

CITY CLERK ORIGINAL

C-7885
11/15/2011

SUBRECIPIENT CONTRACT - NONPROFIT CORPORATIONS

CITY OF GLENDALE, ARIZONA
HOME INVESTMENT PARTNERSHIPS PROGRAM
(RESALE)
FY 2011-2012

This Subrecipient Contract ("Contract") is effective as of this 15th day of November, 2011 (the "Effective Date"), by and between Habitat for Humanity Central Arizona, an Arizona nonprofit corporation ("Agency"), and the City of Glendale, an Arizona municipal corporation ("City"). The parties hereby agree as follows:

RECITALS

- A. Pursuant to Title II of the Cranston-Gonzales National Affordable Housing Act of 1990, the City has applied for and received federal HOME Investment Partnerships Program ("HOME Program") funds for certain eligible activities;
- B. The Agency has applied for HOME Program funds from the City to be used to assist low-income persons and families in obtaining decent and affordable homeownership opportunities;
- C. The activities of the Agency described above and hereinafter have been determined by the City to comply with the requirements of the HOME Program funds regulations; and
- D. It is necessary that the City and the Agency enter into a Contract for the implementation of certain eligible activities.

AGREEMENT

- 1. **Program Activity:** In accordance with federal HOME Program regulation 24 CFR § 92, the Agency agrees to utilize funds made available under this Contract for the purpose of implementing the project to assist low-income persons and families in obtaining affordable homeownership opportunities as identified in the Scope of Services attached as **Exhibit A**. The Agency shall furnish all management, labor, materials, services, supervision, tools, equipment, licenses and permits necessary to complete the Project described as: **Infill Acquisition and Renovations Program** ("Project").
- 2. **Contract Amount:** The City shall provide financial assistance in an amount not to exceed \$230,639.00 ("Funds") subject to the terms of this Contract and availability of Funds. This Contract price constitutes the City's entire participation and obligation in the performance and completion of all work to be performed under this Contract.
- 3. **Commitment of Match:** The Agency agrees to make a match toward the Project. The commitment of match is for the amount of \$57,659.75 as defined by the Match Letter attached as **Exhibit B** and the Memorandum of Agreement – Home Match Obligations attached as **Exhibit C**.
- 4. **Contract Term:** Eighteen months from the Contract Effective Date.
- 5. **Grant Administration:** In accordance with federal regulations, including 24 CFR § 92, the City is responsible for ensuring the administration of HOME Program Funds in accordance with all HOME Program requirements. On behalf of the City, the Community Revitalization Manager will be the Administrator of this Contract and is hereby designated to fulfill all responsibilities in accordance

6. **Method of Payment:** The City agrees to reimburse the Agency for authorized expenditures in such amounts and increments as may be approved by the Administrator for work completed upon submission of a proper request for payment, including supporting documentation. The Agency may not request disbursement of Funds until the Funds are necessary for payment of eligible costs. The amount of each request must be limited to the amount needed. Program income must be disbursed before the Agency requests Funds from the City as identified in **Exhibit D** regarding Billing and Reporting Information. The final request for payment must be submitted to the City no later than 30 days after the expiration date of this Contract in order to meet federal grant requirements. Funds spent after this date will not be reimbursed.
7. **The Agency Agrees to the Following Additional Terms:**
- 7.1 The Agency shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin, age or disability. The Agency shall take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex, national origin, age or disability. Such action must include, but not be limited to: employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rate of pay or other forms of compensation and selection for training including apprenticeship.
- 7.2 The Agency shall not discriminate against any applicant for service because of race, color, religion, sex, national origin, age or disability in the admission or access to, or treatment in, its federally assisted programs or activities. The Agency shall, in all solicitations or advertisements, state that all qualified applicants will receive consideration for service without regard to race, color, religion, sex, national origin, age or disability.
- 7.3 The Agency agrees to post in conspicuous places available to employees and applicants for employment or service, notices setting forth the provisions of these non-discrimination clauses. The Agency shall administer all services in accordance with the Civil Rights Act of 1968 and the Fair Housing Amendment Act of 1988.
- 7.4 The Agency shall, during the term of this Contract, indemnify, hold, protect, and save harmless the City and any and all of its officers, agents, and employees from and against any and all actions, audits, proceedings, claims and demands, loss, liens, costs, expenses and liability of any kind and nature whatsoever, for injury to or death of persons, or damage to property, including property owned by the City brought, made, filed against, imposed upon or sustained by the City, its officers, agents, or employees in and arising from or attributable to or caused directly or indirectly by the negligence, wrongful acts, omissions or from operations conducted by the Agency, its officers, agents or employees, or by any person acting on behalf of the Agency and with the Agency's knowledge and consent, expressed or implied.
- 7.5 The Agency shall give all notices and comply with all laws, ordinances, rules, building codes, regulations and lawful orders of any public authority bearing on the performance of activities pursuant to this Contract. If the Agency observes that any of the Contract documents are in conflict with any laws, statutes, building codes and/or regulations, it will promptly notify the Administrator, in writing, and any necessary changes will be accomplished by appropriate written modification.
- 7.6 Should the Agency perform any work knowing, or having reason to know, it to be contrary to applicable laws, ordinances, rules, building codes and/or regulations, and not give proper notice to the City, the Agency shall assume full responsibility, therefore, and will bear all costs incurred due to its negligence. Any dispute not disposed of by mutual Contract by the parties hereto will be decided in accordance with the applicable Arizona laws, ordinances, and codes of the state and local governments.

- 7.7 The Agency shall comply with, and require all contractors to comply with, all of the applicable provisions of the HOME Program. All contractors and subcontractors will be in compliance with all applicable state and local licensing, bonding, and insurance requirements. The terms, conditions, and requirements covered by this Contract cannot be assigned.
- 7.8 The Agency shall acknowledge the contribution of the HOME Program in all published literature, brochures, programs, flyers, etc., during the term of the Contract.
- 7.9 The Agency shall comply with federal and local procurement requirements as listed in the Additional Requirements as further described in **Exhibit E**.
- 7.10 The Agency shall execute and abide by Certifications mandated by federal grant requirements as listed in **Exhibit F**.
- 7.11 The Agency shall obtain and comply with the most recent U.S. Department of Housing and Urban Development (“HUD”)-issued applicable HOME Program Rent Limits, Income Limits identified in **Exhibit G**, and Maximum per Unit Subsidy Limits throughout the period of affordability.

8. The Agency Certifies:

- 8.1 That it possesses legal authority to execute this Contract.
- 8.2 That its governing body has duly adopted or passed as an official act, a resolution, motion, or similar action authorizing the person identified as the official representative of the Agency to execute this Contract and to comply with the terms of this Contract.
- 8.3 That the Project will be carried out and services administered in compliance with all federal laws and regulations as further described in **Exhibit H**.
- 8.4 That it is familiar with and will comply with 24 CFR § 92 governing activities funded with HOME Program dollars.
- 8.5 That it will comply with all other applicable laws.

9. The City Agrees to:

- 9.1 Complete all environmental reviews in a timely manner.
- 9.2 Provide technical assistance to the Agency on a continuing basis.
- 9.3 Approve all requests for reimbursement, review all requests for Contract amendments and make recommendations thereof in a timely manner.
- 9.4 Monitor timely implementation of Agency’s Project including encumbrance obligations. Make recommendations for compliance.
- 9.5 Keep the Maricopa County HOME Consortium informed of the Agency’s progress toward goals.

10. Financial Records:

- 10.1 The Agency’s accounting system and financial records will comply with the applicable requirements and standards of OMB Circulars A-110, A-122, and A-133. Such systems will be subject to monitoring from time to time by the City or HUD.
- 10.2 The Agency is to adhere to applicable audit requirements as described and in accordance with Part 44 and OMB Circular A-133. In addition, the Agency must provide annual audited financial statements.
- 10.3 The Agency is to adhere to the repayment of investment requirements set forth in 24 CFR § 92.503. Any HOME Program Funds invested in housing that does not meet the

affordability requirements for the period specified in § 92.252 or § 92.254, as applicable, must be paid in accordance with 24 CFR § 92.503(b)(3).

10.4 The Agency shall comply with § 84.16 Resource Conservation and Recovery Act (“RCRA”) (Pub. L. 94-580, 42 U.S.C. 6962), that any State agency or agency of a political subdivision or a state which is using appropriated federal funds must comply with Section 6962. Section 6962 requires that preference be given in procurement programs to the purchase of specific products containing recycled materials identified in guidelines developed by the Environmental Protection Agency (“EPA”) (40 CFR parts 247 through 254). Accordingly, State and local institutions of higher education, hospitals, commercial organizations and international organizations when operating domestically, and non-profit organizations that receive direct federal awards or other federal funds, will give preference in their procurement programs funded with federal funds to the purchase of recycled products pursuant to the EPA guidelines.

11. **Project Proceeds:** All proceeds generated from Agency development activities such as interest on HOME Program loans or proceeds from permanent financing, will be considered Project proceeds and subject to the Project proceeds requirements set forth in HOME Program regulations. Project proceeds will be tracked by the Agency. Documentation supporting the amount of project proceeds received and expended must be submitted on the “Project/Program Budget Form” identified in **Exhibit D**. Any excess or unused funds will be returned to City via the title company.

12. **Home Program Income:** All income received from HOME Program funded activities, such as funds recaptured because housing no longer meets affordability requirements, will be considered program income and subject to the HOME Program income requirements set forth in HOME Program regulations. Refer to the resale provision of this Contract for required action. Documentation supporting the amount of program income and/or net proceeds received and expended must be submitted on the “Project/Program Budget Form” identified in **Exhibit D**. Program income will be tracked by the Agency and accounted for in a separate account fund. Program income that is not expended, or any program income from the payoff of second loans before they are fully forgiven, will be returned to the City in accordance with 25 CFR § 92.503.

