

**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 12 day of December, 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;
- D. It is necessary that the City and the Agency enter into a Contract for the implementation of certain eligible activities; and
- E. The Agency and the City originally executed a subrecipient contract for the 2008-2009 fiscal year. The parties subsequently amended that subrecipient contract effective July 13, 2010 and found at C-6660-2 which expired on December 11, 2011. The parties wish to continue the relationship and enter into a new Subrecipient Contract commemorating their agreement.

**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: HOME Infill Acquisition and Renovation Program ("Project").
- 2. **Contract Amount:** The City shall provide financial assistance in an amount not to exceed \$349,394.00 ("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:**
  - 3.1 The Agency agrees to make a match of HOME Program eligible credit toward the Project. The commitment of HOME Program eligible match credit is for the amount of \$87,348.50 as defined by the Match Letter attached as **Exhibit B**.

- A. The Agency may donate all of their HOME Program eligible match credit for development impact fee waivers, if any.
  - B. The Agency may donate additional HOME Program eligible match credit to the City. Such additional donations will be at Agency's discretion.
  - C. Once the Agency donates HOME Program eligible match credit to the City, the match credit belongs to the City. The City may use the match credit as needed to meet any HOME Program-mandated match obligations. The City may, at its discretion, return any unused match credit to Agency.
  - D. The Agency's remaining HOME Program eligible match credit not otherwise donated to the City, shall belong to the Agency.
- 3.2 The City agrees to make a match toward the Project of 25 percent (25%) of certain HOME Program expenditures.
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 with HOME Program requirements and, as Administrator of this Contract, has all authority to determine performance and to take appropriate actions as necessary.
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 C** 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 D**.
- 7.10 The Agency shall execute and abide by Certifications mandated by federal grant requirements as listed in **Exhibit E**.
- 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 H**, 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 G**.
- 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 § 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 C**. 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 C**. 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 consider 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 then 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 H**. 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 I**). 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 H**. 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  
9133 West Grand Avenue, Suite #1  
Peoria, Arizona 85345
- 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 Nothing in this Contract 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.
- 18.6 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.
- 18.7 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.
- 18.8 All of the provisions of this Contract shall be binding upon and insure the benefit of the parties hereto and their respective successors and assigns.
- 18.9 This Contract is subject to cancellation for conflicts of interest under the provisions of A.R.S. § 38-511.
- 18.10 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 Subject to the conditions established in 24 CFR 85, either party may terminate this Contract upon thirty (30) days written notice to the other party.
- 19.2 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.

**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: Billing and Reporting Information
  - Exhibit D: Additional Requirements
  - Exhibit E: Certifications
  - Exhibit F: Income Limits
  - Exhibit G: Federal Laws and Regulations
  - Exhibit H: Loan Documents
  - Exhibit I: 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 Schwiegahn  
By: Roger Schwiegahn  
Its: PRESIDENT

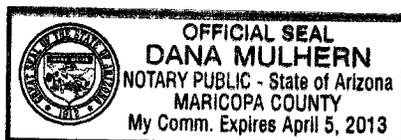
STATE OF ARIZONA )  
County of Maricopa ) ss.

On this the 31 day of May, 2012, before me, the undersigned Notary Public, personally appeared Roger Schwiegahn, who acknowledged to be the President of the Habitat for Humanity CAZ, 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.

Dana Mulhern  
Notary Public

My Commission Expires:  
April 5, 2013



**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.

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## Habitat for Humanity Central Arizona

### SCOPE OF SERVICES

The specific range of families that the Agency serves are those with household income at 30-50% of area median income (AMI). The Agency utilizes a screening process that includes tax returns and employment history to insure that a family is both in need of assistance and able to successfully maintain a new home. Applicant families must submit their two most recent tax returns as part of their application. A visit to each applicant's home by Agency volunteers confirms that the families have a need to assistance and that each family has the desire to participate in the program.

