

Exhibit 1
Funding Agreement

**AGREEMENT BETWEEN THE CITY OF DENTON
AND THE DENTON AFFORDABLE HOUSING CORPORATION**

This Agreement between the City of Denton and the Denton Affordable Housing Corporation ("Agreement") is made and entered into by and between the City of Denton, a Texas municipal corporation ("CITY"), acting by and through its City Manager, pursuant to ordinance, and the Denton Affordable Housing Corporation, Denton, Texas a certified non-profit community housing development corporation, ("CHDO").

WHEREAS, CITY has received funds from the U. S. Department of Housing and Urban Development under the National Affordable Housing Act of 1990 as amended by the Housing and Community Development Act of 1992 and the Consolidated and Further Continuing Appropriations Act of 2012, the Home Investment Partnership Program, CFDA number 14.239 (HOME Program) as amended;

WHEREAS, CITY has adopted a budget for such funds and included therein an authorized Program Budget for expenditure of funds for provision of an affordable housing program by the Denton Affordable Housing Corporation included as Attachment "B";

WHEREAS, CITY has designated the Community Development Division as the division responsible for the administration of this Agreement and all matters pertaining thereto; and

WHEREAS, the City Manager has determined that CONTRACTOR is the only locally-certified community housing development organization (CHDO) that includes the required number of low-income citizens from the CITY or representatives of the low income community on its board of directors to satisfy federal requirements necessary to serve the CITY's geographical area; that the CONTRACTOR has provided management services to the CITY to promote affordable housing within the CITY which has significantly benefited the community; and CONTRACTOR has a demonstrated history of significant service to the community in the area of affordable housing; and

WHEREAS, CITY wishes to engage CONTRACTOR to carry out such project;

NOW, THEREFORE, the parties hereto agree, and by the execution hereof are bound to the mutual obligations and to the performance and accomplishment of the conditions hereinafter described.

**1.
TERM**

This Agreement shall commence on or as of October 1, 2014. This agreement will supersede all previous funding agreements. All funds remaining from previous agreements and funds allocated to CONTRACTOR for the 2014-15 program year, shall be expended and all projects completed on or before December 31, 2015, unless adjusted by the CITY. Request for an adjustment must be in writing and is to be submitted to the Community Development Division. This Agreement and required compliance with HOME Program regulations will terminate after ALL funded projects have met the required "affordability period" as stated in 24 CFR Part 92 Subpart F.

2.
RESPONSIBILITIES

A. CONTRACTOR hereby accepts the responsibility for the performance of all services and activities, described in the Work Statements attached hereto as Attachments "B" and "C" and incorporated herein as if set forth at length, in accordance with the Program Budget attached hereto as Attachment "A" and incorporated herein as if set forth at length, and as otherwise set forth herein, in a satisfactory and efficient manner as determined by CITY, in accordance with the terms herein.

B. CONTRACTOR's executive director shall be CONTRACTOR's representative responsible for the management of all contractual matters pertaining hereto, unless written notification to the contrary is received from CONTRACTOR, and approved by CITY.

C. The CITY's Community Development Administrator will be CITY's representative responsible for the administration of this Agreement.

D. CONTRACTOR shall be certified as a "Community Housing Development Organization" (CHDO) by the City of Denton. CONTRACTOR shall maintain CHDO Certification for the duration of the contract term.

E. CONTRACTOR shall not change the Program Budget without prior written approval from the CITY.

F. CITY shall be responsible for performing a general environmental review to insure necessary compliances are met.

G. CONTRACTOR shall be responsible for performing a site-specific environmental review prior to acquisition of properties to be used for affordable housing projects. The site-specific review must be submitted to the Community Development Division prior to final project approval.

H. CONTRACTOR shall be required, prior to the commitment of project funding, to submit to the City, the following: a market assessment supporting the need for the project; development of a work order consistent with local building codes and energy efficiency requirements; a listing and documentation of availability of other project financing sources; and an adopted underwriting policy and refinancing policy consistent with HOME Program requirements.

