

Roanoke Redevelopment and Housing Authority

Section 3 Policy

Background

Section 3 of the Housing and Urban Development Act of 1968, as amended by the Housing and Community Development Act of 1994, ensures that economic opportunities, most importantly employment, generated by certain HUD financial assistance shall be directed to low- and very low-income persons, particularly those who are recipients of government assistance for housing or residents of the community in which the Federal assistance is spent as defined in 24 CFR 75.1

Pursuant to Section 3 of the Housing and Urban Development Act of 1968, as amended, and 24 CFR Part 75 this Section 3 Policy will provide direction to Roanoke Redevelopment and Housing Authority (RRHA) staff for maximizing employment and other economic opportunities for low- and very low-income individuals through HUD-funded contracts.

Policy Statement

RRHA will provide economic opportunities to low- and very low-income persons residing in the Roanoke Metropolitan Statistical Area (MSA) and to Section 3 Business Concerns, as defined in 24 CFR 75.9. Accordingly, RRHA will develop programs and procedures necessary to implement this Section 3 Policy covering all procurement of contracts where labor and/or professional services are provided, in order to achieve the established goals. This policy will not apply to contractors who only furnish materials or supplies through Section 3 contracts or projects. It will apply to contractors who install materials or equipment. There is nothing in this policy that should be construed to require the employment or contracting of a Section 3 resident or contractor who does not meet the qualifications of the position to be filled or who cannot fulfill the contract requirements.

Definitions

RRHA incorporates into this policy all of the definitions contained in 24 CFR 75.5, with those most applicable to this policy listed below:

- Contractor means any entity entering into a contract with: (1) A recipient to perform work in connection with the expenditure of public housing financial assistance or for work in connection with a Section 3 project; or (2) A sub-recipient for work in connection with a Section 3 project.
- HUD Youthbuild Programs refers to YouthBuild programs receiving assistance under the Workforce Innovation and Opportunity Act (29 U.S.C. 3226).

- Section 3 means Section 3 of the Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701u).
- Section 3 Business Concern means a business concern, defined as a business entity formed in accordance with State law, and which is licensed under State, county or municipal law to engage in the type of business activity for which it was formed. A business concern meeting at least one of the following criteria, documented within the last six-month period:
 - 1) It is at least 51 percent owned and controlled by low- or very low-income persons.
 - 2) Over 75 percent of the labor hours performed for the business over the prior three-month period are performed by Section 3 workers.
 - 3) It is a business at least 51 percent owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing.

The status of a Section 3 business concern shall not be negatively affected by a prior arrest or conviction of its owner(s) or employees.

Nothing in this part shall be construed to require the contracting or subcontracting of a Section 3 business concern. Section 3 business concerns are not exempt from meeting the specifications of the contract.

- Section 3 Contract Provisions mean the Contract Provisions set forth in 24 CFR 75.17. Section 3 Contract Provisions follows this policy as Attachment 1.
- Section 3 Applicability:

Section 3 applies to public housing financial assistance, as follows:

- 1) Development assistance provided pursuant to section 5 of the United States Housing Act of 1937 (the 1937 Act);
 - 2) Operations and management assistance provided pursuant to section 9(e) of the 1937 Act;
 - 3) Development, modernization, and management assistance provided pursuant to section 9(d) of the 1937 Act;
 - 4) The entirety of a mixed-finance development project as described in 24 CFR 905.604, regardless of whether the project is fully or partially assisted with public housing financial assistance as defined in paragraphs (a)(1)(i) through (iii) of 24 CFR 75.3.
- Section 3 Project means housing rehabilitation, housing construction, and other public construction projects assisted under HUD programs that provide housing and

community development financial assistance when the total amount of assistance to the project exceeds a threshold of \$200,000. The threshold is \$100,000 where the assistance is from the Lead Hazard Control and Healthy Homes programs, as authorized by Sections 501 or 502 of the Housing and Urban Development Act of 1970 (12 U.S.C. 1701z-1 or 1710z-2), and the Lead-Based Paint Poisoning Act (42 U.S.C. 4801 *et seq.*); and the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851 *et seq.*).

