

REVOLVING LOAN AGREEMENT
(pursuant to Chapter 393 Texas Local Government Code)

Borrower: **McKINNEY HOUSING AUTHORITY**
1200 N. Tennessee
McKinney, Texas 75069

Lender: **CITY OF McKINNEY, TEXAS**
222 N. Tennessee
McKinney, Texas 75069

This **REVOLVING LOAN AGREEMENT** by and between the **McKINNEY HOUSING AUTHORITY**, a Texas municipal housing authority (hereinafter referred to as "Borrower"), and the **CITY OF McKINNEY TEXAS**, a Texas home rule municipal corporation (hereinafter referred to as "Lender"), is made and executed on the following recitals, terms and conditions.

WHEREAS, Lender is a Texas home rule municipal corporation operating pursuant to its home rule charter and Chapter 9 of the Texas Local Government Code, as amended (hereinafter referred to as the "Charter"), and the Texas Constitution; and

WHEREAS, Borrower is a Texas municipal housing authority operating pursuant to Chapter 392 of the Texas Local Government Code, as amended (hereinafter referred to as the "Code"), Chapter 393 of the Texas Local Government Code, as amended (hereinafter referred to as the "Housing Cooperation Law"), and the Code of Federal Regulations, Title 24, as amended (hereinafter referred to as the "HUD Regulations"); and

WHEREAS, Borrower has granted or will grant funds to McKinney Affordable Housing Development Corporation to be loaned to Newsome Homes, L.P. (the "Developer") for the redevelopment and reconstruction of approximately 5.24 acres in the South McFarland Survey, Abstract A0558, 100 Amcott Circle, McKinney, Collin County, Texas, known as Newsome Homes (the "Property"); and

WHEREAS, Borrower has applied to Lender for a loan or loans and other financial accommodations for the Qualified Expenditures (as defined herein) under Borrower's existing cooperation agreement with Lender and under Chapter 393.008(b) of the Texas Local Government Code, as described in City of McKinney, Texas Resolution No. 2014-08-090 (R), as presented by the Borrower to the Lender at its public meeting held on August 4, 2014, to be constructed on the Property; and

WHEREAS, Borrower approved its execution of the loan or loans at its October 27, 2015, Board of Directors' meeting which approval would allow Borrower to construct the Qualified Expenditures on the Property; and

WHEREAS, Borrower and Lender have further agreed to utilize this Revolving Loan Agreement as the City's sole funding source for future housing projects wherein Borrower requests City participation to supplement Borrower's primary funding sources, including funds appropriated by the U.S. Department of Housing and Urban Development; and

WHEREAS, Borrower understands and agrees that: (a) in granting any Loan, Lender is relying upon Borrower's representations, warranties, and agreements, as set forth and provided for in this Agreement; (b) the subsequent use of the revolving loan funds of any Loan by Lender at all times shall be subject to Lender's sole judgment and discretion; and (c) all such Loans shall be and shall remain subject to the terms and conditions as set forth in this Agreement; and

NOW, THEREFORE, for and in consideration of the agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Lender and Borrower agree as follows:

SECTION 1. FINDINGS INCORPORATED.

The foregoing recitals are hereby incorporated into the body of this Agreement and shall be considered part of the mutual covenants, consideration and promises that bind the parties.

SECTION 2. TERM.

This Agreement shall be effective as of **December 1, 2015**, and shall continue thereafter until all obligations of Borrower to Lender have been performed in full and the parties terminate this Agreement in writing, or on **November 1, 2040**, (the "Termination Date") unless terminated sooner under the provisions hereof.

SECTION 3. DEFINITIONS.

The following words shall have the following meanings when used in this Agreement.

- (a) **Agreement.** The word "Agreement" means this Loan Agreement, together with all exhibits and schedules attached to this Loan Agreement from time to time, if any.
- (b) **Borrower.** Shall have the meaning set forth in the preamble.
- (c) **Developer.** Shall have the meaning set for in the preamble.
- (d) **Effective Date.** The word "Effective Date" means December 1, 2015.
- (e) **Event of Default.** The words "Event of Default" mean and include any of the Events of Default set forth below in the section entitled "Events of Default."

