



New Hampshire Housing Replacement Reserve Policy

Failure to comply with these policies and procedures, as outlined below, will result in denial of the use of replacement reserve funds.

Use of Fund

The Replacement Reserve account is to be utilized for capital expenditures on items that have a given life expectancy and require periodic replacement. This does not include normal repair or maintenance items. A detailed list of items considered eligible is included as Attachment A, please note this list is not all inclusive.

Accumulation of Expenditures

Expenditures will not be accumulated so as to obtain a substantial request for expenditures of funds unless previously approved by New Hampshire Housing.

Expenditures from Fund

Any use of Replacement Reserve funds in excess of \$5,000 or for items not considered part of ordinary turnover are considered major expenses (as indicated in Attachment A) and must be authorized in writing in advance by New Hampshire Housing. Exceptions to this may be granted in the case of an emergency when the health and safety of the tenants is at risk or when it is necessary to prevent damage to the project. Each project's Regulatory Agreement will further define the uses of the Replacement Reserve account.

The current authorization request form is included as Attachment B. Requests must be submitted to the Housing Program Specialist or Asset Manager assigned to the property. Requests for ordinary turnover or a request under \$5,000 NHHFA pre-approval is not required. The Owner/Agent will complete Part I and Part II and submit for payment to the Housing Program Specialist at assetmanagement@nhhfa.org. For all other requests Owner/Agent completes Part I for approval of funds and emails request with estimate of work to be completed to the Asset Manager signed to the property. When completing Part I, requesting authorization to spend funds, a detailed description of the item to be replaced and the reason for the replacement must be included.

Payments will be made either directly to the vendor, or, with a copy of a paid receipt/invoice directly to the project account or the management agent. A dual-party check can also be made to the owner/agent and vendor. The approved Attachment B must be included with the request for payment. An owner/agent may also sign up to receive payments electronically by submitting a completed Electronic Transfer/Payment Enrollment Form. (Submission instructions are located on page 2 of the EFT Form.)

Approved Attachment B forms are effective for 90 days. Failure to submit a request for payment within 90 days of approval will result in denial of the request for payment. New Hampshire Housing will not advance funds for materials or for work not completed.

Bidding Requirements

Prior to soliciting bids, the owner shall submit to New Hampshire Housing for approval a work description including plans and specifications as appropriate.

For jobs valued at less than \$20,000 there is no bidding requirement. For jobs \$20,000 or greater in value, owners must solicit and receive at least three bids from qualified contractors or suppliers of their choice.

It is expected that the lowest bid will be accepted. However, if the owner believes that accepting the lowest bid is not in the best interest of the project, then the owner may request in writing permission from New Hampshire Housing to accept a bid other than the lowest bid. The current waiver request form is included as Attachment C. If New Hampshire Housing concurs based on the reasons presented by the owner that the lowest bid is not in the best interest of the project, then New Hampshire Housing may grant an exception.

An identity of interest between a contractor or bidder and the owner or property manager must be disclosed in writing to New Hampshire Housing prior to bidding or, if no bidding is required, prior to entering into a contract.

Selected contractors shall provide the owner with evidence of adequate insurance and copies of warranties for goods and services provided as appropriate.

Emergency Expenditures

Nothing in these procedures will preclude expenditures for actual emergencies wherein adherence to the procedures outlined above are impractical. Emergency repairs will be those which can be initiated and accomplished with five (5) working days and is over \$5,000 (the limit for prior approval). New Hampshire Housing reserves the right, in its sole discretion, to determine if an actual emergency situation existed. Any misuse of this process may result in New Hampshire Housing requiring the owner to reimburse the appropriate account or the charging of the amount or portion thereof to owner's distribution.

Pre-1978 Buildings

If a property was built before 1978 and the building is undergoing renovation, repair, or painting, or is having an repairs which may disturb the paint, the contractor hired to conduct the work must be a RRP Certified firm approved by the EPA or an EPA-authorized state program. Qualified trained individuals (RRP Certified renovators) who follow specific lead-safe work practices to prevent lead contamination must be used. This certification must be submitted along with the Attachment B before New Hampshire Housing will approve the request.