 9-3 has been changed.
 - Exhibit 9-4: Pages 9-1, 9-2, and 9-3 have been changed.
 - Exhibit 9-6: Pages 9-1, 9-2, 9-3, 9-4, 9-6, and 9-7 have been changed.
 - Exhibit 9-8: Pages 9-1 through 9-8 have been changed.
 - Exhibit 9-9: Pages 9-1, 9-2, and 9-4 have been changed.
 - Exhibit 9-12: Page 9-4 has been changed.
- j. Chapter 10, “Housing Opportunities for Persons With AIDS (HOPWA):” In response to field office comments, clarifying and editorial changes were made to:
- Introductory text: To reflect differences in the use of the Exhibits for monitoring the formula and competitive awards; and Section 10-5 has added a new subsection “D” to provide guidance for reviewing client files, resulting in changes to Sections 10-1, 10-2, 10-3, 10-4, and 10-5.
 - Exhibit 10-1: Questions 1 and 2 were broken out to more clearly distinguish between the formula and competitive sides of the HOPWA program; questions 9 and 10 were added to address issues of compliance with fair housing and equal opportunity requirements, causing all subsequent questions to be renumbered; a notice cite was added for question 14; questions 16 and 24 were revised; Section D on “Related Support” was deleted; and question 21 under Section D was deleted, moved to question 25, and revised.
 - Exhibit 10-2: Question 1.a was broken out to distinguish between formula and competitive program participants, slightly rewording question 1.c; regulatory citations were revised for questions 3 and 9.b; question 5 was deleted, resulting in the renumbering of all subsequent questions; questions 5.b, 7, 15, 19.b and 26 were slightly reworded; a grammatical error in question 20 was corrected; and a regulatory citation was added below question 26.
 - Exhibit 10-3: A grammatical error in the “Note” was corrected; regulatory cites were revised for questions 13.b, 14.a, 14.b, and 14.c; and question 16 was deleted, resulting in the renumbering of all subsequent questions.
 - Exhibit 10-4: A minor change was made in the second paragraph of the Instructions; a grammatical error was corrected in question 19.c; and question 27 was slightly revised.

Page Changes:

- Introductory text: Pages 10-1, 10-2, and 10-3 have been changed.
- Exhibit 10-1: Pages 10-1, 10-2, and 10-4 through 10-10 have been changed.
- Exhibit 10-2: Pages 10-1 through 10-10 have been changed.
- Exhibit 10-3: Pages 10-1, 10-5, and 10-7 through 10-18 have been changed.
- Exhibit 10-4: Pages 10-1, 10-9 and 10-13 have been changed.

k. Chapter 11, “Section 8 Moderate Rehabilitation Single Room Occupancy (SRO) Program for Homeless Individuals:”

- Exhibit 11-2: A clarifying change was made to question 1.
- Exhibit 11-3: A new question 7 was added to address compliance with flood insurance protection requirements.

Page Changes:

- Exhibit 11-2: Page 11-1 has been changed.
- Exhibit 11-3: Page 11-3 has been changed.

l. Chapter 12, “Shelter Plus Care (S+C) Program:” Clarifying and editorial changes were made as follows:

- Exhibit 12-2: Questions 1 and 4 were revised and the regulatory citation for question 4 was changed.
- Exhibit 12-3: Questions 1 and 3 were changed.
- Exhibit 12-5: Questions 1 and 5 were slightly revised.

Page Changes:

- Exhibit 12-2: Pages 12-1 and 12-2 have been changed.
- Exhibit 12-3: Pages 12-1 and 12-2 have been changed.
- Exhibit 12-5: Pages 12-1 and 12-2 have been changed.

m. Chapter 13, “Supportive Housing Program (SHP):” Clarifying and editorial changes were made to:

- Exhibit 13-2: A regulatory cite was corrected for question 1.
- Exhibit 13-3: Question 1.b was slightly revised and the regulatory citation for question 2 was revised.
- Exhibit 13-4: Question 1 was revised.
- Exhibit 13-5: Three lines were included in the table in question 1 to review for HMIS match documentation.
- Exhibit 13-7: Question 2 was slightly revised; and regulatory cites were revised for questions 5, 8 and 9.
- Exhibit 13-8: Question 1 was slightly revised and the regulatory cites for question 4 were revised.
- Exhibit 13-9: All questions, 1-5, have been revised.
- Exhibit 13-11: A grammatical error was corrected in question 4.a.
- Exhibit 13-12: A new question 5 was added on flood insurance protection requirements and a new question 8 was added on compliance with environmental requirements.