- Contract means, for the purpose of Federal financial assistance, a legal instrument by which a recipient or sub-recipient purchases property or services needed to carry out the project or program under a Federal award. 2 CFR 200.1

- Section 3 projects means housing rehabilitation, housing construction, and other public construction projects assisted under HUD programs that provide housing and community development financial assistance when the total amount of assistance to the project exceeds a threshold of \$200,000. The threshold is \$100,000 where the assistance is from the Lead Hazard Control and Healthy Homes programs, as authorized by Sections 501 or 502 of the Housing and Urban Development Act of 1970 (12 U.S.C. 1701z-1 or 1701z-2), the Lead-Based Paint Poisoning Prevention Act (42 U.S.C 4801 *et seq.*); and the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851 *et seq.*). The project is the site or sites together with any building(s) and improvements located on the site(s) that are under common ownership, management, and financing.
 1. The Secretary must update the thresholds provided in paragraph (a)(2)(i) of this section not less than once every 5 years based on a national construction cost inflation factor through Federal Register notice not subject to public comment. When the Secretary finds it is warranted to ensure compliance with Section 3, the Secretary may adjust, regardless of the national construction cost factor, such thresholds through Federal Register notice, subject to public comment.
 2. The requirements in this part apply to an entire Section 3 project, regardless of whether the project is fully or partially assisted under HUD programs that provide housing and community development financial assistance according to 24 CFR 75.3.

- Section 3 worker means any worker who currently fits or when hired within the past five years fit at least one of the following categories, as documented:
 1. The worker's income for the previous or annualized calendar year is below the income limit established by HUD.
 2. The worker is employed by a Section 3 business concern.
 3. The worker is a YouthBuild participant.

The status of a Section 3 worker shall not be negatively affected by a prior arrest or conviction. Nothing in this part shall be construed to require the employment of

someone who meets this definition of a Section 3 worker. Section 3 workers are not exempt from meeting the qualifications of the position to be filled according to 24 CFR 75.5.

- Targeted Section 3 worker. A Targeted Section 3 worker for housing and community development financial assistance means a Section 3 worker who is:
 1. A worker employed by a Section 3 business concern; or
 2. A worker who currently fits or when hired fit at least one of the following categories, as documented within the past five years:
 - (i) Living within the service area or the neighborhood of the project, as defined in § 75.5; or
 - (ii) A YouthBuild participant according to 24 CFR 75.21.
- Subcontractor means any entity that has a contract with a contractor to undertake a portion of the contractor's obligation to perform work in connection with the expenditure of public housing financial assistance or for a Section 3 project.
- Section 8-assisted housing refers to housing receiving project-based rental assistance or tenant-based assistance under Section 8 of the 1937 Act.
- Service area or the neighborhood of the project means an area within one mile of the Section 3 project or, if fewer than 5,000 people live within one mile of a Section 3 project, within a circle centered on the Section 3 project that is sufficient to encompass a population of 5,000 people according to the most recent U.S. Census.
- Small PHA means a public housing authority that manages or operates fewer than 250 public housing units.

RRHA Responsibilities

RRHA will comply with Section 3 in its operations. This responsibility includes:

1. Notifying Section 3 residents and businesses about jobs and contracts generated by Section 3 covered assistance so that residents may seek jobs and businesses may submit bids/proposals for available contracts.
2. Notifying potential contractors of the objectives of Section 3 and ways in which each contractor can assist RRHA in meeting its goal.
3. Facilitating the training and employment of Section 3 residents and the award of contracts to Section 3 business concerns.
4. Documenting the action that the RRHA takes to comply with the Section 3 requirements, the results of the actions, and impediments, if any.