13. **Resale Provision:** The HOME Program, as per 24 CFR § 92.254, requires that housing provided through homeowner assistance must be secured for the use of low-income households for a period of affordability. The affordability period is determined based on the amount of the HOME Program subsidy as follows:

PROGRAM	HOME FUND INVESTMENT SUBSIDY	PERIOD OF AFFORDABILITY
Rehabilitation or Acquisition of Existing Housing	< \$15,000	5 years
	\$15,000 - \$40,000	10 years
	> \$40,000	15 years
Refinance of Rehabilitation Project	Any dollar amount	15 years
New Construction or Acquisition of New Housing	Any dollar amount	20 years

- 13.1 Under the HOME Program regulations, recapture is the option which will be used to control the recovery of the HOME Program fund investment in a property during the affordability period.
- 13.2 Utilizing the resale provisions of the HOME Program regulation, the seller must resell the original home to another income-eligible homebuyer. This sale must be at a price that is affordable to the purchaser, although the seller is also allowed a fair return on the sale. The housing will be considered affordable if the subsequent purchaser's monthly payment of principal, interest, taxes and insurances do not exceed 30% of the gross income of the family with an income equal to 80% of median income for the area. If the property is no longer affordable to qualify homebuyers at the time of resale the City may at its discretion take steps to bring the property acquisition cost to a level that is affordable. This may result in the actual sales price being different to the seller than to the subsequent homebuyer. Upon the resale of the home the property must pass local building codes for existing housing. The City shall determine who is responsible for the necessary repairs costs to bring the property up to standards. These requirements will be detailed in the Deed of Trust and Promissory Note attached as **Exhibit I**. If the affordability period has been satisfied the seller will be free to sell the home to any qualified buyer and be entitled to all net proceeds from the sale of the property.
- 13.3 In the case of a foreclosure or foreclosure sale, the period of affordability will be terminated. Upon receipt of the notice that a foreclosure is pending the City will take positive steps to assert rights to a share of the proceeds from the foreclosure sale. The City will, to the extent feasible, recapture the original HOME Program investment. If the homeowner has failed to make payment to the first mortgage holder, the City will not be obligated to correct any deficient payment. The amount recaptured will be based on the amount of the net proceeds from the foreclosure sale. If no proceeds are generated, the HOME Program investment will not be recaptured. The method that will be used to calculate the amount of the recapture funds will be detailed in the Deed of Trust and the Promissory Note. If the affordability period has been satisfied, the City will have no rights to the net proceeds resulting from the foreclosure sale.
- 13.4 If the original homeowner ceases to occupy the property as the principal place of residence, voluntarily or involuntarily, or upon the death of the owner (or where ownership is joint upon the death of the sole survivor having remaining interest), the original HOME Program investment will become due and payable. The method that will be used to calculate the amount of the recaptured funds will be detailed in the Deed of Trust and Promissory Note. If the property is occupied as the principal residence by a lineal descendant of a deceased owner, and the descendant's income level qualifies, the descendant may receive HOME Program assistance in the same manner in which the deceased owner qualified, according to the most recent income limits. The City, at its discretion, can elect to allow the occupant to live on the property for the remainder of the affordability period. If the affordability period has been satisfied, the City will have no interest in the occupants of the property.
- 13.5 If the homeowner is in default of this Contract, the City has the right to allow a non-profit partner to exercise a different but approved recapture/resale provision if in the best interest of the program and the customer. Failure to take action may result in the City exercising its right to foreclose in order to satisfy the contract and comply with federal requirements.

14. Reports/Record Retention:

- 14.1 Project Reports: Such reports as required by the City but are not limited to: project setup, monthly project status report, close-out/completion report, and reporting of beneficiaries' demographics, Minority Business Enterprise/Women Business Enterprise information, and other HUD required reporting data.

- 14.2 Access: The City and the United States Government and its representatives will have access for purposes of monitoring, auditing, and examining performance, to books, documents and papers, and the right to examine records. However, nothing herein will be construed to require access to any privileged or confidential information as set forth in federal or state law.
- 14.3 Administration (Records/Reports and Incorporation by Reference): Pursuant to 24 CFR § 92.508, the Agency shall maintain records for six years after the close of the Project; and submit to the City upon request, records demonstrating that participating citizens served under this Contract meet the income and other criteria required by federal law, and that no unlawful discrimination occurs in the solicitation or selection process of lower income persons or group; except that records pertaining to income eligibility, property standards, affordable rents, lease requirements and affordable marketing for rental housing activities must be kept on a continuing basis throughout the period of affordability.
15. **Indemnification/Insurance**: The Agency shall provide evidence of insurance in accordance with the request for proposals (see Insurance Certificate, **Exhibit J**). The City will be named by the insurer as an additional insured on all required insurance for all operations performed within the scope of this Contract. All certificates of insurance must provide for 30-day notice to the City of cancellation, nonrenewal or material change.
16. **Reversion of Assets**: Upon expiration of this Contract, the Agency shall transfer all remaining funds or other assets relating to the HOME Program to the City. A written letter of intent to terminate must be submitted to the City a minimum of 30 days prior to termination of this Contract. All unencumbered Funds as of the date specified in the Contract Term of this Contract will be returned to the City.
17. **Further Project Requirements**:
- 17.1 The total HOME Program Funds that may be invested on affordable per unit basis is 100% of the per unit dollar limits established by HUD under section 221(d) of the National Housing Act ("NHA") in the area where Project is located.
- 17.2 If a combination of HOME Program and federal low-income tax credit is used in the Project, the applicable section 221(d) of the NHA Per-unit dollar limits are reduced by the per-unit net proceeds from any sale of the tax credit, or by the per-unit present discounted cash value of the project owner's share of the tax credit based on a discount rate equal to the 10-year Treasury note rates.
- 17.3 Projects must obtain an overall environmental clearance before any Funds are obligated. Funding is also conditioned upon the prior advance environmental clearance of every project site by address. The responsibility of environmental clearance will rest with the City. If the Project address changes, or if a property is added to a funded program after the environmental clearance is completed, it is the responsibility of the Agency to notify the City, and to refrain from making any expenditures on that site until a new environmental clearance has been completed. Failure to meet these conditions will mean that requested Funds would not be disbursed for any expenditure on that property.
- 17.4 Affordability requirements must be secured by a Promissory Note, Special Warranty Deed and Deed of Trust as specified in the Loan Documents attached as **Exhibit I**. The Deed of Trust must be recorded with the County Recorder for all loans made with HOME Program Funds.
18. **General Provisions**:
- 18.1 It is expressly understood by the parties hereto that this Contract has been negotiated and executed in anticipation of receipt of Funds by the City from HUD pursuant to the HOME

Program and that therefore, the terms, conditions and sums payable under this Contract are subject to changes or limitations which may be required by the terms of said grant regulations.

- 18.2 A copy of all written communication between the Agency and the City will be personally delivered or mailed by certified mail, return receipt requested, postage prepaid, to the following addresses:

TO THE CITY: City of Glendale
Community Revitalization Division
Attention: Gilbert Lopez
5850 West Glendale Avenue
Glendale, Arizona 85301

WITH A COPY TO: City of Glendale
Attention: City Attorney
5850 West Glendale Avenue
Glendale, Arizona 85301

TO THE AGENCY: Habitat for Humanity Central Arizona
Attention: Roger Schwierjohn
115 East Watkins
Phoenix, Arizona 85004

- 18.3 Both parties acknowledge that no member of the governing body, or any employee of the Agency or the City, who exercises any functions or responsibilities in connection with the carrying out of the project to which this Contract pertains, has any personal interest, direct or indirect, in this Contract.
- 18.4 This Contract supersedes any and all other contracts and no other contract or amendment hereto will be effective unless executed in writing and signed by both the City and the Agency. Changes may be requested by either the City or the Agency and any such requests, if approved by the City, will be incorporated in written amendments to this Contract.
- 18.5 This Contract will be governed by and construed in accordance with the laws of the State of Arizona and all applicable federal laws and regulations.
- 18.6 The invalidity in whole or in part of any provision of this Contract will not void or affect the validity of any other provision of this Contract.
- 18.7 This Contract is subject to cancellation for conflicts of interest under the provisions of A.R.S. § 38-511.
- 18.8 The City may, at any time, by written order, make changes within the general scope of this Contract in any one or more of the following areas:
- a. Work Statement activities reflecting changes in federal, state, county or city regulations, policies or requirements;
 - b. Administrative requirements such as changes in reporting periods, frequency of reports, or report formats required by funding source or city regulations, policies or requirements. It is the responsibility of the Agency to ensure the latest documents are consulted and followed.

19. Suspension and Termination:

- 19.1 The City may suspend or terminate this Contract in accordance with 24 CFR § 85.43, if the Agency violates any term or condition of this Contract, or if the Agency fails to maintain a good faith effort to carry out the purpose of this Contract.

19.2 The City or the Agency may terminate this Contract for convenience in accordance with 24 CFR § 85.44. Both parties will agree upon the termination conditions including the effective date of the termination. The party initiating the termination will notify the other party in writing stating the reasons for such termination.

20. Immigration Law Compliance:

20.1 The Agency, and on behalf any subcontractor, warrants, to the extent applicable under A.R.S. § 41-4401, compliance with all federal immigration laws and regulations that relate to its employees as well as compliance with A.R.S. § 23-214(A) which requires registration and participation with the E-Verify Program.

20.2 Any breach of warranty under this section is considered a material breach of this Contract and is subject to penalties up to and including termination.

20.3 The City retains the legal right to inspect the papers of the Agency or subcontractor employee who performs work under this Contract to ensure that the Agency or any subcontractor is compliant with the warranty under this section.

20.4 The City may conduct random inspections, and upon request of the City, the Agency will provide copies of papers and records of the Agency demonstrating continued compliance with the warranty under this section. The Agency agrees to keep papers and records available for inspection by the City during normal business hours and will cooperate with the City in exercise of its statutory duties and not deny access to its business premises or applicable papers or records for the purposes of enforcement of this section.

20.5 The Agency agrees to incorporate into any subcontracts under this Contract the same obligations imposed upon the Agency and expressly accrue those obligations directly to the benefit of the City. The Agency also agrees to require any subcontractor to incorporate into each of its own subcontracts under this Contract the same obligations above and expressly accrue those obligations to the benefit of the City.

20.6 The Agency's warranty and obligations under this section to the City is continuing throughout the term of this Contract or until such time as the City determines, in its sole discretion, that Arizona law has been modified in that compliance with this section is no longer a requirement.

20.7 The "E-Verify Program" above means the employment verification program administered by the United States Department of Homeland Security, the Social Security Administration, or any successor program.

21. Prohibitions: The Agency certifies under A.R.S. §§ 35-391 *et seq.* and 35-393 *et seq.*, that it does not have, and during the term of this Contract will not have, "scrutinized" business operations, as defined in the preceding statutory sections, in the countries of Sudan or Iran.

22. Contract Documents: This Contract comprises the entire agreement between the parties and consists of the following exhibits:

Exhibit A: Scope of Services

Exhibit B: Match Letter

Exhibit C: Memorandum of Agreement – Home Match Obligations

Exhibit D: Billing and Reporting Information

Exhibit E: Additional Requirements

Exhibit F: Certifications

- Exhibit G: Income Limits
- Exhibit H: Federal Laws and Regulations
- Exhibit I: Loan Documents
- Exhibit J: Insurance

(Signatures appear on following page.)

IN WITNESS WHEREOF, parties acknowledge that they have read, understand, approve and accept all of the provisions of this Contract.

CITY OF GLENDALE, an Arizona
municipal corporation

Ed Beasley
By: Ed Beasley
Its: City Manager

ATTEST:

Pamela Hanna
Pamela Hanna, City Clerk (SEAL)

APPROVED AS TO FORM:

Craig Tindall
Craig Tindall, City Attorney

Habitat for Humanity Central Arizona,
an Arizona nonprofit corporation

Roger Schwierjohn
By: Roger Schwierjohn, President
Its: Executive Director

STATE OF ARIZONA)
County of Maricopa) ss.

