

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF DENTON, AUTHORIZING THE CITY MANAGER TO EXECUTE A FUNDING AGREEMENT BETWEEN THE CITY OF DENTON AND THE DENTON AFFORDABLE HOUSING CORPORATION FOR OPERATING EXPENSES; AUTHORIZING THE EXPENDITURE OF HOME INVESTMENT PARTNERSHIP PROGRAM FUNDS NOT TO EXCEED \$46,711.59; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, The City Council of the City of Denton recognizes the need to assist low and moderate-income families in securing safe, sanitary and decent housing; and

WHEREAS, the City has received funds from the U.S. Department of Housing and Urban Development under the National Affordable Housing Act of 1990 as amended; and

WHEREAS, the City Council approved the 2025 Action Plan for Housing and Community Development which includes an authorized budget expenditure of HOME Investment Partnership Program (“HOME”) funds for construction of affordable homebuyer units and for operating expenses; and

WHEREAS, the City has adopted a budget for such funds including an authorized program budget for expenditure of funds for operating costs for the Denton Affordable Housing Corporation (“DAHC”); and

WHEREAS, the City has determined that DAHC 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 necessary to satisfy federal requirements to serve the City’s geographical area and that DAHC has provided affordable housing within the City which has significantly benefited the community; and

WHEREAS, DAHC has a demonstrated history of service to the community in the area of affordable housing; and

WHEREAS, DAHC is expected to receive funds for an affordable housing project within 24 months of receiving funds for operating expenses pursuant to 24 CFR § 92.504(c); and

WHEREAS, the City Council deems it in the public interest to enter into an agreement with DAHC for the provision of HOME funds for operating expenses in substantially the form attached hereto as Exhibit “A” (the “Operating Expenses Agreement”); NOW, THEREFORE,

THE COUNCIL OF THE CITY OF DENTON HEREBY ORDAINS:

SECTION 1. The findings and recitations in the preamble of this ordinance are incorporated herein by reference as true and as if fully set forth in the body of this ordinance.

SECTION 2. The City Manager is hereby authorized to execute the Operating Expenses Agreement between the City of Denton and Denton Affordable Housing Corporation to provide HOME funds for Operating Expenses in substantially the form attached hereto as Exhibit "A".

SECTION 3. The City Council hereby authorizes the City Manager to expend HOME Investment Partnership Program funds in the manner and amount specified in the Operating Expenses Agreement, not to exceed \$46,711.59, and to take any other actions necessary to complete the City's obligations under the Agreement.

SECTION 4. This ordinance shall become effective immediately upon its passage and approval.

The motion to approve this ordinance was made by _____ and seconded by _____, the ordinance was passed and approved by the following vote [___ - ___]:

	Aye	Nay	Abstain	Absent
Mayor Gerard Hudspeth:	_____	_____	_____	_____
Jordan Villarreal, District 1:	_____	_____	_____	_____
Nick Stevens, District 2:	_____	_____	_____	_____
Suzi Rumohr, District 3:	_____	_____	_____	_____
Joe Holland, District 4:	_____	_____	_____	_____
Brandon Chase McGee, At Large Place 5:	_____	_____	_____	_____
Jill Jester, At Large Place 6:	_____	_____	_____	_____

PASSED AND APPROVED this the _____ day of _____, 2026.

GERARD HUDSPETH, MAYOR

ATTEST:
KRISTI FOGLE, INTERIM CITY SECRETARY

BY: _____

APPROVED AS TO LEGAL FORM:
MACK REINWAND, CITY ATTORNEY

BY: Scott Bray Scott Bray
Deputy City Attorney

**HOME INVESTMENT PARTNERSHIPS PROGRAM
CHDO OPERATING EXPENSES AGREEMENT
BETWEEN THE CITY OF DENTON AND
DENTON AFFORDABLE HOUSING CORPORATION**

This Agreement is hereby entered into by and between the City of Denton, a Texas home rule municipal corporation, hereinafter referred to as "City", and Denton Affordable Housing Corporation, a Texas non-profit corporation, hereinafter referred to as "DAHC".

WHEREAS, CITY is the administrator of HOME Investment Partnership Program funds (HOME Funds) received from the U. S. Department of Housing and Urban Development (HUD) under Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990, as amended (the Act); and

WHEREAS, the purpose of the HOME Investment Partnership Program (the HOME Program) is to increase the supply of decent, safe, sanitary, and affordable housing for very low income, low income and moderate-income households; and

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

WHEREAS, CITY has designated and certified DAHC as a Community Housing Development Organization (CHDO), as defined in 24 CFR 92.2 and 24 CFR 92.300(a); and

WHEREAS, CITY has recommended a grant of HOME funds for CHDO Operating Expenses to DAHC pursuant to 24 CFR 92.208 and 24 CFR 92.300, subject to the terms specified herein below (the "Project"); and

WHEREAS, the City Council of the City of Denton found that the Agreement between the City and DAHC serves a municipal and public purpose, is in the public interest, and of a benefit to the citizens of the City of Denton;

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.

