



Section 3 Program Requirements

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I. INTRODUCTION

Congress established the Section 3 program under Section 3 of the U.S. Department of Housing and Urban Development (HUD) Act of 1968, as amended (12 U.S.C. 1701u). Section 3 is designed to guarantee that employment and other economic opportunities created by HUD financial assistance for housing and community development programs are directed toward low- and very-low income persons, particularly those who are recipients of government assistance for housing. The federal Section 3 regulations are defined in the Code of Federal Regulations (CFR) at 24 CFR, Part 135.

II. STATEMENT OF PURPOSE

Through the Section 3 program, the Housing Opportunities Commission of Montgomery County (HOC) seeks to foster local economic development, neighborhood economic improvement, and individual self-sufficiency. The ultimate goal of HOC's Section 3 program is to provide jobs for HOC residents and other low-income individuals as well as award contracts to businesses that share HOC's commitment to continually bettering the community which this Agency serves.

Pursuant to 24 CFR, Part 135, this document establishes the appropriate procedures and processes to implement HOC's Section 3 Program Requirements. This document does not require employing a Section 3 Resident or contracting with a Section 3 Business Concern that does not meet the qualifications of the position to be filled, or cannot fulfill the contract requirements.

III. APPLICABILITY

These Program Requirements shall cover all contracts, including memoranda of understanding, for the provision of services to HOC funded through Section 3 Covered Assistance, which includes cooperative purchasing agreements and contracts for professional services (such as audit and accounting, brokerage, architecture, and legal), maintenance, repairs, labor, landscaping, modernization projects, employee training, HOC resident education and services, and construction. These Program Requirements do not apply to contractors who only furnish materials or supplies.

IV. DEFINITIONS

HOC incorporates into these Program Requirements all of the definitions contained in 24 CFR 135.5, with those most applicable to this document listed below.

Contractor: Any entity that enters into a contract or agreement to perform work generated by the expenditure of Section 3 Covered Assistance, or for work in connection with a Section 3 Covered Project.

HUD Youthbuild Programs: Programs that receive assistance under subtitle D of Title IV of the National Affordable Housing Act, as amended by the Housing and Community Development Act of 1992 (42 U.S.C. 12899), and provide disadvantaged youth with opportunities for employment, education, leadership development, and training in the construction or rehabilitation of housing for homeless individuals and members of low- and very low-income families.

New Hires: Full time employees for permanent, temporary, or seasonal employment opportunities.

Section 3 Business Concern: A business concern is defined as a business entity formed in accordance with State law, and which is licensed to the extent required under any State, County, or municipal law to engage in the type of business activity for which it was formed:

- 1) That is 51 percent or more owned by Section 3 Residents;
- 2) Whose permanent, full-time employees include persons, at least 30 percent of whom are currently Section 3 Residents, or within three years of the date of first employment with the business concern were Section 3 Residents; or
- 3) That provides evidence of a commitment to subcontract in excess of 25 percent of the dollar award of all subcontracts to be awarded to business concerns that meet the qualifications set forth in paragraphs (1) or (2) in this definition.

Section 3 Clause: The contract provisions set forth in 24 CFR 135.38. The Section 3 Clause follows these Program Requirements as Attachment 1 to this document.

Section 3 Covered Assistance:

- 1) Public and Indian housing development assistance provided pursuant to Section 5 of the U.S. Housing Act of 1937 (“1937 Act”);
- 2) Public and Indian housing operating assistance provided pursuant to Section 9 of the 1937 Act;
- 3) Public and Indian housing modernization assistance provided pursuant to Section 14 of the 1937 Act;
- 4) Assistance provided under any HUD housing or community development program that is expended for work arising in connection with:
 - a) Housing rehabilitation (including reduction and abatement of lead-based paint hazards, but excluding routine maintenance, repair and replacement);
 - b) Housing construction; or
 - c) Other public construction project (which includes other buildings or improvements, regardless of ownership).

Section 3 Covered Contract: A contract or subcontract (including a professional service contract) awarded by a recipient or contractor for work generated by the expenditure of Section 3 Covered Assistance, or for work arising in connection with a Section 3 Covered Project. Section 3 covered contracts do not include contracts awarded under HUD’s procurement program which are governed by the Federal Acquisition Regulation System (see 48 CFR, Chapter1). Section 3 Covered Contracts also do not include contracts for the purchase of supplies and materials. However, whenever a contract for materials includes the installation of the materials, the contract constitutes a Section 3 Covered Contract.

Section 3 Covered Project: The construction, reconstruction, conversion or rehabilitation of housing (including reduction and abatement of lead-based paint hazards) and/or other public construction that includes buildings or improvements (regardless of ownership) assisted with housing or community development assistance.