On this the 27 day of December 20 11, before me, the undersigned Notary Public, personally appeared Roger Schwierjohn, who acknowledged to be the President of the Habitat for Humanity CA2, and that as such official, being authorized to do so, executed the foregoing Subrecipient Contract for and on behalf of the said company for the purpose and consideration therein expressed.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Janice R. LeBoda
Notary Public

My Commission Expires:
Nov 30 2014

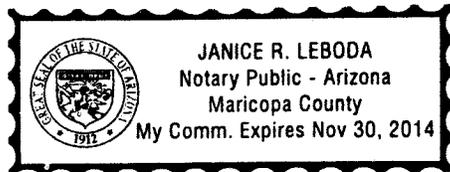


EXHIBIT "A"

EXHIBIT A
SCOPE OF SERVICES

1. The Scope of Services and the type of records that must be maintained are two elements of a Subrecipient Contract that vary most from activity to activity, and from grantee to grantee.
2. Agencies are required to prepare a Scope of Services, which is incorporated into the Subrecipient Contract with the City of Glendale. Each of the three sections of the Scope of Services (Description, Schedule, and Budget) must provide sufficient detail to permit effective monitoring of Agency's activities.
 - 2.1 Description: The description section details the activities to be carried out by the Agency. It should define the "who, what, where, and how" of the Program. It should specifically describe and quantify the services or products to be provided with City of Glendale funds. Where appropriate, it should specify how the Program will serve the intended beneficiaries.
 - 2.2 Schedule: A schedule is a required part of every Subrecipient Contract. It plays an essential role in the grant management system. The schedule should provide projected milestones and deadlines for accomplishment of tasks, or the delivery of services. These projected milestones and deadlines are a basis for measuring progress during the term of the Subrecipient Contract. For instance, the schedule for a public service activity may specify delivery of a certain number of staff-hours per quarter, or delivery of services to a certain number of persons per quarter. Other programs are likely to be more complex, requiring multiple tasks such as: establishing an office, developing program guidelines, taking applications, providing services to the client, outreach activities, and follow up. The schedule should include time frames for completing each task or activity.
 - 2.3 Budget:
 - a. The budget should provide a detailed presentation of projected revenues and expenses. The preparation of a detailed budget will help ensure that a project is adequately planned, in that, it will identify all expenses that are necessary to carry out the activities described in the program description, and quantify the resources required to cover these expenses.
 - b. The budget permits periodic comparisons of the projected use of funds with actual expenditures, as indicated on the monthly accomplishment reports submitted by the grantee. This comparison enables the City to seek corrective action where significant variations between the budget and actual expenditures are reported.

###

Scope of Work FY 2011-2012

1.

A. Program Activities

Habitat for Humanity Central Arizona ("Agency") will be responsible for administering **Infill Acquisition and Renovations Program** ("Program") in a manner satisfactory to the City of Glendale ("City"), and consistent with any standards required by Home Investment Partnerships Program ("HOME") as a condition of providing these funds. The program will include the following eligible activities:

Specify the Program Activity

- Activity #1 The Program will purchase up to three vacant homes with existing infrastructure within the following Glendale zip codes: 85301, 85302 and 85303.
- Activity #2 The Agency will renovate the existing homes to bring them up to local codes. Activities could include: new kitchens, baths, floor coverings, painting, and replacement of windows, roof, replacing existing HVAC systems with energy efficient ones, water conservation techniques or environmentally preferable methods.

B. National Objectives

Eligible Activity: (Check all that apply)

All activities funded with HOME funds must meet one of the HOME Program's National Objectives:

- NATIONAL OBJECTIVE #1 - Benefit low- and moderate-income persons
- NATIONAL OBJECTIVE #2 - Aid in the prevention or elimination of slums or blight
- NATIONAL OBJECTIVE #3 - Meet community development needs having a particular urgency (as defined in 24 CFR 570.208)

The Agency certifies that the activity carried out under this Contract will meet National Objective 2. Briefly describe how the Activity National Objective will be met:

100% of Habitat families served are in the low-to-moderate income range. This is verified through orientation sessions, application screenings, employment history, credit checks and home visits.

C. Levels of Accomplishment – Goals and Performance Measures

The levels of accomplishment may include such measures as units rehabbed, persons assisted, or meals served, and should also include time frames for performance.

The City will monitor the performance of the Agency against goals and performance standards as stated above. Substandard performance, as determined by the City, will constitute non-compliance with this Agreement. If action to correct such substandard performance is not taken by the Agency within a reasonable period of time, after being notified by the City, Contract suspension or termination procedures will be initiated.

Time of Performance

The Agency services shall begin on the 1st day of July, 2011, and end on the 30th day of December, 2012.

The Agency agrees to provide the following levels of program services:

<u>Program/Activity</u>	<u>Units of Services</u>	<u>Unduplicated Glendale Residents/Households/Yr</u>
Activity #1	Acquire up to 3 vacant foreclosed homes	
Activity #2	Renovate up to 3 vacant/foreclosed homes serving average of 12 Glendale Residents.	

D. Staff Contact Information

Lisa Weide, Grant Administrator
 115 East Watkins
 Phoenix, Arizona 85004
 623-583-2471, ext 103 (office) or 623-377-3317 (cell)
Lisa@Habitatcaz.org

2. E. Define how you will determine client eligibility and how you will determine that you are serving Glendale residents

- Client eligibility will be documented by: Employment Verification, Income Verification, Credit History
- Glendale residency will be documented by: Driver's License

3. F. Budget

HOME Total Project Budget			
Line Item	HOME Allocation	Other Cash Resources	Total Project Budget
	\$230,639	\$131,211	\$361,850
Personnel Costs:	0	\$2,000	\$2,000
Salaries	0	0	0
Fringe Benefits (Ins, Retire, etc.)	0	0	0
Office Space (Program Only)	0	0	0
Other Costs:	0	0	0
Utilities			
Communications	0	0	0
Reproductions/Printing	0	0	0
Supplies and Materials	0	0	0
Travel/Mileage	0	0	0
Audit	0	0	0
Building Maintenance	0	0	0
Equipment Lease	0	0	0
Equipment Repair & Maintenance	0	0	0
Client Assistance	0	0	0
Community Relations	0	0	0
Insurance	0	0	0

Home Buyer Assistance	0	\$6,450	\$6,450
Construction Costs	\$5,639	\$121,261	\$126,900
Indirect Costs (Specify)	0	0	0
Other – Land Acquisition	\$225,000	\$1,500	\$226,500
TOTAL PROJECT EXPENSES	\$230,639	\$131,211	\$361,850

BUDGET & BILLING INFORMATION

Home Investment Partnership Program (HOME) funds will reimburse the City for the following costs:
(actual costs reimbursed under the Contract will be those costs directly attributable to this Program):

Infill Acquisition and Renovations only

EXHIBIT "B"

**EXHIBIT B
MATCH LETTER**

(See attached)



November 2, 2011

To: Revitalization Administrator
Community Revitalization Division
City of Glendale
6829 North 58 Drive, Suite 104
Glendale, Arizona 85301

COMMITMENT OF MATCH

Habitat for Humanity Central Arizona is committed to making a 25% match toward our Home Investment Partnerships Program (HOME) request to the City of Glendale's HOME Infill Acquisition and Renovation Program in the funded amount of \$230,639.00.

The non-Federal match funds of \$57,659.75 are committed for the Fiscal Year 2011-2012 contract. Source(s) of the match are Corporate Home Sponsorship Donations.

If you should have any additional questions, or need additional information, please feel free to contact Lisa Weide, the Grant Administrator at 623-583-2417 Ext 103.

Thank you.



Roger Schwierjohn, President/CEO



EXHIBIT "C"

EXHIBIT C
MEMORANDUM OF AGREEMENT – HOME MATCH OBLIGATIONS

(See attached)

Memorandum of Agreement
HOME Program Match Obligations

This Memorandum of Agreement (“MOA”) is entered into effective the 15th day of November, 2011 by and between the City of Glendale, an Arizona municipal corporation (“City”) and Habitat for Humanity Central Arizona, an Arizona nonprofit corporation (“Agency”). This MOA pertains to HOME Investment Partnerships Program’s (“HOME Program”) eligible match resources resulting from infill housing constructed by Habitat for Humanity Central Arizona in the City of Glendale.

WHEREAS, Congress established a partnership between the federal government, states, local government and non-profit organizations to expand the supply of decent, safe and affordable housing for low-income families;

WHEREAS, City participates in the HOME Program and is required to make matching contributions in an amount that equals twenty-five percent (25%) of certain HOME Program expenditures;

WHEREAS, the National Affordable Housing Act has allowed certain contributions to housing that were not assisted with HOME Program funds, but meet HOME Program qualifications for affordable housing, to be counted towards HOME Program match obligations;

WHEREAS, Agency is a non-profit organization that builds affordable infill housing that meets HOME Program qualifications;

WHEREAS, Agency desires to have their HOME Program eligible match credit resulting from affordable housing contributions count towards HOME Program match obligations;

WHEREAS, Agency desires to donate a portion of their HOME Program eligible match credit to the City; and

WHEREAS, the provisions of this MOA are intended to and will be construed to be, a binding agreement among the parties hereto

NOW, THEREFORE, in light of the foregoing, the City and Agency hereby express their agreement regarding HOME Program eligible match credit as follows:

1. **Recitals Incorporated.** The foregoing recitals are hereby incorporated into this MOA and will be part of this MOA as substantive provisions as if set forth in full herein.
2. **Foregone Taxes, Fees and Charges.** Agency may donate all of their HOME Program eligible match credit for development impact fee waivers, if any, to the City for the term of this MOA.
3. **Limitation on Use as Matching Funds.** Agency will donate HOME Program eligible match credit equal to the \$75,000 minimum required.
4. **Future HOME Program Match Donations.** Agency may donate additional HOME Program eligible match credit to the City. Additional donations will be at Agency’s discretion.
5. **City’s Ownership of HOME Program Match Credit.** Once Agency donates HOME Program eligible match credit to the City, the match credit belongs to the City. The City may use the eligible

match credit as needed to meet any HOME Program-mandated match obligations. Upon request, the City may, at its discretion, return any unused eligible match credit to Agency.

