

**EXHIBIT****"A"**CDBG Grant No. B-20-MW-48-0514

THE STATE OF TEXAS                   §

CFDA NO. 14.218

COUNTY OF WILLIAMSON           §

**COMMUNITY DEVELOPMENT BLOCK GRANT AGREEMENT**

THIS AGREEMENT, entered into this \_\_\_ day of \_\_\_\_\_, 2020 by and between the City of Round Rock, a Texas home-rule municipality (herein called "CITY") and Round Rock Area Serving Center (herein called "SUBRECIPIENT").

WHEREAS, CITY has applied for and received funds from the United States Government under Title I of the Housing and Community Development Act of 1974, Public Law 93-383; and

WHEREAS, CITY wishes to engage SUBRECIPIENT to assist CITY in utilizing such funds;

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein the parties agree as follows:

**SECTION I:  
SCOPE OF SERVICES**

1.1. Activities

SUBRECIPIENT will be responsible for administering a Community Development Block Grant ("CDBG") Year 2019-2020 program known as subsistence assistance, consistent with any standards required as a condition of providing these funds. Such program will include the following activities eligible under the CDBG Program:

**Program Delivery**

Activity:

Subsistence assistance as a result of the COVID-19 pandemic.

**General Administration**

The Executive Director of SUBRECIPIENT ("Executive Director") will provide administrative oversight for the program.

1.2 National Objectives

SUBRECIPIENT certifies that the activities carried out under this Agreement shall meet the national objective of benefiting persons financially impacted by the COVID-19 pandemic by providing one-time or short-term (no more than three months) emergency payments on behalf of individuals or families, generally for the purpose of preventing homelessness. As such the

SUBRECIPIENT shall be responsible for ensuring that all activities and beneficiaries meet the definition of:

- ☐ LMA – Low/Mod Area Benefit
- ☒ LMC – Low/Mod Clientele Benefit or presumed Low Mod Clientele
- ☐ LMH – Low/Mod Housing Benefit
- ☐ LMJ – Low/Mod Job Benefit

### 1.3. Levels of Accomplishment – Goals and Performance Measures

In addition to normal administrative services required as part of this Agreement, SUBRECIPIENT agrees to provide the following program services:

Activity	Unduplicated Clients Receiving Program Services Per Year
Subsistence assistance as a result of the COVID-19 pandemic.	500 persons assisted

Duplicate services to a unique client are permissible in order to maintain continuity with current client cases and insure service completion. Duplicate clients shall not be counted towards SUBRECIPIENT's goals and performance measures.

Goal	Outcome
COVID-19 Pandemic Response	To assist 500 residents financially impacted by the COVID-19 pandemic with subsistence payments.

Program deliverables shall be submitted as follows:

Program Deliverable	Deliverable Supporting Documentation	Submission Schedule
Special Grant Condition Policies (Section VI)	Policies as stated in this agreement	Within thirty (30) days of agreement execution
Insurance	Insurance Certificate	Annually, within thirty (30) days of renewal
Detailed project Schedule	Project Schedule	Within thirty (30) days of agreement execution and annually thereafter (if applicable)

Submission of Progress Report	Exhibit D	Monthly
Financial and Compliance Audit	N/A	Annually, one hundred eighty (180) days after FY end until 2020

#### 1.4. Staffing

To undertake the activity described above and accomplish the levels of service described above, SUBRECIPIENT will allocate staff time in support of the program funded under this Agreement as follows:

Title	Hrs. per Week	# of Weeks	=	Estimated Hours
Executive Director	5	39	=	195

Timeframe: March 13, 2020 through September 30, 2020 or until funds are expended.

Any changes in the key personnel assigned or their general responsibilities under this program are subject to the prior approval of CITY.

### **SECTION II: TIME OF PERFORMANCE**

2.1 Services of SUBRECIPIENT shall start on March 13, 2020, and must comply with all applicable requirements of 24 CFR 570.503 and 2 CFR 200.309. This Agreement shall expire on September 30, 2020 or until funds are fully expended.

2.2 The term of this Agreement shall automatically be extended for as long as SUBRECIPIENT has control over CDBG funds, including program income.

2.3 If the term of this Agreement is automatically extended pursuant to Section 2.2, the term of this Agreement shall expire upon the disposition of the CDBG funds by SUBRECIPIENT, or remittance of the CDBG funds, including program income, to CITY by SUBRECIPIENT.

### **SECTION III: BUDGET**

All funds expended by SUBRECIPIENT pursuant to this agreement shall be expended in accordance with the following budget:

Non-housing community development	Federal Amount
<u>Project Component 1</u> : Support non-housing development, specifically COVID-19 assistance, including subsistence payments.	\$397,375.00

Total Federal Funds:	\$397,375.00
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The SUBRECIPIENT will accomplish the following checked project tasks:

- ☐ Pay all closing costs related to property conveyance
- ☒ Maintain and provide to the City as requested beneficiary income certification documentation (at least 20% of unduplicated clients)
- ☒ Maintain National Objective Documentation
- ☒ Provide Monthly reports on National Objectives and project progress
- ☒ Required attendance by a representative from executive management at quarterly partnership meetings, as requested by Community Development
- ☐ Provide monthly construction and rehabilitation progress reports until completion of construction and rehabilitation
- ☐ Identify Lead Project Manager
- ☐ Provide Site Design and Specifications
- ☐ Comply with Davis Bacon Labor Standards
- ☐ Provide certified payroll weekly throughout construction and rehabilitation
- ☐ Comply with Uniform Relocation Act (URA), if necessary
- ☐ Ensure applicable numbers of units are Section 504/ADA accessible
- ☐ Ensure the applicable affordability period for the project is met

Any indirect costs charged must be consistent with the conditions of Paragraph 8.3(B) of this Agreement. In addition, CITY may require a more detailed budget breakdown than the one contained herein, and SUBRECIPIENT shall provide such supplementary budget information in a timely fashion in the form and content prescribed by CITY. SUBRECIPIENT may reallocate funds from one budget line-item above to another budget line-item provided that the level of program services does not decrease and provided that the CITY's Director of Planning approves such reallocation in writing.

