USE OF RESERVE FUNDS

REQUIREMENTS FOR BIDS AND DOCUMENTATION (HB-2-3560)

KEY POINTS:

A. Reserve Requests planned in a FY cannot be broken down to avoid bid process.

B. The scope and nature of the proposed work is to be clearly explained to all bidders. All bidders are to receive the same information, utilize same or like material and have an equal opportunity to bid. Bids are to clearly outline the proposed work to be completed, total cost and itemized (ex. Material/labor). Bids should include a timeframe that the bid will be honored by the vendor, signed by a representative of the vendor with contact information. Bids should guarantee cost (+/– X%) until completion of the work or may allow for a contingency for unforeseen circumstances. Bids may note that significant changes in market conditions could affect total cost.

C. Provide all required information on Form 3560-12 including building, unit and unit size (1, 2, or 3 BR) as applicable.

D. Guidance in this document does not replace the requirements of HB-2-3560!

Use of reserve funds guidance: **(HB2-3560, 4.17 and 8/14/2012 Newsflash)**

1. No Identity Of Interest (IOI) Bidder

A. Under $3,500

1) On Approved Capital Budget
   a) Complete work
   b) Send Form 3560-12 with invoice, copy of approved Annual Capital Budget (Part V), and two party check payable to "vendor" for countersignature

2) Not on Approved Capital Budget - Provide explanation of why item is NOT on approved capital budget
   a) Obtain approval on Form 3560-12
   b) Complete Work
   c) Send approved Form 3560-12 with invoice and two party check payable to "vendor" for countersignature

B. Over $3,500 – must have minimum of two bids

a) If unable to obtain two bids: Must have an explanation of why unable to obtain two bids
b) Obtain approval on Form 3560-12
c) Complete Work

d) Send approved Form 3560-12 with invoice, copy of approved Annual Capital Budget (Part V), and two party check payable to "vendor" for countersignature

2. **Identity of Interest (IOI) Bidder** - The Agency must approve the borrower's use of such firms prior to the borrower entering into any contractual relationships that involve Agency funds with such entities

A. Under $3500-In addition to the process below, documentation must be provided showing how the IOI is in the best interest of the project and Government

1. On Approved Capital Budget

a) Complete work
b) Send copy of approved Annual Capital Budget (Part V), Form 3560-12 with invoice and two party check payable to "vendor" for countersignature.

2. Not on Approved Capital Budget-Provide explanation of why item NOT on approved capital budget

a) Obtain approval on Form 3560-12
b) Complete Work
c) Send approved Form 3560-12 with invoice and two party check payable to "vendor" for countersignature

B. Over $3,500 – must have a minimum of two bids PLUS the bid of the IOI

a) All bids will be submitted directly to the Servicing Office
b) IOI Bid must be sent to Servicing Office with a copy of the approved Annual Capital Budget (Part V) PRIOR to REQUESTING bids from other firms
c) When bids are requested, send all information provided to bidders to the Agency as well
d) Any bid that is mistakenly sent to the owner or management agency must immediately be forwarded to the Agency unopened. Unsealed bids will not be accepted
e) Obtain approval on Form 3560-12
f) Complete Work
g) Send approved Form 3560-12 with invoice and two party check payable to "vendor" for countersignature

PAYMENT METHOD FOR ALL RESERVE USE: Two party check payable to "vendor" or contractor that requires countersignature.

POST APPROVAL OPTION: Considered only in cases of imminent and serious threat to health, safety, or physical security of the project.