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1. CHDO PROVISIONS

A. CHDO Designation

DEVELOPER has been designated by CITY as a Community Housing Development Organization (“CHDO”) as defined under [24 CFR 92.2](#).

B. Certification of Current and Continuing CHDO Status

DEVELOPER hereby acknowledges that this Project is being funded with HOME Funds reserved specifically for CHDOs and certifies that as of the date of this Agreement it meets the definition of a CHDO under [24 CFR 92.2](#). DEVELOPER further certifies and agrees that it will continue to operate its affairs such that it continuously meets the CHDO definition for the life of this Agreement and will notify CITY immediately if any change in circumstance results in it no longer meeting these criteria at any time during the term of this Agreement. It further will provide documentation to CITY as may be requested from time to time to document that it continues to comply with the CHDO definition.

2. THE PROJECT

A. Eligible Uses

Any funds to be paid to DEVELOPER by CITY pursuant to this Agreement are CHDO Operating Expenses provided under [24 CFR 92.208\(a\)](#). In accordance with [24 CFR 92.504\(c\)\(6\)\(ii\)](#), CHDO Operating Expenses must be spent in accordance with this Agreement on one of the following uses to support the completion of the 418 Robertson project:

- (1) operating expenses (*e.g.*, salaries, wages, and other employee compensation and benefits);
- (2) employee education, training, and travel;
- (3) rent;
- (4) utilities;
- (5) communication cost;
- (6) taxes;
- (7) insurance;
- (8) equipment;
- (9) materials; and
- (10) supplies.

B. Ineligible Uses

Under no circumstances may HOME funds be used to replace existing nonfederal funds previously appropriated for the same purpose, also known as supplanting. The CHDO Operating Expenses must be spent on a unique and new cost associated with the development of 418 Robertson. Expenses incurred prior to the execution of this agreement are ineligible.

3. TERM

A. Beginning and Expiration

The term of this Agreement shall begin on the date represented by the date of the last signature of either party executing the Agreement and shall expire twenty-four (24) months from the day it begins, unless sooner terminated because funding is no longer available or in accordance with Section 9 “Termination” (the “Term”).

4. RESPONSIBILITIES

A. Performance

DEVELOPER shall perform all services and activities described in the Statement of Work attached hereto as Exhibit A and incorporated herein by reference, in accordance with the Program Budget attached hereto as Exhibit B and incorporated herein by reference, and as otherwise set forth herein, in a satisfactory and efficient manner as determined by CITY.

B. Agreement Administration – DEVELOPER

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

C. Agreement Administration – CITY

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

D. Financial Responsibility – DEVELOPER

DEVELOPER shall comply with [2 CFR Part 200](#), Uniform Administrative Requirements, Cost Principals and Audit Requirements for Federal Awards, Final Guidance, and the regulations found at [24 CFR Part 92](#).

E. Enforcement of the Agreement

DEVELOPER understands and acknowledges that, in accordance with [24 CFR 504 \(c\)\(1\)\(x\)](#) AND [2 CFR Part 200, Appendix II to Part 200 \(B\)](#), suspension or termination, at CITY's option, may occur if the DEVELOPER materially fails to comply with any term of this Agreement. Further, DEVELOPER acknowledges that the Agreement may also be terminated for convenience in accordance with the provisions of this Agreement.

F. Match

DEVELOPER agrees to submit documentation to CITY of an eligible matching contribution that is equal to at least 25% of the HOME investment in the Project as outlined in [24 CFR Part 92 Subpart E - Matching Contribution Requirement](#). DEVELOPER investment in the Project that is derived from non-federal funds shall generally be considered an acceptable form of match.

G. Program Budget Changes

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

H. Hold Harmless

DEVELOPER agrees to hold and save harmless the CITY, its officers, elected and appointed officials, 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.

I. Reversion of Assets

Upon dissolution of the DEVELOPER or upon expiration or termination of this Agreement, 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 transferred to the CITY.

J. Legal Compliance

DEVELOPER agrees that the Project will be operated in compliance with all applicable federal, state, and local laws or ordinances or regulations, including but not limited to HOME regulations and fair housing laws. During the HOME Affordability Period, failure to maintain the Project in compliance

with all applicable laws, or the inability to correct instances of noncompliance, will result in a requirement that the DEVELOPER satisfy any repayment obligation to HUD incurred by CITY under [24 CFR 92.503\(b\)](#).

5. FORM OF FINANCING AND DISBURSEMENTS

A. HOME Grant

CITY will reimburse DEVELOPER for CHDO Operating Expenses incurred in performance of the Scope of Work and in accordance with the Program Budget (the “HOME Operating Expenses”). Notwithstanding any other provision of this Agreement, the total of all payments and other obligations made or incurred by CITY hereunder shall not exceed the sum of Forty-Six Thousand Seven Hundred Eleven and 59/100 Dollars (\$46,711.59).