#### SECTION IV: PAYMENT

It is expressly agreed the total amount to be paid by CITY under this Agreement shall not exceed **\$397,375.00**. Draw-downs for the payment of eligible expenses shall be made against the line item budgets provided above and incorporated herein and in accordance with performance as follows:

Payment Deliverable	Payment Supporting Documentation	Submission Schedule
One-time or short-term (no more than three months) emergency payments on behalf of individuals or families, generally for the purpose of preventing homelessness.	Cancelled checks/Exhibit B & D and any additional documentation as requested	Monthly

Expenses for general administration shall also be paid against the line item budgets provided above and in accordance with performance. Payments will be contingent upon certification of SUBRECIPIENT's financial management system in accordance with the standards specified in 24 CFR 84.21.

## **SECTION V: NOTICES**

Notices required by this Agreement shall be in writing and delivered via mail (postage prepaid), commercial courier, or personal delivery or sent by facsimile or other electronic means. Any notice delivered or sent as aforesaid shall be effective on the date of sending. All notices and other written communications under this Agreement shall be addressed to the individuals in the capacities indicated below, unless otherwise modified by subsequent written notice.

Notices made pursuant to this Agreement shall be directed to the following representatives:

### **CITY:**

Elizabeth Alvarado  
Community Development Coordinator  
City of Round Rock  
221 East Main Street  
Round Rock, Texas 78664  
Telephone: 512-341-3328  
Fax: 512-341-3301  
e-mail: ealvarado@roundrocktexas.gov

### **SUBRECIPIENT:**

Lori Scott  
Executive Director  
Round Rock Area Serving Center  
1099 East Main Street  
Round Rock, TX 78683  
Telephone: 512-255-0913  
Fax: 512-255-0913  
e-mail: lscott@rrasc.org

## **SECTION VI: SPECIAL CONDITIONS**

SUBRECIPIENT agrees to comply with the requirements of Title 24 Code of Federal Regulations, Part 570 of the Housing and Urban Development (HUD) regulations concerning Community Development Block Grants and all federal regulations and policies issued pursuant to these regulations, except that: (1) SUBRECIPIENT does not assume CITY's environmental responsibilities, if any, described in 24 CFR § 570.604; and (2) SUBRECIPIENT does not assume CITY'S responsibility, if any, for initiating the review process under the provision of 24 CFR Part 52. SUBRECIPIENT further agrees to utilize funds available under this Agreement to supplement rather than supplant funds otherwise available. Furthermore:

- A. Within thirty (30) calendar days of the execution of this agreement, the SUBRECIPIENT must deliver to the CITY for approval a detailed project schedule for the completion of the project.
- B. The following resolutions and policies must be adopted by the SUBRECIPIENT'S governing body within thirty (30) days of award of this agreement:

- ☒ Affirmative Fair Housing Policy
- ☒ Affirmative Action/ Equal Opportunity Policy
- ☒ Conflict of Interest Policy
- ☒ Procurement Policy
- ☐ Uniform Relocation Act Policy
- ☒ Sexual Harassment Policy
- ☐ Procedure for meeting the requirements set forth in Section 3 of the Housing and Urban Development Act of 1968, as amended (12U.S.C. 794 1 u)
- ☐ Procedures for meeting the requirements set forth in Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794)
- ☒ Fraud Policy

## **SECTION VII: GENERAL CONDITIONS**

### **7.1. General Compliance**

SUBRECIPIENT agrees to comply with all applicable federal, state, and local laws, regulations, and policies governing the funds provided under this Agreement.

### **7.2. Independent Contractor**

It is understood and agreed that SUBRECIPIENT is an independent contractor and shall not be considered an employee of CITY. SUBRECIPIENT shall at all times remain an independent contractor with respect to the services to be performed under this Agreement. CITY shall be exempt from payment of all unemployment compensation, FICA and retirement benefits to SUBRECIPIENT, its employees, officers, or other agents, as SUBRECIPIENT is an independent contractor. SUBRECIPIENT shall not be within protection or coverage of CITY'S Workers' Compensation insurance, Health Insurance, Liability Insurance or any other Insurance that CITY from time to time may have in force and effect.

### **7.3. Hold Harmless**

SUBRECIPIENT shall indemnify, save harmless and exempt CITY, its officers, agents, servants, and employees from and against any and all suits, actions, legal proceedings, claims, demands, damages, costs, expenses, attorney fees and any and all other costs or fees incident to any work done as result of this Agreement and arising out of a willful or negligent act or omission of SUBRECIPIENT, its officers, agents, servants, and employees; provided, however, that SUBRECIPIENT shall not be liable for any suits, actions, legal proceedings, claims, demands, damages, costs, expenses and attorneys' fees arising out of a willful or negligent act or omission of CITY, its officers, agents, servants and employees, or third parties.

7.4. Worker's Compensation

SUBRECIPIENT shall provide Workers' Compensation Insurance coverage for all of its employees involved in the performance of this Agreement.

7.5. Insurance and Bonding

SUBRECIPIENT shall carry sufficient insurance coverage to protect contract assets from loss due to theft, fraud and/or undue physical damage, and as a minimum shall purchase a blanket fidelity bond covering all employees in an amount equal to cash advances from CITY.

7.6. Amendments

The terms and conditions of this Agreement constitute the entire agreement between the parties and supersede all previous communications, representations, or agreements, either written or oral, with respect to the subject matter hereof. No modification or amendment to this Agreement will be binding on either party unless acknowledged in writing by their duly authorized representatives.

7.7. Suspension or Termination

Partial terminations of the Scope of Services in Paragraph 1.1 above may only be undertaken with the prior approval of CITY. The award made pursuant to this agreement may be terminated for convenience in accordance with 24 CFR § 85.44 by either CITY or SUBRECIPIENT by setting forth the reasons for such termination, the effective date, and in the case of partial termination, the portion to be terminated. However, if in the case of a partial termination, CITY determines that the remaining portion of the award will not accomplish the purpose for which the award was made, CITY may terminate the award in its entirety. In the event of any termination for convenience, all finished or unfinished documents, data, reports or other materials prepared by SUBRECIPIENT under this Agreement shall, at the option of CITY, become property of CITY.

In accordance with 24 CFR § 85.43, the CITY may also suspend or terminate this Agreement, in whole or in part, if SUBRECIPIENT materially fails to comply with any term of this Agreement, such material failures include, but are not limited to the following:

- A. Failure to comply with any of the rules, regulations or provisions referred to herein, or such statutes, regulations, executive orders, and HUD guidelines, policies or directives as may become applicable at any time;
- B. Failure, for any reason, of SUBRECIPIENT to fulfill in a timely and proper manner its obligations under this Agreement;
- C. Ineffective or improper use of funds provided under this Agreement; or

- D. Submission by SUBRECIPIENT to CITY reports that are incorrect or incomplete in any material respect.