Page Changes:

- Exhibit 13-2: Page 13-1 has been changed.
 - Exhibit 13-3: Pages 13-1 and 13-2 have been changed.
 - Exhibit 13-4: Page 13-1 has been changed.
 - Exhibit 13-5: Page 13-1 has been changed.
 - Exhibit 13-7: Pages 13-2 and 13-3 have been changed.
 - Exhibit 13-8: Pages 13-1 and 13-2 have been changed.
 - Exhibit 13-9: Pages 13-1 and 13-2 have been changed.
 - Exhibit 13-11: Page 13-2 has been changed.
 - Exhibit 13-12: Pages 13-2 and 13-3 have been changed.
- n. Chapter 14, “Round II Empowerment Zones:” Typographical errors were corrected in questions 9, 10 and 12 of Exhibit 14-1.

Page Changes:

- Exhibit 14-1: Pages 14-4 and 14-5 have been changed.
- o. Chapter 16, “Rural Housing and Economic Development (RHED) Program:” Question 7 in Exhibit 16-4 was reworded.

Page Changes:

- Exhibit 16-4: Page 16-3 has been changed.
- p. Chapter 19, “Citizen Participation:” Editorial changes were made to the introductory text in Section 19-1. Clarifying and editorial changes, as well as reordering of some of the questions, were made to:
- Exhibit 19-1: A new section A on “General Aspects of the Citizen Participation Plan” was added and the second section, B, was revised to cover “Development of the Citizen Participation Plan and Any Amendments;” the questions have been reordered and or revised to reflect these changes as follows:
 - #10 is now #3;
 - #8 is now #4.a;
 - #11 is now #4.b;
 - #6 is now #5.a;
 - #7 is now #5.b;
 - #3 is now #6;
 - #9 is now #8 and has been reworded;
 - a new #7 has been added;
 - #'s 12, 13 and 14 have been redesignated as #9, 10 and 11, respectively;
 - #15 is now #12.a;
 - # 16 is now #12.b;
 - #'s 17, 18, 19, 20 and 21 have been redesignated as #'s 13, 14, 15, 16, and 17, respectively;
 - #4 is now #18;
 - #22 is now #19.a;

- #23 is now #19.b;
 - #24 is now #20.a and has been reworded;
 - #25 is now #21;
 - #5 is now #22;
 - #26 is now #23 and has been reworded;
 - #'s 27, 28 and 29 has been redesignated as #'s 24, 25, and 26, respectively;
 - #30.a and b is now # 27.a and b;
 - #'s 31, 32 and 33 have been redesignated as #'s 28, 29, and 30, respectively, and have been slightly revised; and
 - #'s 34 through 41 have been redesignated as #'s 31 through 38, respectively.
- Exhibit 19-2: A new section, A, has been added on “General Aspects of the Citizen Participation Plan,” and section B has been revised to cover “Development of the Citizen Participation Plan and Any Amendments;” and the questions have been reordered and renumbered and/or reworded as follows:
- #8 is now #3;
 - #7 is now #4 and has been slightly reworded;
 - #3 is now #6;
 - #9 is now #7;
 - #10 is now #8.a;
 - #11 is now #8.b;
 - #'s 12 through 14 have been redesignated as #'s 9 through 11, respectively;
 - #'s 15, 16, and 17 have been slightly reworded and redesignated as #'s 12, 13, and 14, respectively;
 - #18 is now #15;
 - #19 is now #16;
 - an editorial error in #20 has been corrected and is now #17;
 - #'s 21 and 22 are now #'s 18.a and 18.b, respectively;
 - #23 is now #19;
 - #24 is now #20;
 - #4 has been reworded and is now #21;
 - #'s 25 and 26 are now #'s 22 and 23, respectively;
 - #'s 27 through 31 have been redesignated as #'s 25 through 29, respectively; and
 - new questions #5 and #24 have been added.
- Exhibit 19-3: A number of the questions were reordered or revised as follows:
- #13 is now #5;
 - #12 is now #7;
 - #5 is now #8;
 - #'s 6, 7, 8, 9, 10 and 11 are now #s 9, 10, 11, 12, 13 and 14, respectively;
 - #17 is now 15;
 - #14 is now #16;
 - #'s 15.a and 15.b are now #'s 17.a and 17.b;