Section 3 Fund: A fund held and administered by or under the direction of HOC to be expended for the purpose of supporting training programs for Section 3 Residents to develop skills necessary or useful to enable Section 3 Residents to:

- 1) Fulfill all or a portion of the requirements of any of PHA's Section 3 Covered Contracts;
- 2) Support or create Section 3 Business Concerns; or
- 3) Sell, directly or through Section 3 Business Concerns, supplies and materials commonly procured by public housing authorities (PHA).

Such training programs shall include pre-apprenticeship programs, including, without limitation, apprentice or pre-apprenticeship programs developing skills involved in building trades, maintenance, landscaping and security and scholarships to pay the cost of participation of Section 3 Residents in any available apprenticeship programs for the building trades such as plumbing, carpentry, electrical, etc. The financial assistance may be used for the payment of tuition, union initiation fees, dues, tools, equipment and work clothing, or any other related expense.

Section 3 Resident:

- 1) A public housing resident;
- 2) A low- or very low-income person, as defined below, who resides in Montgomery County, MD;
 - a) Low-income: Households whose income does not exceed 80 percent of the median income for the area in which they reside.
 - b) Very low-income: Households whose incomes do not exceed 50 percent of the median income for the area in which they reside.

A person seeking the training and employment preference provided by Section 3 bears the responsibility of providing evidence, when requested, that the person is eligible for the preference.

Subcontractor: Any entity (other than a person who is an employee of the contractor) which has a contract with a contractor to undertake a portion of the contractor's obligation for the performance of work generated by the expenditure of Section 3 Covered Assistance, or arising in connection with a Section 3 Covered Project.

V. HOC'S RESPONSIBILITIES

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

1. Notifying Section 3 Residents and Section 3 Business Concerns 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 HOC in meeting its goal.
3. Facilitating the training and employment of Section 3 Residents and the award of contracts to Section 3 Business Concerns; and

4. Documenting the action that HOC takes to comply with the Section 3 requirements, the results of the actions, and impediments, if any.

HOC also has a responsibility to ensure compliance of contractors and subcontractors. To this end, HOC 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 135.
3. Respond to complaints made to HOC by Section 3 Residents or Section 3 Business Concerns that HOC, a contractor or subcontractor, is not in compliance with 24 CFR, Part 135.
4. Cooperate with HUD in obtaining the compliance of contractors and subcontractors when allegations are made that HOC's contractors and subcontractors are not in compliance with the regulations at 24 CFR, Part 135.

VI. NUMERICAL GOALS

1. Goals for Employment and/or Training: All contractors under Section 3 Covered Contracts shall contractually agree to directly employ and/or train Section 3 Residents, to the greatest extent feasible, for 30 percent of all New Hires related to the Contract.
2. Employment Preferences: Contractors must select qualified Section 3 Residents as New Hires for work generated by the Section 3 Covered Contract, to the greatest extent feasible, in the following order of priority:
 - a. Residents of the development or developments where the work is to be performed;
 - b. Other residents of HOC;
 - c. Participants in HUD Youthbuild Programs occurring in Montgomery County, MD;
 - d. Other Section 3 residents in Montgomery County, MD.
3. Goals for Contracting by HOC: To the greatest extent feasible, HOC shall seek to award to qualified Section 3 Business Concerns contracts of at least:
 - a. Ten (10) percent of the total dollar amount of all Section 3 Covered Contracts for building trades work for maintenance, repair, modernization or development of public housing and
 - b. Three (3) percent of the total dollar amount of all other Section 3 Covered Contracts.
4. Goals for Subcontracting by Contractors under HOC Contracts: All contractors under Section 3 Covered Contracts shall, to the greatest extent feasible, seek to award to qualified Section 3 Business Concerns, subcontracts of at least:
 - a. Ten (10) percent of the total dollar amount of all Section 3 Covered Contracts for building trades work for maintenance, repair, modernization or development of public housing and
 - b. Three (3) percent of the total dollar amount of all other Section 3 Covered Contracts.