CITY may declare SUBRECIPIENT ineligible for any further participation in CITY contracts, in addition to other remedies as provided by law. Should SUBRECIPIENT fail to cure or correct such defects or failures identified by CITY within the fifteen (15) days after notification of deficiencies, and such breach of contract relate to a violation of federal law or regulations which results in a demand for reimbursement from the Department of Housing and Urban Development (HUD) or its successor, CITY may seek reimbursement of all funds paid from CITY to SUBRECIPIENT under this Agreement.

SUBRECIPIENT shall not be relieved of the liability to CITY for damages sustained by CITY by virtue of any breach of this Agreement by SUBRECIPIENT and CITY may withhold any payments to SUBRECIPIENT for the purpose as set out and until such time as the exact amount of damages due CITY from SUBRECIPIENT is determined. Should CITY become aware of any activity by SUBRECIPIENT which would jeopardize CITY's position with HUD which would cause a payback of CDBG funds or other CITY federal funds then CITY may take appropriate action including injunctive relief against SUBRECIPIENT to prevent the transaction as aforesaid. The failure of CITY to exercise this right shall in no way constitute a waiver by CITY to demand payment or seek any other relief in law or in equity to which it may be justly entitled.

#### 7.8. Pending Litigation

SUBRECIPIENT agrees to inform CITY about any litigation SUBRECIPIENT is, or becomes, involved in.

#### 7.9. Background Checks

SUBRECIPIENT agrees to conduct a criminal background check on all employees working directly with youth.

#### 7.10 Participant Eligibility

SUBRECIPIENT shall only provide services that benefit from this Agreement to families that qualify as a "low-and moderate-income household," as that term is defined in 24 CFR § 570.3. SUBRECIPIENT shall require all families served by SUBRECIPIENT pursuant to this Agreement to establish that such families are a low-and moderate-income household through the use of documentation such as pay stubs, tax returns, social security statements or other readily verifiable financial documentation. Pursuant to 24 CFR § 570.3, a low-and moderate-income household is a household having an income equal to or less than the Section 8 low-income limit established from time to time by HUD. The current Section 8 income limits are contained in Exhibit "A", attached hereto and incorporated herein for all purposes. SUBRECIPIENT acknowledges that the Section 8 income limits are subject to amendment from time to time and that the income limits in place at the time SUBRECIPIENT receives an application for service determine participant eligibility under this Agreement.



Pursuant to 24 CFR § 570.208 (a)(2)(A), an activity benefits low and moderate-income persons if it benefits a clientele who are generally presumed to be principally low and moderate income persons, which includes but is not limited to abused children, battered spouses and homeless persons. SUBRECIPIENT acknowledges that the criteria found in 24 CFR § 570.208 (a) (2) (B) are subject to amendment from time to time and that the criteria in place at the time SUBRECIPIENT receives an application for service determine participant eligibility under this Agreement.

## **SECTION VIII: ADMINISTRATIVE REQUIREMENTS**

### **8.1. Financial Management**

#### **A. Accounting Standards**

SUBRECIPIENT agrees to comply with 24 CFR § 84.21-28, § 570.502, § 570.503(b)(3), and § 570.506, and SUBRICIPIENT agrees to adhere to the accounting principles and procedures required therein, utilize adequate internal controls, and maintain necessary source documentation for all costs incurred.

#### **B. Cost Principles**

SUBRECIPIENT shall administer its program in conformance with 2 CFR Part 230 (previously OMB Circular A-122), “Cost Principles for Non-Profit Organizations,” or 2 CFR Part 220 (previously OMB Circular A-21), “Cost Principles for Educational Institutions,” as applicable. These principles shall be applied for all costs incurred whether charged on a direct or indirect basis.

### **8.2. Documentation and Record Keeping**

#### **A. Record Keeping**

SUBRECIPIENT shall maintain all records that are pertinent to the activities to be funded under this Agreement, and all records required by the federal regulations specified in 24 CFR § 570.502, § 570.503(b)(3), and § 570.506. Such records shall include, but are not be limited to:

1. Records providing a full description of each activity undertaken;
2. Records demonstrating that each activity undertaken meets one of the National Objectives of the CDBG program under 24 CFR § 570.208;
3. Records required to determine the eligibility of activities under 24 CFR §§ 570.201 - 570.206;
4. Financial records as required by 24 CFR § 570.502, 24 CFR §§ 84.21-28 and 2 CFR Part 215 (previously OMB Circular A-110); and

5. Other records necessary to document compliance with Subpart K of 24 CFR Part 570.

B. Retention

SUBRECIPIENT shall retain all financial records, supporting documents, statistical records and all other records pertinent to this Agreement for a period of five (5) years after the termination of all activities funded under this Agreement. Notwithstanding the above, if there is litigation, claims, audits, negotiations or other actions that involve any of the records cited and that have started before the expiration of the five-year period, then such records must be retained until completion of the actions and resolution of all issues, or the expiration of the five-year period, whichever occurs later.

C. Client Data

SUBRECIPIENT shall maintain client data demonstrating client eligibility for services provided. Such data shall include, but not be limited to, client name, address and annual household income level as shown in Exhibit "B", attached hereto and incorporated herein. Any other basis for determining eligibility must be approved by CITY in advance in writing, and description of services provided. Such information shall be made available to CITY monitors or their designees upon request.

D. Disclosure

SUBRECIPIENT understands that client information collected under this contract is private and the use or disclosure of such information, when not directly connected with the administration of CITY's or SUBRECIPIENT's responsibilities with respect to services provided under this contract is prohibited by the U.S. Privacy Act of 1974 unless written consent is obtained from such person receiving service and, in the case of a minor, that of a responsible parent/guardian.

E. Close-Outs

SUBRECIPIENT's obligation to CITY shall not end until all closeout requirements are completed. Activities during this close-out period shall include, but are not limited to: making final payments, disposing of program assets (including the return of all unused materials, equipment, unspent cash advances, program income balances, and receivable accounts to CITY), and determining custodianship of records. SUBRECIPIENT agrees to comply with all applicable Grant Closeout Procedures under 24 CFR 570.502 and 570.509. Notwithstanding the foregoing, the terms of this Agreement shall remain in effect during any period that SUBRECIPIENT has control over CDBG funds, including program income.