6. **Agency's Ownership of HOME Program Match Credit.** Agency's remaining HOME Program eligible match credit not otherwise donated to the City, will belong to Agency.
7. **Right of Termination.** Either party may terminate this MOA upon thirty (30) days written notice to the other party.
8. **Term of MOA.** This MOA will be effective for eighteen (18) months commencing on November 15, 2011 and expiring on May 15, 2011, unless sooner terminated pursuant to the provisions contained herein.
9. **Relationship of Parties.** Nothing in this MOA is intended or is to be construed to establish the parties hereto as partners or joint ventures, or to make either party hereto the agent of the other party hereto.
10. **Successors and Assigns.** All of the provisions of this MOA will be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.
11. **Governing Law.** This MOA will be governed by the internal laws of the State of Arizona, without regard to the principles of conflict of laws.
12. **Entire Agreement; Amendments.** This MOA and the Commitment of Match letter, attached as Exhibit A, constitutes the entire agreement between the parties, and supersedes any prior written or oral agreements or understandings between the parties, regarding the subject matter hereof. This MOA will not be amended or modified except by writing executed by each of the parties.
13. **Captions.** The section and paragraph headings that appear in this MOA are for the convenience of the reader, are not intended to be part of the substance of this MOA, and will not be considered in interpreting this MOA.
14. **Warranty Against Payment of Consideration for this Agreement; Conflict of Interest.** Agency warrants that it has not been paid or given, and will not pay or give, any third person any money or other consideration for the execution of this MOA by the City, other than normal costs of conducting business and costs of professional services (such as architects, engineers and attorneys). To Agency's best knowledge, no member, official or employee of the City has or will have any direct or indirect interest in this MOA, nor participate in any decision relating to this MOA that is prohibited by law. The parties hereto agree that this MOA may be cancelled pursuant to A.R.S. § 38-511.
15. **No Liability of Agents, Officials and/or Employees.** No member, agent, representative, official or employee of the City will be liable to Agency for any damages that Agency may sustain arising from, or pursuant to, this MOA.

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Exhibit "A"

November 2, 2011

To: Revitalization Administrator
Community Revitalization Division
City of Glendale
6829 North 58 Drive, Suite 104
Glendale, Arizona 85301

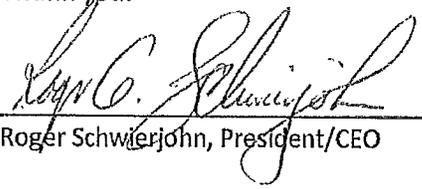
COMMITMENT OF MATCH

Habitat for Humanity Central Arizona is committed to making a 25% match toward our Home Investment Partnerships Program (HOME) request to the City of Glendale's HOME Infill Acquisition and Renovation Program in the funded amount of \$230,639.00.

The non-Federal match funds of \$57,659.75 are committed for the Fiscal Year 2011-2012 contract. Source(s) of the match are Corporate Home Sponsorship Donations.

If you should have any additional questions, or need additional information, please feel free to contact Lisa Weide, the Grant Administrator at 623-583-2417 Ext 103.

Thank you.



Roger Schwierjohn, President/CEO

EXHIBIT "D"

EXHIBIT D
BILLING AND REPORTING INFORMATION

1. This section is very important to the expeditious processing of your Agency's request for reimbursement. Please carefully follow the summary of reimbursement requirements listed below.
2. Monthly Billings:
 - 2.1 A letter requesting reimbursement of expenditures must be prepared on the Agency's letterhead. This letter must be reviewed and signed by the Agency's executive director (or authorized signatory). Reimbursement requests must be submitted on a **MONTHLY** basis, as stated in Exhibit A, Scope of Services. (Note: Grants Administration may approve exceptions for "Quarterly billings" on a case-by-case basis.)
 - 2.2 The Project/Program Budget spreadsheet summarizing monthly and year-to-date expenses must be prepared and submitted with each request for reimbursement. This report should also account for other resources utilized under this activity.
 - 2.3 Copies of all supporting documents must be submitted with the reimbursement request. The Agency will work closely with the program/project liaison to establish the specific documentation requirements for this contract. Examples of supporting documentation include copies of timesheets, pay stubs, mileage reports, invoices, statements, receipts, etc.
 - 2.4 The City's reimbursement process takes approximately two to three weeks to complete. (The first reimbursement request can take a little longer to process.) If the reimbursement procedures noted above are not followed correctly, the program/project liaison may return the reimbursement request to the Agency for revisions, or hold the request until all reimbursement requirements have been met. This will delay the reimbursement process.
3. Monthly Report on Accomplishments and Demographics:
 - 3.1 A monthly demographic report on Glendale residents served, including accomplishments and units of service delivered, must be submitted by the 15th of the following month. Failure to file this demographic report timely could also delay the reimbursement process.
 - 3.2 Specific formats to be used for reimbursement requests/performance reports are attached. These formats must be used by the agency unless otherwise authorized.
4. Activity Final Completion Report:
 - 4.1 Public Service Activities: Report On "Performance Measures" for Actual Activity "Outcomes." The report on "Performance Measures for Actual Activity Outcomes," is due by July 31, 2012. This report is to identify the "actual outcomes" produced by your activity over the past program year. "Actual Outcomes" will be measured by and against the "proposed outcomes and performance measures" that were established by your agency at the beginning of the program year.
 - 4.2 Physical Improvement Activities: Report On "Performance Measures" for Actual Activity "Outcomes." The report on "Performance Measures for Actual Activity Outcomes," is due 30 days after completion of the physical improvement activity. This report is to identify the "actual outcomes" produced by your activity after completion of the physical improvement activity. "Actual Outcomes" will be measured by and against the "proposed outcomes and performance measures" that were established by your agency at the beginning of the program year.

###

AGENCY LETTERHEAD (Required)

Sample

DATE

Gilbert Lopez
City of Glendale
Neighborhood Revitalization Division
5850 West Glendale Avenue
Glendale, Arizona 85301

RE: HOME INVESTMENT PARTNERSHIP PROGRAM – RESALE CONTRACT

Dear Mr. Lopez:

Enclosed is the project billing for the month of _____, 20____. The amount of reimbursement expenses being requested is \$_____. Also, attached is the supporting documentation in accordance with our contract requirements.

If you have any questions, please call me at _____.

Sincerely,

Jane Doe (**Authorized Signatory**)
Executive Director

Enclosure

EXHIBIT "E"

EXHIBIT E
ADDITIONAL REQUIREMENTS

See attached requirements:

1. Procurement
2. Disputes/Grievance Procedure
3. Right to Refuse Service

###

PROCUREMENT

1. The Agency agrees to comply with federal procurement requirements and the City's procurement code for all expenditures of funds. Below is an overview of the procurement requirements.
 - 1.1 Purchases over \$50,000 must be publicly bid.
 - 1.2 Purchases between \$10,001 and \$50,000 must follow competitive purchasing procedures based on written quotations.
 - 1.3 Purchases of \$5,000 to \$10,000, whenever practical, must be based on oral quotations, with file documentation of vendors contacted and quotations received.
 - 1.4 Purchases under \$5,000 do not require formal procurement.
 - 1.5 Expenditures for employee salaries or items such as client subsidies would not generally be subject to procurement requirements. (Such items do not generally constitute purchases.)
2. The Agency agrees to adopt a written procurement policy that, at a minimum, complies with the above procurement requirements, and to follow accounting procedures that will assure compliance with federal and city procurement codes.
3. The Agency further agrees to retain sufficient supporting documentation to demonstrate compliance with these requirements. Examples include, but are not limited, to the following:
 - 3.1 Copies of bid documents;
 - 3.2 Written quotations; and
 - 3.3 Evidence of oral quotations.

###

DISPUTES/GRIEVANCE PROCEDURE

1. The Agency agrees to negotiate and resolve any disputes in the delivery of activities stated herein and will inform the City in writing of such negotiations and resolutions.
2. In the event the issue is not resolved, the City will confer with all parties to understand the issue, if appropriate, offer guidance, and try and reach an amicable solution.
3. In the event the issue is not resolved, and with both parties agreeing, the City Mediation Program will be available to assist in resolving the dispute.

###

RIGHT TO REFUSE SERVICE

The City reserves the right to refuse, terminate, or suspend service or accounts to an individual, company, or agency, if the City believes that conduct or actions violate applicable law, is harmful to the interests of the City of Glendale and its affiliates, or meets the criteria covered under City's Right to Refuse Assistance Policy. Legal counsel will be consulted before such action is undertaken, unless an emergency exists.

###

EXHIBIT "F"

**EXHIBIT F
CERTIFICATIONS**

See attached Certifications:

1. Policy of Nondiscrimination on the Basis of Disability.
2. Section 319 of Public Law 101-121.
3. Contracting with Small and Minority Firms, Women's Business Enterprises and Labor Surplus Area Firms.
4. Drug-Free Workplace.

###

**POLICY OF NONDISCRIMINATION ON THE
BASIS OF DISABILITY**

The undersigned representative agrees, on behalf of Client, to have or adopt a Policy of Nondiscrimination on the Basis of Disability. Such Policy will state that the Agency does not discriminate on the basis of disabled status in the admission or access to, or treatment or employment in, its federally assisted programs or activities.

Ray C. Schweigel, President
Signature

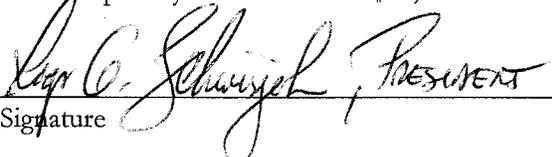
12/27/11
Date

SECTION 319 OF PUBLIC LAW 101-121

The Undersigned certifies, to the best of his or her knowledge and belief, that:

1. No federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress, in connection with the awarding of any Federal contract, the making of any federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.
2. If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
3. The undersigned will require that the language of this certification be included in the award documents for all sub-awards at all tiers (including subcontracts, sub-grants, and contracts under grants, loans, and cooperative agreements), and that all agencies will certify and disclose accordingly.

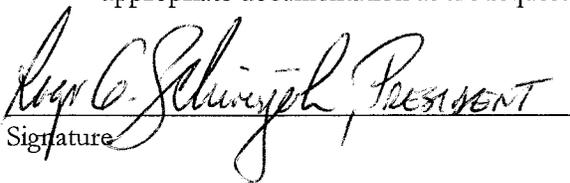
This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by 31 U.S.C. § 1352. Any person who fails to file the required certification will be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

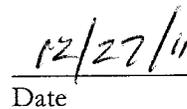

Signature

12/27/11
Date

**CONTRACTING WITH SMALL AND MINORITY FIRMS,
WOMEN'S BUSINESS ENTERPRISES AND LABOR SURPLUS AREA FIRMS**

1. It is a national policy to award a fair share of contracts to small and minority business firms. Accordingly, affirmative steps must be taken to assure that small and minority businesses are utilized when possible as sources of supplies, equipment, construction, and services. Affirmative steps will include the following:
 - 1.1 Qualified small and minority businesses on solicitation lists.
 - 1.2 Assuring that small and minority businesses are solicited whenever they are potential sources, and to the greatest extent possible that these businesses are located within the metropolitan area.
 - 1.3 When economically feasible, dividing total requirements into smaller tasks or quantities so as to permit maximum small and minority business participation.
 - 1.4 Where the requirement permits, establish delivery schedules which will encourage participation by small minority businesses.
 - 1.5 Using the services and assistance of the Small Business Administration, and the Office of Minority Business Enterprises of the Department of Commerce and the Community Services Administration as required.
 - 1.6 If any subcontracts are to be let, requiring the prime contractor to take the affirmative steps in §§ 1.1 through 1.5. Grantees will take similar appropriate action in support of women's enterprises.
 - 1.7 To the greatest extent feasible, opportunities for training and employment will be given to low and moderate income persons residing within the metropolitan area.
2. The above-described equal opportunity requirements are obligations of the City of Glendale because federal funds are being utilized to finance the Project to which this Project pertains.
3. In executing any contract, the Agency agrees to comply with the requirements and to provide appropriate documentation at the request of the City.