5. Contracting and Subcontracting Preferences: To the greatest extent feasible, HOC and its contractors and subcontractors must select qualified Section 3 Business Concerns to perform work generated by any Section 3 Covered Contract, in the following order of priority:
 - a. Business concerns that are fifty-one (51) percent or more owned by residents of the development for which the Section 3 Covered Assistance is expended, or business concerns whose full-time permanent workforce includes at least thirty (30) percent of those persons as employees;
 - b. Business concerns that are fifty-one (51) percent or more owned by residents of other HOC-owned or managed developments or whose full-time, permanent workforce includes at least thirty (30) percent of those persons as employees;
 - c. HUD Youthbuild Programs being carried out in Montgomery County, Maryland;
 - d. Business concerns that are fifty-one (51) percent or more owned by Section 3 Residents, or whose permanent, full-time workforce includes no less than thirty (30) percent Section 3 Residents, or that subcontract in excess of twenty-five (25) percent of the total amount of subcontracts to Section 3 Business Concerns described in (a) and (b) above.

VII. PROCUREMENT

As per HOC's Procurement Policy, where the Section 3 Covered Contract is to be awarded based on price alone, the Contract will be awarded to the qualified Section 3 Business Concern with the lowest responsive quotation, if it is reasonable and no more than 10 percent higher than the lowest responsive quotation from any qualified source. If no responsive quotation by a Section 3 Business Concern is within 10 percent of the lowest responsive quotation from any qualified source, the award will be made to the source with the lowest responsive quotation.

Where the Section 3 Covered Contract is awarded based on factors other than price, a request for proposals will be prepared in accordance with HOC's Procurement Policy, including a rating system for the assignment of points to evaluate the merits of each proposal. The solicitation will identify all factors to be considered, including price or cost. The rating system will provide for a range of 15 to 25 percent of the total number of available rating points to be set aside for the provision of preference for Section 3 Business Concerns. The contract will be awarded to the responsible firm whose quotation is the most advantageous, considering price and all other factors specified in the rating system.

Where the Section 3 Covered Contract is to be awarded under a sealed bid process, HOC will utilize the method for providing preference defined in Section 111(2)(i) of Appendix to 24 CFR, Part 135. Bids will be solicited from all businesses, including Section 3 Business Concerns and non-Section 3 Business Concerns. An award shall be made to the qualified Section 3 Business Concern with the highest priority ranking and with the lowest responsive bid if that bid:

1. Is within the maximum total contract price established in HOC's budget for the specific project for which bids are being taken; and
2. Is not more than "X" higher than the total bid price of the lowest responsive bid from any responsible bidder. In this context, "X" is determined as follows:

	X= Lesser of:
When the lowest responsive bid is less than \$100,000.00	10% of that bid or \$9,000.
When the lowest responsive bid is:	
At least \$100,000, but less than \$200,000	9% of that bid, or \$16,000.
At least \$200,000, but less than \$300,000	8% of that bid, or \$21,000.
At least \$300,000, but less than \$400,000	7% of that bid, or \$24,000.
At least \$400,000, but less than \$500,000	6% of that bid, or \$25,000.
At least \$500,000, but less than \$1 million	5% of that bid, or \$40,000.
At least \$1 million, but less than \$2 million	4% of that bid, or \$60,000.
At least \$2 million, but less than \$4 million	3% of that bid, or \$80,000.
At least \$4 million, but less than \$7 million	2% of that bid, or \$105,000.
\$7 million or more	1.5% of the lowest responsive bid

If no responsive bid by a Section 3 Business Concern meets the specified requirements, the contract is awarded to the responsible bidder with the lowest responsive bid. To be considered responsible, all bidders, including Section 3 Business Concerns and non-Section 3 Business Concerns, must demonstrate compliance with the “greatest extent feasible” requirement of Section 3.

Before a new contract is released for public bid, HOC’s Real Estate Development Department submits a completed Project Information (PI) form to the Compliance Department. Compliance staff reviews the scope of work and funding source of each project to determine if the project is subject to these Section 3 Program Requirements. The Compliance Department completes its portion of the PI form and returns it to the Real Estate Development Department. The Real Estate team informs the Procurement Department of the appropriate Section 3 requirements so that they may be added to the bid proposal which is released to potential respondents.

HOC contractors and subcontractors must comply with the version of these Program Requirements which are in effect at the time HOC releases the Request for Proposal (RFP), Request for Quotation (RFQ), Invitation for Bid (IFB), or Payment Order (PO) for the covered contract, so long as the contract is awarded and executed within 10 days of the RFP, RFQ, IFB, or PO issuance. If the contract is awarded and executed more than 10 days after the RFP, RFQ, IFB, or PO issuance then the current version of these Section 3 Program Requirements at that time is in effect. Once the contract is awarded and executed the applicable version of these Program Requirements is locked-in based upon the above criteria.

VIII. COMPLIANCE

1. Compliance: HUD holds HOC accountable for compliance with Section 3 requirements. Therefore, contractor reporting requirements will be incorporated into all Section 3 Covered Contracts and contractors shall be contractually required to respond to requests for information from HOC for compliance verification throughout the life of the contract. HOC’s Section 3 Program may also conduct random compliance inspections via electronic contact or at the site of a Section 3 Covered project.