RRHA also has a responsibility to ensure compliance of contractors and subcontractors. RRHA will:

1. Notify contractors of their responsibilities under Section 3 including, but not limited to, incorporating the Section 3 Clause in contract documents.
2. Refrain from entering into contracts with contractors that are in violation of the regulations at 24 CFR Part 75.
3. Respond to complaints made to RRHA by Section 3 residents or business concerns that RRHA, a contractor or subcontractor, is not in compliance with 24 CFR Part 75.
4. Cooperate with HUD in obtaining the compliance of contractors and subcontractors when allegations are made that RRHA's contractors and subcontractors are not in compliance with the regulations at 24 CFR Part 75.

Goals

1. Employment and Training

Goal: All contractors will seek low- or very low-income persons residing in the Roanoke MSA. Thirty percent of all labor hours worked will be by Section 3 Workers (25%) and Targeted Section 3 Workers (5%).

Consistent with existing Federal, state, and local laws and regulations, PHAs or other recipients receiving public housing financial assistance, and their contractors and subcontractors, must make their best efforts to provide employment and training opportunities generated by the public housing financial assistance to Section 3 workers. PHAs or other recipients, and their contractors and subcontractors, must make their best efforts following the order of priority§ 75.9 of 24 CFR Part 75.

- First Priority – To residents of the public housing projects for which the public housing financial assistance is expended.
- Second Priority –To residents of other public housing projects managed by the PHA that is providing the assistance or for residents of Section 8-assisted housing managed by the PHA.
- Third Priority -To participants in YouthBuild programs.
- Fourth Priority – To low- and very low-income persons residing within the Roanoke metropolitan area in which the assistance is expended.

2. Contracting

Consistent with existing Federal, state, and local laws and regulations, PHAs and other recipients of public housing financial assistance, and their contractors and subcontractors, must make their best efforts to award contracts and subcontracts to business concerns that provide economic opportunities to Section 3 workers.

PHAs and other recipients, and their contractors and subcontractors, must make their best efforts to secure/provide contracting in the following order of priority pursuant to § 75.9 of 24 CFR Part 75.

- First Priority-To Section 3 business concerns that provide economic opportunities for residents of the public housing projects for which the assistance is provided.
- Second Priority-To Section 3 business concerns that provide economic opportunities for residents of other public housing projects or Section-8 assisted housing managed by the PHA that is providing the assistance.
- Third Priority-To YouthBuild programs.
- Fourth Priority-To Section 3 business concerns that provide economic opportunities to Section 3 workers residing within the Roanoke metropolitan area in which the assistance is provided.

RRHA will direct efforts to award Section 3 contracts and must make their best efforts to award contracts and subcontracts to business concerns that provide economic opportunities to Section 3 workers. § 75.9 of 24 CFR Part 75.

- Category 1 Businesses – Business concerns that are 51% or more owned by residents of the housing development or developments for which the Section 3 covered assistance is expended, or whose full-time permanent workforce includes 30 percent of those persons as employees;
- Category 2 Businesses – Business concerns that are 51% or more owned by residents of other housing developments managed by RRHA, or whose full-time, permanent workforce includes 30 percent of these persons as employees;
- Category 3 Businesses – HUD Youthbuild programs being carried out in the Roanoke MSA;
- Category 4 Businesses - Business concerns that are 51% or more owned by Section 3 residents, or whose permanent, full-time workforce includes no less than 30 percent Section 3 residents, or that subcontract in excess of 25% of the total amount of subcontracts to Category 1 or Category 2 businesses.

Compliance

Record keeping

According to 24 CFR 75.31 HUD shall have access to all records, reports, and other documents or items of the recipient that are maintained to demonstrate compliance with the requirements of this part, or that are maintained in accordance with the regulations governing the specific HUD program by which the Section 3 project is governed, or the

public housing financial assistance is provided or otherwise made available to the recipient, sub-recipient, contractor, or subcontractor.

