

ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE OF THE CITY OF DENTON AUTHORIZING THE CITY MANAGER TO EXECUTE A FUNDING AGREEMENT BETWEEN THE CITY OF DENTON AND DENTON AFFORDABLE HOUSING CORPORATION TO PROVIDE HOME INVESTMENT PARTNERSHIP PROGRAM FUNDS FOR THE NEW CONSTRUCTION OF THREE (3) HOMEBUYER UNITS LOCATED AT 418 ROBERTSON ST., DENTON, TEXAS; AUTHORIZING THE EXPENDITURE OF FUNDS IN AN AMOUNT NOT TO EXCEED \$424,878.41; 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 decent, safe, sanitary and affordable 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 adopts an authorized budget expenditure of 2024 and 2025 HOME Investment Partnership Program funds; and

WHEREAS, the 2025 Action Plan includes funding allocated for a Community Housing Development Organization (“CHDO”) project provided by Denton Affordable Housing Corporation (“DAHC”) for the new construction of three homebuyer units located at 418 Roberston St., Denton, Texas (the “Project”) with an authorized budget of \$424,878.41; and

WHEREAS, the City has determined that DAHC is the only locally certified CHDO that includes the required number of low-income residents from Denton and/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

WHEREAS, DAHC is a locally based non-profit organization, has a demonstrated capacity for carrying out housing projects assisted with HOME funds, and has a history of significant service to the Denton community in the area of affordable housing; and

WHEREAS, the City Council deems it in the public interest to enter into an agreement with DAHC for to provision of HOME funds for the Project in substantially the form attached hereto as Exhibit “A” (the “Agreement”) to provide much needed services for Denton residents; 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, or their designee, is hereby authorized to execute the Agreement.

SECTION 3. The City Manager is hereby authorized to expend HOME Investment Partnership

Program funds in an amount not to exceed \$424,878.41 in the manner specified in the Agreement, and to take any other actions that may be necessary or convenient, in the reasonable opinion of either the City Manager or the City Attorney, to carry out the City's rights and obligations under the Agreement.

SECTION 4. The City Manager has designated the Department of Community Services to be responsible for the administration of this Agreement and all matters pertaining thereto.

SECTION 5. 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 [\_\_ - \_\_]:

	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>	<b>Absent</b>
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 AGREEMENT  
BETWEEN  
THE CITY OF DENTON  
AND DENTON AFFORDABLE HOUSING CORPORATION**

This HOME Agreement ("Agreement") is made and entered into as of this \_\_\_ day of \_\_\_\_\_ 2026 by and between the City of Denton, a Texas home-rule municipal corporation ("CITY"), and Denton Affordable Housing Corporation, a Texas non-profit corporation based in Denton, Texas ("DEVELOPER").

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; 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 City's department of Community Development responsible for the administration of this Agreement and all matters pertaining thereto; and

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

WHEREAS, DEVELOPER proposes to use HOME Funds for an eligible project under the HOME regulations whereby DEVELOPER will construct three (3) homebuyer units in Denton, Texas, to be known as 418 Robertson Street, Denton, Texas 76205 (the "Project"); and

WHEREAS, the CITY has approved a deferred loan to DEVELOPER to carry out the Project as specified in this agreement, subject to the terms specified herein below, and

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](#) and shall serve as the DEVELOPER of the Project as such role is defined under [24 CFR 92.300\(a\)](#).

### 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. Project Description

DEVELOPER shall construct three (3) homebuyer units in Denton, Texas, to be known as 418 Robertson Street, Denton, Texas 76205 and more particularly described as being all of Lot 13, Block 6, of Alex Robertson Addition, an Addition to the City of Denton, Denton County, Texas, according to the Plat thereof recorded in Volume 1, Page 19, Plat Records of Denton County, Texas attached hereto as Attachment A and incorporated herein by reference (sometimes referred to herein as the “Property”) and incorporated herein by reference and pursuant to the Program Budget attached hereto as Attachment B and incorporated herein by reference.

### B. Tasks and Schedule

To ensure that the Project progresses adequately toward completion, DEVELOPER must achieve the following benchmarks.