The Agency does screen families based on their current location, but, as all homes will be built in the City, all people served will be City residents upon project completion. The Agency's activities in the City will be focused within the *Low and Low-Moderate Census Tracts* and, when possible, within the infill Housing Rebate Program boundaries. This area is bordered by Northern Avenue on the north, 43rd Avenue on the east, Camelback Road on the south, and 67th Avenue on the west. The Agency's activities will not only provide direct benefits to homeowner families, but also will impact their broader neighborhoods, the revitalization district, and the overall community. Typically revitalization efforts through the construction of new homes spawn other neighborhood revitalization activities and thus benefit the community as a whole.

The Funds requested will specifically be used in land acquisition, development (site preparation, grading, drainage, roadway construction, etc.), and rehabilitation of existing homes. With this funding, the Agency will purchase and rehab or building six homes for low-to-moderate income qualified homebuyers. The Agency will use private grant funds and donated labor to build the homes.

**EXHIBIT B  
MATCH LETTER**

(See attached)



May 29, 2012

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 \$349,394.00.

The non-Federal match funds of \$87,348.50 are committed for the Fiscal Year 2012-2013 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 Director of Grant Acquisition & Compliance at 623-583-2417 Ext 103.

Thank you.

  
Roger Schwierjohn, President/CEO



ROC#251891

**EXHIBIT C**  
**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



**PROGRAM / PROJECT BUDGET & REIMBURSEMENT REQUEST**

Initial Request for Reimbursement

Agency Name: \_\_\_\_\_  
 Program/Project Name: \_\_\_\_\_  
 For the Month Of: \_\_\_\_\_  
 Fiscal Year: 2011-2012

	Total Contract Budget		Total Expended Year-To-Date (Y-T-D)		Previous Y-T-D HOME Requested	Current CDBG Request
	HOME Allocation	Other Cash Resources	HOME Expenditures	Other Related Expenses		
<b>PERSONNEL COSTS:</b>						
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	-
Payroll Costs (SSI, Medicare, etc.)	-	-	-	-	-	-
Fringe Benefits (Ins, Retire, etc.)	-	-	-	-	-	-
<b>Total Personnel Costs</b>	\$ -	\$ -	\$ -	\$ -	\$ -	-
<b>OTHER COSTS:</b>						
Contractual Services	\$ -	\$ -	\$ -	\$ -	\$ -	-
Telephone	-	-	-	-	-	-
Utilities	-	-	-	-	-	-
Rent	-	-	-	-	-	-
Insurance	-	-	-	-	-	-
Travel/Mileage	-	-	-	-	-	-
Postage	-	-	-	-	-	-
Duplicating Services	-	-	-	-	-	-
Memberships/Subscriptions	-	-	-	-	-	-
Advertising	-	-	-	-	-	-
Office Supplies	-	-	-	-	-	-
Office Equipment	-	-	-	-	-	-
Other Supplies & Materials	-	-	-	-	-	-
Other (Specify)	-	-	-	-	-	-
Other (Specify)	-	-	-	-	-	-
Other (Specify)	-	-	-	-	-	-
<b>Total Other Costs</b>	\$ -	\$ -	\$ -	\$ -	\$ -	-
<b>TOTAL PROJECT EXPENSES</b>	\$ -	\$ -	\$ -	\$ -	\$ -	-
Less Program Income						
<b>TOTAL REIMBURSEMENT REQUEST</b>	\$ -	\$ -	\$ -	\$ -	\$ -	-
<b>Value of In-Kind Donations</b>						
<b>Total Project &amp; In-Kind Expenses</b>	\$ -	\$ -	\$ -	\$ -	\$ -	-

**EXHIBIT D**  
**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 E  
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. Schirgach, President  
Signature

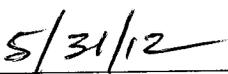
5/31/12  
Date



**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.

 PRESIDENT  
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

*Ray G. Schartzel, President*

Date

*5/31/12*

**EXHIBIT F**  
**INCOME LIMITS**

(See attached)

