

**DRAFT CONTRACT BETWEEN  
CITY OF LAREDO  
AND  
LAREDO WEBB NEIGHBORHOOD HOUSING SERVICES, INC. D/B/A NEIGHBORWORKS LAREDO  
For  
HOME INVESTMENT PARTNERSHIP PROGRAM FUNDS**

**SECTION 1. PARTIES**

This contract is made between the CITY OF LAREDO, [hereinafter referred to as “City”] and Habitat for Humanity of Laredo, Inc. [hereinafter referred to as “Developer”]. The parties bind themselves to the mutual obligations of the contract, and to the performance and accomplishment of the tasks described in the contract.

**SECTION 2. CONTRACT PERIOD**

This contract is effective from date of signature and actual performance shall begin on October \_\_\_\_, 2025 and shall terminate fifteen (15) years after project completion unless otherwise specifically provided by the terms of this contract.

**SECTION 3. DEVELOPER PERFORMANCE**

- A. Developer’s standard of performance shall be that as required and established by the HOME Program’s Community Housing Development Organization (CHDO) Program. Developer shall be awarded 2024 Home Investment Partnership Program funds totaling One Hundred and Fifty Thousand and 00/100 Dollars (\$150,000.00).
- B. Developer shall expend grant funds to assist in part with the construction of two (2) single-family housing units, as illustrated in **Exhibit 1**. This home will be located inside Laredo’s city limits and will be made available to households earning between 25% - 80% of the Area Median Family Income (AMFI). **Exhibit 2**
- C. Developer shall expend CHDO funds to construct two (2) single family housing units as per the following contract time of performance:
  - a. Construction must begin within 12 Months of Project Commitment (date of this contract). Land banking is strictly prohibited in the HOME program.
  - b. Homes must be sold to eligible homebuyer within 9 months of the date of Construction completion; construction completion is determined by the date of the certification of occupancy (CO).
  - c. Developer shall expend funds to construct two (2) modest, decent, single-family affordable housing unit for a low-income family in our community within three (3) years from the date of signing this contract. Deadline for disbursement of funds will be October \_\_\_\_, 2028.
- D. The Developer must submit site location to the City for environmental review, decision making, and other actions in compliance with 24 CFR, Part 58 prior to project start. Award of funds is contingent on completion of environmental review and release of funds by the U.S. Department of Housing and Urban Development.
  - a. Notwithstanding any provision of this contract, the parties hereto agree and acknowledge that this agreement does not constitute a commitment of funds or site approval, and that such commitment of funds or approval may occur only upon satisfactory completion of environmental review and receipt by the City of a release of funds from the U.S. Department of Housing and Urban Development under 24 CFR Part 58. The parties further agree that the provision of any funds to the project is conditioned on the City’s determination to proceed with, modify or cancel the project based on the results of a subsequent environmental review.
  - b. Developer is prohibited from undertaking or committing any funds to physical or choice-limited actions, including property acquisitions, demolition, movement, rehabilitation, conversion, repair or construction prior to the environmental clearance, and the violation of this provision may result in the denial of any funds under the agreement.
- E. Developer must obtain all applicable building permits and adhere to local building code requirements.

- F. Once occupied homes will carry an affordability requirement based on the amount of Homeownership assistance (subsidy) provided per unit as illustrated in the following table and **Exhibit 3** 24 CFR 92.254 Home Investment Partnership Program Final Rule.

Homeownership assistance HOME amount per-unit	Minimum period of affordability in years
Under \$15,000	5
\$15,000 to \$40,000	10
Over \$40,000	15

- G. Developer shall comply with 24 CFR 92.254(a)(2)(iii). Housing Constructed under this contract is not to exceed 95 percent of the median purchase price for the area published by HUD.

State	Area	Existing Homes Purchase Price Limit	New Homes Purchase Price Limit
<i>TX</i>	<i>Laredo</i>	<i>1-unit</i>	<i>1-unit</i>
		\$219,000	\$273,000

- H. Developer shall comply with 24 CFR 92.254(a) requiring conversion of unsold homebuyer units to rental units 9 months after construction completion if homebuyer unit remains unsold.