B. Request for disbursement of funds

- a. *Necessity of disbursement:* DEVELOPER shall not request disbursement of funds until they are needed for payment of eligible costs. The amount of each request will be limited to the amount needed as per [24 CFR 92.504 \(c\)\(3\)\(viii\)](#).
- b. *City’s review:* CITY shall retain the right to review and approve all draws for the Project. DEVELOPER may only request funds that are outlined as eligible in [24 CFR 92.206](#).
- c. *Frequency of requests:* DEVELOPER shall request disbursement of funds no more than on a monthly basis, and no less than on a quarterly basis throughout the Term. DEVELOPER shall submit each request for disbursement at least fourteen (14) days prior to the desired disbursement date.
- d. *Documentation for requests:* DEVELOPER shall submit alongside the request for disbursement a list of the specific work completed, with direct reference to the work write-up, and provide evidence that this work incurred costs to DEVELOPER of at least the amount estimated in the work write-up.

C. Conditions of Final Payment

In addition to the requirements for a standard request for disbursement of funds, CITY shall require the following prior to the final payment of funds:

- a. Evidence satisfactory to CITY that the Project has been completed lien free and substantially in accordance with the plans and specifications; and
- b. Review and final settlement of the cost certification.

D. Withholding Payment

City shall withhold payment on any reimbursement request that does not include the required complete documentation.

E. Limit of Liability.

DEVELOPER acknowledges and agrees that CITY’s reimbursement obligations are contingent

upon the actual receipt and appropriation of adequate funds to meet CITY's liabilities under this Agreement. If adequate funds are not available or appropriated to make payments under this Agreement, CITY shall notify DAHC in writing within a reasonable time after such fact has been determined. CITY may, at its option, either reduce the amount of its liability, as specified in Subsection A of this Section, or terminate the Agreement.

6. COMPLIANCE WITH OTHER FEDERAL REQUIREMENTS, APPLICABLE LAWS, AND REGULATIONS

A. DEVELOPER Procurement Standards

DEVELOPER shall ensure that procurement of materials and services is done in a cost-effective manner. DEVELOPER shall comply with all applicable federal, state and local laws, regulations, and ordinances for making procurements under this AGREEMENT. DEVELOPER shall establish written procurement procedures to ensure that materials and services are obtained in a cost-effective manner and in accordance with 2 CFR 200.318-327.

B. Certification Regarding Lobbying

DEVELOPER certifies that it will not and, to the best of its knowledge, has not used Federally appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any Federal agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award. DEVELOPER further agrees that it shall disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award.

C. Compliance with FFATA and Whistleblower Protections

DEVELOPER shall provide CITY with all necessary information for CITY to comply with the requirements of 2 CFR 300(b), including provisions of the Federal Funding Accountability and Transparency Act ("FFATA") governing requirements on executive compensation and provisions governing whistleblower protections contained in 10 U.S.C. 2409, 41 U.S.C. 4712, 10 U.S.C. 2324, 41 U.S.C. 4304 and 41 U.S.C. 4310.

DEVELOPER shall provide CITY its DUNS number prior to the payment of any HOME Funds.

D. Compliance with All Applicable Laws and Regulations

DEVELOPER agrees to comply fully with all applicable federal, state, and local laws and regulations that are currently in effect or that are hereafter amended during the performance of this Agreement. These laws include, but are not limited to:

- a. Title VI of the Civil Rights Act of 1964 (42 U.S.C. Sections 2000d et seq.) including provisions requiring recipients of federal assistance to ensure meaningful access by person of limited English proficiency
- b. The Fair Housing Act, Title VIII of the Civil Rights Act of 1968 (42 U.S.C. Sections 3601 et seq.)
- c. Executive Orders 11063, 11246 as amended by 11375 and 12086 and as supplemented by