- (f) **Note.** The word "Note" means the full-recourse, revolving and interest bearing Promissory Note of even date herewith executed by and between the parties hereto in the principal amount of **One Million One Hundred Fifty-Six Thousand Fifty-Two and no/100 Dollars (\$1,156,052.00)** due in accordance with its terms and with this Agreement, and payable on or before **November 1, 2040**, a copy of which is attached hereto as *Exhibit A*.
- (g) **Lender.** Shall have the meaning set forth in the preamble.
- (h) **Loan.** The word "Loan" or "Loans" means and includes any and all loans and financial accommodations from Lender to Borrower, whether now or hereafter existing, and however evidenced, including without limitation those loans and financial accommodations described in this Agreement, including the Note, and those described on any exhibit or schedule attached to this Agreement.
- (i) **Property.** Shall have the meaning set forth in the preamble.
- (j) **Qualified Expenditures.** The words "Qualified Expenditures" mean those expenditures for redevelopment and reconstruction of a multi-family, residential housing facility (the "Project"), including parkland/median fees, public infrastructure improvements and verified gap loan funds for site improvements, as generally described and or depicted in Developer's Texas Department of Housing and Community Affairs ("TDHCA") tax credit application #15401 filed and dated effective January 30, 2015 as delivered by the Borrower to the Lender on October 27, 2015, and which otherwise qualify for a loan under the Housing Cooperation Law and which are specifically included on the approved Project Budget attached hereto and made a part hereof as *Exhibit B* (the "Project Budget").
- (k) **Related Documents.** The words "Related Documents" mean and include without limitation all promissory notes, loan agreements, lease agreements, and all other instruments and documents, whether now or hereafter existing, executed in connection with the Loans.

SECTION 4. THE LOANS.

(a) **Construction Loan .**

(i) On and after the Effective Date of this Agreement, the Lender agrees to make a construction loan (the "Construction Loan") to Borrower in an aggregate principal amount of up to **One Million One Hundred Fifty-Six Thousand Fifty-Two and no/100 Dollars (\$1,156,052.00)** for Qualified Expenditures made to the Property; provided, however, the Lender's obligations to make an Advance under the Construction Loan is subject to the following conditions precedent: (A) receipt by the Developer of funding under two (2) construction/permanent loans with a combined principal amount of not greater than \$12,971,141.00 (the "Primary Construction Loan Agreements") dated as of December 1, 2015, executed by and between Newsome Homes, L.P. and CommunityBank of Texas, N.A. and Newsome Homes, L.P. and McKinney Affordable Housing Development Corporation, per the Project Budget, less any contractual retainage withheld under the

Project's construction contract, (B) Developer shall have delivered to Lender its fully-executed RAD Rental Conversion Commitment for the Project, (C) submission and review of a draw request and supporting documentation in form and substance acceptable to Lender, and (D) the Project's construction contract shall have an agreed guaranteed maximum price ("GMP") of not more than \$14,754,726.00. **Notwithstanding the foregoing, if there are construction savings which result in a final construction cost which is less than the GMP, the amount of the Lender's aggregate advances shall be adjusted proportionately downward based on the ratio of: the principal amount advanced under the "name of Bank Loan Agreement" to \$1,156,052.00. Any Loan(s) for other projects of Borrower, not related to the Property, shall require a written addendum and an extension to this Revolving Loan Agreement.**

(ii) **Advances under the Construction Loan.** Subject to Borrower's satisfaction of (i) above and so long as no Event of Default has occurred and is continuing, Borrower may obtain advances of principal under the Construction Loan ("Construction Advances") from time to time upon the written request to Lender by Borrower. No Construction Advances shall be made to any party other than Borrower. Borrower hereby expressly authorizes Lender to rely on the request of Borrower's Executive Director to request Construction Advances under the Construction Loan and Borrower agrees that it, solely, shall bear the risk that the Executive Director requesting Construction Advances is not so authorized. All such Construction Advances shall be conclusively presumed to have been made for the benefit of Borrower when Lender believes in good faith that such requests and directions have been made by the Executive Director and when said Construction Advances are delivered to Borrower in the manner directed by the Executive Director. Construction Advances will be made only if no Event of Default has occurred and is continuing under the following schedule:

\$116,000	Upon receipt showing parkland/median fees have been paid to the City of McKinney
\$269,352	March 1, 2016
\$385,350	March 1, 2017
\$385,350	March 1, 2018

(iii) **Repayment of the Construction Loan.** Borrower shall make eleven (11) fixed payments of principal and accrued interest of \$25,000.00 each, five (5) fixed payments of principal and accrued interest of \$50,000.00 each, four (4) fixed payments of principal and accrued interest of \$100,000 each, and one (1) variable payment of the balance of all remaining principal and interest, payable on the following payment dates:

\$25,000	November 1, 2020
\$25,000	November 1, 2021
\$25,000	November 1, 2022
\$25,000	November 1, 2023
\$25,000	November 1, 2024
\$25,000	November 1, 2025
\$25,000	November 1, 2026
\$25,000	November 1, 2027

\$25,000	November 1, 2028
\$25,000	November 1, 2029
\$25,000	November 1, 2030
\$50,000	November 1, 2031
\$50,000	November 1, 2032
\$50,000	November 1, 2033
\$50,000	November 1, 2034
\$50,000	November 1, 2035
\$100,000	November 1, 2036
\$100,000	November 1, 2037
\$100,000	November 1, 2038
\$100,000	November 1, 2039
Variable	November 1, 2040

Notwithstanding anything to contrary herein, Borrower shall pay the principal balance in full, together with all accrued and unpaid interest and all other amounts owed hereunder, by the Termination Date. On the Termination Date, Lender and Borrower shall determine the need, if at all, for any extension based on subsequent approved projects of Borrower.