**COMMUNITY REVITALIZATION DIVISION  
2012 PROGRAM INCOME LIMITS**

**EFFECTIVE: 2/09/2012**

<b>Household Size</b>	<b>Median Income (\$)</b>	<b>30% of Median Income (\$)</b>	<b>50% of Median Income (\$)</b>	<b>60% of Median Income (\$)</b>	<b>80% of Median Income (\$)</b>
<b>1 Person</b>	46,500	13,950	23,250	27,900	37,200
<b>2 Persons</b>	53,200	15,950	26,600	31,920	42,500
<b>3 Persons</b>	59,800	17,950	29,900	35,880	47,800
<b>4 Persons</b>	66,400	19,900	33,200	39,840	53,100
<b>5 Persons</b>	71,800	21,500	35,900	43,080	57,350
<b>6 Persons</b>	77,100	23,100	38,550	46,260	61,600
<b>7 Persons</b>	82,400	24,700	41,200	49,440	65,850
<b>8 Persons</b>	87,700	26,300	43,850	52,620	70,100
<b>9 Persons</b>	93,000	27,900	46,500	55,800	74,400
<b>10 Persons</b>	98,300	29,500	49,150	58,950	78,650

(Household Income Limits/Annual Gross Wages)  
(\*Revised per HUD 2/9/12)

**EXHIBIT G**  
**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 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 of 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 H**  
**DEED OF TRUST AND PROMISSORY NOTE**

(See attached)

When recorded, mail to:  
CITY OF GLENDALE  
Neighborhood Revitalization  
5850 West Glendale Avenue, Suite 107  
Glendale, Arizona 85301

**HOME INVESTMENT PARTNERSHIPS PROGRAM  
(RESALE)  
DEED OF TRUST AND ASSIGNMENT OF RENTS**

DATE:

TRUSTOR: \_\_\_\_\_  
ADDRESS: \_\_\_\_\_  
\_\_\_\_\_

BENEFICIARY: **City of Glendale**  
ADDRESS: **5850 West Glendale Avenue, Suite 107**  
**Glendale, Arizona 85301**

TRUSTEE: \_\_\_\_\_  
ADDRESS: \_\_\_\_\_  
\_\_\_\_\_

## DEED OF TRUST AND ASSIGNMENT OF RENTS

THIS DEED OF TRUST AND ASSIGNMENT OF RENTS is made this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, among the Trustor(s), \_\_\_\_\_ ("Borrower or Trustor"), and the City of Glendale, a municipal corporation ("Beneficiary"), whose address is 5850 West Glendale Avenue, Suite 107, Glendale, Arizona 85301.

Borrower, in consideration of the indebtedness herein recited and the Deed of Trust and Assignment of Rents ("Deed of Trust") created herein, irrevocably grants and conveys to Trustee \_\_\_\_\_ ("Trustee"), in trust with power of sale, the following described address located in the City of Glendale, Maricopa County, State of Arizona which has the address of \_\_\_\_\_, Glendale, Arizona \_\_\_\_\_ ("Property Address").

### **SEE EXHIBIT "A" ATTACHED HERETO FOR LEGAL DESCRIPTION**

Said Deed of Trust is second and subsequent in lien to a First Deed of Trust recording concurrently herewith in favor of the first lien holder, \_\_\_\_\_, an Arizona \_\_\_\_\_ in the amount of \_\_\_\_\_

TOGETHER with all the improvements now and hereafter erected on the property, and all easements, rights, appurtenances and rents (subject however to the rights and authorities given herein to the Beneficiary to collect and apply such rents), all of which shall be deemed to be and remain part of the property covered by this Deed of Trust; and all of the foregoing, together with said property (or the leasehold estate if this Deed of Trust is on a leasehold) are hereinafter referred to as the "Property";

TO SECURE to the Beneficiary the repayment of the indebtedness evidenced by Borrower's promissory note, dated \_\_\_\_\_, \_\_\_\_\_ and extensions and renewals thereof (herein "Note"), in the principal sum of \_\_\_\_\_ (\$ \_\_\_\_\_), with zero interest thereon, if any, the full balance payable to Beneficiary as provided hereinafter, if not sooner paid, which shall become immediately due and payable if all or any part of the Property or any interest in it is sold, refinanced, conveyed or transferred (or if a beneficial interest in Borrower is sold, rented, refinanced, conveyed or transferred and Borrower is not a natural person), (each of which is called a "Transfer") without the prior written consent of Beneficiary; the payment of all other sums, with default interest thereon, if any, advanced in accordance herewith to protect the security of this Deed of Trust; and the performance of the covenants and agreements of Borrower herein contained.