- i. Department of Labor regulations 41 CFR, Part 60
- ii. The Age Discrimination in Employment Act of 1967
- iii. The Age Discrimination Act of 1975 (42 U.S.C. Sections 6101 et seq.)
- iv. The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. Sections 4601 et seq. and 49 CFR Part 24) ("URA")
- d. Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. Sections 794 et seq.) and 24 CFR Part 8 where applicable
- e. National Environmental Policy Act of 1969, as amended, 42 U.S.C. sections 4321 et seq. ("NEPA") and the related authorities listed in 24 CFR Part 58.
- f. The Clean Air Act, as amended, (42 U.S.C. Sections 1251 et seq.) and the Clean Water Act of 1977, as amended (33 U.S.C. Sections 1251 et seq.), related Executive Order 11738 and Environmental Protection Agency Regulations. In no event shall any amount of the assistance provided under this Agreement be utilized with respect to a facility that has given rise to a conviction under the Clean Air Act or the Clean Water Act.
- g. Immigration Reform and Control Act of 1986 (8 U.S.C. Sections 1101 et seq.) specifically including the provisions requiring employer verifications of legal status of its employees
- h. The Americans with Disabilities Act of 1990 (42 U.S.C. Sections 12101 et seq.), the Architectural Barriers Act of 1968 as amended (42 U.S.C. sections 4151 et seq.) and the Uniform Federal Accessibility Standards, 24 CFR Part 40, Appendix A
- i. Regulations at 24 CFR Part 87 related to lobbying, including the requirement that certifications and disclosures be obtained from all covered persons
- j. Drug Free Workplace Act of 1988 (41 U.S.C. Sections 701 et seq.) and 24 CFR Part 2429
- k. Executive Order 12549 and 24 CFR Part 5.105(c) pertaining to restrictions on participation by ineligible, debarred or suspended persons or entities
- l. Regulations at 24 CFR Part 92, Home Investment Partnerships Program Final Rule
- m. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 CFR Part 200 et seq.
- n. Federal Funding Accountability and Transparency Act of 2006, (Pub.L. 109-282, as amended by Section 6205(a) of Pub.L. 110-252 and Section 3 of Pub.L. 113-101)
- o. Federal Whistleblower Regulations, 10 U.S.C. 2409, 41 U.S.C. 4712, 10 U.S.C. 2324, 41 U.S.C. 4304 and 41 U.S.C. 4310.
- p. Title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, as amended (PRWORA), and any applicable requirements that HUD, the Attorney General, or the U.S. Citizenship and Immigration Services may establish from time to time to comply with PRWORA, Executive Order 14218, or other Executive Orders or Immigration Laws.
- q. Nondiscrimination and equal access requirements outlined in [24 CFR Part 5 Subpart A](#)
- r. The Fair Housing Act (42 U.S.C. 3601-20)
- s. Executive Orders 11625 and 12432 (concerning Minority Business Enterprise), and

12138 (concerning Women's Business Enterprise)

E. Political or Sectarian Activity

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

F. Nepotism

DEVELOPER 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 DEVELOPER or is a member of DEVELOPER's governing board. The term "member of immediate family" includes wife, husband, son, daughter, mother, father, brother, sister, in-laws, aunt, uncle, nephew, niece, stepparent, stepchild, half-brother and half-sister.

G. Conflict of Interest

DEVELOPER 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. DEVELOPER 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.

DEVELOPER 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.

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/her personal interest or the interest in any corporation, partnership, or association in which he/she has direct or indirect interest.

7. RECORDKEEPING AND AUDITING

A. Records Retention

DEVELOPER shall retain all applicable administrative and project records and records required by federal, state, or local law, including those specified in [24 CFR 92.508](#) of the HOME Final Rule, for a period of five (5) years after the termination of the affordability period.

Notwithstanding the above, if there are litigation, claims, audits, negotiations or other actions that involve any of the records cited and that have commenced before the expiration of the five (5) year period, such records must be retained until completion of the actions and resolution of all issues, or the expiration of the five (5) year period, whichever occurs later.

B. CITY Reserves the Right to Audit

CITY reserves the right to perform an audit of DEVELOPER's project operations and finances at any

time during the term of this Agreement and during and for five (5) years thereafter, if CITY determines that such audit is necessary for CITY's compliance with the HOME Regulations or other CITY policies, and DEVELOPER agrees to allow access to all pertinent materials as described herein. If such audit reveals a questioned practice or expenditure, such questions must be resolved within fifteen (15) business days after notice to DEVELOPER of such questioned practice or expenditure. If questions are not resolved within this period, CITY reserves the right to withhold further funding under this and/or other Agreement(s) with DEVELOPER. If as a result of any audit it is determined that developer has falsified any documentation or misused, misapplied or misappropriated home funds or spent home funds on any ineligible activities, developer agrees to reimburse CITY the amount of such monies plus the amount of any sanctions, penalty or other charge levied against CITY by HUD because of such actions.

C. Director's Meetings

DEVELOPER shall ensure that the CITY is notified of all meetings, regular and special called, of DEVELOPER's Board of Directors. Notice should be received by the CITY at least seventy-two (72) hours prior to the meeting. Such notice shall include an agenda and a brief description of the matters to be discussed. DEVELOPER understands and agrees that CITY representatives shall be afforded access to all of the Board of Directors' meetings. Minutes of all meetings of DEVELOPER's Board of Directors shall be available to CITY within ten (10) working days of approval.

8. INSURANCE

A. Adequate Coverage

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

B. Premise Liability Insurance

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 DEVELOPER, CITY may, at its sole discretion, approve alternate insurance coverage arrangements. Insurance should be maintained on the property until a homebuyer takes possession and obtains homeowner's insurance.