- #16 is now #18;
 - #21 is now #19 which has been slightly edited;
 - #'s 18, 19 and 20 are now #'s 20, 21 and 22;
 - #22 is now #23;
 - #'s 23.a and 23.b are now #'s 24.a and 24.b;
 - #'s 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, and 35 have been redesignated as #'s 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, and 36, respectively;
 - #'s 24.a, 25, 26, 27 and 28 were slightly revised; and
 - a new question 6 was added.
- Exhibit 19-4: A new question 3 has been added and other questions have been renumbered or revised as follows:
- #14 is now #4;
 - #'s 3, 4, 5, 6, and 7 have been redesignated as #'s 5, 6, 7, 8 and 9, respectively;
 - #8 is now #10 and has been slightly reworded;
 - # 9 is now # 11;
 - #10 is now #10 and has been slightly reworded;
 - #'s 11, 12 and 13 have been redesignated as #'s 13, 14, and 15, respectively; and
 - #'s 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26 and 27 have been redesignated as #'s 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and 28, respectively.

Page Changes:

- Introductory text: Page 19-1 has been changed.
 - Exhibit 19-1: Pages 19-1 through 19-13 have been changed.
 - Exhibit 19-2: Pages 19-1 through 19-10 have been changed.
 - Exhibit 19-3: Pages 19-2 through 19-11 have been changed.
 - Exhibit 19-4: Pages 19-2 through 19-9 have been changed.
- q. Chapter 20, "Consolidated Plan:" Changes to Exhibit 20-1 reflect revisions made in a Final Rule (71 FR 6965) published February 9, 2006 as follows:
- Exhibit 20-1: A new section on "Final Rule Implementation" has been added; the regulatory citation below questions 2.a and 9 have been changed; regulatory citations within questions 2.c, 2.d, 2.e, 2.f, 2.g, 2.h, 2.i, and 2.j have been changed; question 2.c has also been slightly reworded; a new 5.e has been inserted, renumbering the rest of the subsections in this question as 5.f through 5.h, respectively; and a new question 6 has been added on the final rule implementation, renumbering questions 6 through 11 as questions 7 through 12, respectively.

Page Changes:

- Exhibit 20-1: Pages 20-1, 20-2, 20-3, 20-4, 20-5, 20-7, 20-8, 20-9, 20-10 and 20-11 have been changed.

- r. Chapter 22, “Fair Housing and Equal Opportunity (FHEO):” In Exhibit 22-7, questions 3.b and 4.b were deleted since they are not regulatory requirements, resulting in former questions 3.c and 4.c being newly redesignated as 3.b and 4.b, respectively.

Page Changes:

- Exhibit 22-7: Pages 22-2 and 22-3 have been changed.
- s. Chapter 24, “Lead Based Paint Compliance:” While there are editorial and clarifying changes made to the introductory text to this Chapter (as well as within each Exhibit), along with guidance on the shared enforcement of the Lead Disclosure Rule, the most significant change is a revision to, and reconfiguring of, the total number of Exhibits. In Rev-5, there were separate Exhibits for assessing lead hazards based upon amount of Federal assistance (less than \$5,000 per unit, between \$5,000 and \$25,000 per unit, more than \$25,000 per unit) as well as assessing rehabilitation in insular areas. These have now been merged into a single Exhibit to be used, as appropriate, based upon the monitoring circumstances. Exhibits 24-2, 24-3 and 24-4 are now part of Exhibit 24-1. Exhibit 24-5 has been renumbered as Exhibit 24-2 and Exhibit 24-6 is now Exhibit 24-3. A new Exhibit 24-4 had been added for evaluating lead-based paint compliance in pre-1978 multifamily properties receiving project-based rental assistance. In addition, a question has been added to the end of each Exhibit for use in summarizing findings and concerns.
- Introductory text: Revisions have been made to Sections 24-1; 24-1.A (a statutory cite was corrected); 24-1.B; 24-2.B (a new second bullet has been added and a Consolidated Plan regulatory cite has been changed); 24-2.C.2.i; 24-4.D.1, 2, 3 and 4; 24-5 (has been broken into sections A and B with minor editorial changes to A (including the office name referenced in A.2 and A.3 which has been revised to reflect organizational changes in OHHLHC, and a clarification in A.2 as to when monitoring letters should be forwarded to OHHLHC); B is entirely new;); 24-6.B; 24-8.B.2 (the last paragraph of this section has been revised to reflect changes in the question and Exhibit numbering); 24-9 (to reflect the changes in the names and numbers of the Exhibits); and 24-10 (minor edits in the first paragraph).
 - Exhibit 24-1: The number of sections has been expanded from two to five, resulting in changes to the heading and the Instructions; new questions 1 through 5 in Section A; a new Section B to cover individual file reviews; rewording to questions 6; question 2 has been renumbered as question 7; questions 8.a through 8.d (formerly question 3) has been broken out to provide a “Describe Basis for Conclusion” box for each subquestion and one subsection has been removed; new sections C, D, E and F; new questions 10 – 14; and the inclusion of an Exhibit Summary in Section F to summarize questions that result in Findings or Concerns.
 - Exhibit 24-2: Formerly Exhibit 24-5, the Exhibit has been expanded from two sections to four, resulting in changes to the heading and Instructions; new questions 1 through 8; changes to the “Name” box in Section B; renumbering of questions 1, 2, 3, 4, 5, 6 and 7 as questions 9, 10, 11, 12, 13, 14 and 15, with some

rewording to questions 11 and 12; and the inclusion of an Exhibit Summary in Section D to summarize questions that result in Findings or Concerns.

- Exhibit 24-3: Formerly Exhibit 24-6, it has been restructured into three sections, with Section B, Program Review, being moved to Section A, and the individual File Review being moved to Section B. The Instructions have been revised. Questions 9, 10, 11 have been redesignated as questions 1, 2 and 3, respectively; a new question 4 has been added; questions 13, 14, 15, 16, 17, 18 and 19 have been redesignated as questions 5, 6, 7, 8, 9, 10, and 11, respectively; question 6 has been reworded; questions 1, 2, 4, 5, 6, 7 and 8 have been redesignated as questions 12, 13, 14, 15, 16, 17, and 18, respectively; wording changes have been made to questions 12, 13, 14, 15, 17 and 18; and a new section C has been added to summarize questions resulting in Findings or Concerns.
- Exhibit 24-4: This is a new Exhibit.

Page Changes:

- Introductory text: Pages 24-1, 24-2, 24-3, 24-5, 24-6, 24-7, 24-8, 24-13, and 24-14 have been changed.
- Exhibit 24-1: Pages 24-1 through 24-8 have been changed.
- Exhibit 24-2: Pages 24-1 through 24-6 have been changed.
- Exhibit 24-3: Pages 24-1 through 24-6 have been changed.

t. Chapter 25, “Relocation and Real Property Acquisition:” Minor editorial and clarifying changes have been made as follows:

- Introductory text: Sections 25-2; 25-5.A.4; 25-5.C; and 25-9.A.2.
- Exhibit 25-3: The heading in the Exhibit and on Attachment I was changed from “Parcel Number” to “Location;” a reference to an Exhibit in the Instructions was changed; typographical errors were corrected in questions 8.b, 8.c and 8.d; a reference to a regulatory citation within question 20 was added; and an error for computing replacement housing payments was corrected in Attachment I.B, # 5 in the Section 8 Housing Choice column.
- Exhibit 25-4: Only the heading has been revised to substitute “Location” for “Parcel No.”
- Exhibit 25-5: The heading on the Exhibit and in Attachment I has been changed to substitute “Location” for “Parcel No.,” and a computational error has been corrected on the last line of Attachment I.
- Exhibit 25-6: The heading on the Exhibit has been changed to substitute “Location” for “Parcel No.”
- Exhibit 25-7: Typographical errors were corrected in questions 7, 9 and 10.

Page Changes:

- Introductory text: Pages 25-1, 25-2, 25-3, 25-4, and 25-9 have been changed.
- Exhibit 25-3: Pages 25-1, 25-4, 25-5, 25-9, and 25-10 have been changed.
- Exhibit 25-4: Only page 25-1 has been changed.
- Exhibit 25-5: Pages 25-1 and 25-9 have been changed.
- Exhibit 25-6: Page 25-1 has been changed.
- Exhibit 25-7: Pages 25-3 and 25-4 have been changed.

- u. Chapter 27, “Flood Insurance Protection:” This is an entirely new Chapter to this Handbook, albeit a replacement for Chapter 12, Section 1, in the Handbook 6509.4 REV-4 version. This is a reclearance for this Chapter (clearance reference # DI-5218, September 11, 2006). This Chapter includes current regulations and policies primarily relating to Section 582 of the National Flood Insurance Reform Act of 1994. Section 582: (1) extends the mandatory period for maintaining flood insurance from “during the anticipated economic or useful life of the project” to “the life of the property regardless of transfer of ownership;” and (2) requires the “one-bite” rule for federal disaster assistance, i.e., HUD disaster assistance that is made available in a Special Flood Hazard Area may not be used to make a payment (including any loan assistance payment) to a person for repair, replacement or restoration for flood damage to any personal, residential or commercial property if: (i) the person had previously received Federal flood disaster assistance conditional on obtaining and maintaining flood insurance; and (ii) that person failed to obtain and maintain flood insurance. This Chapter also provides guidance for monitoring compliance with closeout procedures that require the monitoring of properties to ensure the maintenance of flood insurance protection for the duration of the mandated period after grant close out agreement. Questions reflecting this requirement have been added to or revised within:
 - Exhibit 3-11,
 - Exhibit 3-12,
 - Exhibit 6-1,
 - Exhibit 7-2,
 - Exhibit 7-3,
 - Exhibit 7-4,
 - Exhibit 7-5,
 - Exhibit 7-6,
 - Exhibit 7-7,
 - Exhibit 7-8,
 - Exhibit 7-18,
 - Exhibit 9-12,
 - Exhibit 11-3, and
 - Exhibit 13-12.

- v. Chapter 28, “Closeouts (Reserved):” Formerly Chapter 27, it has been renumbered as Chapter 28 and remains reserved.

- 3. Transition Instructions: This Handbook change becomes effective upon enactment. However, CPD Field Offices are required to use the monitoring Exhibits in the new GMP Monitoring Module beginning in Fiscal Year 2008, which do not currently reflect the changes noted herein. Therefore, while CPD Field Offices are to review and become familiar with the revisions in this Handbook change, they are expected to complete the monitoring Exhibits in the GMP Monitoring Module, which will be revised as expeditiously as possible to reflect the revisions in this CHG-2. To the extent that program participant monitoring requires the use of Exhibits that are not currently included in the GMP Monitoring Module, field office staff are to complete such Exhibits in hard copy or in Word and retain hard or electronic copies of the completed Exhibits in their local files. The exception to this is monitoring for Chapter 24, “Lead Based Paint Compliance,” which must be based on the Exhibits in the GMP Monitoring Module.

4. Filing Instructions: Because the headers and footers on all revised files have been changed (and not just on the revised pages), for each Chapter introductory text or Exhibit below, remove the current entire introductory text or Exhibit and replace with or insert the new or revised section or Exhibit.

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