- I. Developer must maintain applicant eligibility certifications on file and ensure that the applicant meets the following underwriting requirements.

- a. Developer must maintain for each household a low-income certification, supported by check stubs or any other documents, which are used as proof of income and provide anticipated income information. The household income must not exceed 80% HAMFI as per HUD Section 8 Program Income Guidelines (updated annually). Incomes of all household members who will occupy the home will be included in the income calculations, except for those of full-time students or persons working under the age of 18. Reference should be made to 24 CFR Part 5 to determine a household total annual income for program eligibility. Part 5 definition of annual income is the gross amount of income that is anticipated to be received during the coming 12-month period for all adult household members. Please refer to HUD's website for a copy of 24 CFR Part 5, General Requirements, and Calculating Annual Income.

- b. Applicants must not exceed the allowable housing ratio ("front end ratio") of 38% and the maximum debt-to-income ratio ("back end ratio") of 48%. Homeowners association fees are considered as part of the housing (front end) ratio, and may impact the homebuyers loan qualifications.

Net Income is also calculated for every file to ensure that applicants will be able to pay for all essentials on a monthly basis (i.e. mortgage payment, home insurance, taxes, utilities, liabilities, etc.).

- c. The applicant(s) must be a first-time homebuyer who has not owned a home during the three-year period immediately prior to assistance with HOME funds. Exception to this rule is a displaced homemaker and/or a recent single parent who did not receive ownership of the home through a divorce settlement.
- d. Proof of residency including utility bills and rent receipts. All applicants must reside within the City of Laredo for the past six months prior to being assisted.
- e. HUD Approved Housing Counseling Certification as per 24 CFR 92.254(a)(3).

- J. Developer shall administer the 15% set-aside CHDO funds in accordance with the HOME Investment Partnership Program Act of 1990, 42 u.s.c. 127001 et.seq. included as **Exhibit 3** and the implementing regulations, 24 CFR Part 92, applicable laws and regulations, and Program Certifications included as **Exhibit 4**.

#### **SECTION 4. CITY OF LAREDO OBLIGATIONS**

- A. Measure of City's fiscal obligation

- a. In consideration of full and satisfactory performance of the activities referred to in Section 3 of this contract the City of Laredo shall award, as a grant, HOME Investment Partnership Program funds totaling One Hundred and Fifty Thousand and 00/100 Dollars (\$150,000.00).
- b. The City of Laredo shall not be liable to Developer for any costs incurred by Developer that are not strictly in accordance with the terms of this contract.
- c. The City of Laredo shall not be liable to Developer for any costs incurred or performance rendered by Developer before commencement of this contract or after termination of this contract.
- d. The City of Laredo assumes the responsibilities for environmental review, decision-making, and other actions in compliance with 24CFR, Part 58.
- e. The City will verify that the project adheres to local building code requirements by conducting progress and completion inspections of construction.

**B. Limit of City's fiscal obligation**

Notwithstanding any other provisions of this contract, the total of all payments and other obligations incurred by Developer under this contract shall not exceed the sum of \$150,000.00 specified in Section 4(A)(1).

**SECTION 5. DISBURSEMENT OF FUNDS**

- A. City shall reimburse eligible costs incurred under this contract in accordance with the requirements of 24 CFR 92.502. Developer may not request disbursement of funds under this contract until the funds are needed for payment of eligible costs. The amount of each request must be limited to the amount needed.
- B. It is expressly understood and agreed by the parties that any payments under this contract are contingent upon Developer's full and satisfactory performance of its obligations under this contract. City reserves the right to recapture funds provided under this contract in the event that the City determines that Developer will be unable to expend funds within the prescribed time as stated on Section 3 of this contract.
- C. It is expressly understood and agreed by the parties hereto that any right or remedy provided for in this Section 5, or in any other provision of this contract, shall not preclude the exercise of any other right or remedy under this contract or under any provision of law, nor shall any action taken in the exercise of any right or remedy be deemed a waiver of any rights or remedies. Failure to exercise any right or remedy hereunder shall not constitute a waiver of the right to exercise that or any other right or remedy at any time.