- Recipients must maintain documentation, or ensure that a sub-recipient, contractor, or subcontractor that employs the worker maintains documentation, to ensure that workers meet the definition of a Section 3 worker or Targeted Section 3 worker, at the time of hire or the first reporting period, as follows:
- For a worker to qualify as a Section 3 worker, one of the following must be maintained:
 1. A worker's self-certification that their income is below the income limit from the prior calendar year;
 2. A worker's self-certification of participation in a means-tested program such as public housing or Section 8-assisted housing;
 3. Certification from a PHA, or the owner or property manager of project-based Section 8-assisted housing, or the administrator of tenant-based Section 8-assisted housing that the worker is a participant in one of their programs;
 4. An employer's certification that the worker's income from that employer is below the income limit when based on an employer's calculation of what the worker's wage rate would translate to if annualized on a full-time basis; or
 5. An employer's certification that the worker is employed by a Section 3 business concern.
- For a worker to qualify as a Targeted Section 3 worker, one of the following must be maintained:
 1. A worker's self-certification of participation in public housing or Section 8-assisted housing programs.
 2. Certification from a PHA, or the owner or property manager of project-based Section 8-assisted housing, or the administrator of tenant-based Section 8-assisted housing that the worker is a participant in one of their programs.
 3. An employer's certification that the worker is employed by a Section 3 business concern
 4. A worker's certification that the worker is a YouthBuild participant.
 5. An employer's confirmation that a worker's residence is within one mile of the work site or, if fewer than 5,000 people live within one mile of a work site, within a circle centered on the work site that is sufficient to encompass a population of 5,000 people according to the most recent U.S. Census;

6. An employer's certification that the worker is employed by a Section 3 business concern.
7. A worker's self-certification that the worker is a YouthBuild participant.
8. Documentation must be maintained for the time period required for record retentions in accordance with applicable program regulations or, in the absence of applicable program regulations, in accordance with 2 CFR part 200.
9. A PHA or recipient may report on Section 3 workers and Targeted Section 3 workers for five years from when their certification as a Section 3 worker or Targeted Section 3 worker is established.

RRHA shall submit an annual report to HUD in accordance with the requirements of 24 CFR 75.15. HUD holds RRHA accountable for compliance with Section 3 requirements.

In the absence of evidence to the contrary, if a contractor meets the minimum numerical goals listed above, the contractor is considered to have complied with Section 3 requirements.

When a contractor is unable to meet Section 3 employment and training goals, RRHA will place the burden of proving compliance with Section 3 requirements on the contractor. The contractor will be expected to demonstrate why it was not feasible to meet the goals. Such justification may include impediments encountered despite actions taken. A contractor can indicate other economic opportunities, such as use of upward mobility and trainee positions to fill vacancies, sponsoring or participating in upward mobility training programs, hiring eligible Section 3 residents in trainee positions, or purchasing materials and supplies from RRHA resident-owned businesses.

RRHA will cooperate fully with Section 3 compliance reviews conducted by HUD. RRHA will promptly correct or work with contractors to correct any deficiencies identified by HUD during such reviews.

Data Collection and Reporting

Participants in the programs administered by the Department shall furnish to the Department such data concerning the race, color, religion, sex, national origin, age, handicap, and family characteristics of persons and households who are applicants for, participants in, or beneficiaries or potential beneficiaries of, those programs as the Secretary may determine to be necessary or appropriate to enable him or her to carry out his or her responsibilities under the authorities referred to in § 121.1.

RRHA will submit an annual report in such form and with such information as the Assistant Secretary may request, for the purpose of determining the effectiveness of Section 3. The report will be submitted in compliance with HUD required timeframes described in 24 CFR 121.2.

HUD will be provided access to all records, reports, and other documents or items RRHA maintains to demonstrate compliance with Section 3 requirements.