I. CONTRACTOR shall conduct a public hearing at least once annually to review proposed and in-progress activities and receive citizen input. Hearing(s) will be advertised at least 15 days in advance. Advertising, at a minimum, must include publication in a newspaper with local circulation. The hearing may be combined with CONTRACTOR's annual membership meeting. A summary of comments from the public hearing will be submitted to the Community Development Division within 30 days of the date of the public hearing.

J. CONTRACTOR shall provide timely notice to "neighborhood" residents prior to increasing the number of units in the area by more than two single family or four multifamily units, or prior to renovating more than five units. Notice will include contact information or

identification of opportunities for residents to comment on the proposed development. CITY staff will determine "neighborhood" boundaries.

3.

CITY'S & CONTRACTOR'S OBLIGATIONS

A. CITY shall provide funds in the amount of \$212,672.80 or less in project funds to the CONTRACTOR for specific housing projects and operating costs as described the Work Statement, Attachment "A".

B. CONTRACTOR may request a maximum of \$28,000 in HOME funds per unit as stated in the Program Budget, Attachment B. Additional project costs may be paid with program proceeds and funds from other sources.

C. CONTRACTOR agrees to hold and save harmless the CITY, its officers and employees from any and all loss, cost, or damage of every kind [including, property damage, bodily injury or death], nature or description arising under this Agreement.

D. This Agreement and the payments made hereunder are contingent upon receipt of U.S. Department of Housing and Urban Development funds pursuant to the HOME Investment Partnership Program, and shall terminate immediately, notwithstanding the provisions of Article XIX hereof, should such funds be discontinued for any reason.

E. The CONTRACTOR may not request disbursement of funds until they are needed for payment of eligible costs. The amount of each request by the CONTRACTOR shall be limited to the amount needed in accordance with 24 CFR 92.504 (c) (3) (viii) and shall involve the activities set forth in the "Contract Activity Schedule" attached as Attachment C.

F. CONTRACTOR may not request reimbursement for expenditures that occurred more than ninety (90) days prior to the submission of the reimbursement request to the Community Development Division.

G. Upon dissolution of the CONTRACTOR any remaining funds or assets derived from the expenditure of the CITY's funds, hereinafter sometimes described as the CITY's HOME funds, proceeds or HOME-funded projects, must be immediately returned to the CITY.

4.

COMPLIANCE WITH FEDERAL, STATE AND LOCAL LAWS

A. The CITY and CONTRACTOR agree to perform their duties arising pursuant to the Agreement in compliance with the U.S. Department of Housing and Urban Development HOME Investment Partnership Program regulations at 24 CFR Part 92 including 24 CFR Part 92.3 which states the applicability of the recent HOME Program rule revisions.

B. CONTRACTOR shall comply with all prescribed procedures regarding nondiscrimination and equal opportunity, affirmative marketing, displacement and relocation, labor relations, lead-based paint and conflict of interest provisions described in 24 CFR 92 subpart H and 24 CFR 92.504.

C. CONTRACTOR agrees to ensure that all HOME-assisted housing or housing identified as match for the HOME program meets all affordability requirements identified in 24 CFR 92.252 and 92.254, as applicable. If the housing does not meet the identified affordability requirements for the specified time period the CONTRACTOR will reimburse all HOME funds utilized on the project to the CITY.

D. CONTRACTOR agrees that as a certified Community Housing Development Corporation, they will comply with 24 CFR 92.300 and 92.301.

E. If it is determined that the use of the funding provided by the CITY does not meet the requirements of the U.S. Department of Housing and Urban Development HOME Investment Partnership Program, the CONTRACTOR shall reimburse the CITY for the costs determined to be disallowed under the U.S. Department of Housing and Urban Development HOME Investment Partnership Program regulations.

F. CONTRACTOR agrees that all housing assisted under this agreement will meet the property standards requirements in 24 CFR 92.251 and lead-based paint standards in 24 CFR 92.355.