(b) Borrower's Revolving Line of Credit.

(i) Subject to and upon the terms and conditions of this Revolving Loan Agreement and so long as no Event of Default has occurred, Lender will make a revolving line of credit loan ("Revolving Line of Credit" and, together with the Construction Loan, the "Loans") to Borrower. Such loan shall not exceed the lesser of (i) \$1,156,052.00 and (ii) the amount of principal repaid under the Construction Loan (the "Maximum Loan Amount"). The Line of Credit is a revolving credit, subject to the terms and conditions of this Agreement, principal may be advanced, repaid, and re-advanced from time-to-time, subject to Section 4(b)(ii) below, except that: (i) the total amount of unpaid principal outstanding under the Line of Credit at no time shall exceed the Maximum Loan Amount, (ii) the Line of Credit shall expire and no further Revolving Advances (as defined below) shall be made after the Termination Date, and (iii) Borrower shall not be entitled to any further Revolving Advances so long as an Event of Default has occurred and is continuing.

(ii) Borrower may obtain advances of principal under the Revolving Line of Credit ("Revolving Advances") from time to time upon the written request to Lender by Borrower. No Revolving Advances shall be made to any party other than Borrower. Borrower hereby expressly authorizes Lender to rely on the request of Borrower's Executive Director to request Revolving Advances under the Line of Credit and Borrower agrees that it, solely, shall bear the risk that the Executive Director requesting Revolving Advances is not so authorized. All such Revolving Advances shall be conclusively presumed to have been made for the benefit of Borrower when Lender believes in good faith that such requests and directions have been made by the Executive Director and when said advances are delivered to Borrower in the manner directed by Borrower through its board of directors.

(iii) All future Revolving Advances shall be subject to Lender's approval of the use thereof in its sole discretion.

SECTION 5. AFFIRMATIVE COVENANTS.

Borrower covenants and agrees with Lender that, while this Agreement is in effect, it shall comply with the following terms and conditions:

- (a) **Affordable Housing Use.** Upon execution and effective date of this Agreement and during the Term of this Agreement, the Borrower shall operate and keep open said Property consistent with the Code, the HUD Regulations, and the Housing Cooperation Law.
- (b) **Qualified Expenditures.** Borrower covenants and agrees that the Qualified Expenditures shall be substantially complete by ~~April 1, 2017~~, and shall maintain the Property pursuant to this Agreement during the term of this Agreement ~~→~~ October 1, 2017
- (c) **Payment-in-Lieu of Taxes Obligation.** Borrower's payments under its payment-in-lieu of taxes obligation to Lender shall be waived during the term hereof so long as Borrower is not in Default under this Agreement.
- (d) **Other Agreements.** Borrower and Lender covenant and agree to comply with or to perform all other terms, obligations, covenants and/or conditions contained in this Agreement or in any Related Documents, or in any other agreement by and between the Lender and Borrower.

SECTION 6. CESSATION OF ADVANCES.

If Lender has made any commitment to make any Loan to Borrower, whether under this Agreement or under any other agreement, Lender shall have no obligation to advance or disburse Loan proceeds if: (i) Borrower becomes insolvent, files a petition in bankruptcy or similar proceedings, or is adjudged bankrupt; or (ii) an Event of Default occurs.

SECTION 7. RIGHT TO PREPAYMENT.

The Loan and any advance(s) thereunder may be prepaid at any time, without penalty.

SECTION 8. EVENTS OF DEFAULT.

Each of the following shall constitute an "Event of Default" under this Agreement:

- (a) **Construction Loan Advances.** Developer's default under the Primary Construction Loan Agreements beyond any applicable notice and cure period shall be an Event of Default.
- (b) **Loan Payments.** Borrower's failure to may any payments under the Note when due.

- (c) **Affordable Housing Use.** The failure of Borrower to operate and keep open said Property consistent with Section 5(a) of this Agreement shall be an Event of Default.
- (d) **Qualified Expenditures.** The failure of the Borrower to substantially complete the construction of the Qualified Expenditures by ~~April 1, 2017~~, shall be an Event of Default. Further, the failure of Borrower to maintain the Qualified Expenditures constructed on the Property consistent with Sections 5(b) and 5(c) of this Agreement shall be an Event of Default. October 1, 2017
- (e) **False Statements.** Any warranty, representation, or statement made or furnished to Lender by or on behalf of Borrower under this Agreement or the Related Documents that is false or misleading in any material respect, either now or at the time made or furnished shall be an Event of Default.
- (f) **Insolvency.** Borrower's insolvency, appointment of receiver for any part of Borrower's property, any assignment for the benefit of creditors of Borrower, any type of creditor workout for Borrower, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower shall be an Event of Default.
- (g) **Other Defaults.** Failure of Borrower to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement, including that one certain Infrastructure Grant Agreement dated effective October 15, 2014 by and between Borrower and Lender, or in any of the Related Documents, or failure of Borrower to comply with or to perform any other term, obligation, covenant or condition contained in any other agreement between Lender and Borrower shall be an Event of Default.