**SECTION 6. RETENTION AND ACCESSIBILITY OF RECORDS**

- A. Developer must establish and maintain sufficient records, as determined by the City in section 7, including those records specified as being required in 24 CFR, Section 92.508:
- B. Developer shall give the City, the Department of Housing and Urban Development, or any other duly authorized representatives of either, access to and the right to examine all books, accounts, records, reports, files, and other papers, things, or property belonging to or in use by Developer pertaining to this contract. Such rights to access shall continue as long as the records are retained by Developer. Developer agrees to maintain such records in an accessible location.
- C. All records pertinent to this contract shall be retained by Developer for five years after the affordability period terminates, following the date of termination of this contract or the submission of the final close-out report, whichever is later, with the following exceptions:
  - a. If any litigation, claim or audit is started before the expiration of the five-year period and extends beyond the five-year period, the records will be maintained until all litigation, claims or audit findings involving the records have been resolved.
  - b. Records covering displacement and acquisitions must be retained for five years after the date by which all persons displaced from the property and all persons whose property is acquired for the project have received the final payment to which they are entitled in accordance with 24 CFR 92.353.
- D. Developer shall include the substance of this Section 6 in all subcontracts.

- E. Developer must provide citizens, public agencies, and other interested parties with reasonable access to records consistent with applicable state and local laws regarding privacy and obligations of confidentiality.

## **SECTION 7. REPORTING REQUIREMENTS**

- A. Developer shall submit to the City such reports on the operation and performance of this contract as may be required by the City including but not limited to the reports specified in this Section 7. Developer shall provide the City with all reports necessary for City of Laredo's compliance with 24 CFR 92.508 and 24 CFR92 Subpart L.
- a. Records demonstrating a full description of each project assisted with HOME funds, including the location (address of each unit), form of HOME assistance, and the units assisted with HOME funds.
  - b. Records demonstrating the source and application of funds for each project, including supporting documentation in accordance with 2 CFR 200.300 - .309 (**Exhibit 5**); and records to document the eligibility of the project costs, including the documentation of the actual HOME-Eligible costs of each HOME-assisted unit (through allocation of costs if permissible under 92.205 (d)) where HOME funds are used to assist less than all of the units in a multi-unit project.
  - c. Records demonstrating that each homeownership project meet the minimum per-unit subsidy amount of 92.205 (c), the maximum per-unit subsidy amount of 92.250 (a) and the subsidy layering and underwriting evaluation adopted in accordance with 92.250(b).
  - d. Records demonstrating beneficiary information.
  - e. Records demonstrating that each family is income eligible in accordance with 24 CFR 92.203.
  - f. Records demonstrating that each homeownership housing project meets the affordability requirements of 24 CFR 92.254 for the required period.
  - g. Records (e.g. Inspection reports) demonstrating that each project meets the property standards of 24 CFR 92.251 at project completion.
  - h. Records demonstrating adequate budget control, in accordance with 2 CFR Part 200.300 - 200.309 (**Exhibit 5**), including evidence of periodic account reconciliations.
  - i. Records demonstrating compliance with the labor requirements of 24 CFR 92.354, including contract provisions and payroll records.
- B. In addition to the limitations on liability otherwise specified in this contract, it is expressly understood and agreed by the parties hereto that if Developer fails to submit to the City in a timely and satisfactorily manner any report required by this contract, the City may, at its sole operation and in its sole discretion, withhold any or all payments otherwise due or requested by Developer hereunder. If the City withholds such payments, it shall notify Developer in writing of its decision and the reasons therefore. Payments withheld pursuant to this paragraph may be held by the City until such time as the delinquent obligations for which funds are withheld are fulfilled by Developer.

## **SECTION 8. MONITORING**

- A. The City reserves the right to carry out field inspections to ensure compliance with the requirements of this contract. These inspections will be conducted in a yearly basis during the period of affordability of the project.
- B. After each monitoring visit, the City shall provide Developer with a written report of the monitor's findings. If the monitoring reports note deficiencies in Developer's performances under the terms of this contract, the monitoring report shall include requirements for the timely correction of such deficiencies by Developer. Failure by Developer to take action specified in the monitoring report may be cause for suspension or termination of this contract, as provided in Section 15 and 16 of this Contract.