C. Worker's Compensation

DEVELOPER 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. Vehicle Liability Insurance

DEVELOPER will maintain adequate and continuous liability insurance on all vehicles owned, leased or operated by DEVELOPER. All employees of DEVELOPER 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 employees' current possession of a valid license and insurance must be maintained on a current basis in DEVELOPER's files.

E. Losses not covered by Insurance

Actual losses not covered by insurance as required by this Section 8 are not allowable costs under this Agreement and remain the sole responsibility of DEVELOPER.

F. Change in Policies

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

9. TERMINATION

A. Termination for Cause

The CITY may terminate this Agreement, in whole or in part, at any time whenever the CITY determines that the DEVELOPER has failed to comply with any of the terms or conditions of this Agreement. The CITY shall notify the DEVELOPER in writing of the effective date of such termination and, in the case of partial termination, the portion of the Agreement to be terminated.

B. Termination for Convenience

The CITY shall have the right to terminate this Agreement for convenience, in whole or in part by thirty (30) days prior written notification to the DEVELOPER stating the effective date of the termination and, in the case of partial termination, the portion to be terminated.

The DEVELOPER shall have the right to terminate this Agreement for convenience, in whole or in part, by thirty (30) days prior written notification to the CITY stating the effective date of the termination and, in the case of partial termination, the portion to be terminated.

If, in the case of a partial termination by DEVELOPER, it is the determination of CITY that the remaining portion of the funding under this Agreement is not sufficient to accomplish the Project as described in the Work Statement in Attachment A, the CITY may require that the entire Agreement and funding be terminated.

C. Default

The actions noted in this Section below, or as provided elsewhere in this Agreement, shall constitute an event of default (“Event of Default”) by DEVELOPER hereunder. The CITY may give written notice of default to the DEVELOPER in accordance with the provisions herein.

- a. Failure to comply with the terms and conditions hereof;
- b. Failure to comply with HOME Program regulations, fair housing laws, and other federal requirements related to the Project;; and/or
- c. Any event of fraud, misrepresentation, gross negligence, or willful misconduct by DEVELOPER in the execution or performance of this Agreement or in its participation in the HOME Program.

D. Remedies

If the Event of Default remains uncured thirty (30) days after delivery of written notice by CITY (or such other notice period as may be specified herein), or if DEVELOPER has diligently and

continuously attempted to cure following receipt of such written notice but reasonably required more than thirty (30) calendar days to cure, as determined by both Parties mutually and in good faith, CITY shall have the right to elect, in CITY's sole discretion, to (i) extend DEVELOPER's time to cure, (ii) terminate this AGREEMENT effective immediately upon written notice of such intent to DEVELOPER, or (iii) pursue all or any combination of the following the remedies or any other remedies available to CITY at law or in equity:

- a.* Suspend reimbursement and/or disbursement of HOME Funds or withhold any further payments to be made under this Agreement until such time as DEVELOPER's breach has been cured in accordance with the terms and conditions of any cure period provided by CITY (but CITY may, in its sole discretion, make disbursement after the occurrence of an Event of Default without thereby waiving its rights and remedies hereunder);
- b.* Reprogram HOME Funds that have not yet been expended from affected activities to other eligible activities;
- c.* Direct DEVELOPER to prepare and follow a schedule of actions for carrying out the affected activities, consisting of schedules, timetables and milestones necessary to implement the affected activities, including extending the HOME Affordability Period;
- d.* Direct DEVELOPER to establish and follow a management plan that assigns responsibilities for carrying out the remedial activities;
- e.* Cancel or revise activities likely to be affected by the performance deficiency, before expending HOME Funds for the activities;
- f.* Direct DEVELOPER to reimburse CITY in any amount of HOME Funds not used in accordance with the HOME Regulations;
- g.* Apply to any appropriate court, State or Federal, for specific performance, in whole or in part, of the terms, conditions, covenants and/or agreements contained herein, or for an injunction against any violation of such terms, conditions, covenants and/or agreements;
- h.* Enter upon the Property and take possession thereof, together with the Project then in the course of construction, and proceed either in its own name or in the name of the DEVELOPER, as the attorney-in-fact of the DEVELOPER (which authority is coupled with an interest and is irrevocable by the DEVELOPER), to complete or cause to be completed the Project, at the cost and expense of the DEVELOPER;
- i.* Require the use of or change in professional property management;
- j.* Pursue the appointment of a receiver to collect rents and profits or to take possession of the Project;
- k.* Declare immediately due and payable all unpaid principal, accrued interest and

annual fees on the HOME Deferred Payment Loan and/or Note, together with all other sums payable thereunder and the same shall thereupon be immediately due and payable without presentment or other demand, protest, notice of dishonor or any other notice of any kind, all of which are hereby expressly waived;