SECTION 9. EFFECT OF AN EVENT OF DEFAULT.

In the event of default under Section 7 of this Agreement, the non-defaulting party shall give written notice to the other party of any default, and the defaulting party shall have thirty (30) days to cure said default. Should said default remain uncured as of the last day of the applicable cure period, and the non-defaulting party is not otherwise in default, the non-defaulting party shall have the right to immediately terminate this Agreement. In the event Borrower defaults and is unable or unwilling to cure said default within the prescribed time period, the Loan shall become immediately due and payable by Borrower.

SECTION 10. INDEMNIFICATION.

Borrower shall indemnify, save, and hold harmless Lender, its directors, officers, agents, attorneys, and employees (collectively, the "Indemnitees") from and against: (i) any and all claims, demands, actions or causes of action that are asserted against any Indemnitee if the claim, demand, action or cause of action directly or indirectly relates to tortious interference with contract or business interference, or wrongful or negligent use of Lender's loan advances by Borrower or its agents and employees; (ii) any administrative or investigative

proceeding by any governmental authority directly or indirectly related, to a claim, demand, action or cause of action in which Lender is a disinterested party relating to the Loans; (iii) any claim, demand, action or cause of action which directly or indirectly contests or challenges the legal authority of Lender or Borrower to enter into this Agreement; and (iv) any and all liabilities, losses, costs, or expenses (including reasonable attorneys' fees and disbursements) that any Indemnitee suffers or incurs as a result of any of the foregoing; provided, however, that Borrower shall have no obligation under this Section to Lender with respect to any of the foregoing arising out of the gross negligence or willful misconduct of Lender or the breach by Lender of this Agreement. If any claim, demand, action or cause of action is asserted against any Indemnitee, such Indemnitee shall promptly notify Borrower, but the failure to so promptly notify Borrower shall not affect Borrower's obligations under this Section unless such failure materially prejudices Borrower's right to participate in the contest of such claim, demand, action or cause of action, as hereinafter provided. If requested by Borrower in writing, so long as no Default or Event of Default shall have occurred and be continuing, such Indemnitee shall in good faith contest the validity, applicability and amount of such claim, demand, action or cause of action and shall permit Borrower to participate in such contest. Any Indemnitee that proposes to settle or compromise any claim, demand, action, cause of action or proceeding for which Borrower may be liable for payment of indemnity hereunder shall give Borrower written notice of the terms of such proposed settlement or compromise reasonably in advance of settling or compromising such claim or proceeding and shall obtain Borrower's concurrence thereto.

SECTION 10. REPRESENTATIONS.

By execution hereof, the signatories warrant and represent that they have the requisite authority to execute this Agreement and the Related Documents and that the representations made herein, and in the Related Documents, are true and accurate in all respects.

SECTION 11. MISCELLANEOUS PROVISIONS.

The following miscellaneous provisions are a part of this Agreement:

- (a) **Amendments.** This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.
- (b) **Applicable Law and Venue.** This Agreement shall be governed by and construed in accordance with the laws of the State of Texas, and all obligations of the parties created hereunder are performable in Collin County, Texas. Venue for any action arising under this Agreement shall lie in the state district or federal courts located in Collin County, Texas.
- (c) **Assignment.** This Agreement may not be assigned without the express written consent of the other party.

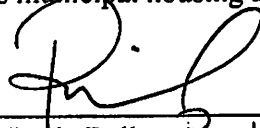
- (d) **Binding Obligation.** This Agreement shall become a binding obligation on the signatories upon execution by all signatories hereto. Borrower warrants and represents that the individual or individuals executing this Agreement on behalf of Borrower has full authority to execute this Agreement and bind Borrower to the same. Lender warrants and represents that the individual executing this Agreement on its behalf has full authority to execute this Agreement and bind it to the same.
- (e) **Caption Headings.** Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of the Agreement.
- (f) **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall constitute one and the same document.
- (g) **Effective Date.** The effective date (the "Effective Date") of this Agreement shall be the date of the later to execute this Agreement by Borrower and Lender.
- (h) **Notices.** All notices required to be given under this Agreement shall be given in writing and shall be effective when actually delivered or three (3) days after deposited in the United States mail, first class, postage prepaid, addressed to the party to whom the notice is to be given at the address shown on Page 1 of this Agreement. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Borrower agrees to keep Lender informed at all times of Borrower's current address.
- (i) **Severability.** If a court of competent jurisdiction finds any provision of this Agreement to be invalid or unenforceable as to any person or circumstance, such finding shall not render that provision invalid or unenforceable as to any other persons or circumstances. If feasible, any such offending provision shall be deemed to be modified to be within the limits of enforceability or validity; however, if the offending provision cannot be so modified, it shall be stricken and all other provisions of this Agreement in all other respects shall remain valid and enforceable.
- (j) **Survival.** All warranties, representations, and covenants made by Borrower in this Agreement or in any certificate or other instrument delivered by Borrower to Lender under this Agreement shall be considered to have been relied upon by Lender and will survive the making of the Loan and delivery to Lender of the Related Documents, regardless of any investigation made by Lender or on Lender's behalf.
- (k) **Time is of the Essence.** Time is of the essence in the performance of this Agreement.