2. Achievement of Numerical Goals: In the absence of evidence to the contrary, if a contractor meets the minimum numerical goals listed in Section VI, above, the contractor is considered to have complied with its Section 3 requirements under these Program Requirements.
3. Burden of Proof Regarding Numerical Goals: Section 3 requires compliance with its minimum numerical requirements unless HOC and its contractors demonstrate that such compliance was not feasible following reasonable efforts. Contractors must demonstrate, through compliance reports and forms established by HOC, that they have met the numerical goals stated in Section VI of these Program Requirements. When a contractor is unable to meet the objectives stated in Section VI of these Program Requirements, the contractor has the burden of demonstrating why it was not feasible to meet the numerical goals. Such justification may include impediments encountered despite actions taken. In the event a contractor does not meet the numerical goals for both new hires and subcontracting, or the contractor has no need for new hires or any subcontracting, or both, HOC requires that a contractor indicate that it has provided other economic opportunities as further evidence of its attempt to comply with these Section 3 Requirements (See Sections VIII.4. and IX below).
4. Other Economic Opportunities: HOC requires each contractor pursuant to any Section 3 Covered Contract to provide other economic opportunities in the event a contractor demonstrates that meeting any applicable Section 3 numerical goals was not feasible after using reasonable efforts to achieve such numerical goals. HOC also requires the provision of other economic opportunities in each of the following circumstances:
 - a. The contractor can demonstrate that it has no need or plan to directly hire and/or subcontract in order to fulfill the Section 3 Covered Contract;
 - b. The contractor needs new hires but does not meet or exceed the applicable numerical goals or demonstrates that it has met that goal to the maximum extent feasible;
 - c. The contractor needs to subcontract but does not meet or exceed the applicable numerical goal or demonstrates that it has met that goal to the maximum extent feasible.
5. Cooperation. HOC will cooperate fully with Section 3 compliance reviews by HUD. HOC will promptly correct or work with contractors to correct any deficiencies identified by HUD during such reviews.

IX. OTHER ECONOMIC OPPORTUNITIES

1. The following qualify as other economic opportunities to fulfill the requirements of Sections VIII. 2 and 3, above:
 - a. Contribute to a Section 3 Fund created by HOC (see IX 3. below);
 - b. Hiring Section 3 Residents in part-time positions;
 - c. Providing economic opportunities to establish, stabilize or expand Section 3 Business Concerns, including, but not limited to, the following:
 - i. Formation of Section 3 joint ventures;
 - ii. Purchase of materials and supplies from HOC resident-owned businesses;

- iii. Use of labor only contracts for building trades;
- iv. Use of upward mobility, bridge and trainee positions to fill vacancies;
- v. Hiring Section 3 Residents in management and maintenance positions regarding other housing developments;
- vi. Hiring Section 3 Residents or subcontracting to Section 3 Business Concerns in circumstances unrelated to any HOC Section 3 Covered Contract; and/or
- vii. Providing mentorship and/or training opportunities that benefit Section 3 Residents or Section 3 Business Concerns or both.

Such economic opportunities may be provided either directly by the contractor or indirectly by the subcontractor, providing incentives to non-Section 3 Businesses to provide such economic opportunities to low-income persons.

2. A contractor may use any one or more of the above described economic opportunities, but the contractor must demonstrate that the cost or value of such other economic opportunities with respect to each Section 3 Covered Contract is not less than ten (10) percent of the Section 3 Covered Contract amount for construction contracts and not less than three (3) percent for non-construction contracts.

In order to demonstrate that the cost or value of such other economic opportunities meets the minimum percentages described in Section IX.2, contractors are subject to the following:

- a. For paid economic opportunities such as purchasing materials, hiring Section 3 Residents for other projects, and subcontracting to Section 3 Business Concerns for other projects, contractors must use the real amount paid to demonstrate that the combined total cost or value meets the minimum percentages described in Section IX.2.
 - b. For non-paid economic opportunities such as training, internship, and mentorship opportunities, contractors must assume that the monetary value of every one hour of assistance is equal to \$100. Contractors then must provide the appropriate number of hours of economic opportunities needed to equal the minimum percentages described in Section IX.2. These hours can be divided up among multiple recipients. For example:
 - i. If the Section 3 Covered Contract is for construction, and the value of the contract is \$100,000, then the contractor must provide at least \$10,000 worth of other economic opportunities. At a rate of \$100 per hour, the contractor would need to provide approximately 100 hours worth of economic opportunities.
 - ii. If the Section 3 Covered Contract is for non-construction, and the value of the contract is \$100,000, then the contractor must provide at least \$3,000 worth of other economic opportunities. At a rate of \$100.00 per hour, the contractor would need to provide approximately 30 hours worth of economic opportunities.
3. HOC may not require a contractor to make a Section 3 Fund contribution in lieu of any of the other economic opportunities described in IX.1.c. i – vii above. However, contractors may choose to submit a contribution to HOC’s nonprofit affiliate, Housing Opportunities Community Partners (HOCPP). Contributions are directed towards employment-related skills training