- l.* Apply sanctions set forth in 24 CFR 92, if determined by CITY to be applicable;
- m.* Take or seek any other appropriate action including, but not limited to, any remedial action legally available such as declaratory judgment, specific performance, breach of contract, temporary or permanent injunctions and/or any other available remedies;
- n.* Apply to any appropriate court, State or Federal, for such other relief as may be appropriate and allowed by law, since the injury to CITY arising from a default under any of the terms of this Agreement would be irreparable and the amount of damage would be difficult to ascertain; and
- o.* Terminate this Agreement or any other agreements with DEVELOPER by giving written notice to DEVELOPER of such termination and specifying the effective date of such termination. If the Agreement is terminated by CITY as provided herein, DEVELOPER shall have no claim of payment or claim of benefit for any incomplete Project activities undertaken under this Agreement. Any delay by CITY in exercising any right or remedy provided herein or otherwise afforded by law or equity shall not be a waiver of or preclude the exercise of such right or remedy. All such rights and remedies shall be distinct and cumulative and may be exercised singly, serially (in any order) or concurrently, and as often as the occasion therefore arises. In the event of any termination under Section 24 of this Agreement, all HOME Funds awarded but unpaid to DEVELOPER pursuant to this Agreement shall be immediately rescinded and DEVELOPER shall have no further right to such funds and any HOME Funds already paid to DEVELOPER must be repaid to CITY within 30 days of termination. Failure to repay such HOME Funds will result in CITY exercising all legal remedies available to CITY under this Agreement or the Loan Documents.

E. No Funds Disbursed while in Breach:

DEVELOPER understands and agrees that no HOME Funds will be paid to DEVELOPER until all Events of Default are cured to CITY's satisfaction.

F. No Compensation After Date of Termination

In the event of termination, DEVELOPER shall not receive any HOME Funds in compensation for work undertaken after the date of termination and shall not be entitled to, and hereby waives, all claims for lost profits and all other damages and expenses.

G. Rights of CITY Not Affected

Termination shall not affect or terminate any of the existing rights of CITY against DEVELOPER,

or which may thereafter accrue because of an Event of Default, and this provision shall be in addition to any and all other rights and remedies available to CITY under the law, this Agreement or the Loan Documents including, but not limited to, compelling DEVELOPER to complete the Required Improvements in accordance with the terms of this Agreement. Such termination does not terminate any applicable provisions of this Agreement that have been expressly noted as surviving the expiration or termination of this Agreement. No delay or omission by CITY in exercising any right or remedy available to it under this Agreement shall impair any such right or remedy or constitute a waiver or acquiescence in any DEVELOPER default.

H. Dissolution of DEVELOPER Terminates Contract

In the event DEVELOPER is dissolved or ceases to exist, this Agreement shall terminate. In the event of termination under this Section, all HOME Funds are subject to repayment and CITY may exercise any or all of its remedies under this AGREEMENT.

I. Reversion of Assets

In the event this Agreement is terminated by DEVELOPER without cause, all tangible personal property owned by DEVELOPER that was acquired or improved with the HOME Funds shall belong to CITY and shall automatically transfer to CITY or to such assignees as CITY may designate.

10. REPRESENTATIONS AND WARRANTIES

A. Purpose

The CITY is providing funding to the DEVELOPER in order to promote the development of affordable housing for low-income households. DEVELOPER represents that the use of HOME Funds for the Project will meet this stated goal.

B. Changes to Budget

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. Legal Authority

DEVELOPER 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.

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

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 DEVELOPER or the person signing the Agreement to enter into this Agreement. DEVELOPER 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.

D. Supplanting

DEVELOPER agrees that the funds and resources provided DEVELOPER 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, DEVELOPER had this Agreement not been executed.

E. Warranties

Developer 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 that since said date, there has been no material change, adverse or otherwise, in the financial condition of DEVELOPER.
- c. No litigation or legal proceedings are presently pending or threatened against DEVELOPER.
- d. None of the provisions herein contravenes or is in conflict with the authority under which DEVELOPER is doing business or with the provisions of any existing indenture or agreement of DEVELOPER.
- e. DEVELOPER has the power to enter into this Agreement and accept payments here under, and has taken all necessary action to authorize such acceptance under the terms and conditions of this Agreement.
- f. None of the assets of DEVELOPER 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 DEVELOPER 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.

11. INDEMNIFICATION

It is expressly understood and agreed by both parties hereto that CITY is contracting with DEVELOPER as an independent owner, and that as such, DEVELOPER shall save and hold CITY and CITY's officers, agents, elected and appointed officials, 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 kind or character whatsoever resulting in whole or in part from the performance, act or omission of DEVELOPER or of any employee, agent or representative of DEVELOPER.

DEVELOPER agrees to provide the defense for, and to indemnify and hold harmless CITY and CITY's agents, elected and appointed officials, employees 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, program administration, and implementation except to the extent caused by the willful act or omission of CITY, its officers, agents, or employees.