## **SECTION 9. INDEPENDENT DEVELOPER**

- A. It is expressly understood and agreed by the parties that the City herein contracts with the Developer as an independent Developer, and that Developer, as such, herein holds the City harmless and herein indemnifies the City from and against any and all claims, demands, and causes of action of every kind and character which may be asserted by any third party occurring or in any way incident to, arising out of, or in connection with the services to be performed by Developer under this contract.
- B. In accordance with V.T.C.A. Labor Code, Section 406.096, Developer must ensure that all its subcontractors working on this project have workers' compensation insurance coverage.

## **SECTION 10. CONFLICT OF INTEREST**

- A. The conflict of interest provisions outlined in 24 CFR Part 92.356 are applicable in the administration of this contract. The Developer and or officer, employee, agent elected or appointed official or consultant of the Developer may not occupy a HOME assisted affordable housing unit in a project.
- B. No persons who exercise or have exercised any functions or responsibilities assisted with HOME funds or who are in a position to participate in a decision making process or gain inside information with regard to these activities, may obtain a financial interest or benefit from a HOME-assisted activity, or have an interest in any contract, subcontract or agreement with respect thereto or the processed thereunder, either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter.

## **SECTION 11. NONDISCRIMINATION ACTIVITY & OTHER FEDERAL CLAUSES**

- A. Equal Opportunity. Developer shall ensure that no person shall on the grounds of race, color, religion, sex, handicap, familial status, or national origin be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds provided under this contract. In addition, funds provided under this contract must be made available in accordance with the requirements of Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) that:
  - a. To the greatest extent feasible, opportunities for training and employment arising in connection with the planning and carrying out of any project assisted with HOME funds provided under this contract be given to low income persons residing within the general local government area or metropolitan area or non-metropolitan county in which the project is located; and,
  - b. To the greatest extent feasible, contracts for work to be performed in connection with any such project be awarded to business concerns, including, but not limited to, individuals or firms doing business in the field of planning, consulting, design, architecture, building construction, rehabilitation, maintenance, or repair, which are located in or owned in substantial part by persons residing in the same metropolitan area or non-metropolitan county as the project.
- B. The Fair Housing Act (42 U.S.C. 3601-190) and implementing regulations at 24 CFR part 100; Executive Order 11063, as amended by Executive Order 11063, as amended by Executive Order 12259 (3 CFR, 1959-1963 Comp. p. 652 and 3 CFR, 1980 Comp. p.307) (Equal Opportunity in Housing) and implementing regulations at 24 CFR, Part 107; and Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d) (Nondiscrimination in Federally Assisted Programs) and implementing regulations issued at 24 CFR, Part 107; title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d-2000d-4) (Nondiscrimination in Federally Assisted Program) and implementing regulations at 24 CFR part 1.
- C. The prohibition against discrimination on the basis of age under the Age Discrimination Act of 1975 (42 U.S.C. 6101-07) and implementing regulations at 24 CFR, Part 146; Section 504, of the Rehabilitation Act of 1973 (29 U.S.C. 794) and implementing regulations at 24 CFR, Part 8; section 2 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) and
- D. The requirements of Executive Orders 11625, as amended by Executive Order 12007 (3 CFR, 1971-1975 Comp., p. 616 and 3 CFR, 1977 Comp., p.139) (Minority Business enterprises); Executive Order 12432 (3 CFR, 1983 Comp., p. 198) (Minority business Enterprise Development); and Executive Order 12138, as amended by

Executive Order 12608 (3 CFR, 1977 Cop., p. 393 and 3 CFR, 1987 Comp, p.245) (Women's Business Enterprise). Consistent with these Orders, Developer must make efforts to encourage the use of minority and women's business enterprises in connection with HOME funded activities. The Developer will be required to identify contracts, which have been bid by minority owned, women owned, and/or small disadvantaged businesses.