F. Audits & Inspections

All SUBRECIPIENT's records with respect to any matters covered by this Agreement shall be made available to CITY, grantor agency, their designees or the Federal Government, at

any time during normal business hours, as often as CITY or grantor agency deems necessary, to audit, examine, and make excerpts or transcripts of all relevant data. Any deficiencies noted in audit reports must be fully cleared by SUBRECIPIENT within thirty (30) days after receipt by SUBRECIPIENT. Failure of SUBRECIPIENT to comply with the above audit requirements will constitute a violation of this contract and may result in the withholding of future payments. SUBRECIPIENT hereby agrees to have an annual agency audit conducted in accordance with current CITY policy concerning SUBRECIPIENT's audits and Section C: Subpart F Audit Requirements in 2 CFR Part 200 (formerly OMB Circular A-133).

If SUBRECIPIENT expends less than Seven Hundred Fifty Thousand Dollars (\$750,000.00) a year in federal awards, then they are exempt from 2 CFR Part 200 Subpart F of the audit requirements for that year; however, records must be available for review or audit by appropriate officials of the federal agency, pass-through entity and the General Accounting Office.

However, if SUBRECIPIENT expends Seven Hundred Fifty Thousand Dollars (\$750,000.00) a year or more in federal funds, SUBRECIPIENT must, within nine (9) months from the end of its fiscal year, supply CITY with an audit of revenues and expenditures conducted by a certified public accountant. Grant funds will automatically be forfeited to CITY if SUBRECIPIENT fails to submit an audit within the allotted time.

### 8.3. Reporting and Payment Procedures

#### A. Program Income

SUBRECIPIENT shall report and remit all program income, as that term is defined in 24 CFR § 570.500(a), to the CITY in accordance with the City of Round Rock Community Development Block Grant Program Income Policy, attached hereto as Exhibit "C", and incorporated herein for all purposes.

Any interest earned on cash advances from the U.S. Treasury is not program income and shall be remitted promptly to the CITY. Pursuant to 24 CFR § 570.500(a)(5) and 24 CFR § 570.503(b)(7), program income does not include proceeds from the disposition of real property acquired or improved with CDBG funds when the disposition occurs after five (5) years after the expiration of this Agreement. SUBRECIPIENT agrees that the obligations of SUBRECIPIENT under this Section 8.3 shall survive the expiration or termination of this agreement and shall continue for a period of five (5) years following the expiration of this Agreement pursuant to Section II, or termination of this Agreement.

#### B. Indirect Costs

If indirect costs are charged, SUBRECIPIENT will develop an indirect cost allocation plan for determining SUBRECIPIENT's appropriate share of administrative costs and shall submit such plan to CITY for approval.

C. Payment Procedures

CITY will pay to SUBRECIPIENT funds available under this Agreement based on information submitted by SUBRECIPIENT and consistent with an approved budget and CITY policies concerning payments. With the exception of certain advances, payments will be made for eligible expenses actually incurred by SUBRECIPIENT, and not to exceed actual cash requirements. Payments will be adjusted by CITY in accordance with advance fund and program income balances available under this contract for costs incurred by CITY on the behalf of SUBRECIPIENT.

D. Progress Reports

SUBRECIPIENT shall submit regular Monthly Progress Reports to CITY in the form, content, and frequency as required by CITY. These shall include but not be limited to summary of expenditures, list of beneficiaries and a brief narrative of accomplishments. Monthly Progress Reports should be submitted on Exhibit "D", attached hereto and incorporated herein unless an alternative report is approved by CITY in advance and in writing.

E. Budgets

CITY and SUBRECIPIENT may agree to revise the budget, provided in Section III above, from time to time in accordance with existing CITY policies. Any amendments to the budget must be approved in writing by both CITY and SUBRECIPIENT.

8.4. Procurement

A. Compliance

SUBRECIPIENT shall maintain inventory records, which clearly identify any real or personal property purchased, improved, or sold using funds provided under this Agreement. Property retained shall continue to meet eligibility criteria and shall conform to the "changes in use" restrictions specified in 24 CFR § 570.503(b)(8). All program assets (unexpended advanced funds) shall revert to CITY upon termination of this Agreement. The only authorized expenditures of funds shall be those items and indirect costs provided in Section III of this Agreement.

B. OMB Standards

SUBRECIPIENT shall procure materials in accordance with the requirements of 24 CFR 84.40-48.

C. Travel

SUBRECIPIENT shall obtain written approval from CITY for any travel outside the metropolitan area with funds provided under this Agreement. CITY shall determine that such

travel is necessary and reasonable according to applicable standards outlined in 2 CFR Part 225 (formerly OMB Circular A87).

#### 8.5. Use and Reversion of Assets

The use and disposition of real property and equipment under this Agreement shall be in compliance with the requirements of 24 CFR Part 84 and 24 CFR §§ 570.502, 570.503 and 570.504, as applicable, which include but are not limited to the following:

A. SUBRECIPIENT agrees that should it discontinue the services as provided for herein, or upon the expiration or termination of this Agreement, then SUBRECIPIENT shall transfer to CITY all unexpended CDBG funds on hand and any accounts receivable attributable to the use of funds under this Agreement, as determined at the time of the expiration, discontinuance or termination of this Agreement, within ten (10) days from the time of expiration, discontinuance, or termination of services. The funds remaining will be appropriated to eligible CDBG activities in keeping with CITY's budgetary process.

B. Real property under SUBRECIPIENT's control that was acquired or improved, in whole or in part, with funds under this Agreement in excess of \$25,000 shall be used to meet one of the CDBG National Objectives pursuant to 24 CFR § 570.208 until five (5) years after expiration of this Agreement. If SUBRECIPIENT fails to use CDBG-assisted real property in a manner that meets a CDBG National Objective for the prescribed period of time, SUBRECIPIENT shall pay CITY an amount equal to the current fair market value of the property less any portion of the value attributable to expenditures of non-CDBG funds for acquisition of, or improvement to, the property. Such payment shall constitute program income to CITY. SUBRECIPIENT may retain real property acquired or improved under this Agreement after the expiration of the five-year period.