opportunities for HOC residents and are tax deductible. Payment should be made out to Housing Opportunities Community Partners, Inc. with a notation that the contribution is for the purposes of meeting the contractor's Section 3 obligations.

X. DATA COLLECTION AND REPORTING

HOC will submit an annual report to HUD documenting the Agency's compliance with Section 3 in such form and with such information as HUD may request. The report will be submitted in compliance with HUD required deadlines. HUD will be provided access to all records, reports and other documents or items HOC maintains to demonstrate compliance with Section 3 requirements.

1. Direct Hiring Reporting

HOC directly hires new staff on an as needed basis throughout a given fiscal year. HOC's fiscal years begin on July 1 and end on June 30. As part of HOC's standard hiring practices, the Agency includes a Pre-Employment Income Status Survey to determine which HOC direct hires qualified as low-income prior to beginning their employment at HOC. These statistics are collected by HOC's Human Resources office annually following the end of a given fiscal year and are submitted to the Section 3 Coordinator for inclusion in HOC's annual report to HUD.

2. Subcontracting Reporting

HOC contracts out many different responsibilities on an as needed basis throughout a given fiscal year. HOC's fiscal years begin on July 1 and end on June 30. As part of HOC's standard contracting practices, the Agency includes this Section 3 Program Requirements document with all procurement packets to which Section 3 applies. Upon selection of a contractor, the Procurement Officer provides the completed Section 3 Opportunities Plan to the Section 3 Coordinator so that compliance with this document can be performed. The Section 3 Coordinator receives regular reports from the contractors, and any relevant subcontractors, to ensure compliance with the numerical goals described in Section VI of this document. These statistics are tabulated by the Section 3 Coordinator annually following the end of a given fiscal year and are included in HOC's annual report to HUD.

3. Other Economic Opportunities Reporting

In the event a contractor demonstrates that meeting any applicable Section 3 numerical goals for direct hiring and subcontracting was not feasible after using reasonable efforts to achieve such numerical goals, other economic opportunities must be used as described in Section IX of this document. The Section 3 Coordinator receives regular reports from the contractors, and any relevant subcontractors, to ensure compliance with the numerical goals described in Section IX.2 of this document. These statistics are tabulated by the Section 3 Coordinator annually following the end of a given fiscal year and are included in HOC's annual report to HUD.

XI. COMPLAINTS

Complaint Right

Any Section 3 Resident and any representative who is not a Section 3 Resident, but who represents one or more Section 3 Residents, and any Section 3 Business Concern or any individual representative of one or more Section 3 Business Concerns, may bring concerns of noncompliance with Section 3 to HUD in conformity with complaint procedures detailed in the Code of Federal Regulations at 24 CFR 135.76. Complaints are to be filed with the Assistant Secretary for Fair Housing and Equal Opportunity.

Resolution of Complaints

If the Assistant Secretary sends a complaint to HOC for resolution, the Agency will review the complaint promptly. If HOC believes that the complaint lacks merit, the Agency will notify the Assistant Secretary, 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 Assistant Secretary.

If HOC determines that there is merit to the complaint, the Agency 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, HOC must notify the Assistant Secretary in writing whether a resolution of the complaint has been reached. If resolution has been reached, the notification must be signed by both HOC 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 HOC must be submitted in writing to the Assistant Secretary, and must include a statement explaining the need for the extension.

If HOC 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 Assistant Secretary for handling in accordance with the Code of Federal Regulations at 24 CFR 135.76.

Acts of Intimidation and/or Retaliation are Prohibited

HOC 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 Section 3 complaint.

Judicial Relief

Nothing in these Program Requirements precludes a Section 3 Resident or Section 3 Business Concern from exercising the right to seek redress directly through judicial procedures.

Attachment 1

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 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 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 the Part 135 regulations.
- C. The contractor agrees to send to 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 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 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 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 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, to the

greatest 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 to the maximum extent feasible, but not in derogation of compliance with Section 7(b).