G. CONTRACTOR agrees to comply with displacement and relocation requirements at 24 CFR 92.504 and 92.353.

H. CONTRACTOR agrees to comply with procurement requirements at 24 CFR 84.44; 84.45; 84.46; 84.47 and 84.48 or a procurement policy approved by the CITY.

I. CONTRACTOR certifies that it is not currently listed on the General Services Administration's List of Parties Excluded from Federal Procurement or Nonprocurement Programs in accordance with Executive Orders 12549 and 12689 and will not enter into agreements to expend Federal funds with contractors that are currently listed.

J. CONTRACTOR agrees to comply with all applicable Federal laws, laws of the State of Texas and ordinances of the City of Denton.

5. REPRESENTATIONS

A. The CITY is providing funding to the CONTRACTOR in order to promote development of affordable housing. Use of funds for programming will meet this stated goal.

B. The CITY is the only agent authorized to designate changes to the Program Budget or to approve specific projects and programs authorized pursuant to the non-administration portion of the Program Budget.

C. CONTRACTOR assures and guarantees that it possesses the legal authority, pursuant to any proper, appropriate and official motion, resolution or action passed or taken, to enter into this Agreement.

D. The person or persons signing and executing this Agreement on behalf of CONTRACTOR do hereby warrant and guarantee that he, she, or they have been fully authorized by CONTRACTOR to execute this Agreement on behalf of CONTRACTOR and to validly and legally bind CONTRACTOR to all terms, performances and provisions herein set forth.

E. CITY shall have the right, at its option, to either temporarily suspend or permanently terminate this Agreement if there is a dispute as to the legal authority of either CONTRACTOR or the person signing the Agreement to enter into this Agreement. CONTRACTOR is liable to CITY for any money it has received from CITY for performance of the provisions of this Agreement if CITY has suspended or terminated this Agreement for the reasons enumerated in this Section.

F. CONTRACTOR agrees that the funds and resources provided CONTRACTOR under the terms of this Agreement will in no way be substituted for funds and resources from other sources, nor in any way serve to reduce the resources, services, or other benefits which would have been available to, or provided through, CONTRACTOR had this Agreement not been executed.

G. The CITY's Community Development Manager will have the authority to execute secondary agreements with the CONTRACTOR authorizing specific projects to be set up in the Department of Housing and Urban Development's Integrated Disbursement and Information System (IDIS). Each secondary agreement will reference the specific requirements stated in this Agreement.

6.

MAINTENANCE OF RECORDS

A. CONTRACTOR agrees to maintain records that will provide accurate, current, separate, and complete disclosure of the status of the funds received pursuant to this Agreement and pursuant to any other applicable Federal and/or State regulations establishing standards for financial management. CONTRACTOR's record system shall contain sufficient documentation to provide detailed support and justification for each expenditure. Nothing in this Section shall be construed to relieve CONTRACTOR of fiscal accountability and liability under any other provision of this Agreement or any applicable law. CONTRACTOR shall include the substance of this provision in all subcontracts.

B. CONTRACTOR agrees to retain all books, records, documents, reports, and written accounting policies and procedures pertaining to the operation of programs and expenditures of funds pursuant to this Agreement for the period of time and under the conditions specified by CITY and in accordance with 24 CFR 92.508.

C. CONTRACTOR shall submit a copy of each annual independent audit or any organizational audit conducted, to the Community Development Division within 30 days of the date of completion.

D. Nothing in the above subsections shall be construed to relieve CONTRACTOR of responsibility for retaining accurate and current records, which clearly reflect the level and benefit of services, provided pursuant to this Agreement.

E. At any reasonable time and as often as CITY may deem necessary, the CONTRACTOR shall make available to CITY, or any of its authorized representatives, all of its records and shall permit CITY, or any of its authorized representatives to audit, examine, make excerpts and copies of such records, and to conduct audits of all contracts, invoices, materials, payrolls, records of personnel, conditions or employment and all other data relating to the program requested by said representatives.