C. In all cases in which equipment acquired, in whole or in part, with funds under this Agreement is sold, the proceeds shall be program income (prorated to reflect the extent to that funds received under this Agreement were used to acquire the equipment). Equipment not needed by SUBRECIPIENT for activities under this Agreement shall be (a) transferred to CITY for the CDBG program or (b) retained after compensating CITY an amount equal to the current fair market value of the equipment less the percentage of non-CDBG funds used to acquire the equipment.

### **SECTION IX: RELOCATION, REAL PROPERTY ACQUISITION AND ONE-FOR-ONE HOUSING REPLACEMENT**

9.1. SUBRECIPIENT agrees to comply with (a) the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (URA), and implementing regulations at 49 CFR Part 24 and 24 CFR § 570.606(b); (b) the requirements of 24 CFR § 570.606(c) governing the Residential Anti-displacement and Relocation Assistance Plan under section 104(d) of the HCD Act; and 9c) the requirements in 24 CFR § 570.606(d) governing optional relocation policies. SUBRECIPIENT shall provide relocation assistance to displaced persons as

defined by 24 CFR § 570.606(b)(2) that are displaced as a direct result of acquisition, rehabilitation, demolition or conversion for a CDBG-assisted project. SUBRECIPIENT also agrees to comply with applicable CITY ordinances, resolutions and policies concerning the displacement of persons from their residences.

## **SECTION X: PERSONNEL & PARTICIPANT CONDITIONS**

### **10.1. Civil Rights**

#### **A. Compliance**

SUBRECIPIENT agrees to comply with city and state civil rights acts and ordinances, and with Title VI of the Civil Rights Act of 1964 as amended, Title VIII of the Civil Rights Act of 1968 as amended, Section 109 of Title I of the Housing and Community Development Act of 1974, Section 504 of the Rehabilitation Act of 1973, the Americans with Disabilities Act of 1990, the Age Discrimination Act of 1975, Executive Order 11063, and with Executive Order 11246 as amended by Executive Orders 11375, 11478, 12107 and 12086.

#### **B. Nondiscrimination**

SUBRECIPIENT will not cause any person to be excluded from participation in, denied the benefits of, or subjected to discrimination under any of the program's activities receiving assistance under this Agreement based on the grounds of race, color, religion, sex, ancestry, national origin or handicap. In order to allow CITY to monitor non-discrimination, SUBRECIPIENT will at minimum maintain records regarding the race of persons or households assisted under this contract and whether households assisted have a female head of household.

SUBRECIPIENT will not discriminate against any employee or applicant for employment because of race, color, religion, sex, ancestry, national origin, or other handicap, age, marital status, or status with regard to public assistance. SUBRECIPIENT will take affirmative action to ensure all employment practices are free from such discrimination. Such employment practices include but are not limited to the following: hiring, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff, termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. SUBRECIPIENT agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting agency setting forth the provisions of this nondiscrimination clause.

SUBRECIPIENT agrees to comply with the non-discrimination in employment and contracting opportunities laws, regulation, and executive orders referenced in 24 CFR § 570.607, as revised by Executive Order 13279. The applicable non-discrimination provisions in Section 109 of the Housing and Community Development Act (42 U.S.C. 5301 *et seq.*) are still applicable.

C. Land Covenants

This Agreement is subject to the requirements of Title VI of the Civil Rights Act of 1964 (P.L. 88-352) and 24 CFR §§ 570.601 and 570.602. In regard to the sale, lease, or other transfer of land acquired, cleared or improved with assistance provided under this Agreement, SUBRECIPIENT shall cause or require a covenant running with the land to be inserted in the deed or lease for such transfer, prohibiting discrimination as herein defined, in the sale, lease or rental, or in the use or occupancy of such land, or in any improvements erected or to be erected thereon, providing that CITY and the United States are beneficiaries of and entitled to enforce such covenants. SUBRECIPIENT, in undertaking its obligation to carry out the program assisted hereunder, agrees to take such measures as are necessary to enforce such covenant, and will not itself so discriminate.

D. Compliance with Section 504

SUBRECIPIENT agrees to comply with any federal regulations issued pursuant to compliance with Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) or applicable updates which prohibits discrimination against the handicapped in any federally assisted program. CITY shall provide SUBRECIPIENT with any guidelines necessary for compliance with that portion of the regulations in force during the term of this Agreement.

10.2. Affirmative Action

A. Approved Plan

SUBRECIPIENT agrees that it shall be committed to carry out pursuant to CITY's specifications an Affirmative Action Program in keeping with the principles as provided in Presidents Executive Order 11246 of September 24, 1966. CITY shall provide Affirmative Action guidelines to SUBRECIPIENT to assist in the formulation of such program. SUBRECIPIENT shall submit a plan for an Affirmative Action Program for approval prior to the award of funds.

B. Women- and Minority-Owned Businesses (W/MBE)

SUBRECIPIENT will use its best efforts to afford small businesses, minority business enterprises, and women's business enterprises the maximum practicable opportunity to participate in the performance of this Agreement. As used in this Agreement, the terms "small business" means a business that meets the criteria set forth in section 3(a) of the Small Business Act, as amended (15 U.S.C. 632), and "minority and women's business enterprise" means a business at least fifty-one (51) percent owned and controlled by minority group members or women. For the purpose of this definition, "minority group members" are Afro-Americans, Spanish-speaking, Spanish surnamed or Spanish-heritage Americans, Asian-Americans, and American Indians. SUBRECIPIENT may rely on written representations by businesses regarding their status as minority and female business enterprises in lieu of an independent investigation.

C. Access to Records

SUBRECIPIENT shall furnish and cause each of its own subcontractors to furnish all information and reports required hereunder and will permit access to its books, records and accounts by CITY, HUD or its agent, or other authorized Federal officials for purposes of investigation to ascertain compliance with the rules, regulations and provisions stated herein.

D. Notifications

SUBRECIPIENT will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer, advising the labor union or worker's representative of SUBRECIPIENT's commitments hereunder, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

E. Equal Employment Opportunity and Affirmative Action (EEO/AA) Statement

SUBRECIPIENT will, in all solicitations or advertisements for employees placed by or on behalf of SUBRECIPIENT, state that it is an Equal Opportunity or Affirmative Action employer.

F. Subcontract Provisions

SUBRECIPIENT will include the provisions of Paragraphs X.A, Civil Rights, and B, Affirmative Action, in every subcontract or purchase order, specifically or by reference, so that such provisions will be binding upon each of its own subcontractors.

