HAVRE DE GRACE HOUSING AUTHORITY

A Resolution of the Board of Commissioners Approving and Adopting the Disposition Policy

WHEREAS the U.S. Department of Housing and Urban Development ("**HUD**") performed a comprehensive compliance review of the Havre De Grace Housing Authority ("**HDGHA**") and set forth the findings in the report dated June 13, 2025 (the "**Report**"); and

WHEREAS the Report included Finding PH 22, which required HDGHA to adopt and implement a disposition policy in accordance with HUD requirements; and

WHEREAS the Disposition Policy and Procedures (the "**Disposition Policy**"), attached as **Exhibit A**, sets forth the process for HDGHA to assess property, including fixed assets and real property, to determine whether the property should be sold or otherwise disposed of, and the Disposition Policy complies with HUD requirements.

NOW THEREFORE, BE IT RESOLVED by the Board that:

1. The Disposition Policy attached as **Exhibit A** is hereby approved and adopted.

2. The Managing Agent for HDGHA, or designee, is authorized to perform all appropriate acts and execute all appropriate documents to carry out this resolution consistent with its terms for implementation of the Disposition Policy.

[Signature page follows]

Passed, adopted and approved by the Board on June 8, 2026.

Michele Ball, Chair

George Kasnic, Vice Chair

Sharon Jacobs, Commissioner

Carrie Parsons, Commissioner

Dawn Nowak, Commissioner

EXHIBIT A

Disposition Policy and Procedures

HAVRE DE GRACE HOUSING AUTHORITY
DISPOSITION POLICY AND PROCEDURES

A. DISPOSITION OF ASSETS

This section of the Disposition Policy and Procedures (the "**Disposition Policy**") applies to HDGHA property (other than land and buildings) purchased with funds granted by the U.S. Department of Housing and Urban Development ("**HUD**"), such as vehicles, maintenance and office equipment, supplies, computers, and computer-related items, appliances, or any other similar items (the "**Asset**"). When HDGHA determines that the Asset is worn or damaged beyond economical repair, or is obsolete (i.e., no longer useful for the original purpose or that has no use), the Asset shall be disposed of in accordance with this disposition policy.

The Asset purchased with HUD funds shall not be sold without prior approval of the HDGHA Board of Commissioners (the "**Board**") and at less than the fair value of the Asset. HDGHA shall ensure that it receives the best value and the greatest overall benefit for the assets sold.

Once the Asset has been sold or otherwise disposed of, it should be removed from the fixed asset list.

Employees and their family, Board members and their family, and friends of employees are not eligible for the purchase of any surplus HDGHA Asset. Furthermore, no Asset shall be donated to an employee or Board Commissioner or relative of an employee or Board Commissioner. HDGHA employees and Board members who are found in violation of this provision in this Disposition Policy may be subject to disciplinary action, including dismissal from HDGHA or removal from the Board.

A change in the policy must be approved by the Board. However, the procedures attached to this policy may be amended or revised without Board approval.

1. Disposition Procedures for Assets.

The following procedures will be followed for the disposition of the HDGHA Asset.

1.1. Determination of Items to be Disposed

The Executive Director or Managing Agent (together, the "**Director**"), or designee will oversee the determination of whether the HDGHA Asset is considered worn, damaged beyond economical repair, or is obsolete. The following procedures shall be used to determine whether HDGHA should dispose of any Asset:

1.1.1. HDGHA shall conduct a survey once a year, prior to or in conjunction with the annual inventory to identify the Asset that is considered worn, damaged beyond economical repair, or is obsolete.

1.1.2. Each item that is to be disposed of shall be identified by serial number and classified as: (a) without value, to be discarded as obsolete; (b) with salvage value, to be stripped of usable parts before discarding, or 3) with value, to be sold or used as a trade-in on a new item.

1.1.3. If the Asset is determined to be without value or having salvage value only, it shall be stripped of any usable parts and the remainder discarded in accordance with all applicable state and local regulations and/or codes.

1.2. Procedures for Disposition of the Asset

HDGHA will employ the following procedures for disposing of the HDGHA Asset.
1.2.1. The Director or designee will determine the estimated fair market value of each Asset and place those Assets for sale based on the procedures outlined below.

1.2.1.2. Assets with Estimated Fair Market Value of Less Than $100. The Director or designee may solicit informal bids in the open market.

1.2.1.3. Assets with Estimated Fair Market Value of $100 to $1,000. The Director or designee shall solicit informal bids orally, by telephone, or in writing from all known prospective purchasers. A tabulation of all such bids received shall be prepared and submitted with the Board resolution.

