EXHIBIT 2-E.2

INSTRUCTIONS AND GUIDANCE FOR COMPLETING THE “FINDING OF EXEMPTION” FORM

Activities classified as "exempt" under 24 CFR §58.34 may be commenced prior to completing the environmental review record for the project. Exempt activities include environmental/engineering/design costs, information and financial services, administrative and management activities, inspections and testing of properties for hazards or defects, purchase of insurance, and assistance for improvements that do not alter environmental conditions and are limited to emergency repairs.

Use Exhibit 2-E.1, Part 2, Classification of Project/Activity, to document the type(s) of activity(ies) the Grantee will be undertaking in connection with its HOME project. For purposes of the MDOC HOME Program, exempt activities undertaken by the Grantee are generally associated with start-up activities for a larger project that will require completion of:

- Exhibit 2-F.1 for projects that are Categorically Excluded but are not subject to the federal laws and authorities found at 24 CFR §58.5;
- Exhibit 2-G.1 for projects that are Categorically Excluded and are subject to the federal laws and authorities found at 24 CFR §58.5; or
- EXHIBIT 2-I.1, for projects that require an Environmental Assessment.

Part 3, Regulatory Checklist (ref.: 24 CFR Part 58.6 – Other requirements), must be completed for 24 CFR §58.34(a)(12) activities; however, this is not common for projects funded by the Montana HOME Program. Contact the HOME Program for further guidance on 24 CFR §58.34(a)(12) activities.

The completed and signed Exhibit 2-E.1 must be maintained in the Grantee's environmental review file and a copy must be submitted to the HOME Program for concurrence with the determination. The HOME Program will respond with a written letter of concurrence, if applicable.

NOTES:

- **Exhibit 2-E.1 must** be completed regardless of the funding source(s) used to pay for the activity(ies).

- Not all activities classified as "exempt" under 24 CFR §58.34 are allowed under the MDOC HOME Program. Activities that are not allowed under the MDOC HOME Program are annotated and “grayed out”.

- Some activities may or may not be allowed by the MDOC HOME Program, depending upon the circumstances. Contact the HOME Program for further guidance before proceeding with those activities annotated with "Consultation with
MDOC HOME Program required. Failure to do so may result in ineligible costs which will not be reimbursed by the MDOC HOME Program.

- Under MDOC HOME Program, Grantees will only be reimbursed by the HOME Program for “administrative and management activities” that are eligible as soft costs.

- Reimbursement of any or all costs incurred is contingent on completion of the applicable Environmental Review Record, issuance of a Release of Funds by MDOC, execution of a contract between MDOC and the Grantee, and satisfactory completion of the project Management Plan. If a contract is not executed or a Grantee is unable to comply with terms and conditions of the agreement, any costs incurred will be the responsibility of the grantee.

- Responsible Entity (RE)
  - The Responsible Entity for CHDO or PHA Grantees is the Montana Department of Commerce
  - The Responsible Entity for Local Government Grantees is the Local Government

- Section 3: Regulatory Checklist (ref.: 24 CFR §58.6 – Other requirements)

  - Flood Disaster Protection Act of 1973, as amended:
    - If the HOME-funded project/activity is Rental Housing and the project/activity is located within a Special Flood Hazard Area (SFHA) as mapped by the Federal Emergency Management Agency (FEMA), flood insurance must be obtained through the National Flood Insurance Program.
    - If the HOME-funded project/activity is homeowner (owner-occupied) rehabilitation and the project/activity is located within a Special Flood Hazard Area (SFHA) as mapped by the Federal Emergency Management Agency (FEMA), flood insurance purchased through the National Flood Insurance Program is recommended to protect the homeowner’s investment.
    - If the proposed HOME-funded project/activity is homebuyer assistance (down payment and closing cost assistance) and the project/activity is located within a Special Flood Hazard Area (SFHA) as mapped by the Federal Emergency Management Agency (FEMA), the HOME Program recommends not proceeding unless flood insurance is obtained and maintained throughout the period of affordability. The homebuyer should be strongly encouraged to find another property.

- Civilian Airport Runway Clear Zone and/or Military Airport Clear Zone: Projects/activities in runway clear zone or military airport clear zone will NOT be funded by the Montana HOME Program.