F. The CONTRACTOR shall give the City of Denton, the U.S. Department of Housing and Urban Development, or any of their duly authorized representatives, access to and the right to examine all books, accounts, records, reports, files and other papers belonging to or in use by the CONTRACTOR pertaining to this Agreement. Such rights to access shall continue as long as the CONTRACTOR is required to retain the records.

7.

REPORTS AND INFORMATION

A. CONTRACTOR shall provide quarterly financial and beneficiary reports that shall contain such records, data and information as CITY may request and deem pertinent to matters covered by this Agreement. Reports shall be due to the Community Development Division within 30 days of the end of the quarter. CONTRACTOR shall provide any additional information as requested by the CITY within 10 days.

B. CONTRACTOR shall submit copies of all public meeting advertisements and residents notifications setting forth the time and place thereof, including, without limitation, board of director's meetings, to the Community Development Division office at least 72 hours prior to the meeting in accordance with Section 16 of this Agreement.

8.

INSURANCE

A. CONTRACTOR shall observe sound business practices with respect to providing such bonding and insurance as would provide adequate coverage for services offered under this Agreement.

B. The premises on and in which the activities described in Exhibit A are conducted, and the employees conducting these activities, shall be covered by premise liability insurance, commonly referred to as "Owner/Tenant" coverage with CITY named as an additional insured. Upon request of CONTRACTOR, CITY may, at its sole discretion, approve alternate insurance coverage arrangements.

C. CONTRACTOR will comply with applicable workers' compensation statutes and will obtain employers' liability coverage where available and other appropriate liability coverage for program participants, if applicable.

D. CONTRACTOR will maintain adequate and continuous liability insurance on all vehicles owned, leased or operated by CONTRACTOR. All employees of CONTRACTOR who are required to drive a vehicle in the normal scope and course of their employment must possess a

valid Texas driver's license and automobile liability insurance. Evidence of the employee's current possession of a valid license and insurance must be maintained on a current basis in CONTRACTOR's files.

E. Actual losses not covered by insurance as required by this Section are not allowable costs under this Agreement, and remain the sole responsibility of CONTRACTOR.

F. The policy or policies of insurance shall contain a clause which requires that CITY and CONTRACTOR be notified in writing of any cancellation or change in the policy at least thirty (30) days prior to such change or cancellation.

9.

EQUAL OPPORTUNITY

During the performance of this Agreement, the CONTRACTOR is subject to Executive Order 11246, as amended, and, therefore, agrees to the following:

- (1) The CONTRACTOR will not discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin, or familial status. The CONTRACTOR will take affirmative action to ensure that applicants who are employed are treated during employment without regard to their race, color, religion, sex, national origin, or familial status, concerning such employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or their apprenticeship. The CONTRACTOR agrees to post in conspicuous places, available to both employees and applicants for employment, notices to be provided by the CITY setting forth provisions of this nondiscrimination clause.
- (2) The CONTRACTOR, in all solicitations or advertisements for employees placed by or on behalf of the CONTRACTOR, shall state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, national origin, or familial status.

10.

CONFLICT OF INTEREST

A. CONTRACTOR agrees to comply with the federal regulations at 24 CFR 92.356.

B. CONTRACTOR covenants that neither it nor any member of its governing body presently has any interest, direct or indirect, which would conflict in any manner or degree with the performance of services required to be performed under this Agreement. CONTRACTOR further covenants that in the performance of this Agreement, no person having such interest shall be employed or appointed as a member of its governing body.

C. CONTRACTOR further covenants that no member of its governing body or its staff, subcontractors or employees shall possess any interest in or use this position for a purpose that is or gives the appearance of being motivated by desire for private gain for themselves, or others,

particularly those with which they have family, business, or other ties.

D. No officer, member, or employee of CITY and no member of its governing body who exercises any function or responsibilities in the review or approval of the undertaking or carrying out of this Agreement shall participate in any decision relating to the Agreement which affects his personal interest or the interest in any corporation, partnership, or association in which he has direct or indirect interest.