1.2.1.4. Assets with Estimated Fair Market Value of More than $1,000. The Director or designee shall advertise for formal bids prior to awarding a contract of sale. The advertisement shall be posted at least ten (10) days prior to award of the sale contract and shall be published in newspapers or circular letters to all prospective purchasers. In addition, notices shall be posted in public places. Bids shall be opened publicly at the time and place specified in the advertisement. A tabulation of all bids received shall be prepared and submitted with the Board resolution and filed with the contract as part of the permanent record.

(a) A resolution requesting Board approval for the disposition shall be prepared and include the following information:
   i. Method of disposition of each item: (1) donated to non-profit; (2) discarded without value; (3) salvage value (e.g., old appliances); and (4) with fair market value.
   ii. Estimated fair market value of each item.
   iii. Information obtained to support fair market value estimate.
   iv. Total estimated value for all items to be disposed.

(b) After the items have been sold, donated, or disposed, a receipt along with the payment (as applicable), should be immediately provided to Finance.

(c) Finance will review the receipt against the approved Board resolution for the item and quantity disposed and amount of the sale.

(d) Finance will remove from the fixed asset list those Assets that have been disposed.

1.3. Sale or Donation of HDGHA Asset to Non-Profit Organization

The sale or donation of any HDGHA Asset to a public body for public use or a non-profit organization for low-income housing related purposes may be negotiated at its fair market value subject to approval by the Board of Commissioners. The transfer shall be documented by a bill of sale.

2. Annual Assessment of Assets. At least annually, HDGHA must review the condition of the agency's Assets to determine if any Asset should be disposed of in accordance with HUD requirements.

B. DISPOSITION OF REAL PROPERTY

This section of the policy and procedures apply to the disposition of HDGHA real property ("**Property**").

1. Section 18 Disposition.

As a result of assessing the condition of the Property, HDGHA determines that the Property's condition is not economically feasible for the agency to rehabilitate the Property, HDGHA will apply to the HUD Special Application Center to dispose of the Property. The disposition of HDGHA real property ("**Property**") is governed by 24 CFR Part 970, which is under Section 18 of the U.S. Housing Act of 1937, as amended and Notice PIH 2024-40 (HA), as may be amended. The HUD Special Application Center ("**SAC**") reviews and approves the application submitted for the disposition of public housing property.

In order to submit a disposition application, HDGHA must ensure that certain requirements are met, as follows.

1.1. Annual Plan. HDGHA must identify the Property in the Annual Plan and discuss the proposed disposition of the Property at the public meeting.

1.2. Environmental Review. An environmental review must be conducted for the Property, which includes a Phase I environmental site assessment. Depending on the type of disposition, the environmental review could be conducted by HUD or the Responsible Entity, which can be the local government.

1.3. Resident Consultation. HDGHA must consult with residents affected by the disposition and resident organizations. Residents must be given an opportunity to comment on the proposed disposition.

1.4. Offer of Sale. Under certain circumstances, HDGHA must provide residents organizations with an offer of sale. If the resident organization is interested in purchasing the Property, the resident organization must submit the request in writing within 30 days of receiving the notice of the sale. The resident organization must submit documentation of sufficient financing withing 60 days.

1.5. Relocation Plan. HDGHA must prepare a resolution plan for the residents living in the dwelling units. The relocation plan will be described in the disposition application.

1.6. Local Government Consultation. HDGHA must consult with the local government official concerning the proposed disposition and obtain a letter documenting the consultation.

1.7. Board Resolution. HDGHA must obtain a signed and dated resolution from the Board authorizing HDGHA to submit the disposition application to SAC. The Board must be consulted and approve all material parts of the SAC application The authorizing board resolution must be dated after all requirements have been completed.

1.8. Value of the Disposition. Unless an exception is met, HDGHA must receive fair market value when the public housing property is to be disposed of to a non-affiliated entity. In accordance with 24 CFR 970.19, SAC may approve certain dispositions for less than fair market value upon a finding of commensurate public benefit, which HUD determines on a case-by-case basis.

2. Disposition By Conversion Under the Rental Assistance Demonstration

The Rental Assistance Demonstration ("**RAD**") allows projects funded under the public housing program to convert the assistance to long-term, project-based Section 8 rental assistance contracts. The rules governing RAD are set forth in Notice H-2019-09 PIH-2019-23 (HA) as amended by Notice H-2025-01/PIH-2025-03 (HA), as may be amended. Conversion of the public housing assistance under RAD is a complex process. Accordingly, HDGHA must consult with persons experienced in RAD conversions to advise and provide information to HDGHA regarding the conversion process, including but not limited to: (i) the selection of the best form of Section 8 Housing Assistance Payment Contracts for HDGHA: project-based vouchers or project-based rental assistance; (ii) the financial analysis and preparation of financing documents; (iii) the selection of a development partner; (iv) the preparation of legal documents; (v) the required submissions to HUD.

3. The procedures for disposition of HDGHA real property may be revised or amended in accordance with HUD requirements without Board approval.