- E. Disclosure requirements. The disclosure requirements and prohibitions of 31 U.S.C. 1352 and implementing regulations at 24 CFR part 87; and the requirements for funding competitions established by the Department of Housing and Urban Development Reform Act of 1989 (42 U.S.C. 3531 et.seq.).
- F. Debarred, suspended or ineligible Developers. The prohibitions at 24 CFR part 24 on the use of debarred, suspended or ineligible Developers.
- G. Drug-free Workplace. The Drug-Free Workplace Act of 1988 (41 U.S.C.701 et seq.) and HUD's implementing regulations at 24 CFR part 24.
- H. Equal Employment Opportunity: During the performance of this contract, the contractor agrees as follows:
  - a. The contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to the following: Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided setting forth the provisions of this nondiscrimination clause.
  - b. The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive considerations for employment without regard to race, color, religion, sex, or national origin.
  - c. The contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice to be provided advising the said labor union or workers' representatives of the contractor's commitments under this section, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
  - d. The contractor will comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.
- I. Religious Organizations. There must be no religious or membership criteria for homebuyers of the property as specified under 24 CFR 92.257.
- J. Rights to Inventions Made Under a Contract or Agreement: If the Federal award meets the definition of "funding agreement" under 37 CFR § 401.2 (a) and the recipient or Developer wishes to enter into a contract with a small business firm or nonprofit organization regarding the substitution of parties, assignment or performance of experimental, developmental, or research work under that "funding agreement," the recipient or Developer must comply with the requirements of 37 CFR Part 401.
- K. Clean Air Act and the Federal Water Pollution Control Act, as amended: Contracts and subgrants of amounts in excess of \$150,000 must agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act (42 U.S.C. 7401–7671q) and the Federal Water Pollution Control Act as amended (33 U.S.C. 1251–1387). Violations must be reported to the Federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA)
- L. Energy Efficiency: Developer must abide by the mandatory standards and policies relating to energy efficiency which are contained in the state energy conservation plan issued in compliance with the Energy Policy and Conservation Act (42 U.S.C. 6201).

- M. Byrd Anti-Lobbying Amendment (31U.S.C. 1352: Developer that apply or bid for an award of \$100,000 or more must file the required certification. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any 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 covered by 31 U.S.C. 1352. Each tier must also disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award.
- N. Procurement of Recovered Materials: The contractor must comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR part 247.

## **SECTION 12. DEVELOPER'S ASSURANCES**

- A. Developer assures and guarantees that Developer possesses the legal authority to enter into this contract, to receive funds authorized by this contract, and to perform the services Developer has obligated itself to perform hereunder.
- B. The person or persons signing and executing this contract on behalf of Developer, or representing themselves as signing and executing this contract on behalf of Developer, do hereby warrant and guarantee that he/she has been duly authorized by Developer to execute this contract on behalf of Developer and to validly and legally bind Developer to all terms, performances, and provisions herein set forth.
- C. Developer shall not employ, award contract to, or fund any person that has been debarred, suspended, proposed for debarment, or placed on ineligibility status by the U.S. Department of Housing and Urban Development. In addition, City shall have the right to suspend or terminate this contract if Developer is debarred, suspended, proposed for debarment, or ineligible from participating in the HOME Program. The Developer is fully responsible for the acts and omissions of the subcontractors, and of persons either directly or indirectly employed by them. The contractor shall inform the City of all subcontractors to be hired by the contractor prior to the initiation of work in this project.
  - a. A contract award (see 2 CFR 180.220) must not be made to parties listed on the government wide Excluded Parties List System in the System for Award Management (SAM), in accordance with the OMB guidelines at 2 CFR 180 that implement Executive Orders 12549 (3 CFR Part 1986 Comp., p. 189) and 12689 (3 CFR Part 1989 Comp., p. 235), "Debarment and Suspension." The Excluded Parties List System in SAM contains the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than Executive Order 12549.