[The Remainder of this Page Intentionally Left Blank]

BORROWER ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS LOAN AGREEMENT, AND BORROWER AGREES TO ITS TERMS. THIS AGREEMENT IS EFFECTIVE AS OF THE EFFECTIVE DATE AS DEFINED HEREIN.

BORROWER:

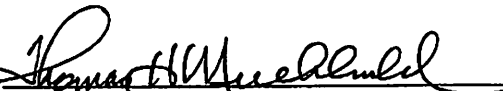
McKINNEY HOUSING AUTHORITY,
a Texas municipal housing authority

By: 
~~Justin Beller~~ Roslyn Miller
Chairman of the Board of Directors *Executive Director*

Date Signed: 12/9/15

LENDER:

CITY OF MCKINNEY, TEXAS
a Texas home rule municipal corporation

By: 
Tom Muehlenbeck
Interim City Manager

Date Signed: 12/6/15

Exhibit A

Note

PROMISSORY NOTE

\$1,156,052.00

December 1, 2015
("Effective Date")

MCKINNEY HOUSING AUTHORITY, a Texas municipal housing authority, (including its successors, hereinafter referred to as the "Maker"), for value received, promises and agrees to pay unto the order of **CITY OF MCKINNEY, TEXAS**, a Texas home rule municipal corporation (hereinafter referred to as the "Payee"), at its offices located at 222 N. Tennessee St., McKinney, Texas 75069, in lawful money of the United States of America, the principal sum of **One Million One Hundred Fifty-Six Thousand Fifty-Two and No/100 Dollars (\$1,156,052.00)**, or so much as shall be advanced, said sums to accrue interest beginning on the date of the first advance at the rate of 2.75%.

TERMS OF PAYMENT: The principal and interest of this Note are due on **November 1, 2040**, (the "Maturity Date"). Notwithstanding the foregoing, advances, and repayments hereunder shall be made in accordance with the terms and provisions of that certain Loan Agreement executed as of even date herewith between Maker and Payee (hereinafter referred to as the "Loan Agreement"). Payee shall make no demand on principal or interest under this Note except for upon occurrence of an Event of Default as that term is defined in the Loan Agreement.

INTEREST shall accrue on all principal advanced beginning on the date of the first advance until the Maturity Date.

ALL PAST due principal shall bear interest until paid at a rate not to exceed LIBOR plus 4%, not to exceed the maximum rate allowed by law.

THIS LOAN is a line of credit and is revolving. Advances made hereunder are governed by the Loan Agreement.

IF DEFAULT is made in the payment of any interest or principal hereof, as and when the same is or becomes due, or if an Event of Default occurs under any instrument securing the payment hereof or executed in connection herewith, including the Loan Agreement, the owner and holder of this Note may declare all sums owing hereon due and payable within thirty (30) days of the date of notice. If default is made in the payment of this Note at maturity (regardless of how its maturity may be brought about), and the same is placed in the hands of an attorney for collection, or suit is filed hereon, or proceedings are had in bankruptcy, probate, receivership or other judicial proceedings for the establishment or collection of any amount called for hereunder, or any amount payable or to be payable hereunder is collected through any such proceedings, Maker agrees and is also to pay to the

owner and holder of this Note a reasonable amount as attorneys' or collection fees.

Except as provided herein and in the Loan Agreement, upon an Event of Default (as that term is defined in the Loan Agreement) only, Maker, co-makers, signers, permitted assigns, sureties, endorsers and guarantors, and each of them, expressly waive demand and presentment for payment, notice of nonpayment, protest, notice of protest, notice of dishonor, notice of intent to accelerate the maturity hereof, notice of the acceleration of the maturity hereof, bringing of suit and diligence in taking any action to collect amounts called for hereunder and in the handling of securities at any time existing in connection herewith; and are and shall be jointly, severally, directly and primarily liable for the payment of all sums owing and to be owing hereon, regardless of and without any notice, diligence, act or omission as or with respect to the collection of any amount called for hereunder or in connection with any right, lien, interest or property at any and all times had or existing as security for any amount called for hereunder.