Borrower covenants that Borrower is lawfully seized of the estate hereby conveyed and has the right to grant and convey the Property, and that the Borrower's subject property is unencumbered except for encumbrances of record. Borrower covenants that Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to encumbrances of record.

### **UNIFORM COVENANTS**

Borrower and Beneficiary covenant and agree as follows:

**1. Payment of Principal and Interest.** Borrower shall promptly pay when due the principal and interest indebtedness evidenced by the Note. If payment of the indebtedness is required due to a Sale of the Property where the purchase price is equal to or less than the Acquisition Cost of the Property, assuming an open and competitive sale, then repayment shall be made in the following order and amount:

- A. Outstanding principal and interest balance of the primary lender's loan;
- B. Borrower's net down-payment investment and normal cost of sale (3% minus closing costs/fees);
- C. Accrued simple interest on the principal amount of the Beneficiary's loan at the interest rate and the terms contained in the Promissory Note;
- D. The principal amount of the Beneficiary's loan; and
- E. Any remainder to Borrower.

2. **Funds for Taxes and Insurance.** To protect the security of the Deed of Trust, Borrower agrees to pay, at least ten (10) days before delinquency, all taxes and assessments affecting said property; when due, all encumbrances, charges and liens, with interest, on said property or any part thereof, which appear to be prior or superior hereto; and all costs, fees and expenses of this Deed of Trust.

Should Borrower fail to make any payment or to do any act as herein provided, then Beneficiary, without obligation to do so and without notice to or demand upon Borrower and without releasing Borrower 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 powers or Beneficiary or Trustee; pay, purchase, contest or compromise any encumbrances, 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 his/her reasonable fees.

3. **Application of Permits.** Unless applicable law provides otherwise, all payments received by Beneficiary under section 1 and 2 shall be applied; first, to any prepayment charges due under the Note; second, to amounts payable under section 2; third, to interest due; fourth, to principal due; and last, to any late charges due under the Note.

4. **Prior Mortgages and Deeds of Trust; Charges, Liens.** Borrower shall perform all of Borrower's obligations under any mortgage, deed of trust or other security agreement with a lien which has priority over this Deed of Trust, including Borrower's covenants to make payments when due. Borrower shall pay or cause to be paid all taxes, assessments and other charges, fines and impositions attributable to the Property which may attain a priority over this Deed of Trust, and leasehold payments or ground rents, if any.

5. **Hazard Insurance.** Borrower shall keep the improvement(s) now existing or hereinafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage", and such other hazards as Beneficiary may require and in such amounts and for such periods as Beneficiary may require.

The insurance carrier providing the insurance shall be chosen by the Borrower subject to approval by Beneficiary; provided, that such approval will not be unreasonably withheld. All insurance policies and renewals thereof shall be in a form acceptable to Beneficiary and shall include a standard mortgage clause in favor of and inform acceptable to Beneficiary. Beneficiary has the right to hold the policies and renewals thereof, subject to the terms of any mortgage, deed of trust or other security agreement with a lien which has priority over this Deed of Trust.

In the event of loss, Borrower shall give prompt notice to the insurance carrier and Beneficiary. Beneficiary may make proof of loss if not made promptly by Borrower.

If Property is abandoned by Borrower, or if Borrower fails to respond to Beneficiary within thirty (30) days from the date notice is mailed by Beneficiary to Borrower that the insurance carrier offers to settle a claim for insurance benefits, Beneficiary is authorized to collect and apply the insurance proceeds at Beneficiary's option either to restoration or repair of the Property or to the sums secured by this Deed of Trust.