Complaints

Complaints alleging failure of compliance with this part may be reported to the HUD program office responsible for the public housing financial assistance or the Section 3 project, or to the local HUD field office. Detailed complaint processing procedures are located in 24 CFR 75.33

The following individuals and business concerns may, personally or through an authorized representative, file a complaint with HUD alleging noncompliance with Section 3(b):

- Any Section 3 resident on behalf of himself or herself, or as a representative of persons similarly situated, seeking employment, training or other economic opportunities, or by a representative who is not a Section 3 resident but who represents one or more Section 3 residents;
- Any Section 3 business concern on behalf of itself or as a representative of other Section 3 business concerns similarly situated, seeking contract opportunities generated from the expenditure of Section 3 assistance from RRHA or contractor, or by an individual representative of Section 3 business concerns.

Resolution of complaint by the RRHA

If the Assistant Secretary sends a complaint to RRHA for resolution, RRHA will review the complaint promptly. If RRHA believes that the complaint lacks merit, RRHA will notify the local HUD field office, in writing, of this recommendation with supporting reasons, within thirty (30) days of the date of receipt of the complaint. The determination that a complaint lacks merit is reserved to the local HUD field office.

If RRHA determines that there is merit to the complaint, RRHA will have sixty (60) days from the date of receipt of the complaint to resolve the matter with the complainant. At the expiration of the sixty (60) day period, RRHA must notify the local HUD field office in writing whether a resolution of the complaint has been reached. If resolution has been reached, the notification must be signed by both RRHA and the complainant, and must summarize the terms of the resolution reached between the two parties.

Any request for an extension of the sixty (60) day period by RRHA must be submitted in writing to the local HUD field office, and must include a statement explaining the need for the extension.

If RRHA is unable to resolve the complaint within the sixty (60) day period (or more if extended by the Assistant Secretary), the complaint shall be referred to the local HUD field office for handling in accordance with 24 CFR 75.

Intimidatory or Retaliatory Acts Prohibited

RRHA will not intimidate, threaten, coerce, or discriminate against any person or business because the person or business has made a complaint, testified, assisted or participated in any manner with an investigation, proceeding, or hearing regarding a complaint.

Judicial Relief

Nothing in this policy precludes a Section 3 resident or Section 3 business concern from exercising the right to seek redress directly through judicial procedures.

Attachment I

Section 3 Contractor's Agreement

A. The RRHA will provide contract opportunities to contractors who meet the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12U.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 fullest extent feasible, be directed to low and very low-income persons, particularly those who are recipients of HUD assistance for housing. 24 CFR 75.27 provides information updated and revised information on Section 3 Workers and Targeted Section 3 Workers in reference to contracting and the documentation of hours worked and Section 3 projects.

B. Parties who contract with the RRHA agree to comply with HUD's regulations in 24 CFR part 75, which implement Section 3. As evidenced by their execution of a contract with RRHA parties certify that they are under no contractual or other impediment that would prevent them from complying with part 75 regulations.

C. All contractors agree to send each labor organization or representative of 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 notice, and will post copies to 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 Contractor's Agreement 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 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 in 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.

G. With respect to work performed in connection with Section 3 covered Indian housing assistance, Section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work performed under this contract. Section 7(b) requires that the fullest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract that are subject to the provisions of Section 3 and Section 7 (b) agree to comply with Section 3 maximum extent feasible, but not in derogation of compliance with Section 7(b).

Benchmarks

HUD will establish Section 3 benchmarks for Section 3 workers or Targeted Section 3 workers or both through a document published in the Federal Register. HUD may establish a single nationwide benchmark for Section 3 workers and a single nationwide benchmark for Targeted Section 3 workers, or may establish multiple benchmarks based on geography, the type of public housing financial assistance, or other variables. HUD will update the benchmarks through a document published in the Federal Register, subject to public comment, not less frequently than once every 3 years. Such notice shall include aggregate data on labor hours and the proportion of PHAs and other recipients meeting benchmarks, as well as other metrics reported pursuant to § 75.15 as deemed appropriate by HUD, for the 3 most recent reporting years.