IT IS the intention of Maker and Payee to conform strictly to applicable usury laws. Accordingly, if the transactions contemplated hereby would be usurious under applicable law (including the laws of the State of Texas and the laws of the United States of America), then, in that event, notwithstanding anything to the contrary herein or in any agreement entered into in connection with or as security for this Note, it is agreed as follows: (i) the aggregate of all consideration which constitutes interest under applicable law that is taken, reserved, contracted for, charged or received under this Note or under any of the other aforesaid agreements or otherwise in connection with this Note shall under no circumstances exceed the maximum amount of interest allowed by applicable law, and any excess shall be canceled automatically and, if theretofore paid, shall be credited on the Note by the holder hereof (or, to the extent that this Note shall have been or would thereby be paid in full, refunded to the Maker); and (ii) in the event that maturity of this Note is accelerated by reason of an election by the holder hereof resulting from any Event of Default, or in the event of any required or permitted prepayment, then such consideration that constitutes interest may never include more than the maximum amount allowed by applicable law, and excess interest, if any, provided for in this Note or otherwise shall be canceled automatically as of the date of such acceleration or prepayment and, if theretofore paid, shall be credited on this Note (or, to the extent that this Note shall have been or would thereby be paid in full, refunded to the Maker).

THIS NOTE has been executed and delivered in and shall be construed in accordance with and governed by the laws of the State of Texas and of the United States of America, except that V.T.C.A. Finance Code, Chapter 346, as amended (which regulates certain revolving credit loan accounts and revolving tri-party accounts) shall not apply hereto. Payee's address for notice is 222 N. Tennessee St., Box 517, McKinney, Texas 75069.

[signature on next page]

In witness whereof, Maker has executed this Note to be effective as of the Effective Date.

MAKER:

McKINNEY HOUSING AUTHORITY
a Texas municipal housing authority

By: _____
Justin Beller
Chairman of the Board of Directors

Date Signed: _____

Exhibit B

Approved Project Budget

Carleton Residential Properties
Newsome Homes 4% Tax Credits 33% RAD PBRA
Summary Project Budget

11/20/2015

Total units	180	Construction Period Interest	3.25%
Total Square Feet	145,059	Cost per Unit	\$128,288
	<u>Total</u>	<u>Per Square Foot</u>	<u>Per Unit</u>
Land/Holding Costs	\$65	\$0.00	\$0.38
Demo	\$450,000	\$3.10	\$2,500.00
Hard Costs			
General Requirements	543,300	\$3.75	\$3,018.33
Job Overhead	281,552	\$1.94	\$1,564.18
Sitework Total	1,433,850	\$9.88	\$7,865.83
Concrete	1,171,210	\$8.07	\$6,506.72
Framing	3,847,420	\$26.52	\$21,374.58
Masonry	716,400	\$4.94	\$3,880.00
Metal	350,000	\$2.41	\$1,844.44
Roofing	156,176	\$1.08	\$887.64
Glass	127,800	\$0.88	\$710.00
Hardware	314,700	\$2.17	\$1,748.33
Insulation	132,300	\$0.91	\$735.00
Painting	357,270	\$2.46	\$1,894.83
Flooring	342,588	\$2.36	\$1,893.32
Appliances	308,000	\$2.11	\$1,700.00
Plumbing	886,400	\$6.80	\$5,480.00
Electrical	1,197,300	\$8.25	\$6,651.67
HVAC	640,800	\$4.42	\$3,560.00
Clean Up	272,082	\$1.88	\$1,511.58
Rec Facilities	36,000	\$0.25	\$200.00
Misc	0	\$0.00	\$0.00
Window	43,560	\$0.30	\$242.00
Contingency	882,838	\$4.57	\$3,682.42
GC Fee	835,173	\$5.76	\$4,639.85
Total Hard Costs	\$14,754,726	\$101.72	\$81,970.70
Soft Costs			
Architectural Design	425,000	\$2.83	\$2,361.11
Engineering Fees	90,000	\$0.62	\$500.00
Real Estate attorney	300,000	\$2.07	\$1,666.67
Accounting fees	30,000	\$0.21	\$168.67
Impact Fees	480,000	\$3.17	\$2,555.56
Permit/Engineering/Inspection Fees	0	\$0.00	\$0.00
Parkland Fees	116,000	\$0.80	\$644.44
Appraisal	7,500	\$0.05	\$41.67
Market Analysis/Feasibility	35,000	\$0.24	\$184.44
ESA/PCAA/Abatement Monitor	75,000	\$0.52	\$416.67
Soils Report	12,200	\$0.08	\$87.78
Survey	30,000	\$0.21	\$168.67
Marketing/Pre-Lease	75,000	\$0.52	\$416.67
FF&E	125,000	\$0.88	\$694.44
BR Insurance	130,000	\$0.90	\$722.22
Owner/Property Insurance	100,000	\$0.69	\$555.56
Developer Fee - MAHDC	750,000	\$5.17	\$4,168.67
Developer Fee - Carleton	1,750,000	\$12.06	\$9,722.22
Construction Period Interest	975,000	\$6.72	\$5,416.67
Relocation	500,000	\$3.45	\$2,777.78
Loan Orig. Costs	254,236	\$1.75	\$1,412.42
Title and Recording	100,000	\$0.69	\$555.56
Inspection Fees	15,000	\$0.10	\$83.33
Operating Reserve	844,141	\$4.44	\$3,578.58
Tax Credit Fees	60,000	\$0.41	\$333.33
MHA Guarantee	250,000	\$1.72	\$1,388.89
Band Costs	361,059	\$2.49	\$2,005.88
Due Diligence Fees	52,000	\$0.36	\$288.89
Contingency - Hard	65,000	\$0.45	\$361.11
Contingency	100,000	\$0.69	\$555.56
Total Soft Costs	\$7,887,136	\$54.37	\$43,817
Total	\$23,091,927	\$159.19	\$128,288