6. **Preservation and Maintenance of Property, Condominium, Cooperatives, Planned Unit Developments.** Borrower will keep the Property in good repair and shall not commit waste or permit impairment or deterioration of the Property and shall maintain property including the principle house, garage and out buildings as well as lawn/landscape maintenance, and shall comply with the provisions of any lease if this Deed of Trust is on a leasehold. If this Deed of Trust is on a unit in a condominium or a planned unit development, Borrower shall perform all of Borrower's obligations under the declaration or covenants, conditions and restrictions, creating or governing the condominium, planned unit development the by-laws and regulations of the condominium or planned unit development, and constituent documents.

7. **Protection of Beneficiary Security.** If Borrower fails to perform the covenants and agreements contained in this Deed of Trust, or if any action of proceeding is commenced which materially affects Beneficiary's interest in the Property, then Beneficiary, at Beneficiary's option, upon notice to Borrower, may make such appearances, disburse such sums including reasonable attorney's fees, and take such action as is necessary to protect Beneficiary's interest. If the Beneficiary required mortgage insurance as a condition of making the loan secured by this Deed of Trust, Borrower shall pay the premiums required to maintain such insurance in effect until such time as the requirement for such insurance terminates in accordance with Borrower's and Beneficiary's written agreement or applicable law.

Any amounts disbursed by Beneficiary pursuant to this Paragraph, with interest thereon, at the original Note rate, will become additional indebtedness of Borrower secured by this Deed of Trust. Unless Borrower and Beneficiary agree to other terms of payment, such amounts will be payable upon notice from Beneficiary to Borrower requesting payment thereof. Nothing contained in this Paragraph will require Beneficiary to incur any expense or take any action hereunder.

8. **Inspection.** Beneficiary may make or cause to be made reasonable entries upon and inspections of the Property, provided that Beneficiary will give the Borrower notice prior to any such inspection specifying reasonable cause therefore related to Beneficiary's interest in the Property.

9. **Condemnation.** The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking the Property, or part thereof, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Beneficiary subject to the terms of any mortgage, deed of trust or other security agreement with a lien which has priority over this Deed of Trust.

10. **Borrower Not Released; Forbearance by Beneficiary Not a Waiver.** Extension of the time for payment or modification of payment of the sums secured by this Deed of Trust granted by Beneficiary to any successor-in-interest of Borrower shall not operate to release, in any manner, the liability of the original Borrower and Borrower's successors in interest. Beneficiary shall not be required to commence proceedings against such successor or to extend time or payment or otherwise modify payment of the sums secured by this Deed of Trust by reason of any demand made by the original Borrower and Borrower's successors in interest. Any forbearance by Beneficiary in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver or preclude the exercise of any such right or remedy.

11. **Successors and Assigns Bound, Joint and Several Liability; Co-signers.** The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to, the respective Successors and Assigns, hereof. All covenants and agreements of Borrower shall be joint and several. Any Borrower who co-signed this Deed of Trust, but does not execute the Note:

- A. Is co-signing this Deed of Trust only to grant and convey that Borrower's interest in the Property to Trustee under the terms of this Deed of Trust;
- B. Is not personally liable to the Note or under this Deed of Trust; and
- C. Agrees that the Beneficiary and any other Borrower hereunder may agree to extend, modify, forbear or make any other accommodations with regard to the terms of this Deed of Trust or the Note, without that Borrower's consent and without releasing that Borrower or Modifying this Deed of Trust as to that Borrower's interest in the Property.

12. **Notice.** Except for any notice required under applicable law to be given in another manner, any notice to Borrower provided for in this Deed of Trust shall be given by delivering it or by mailing such notice by certified mail, addressed to Borrower at the Property address or such other address as Borrower may designate by notice to Beneficiary as provided herein, and

- A. Any notice to Beneficiary will be given by certified mail, return receipt requested, to Beneficiary address stated herein or to such other address as Beneficiary may designate by notice to Borrower as provided herein.
- B. Any Notice provided for in this Deed of Trust shall be deemed to have been given to Borrower or Beneficiary when given in the manner designated herein.

13. **Governing Law, Severability.** The state and local laws applicable to this Deed of Trust shall be the laws of the jurisdiction in which the Property is located. The foregoing sentence shall not limit the applicability of Federal law to this Deed of Trust. In the event that any provision or clause of this Deed of Trust or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Deed of Trust or the Note which can be given effect without the conflicting provision, and to this end the provisions of this Deed of Trust and the Note are declared to be severable. As used herein, "costs", "expenses" and "attorneys' fees" include all sums to the extent not prohibited by applicable law of limited herein.