In establishing the Section 3 benchmarks, HUD may consider the industry averages for labor hours worked by specific categories of workers or in different localities or regions; averages for labor hours worked by Section 3 workers and Targeted Section 3 workers as reported by recipients pursuant to this section; and any other factors HUD deems important. In establishing the Section 3 benchmarks, HUD will exclude professional services from the total number of labor hours as such hours are excluded from the total number of labor hours to be reported per § 75.15(a)(4).

Section 3 benchmarks will consist of the following two ratios:

1. The number of labor hours worked by Section 3 workers divided by the total number of labor hours worked by all workers funded by public housing financial assistance in the PHA's or other recipient's fiscal year.
2. The number of labor hours worked by Targeted Section 3 workers, as defined in § 75.11(a), divided by the total number of labor hours worked by all workers funded by public housing financial assistance in the PHA's or other recipient's fiscal year. 24 CFR 75.13
3. Recipients must include language applying Section 3 requirements in any subrecipient agreement or contract for a Section 3 project.

(b) Recipients of Section 3 funding must require subrecipients, contractors, and subcontractors to meet the requirements of § 75.19, regardless of whether Section 3

language is included in recipient or subrecipient agreements, program regulatory agreements, or contracts. 24 CFR 75.27

Section 3 projects

All notices of funding availability (NOFAs) issued by HUD that announce the availability of funding covered by § 75.3 will include notice that this part is applicable to the funding and may include, as appropriate for the specific NOFA, points or bonus points for the quality of Section 3 plans. 24 CFR 75.7

Section 3 projects are housing rehabilitation, housing construction, and other public construction projects assisted under HUD programs that provide housing and community development financial assistance when the total amount of assistance to the project exceeds a threshold of \$200,000. The threshold is \$100,000 where the assistance is from the Lead Hazard Control and Healthy Homes programs, as authorized by Sections 501 or 502 of the Housing and Urban Development Act of 1970 (12 U.S.C. 1701z-1 or 1701z-2), the Lead-Based Paint Poisoning Prevention Act (42 U.S.C 4801 *et seq.*); and the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851 *et seq.*). The project is the site or sites together with any building(s) and improvements located on the site(s) that are under common ownership, management, and financing.

1. The Secretary must update the thresholds provided in paragraph (a)(2)(i) of this section not less than once every 5 years based on a national construction cost inflation factor through Federal Register notice not subject to public comment. When the Secretary finds it is warranted to ensure compliance with Section 3, the Secretary may adjust, regardless of the national construction cost factor, such thresholds through Federal Register notice, subject to public comment.
2. The requirements in this part apply to an entire Section 3 project, regardless of whether the project is fully or partially assisted under HUD programs that provide housing and community development financial assistance.

Contracts for materials. Section 3 requirements do not apply to material supply contracts.

Indian and Tribal preferences. Contracts, subcontracts, grants, or subgrants subject to Section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 5307(b)) or subject to tribal preference requirements as authorized under 101(k) of the Native American Housing Assistance and Self-Determination Act (25 U.S.C. 4111(k)) must provide preferences in employment, training, and business opportunities to Indians and Indian organizations, and are therefore not subject to the requirements of this part.

Section 3 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, 12U.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 fullest extent feasible, be directed to low and very low-income persons, particularly those 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 135, 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 part 135 regulations.*

C. *The contractor agrees to send each labor organization or representative of 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 to 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 135, 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 135. The contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR part 135.*

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 in of 24 CFR part 135 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR part 135.*

F. *Noncompliance with HUD's regulations in 24 CFR part 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.*

G. *With respect to work performed in connection with Section 3 covered Indian housing assistance, Section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work performed under this contract. Section 7(b) requires that the fullest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract that are subject to the provisions of Section 3 and Section 7 (b) agree to comply with Section 3 maximum extent feasible, but not in derogation of compliance with Section 7(b).*