PROMISSORY NOTE

\$1,156,052.00

December 1, 2015
(“Effective Date”)

MCKINNEY HOUSING AUTHORITY, a Texas municipal housing authority, (including its successors, hereinafter referred to as the “Maker”), for value received, promises and agrees to pay unto the order of **CITY OF MCKINNEY, TEXAS**, a Texas home rule municipal corporation (hereinafter referred to as the “Payee”), at its offices located at 222 N. Tennessee St., McKinney, Texas 75069, in lawful money of the United States of America, the principal sum of **One Million One Hundred Fifty-Six Thousand Fifty-Two and No/100 Dollars (\$1,156,052.00)**, or so much as shall be advanced, said sums to accrue interest beginning on the date of the first advance at the rate of 2.75%.

TERMS OF PAYMENT: The principal and interest of this Note are due on **November 1, 2040**, (the “Maturity Date”). Notwithstanding the foregoing, advances, and repayments hereunder shall be made in accordance with the terms and provisions of that certain Loan Agreement executed as of even date herewith between Maker and Payee (hereinafter referred to as the “Loan Agreement”). Payee shall make no demand on principal or interest under this Note except for upon occurrence of an Event of Default as that term is defined in the Loan Agreement.

INTEREST shall accrue on all principal advanced beginning on the date of the first advance until the Maturity Date.

ALL PAST due principal shall bear interest until paid at a rate not to exceed LIBOR plus 4%, not to exceed the maximum rate allowed by law.

THIS LOAN is a line of credit and is revolving. Advances made hereunder are governed by the Loan Agreement.

IF DEFAULT is made in the payment of any interest or principal hereof, as and when the same is or becomes due, or if an Event of Default occurs under any instrument securing the payment hereof or executed in connection herewith, including the Loan Agreement, the owner and holder of this Note may declare all sums owing hereon due and payable within thirty (30) days of the date of notice. If default is made in the payment of this Note at maturity (regardless of how its maturity may be brought about), and the same is placed in the hands of an attorney for collection, or suit is filed hereon, or proceedings are had in bankruptcy, probate, receivership or other judicial proceedings for the establishment or collection of any amount called for hereunder, or any amount payable or to be payable hereunder is collected through any such proceedings, Maker agrees and is also to pay to the owner and holder of this Note a reasonable amount as attorneys’ or collection fees.

Except as provided herein and in the Loan Agreement, upon an Event of Default (as that term is defined in the Loan Agreement) only, Maker, co-makers, signers, permitted assigns, sureties, endorsers and guarantors, and each of them, expressly waive demand and presentment for payment, notice of nonpayment, protest, notice of protest, notice of dishonor, notice of intent to accelerate the maturity hereof, notice of the acceleration of the maturity hereof, bringing of suit and diligence in taking any action to collect amounts called for hereunder and in the handling of securities at any time existing in connection herewith; and are and shall be jointly, severally, directly and primarily liable for the payment of all sums owing and to be owing hereon, regardless of and without any notice, diligence, act or omission as or with respect to the collection of any amount called for hereunder or in connection with any right, lien, interest or property at any and all times had or existing as security for any amount called for hereunder.

IT IS the intention of Maker and Payee to conform strictly to applicable usury laws. Accordingly, if the transactions contemplated hereby would be usurious under applicable law (including the laws of the State of Texas and the laws of the United States of America), then, in that event, notwithstanding anything to the contrary herein or in any agreement entered into in connection with or as security for this Note, it is agreed as follows: (i) the aggregate of all consideration which constitutes interest under applicable law that is taken, reserved, contracted for, charged or received under this Note or under any of the other aforesaid agreements or otherwise in connection with this Note shall under no circumstances exceed the maximum amount of interest allowed by applicable law, and any excess shall be canceled automatically and, if theretofore paid, shall be credited on the Note by the holder hereof (or, to the extent that this Note shall have been or would thereby be paid in full, refunded to the Maker); and (ii) in the event that maturity of this Note is accelerated by reason of an election by the holder hereof resulting from any Event of Default, or in the event of any required or permitted prepayment, then such consideration that constitutes interest may never include more than the maximum amount allowed by applicable law, and excess interest, if any, provided for in this Note or otherwise shall be canceled automatically as of the date of such acceleration or prepayment and, if theretofore paid, shall be credited on this Note (or, to the extent that this Note shall have been or would thereby be paid in full, refunded to the Maker).