14. **Borrower's Copy.** Borrower shall be furnished a conformed copy of the Note and This Deed of Trust at the time of execution or after recordation hereof.

15. **Transfer of the Property or a Beneficial Interest in Borrower.** If all or any part of the Property or any interest in it is sold, rented, refinanced, conveyed or transferred (or if a beneficial interest in Borrower is sold, rented, refinance, conveyed or transferred and Borrower is not a natural person), the full loan balance, as hereafter defined, in the Property shall be shared between the Borrower and the Beneficiary on the following basis:

## NON-UNIFORM COVENANTS

Borrower and Beneficiary further covenant and agree as follows:

1. **Acceleration, Remedies.** Upon Borrower's breach of any covenant or agreement of Borrower in this Deed of Trust, including the covenants to pay when due any sums secured by this Deed of Trust, and those contained in paragraph 17 hereof, the Beneficiary, prior to acceleration, shall give notice to Borrower as provided in Paragraph 12 hereof specifying:

- A. The breach;
- B. The action required to cure such breach;
- C. A date, not less than ten (10) days from the date the notice is mailed to Borrower, by which such breach must be cured; and
- D. That failure to cure such breach on or before the date specified in the notice may result in acceleration of the sums secured by this Deed of Trust and sale of the Property.

The notice shall further inform Borrower of the right to reinstate after acceleration and the right to bring a court action to assert the nonexistence of a default or any other defense of Borrower to acceleration of sale. If the breach is not cured on or before the date specified in the notice, Beneficiary, at Beneficiary's option, may declare all of the sums secured by this Deed of Trust to be immediately due and payable without further demand and may invoke the power of sale and any other remedies permitted by applicable law. Beneficiary shall be entitled to collect all reasonable costs and expenses incurred in pursuing the remedies provided in this Paragraph 17, including, but not limited to, reasonable attorney's fees.

If Beneficiary invokes power of sale, Beneficiary shall execute or cause Trustee to execute a written notice of the occurrence of an event of default and of Beneficiary's election to cause the Property to be sold and shall cause such notice to be recorded in each county in which the Property or some part thereof is located. Beneficiary or Trustee shall mail copies of such notice in the manner prescribed by applicable law. Trustee shall give public notice of sale to the persons and in the manner prescribed by applicable law. After the lapse of such time as may be required by applicable law, Trustee without demand on Borrower, shall sell the Property at public auction to the highest bidder at the time and place and under the terms designated in the notice of sale in one or more parcels and in such order as Trustee may determine. Trustee may postpone sale of all or any parcel of the Property by public announcement at the time and place of any previously scheduled sale. Beneficiary or Beneficiary's designee may purchase the Property at any sale.

Trustee shall deliver to the purchaser Trustee's deed conveying the Property so sold without any covenant or warranty, expressed or implied. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements made therein. Trustee shall apply the proceeds of the sale in the following order:

- A. To all reasonable costs and expenses of the sale, including, but not limited to, reasonable Trustee's and attorneys' fees and costs of title evidence;
- B. To all sums secured by this Deed of Trust; and
- C. The excess, if any, to the person or persons legally entitled thereto.

2. **Borrower's Right to Reinstate.** Notwithstanding Beneficiary's acceleration of the sums secured by this Deed of Trust due to Borrower's breach, Borrower shall have the right to have any proceedings begun by Beneficiary to enforce this Deed of Trust discontinued at any time prior to five (5) days before sale of the Property pursuant to the power of sale contained in this Deed of Trust or at any time prior to entry of a judgment enforcing this Deed of Trust if:

- A. Borrower pays Beneficiary all sums, which would be then due under this Deed of Trust, and the Note, had no acceleration occurred;
- B. Borrower cures all breaches of any other covenants or agreements of Borrower contained in the Deed of Trust;
- C. Borrower pays all reasonable expenses incurred by Beneficiary and Trustee in enforcing the covenants and agreements of Borrower contained in this Deed of Trust, and in enforcing Beneficiary's and Trustee's remedies as provided in Paragraph 18 hereof, including, but not limited to, reasonable attorney's fees; and
- D. Borrower takes such action as Beneficiary may reasonably require to assured that the lien of this Deed of Trust, Beneficiary's interest in the Property and Borrower's obligation to pay the sums secured by this Deed of Trust shall continue unimpaired.