10.3. Employment Restrictions

A. Prohibited Activity

SUBRECIPIENT is prohibited from using funds provided herein or personnel employed in the administration of the program for: political activities; inherently religious activities; lobbying; political patronage; and nepotism activities.

B. Labor Standards

SUBRECIPIENT agrees to comply with the requirements of the Secretary of Labor in accordance with the Davis-Bacon Act as amended, the provisions of Contract Work Hours and Safety Standards Act as amended, the provisions of Contract Work Hours and Safety Standards Act (40 U.S.C. 327 *et seq.*) and all other applicable Federal, state and local laws and regulations pertaining to labor standards insofar as those acts apply to the performance of this Agreement. SUBRECIPIENT agrees to comply with the Copeland Anti-Kick Back Act (18 U.S.C. 874 *et seq.*) and its implementing regulations of the U.S. Department of Labor at 29 CFR Part 5. SUBRECIPIENT shall maintain documentation that demonstrates compliance with hour and



wage requirements of this part. Such documentation shall be made available to CITY for review upon request.

SUBRECIPIENT agrees that, except with respect to the rehabilitation or construction of residential property containing less than eight (8) units, all contractors engaged under contracts in excess of \$2,000.00 for construction, renovation or repair work financed in whole or in part with assistance provided under this Agreement, shall comply with Federal requirements adopted by CITY pertaining to such contracts and with the applicable requirements of the regulations of the Department of Labor, under 29 CFR Parts 1, 3, 5 and 7 governing the payment of wages and ratio of apprentices and trainees to journey workers; provided that, if wage rates higher than those required under the regulations are imposed by state or local law, nothing hereunder is intended to relieve SUBRECIPIENT of its obligation, if any, to require payment of the higher wage. SUBRECIPIENT shall cause or require to be inserted in full, in all such contracts subject to such regulations, provisions meeting the requirement of this paragraph.

C. “Section 3” Clause

1. Compliance

Compliance with the provisions of Section 3 of the HUD Act of 1968, as amended, and as implemented by the regulations set forth in 24 CFR Part 135, and all applicable rules and orders issued hereunder prior to the execution of this Agreement, shall be a condition of the Federal financial assistance provided under this Agreement and binding upon CITY, SUBRECIPIENT and any of SUBRECIPIENT’s subcontractors. Failure to fulfill these requirements shall subject CITY, SUBRECIPIENT and any of SUBRECIPIENT’s subcontractors, their successors and assigns, to those sanctions specified by the Agreement through which Federal assistance is provided. SUBRECIPIENT certifies and agrees that no contractual or other disability exists that would prevent compliance with these requirements.

SUBRECIPIENT further agrees to comply with these “Section 3” requirements and to include the following language in all subcontracts executed under this Agreement:

“The work to be performed under this Agreement is a project assisted under a program providing direct Federal financial assistance from HUD and is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701). Section 3 requires that to the greatest extent feasible opportunities for training and employment be given to low- and very low-income residents of the project area, and that contracts for work in connection with the project be awarded to business concerns that provide economic opportunities for low- and very low-income persons residing in the metropolitan area in which the project is located.”

SUBRECIPIENT further agrees to ensure that opportunities for training and employment arising in connection with a housing rehabilitation (including reduction and abatement of lead-based paint hazards), housing construction, or other public construction project are given to low- and very low-income persons residing within the metropolitan area in

which the CDBG-funded project is located; where feasible, priority should be given to low-and very low-income persons within the service area of the project or the neighborhood in which the project is located, and to low- and very low-income participants in other HUD programs; and award contracts for work undertaken in connection with a housing rehabilitation (including reduction and abatement of lead-based paint hazards), housing construction, or other public construction project to business concerns that provide economic opportunities for low-and very low-income persons residing within the metropolitan area in which the CDBG-funded project is located; where feasible, priority should be given to business concerns that provide economic opportunities to low- and very low-income residents within the service area or the neighborhood in which the project is located, and to low- and very low-income participants in other HUD programs.

SUBRECIPIENT certifies and agrees that no contractual or other legal incapacity exists that would prevent compliance with these requirements.

2. Notifications

SUBRECIPIENT agrees to send to each labor organization or representative of workers with which it has a collective bargaining agreement or other contract or understanding, if any, a notice advising said labor organization or worker's representative of its commitments under this Section 3 clause and shall post copies of the notice in conspicuous places to employees and applicants for employment or training.

3. Subcontracts

SUBRECIPIENT will include this Section 3 clause in every subcontract and will take appropriate action pursuant to the subcontract upon a finding that the subcontractor is in violation of regulations issued by the grantor agency. SUBRECIPIENT will not subcontract with any entity where it has notice or knowledge that the latter has been found in violation of regulations under 24 CFR Part 135 and will not approve any subcontracts unless the entity has first provided it with a preliminary statement of ability to comply with the requirements of these regulations.

10.4. Conduct

A. Assignability

SUBRECIPIENT shall not assign or transfer any interest in this Agreement without the prior written consent of CITY.

B. Subcontracts

1. Approvals

SUBRECIPIENT shall not enter into any subcontracts with any agency or individual in the performance of this contract without written consent of CITY prior to the execution of such

Agreement.

2. Monitoring of Subcontractors

SUBRECIPIENT will monitor all subcontracted services on a regular basis to assure contract compliance. Results of monitoring efforts shall be summarized in written reports and supported with evidence of follow-up actions taken to correct areas of noncompliance.

3. Content

SUBRECIPIENT shall cause all of the provisions of this contract in its entirety to be included in and made a part of any subcontract executed in the performance of this Agreement.

4. Selection Process

SUBRECIPIENT shall undertake to ensure that all subcontracts let in the performance of this agreement shall be awarded on a fair and open competition basis in accordance with applicable procurement requirements. Executed copies of all subcontracts shall be forwarded to CITY along with documentation concerning the selection process.

C. Hatch Act

SUBRECIPIENT agrees that no funds provided, nor personnel employed under this Agreement, shall be in any way or to any extent engaged in the conduct of political activities in violation of Chapter 15 of Title V United States Code.

D. Conflict of Interest

SUBRECIPIENT understands and agrees to abide by the provisions of 24 CFR § 84.42 and 570.611, which include, but are not limited to the following:

1. SUBRECIPIENT shall maintain a written code or standards of conduct that shall govern the performance of its officers, employees or agents engaged in the award and administration of contracts supported by Federal funds.