- a. *Final Plans and Specifications*: No later than **June 1, 2026** and prior to initiating construction activity, DEVELOPER must provide evidence to CITY of an issued building permit from the City of Denton Development Services Department.
- b. *Pre Construction Requirements*:

Prior to beginning construction, DEVELOPER must provide the following to CITY:

- i. Proof of all insurance coverage policies required herein
- ii. Project specifications in form acceptable to CITY
- iii. Current project timetable
- iv. Completed marketing plan
- v. Completed work write up
- vi. Bid summary sheet
- vii. Proof of bid advertisement

- viii. Completed bid selection
- ix. Contractor and sub-contractor debarment checks
- x. All underwriting items, including:
  - 1. Resumes of all DEVELOPER staff working on HOME funded project
  - 2. DEVELOPER's most recent audit and financials
- xi. Market study
- xii. All CHDO Recertification items as requested by CITY

CITY is generally available to provide technical assistance and examples of previous documentation submitted by DEVELOPER on other HOME funded projects.

- c. *Construction:* Unless otherwise extended by CITY, DEVELOPER must begin construction on the Project no later than **July 1, 2026** and substantially complete construction within **twelve (12) months** from the date of execution of this agreement. Per the requirements of [24 CFR 92.2](#), in any event DEVELOPER *must* begin construction no later than twelve (12) months from the date of execution of this Agreement.
- d. *Cost Certification:* Within **one hundred-twenty (120) days** after completing construction, DEVELOPER must provide a cost certification outlining the final sources and uses of all funds or a summary and backup of bids.
- e. *Completion Report:* Prior to final disbursement of funds, DEVELOPER must provide CITY with demographic data on the initial occupants of all HOME-assisted units in the Project in order to complete the Project in HUD's Integrated Disbursement and Information System (IDIS) If the Project is not completed in HUD's IDIS system within **twenty-four (24) months** of the date of execution of this Agreement, CITY may cancel its commitment of funding, and the DEVELOPER shall repay any HOME Funds previously provided for the Project. In any case, if the Project is not completed in HUD's IDIS system within four years of the date of this Agreement, the Project will be considered terminated prior to completion and per the requirements of 24 CFR 92.205(e), and all HOME Funds must be repaid by the DEVELOPER to the CITY.
- f. *Project Completion:* "Project Completion" means all of the following have occurred:
  - a. The requirements for "Project completion" outlined in [24 CFR 92.2](#) have been satisfied,
  - b. CITY shall have determined that the Project:
    - i. Has reached completion in accordance with the scope of work as approved by the CITY;
    - ii. Is in compliance with all Housing Quality Standards, and
    - iii. All HOME Funds have been disbursed by CITY and drawn from the US Treasury,
  - c. All required completion data has been entered in HUD's IDIS system, and
  - d. CITY and DEVELOPER have executed the final Deed of Trust and Real Estate Lien Note and have updated such documents by identifying the date on which Project Completion has occurred.
- g. *Extension of Agreement:* Request for an extension must be submitted in writing at least 30 days prior to any project deadline to the Community Development Manager, 601 E. Hickory Street, Denton, TX 76201. The City shall have the right, but not the obligation, to extend the deadlines of this agreement for one (1) additional one-year period.

Overview of Project Deadlines	
Task	Deadline
Building Permits Issued	Within 30 days of execution of this Agreement
Construction Begun	Within 60 days of execution of this Agreement
Construction Completed	Twelve (12) months from execution of this Agreement
Cost Certification	120 days after completing construction
Completion Report	Twenty-four (24) months from execution of this agreement

C. Budget

- i. *HOME Investment:* Conditioned upon the availability of HOME Funds, and DEVELOPER’s compliance with the conditions set out herein, CITY intends to provide an amount not to exceed **\$424,878.41** in 2024 and 2025 HOME Funds to DEVELOPER toward eligible project costs.
- ii. *Budget Documentation:* DEVELOPER shall provide CITY with the following documentation prior to beginning construction:
  - a. Completed work write up outlining the intended uses of all HOME funds on each individual unit and any common areas,
  - b. Current pro forma overviewing all sources and uses for the entire project.
- iii. *Cost Reasonableness:* The eligibility of costs incurred shall be determined in accordance with [2 CFR Part 200 Subpart E - Basic Considerations](#).

**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 upon completion of the HOME Affordability Period, unless sooner terminated in accordance with this Agreement (the “Term”).