## **SECTION 13. LITIGATION AND CLAIMS**

Developer shall give City immediate notice in writing of (1) any action, including any proceeding before an administrative agency filed against Developer in connection with this contract; and (2) any claim against Developer, the cost and expense of which Developer may be entitled to be reimbursed by City. Except as otherwise directed by City, Developer shall furnish immediately to City copies of all pertinent papers received by Developer with respect to any such action or claim.

## **SECTION 14. CHANGES AND AMENDMENTS**

- A. Other than what is stated in subsection C, *infra*, this contract may not be altered or changed, in any way, except by an amendment, which is in writing and signed by both parties.
- B. It is understood and agreed by the parties hereto that performances under this contract must be rendered in accordance with the Act, the regulations promulgated under the Act, the assurances and certifications made to City by Developer, and the assurance and certifications made to the United States Department of Housing and

Urban Development by the City with regard to the operation of the HOME Program. Based on these considerations, and order to ensure the legal and effective performance of this contract by both parties, it is



agreed by the parties hereto that the performances under this contract are amended by the provisions of the HOME Regulations, 24 CFR, Part 92 and any amendments thereto and may further be amended in the following manner: City may from time to time during the period of performance of this contract issue policy directives, which serve to establish, interpret, or clarify performance requirements under this contract. Such policy directives shall be promulgated by the Director of Community Development in the form of HOME issuances, shall have the effect of qualifying the terms of this contract and shall be binding upon Developer, as if written herein, provided however that said policy directives and any amendments to said Program Regulations shall not alter the terms of this contract so as to release City of an obligation specified in Section 4 of this contract to reimburse costs incurred by Developer prior to the effective date of said amendments or policy directives.

- C. Any alterations, additions, or deletions to the terms of this contract which are required by changes in Federal or state law or regulations are automatically incorporated into this contract without written amendment hereto, and shall be come effective on the date designated by such law or regulation.

## **SECTION 15. SUSPENSION**

In the event the Developer fails to comply with any term of this contract, the City may terminate this contract in whole or in part and withhold further payments to the Developer, and prohibit the Developer from incurring additional obligations of funds under this contract.

## **SECTION 16. TERMINATION**

The City may terminate this contract in whole or in part, in accordance with 2 CFR Part 200.338- 200.342 (**Exhibit 5**) and this Section. In the event that the Developer, as determined by the City, materially fails to comply with any term of this contract within (3) three years from date of execution and whether such term is stated in a federal statute or federal regulation, in an assurance, in a City plan or application, in a notice of award, or elsewhere, City may take one or more of the following actions:

- A. Temporarily withhold cash payments pending correction of the deficiency by the Developer or take more severe enforcement action against Developer.
- B. Disallow all or part of the cost of the activity or action not in compliance.
- C. Withhold further HOME awards from Developer.
- D. Any HOME funds invested in a project that is terminated before completion, either voluntarily or otherwise, must be repaid by the Developer to the city.
- E. Take other remedies that may be legally available as determined by the City to comply with terms of this contract. City may terminate contract for convenience in accordance with 24 CFR 85.44.

## **SECTION 17. AUDIT**

- A. Unless otherwise directed by City, Developer shall arrange for the performance of an annual financial and compliance audit of funds received and performances rendered under this contract, subject of the following conditions and limitations:
  - a. Developer shall have an audit made in accordance with 24 CFR 92.506, the Single Audit Act of 1984, 31 U.S.C 7501 et.seq., and 2 CFR Part 200.303 (**Exhibit 5**).
  - b. At the option of Developer, each audit required by this section may cover either Developer's entire operations or each department, agency, or establishment of Developer which received, expended, or otherwise administered federal funds;
  - c. Unless otherwise specifically authorized by Department in writing, Developer shall submit the report of such audit to City within thirty (30) days after completion of the audit, but no later than 90 days. Audits performed under Subsection of this Section 17 are subject to review and resolution by City or its authorized representative.
- B. Notwithstanding Subsection A of this Section 17, City reserves the right to conduct an annual financial and compliance audit of funds received and performances rendered under this contract. Developer agrees to permit



City or its authorized representative to audit Developer's records and to obtain any documents, materials, or information necessary to facilitate such audit.