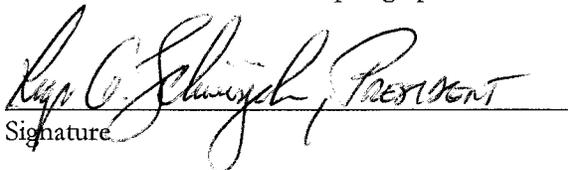

Signature


Date

DRUG-FREE WORKPLACE

The Agency certifies that it will maintain a drug-free workplace in accordance with the requirements of 24 CFR Part 24, Subpart F by:

1. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the Agency's workplace and specifying the actions that will be taken against employees for violation of such prohibition.
2. Establishing an ongoing drug-free awareness program to inform employees about:
 - 2.1 The dangers of drug abuse in the workplace;
 - 2.2 The Agency's policy of maintaining a drug-free workplace;
 - 2.3 Any available drug counseling, rehabilitation and employee assistance programs; and
 - 2.4 The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace.
3. Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph 1.
4. Notifying the employee in the statement required by paragraph 1 that, as a condition of employment under the grant, the employee will:
 - 4.1 Abide by the terms of the statement; and
 - 4.2 Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction.
5. Notifying the City in writing, within ten calendar days after receiving notice under paragraph 4.2 from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice including position title, to every grant officer or other designee on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice will include the identification number(s) of each affected grant.
6. Taking one of the following actions, within 30 calendar days of receiving notice under paragraph 4.2, with respect to any employee who is so convicted:
 - 6.1 Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
 - 6.2 Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a federal, state, local health requirements, law enforcement, or other appropriate agency.
7. Making a good faith effort to continue to maintain a drug-free workplace through implementation of the above-described paragraphs.


Signature


Date

EXHIBIT "G"

EXHIBIT G
INCOME LIMITS

(See attached)



**COMMUNITY REVITALIZATION DIVISION
2011 PROGRAM INCOME LIMITS**

EFFECTIVE: 6/01/2011

Household Size	Median Income (\$)	30% of Median Income (\$)	50% of Median Income (\$)	60% of Median Income (\$)	80% of Median Income (\$)
1 Person	45,900	13,800	22,950	27,540	36,700
2 Persons	52,400	15,750	26,200	31,440	41,950
3 Persons	59,000	17,700	29,500	35,400	47,200
4 Persons	65,500	19,650	32,750	39,300	52,400
5 Persons	70,800	21,250	35,400	42,480	56,600
6 Persons	76,000	22,800	38,000	45,600	60,800
7 Persons	81,300	24,400	40,650	48,780	65,000
8 Persons	86,500	25,950	43,250	51,900	69,200
9 Persons	91,600	27,500	45,800	55,000	73,300
10 Persons	96,700	29,000	48,350	58,000	77,400

(Household Income Limits/Annual Gross Wages)
(*Revised per HUD 6/14/2011*)



EXHIBIT "H"

EXHIBIT H
FEDERAL LAWS AND REGULATIONS

1. Applicability of Uniform Administrative Requirements.

- 1.1 Agencies that are governmental entities (including public agencies) will comply with the requirements and standards of OMB Circular A-87, "Cost Principles for State, Local and Indian tribal Governments;" OMB Circular A-133, "Audits of States, Local Governments, and Nonprofit Organizations" (implemented at 24 CFR Part 44); and with the following Sections of 24 CFR Part 85, "Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments":
- a. Section 85.3, "Definitions."
 - b. Section 85.6, "Additions and exceptions."
 - c. Section 85.12, "Special grant or subgrant conditions for 'high-risk' grantees."
 - d. Section 85.20, "Standards for financial management systems," except paragraph (a).
 - e. Section 85.21, "Payment," except as modified by Section 570.513.
 - f. Section 85.22, "Allowable costs."
 - g. Section 85.26, "Non-Federal audit."
 - h. Section 85.32, "Equipment," except in all cases in which the equipment is sold, the proceeds will be Program Income.
 - i. Section 85.33, "Supplies."
 - j. Section 85.34, "Copyrights."
 - k. Section 85.35, "Subawards to debarred and suspended parties."
 - l. Section 85.36, "Procurement," except paragraph (a).
 - m. Section 85.37, "Subgrants."
 - n. Section 85.40, "Monitoring and reporting program performance," except paragraphs (b) through (d), and paragraph (f).
 - o. Section 85.41, "Financial reporting," except paragraphs (a), (b), and (e).
 - p. Section 85.42, "Retention and access requirements for records," except that the period will be four years.
 - q. Section 85.43, "Enforcement."
 - r. Section 85.44, "Termination for convenience."
 - s. Section 85.51, "Later disallowances and adjustments."
 - t. Section 85.52, "Collection of amounts due."
- 1.2 Agencies, except Agencies that are governmental entities, will comply with the requirements and standards of OMB Circular No. A-122, "Cost Principles for Nonprofit Organizations," or OMB Circular No. A-21, "Cost Principles for Educational Institutions," as applicable, and OMB Circular No. A-133, "Audits of States, Local Governments, and Nonprofit Organizations" (as set forth in 24 CFR part 45). Audits will be conducted annually. Such Agencies will also comply with the following provisions of the Uniform Administrative requirements of OMB Circular No. A-110 (implemented at 24 CFR part 84, "Uniform

Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals and Other Nonprofit Organizations”) or the related CDBG provision, as specified in this paragraph:

- a. Subpart A -- “General”;
- b. Subpart B -- “Pre-Award Requirements,” except for § 84.12, “Forms for Applying for Federal Assistance”;
- c. Subpart C -- “Post-Award Requirements,” except for:
 - (1) Section 84.22, “Payment.” Grantees will follow the standards of § 85.20(b)(7) and 85.21 in making payments to Agencies;
 - (a) Section 84.23, “Cost sharing and matching”;
 - (b) Section 84.24, “Program income.” In lieu of § 84.24, CDBG Agencies will follow § 570.504;
 - (c) Section 84.25, “Revision of budget and program plans”;
 - (d) Section 84.32, “Real property.” In lieu of § 84.32, CDBG Agencies will follow § 570.505;
 - (e) Section 84.34(g), “Equipment.” In lieu of the disposition provisions of § 84.34(g), the following applies:
 - (i) In all cases in which equipment is sold, the proceeds will be Program Income (prorated to reflect the extent to which CDBG funds were used to acquire the Program Income (prorated to reflect the extent to which CDBG funds were used to acquire the equipment)); and
 - (ii) Equipment not needed by the Agency for CDBG activities will be transferred to the recipient for the CDBG program or will be retained after activities will be transferred to the recipient for the CDBG program or will be retained after compensating the recipient.
 - (f) Section 84.51(b), (c), (d), (e), (f), (g), and (h), “Monitoring and reporting program performance”;
 - (g) Section 84.52, “Financial reporting”;
 - (h) Section 84.53(b), “Retention and access requirements for records.” Section 84.53(b) applies with the following exceptions:
 - (i) The retention period referenced in § 84.53(b) pertaining to individual CDBG activities will be four years; and
 - (ii) The retention period starts from the date of submission of the annual performance and evaluation report, as prescribed in 24 CFR § 91.520, in which the specific annual performance and evaluation report, as prescribed in 24 CFR § 91.520, in which the specific activity is reported on for the final time rather than from the 24 CFR § 91.520, in which the specific activity is reported on for the final time rather than from the date of submission of the final expenditure report for the award; expenditure report for the award.

(i) Section 84.61, "Termination." In lieu of the provisions of § 84.61 CDBG Agencies will comply with § 570.503(b)(7).

d. Subpart D -- "After-the-Award Requirements," except for § 84.71, "Closeout procedures."

2. Equal Opportunity.

- 2.1 The Agency agrees to comply with Title VI of the Civil Rights Act of 1964 (P.L. 88-352) and the HUD regulations under 24 CFR Part 1, which provides that no person in the United States will, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity receiving Federal financial assistance by way of grant, loan, or contract and will immediately take any measures necessary to effectuate this Contract. If any real property or structure thereof is provided or improved with the aid of Federal financial assistance extended to the Agency, this assurance will obligate the Agency, or in the case of any transfer of such property or structure is used for a purpose of which the Federal financial assistance is extended or for another purpose involving the provision of similar services or benefits.
- 2.2 The Agency agrees to comply with Title VIII of the Civil Rights Act of 1968 (P.L. 90-284), as amended by the Fair Housing Amendments Act of 1988 (P.L. 100-430), and will administer all programs and activities relating to housing and community development in a manner to affirmatively further fair housing within Constitutional limitations throughout the United States.
- 2.3 The Agency agrees to comply with Section 109 of the Housing and Community Development Act of 1974 and 1977, as amended, and in conformance with all requirements imposed pursuant to the regulations of the Department of HUD (24 CFR Part 570.602) issued pursuant to that Section; and in accordance with Equal Opportunity obligations of that Section, no person in the United States will, on the grounds of race, color, national origin, or sex, be excluded from participation in, be denied the benefits of, be subjected to discrimination under, any program or activity funded in whole or in part with the Community Development funds. Section 109 of the Act further provides that any prohibition against discrimination on the basis of age, under the Age Discrimination Act of 1975 (24 CFR Part 146), or with respect to an otherwise qualified handicapped person, as provided in Section 504 of the Rehabilitation Act of 1973 (24 CFR Part 8), will also apply to any program or activity funded in whole or in part with funds made available pursuant to the Act.
- 2.4 The Agency agrees to comply with Executive Order 11063 on equal opportunity in housing and related facilities owned or operated by the Federal Government or provided with Federal financial assistance.
- 2.5 The Agency agrees to comply with Executive Order 11246, as amended, requiring nondiscrimination and affirmative action to ensure nondiscrimination in employment by government contractors and subcontractors and under federally assisted construction contractors.
- 2.6 The Agency agrees to comply with Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), as amended, the HUD regulations issued pursuant thereto (24 CFR Part 135) as follows:
- a. The work to be performed under this Contract is on a project assisted under a program providing direct Federal financial assistance from the Department of Housing and Urban Development and 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 requires that to the greatest extent feasible, opportunities for training and employment be given to lower income residents of the project area and contracts for work in connection with the project be awarded to business concerns that are located in or owned in substantial part by persons residing in the area of the project.