B. HOME Affordability Period

DEVELOPER and its successors in interest shall ensure that any HOME-assisted units are sold to and continue to be owned by persons with qualifying incomes for the entire HOME Affordability Period, which shall begin with initial occupancy of the Project and shall run for **fifteen (15) years** following the date on which the Project has met the requirements for Project Completion outlined in [24 CFR 92.2](#) and this Agreement. DEVELOPER and its successors in interest must maintain compliance with this Agreement and all applicable HOME rules for the entirety of the HOME Affordability Period.

C. Security during Affordability Period

DEVELOPER shall ensure that purchasers of HOME-assisted units comply with the terms of this Agreement by requiring purchasers execute a promissory note and deed of trust which secure compliance

with all applicable HOME Program requirements and relevant portions of this Agreement during the HOME Affordability Period. DEVELOPER shall act in a timely manner to enforce the terms of this Agreement as incorporated in any deed of trust pursuant to this section.

D. Annual review of Compliance

DEVELOPER shall take full responsibility for ensuring that housing it has assisted with HOME funds meets the affordability and resale requirements of [24 CFR 92.254](#). DEVELOPER is responsible for ensuring each initial homebuying household is qualified at initial sale of all units, as well as monitoring annually to ensure that any subsequent resales were compliant with the resale requirements of [24 CFR 92.254](#). In the event of a noncompliant resale, DEVELOPER will be responsible for facilitating recapture procedures outlined in [24 CFR 92.254\(a\)\(5\)\(ii\)\(B\)\(2\)](#), in which CITY will recapture the HOME investment on a pro rata basis based on the amount of time the project was compliant with the terms of this agreement and [24 CFR 92.254](#).

## 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 Principles and Audit Requirements for Federal Awards, Final Guidance, and the regulations found at [24 CFR Part 92](#).

E. Enforcement of the Agreement

DEVELOPER understands 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. Security

a. *Promissory Note*: The HOME Forgivable Payment Loan must be secured by a promissory note on the Property. DEVELOPER agrees to execute any and all notes, security agreements, financing statements, affordability covenants, builder's and mechanic's liens and deeds of trust and any other documents or amendments that are consistent with this Agreement and are reasonably necessary for perfection of City's lien or lien interests in the form required by the City. DEVELOPER further agrees to cooperate with the City in re-signing any documents to correct errors or omissions, if any, in any form or legal document required by the City or HUD.

b. *Deed of Trust*: DEVELOPER must convey to City a deed of trust, in form satisfactory to CITY, that provides a means for enforcement of the affordability restrictions of [24 CFR 92.254](#). The deed of trust must be senior to all other financing liens and be enforceable against all successors in interest to DEVELOPER. DEVELOPER must also execute and deliver to CITY for recording Restrictive Covenants binding on the Property, in form satisfactory to CITY, which enjoin the Property from being sold to persons that do not meet the affordability requirements of [24 CFR 92.254](#).

K. 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\(b\)](#).

L. Affirmative Marketing

DEVELOPER must comply with all affirmative marketing requirements as outlined in [24 CFR 92.351](#). DEVELOPER must submit an Affirmative Fair Housing Marketing Plan ("AFHMP"), using form HUD-935.2A, or on another such form as CITY may reasonably require, for CITY review prior to marketing and selling the HOME-assisted units.

M. Subcontracting with Small and Minority Firms, Women’s Business Enterprises

The requirements of Executive Orders 11625 and 12432 (concerning Minority Business Enterprise), and 12138 (concerning Women's Business Enterprise) apply to this Agreement. DEVELOPER must make efforts to encourage the use of minority and women's business enterprises in connection with HOME- funded activities. In order to comply with the reporting requirements of 24 CFR Part 92.508 (a)(7)(ii), DEVELOPER must submit a Contract and Subcontract Activity Reporting Form. This form shall be submitted with the final Reimbursement Request.

N. Contractor, Subcontractor and Vendor Requirements

DEVELOPER will use commercially reasonable efforts to ensure that all contractors or vendors utilized by DEVELOPER or subcontractors utilized by DEVELOPER’s general contractor are appropriately licensed and such licenses are maintained throughout the construction of the project.

DEVELOPER shall ensure that all contractors utilized by DEVELOPER, subcontractors utilized by DEVELOPER’s general contractor in the construction of the project, or vendors utilized by DEVELOPER in the operation of the project are not debarred or suspended from performing the contractor’s, subcontractor’s or vendor’s work by the City, the State of Texas, or the Federal government. For purposes of this AGREEMENT, the term “vendors” does not include suppliers or materialmen. DEVELOPER acknowledges that 2 CFR Part 200 forbids DEVELOPER from hiring or continuing to employ any contractor, subcontractor or vendor that is listed on the Federal System for Award Management, [www.sam.gov](http://www.sam.gov) (“SAM”).