DEVELOPER hereby agrees to reimburse, indemnify and save and hold CITY and CITY's successors and assigns harmless from and against any damage, liability, loss, penalty, charge, cost or

deficiency, including but not limited to any repayment obligation to HUD incurred by CITY under 24 CFR 92.503(b), reasonable attorneys' fees, and other costs and expenses incident to monitoring, remedial actions, proceedings or investigations and the defense of any claim, arising out of, resulting from, or related to, and to pay to CITY or its successor in interest, on demand, the full amount of any sum which CITY or its successor has paid or becomes obligated to pay on account of:

- a. Any misrepresentation, omission, or the breach of any representation or warranty of the DEVELOPER made in, under, or in connection with the Loan Documents;
- b. Any failure of the DEVELOPER to fully perform or observe, or to cause to be performed or observed, any term, provision, covenant, or agreement to be performed or observed by the DEVELOPER, or after an assumption, by a subsequent owner, pursuant to the Loan Documents;
- c. Any claims, assessments, or liabilities for charges, penalties, liens, taxes, or deficiencies arising from or relating to the use and operation by the DEVELOPER, or after an assumption, DEVELOPER's successors to the Property or the Project; or
- d. The manufacture, generation, storage, use, treatment, transportation, or disposal of solid waste, or any toxic or hazardous materials, substances, or pollutants either directly or indirectly by the DEVELOPER or any of DEVELOPER's past or present affiliates on the Property described in Section 2.A., which occurs prior to possession passing from the DEVELOPER pursuant to a Sheriff's Deed upon completion of a foreclosure or upon acceptance of a Deed in Lieu of Foreclosure.

The provisions of this section shall survive the termination of this HOME Agreement.

12. IMMIGRATION NATIONALITY ACT

CITY actively supports the Immigration & Nationality Act (INA) which includes provisions addressing employment eligibility, employment verification, and nondiscrimination. DEVELOPER shall verify the identity and employment eligibility of all employees who perform work under this Agreement. DEVELOPER shall complete the Employment Eligibility Verification Form (I-9), maintain photocopies of all supporting employment eligibility and identity documentation for all employees, and upon request, provide CITY with copies of all I-9 forms and supporting eligibility documentation for each employee who performs work under this Agreement. DEVELOPER shall establish appropriate procedures and controls so that no services will be performed by any employee who is not legally eligible to perform such services. DEVELOPER shall provide CITY with a certification letter that it has complied with the verification requirements required by this Agreement. DEVELOPER shall indemnify CITY from any penalties or liabilities due to violations of this provision. CITY shall have the right to immediately terminate this Agreement for violations of this provision by DEVELOPER.

13. NOTICE

For purposes of this Agreement, all official communications and notices among the parties shall be in writing, delivered by hand delivery, overnight mail service or by United States Mail, and shall be deemed to be delivered and received, upon the earlier to occur of (a) the date delivered if provided by

hand delivery or overnight mail service, and (b) the date of the deposit in a regularly maintained receptacle for the United States Mail, registered or certified, return receipt requested, postage prepaid, addressed to the parties as set forth below:

TO CITY:

City Manager
City of Denton

215 E McKinney
Denton, Texas 76201

TO DEVELOPER:

Executive Director
Denton Affordable Housing
Corporation
211 Second Street
Denton, Texas 76201

w/ a copy to:

City Attorney
215 E McKinney
Denton, Texas 76201

14. VENUE

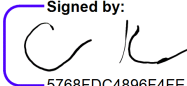
This Agreement shall be interpreted in accordance with the laws of the State of Texas and venue of any litigation concerning this Agreement shall be in a court of competent jurisdiction sitting in Denton County, Texas.

[Signature page follows]

IN WITNESS WHEREOF, this Agreement has been executed by the parties as of the date first written above.

CITY OF DENTON
BY:

DENTON AFFORDABLE HOUSING
CORPORATION

BY:  Signed by:
5768FDC4896F4FE...

CASSEY OGDEN,
INTERIM CITY MANAGER

CARRIE BAUGUS
EXECUTIVE DIRECTOR

ATTEST:
BY:

ATTEST:
BY:  Signed by:
C79F93462E984C1...

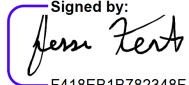
KRISTI FOGLE
INTERIM CITY SECRETARY

BOARD CHAIR
DENTON AFFORDABLE HOUSING
CORPORATION

APPROVED AS TO LEGAL FORM
MACK REINWAND, CITY ATTORNEY

 Scott Bray
Deputy City Attorney

REVIEWED AND APPROVED

BY:  Signed by:
F418EB1B782348F...

JESSE KENT
DIRECTOR OF COMMUNITY SERVICES

5/12/2026

DATE

EXHIBIT A
STATEMENT OF WORK
CHDO Operating Expenses

A. CHDO:

Denton Affordable Housing Corp.

211 2nd St.

