(e) Tenant selection. An owner of rental housing assisted with HOME funds must adopt written tenant selection policies and criteria that—
(1) Are consistent with the purpose of providing housing for very low-income and low-income families;
(2) Are reasonably related to program eligibility and the applicant’s ability to perform the obligations of the lease;
(3) Give reasonable consideration to the housing needs of families that would have a preference under section 6(c)(4)(A) of the U.S. Housing Act of 1937 (Federal selection preferences for admission to public housing); and
(4) Provide for—
(i) The selection of tenants from a written waiting list in the chronological order of their application, insofar as is practicable; and
(ii) The prompt written notification to any rejected applicant of the grounds for any rejection.

Subpart E—Program Administration

§ 954.501 Grantee responsibilities; written agreements; monitoring.

(a) Responsibilities. The grantee is responsible for ensuring that HOME funds are used in accordance with all program requirements. The use of subgrantees and contractors does not relieve the grantee of this responsibility.

(b) Executing a written agreement. Before disbursing any HOME funds to any entity (e.g., for-profit housing developer, nonprofit organization, homeowner, or IHA) the grantee must enter into a written agreement with the entity ensuring compliance with the requirements of this part. A subgrantee and a contractor must also enter into a written agreement before it disburses funds to any entity. The agreement remains in effect during the period for affordability under §954.306 or §954.307, as applicable, or if the entity is a subgrantee, during any period that the entity has control over HOME funds.

(c) Provisions in written agreement. At a minimum, the written agreement must include applicable provisions concerning the following items:
(1) Use of the HOME funds. The agreement must describe the use of the HOME funds, including the tasks to be performed, a schedule for completing the tasks, and a budget. These items must be in sufficient detail to provide a sound basis for the grantee effectively to monitor performance under the agreement.