DEVELOPER must confirm by search of SAM that all contractors, subcontractors or vendors are not listed by SAM as being debarred, prior to hiring and submit evidence of such to CITY prior to initial disbursement of funds. Failure to submit such proofs of search shall be an event of default, if not cured within any applicable notice or cure period.

In the event that CITY determines that any contractor, subcontractor or vendor has been debarred, suspended, or is not properly licensed, DEVELOPER or DEVELOPER’s general contractor shall immediately cause such contractor, subcontractor or vendor to immediately stop work on the project and DEVELOPER shall not be reimbursed for any work performed by such contractor, subcontractor or vendor. However, this section should not be construed to be an assumption of any responsibility or liability by CITY for the determination of the legitimacy, quality, ability, or good standing of any contractor, subcontractor or vendor.

**5. FORM OF FINANCING AND DISBURSEMENTS**

A. HOME Deferred Loan

CITY will provide HOME funding as a forgivable loan for construction on the Project (the “HOME Forgivable Payment Loan”). The term of the HOME Forgivable Payment Loan will commence at execution of the Deed of Trust and Real Estate Lien Note (which execution is anticipated to occur at or around the execution of this Agreement) and will continue for a term of fifteen (15) years from the date of Project Completion, which will require that construction be complete, all HOME Funds have been disbursed by CITY and drawn from the US Treasury, and required completion data has been entered in HUD’s IDIS system. Notwithstanding any other provision of this Agreement, the total HOME Forgivable Payment Loan shall not exceed the sum of Four Hundred Thousand Eight Hundred Seventy-Eight Dollars and 84/100 Dollars (\$424,878.84).

B. Interest

The HOME Forgivable Payment Loan will carry **zero percent** (0%) interest (provided there is no default) and shall be forgiven following expiration of the Affordability Period, to commence on the date of Project Completion as described herein.

C. 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. *Onsite Inspections:* Prior to disbursement of funds, CITY shall conduct an onsite inspection to confirm the specified work has been completed.
- c. *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](#), and included in the work write up.
- d. *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 construction period. DEVELOPER shall submit request for disbursement at least fourteen (14) days prior to the desired disbursement date.
- e. *Documentation for requests:* DEVELOPER 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.
- f. *Program Income:* If any program income is generated, DEVELOPER shall expend such program income for the activities detailed in the work write-up before DEVELOPER requests further disbursement of funds.

D. Conditions of Final Payment

The final request for disbursement of funds shall not be submitted before completion of the Project, including all landscape requirements and offsite utilities and streets and correction of defects in workmanship and/or materials. 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:

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

E. Withholding Payment

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

F. 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 DEVELOPER 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. HOME PROGRAM REQUIREMENTS

### A. Affordability Period Requirements

The Project must comply with all requirements of [24 CFR 92.254](#) for the duration of the Project's HOME Affordability Period.

### B. Designation of HOME Units

The Project's three (3) HOME Units will be designated as HOME-assisted. The restrictions of this section shall apply throughout the term of this Agreement.

### C. Sale of HOME Units

Upon completion of the PROJECT, DEVELOPER shall sell each HOME Unit, through fee simple title, to an eligible low- to moderate-income first-time homebuyer who will occupy the property as their principal residence for the applicable affordability period. Periods of affordability required by [24 CFR 92.254](#) shall be enforced by a deed of trust and restrictive covenant. Properties sold to low-income homebuyers will be secured by a subordinate lien, payable to the City of Denton for the Affordability Period for the amount of HOME funds reimbursed to DEVELOPER for that particular unit.

- i. Sale price of the home will not exceed the applicable HUD approved HOME Homeownership Value Limits ("95% limits") for New Homes.
- ii. DEVELOPER must execute a written agreement with the homebuyer compliant with [24 CFR 92.504](#). A template of this written agreement must be submitted to the City prior to sale of the HOME units.
- iii. DEVELOPER is the developer of the homeownership housing project, as defined by [24 CFR 92.300\(a\)\(6\)](#). Proceeds may be retained by DEVELOPER and used for housing activities that benefit low-income families. Proceeds do not need to be used on HOME-eligible activities. Proceeds are not considered program income because DEVELOPER is not considered a subrecipient pursuant to [24 CFR 92.2](#)

### D. Fees

DEVELOPER shall not charge any servicing, origination, or other fees for costs of administering the HOME program, except as permitted by [24 CFR 92.214](#).