11. POLITICAL OR SECTARIAN ACTIVITY

A. None of the performance rendered hereunder shall involve any political activity (including, but not limited to, any activity to further the election or defeat of any candidate for public office) or any activity undertaken to influence the passage, defeat or final content of legislation.

B. None of the performance rendered hereunder shall involve or benefit in any manner any sectarian or religious activity.

12. WARRANTIES

CONTRACTOR represents and warrants that:

A. All information, reports and data heretofore or hereafter requested by CITY and furnished to CITY, are complete and accurate as of the date shown on the information, data, or report, and, since that date, have not undergone any significant change without written notice to CITY.

B. Any supporting financial statements heretofore requested by CITY and furnished to CITY, are complete, accurate and fairly reflect the financial condition of CONTRACTOR on the date shown on said report, and the results of the operation for the period covered by the report, and that since said date, there has been no material change, adverse or otherwise, in the financial condition of CONTRACTOR.

C. No litigation or legal proceedings are presently pending or threatened against CONTRACTOR.

D. None of the provisions herein contravenes or is in conflict with the authority under which CONTRACTOR is doing business or with the provisions of any existing indenture or agreement of CONTRACTOR.

E. CONTRACTOR has the power to enter into this Agreement and accept payments hereunder, and has taken all necessary action to authorize such acceptance under the terms and conditions of this Agreement.

F. None of the assets of CONTRACTOR is subject to any lien or encumbrance of any

character, except for current taxes not delinquent, except as shown in the financial statements furnished by CONTRACTOR to CITY.

G. Each of these representations and warranties shall be continuing and shall be deemed to have been repeated by the submission of each request for payment.

13. COVENANTS

A. During the period of time that payment may be made hereunder and so long as any payments remain unliquidated, CONTRACTOR shall not, without the prior written consent of the Community Development Administrator or her authorized representative:

(1) Mortgage, pledge, or otherwise encumber or suffer to be encumbered, any of the assets of CONTRACTOR now owned or hereafter acquired by it, or permit any pre-existing mortgages, liens, or other encumbrances to remain on, or attached to, any assets of CONTRACTOR which are allocated to the performance of this Agreement and with respect to which CITY has ownership hereunder.

(2) Sell, assign, pledge, transfer or otherwise dispose of accounts receivables, notes or claims for money due or to become due.

(3) Sell, convey, or lease all or substantial part of its assets.

(4) Make any advance or loan to, or incur any liability for any other firm, person, entity or corporation as guarantor, surety, or accommodation endorser.

(5) Sell, donate, loan or transfer any equipment or item of personal property purchased with funds paid to CONTRACTOR by CITY, unless CITY authorizes such transfer.

B. CONTRACTOR agrees, upon written request by CITY, to require its employees to attend training sessions sponsored by the Community Development Division.

14. MONITORING AND EVALUATION

A. CITY shall perform on-site monitoring of CONTRACTOR's performance under this Agreement.

B. CONTRACTOR agrees that CITY may carry out monitoring and evaluation activities to ensure adherence by CONTRACTOR to the Work Statement, and Program Goals and Objectives, which are attached hereto as Attachment A, as well as other provisions of this

Agreement.

C. CONTRACTOR agrees to cooperate fully with CITY in the development, implementation and maintenance of record-keeping systems and to provide data determined by CITY to be necessary for CITY to effectively fulfill its monitoring and evaluation responsibilities.

D. CONTRACTOR agrees to cooperate in such a way so as not to obstruct or delay CITY in such monitoring and to designate one of its staff members to coordinate the monitoring process as requested by CITY staff.

E. CITY shall provide a written evaluation of contract performance to the CONTRACTOR within 30 days of the monitoring. Written notification will be provided to staff and the board of directors.

F. Within 60 days of notification by the CITY, the CONTRACTOR shall provide complete responses include a statement acknowledging any corrective action required to be taken due to City of Denton monitoring findings and concerns.

G. CONTRACTOR shall submit copies of any fiscal, management, or audit reports by any of CONTRACTOR's funding or regulatory bodies to CITY within fifteen (15) working days of receipt by CONTRACTOR.