Denton, Texas 76209 (hereafter "CHDO")

B. Program: Community Housing Development Organization (CHDO) Operating Expense

C. Funding: Home Investment Partnerships Program Funds (CFDA # 14.239)

D. Type of Award: Funds are awarded as a grant to CHDOs meeting the eligibility requirements at the time of application and are subject to the terms of the Agreement including the conditions set forth in this Statement of Work. The eligibility requirements are:

a. Current CHDO Certification from City of Denton;

E. Purpose: These funds are designed to provide operating funds to CHDOs based on financial need and the expectation that the CHDO will access HOME CHDO funding within 24 months of the award or has a project underway being funded with HOME CHDO funds.

F. Authorization:

24 CFR § 92.208 -- Eligible Community Housing Development Organization (CHDO) Operating Expense and Capacity Building Costs

(a) Up to 5 percent of a participating jurisdiction's fiscal year HOME allocation may be used for the operating expenses of Community Housing Development Organizations. These funds may not be used to pay operating expenses incurred by a CHDO acting as a subrecipient or contractor under the HOME Program. Operating expenses means reasonable and necessary costs for the operation of the community housing development organization. Such costs include salaries, wages, and other employee compensation and benefits; employee education, training, and travel; rent; utilities; communication costs; taxes; insurance; equipment; materials and supplies. The requirements and limitations on the receipt of these funds by CHDOs are set forth in §92.300(e) and (f).

24 CFR § 92.300 -- Set aside for Community Housing Development Organizations (CHDO)

(e) If funds for operating expenses are provided under § 92.208 to a community housing development organization that is not also receiving funds under paragraph (a) of this section for housing to be developed, sponsored or owned by the community housing development organization, the participating jurisdiction must enter into a written agreement with the community housing development organization that provides that the community housing development organization is expected to receive funds under paragraph (a) of this section within 24 months of receiving the funds for operating expenses, and specifies the terms and conditions upon which this expectation is based.

(f) The participating jurisdiction must ensure that a community housing development organization does not receive HOME funding for any fiscal year in an amount that provides no more than 50 percent or \$50,000, whichever is greater, of the community

housing development organization's total operating expenses in that fiscal year. This also includes organizational support and housing education provided under section 233(b)(1), (2), and (6) of the Act, as well as funds for operating expenses provided under § 92.208.

G. Requirements:

Expenses incurred within the Agreement Period that are eligible under 2 CFR Part 200 (Cost Principles for Non-Profit Organizations) may be reimbursed to the CHDO up to the dollar amount limit of the Agreement. Operating expenses means reasonable and necessary costs for the operation of the CHDO. Such costs include:

- a. salaries, wages, and other employee compensation and benefits;
- b. employee education, training and travel;
- c. rent, utilities, communication costs, taxes and insurance; and
- d. equipment, materials and supplies.

For specific information about eligible and ineligible expenses, please refer to 2 CFR Part 200 and 24 CFR Part 92.

Because operating expenses funds are designed to support a CHDO's operational needs, project-related expenses are not considered eligible operating expenses under this Agreement.

Project-related expenses include, but may not be limited to:

- a. Pre-development costs;
- b. Hard costs;
- c. Soft costs; and
- d. Relocation costs

CHDO agrees that it will access HOME CHDO funds within the Term of this Agreement (Section 2.)

H. Reports: CHDO shall submit reports to CITY according to the following schedule, and other reports or revisions to reports upon request:

Required Reports/Documentation	Timeline
An original invoice with all documentation required to support expenditures	No more than once monthly.
Audited Financial Statements, Auditor's Opinion and Management Letters (3 copies)	Within 180 calendar days following the end of CHDOs Fiscal Year (must be provided annually)

**EXHIBIT B
PROGRAM BUDGET
CHDO HOME FUNDS**

DAHC shall provide the services listed in this Agreement within the monetary limits attached hereto and incorporated by reference herein. In no event shall compensation to the DAHC exceed the lesser of the DAHC’s costs attributable to the work performed as stated in Exhibit A, or the sum of Forty-Six Thousand Seven Hundred and Eleven and 59/100 Dollars (\$46,711.59).

DAHC will submit monthly reimbursement requests. DAHC will be reimbursed for eligible expenditures (Section A.) for operating expenses described in Exhibit A, Statement of Work and supported with written documentation verifying the expense was both incurred and paid (Section B.) within the term of the agreement and prior to the request for reimbursement.

Allowable Expenditures	Total Allocation
Operating Expenses	\$46,711.59

Reimbursement Process: CHDO shall submit its request for reimbursement of operating expenses by submitting to CITY an original invoice as described in Section J (below) with copies of documentation supporting the amount of the reimbursement being requested. Such documentation may include, but may not be limited to, copies of:

- a. Invoices;
- b. Bills;
- c. Canceled checks;
- d. Receipts; and
- e. Any other documentation that substantiates an eligible expense incurred by the CHDO during the agreement period.

Unless otherwise authorized by City, the frequency of requests for reimbursement shall be limited to once per month until all funds have been expended.