### E. Income Restrictions

- i. All HOME units must be offered for sale exclusively to homebuyers with household incomes at or below 80% of the Area Median Income (AMI) as determined annually by HUD and as adjusted for household size. The most current HUD income determinations must be used when determining eligibility for a prospective homebuyer.
- ii. DEVELOPER acknowledges that the HOME Income Limits are released by HUD on independent schedules.
- iii. DEVELOPER must apply the definition of annual income defined in [24 CFR 5.609](#). Prior to selling any HOME-assisted unit, DEVELOPER must obtain and examine at least two months of source documents evidencing household income.

- iv. DEVELOPER must additionally submit this source documentation and written explanation of DEVELOPER's determination of eligibility to CITY prior to selling any HOME-assisted unit.

## **7. 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 § 92.202 pertaining to site and neighborhood standards for new construction projects
- m. For contracts and subgrants for construction or repair, Copeland "Anti-Kickback" Act (18 U.S.C.874) as supplemented in 29 CFR Part 5
- n. For construction contracts in excess of \$2,000, and in excess of \$2,500 for other contracts which involve the employment of mechanics or laborers, Sections 103 and 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327A 300) as supplemented by 29 CFR Part 5
- o. Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4801 et seq.), as amended by the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851 et seq.) and implementing regulations at 24 CFR Part 35, subparts A, B, M, and R
- p. Regulations at 24 CFR Part 92, Home Investment Partnerships Program Final Rule
- q. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 CFR Part 200 et seq.
- r. 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)
- s. 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.
- t. 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.

- u. Nondiscrimination and equal access requirements outlined in [24 CFR Part 5 Subpart A](#)
- v. The Fair Housing Act (42 U.S.C. 3601-20)
- w. 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.

## 8. 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 the HOME Affordability Period 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.

## **9. 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. Title Insurance**

DEVELOPER shall provide a title insurance policy insuring title to the Property in standard form issued by a title company authorized to do business in the State of Texas and acceptable to CITY. The name of the insured shall be City of Denton, a Texas home-rule municipal corporation. The policy shall:

- i. Show fee simple title to the Property in DEVELOPER, subject only to such exceptions as CITY may approve,
- ii. Be in the full amount of CITY's loan,
- iii. Contain a comprehensive coverage endorsement and such other endorsements as CITY may

require, and

- iv. Show that the Property is free of all liens, encumbrances, restrictions or other matters of any kind whatsoever, with only such exceptions from coverage as are satisfactory to CITY.

D. 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.

E. 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.

F. Losses not covered by insurance

Actual losses not covered by insurance as required by this Section 14 are not allowable costs under this Agreement and remain the sole responsibility of DEVELOPER.

G. 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.

## 10. 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.

- i. Failure to comply with the terms and conditions hereof;
- ii. Failure to comply with HOME Program regulations, fair housing laws, and other federal requirements related to the Project;
- iii. A default by DEVELOPER under any of the Loan Documents; and/or
- iv. 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. Civil, Criminal and Administrative Penalties**

Failure by DEVELOPER to perform in accordance with all of the terms and conditions of this Agreement may result in civil, criminal or administrative penalties, including, but not limited to those set out in this Agreement.

I. Termination for Cause by DEVELOPER

DEVELOPER may terminate this AGREEMENT if CITY does not provide the HOME Funds substantially in accordance with this AGREEMENT. In such event, the termination of the Contract shall have the effect of returning the Parties to their respective circumstances as existed prior to the execution of this AGREEMENT, and no terms or obligations shall survive the date of termination, including but not limited to, reporting, inspections or the HOME Affordability Period.

J. 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 and/or the Loan Documents.

K. 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.

## 11. 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:

- i. 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.
- ii. 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.
- iii. No litigation or legal proceedings are presently pending or threatened against DEVELOPER.
- iv. 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.
- v. 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.
- vi. 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.
- vii. 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.