15. DIRECTORS' MEETINGS

A. During the terms of this Agreement, CONTRACTOR shall cause to be delivered to CITY copies of all notices of meetings of its Board of Directors, setting forth the time and place thereof. Such notice shall be delivered to CITY in a timely manner to give adequate notice, and shall include an agenda and a brief description of the matters to be discussed.

B. CONTRACTOR understands and agrees that CITY representatives shall be afforded access to all of the Board of Directors' meetings.

C. Minutes of all meetings of CONTRACTOR's governing body shall be available to CITY within ten (10) working days of approval.

16. NEPOTISM

CONTRACTOR shall not employ in any paid capacity any person who is a member of the immediate family of any person who is currently employed by CONTRACTOR, or is a member of CONTRACTOR's governing board. The term "member of immediate family" includes: wife, husband, son, daughter, mother, father, brother, sister, in-laws, aunt, uncle, nephew, niece, step-parent, step-child, half-brother and half-sister.

17.
SUSPENSION OF FUNDING

A. Upon determination by CITY of CONTRACTOR's failure to timely and properly perform each of the requirements, time conditions and duties provided herein, CITY, without limiting any rights it may otherwise have, may, at its discretion, and upon ten (10) working days written notice to CONTRACTOR, withhold further payments to CONTRACTOR. Such notice may be given by mail to the Executive Officer and the Board of Directors of CONTRACTOR. The notice shall set forth the default or failure alleged, and the action required for cure.

B. The period of such suspension shall be of such duration as is appropriate to accomplish corrective action, but in no event shall it exceed thirty (30) calendar days. At the end of the suspension period, if CITY determines the default or deficiency has been satisfied, CONTRACTOR may be restored to full compliance status and paid all eligible funds withheld or impounded during the suspension period. If, however, CITY determines that CONTRACTOR has not come into compliance, this Agreement may be terminated under Section 19 of this Agreement.

18.
TERMINATION

A. The CITY shall have the right to terminate this Agreement, in whole or in part, at any time whenever the CITY determines that the CONTRACTOR has failed to comply with any term of this Agreement. The CITY shall notify the CONTRACTOR in writing thirty (30) days prior to the date of termination, the effective date of such termination, and in the case of partial termination, the portion of the Agreement to be terminated. Property shall be subject to disposition.

B. The CITY shall have the right to terminate this Agreement for convenience, in whole or in part by written notification to the CONTRACTOR which shall include the reason for such termination, the effective date and the portion to be terminated.

C. If, in the case of a partial termination, it is the determination of CITY that the remaining portion of the award is not sufficient to accomplish the project as described in the Work Statement, CITY may require that the entire grant be terminated.

19.
INDEMNIFICATION

A. **It is expressly understood and agreed by both parties hereto that CITY is contracting with CONTRACTOR as an independent CONTRACTOR and that as such, CONTRACTOR shall save and hold CITY, its officers, agents and employees harmless from all liability of any nature or kind, including costs and expenses for, or on account of, any claims, audit exceptions, demands, suits or damages of any character whatsoever resulting in whole or in part from the performance or omission of any employee, agent or representative of CONTRACTOR.**

B. **CONTRACTOR agrees to provide the defense for, and to indemnify and hold**

harmless CITY its agents, employees, or contractors from any and all claims, suits, causes of action, demands, damages, losses, attorneys fees, expenses, and liability arising out of the use of these contracted funds and program administration and implementation except to the extent caused by the willful act or omission of CITY, its agents, employees, or contractors.

**20.
NOTICE**

For purposes of this Agreement, all official communications and notices among the parties shall be deemed made as of the date mailed if sent postage paid to the parties and address set for below:

TO CITY:

City Manager
City of Denton
215 E. McKinney St.
Denton, Texas 76201

TO CONTRACTOR:

Director
Denton Affordable Housing Corporation
604 N Bell Avenue
Denton, Texas 76209

**21.
VENUE**

This Agreement shall be interpreted in accordance with the laws of the State of Texas and venue of any litigation concerning this Agreement shall be in a court of competent jurisdiction sitting in Denton County, Texas.