- b. The parties to this Contract will comply with the provisions of said Section 3 and the regulations issued pursuant thereto by the Secretary of Housing and Urban Development set forth in 24 CFR Part 135, and all applicable rules and orders of the Department issued there under prior to the execution of this Contract. The parties to this Contract certify and agree that they are under no contractual or other disability that would prevent them from complying with these requirements.
 - c. The contractor will send to each labor organization or representative or workers, with which he has a collective bargaining agreement or other contract or understanding, if any, a notice advertising the said labor organization or workers' representative of his commitments under this Section 3 clause and will post copies of the notice in conspicuous places available to employees and applicants for employment or training.
 - d. The contractor will include this Section 3 clause to every subcontract for work in connection with the project and will, at the direction of the applicant or Community of Federal financial assistance, take appropriate action pursuant to the subcontract upon a finding that the subcontractor is in violation of regulations issued by the Secretary of Housing and Urban Development, 24 CFR Part 135. The contractor will not subcontract with any subcontractor where it has notice or knowledge that the latter has been found in violation of regulations under 24 CFR Part 135 and will not let any subcontract unless the subcontractor has first provided it with a preliminary statement of ability to comply with the requirements of these regulations.
 - e. Compliance with the provisions of Section 3, the regulations set forth in 24 CFR Part 135, and all applicable rules and orders of the Department issued there under prior to the execution of this Contract, will be a condition of the Federal financial assistance provided to the project.
3. **Subcontracting.** All work or services covered by this Contract, which is subcontracted by the Agency, will be specified by written contract and subject to all provisions of this Contract. All subcontracts must be approved by the City prior to execution.
 4. **Interest of Certain Federal Officials.** No member of or delegate to the Congress of the United States shall be admitted to any share or part of this Contract or to any benefit to arise from the same.
 5. **Interest of Members, Officers or Employees of the Agency, Members of Local Governing Body, or Other Public Officials.** No member, officer, or employee of the Agency or its designees or agents, no member of the governing body of the locality in which the program is situated, and no other public official of such locality or localities who exercises any functions or responsibilities with respect to the program during his tenure or for 1 year thereafter, will have any interest, direct or indirect, in any contract or subcontract, or the proceeds thereof, for work to be performed in connection with the program assisted under this Contract.
 6. **Hatch Act.** The Agency agrees to comply with all provisions of the Hatch Act and that no part of the program will involve political activities, nor will personnel employed in the administration of the program be engaged in activities in contravention of Title V, Chapter 15, of the United States Code.

7. **Labor Standards Provisions.** The Agency agrees to comply with 24 CFR § 570.603, "Labor Standards" published by HUD for Community Development Block Grants.
8. **Compliance with Environmental Requirements.** The Agency agrees to comply with any conditions resulting from the City's compliance with the provisions of the National Environmental Policy Act of 1969 and the other provisions of law specified at 24 CFR § 58.5 insofar as the provisions of such Act apply to activities set forth in the Statement of Work.
9. **Compliance with Flood Disaster Protection Act.**
 - 9.1 This Contract is subject to the requirements of the Flood Disaster Protection Act of 1973 (P.L. 93-234). No portion of the assistance provided under this Contract is approved for acquisition or construction purposes as defined under Section 3(a) of said Act, for use in any area identified by the Secretary as having special flood hazards, which is located in a community not then in compliance with the requirements for participation in the national flood insurance program pursuant to Section 201(d) of said Act; and the use of any assistance provided under this Contract for such acquisition or construction in such identified areas in communities then participating in the national flood insurance program will be subject to the mandatory purchase of flood insurance requirements of Section 102(a) of said Act.
 - 9.2 Any contract or agreement for the sale, lease, or other transfer of land acquired, cleared, or improved with assistance provided under this Contract shall contain, if such land is located in an area identified by the Secretary as having special flood hazards and in which the sale of flood insurance has been made available under the National Flood Insurance Act of 1968, as amended, 42 U.S.C. 4001 et seq., provisions obligating the transferee and its successors or assigns to obtain and maintain, during the ownership of such land, such flood insurance required with respect to financial assistance for acquisition or construction purposes under Section 102(2) of Flood Disaster Protection Act of 1973. Such provisions will be required notwithstanding the fact that the construction of such land is not itself funded with assistance under this Contract.
10. **Compliance with Air and Water Acts.**
 - 10.1 This Contract is subject to the requirements of the Clean Air Act, as amended, 42 U.S.C. 1857 et seq.; the Federal Water Pollution Control Act, as amended, 33 U.S.C. 1251 et seq.; and the regulations of the Environmental Protection Agency with respect thereto, at 40 CFR Part 15, as amended from time to time.
 - 10.2 In compliance with said regulations, the City will cause or require to be inserted in full in all contracts and subcontracts with respect to any nonexempt transaction thereunder funded with assistance provided under this Contract, the following requirements:
 - a. A stipulation by the contractor or subcontractor that any facility to be utilized in the performance of any nonexempt contract or subcontract is not listed on the list of Violating Facilities issued by the Environmental Protection Agency (EPA) pursuant to 40 CFR § 15.20.
 - b. Agreement by the contractor to comply with all the requirements of Section 114 of the Clear Air Act, as amended (42 U.S.C. 1857c-8), and Section 308 of the Federal Water Pollution Control Act, as amended, (33 U.S.C. 1318) relating to inspection, monitoring, entry, reports, and information, as well as all other requirements specified in said Section 114 and Section 308, and all regulations and guidelines issued thereunder.

- c. A stipulation that as a condition for the award of the contract, prompt notice will be given of any notification received from the director, Office of Federal Activities EPA, indicating that a facility utilized or to be utilized for the contract is under consideration to be listed on the EPA list of Violating Facilities.
 - d. Agreement by the contractor that he will include or cause to be included the criteria and requirements in paragraphs (a) through (d) of this section in every nonexempt subcontract and requiring the contractor to take such action as the Government may direct as means of enforcing such provisions.
 - e. In no event will any amount of the assistance provided under this Contract be utilized with respect to a facility that has given rise to a conviction under Section 113(c)(1) of the Clean Air Act or Section 309(c) of the Federal Water Pollution Control Act.
- 11. Historic Preservation.** This Contract is subject to the requirements of P.L. 89-665, the Archaeological and Historic Preservation Act of 1974 (P.L. 93-291), Executive Order 11593, and the procedures prescribed by the Advisory Council on Historic Preservation in 36 CFR Part 800. The City must take into account the effect of a project on any district, site, building, structure, or object listed in or found by the Secretary of the Interior, pursuant to 35 CFR Part 800, to be eligible for inclusion in the National Register of Historic Places, maintained by the National Park Service of the U. S. Department of the Interior, and must make every effort to eliminate or minimize any adverse effect on a historic property.
- 12. Historic Barriers.** This Contract is subject to the requirements of the Architectural Barriers Act of 1968 (42 U.S.C. 4151) and its regulations. Every building or facility (other than a privately owned residential structure) designed, constructed, or altered with CDBG funds must comply with requirements of the "American Standards Specifications for Making Buildings and Facilities Accessible to, and Usable by, the Physically Handicapped."
- 13. Lead-Based Paint.** This Contract is subject to the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821 et seq.), and Lead-Based Paint Regulations (24 CFR Part 35 and 24 CFR § 570.608 and/or 92.335), and related amendments thereto. The use of lead-based paint is prohibited whenever federal funds are used directly or indirectly for the construction, rehabilitation, or modernization of residential structures. All federally assisted residential structures and related property constructed prior to 1978, Homebuyer Programs, Tenant-Based Rental Assistance, and Special-Needs Housing (acquisition), will comply with existing and new Lead-Based Paint Hazard Reduction Requirements, effective September 15, 2000. As the Grantor or Participating Jurisdiction, the City of Glendale shall be consulted regarding the Agency/Grantee's compliance status.
- 14. Property Disposition.** Real or personal property purchased in whole or in part with CDBG funds shall not be disposed through sale, use, or location without the written permission of the City. The proceeds from the disposition of real property will be considered Program Income and subject to 24 CFR § 570.504(c).
- 15. Lobbying.** Block Grant funds shall not be used for publicity or propaganda purposes designed to support or defeat legislation proposed by federal, state, or local governments.
- 16. Acquisition/Relocation.** This Contract is subject to providing a certification that it will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, implementing regulations at 49 CFR Part 24, and 24 CFR Part 511.14, which govern the acquisition of real property for the project and provision of relocation assistance to persons displaced as a direct result of acquisition, rehabilitation, or demolition for the project.

17. **Section 504.** The Agency agrees to comply with any federal regulations issued pursuant to compliance with Section 504 of the Rehabilitation Act of 1973, which prohibits discrimination against the handicapped in any federally assisted program.
18. **Federal Fire Prevention and Control Act of 1992.** The Fire Administration Authorization Act of 1992 added a new Section 31 to the Federal Fire Prevention and Control Act of 1974. This Section requires that approved smoke detectors be installed in all houses assisted under the Community Development Block Grant Program. To comply with this requirement and locally adopted codes Agency shall install smoke detectors in all sleeping areas and any hallway connecting these sleeping areas.

###

EXHIBIT "I"

EXHIBIT I
DEED OF TRUST AND PROMISSORY NOTE

(See attached)

When recorded, mail to:
CITY OF GLENDALE
Community Revitalization
5850 West Glendale Avenue
Glendale, Arizona 85301

**HOME RESALE PROVISION
DEED OF TRUST AND ASSIGNMENT OF RENTS**

DATE: _____

TRUSTOR: _____
ADDRESS: _____

BENEFICIARY: City of Glendale
ADDRESS: 5850 West Glendale Avenue
Glendale, Arizona 85301

TRUSTEE: _____
ADDRESS: _____

PROPERTY in Maricopa County, State of Arizona, described as:

_____, ACCORDING TO BOOK ___ OF MAPS, PAGE ___, RECORDS OF
MARICOPA COUNTY, ARIZONA.

This Deed of Trust and Assignment of Rents ("Deed of Trust") is made among the above-named Trustor, Trustee and Beneficiary.

WITNESSETH: That Trustor irrevocably grants and conveys to Trustee in Trust, with Power of Sale, the above-described real property, together with: (1) All buildings, improvements and fixtures now or hereafter placed thereon; (2) all existing leases, and all future leases executed with respect to such property; (3) all rents, issues, profits and income thereof (all of which are hereinafter called "property income"); (4) all classes of property now, or at any time hereafter, attached to or used in any way in connection with the use, operation or occupancy of such property; (5) all property, rights, permits and privileges now or hereafter owned by Trustor or now or hereafter appurtenant to such property, which entitle Trustor or such property to receive water or electrical power for use thereon; (6) all property granted, transferred and assigned to Trustee hereunder is hereafter referred to as the "property," and Trustor warrants that it is well and truly seized of a good and marketable title in fee simple to the real property hereby conveyed; (7) that the title to all property conveyed by this Deed of Trust is clear, free and unencumbered, and Trustor shall forever warrant and defend the same unto Beneficiary, its successors and assigns, against all claims whatsoever; (8) SUBJECT, HOWEVER, to the right, power, and authority hereinafter given to and conferred upon Beneficiary to collect

and apply such property income; AND (9) SUBJECT TO any easements and restrictions listed in a schedule of exceptions to coverage in any title insurance policy insuring Beneficiary's interest in the property.