Upon such payment and cure by Borrower, this Deed of Trust and the obligations secured hereby shall remain in full force and effect as if no acceleration had occurred.

3. **Assignment of Rents; Appointment of Receiver; Beneficiary in Possession.** As additional security hereunder, Borrower hereby assigns to Beneficiary the rents of the Property, provided that Borrower shall, prior to any default by Borrower in payment of any indebtedness secured hereby or in performance of any agreement hereunder, have the right to collect and retain such rents as they become due and payable.

Upon any such default, the Beneficiary, in person, by agent or by judicially appointed receiver, shall be entitled to enter upon, take possession of and manage the Property and to collect the rents of the property including those past due. All rents collected by Beneficiary or the receiver shall be applied first to payment of the cost of management of the Property and collection of rents, including, but not limited to, receiver's fees, premiums on receiver's bonds and reasonable attorneys' fees, and then to the sums secured by this Deed of Trust, Beneficiary and the receiver shall be liable to account only for those rents actually received. The entering upon and taking possession of said property and the collection of such rents and the application thereof as aforesaid shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

4. **Reconveyance.** Upon payment of all sums secured by this Deed of Trust, Beneficiary shall request Trustee to reconvey the Property and will surrender this Deed of Trust and all Notes evidencing indebtedness secured by this Deed of Trust to Trustee. Trustee shall reconvey the Property without warranty and without charge to the person or persons legally entitled thereto. Such person or persons shall pay all costs of recordation, if any.

5. **Substitute Trustee.** The Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time appoint a successor trustee to any Trustee appointed hereunder by an instrument executed and acknowledged by Beneficiary and recorded in the office of the Recorder of the county where the Property is located. The instrument shall contain the name of the original Lender, Trustee and Borrower, the book and page where this instrument is recorded and the name and address of the

successor trustee. The successor trustee shall, without conveyance of the Property, succeed to all the title, power and duties conferred upon the Trustee herein and by applicable law. This procedure for substitution of trustee shall govern to the exclusion of all other provisions for substitution.

6. **Request for Notices.** Borrower requests that copies of the Notice of Default and Notice of Sale be sent to Borrower's address, which is the Property Address. Beneficiary requests that copies of notices of foreclosures from the holder of any lien which has priority over this Deed of Trust be sent to Beneficiary's address, as set forth on Page One of this Deed of Trust as provided by Section 2942b of the Civil Code of Arizona.

7. **Deed of Trust Rider.** The Deed of Trust Rider executed by Borrower is attached and made part of this Deed of Trust.

8. **Covenants, Conditions and Restrictions.** The Property is subject to Covenants, Conditions and Restrictions ("Restrictions") between the Beneficiary and the Borrower, that are not attached hereto but are incorporated by reference. Borrower acknowledges receipt of said Restrictions and agrees for him/her self/ his/her heirs, successors and assigns to be bound the same.

9. **Warranties of Borrower.** Borrower warrants to Beneficiary that:

- A. Borrower is a first-timer homebuyer; that is, s/he has not owned a home, or had any ownership interest in a home within a three-year period immediately preceding the date of this Deed of Trust, and
- B. That Borrower's annual gross income does not exceed eighty percent (80%) of the median income for the Glendale metropolitan area, as adjusted for family size, as said median income is determined by the HUD, on the latter of:
  - 1) The date of initial application to the City; or
  - 2) The date of the recordation of this Deed of Trust.
- C. That for so long as Borrower owns the Property, Borrower will reside in the Property as Borrower's principal place of residence. Borrower agrees not to sublet, lease or rent out the Property during the term of this Deed of Trust.