IN WITNESS OF WHICH this Agreement has been executed on this the _____ day of _____, 2014.

CITY OF DENTON

BY: _____
GEORGE C. CAMPBELL, CITY MANAGER

ATTEST:
JENNIFER WALTERS, CITY SECRETARY

BY: _____

APPROVED AS TO LEGAL FORM:
ANITA BURGESS, CITY ATTORNEY

BY: 

DENTON AFFORDABLE HOUSING
CORPORATION

BY: 
BOARD PRESIDENT

ATTEST:


SECRETARY

ATTACHMENT "A

AFFORDABLE HOUSING OPPORTUNITY PROGRAM

Program Description: The Affordable Housing Opportunity Program (AHOP) assists low to moderate-income homebuyers in purchasing an affordable home. DAHC acquires single-family properties, including units available through the Department of Housing & Urban Development. These modest homes are acquired and rehabilitated to meet local building codes. DAHC then markets the units and sells them to income-eligible households. HOME Program funding will be used for renovation of the units and assistance to the homebuyer with the down payment and closing costs. With the funding allocation stated below, a minimum of five single-family units will be purchased, renovated and sold to HOME-eligible households. Each household participating in the AHOP will be required to attend housing counseling prior to the purchase of a housing unit.

USE OF AHOP PROGRAM PROCEEDS

- A. HOME program proceeds are defined as income from the sale of HOME-assisted housing. Program proceeds may be retained by the CONTRACTOR to be used for HOME-eligible activities included in the Work Statement herein as Attachments "A." Provided, however, that any interest on deposited HOME funds must be remitted to the CITY on a quarterly basis.
- B. After use of proceeds by CONTRACTOR on HOME-eligible AHOP activities, there are no further HOME requirements which must be met. Funds generated from the use of proceeds are not considered proceeds and may be used by the CONTRACTOR at their discretion for various programs and activities.

AHOP REQUIREMENTS

The Affordable Housing Opportunity Program administered by the Denton Affordable Housing Corporation will comply with all HOME program regulations including the following:

1. 24 CFR Part 92.254 which describes the qualifications for a homeownership unit to be considered affordable.
2. Recapture requirements found at 24 CFR 92.254 (5)(ii)(A)(2 & 3) and as stated in the City of Denton's 2013-14 Action Plan for Housing and Community Development.
3. To secure each homeownership unit for the required affordability period, the CONTRACTOR will set forth, in a written agreement with each homebuyer participant a recapture provision to be enforced in the event that the homebuyer vacates the unit for any reason.
4. Lien documents, including the Deed of Trust, Promissory Note and any other covenants running with the land, will include the City of Denton as a trustee and secondary lien holder.

5. The completed unit will be sold to an eligible household within the period required under the HOME Program regulations or it will be made available as an affordable rental unit for a low-income household.

**ATTACHMENT "B"
PROGRAM BUDGET**

The program budget includes all funding from prior years that has not been expended or committed to specific projects.

Affordable Housing Opportunity Program (AHOP)	\$ 177,758.80
<u>CHDO Operating Expenses</u>	<u>\$ 34,914.00</u>
Total 2014-2015 Budget	\$ 212,672.80

**ATTACHMENT "C"
SCHEDULE OF CONTRACT ACTIVITIES**

Funding awarded under this agreement must be expended on or before the dates indicated. A minimum of five units are to be purchased, renovated if necessary, and sold to eligible households prior to December 31, 2015.

Activity	Sept-Dec 2014	Jan-Mar 2015	April – June 2015	July – Sept. 2015	Oct-Dec 2015	Total
AHOP	\$28,000	\$28,000	\$56,000	\$56,000	\$9,758.80	\$177,758.80
CHDO Operating Expenses	\$6,982.80	\$6,982.80	\$6,982.80	\$6,982.80	\$6,982.80	\$34,914.00