FOR THE PURPOSE OF SECURING:

(a) Performance of each agreement of Trustor herein contained; (b) Payment of the indebtedness evidenced by the promissory note that is secured by this Deed of Trust ("Note"), and any extension or renewal thereof, in the principal sum of \$ _____ executed by Trustor in favor of Beneficiary or order; or (c) Payment of additional sums and interest thereon which may hereafter be loaned to Trustor, or his successors or assigns, when evidenced by the Note.

1. To Protect and Secure the Security of the Deed of Trust, Trustor Covenants and Agrees:

- 1.1 To keep said property in good condition and repair; not to remove or demolish any building thereon; to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged, or destroyed thereon, and to pay when due all claims for labor performed and materials furnished therefor; to comply with all laws affecting said property or requiring any alterations or improvements to be made thereon; not to commit or permit waste thereof; not to commit, suffer, or permit any act upon said property in violation of law; and to do all other acts which from the character or use of said property may be reasonably necessary, the specific enumerations herein not excluding the general.
- 1.2 To keep all improvements now or hereafter erected on said property continuously insured against loss by fire or other hazards specified by Beneficiary in an amount not less than the total obligation secured hereby. All policies shall be held by Beneficiary and be in such companies as Beneficiary may approve and have loss payable first to Beneficiary, as its interest may appear and then to Trustor. The amount collected under any insurance policy may be applied upon any indebtedness hereby secured and in such order as Beneficiary may determine, or at the option of Beneficiary the entire amount so collected or any part thereof may be released to Trustor. Such application or release shall not cure or waive any default hereunder, nor cause discontinuance of any action that may have been or may thereafter be taken by Beneficiary or Trustee because of such default.
- 1.3 To appear in and defend any action or proceeding purporting to affect the security hereof, or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses of Beneficiary or Trustee, including cost of evidence of title and attorneys' fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear or be named, and in any suit brought by Beneficiary to enforce this Deed of Trust.
- 1.4 Payment of Debts.
 - a. To pay before delinquent, all taxes and assessments affecting said property; when due, all encumbrances, charges, and liens, on said property or any part thereof, which appear to be prior or superior hereto; all costs, fees, and expenses of this Deed of Trust, including, without limiting the generality of the foregoing, the fees of Trustee for issuance of any Deed of Partial Release and Partial Reconveyance, or Deed of Release and Full Reconveyance and all lawful charges, costs, and expenses

in the event of reinstatement of, following default in, this Deed of Trust or the obligations secured hereby.

- b. Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may: Make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon said property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof, or the rights or powers of Beneficiary or Trustee; pay, purchase, contest, or compromise any encumbrance, charge, or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, pay necessary expenses, employ counsel, and pay reasonable attorney fees. All amounts so paid, together with interest thereon at the same rate as is provided for in the Note or at the highest legal rate, whichever is greater, shall be part of the debt secured by this Deed of Trust and a lien on the above property.

- 1.5 To pay immediately and without demand all sums expended by Beneficiary or Trustee pursuant to the provisions hereof, together with interest from date of expenditure at the same rate as is provided for in the Note or at the highest legal rate, whichever is greater. Any amounts so paid by Beneficiary or Trustee shall become part of the debt secured by this Deed of Trust and a lien on said property and immediately due and payable at option of Beneficiary or Trustee.

2. Resale Provision:

- 2.1 The HOME Investment Partnerships Program ("HOME"), (24 CFR § 92.254), requires that housing provided through federal homeowner assistance must be secured for the use of low-income households for a period of affordability. The period of affordability is determined based on the amount of the HOME subsidy as follows:

PROGRAM	HOME FUND INVESTMENT SUBSIDY	PERIOD OF AFFORDABILITY
Rehabilitation or Acquisition of Existing Housing	< \$15,000	5 years
	\$15,000 - \$40,000	10 years
	> \$40,000	15 years
Refinance of Rehabilitation Project	Any dollar amount	15 years
New Construction or Acquisition of New Housing	Any dollar amount	20 years

- 2.2 Under the HOME regulations, resale is the option which will be used to control the recovery of the HOME fund investment in a property during the affordability period.
- 2.3 Utilizing the resale provisions of the HOME regulation, the Trustor must resell the original home to another income-eligible homebuyer. This sale must be at a price that is affordable to the purchaser, although the Trustor is also allowed a fair return on the sale. The housing will be considered affordable, if the subsequent purchaser's monthly payment of principal, interest, taxes, and insurance does not exceed 30% of the gross income of the family with an income equal to 80% for the area. If the property is no longer affordable to qualified homebuyers at the time of resale, the Beneficiary may, at its discretion take steps to bring the property acquisition cost to a level that is affordable. This may result in the actual sales price being different to the seller than to the subsequent homebuyer. Upon the resale of the home, the property must pass local building codes for existing housing. The Beneficiary shall determine who is responsible for the necessary repairs and costs to bring the property up to building code standards. If the affordability period has been satisfied, the Trustor shall be free to sell the home to any qualified buyer and be entitled to all net proceeds from the sale of the property.
- 2.4 In the case of a foreclosure or foreclosure sale, the period of affordability shall be terminated. Upon receipt of the notice that a foreclosure is pending, the Beneficiary shall take positive steps to assert rights to a share of the proceeds from the foreclosure sale. The Beneficiary shall, to the extent feasible, recover the original HOME investment. If the Trustor has failed to make payment to the first mortgage holder, the Beneficiary will not be obligated to correct any deficient payment. The amount recovered shall be based on the amount of the net proceeds from the foreclosure sale. If no proceeds are generated, the HOME investment shall not be recovered. If the affordability period has been satisfied, the Beneficiary shall have no rights to the net proceeds resulting from the foreclosure sale.
- 2.5 If the original Trustor ceases to occupy the property as the principal place of residence, voluntarily or involuntarily, or upon the death of the owner (or where ownership is joint upon the death of the sole survivor having remaining interest), the original HOME investment shall become due and payable. If the property is occupied as the principal residence by a lineal descendant of a deceased owner, and the descendant's income level qualifies, the descendant may receive HOME assistance in the same manner in which the deceased owner qualified, according to the most recent income limits under the Code of Federal Regulations. The Beneficiary, at its discretion, can elect to allow the occupant to live on the property for the remainder of the affordability period. If the affordability period has been satisfied, the Beneficiary shall have no interest in the occupants of the property.
- 2.6 If the homeowner is in default of the agreement, the Beneficiary has the right to allow a non-profit partner to exercise a different, but approved recapture/resale provision, if in the best interest of the program and the customer. Trustor(s) failure to take action may result in the Beneficiary exercising its right to foreclose in order to satisfy the agreement and comply with federal requirements.

3. It is Mutually Agreed:

- 3.1 That any award of damages in connection with any condemnation or any taking, or for injury to the property by reason of public use, or for damages for private trespass or injury thereto, is assigned and shall be paid to Beneficiary as further security for all obligations secured hereby (reserving unto Trustor, however, the right to sue therefor and the ownership thereof, subject to this Deed of Trust), and upon receipt of such monies Beneficiary may hold the same as such further security, or apply or release the same in the same manner and with the same effect as above provided for disposition of proceeds of fire or other insurance.
- 3.2 That by accepting payment of any sum secured hereby after its due date, Beneficiary does not waive its right either to require prompt payment when due of all other sums so secured, or to declare default for failure so to pay. Without affecting the obligation of Trustor to pay and perform as herein required, without affecting the personal liability of any person for payment of the indebtedness secured hereby, and without affecting the lien or priority of lien hereof on the Trust Property, Beneficiary may, at its option, extend the time for payment of said indebtedness, or any part thereof, reduce the payment thereon, release any person liable on any of said indebtedness, accept a renewal note therefor, modify the terms of said indebtedness, take or release other or additional security, or join in any extension or subordination agreement. Any such action by Beneficiary or the Trustee at Beneficiary's direction may be taken without the consent of any junior lienholder, and shall not affect the priority of this Deed of Trust over any junior lien. Time is of the essence of this Deed of Trust.
- 3.3 That at any time or from time to time, and without notice, upon written request of Beneficiary and presentation of this Deed of Trust and the Note for endorsement, and without liability therefor, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, and without affecting the security hereof for the full amount secured hereby on all property remaining subject hereto, and without the necessity that any sum representing the value or any portion thereof of the property affected by the Trustee's action be credited on the indebtedness, the Trustee may: (a) release and reconvey all or any part of said property; (b) consent to the making and recording, or either, of any map or plat of the property or any part thereof; (c) join in granting any easement thereon; and (d) join in or consent to any extension agreement of any agreement subordinating the lien, encumbrance or charge hereof. Any Trustor signing this Deed of Trust as a surety or accommodation party or that has subjected its property to this Deed of Trust to secure the debt of another, expressly waives the benefits of A.R.S. § 12-1641 *et seq.*
- 3.4 That upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of the Note and this Deed of Trust to Trustee for cancellation and retention, and upon payment of its fees, Trustee shall release and reconvey, without covenant or warranty, express or implied, the property then held hereunder, the recitals in such reconveyance, of any matters or facts, shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto."

- 3.5 That as additional security, Trustor hereby gives to and confers upon Beneficiary the right, power, and authority, during the continuance of this Deed of Trust, to collect the property income, reserving to Trustor the right, prior to any default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, to collect and retain such property income as it becomes due and payable. Upon any such default, Beneficiary may at any time, without notice either by person, by agent, or by receiver appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured or the solvency of the Trustor, enter upon and take possession of said property or any part thereof, in his own name sue for or otherwise collect such property income, including that past due and unpaid and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees of Beneficiary and Trustee, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The entering upon and taking possession of said property, the collection of such property income, and the application thereof as aforesaid, shall not cure or waive any default or notice of Trustee's sale hereunder or invalidate any act done pursuant to such notice. Beneficiary shall expressly have all rights provided for in A.R.S. §§ 33-702 (B) and 33-807.
- 3.6 That upon default by Trustor in the payment of any indebtedness secured hereby or in performance of any agreement hereunder, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written notice thereof, setting forth the nature thereof, and of election to cause to be sold said property under this Deed of Trust. Beneficiary also shall deposit with Trustee this Deed of Trust, the Note, and all documents evidencing expenditures secured hereby.
- a. Trustee shall record and give notice of Trustee's sale in the manner required by law, and after the lapse of such time as may then be required by law. Trustee shall sell, in the manner required by law, and said property at public auction at the time and place fixed by it in said notice of Trustee's sale to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee at its discretion may postpone or continue the sale from time to time by giving notice of postponement or continuance by public declaration at the time and place last appointed for the sale. Trustee shall deliver to such purchaser its Deed of Trust conveying the property so sold, but without any covenant or warranty, expressed or implied. Any persons, including Trustor, Trustee or Beneficiary, may purchase at such sale. The purchaser at the Trustee's sale shall be entitled to immediate possession of the property as against the Trustee or other persons in possession and shall have a right to the summary proceedings to obtain possession provided in Title 12, Chapter 8, Article 4, Arizona Revised Statutes, together with costs and reasonable attorneys' fees.
- b. After deducting all costs, fees, and expenses of Trustee and of this Deed of Trust, including cost of evidence of title in connection with sale and reasonable attorneys' fees of Beneficiary and Trustee, Trustee shall apply the proceeds of sale to payment of: all sums then secured hereby and all other sums due under the terms hereof, with accrued interest; and the remainder, if any, to the person or persons legally entitled thereto, or as provided in A.R.S. § 33-812. To the extent permitted by law, an action may be maintained by Beneficiary to recover a deficiency judgment for any

balance due hereunder. In lieu of sale pursuant to the power of sale conferred hereby, this Deed of Trust may be foreclosed in the same manner provided by law for the foreclosure of mortgages on real property. Beneficiary shall also have all other rights and remedies available to it hereunder at law or in equity. All rights and remedies shall be cumulative.