10. **Subordination.** The Beneficiary and Borrower acknowledge and agree that this Deed of Trust is subject to and will subordinate in all respects to the liens, terms, covenants, and conditions of the First Trust Deed and to all advances heretofore made or which may be hereafter be made pursuant to the First Trust Deed including all sums advanced for the purpose of:

- A. Protecting or further securing the lien of the First Trust Deed, curing defaults by the Borrower under the First Trust Deed or for any other purpose expressly permitted by the First Trust Deed; and
- B. Constructing, renovating, repairing, furnishing, fixturing or equipping the Property.

The terms and provisions of the First Trust Deed are paramount and controlling, and they supersede any other terms and provisions hereof in conflict therewith. In the event of a foreclosure of deed in lieu of foreclosure of the First Trust Deed, any provisions herein or any provision in any other collateral agreement

restricting the use of the Property to low or moderate income households or otherwise restricting the Borrower's ability to sell the Property shall have no further force or effect on subsequent owners or purchasers of the Property. Any person, including his/her successors or assigns (other than the Borrower or a related entity of the Borrower), receiving title to the Property through a foreclosure or deed in lieu of foreclosure of the First Trust Deed shall receive title to the property free and clear from such restrictions.

Further, if the Primary Lender acquired title to the Property pursuant to a deed in lieu of foreclosure, the lien of this Deed of Trust shall automatically terminate upon the Primary Lender's acquisition of title, provided that:

- A. The Beneficiary has been given written notice of a default under the First Trust Deed; and
- B. The Beneficiary shall not have cured the default under the First Trust Deed, or diligently pursued curing the default as determined by the Primary Lender, within the sixty (60) day period provided in such notice sent to the Beneficiary.

The Beneficiary and Borrower further acknowledge and agree that this Deed of Trust will only subordinate for a rate and term refinance of the First Trust Deed at the discretion of the Beneficiary and shall not be subject to subordination for a cash out refinance, equity line of credit or any other such form of refinance as deemed inappropriate by the Beneficiary.

**11. Funds for Taxes and Insurance.** The Beneficiary will waive collection of impounds for taxes and assessment (including condominium, planned unit development and planned residential development assessments, if any). Borrower will make all payments for impounds to First Trust Deed holder.

**12. Riders to this Security Instrument.** If one or more riders are executed by Borrower and recorded together with this Security Instrument, the covenants and agreements of each such rider shall be incorporated into and shall amend and supplement the covenants and agreements of this Security Instrument as if the rider(s) were a part of this Security Instrument. [Check applicable box(es)].

- Transfer Rider
- 1-4 Family Rider
- Other(s) [specify]:
- Condominium Rider
- PUD Rider

*(Remainder of Page Intentionally Left Blank)*

**BY SIGNING BELOW**, Borrower accepts and agrees to the terms and covenants contained in this Deed of Trust and in any rider(s) executed by Borrower and recorded with it.

\_\_\_\_\_  
Borrower/Trustor

\_\_\_\_\_  
Borrower/Trustor

\_\_\_\_\_  
Borrower/Trustor

\_\_\_\_\_  
Borrower/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 RECORD THIS PAGE**

**REQUEST FOR RECONVEYANCE**

**TO TRUSTEE:** The undersigned is the holder of the note or notes secured by this Deed of Trust. Said note or notes, together with all other indebtedness secured by this Deed of Trust, have been paid in full. You are hereby directed to cancel said note or notes and this Deed of Trust, which are delivered hereby, and to reconvey, without warranty, all the estate now held by you under this Deed of Trust to the person or persons legally entitled thereto.

Dated: \_\_\_\_\_

**DO NOT LOSE OR DESTROY THIS DEED OF TRUST OR THE NOTE WHICH IT SECURES. BOTH MUST BE DELIVERED TO THE TRUSTEE FOR CANCELLATION BEFORE RECONVEYANCE WILL BE MADE.**

When recorded, mail to:  
CITY OF GLENDALE  
Community Revitalization  
5850 West Glendale Avenue, Suite 107  
Glendale, Arizona 85301

**HOME INVESTMENT PARTNERSHIPS PROGRAM  
(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 I  
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."**

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