2. No employee, officer or agent of SUBRECIPIENT shall participate in the selection, or in the award, or administration of, a contract supported by Federal funds if a conflict of interest, real or apparent, would be involved.

3. No covered persons who exercise or have exercised any functions or responsibilities with respect to CDBG-assisted activities, or who are in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a financial interest in any contract, or have a financial interest in any contract, subcontract, or agreement with respect to the CDBG-assisted activity, or with respect to the proceeds from the CDBG-assisted activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for a period of one (1) year thereafter.

These conflict of interest provisions apply to “covered persons” which shall include any person who is an employee, agent, consultant, officer, or elected official of CITY, SUBRECIPIENT or any designated public agencies which are receiving funds under the CDBG Entitlement program.

E. Lobbying

SUBRECIPIENT hereby certifies that:

1. No Federal appropriated funds have been paid or will be paid, by or on behalf of it, 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, it will complete and submit Standard Form-LLL, “Disclosure Form to Report Lobbying,” in accordance with its instructions; and

3. It will require that the language of paragraph (4) of this certification be included in the award documents for all subawards at all tiers including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements and that all subrecipients shall certify and disclose accordingly:

4. Lobbying Certification

This certification is a material representation of a 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 section 1352, title 31, U.S.C. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

F. Copyright

If this Agreement results in any copyrightable material or inventions, CITY and/or grantor agency reserves the right to royalty-free, non-exclusive and irrevocable license to reproduce, publish or otherwise use and to authorize others to use, the work or materials for governmental purposes.

G. Religious Organization

SUBRECIPIENT agrees that funds provided under this Agreement will not be utilized for inherently religious activities, such as worship, religious instruction, or proselytization; to promote religious interests; or for the benefit of a religious organization as specified in 24 CFR § 570.200(j).

**SECTION XI:  
ENVIRONMENTAL CONDITIONS**

11.1. Air and Water

SUBRECIPIENT agrees to comply with the following requirements insofar as they apply to the performance of this Agreement:

A. Clean Air Act, 42 U.S.C., 7401, *et seq.*;

B. Federal Water Pollution Control Act, as amended, 33 U.S.C., 1251, *et seq.*, as amended, 1318 relating to inspection, monitoring, entry, reports, and information, as well as other requirements specified in said Section 114 and Section 308, and all regulations and guidelines issued thereunder; and

C. Environmental Protection Agency (EPA) regulations pursuant to 40 CFR Part 50, as amended.

11.2. Flood Disaster Protection

In accordance with the requirements of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4001), SUBRECIPIENT shall assure that for activities located in an area identified by the Federal Emergency Management Agency (FEMA) as having special flood hazards, flood insurance under the National Flood Insurance Program is obtained and maintained as a condition of financial assistance for acquisition or construction purposes including rehabilitation.

11.3. Lead-Based Paint

SUBRECIPIENT agrees that any construction or rehabilitation of residential structures with assistance provided under this Agreement shall be subject to HUD Lead-Based Paint Regulations at 24 CFR § 570.608, and 24 CFR Part 35, Subpart B. Such regulations pertain to all CDBG-assisted housing and require that all owners, prospective owners, and tenants of properties constructed prior to 1978 be properly notified that such properties may include lead-based paint. Such notification shall point out the hazards of lead-based paint and explain the symptoms, treatment and precautions that should be taken when dealing with lead-based paint poisoning and the advisability and availability of blood lead level screening for children under seven. The notice should also point out that if lead-based paint is found on the property, abatement measures may be undertaken. The regulations further require that, depending on the

amount of Federal funds applied to a property, paint testing, risk assessment, treatment and/or abatement may be conducted.

#### 11.4. Historic Preservation

SUBRECIPIENT agrees to comply with the Historic Preservation requirements set forth in the National Historic Preservation Act of 1966, as amended (16 U.S.C. 470) and the procedures set forth in 36 CFR Part 800, Advisory Council on Historic Preservation Procedures for Protection of Historic Properties, insofar as they apply to the performance of this agreement.

In general, this requires concurrence from the State Historic Preservation Officer for all rehabilitation and demolition of historic properties that are fifty years old or older or that are included on a Federal, state, or local historic property list.

### **SECTION XII: SEVERABILITY**

12.1. If any provision of this Agreement is held invalid, the remainder of the Agreement shall not be affected thereby and all other parts of this Agreement shall nevertheless be in full force and effect.

### **SECTION XIII: SECTION HEADINGS AND SUBHEADINGS**

13.1. The section headings and subheadings contained in this Agreement are included for convenience only and shall not limit or otherwise affect the terms of this Agreement.

### **SECTION XIV: WAIVER**

14.1. CITY's failure to act with respect to a breach by SUBRECIPIENT does not waive its right to act with respect to subsequent or similar breaches. The failure of CITY to exercise or enforce any right or provision shall not constitute a waiver of such right or provision.

[Signatures on the following page.]

IN WITNESS WHEREOF, this Agreement is executed to be effective as of the date indicated above.

**CITY:**

City of Round Rock

**SUBRECIPIENT:**

Round Rock Area Serving Center

\_\_\_\_\_  
Craig Morgan, Mayor

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Approved as to Form:

\_\_\_\_\_  
Stephan L. Sheets, City Attorney

**EXHIBIT “A”**  
**CDBG 2019 INCOME LIMITS**

<b>FY 2019 INCOME LIMIT CATEGORY</b>	<b>1 Person</b>	<b>2 Person</b>	<b>3 Person</b>	<b>4 Person</b>	<b>5 Person</b>	<b>6 Person</b>	<b>7 Person</b>	<b>8 Person</b>
Very low (50%) Income Limits	\$33,150.00	\$37,850.00	\$42,600.00	\$47,300.00	\$51,100.00	\$54,900.00	\$58,700.00	62,450.00
Extremely Low (30%) Income Limits	\$19,900.00	\$22,750.00	\$25,600.00	\$28,400.00	\$30,700.00	\$32,950.00	\$35,250.00	\$37,500.00
Low (80%) Income Limits	\$52,850.00	\$60,400.00	\$67,950.00	\$75,500.00	\$81,550.00	\$87,600.00	\$93,650.00	\$99,700.00



## Unduplicated Clients

**Date:** \_\_\_\_\_  
**Plan/Prog:** \_\_\_\_\_  
**Activity No.:** \_\_\_\_\_

**2019-2020 Unduplicated Clients:** \_\_\_\_\_  
\_\_\_\_\_

5 American Indian or Alaska Native **10** Other Multi-racial  
6 Asian *and* White  
7 Native Hawaiian or Other Pacific Islander  
8 American Indian or Alaska Native *and* White  
9 American Indian or Alaska Native *and* Black or African American

5 American Indian or Alaska Native **10** Other Multi-racial  
6 Asian *and* White  
7 Native Hawaiian or Other Pacific Islander  
8 American Indian or Alaska Native *and* White  
9 American Indian or Alaska Native *and* Black or African American

[illegible]

## **EXHIBIT "C"**

### **CITY OF ROUND ROCK** **COMMUNITY DEVELOPMENT BLOCK GRANT** **PROGRAM INCOME POLICY**

This policy is implemented to comply with applicable federal, state and local laws, regulations and policies governing the disposition of program income. Applicable laws and regulations include, but are not limited to, Title 24 Code of Federal Regulations, Chapter V, Subchapter C, Part 570, Subpart J and Subpart K.