- 3.7 That Beneficiary may appoint a successor Trustee in the manner prescribed by law. Trustor and Beneficiary authorize Trustee, in the event any demand or notice is made or tendered to it concerning this trust or the property, to hold any money and documents and to withhold action or performance until an action shall be brought in a court of competent jurisdiction to determine the rights asserted or the property of the demand, notice or action requested and Trustee shall be without liability or responsibility for awaiting such court action. A Successor Trustee herein shall without conveyance from the predecessor Trustee, succeed to all the predecessor's title, estate, rights, powers, and duties. Trustee may resign at any time by mailing or delivering notice thereof to Beneficiary and Trustor and having so resigned shall be relieved of all liability and responsibility to Trustor, Beneficiary or otherwise hereunder. "Trustee" herein shall include all successor trustees. Trustee shall not be liable for any action taken in its discretion and in good faith, or upon advice of counsel, or upon any information supplied or direction given by Beneficiary. Unless Trustee is adjudged grossly negligent or guilty of intentional wrongdoing or breach of contract, Trustor and Beneficiary will, upon demand, indemnify and hold harmless Trustee against all costs, damages, attorneys' fees, expenses and liabilities which it may incur or sustain in connection with this Deed of Trust or any foreclosure or sale hereof or any court or other action or proceeding arising from here.
- 3.8 That this Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term "Beneficiary" shall mean the owner and holder of the Note secured hereby, whether or not named as Beneficiary herein. In this Deed of Trust, whenever the context so required, the masculine gender includes the feminine and neuter, and the singular number includes the plural.
- 3.9 That Trustee accepts this Deed of Trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law. Trustee may, but is not obligated to, notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Trustor, Beneficiary, or Trustee shall be a party, unless brought by Trustee.

(Remainder of Page Intentionally Left Blank)

The undersigned Trustor(s) request(s) that a copy of any notice of Trustee's sale hereunder be mailed at the address set forth on Page 1.

Trustor

Trustor

Trustor

Trustor

STATE OF ARIZONA)
) ss.
County of Maricopa)

SWORN AND SUBSCRIBED before me, this _____ day of _____, 20____, by
_____, the Borrower who signed this Deed of Trust.

Notary Public

My Commission Expires:

Do not destroy this Deed of Trust OR THE NOTE which it secures. Both must be delivered to the Trustee for cancellation before release and conveyance will be made.

When recorded, mail to:
CITY OF GLENDALE
Community Revitalization
5850 West Glendale Avenue
Glendale, Arizona 85301

HOME RESALE DEFERRED LOAN
PROMISSORY NOTE

Loan Amount: \$ _____

Glendale, Arizona

Date: _____

FOR VALUE RECEIVED, the undersigned jointly and severally promise(s) to pay to the order of the City of Glendale, a municipal corporation of the state of Arizona ("City"), or its successors, the principal sum of _____ . This HOME Resale Deferred Loan Promissory Note ("Note") is made on a 10-year Deferred Payment, non-interest bearing basis and is secured by the attached Deed of Trust ("Deed of Trust").

This Note shall become due and payable upon any transfer, voluntary, involuntary, or by operation of law, of the Property identified in the Deed of Trust within ten years from the date of this Note, or at any time within ten years from the date of this Note undersigned ceases to occupy or use the property to provide services to low or moderate income youth. This Note is secured by a Deed of Trust executed by the undersigned naming the City as Beneficiary; which Deed of Trust and this Note are security for the obligations of the undersigned contained in the contract for _____ executed by the parties on _____.

The amount due at such time shall be the amount of the current fair market value of the property less any portion attributable to non-Community Development Block Grant ("CDBG") funds involved in the rehabilitation improvements to the real property. The current fair market value of the property shall be established by independent appraisal. The portions of fair market value attributable to CDBG and non-CDBG funds shall be established at completion of the rehabilitation improvements through a subsequent appraisal. Appraisals completed to determine such values shall be at the sole cost and expense of the City.

If at the end of the term of this Note the undersigned has continuously provided the services and complied with the provisions of the above referenced subrecipient agreement, the City shall consider the obligations of this Note to have been met and shall consider its security interest in the property to be released to the undersigned.

Should default be made in the payment of any amount when due, or should the undersigned default on any obligation owed to the City under the terms of this Note or the Deed of Trust providing security therefore the whole sum of principal shall become immediately due and payable at the option of the holder of this Note.

If suit or action is instituted by City to recover on this Note, _____ agrees to pay reasonable attorneys' fees and costs in addition to the amount due on the Note. Diligence, notice of demand and notice of protest are hereby waived and the undersigned hereby waives, to the extent which otherwise would apply to the debt evidenced by this Note. Consent is hereby given to the extension of time of payment of this Note, without notice.

EXHIBIT "J"

EXHIBIT J
INSURANCE CERTIFICATE

The Certificate of Insurance will contain the following information:

Item One:

- A. Commercial General Liability coverage with limits not less than \$1 million per occurrence, \$100,000 for property damage liability, and \$2 million aggregate.
- B. Unless a sole proprietorship, Agency shall carry Arizona Statutory Workers Compensation and Employers' Liability coverage.

Item Two: City of Glendale will be named Certificate Holder.

Item Three: City of Glendale will be named as "additional insured."

Item Four: The Certificate of Insurance will provide a 30-day notice to the City of Glendale for cancellation, non-renewal, or material change and must be an "occurrence," not a "claims made" policy.

Item Five: General Requirement for the Insuring Company:

- A. The insurance company underwriting the policy will have a Best Rating of B++ or better. Please request that your insurance provider supply some form of verification of the best rating of B++ or better.
- B. The insurance company underwriting the policy will **be licensed in the State of Arizona**.
- C. If the Certificate of Insurance contains a section page which notes: "Important, if the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s)." Insurance Certificates containing this clause will not be accepted without an **"endorsement" stating, "the City of Glendale is included as an 'additional insured' on the policy."**

###

ACORDTM CERTIFICATE OF LIABILITY INSURANCE DATE (MM/DD/YY)
03/02/2011

PRODUCER
Lockton Risk Services
P.O. Box 410679
Kansas City, MO 64012

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURED
Habitat for Humanity Central Arizona
9133 W Grand Ave, Suite 1,
Peoria, AZ 85345

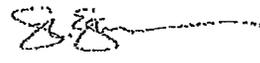
INSURERS AFFORDING COVERAGE	NAIC #
INSURER A: Federal Insurance Co	20281
INSURER B:	
INSURER C:	
INSURER D:	
INSURER E:	

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

WSR LTR	ADOL INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
						EACH OCCURRENCE	
A	X	GENERAL LIABILITY	GL1064439-11	04/01/2011	04/01/2012	EACH OCCURRENCE	1,000,000
		<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY				DAMAGE TO RENTED PREMISES (Ea occurrence)	1,000,000
		<input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR				MED EXP (Any one person)	0
						PERSONAL & ADV INJURY	1,000,000
						GENERAL AGGREGATE	2,000,000
						PRODUCTS - COMP/OP AGG	2,000,000
		GEN'L AGGREGATE LIMIT APPLIES PER:					
		<input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC					
		AUTOMOBILE LIABILITY				COMBINED SINGLE LIMIT (Each accident)	\$
		<input type="checkbox"/> ANY AUTO				BODILY INJURY (Per person)	\$
		<input type="checkbox"/> ALL OWNED AUTOS				BODILY INJURY (Per accident)	\$
		<input type="checkbox"/> SCHEDULED AUTOS				PROPERTY DAMAGE (Per accident)	\$
		<input type="checkbox"/> HIRED AUTOS				AUTO ONLY - EA ACCIDENT	\$
		<input type="checkbox"/> NON-OWNED AUTOS				OTHER THAN EA ACC	\$
		GARAGE LIABILITY				AUTO ONLY AGG	\$
		<input type="checkbox"/> ANY AUTO				EACH OCCURRENCE	\$
		EXCESS/UMBRELLA LIABILITY				AGGREGATE	\$
		<input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE					\$
		<input type="checkbox"/> DEDUCTIBLE					\$
		<input type="checkbox"/> RETENTION \$					\$
		WORKERS COMPENSATION AND EMPLOYERS LIABILITY				WC STATUTORY LIMITS	
		ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED?				OTHER	
		If yes, describe under SPECIAL PROVISIONS below				E.L. EACH ACCIDENT	\$
		OTHER				E.L. EACH ACCIDENT	\$
						E.L. EACH ACCIDENT	\$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS
Certificate Holder is named Additional Insured as their interests may appear per contract or written agreement.

CERTIFICATE HOLDER <input checked="" type="checkbox"/>	ADDITIONAL INSURED; INSURER LETTER _____	CANCELLATION
City of Glendale 6929 North 58th Drive, Suite 104, Glendale, AZ 85301		SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 10 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES. AUTHORIZED REPRESENTATIVE 

IMPORTANT

If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

DISCLAIMER

The Certificate of Insurance on the reverse side of this form does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.

CERTIFICATE OF LIABILITY INSURANCE

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER: BBVA Compass Ins. Agency, Inc. Phoenix Office/602-956-7800 P.O. Box 10067 Phoenix, AZ 85064
CONTACT NAME: BBVA Compass Ins. Agency, Inc. PHONE (A/C, No, Ext): 602 956-7800 FAX (A/C, No): 6023812699
INSURED: Habitat for Humanity 115 E. Watkins Phoenix, AZ 85004
INSURER A: SCF of Arizona NAIC #: 36714

COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

Table with columns: INSR LTR, TYPE OF INSURANCE, ADDL SUBR NSR WVD, POLICY NUMBER, POLICY EFF (MM/DD/YYYY), POLICY EXP (MM/DD/YYYY), LIMITS. Rows include General Liability, Automobile Liability, Umbrella Liab, and Workers Compensation.

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

RE: #COS09-017

Any and all operations by or on behalf of the insured during the policy terms indicated on this form.

CERTIFICATE HOLDER CANCELLATION

City of Surprise Community Development Department Neighborhood Services Division 16000 N. Civic Center Plaza Surprise, AZ 85374
SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE [Signature]