## 12. 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:

- i. Any misrepresentation, omission, or the breach of any representation or warranty of the DEVELOPER made in, under, or in connection with the Loan Documents;
- ii. 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;
- iii. 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
- iv. 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, the term or termination of the Loan Documents, the payment or forgiveness of the HOME Forgivable Payment Loan, and the liabilities and the exercise of any right or remedy under the Loan Documents.

### **13.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.

### **14.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

## **15.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 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...

INGRID REX  
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

**ATTACHMENT A  
WORK STATEMENT**

Description of improvements: 2024 and 2025 of HOME Funds of \$424,878.41 will be used to pay costs associated with construction of three (3) homebuyer units at 418 Robertson St., Denton, Texas. Funds will be used to complete all three homes simultaneously.

The actual costs will be based on the bids received and awarded by DAHC, subject to approval by CITY. Actual costs over \$424,878.41 will be paid by DAHC. If needed, cosmetic items will be removed from the work to be completed.

<b>CONSTRUCTION DEADLINES</b>	
<b>May 2026</b>	Contract is executed with DAHC and approved by City Council
<b>June 2026</b>	Construction Permits Issued
<b>June 2026</b>	DAHC Completes work write up and CHDO recertification
<b>June 2026</b>	Construction Bidding and Award
<b>July 2026</b>	Construction Started
<b>October 2026</b>	Construction 50% Completed
<b>February 2027</b>	Construction Completed
<b>May 2027</b>	Homes sold to homebuyers
<b>September 2027</b>	Cost Certification
<b>May 2028</b>	Completion Report

**ATTACHMENT B  
HOME FUNDS BUDGET**

Construction costs: \$424,878.41 of 2025-26 HOME Investment Partnership Program funds.

<b>Unit</b>	<b>Estimated Cost</b>
Unit 1 (2 Bedroom)	\$141,626.14
Unit 2 (2 Bedroom)	\$141,626.14
Unit 3 (3 Bedroom)	\$141,626.13
<b>TOTAL</b>	<b>\$424,878.41</b>

Please note: Denton Affordable Housing Corporation will provide the City with a project pro forma, including a total project budget, documentation of all funding sources and commitments, and a project plan.

**ATTACHMENT C  
STAFF ANALYSIS OF HOME FUNDING REQUIREMENTS**

**Maximum Subsidy**

As of March 4, 2026, HUD is operating on an interim policy for maximum per unit subsidy limits. 24 CFR 92.250 has been amended to state that HUD will publish per-unit dollar limits for local areas annually. However, this amendment has been delayed until April 30, 2026 and limits have not been published yet.

When calculated under the interim rule as directed, according to the Annual Indexing of Statutory Mortgage Limits for Multifamily Housing Programs (Section 234 – Condominium Housing, Elevator Type) for 2025 (2026 had not been released as of March 4, 2026) and adjusted for the High Cost Percentage Area based on the DFW Field Office and capped at 240%, the Subsidy Limits are as follows.

Number of Bedrooms	Maximum Per-Unit Subsidy
0 Bedrooms	\$187,658.40
1 Bedroom	\$215,121.60
2 Bedrooms	\$261,595.20
3 Bedrooms	\$338,419.20
4 Bedrooms	\$371,476.80

Staff expects that new maximum subsidy amounts may be published prior to the execution of this contract. However, a Notice to Congress regarding this amendment on April 25, 2025 states that the new limits will be no lower than the previous. Since the per-unit subsidy is significantly below the applicable limits under the interim rule, at approximately 54% of the maximum, staff determines that the per-unit subsidy amount is HOME compliant.

**Maximum Sales Price (Homeownership Value Limit)**

According to the HOME Homeownership Value Limits published by HUD, most recently published December 19, 2025, the maximum sales price for each unit shall be **\$370,000**.

**Income Limit**

As of March 4, 2026, according to the HOME Income Limits published by HUD, effective June 1, 2025, the maximum income limits for prospective homebuyers in the HOME program is as follows.

Dallas, TX HUD Metro FMR Area	Income Limit Category	Household Size							
		1	2	3	4	5	6	7	8
	Low (80%)	\$65,700	\$75,100	\$84,500	\$93,850	\$101,400	\$108,900	\$116,400	\$123,900

Staff expects that new income limits will be published prior to purchase of the HOME units, and Denton Affordable Housing Corporation is required to use the most recent HOME Income Limits to determine homebuyer eligibility. These income limits are included for reference only.