

SECTION 3 CONTRACT CLAUSE

All Section 3 covered contracts shall include the following clause (referred to as the Section 3 Clause):

- A. The work to be performed under this contract is subject to the requirements of section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.
- B. The parties to this contract agree to comply with HUD's regulations in 24 CFR part 75, which implement Section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the part 75 regulations.
- C. The contractor agrees to send to each labor organization or representative or workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.
- D. The contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR part 75, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR part 75. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR part 75.
- E. The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 75 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR part 75.
- F. Noncompliance with HUD's regulations in 24 CFR part 75 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.

Compliance with Section 3

All Contractors must meet Section 3 compliance by:

1. Giving notice of any and all opportunities for employment to the Housing Authority and other low and very low-income area residents and businesses by running ads, distributing flyers, community announcements, letter to targeted persons, newsletters, etc. as far in advance of the opportunity as possible.
2. Work with the Housing Authority in developing a communication and follow up process to track and report all Section 3 application and hiring activities to ensure the reporting of compliance efforts.
3. Provide preference in hiring and contracting to Section 3 applicants and contractors when all factors are equal for the opportunity including price and salary requests.
4. Contractor must provide this Section 3 Clause to all sub-contractors when soliciting bids as they will also need to meet all the same processes in items A through F on the previous page.

Contract Compliance Cure and Termination Processes

All contractors claiming a preference in contracting by meeting any of the Section 3 requirements shall maintain that status throughout the life of the contract. Failure to meet this requirement will result in penalties up to and including contract termination. Any contractor triggering the regulation by doing any hiring or contracting once they are awarded the contract through execution must comply with the Section 3 requirements by executing the efforts on their Certification and Action Plan in accordance with the Housing Authority's Section 3 Action Plan.

Any contractor claiming to meet Section 3 compliance by committing to hire residents, fund training itself shall meet compliance within seven (7) calendar days of contract start or Cumberland Housing Group shall halt all work related to the agreement and the actions listed in steps A-D in this section shall apply.

The contractor understands and agrees that a compliance management person will be used to conduct routine and certified payroll reviews to ensure compliance. Contractor agrees to provide the payroll data in an Excel or Word format each time the payroll is processed throughout the contract. Any questions on Section 3 activities should be addresses to the Section 3 Coordinator.