- C. Developer understands and agrees that it shall be liable to City for any costs disallowed pursuant to financial and compliance audit(s) of funds received under this contract. Developer further understands and agrees that reimbursement to City of such disallowed costs shall be paid by Developer from funds, which were not provided or otherwise made available to Developer under this contract.
- D. Developer shall take all necessary actions to facilitate the performance of such audit or audits conducted pursuant to this Section 17 as City may require of Developer.

## **SECTION 18. LABOR STANDARDS**

- A. All laborers and mechanics employed in the construction of the project assisted under this contract that contains 12 or more dwelling units shall be paid wages at rates not less than the appropriate rate as determined by the secretary of Labor in accordance with the Davis-Bacon Act A (40 U.S.C. 276a-5) and contracts involving their employment shall be subject to the provisions, as applicable, of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-333). Construction Developers and subcontractors, must comply with regulations issued under these Acts and with other federal laws and regulations pertaining to labor standards and HUD Handbook 1344.1 (Federal Labor Standards Compliance in Housing and Community Development Programs), as applicable.
- B. The contract for construction must contain these wage provisions if HOME funds are used for any projects costs (as defined in 24 CFR 92.206), including construction or Non-construction costs, of housing with 12 or more HOME assisted units.

## **SECTION 19. SPECIAL CONDITIONS**

- A. **Affordability.** Funds provided under this contract must meet the affordability requirement of 24 CFR 92.254. Developer agrees to repay all HOME funds governed by this Contract if the project fails to comply or ceases to comply with the affordability requirements as set forth herein. Affordability requirements will be binding upon the heirs, successors, assigns, and transferees of the Developer for the duration of the 15-year affordability period as required by 24 CFR, Part 92.254.
  - a. **Enforcement of the affordability provisions must be in the form of a lien on real property, a deed restrictions or a covenants running with the land between the City of Laredo and each purchaser of the HOME assisted property for which proceeds under this contract have been contributed. The covenant/lien with each purchaser will comply with 24 CFR 92.254, and the language of which covenant/lien will be as shown on Exhibit 6.**
- B. **Property Standards.** Developer shall ensure that all housing assisted with funds provided under this contract shall meet the requirements of 24 CFR 92.251 at the time of completion.
- C. **Affirmative Marketing.** As applicable in the construction of 5 or more units, Developer shall adopt the City's affirmative marketing procedures, as amended, (**Exhibit 7**) and those requirements specified in 24 CFR 92.351. At a minimum, Developer must:
  - a. Inform the public and potential tenants about federal fair housing laws and affirmative marketing policy.
  - b. Include the Equal Housing Opportunity as appropriate in press releases and solicitations.
  - c. Advertise vacancies via community contacts, display of Fair Housing Poster, and commercial media.
  - d. Advise the City's Department of Community Development and the Laredo Housing Authority of any vacancies that become available.
  - e. Implement outreach efforts, to inform and solicit applications from persons in the housing market area who are not likely to apply for housing by contacting community and civic organizations, employment centers, fair housing groups, etc., and posting notices as allowed.
  - f. Participate in affirmative marketing efforts for a period of 15 years.