#### **1. DEFINITIONS:**

- 1.1** Program Income means gross income received by the Recipient or Sub-recipient directly generated from the use of CDBG funds.
- 1.2** Recipient means the City of Round Rock, Texas.
- 1.3** Sub-recipient means any entity that receives CDBG funding from the Recipient.
- 1.4** CDBG means a Community Development Block Grant received by the Recipient pursuant to Title 24 Code of Federal Regulations, Chapter V, Subchapter C, Part 570.
- 1.5** Income Report means an accounting and report prepared by the Sub-recipient setting forth the amount of Program Income generated by the Sub-recipient's activities and the method by which such Program Income was generated.

#### **2. INCOME: Program Income includes, but is not limited to, the following:**

- 2.1** Proceeds from the disposition by sale or long-term lease of real property purchased or improved with CDBG funds, including but not limited to, a pro rata share of mortgage payments, principal and interest, or lease payments received by a Sub-recipient as a result of such sale or long-term lease; such pro rata share being calculated pursuant to Section 5, below.
- 2.2** Gross income from the use or rental of real property owned by the Recipient or by a Sub-recipient that was constructed or improved with CDBG funds, less costs incidental to generation of the income.
- 2.3** Proceeds from the sale of obligations (mortgages) secured by loans made where CDBG funds were used.
- 2.4** Interest earned on program income pending its disposition.

#### **3. DISPOSITION OF INCOME AND REPORTS: Sub-recipients shall:**

- 3.1** Annually remit to Recipient Program Income received by Sub-recipient together with an Income Report on or before the tenth (10<sup>th</sup>) day of the month following the end of the program year.
- 3.2** Submit an Income Report for each quarter of the program year by the 10<sup>th</sup> day of the month following the end of the quarter.
- 3.3** Allocate each Income Report to each program year in which funding was received.
- 3.4** Allocate each Income Report to each source generating the income.
- 3.5** Continue the reporting and remittance under this Section until five (5) years from the date funds were last spent in each program year or until five (5) years after the expiration of the relevant agreement between the City and the Sub-recipient, whichever is later.

**4. INCOME MORE THAN \$25,000 OR LESS THAN \$25,000:**

- 4.1** Recipient shall have on file appropriate supporting documentation necessary to support the Recipient's determination of the total Program Income generated from all of the activities of the Recipient and all Sub-recipients.
- 4.2** If the annual amount of Program Income does not exceed \$25,000, the Recipient may transfer the funds to the Recipient's General Fund and use the funds as authorized by the Annual Operating Budget.
- 4.3** If the total annual amount exceeds \$25,000, then the Program Income will be handled in accordance with regulatory requirements.

**5. CALCULATION OF PROGRAM INCOME:**

- 5.1** The amount of Program Income resulting from a sale of property acquired using CDBG funds by a Sub-recipient is calculated by multiplying the sales price of such property by a fraction, the numerator of which is the amount of CDBG funds used to purchase such property and the denominator of which is the total contract price of such property (the "Sale Income Ratio"). In the event the Sub-recipient will receive partial or periodic payments as a result of a sale of property acquired using CDBG funds, the Program Income derived from each payment is the amount of such partial or periodic payments multiplied by the Sale Income Ratio. Once the Sale Income Ratio has been determined, it shall not change.

**5.2 EXAMPLE:**

Land purchase with CDBG funds	\$25,000
Contract Price	\$60,000

The Sale Income Ratio is  $\$25,000 \div \$60,000 = 41.667\%$

The Sale Income Ratio is applied to all dispositions of property, including but not limited to:

- sale by the homeowner.
- foreclosure by Sub-recipient and sale to another homeowner.
- the rental or lease payments if Sub-recipient forecloses and rents or leases the property
- any profit realized from any sale of the property
- principal and interest payments received to satisfy the mortgage
- any other event that would create Program Income.

- 5.3** If the real property acquired with CDBG funds is posted for foreclosure, and a third party purchases the property, Program Income from such third-party purchase is the amount of funds in excess of the mortgage balance multiplied by the Sale Income Ratio.

- 5.4** Program Income resulting from a rental or lease of property by a Sub-recipient that was acquired using CDBG funds is calculated by multiplying the rental or lease payment of such property by a fraction, the numerator of which is the amount of CDBG funds used to purchase such property and the denominator of which is the value of such property (the "Rental Income Ratio"). In the case of personal property, the value is the total purchase price paid by Sub-recipient. In the case of real property, the value of such real property is the total of the amount of CDBG funds used to acquire the real property plus the amount of additional funds expended by a Sub-recipient for the acquisition of such real property or the construction of improvements of such real property is the total of the amount of CDBG funds used to acquire the real property plus the amount of additional funds expended by a Sub-recipient for the acquisition of such real property or the construction of improvements thereon.

6. **SUB-RECIPIENTS RETAIN INCOME:** Sub-recipients may retain Program Income provided:
- 6.1 The Program Income was generated before March 8, 2011;
  - 6.2 A report is provided to Recipient allocating the Program Income to each activity for each program year;
  - 6.3 The Program Income is used to support the activities authorized by the agreement for that program year; and
  - 6.4 Sub-recipient complies with paragraph 3 above for all income generated after March 8, 2011.

**EXHIBIT "D"**  
**MONTHLY PROGRESS REPORT**

Month \_\_\_\_\_ 20 \_\_\_\_\_

Summary of Expenditures:

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List of Beneficiaries:

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Narrative of Accomplishments:

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