1. Maintain records describing actions taken by the Developer to affirmatively market units and records to assess the results of these actions. Developer must maintain a file that contains all marketing efforts (i.e. copies of newspapers ads, memos of phone calls, copies of letters) to be available for inspection at least annually by City.
  2. Solicit applications for vacant units from persons in the housing market who are least likely to apply for the housing without benefit of special outreach efforts. In general, persons who are not of the race/ethnicity of the residents of the neighborhood in which the assisted building is located shall be considered those least likely to apply.
  3. Maintain a listing of all homeowners residing in each unit through the end of the compliance period.
- D. **Use of CHDO Proceeds.** The CHDO must use any CHDO proceeds which it is authorized to retain, for HOME-eligible or other housing activities to benefit low-income families, as allowed by 24 CFR 92.300(a)(2).
1. CHDO proceeds will be reported on a yearly basis for each CHDO funding year to the City of Laredo. Once the CHDO project proceeds are used by the CHDO for eligible activities, there is no further HOME requirements. Funds generated from use of CHDO proceeds are not considered CHDO proceeds.
  2. CHDO proceeds which are retained by a CHDO are not subject to the requirements of the HOME regulations. Thus, the Davis-Bacon Act, National Environmental Policies Act and Uniform Relocation Assistance and Real Property Acquisition Policies Act do not apply to the use of CHDO proceeds. However, because CHDO proceeds are derived from the expenditure of HOME funds, any activities which are funded with CHDO proceeds may not be contributed as match. However, funds recaptured because housing no longer meets the affordability requirements under 92.254(a) (5) (ii) are subject to the requirements of this part in accordance with 92.503.
- E. **Reversion of Assets.** Upon termination of this Contract, all funds remaining on hand on the date of termination, and all accounts receivable attributable to the use of funds received under this contract shall revert to City. Developer shall return these assets to City within 7 days after the date of termination.
- F. **Flood Insurance.** Funds provided under this contract may not be used in connection with the acquisition or rehabilitation of a development located in an area identified by the Federal Emergency Management Agency (FEMA) as having special flood hazards, unless the locality in which the site is located is participating in the National Flood Insurance Program or less than a year has passed since FEMA notification regarding such hazards and flood insurance is obtained as a condition of approval of the commitment.
- G. **Lead Based Paint** Upon project completion, Title IV of the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. Sec. 4821 et seq.) and 24 CFR part 35 apply. The lead-based paint provision of Section 24 CFR 982.401(j), except 24 CFR 982.401(j)(i), also apply.
- H. The environmental effects of each activity carried out with HOME funds will be assessed by the City in accordance with the provisions of the National Environmental Policy Act of 1969 (NEPA) and the related authorities listed in implementing regulations at 24 CFR parts 59 and 58.
- I. The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C., Sec. 4201-4655) and 49 CFR Part 24.
- J. **Displacement, Relocation, and Acquisition.** Developer must ensure that it has taken all reasonable steps to minimize the displacement of persons (families, business and nonprofit organizations) as a result of a project assisted with funds provided under this contract. Developer must comply with the applicable provisions of 24 CFR 82.353.

## **SECTION 20. ENTIRE CONTRACT**

- A. The entire agreement of the parties is embodied in this contract and its seven exhibits contained in this contract.
- B. The following listed seven exhibits constitute promised performances by the Developer in accordance with Section 3 of this contract.

- EXHIBIT 1: Budget  
EXHIBIT 2: Current HOME Income Limits (at the time of contract)  
EXHIBIT 3: Home Investment Partnerships Final Rule, as amended, 24CFR Part 92  
EXHIBIT 4: Certifications  
EXHIBIT 5: Federal Register 2 CFR Part 200  
EXHIBIT 6: Covenant (recapture requirement)  
EXHIBIT 7: Affirmative Marketing Policy and Procedures

**SECTION 21. VENUE**

In the event of any legal dispute involving this contract, venue shall lie in Webb County, Texas.

**SECTION 22. NOTICES**

All notices, demands, or requests from one party to another shall be given or mailed as follows:

**To the City:**

Tina Rodriguez, Director  
Department of Community Development  
P.O. Box 1276  
Laredo, TX. 78042-1276

**To the Developer:**

Carol S. Sherwood, Executive Director  
Habitat for Humanity of Laredo, Inc.  
4703 Warehouse Lane  
Laredo, Texas 78041

SIGNED, in multiple originals, on this the \_\_\_\_ day of \_\_\_\_\_, 2025.

**CITY OF LAREDO**

**Habitat for Humanity of Laredo, Inc.**

By: \_\_\_\_\_  
Joseph W. Neeb  
City Manager

By: \_\_\_\_\_  
Carol S. Sherwood  
Executive Director

**ATTEST:**

\_\_\_\_\_  
Jose A. Valdez Jr.  
City Secretary

**APPROVED BY:**

\_\_\_\_\_  
Doanh "Zone" T. Nguyen  
City Attorney