THIS NOTE has been executed and delivered in and shall be construed in accordance with and governed by the laws of the State of Texas and of the United States of America, except that V.T.C.A. Finance Code, Chapter 346, as amended (which regulates certain revolving credit loan accounts and revolving tri-party accounts) shall not apply hereto. Payee's address for notice is 222 N. Tennessee St., Box 517, McKinney, Texas 75069.

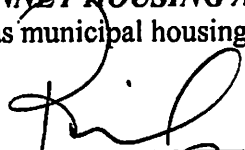
[signature on next page]

In witness whereof, Maker has executed this Note to be effective as of the Effective Date.

MAKER:

McKINNEY HOUSING AUTHORITY
a Texas municipal housing authority

By: _____


~~Justin Better~~

Roslyn Miller

~~Chairman of the Board of Directors~~

EXECUTIVE
DIRECTOR

Date Signed: _____

12/9/15



Unique by nature.™ December 1, 2015

Justin Beller, Chairman of the Board of Directors
McKinney Housing Authority
1200 N. Tennessee Street
McKinney, TX 75064

Re: City of McKinney Resolution No. 2014-08-090 (R); Newsome Homes Project

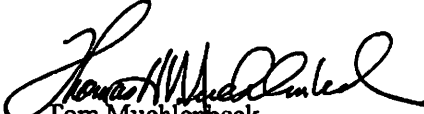
Dear Mr. Beller:

On behalf of the City of McKinney, Texas ("City") and pursuant to the City's Resolution No. 2014-08-090(R), this Letter Agreement will serve to memorialize the agreement between the City and the McKinney Housing Authority ("MHA") relating to the construction of 180 multi-family dwelling units at 100 Amcott Circle (the "Newsome Homes Project") and the grant of \$450,000.00 to MHA in connection therewith.

For good and sufficient reciprocal consideration, the sufficiency of which is recognized herein, the City and MHA agree that the City shall grant the above-referenced amount to MHA (the "Grant Funds"). The grant shall be made to the MHA upon completion of the Newsome Homes Project as evidenced by its receipt of a final certificate of occupancy from the City. It is acknowledged and agreed by the City and MHA that MHA will grant the Grant Funds, as and when received, to McKinney Affordable Housing Development Corporation, a Texas nonprofit corporation whose sole member is MHA (the "Corporation") and that the Corporation will loan the Grant Funds, as and when received, to Newsome Homes, LP, a Texas limited partnership, the obligated project owner for the Newsome Homes Project, to provide financing to the Newsome Homes Project.

Please signify MHA's agreement to the above terms by signing in the space provided below and upon full execution hereof and closing of the loans for the Newsome Homes Project, the parties authorize the closing agent to return a signed copy to each of us. Please do not hesitate to contact me with any questions or comments.

Sincerely,


Tom Muehlenbeck
Interim City Manager

AGREED AND ACCEPTED:

McKINNEY HOUSING AUTHORITY


Justin Beller
Chairman of the Board of Directors

12/9/15
Date

EXECUTIVE DIRECTOR

City of McKinney

P.O. Box 517 • McKinney, Texas 75070 • Metro 972-562-6080

LOAN AGREEMENT

Borrower: ***THE HOUSING AUTHORITY OF THE CITY OF MCKINNEY, TEXAS***
1200 N. Tennessee Street
McKinney, Texas 75069

Lender: ***MCKINNEY COMMUNITY DEVELOPMENT CORPORATION***
5900 S. Lake Forest Drive, Suite 110
McKinney, Texas 75070

This **LOAN AGREEMENT** is between ***THE HOUSING AUTHORITY OF THE CITY OF MCKINNEY, TEXAS***, a political sub-division of the State of Texas, governed by a Board of Commissioners, including its successors and assigns (hereinafter referred to as the "Borrower"), and the ***MCKINNEY COMMUNITY DEVELOPMENT CORPORATION***, a Texas non-profit corporation (hereinafter referred to as the "Lender"), is made and executed on the following recitals, terms and conditions.

WHEREAS, Borrower submitted Application No. 14-04 to the Lender requesting **Five Hundred Thousand and No/100 Dollars (\$500,000.00)** from the Lender, for the redevelopment of the Newsome Homes property into a senior housing community; and

WHEREAS, Lender considered Borrower's Application No. 14-04 at its meeting held on **March 27, 2014**, at which time the Lender agreed to approve funding in the amount of **One Hundred Fifty Thousand and No/100 Dollars (\$150,000.00)** for the proposed project; and

WHEREAS, All such loans and financial assistance from Lender to Borrower pursuant to this Agreement is referred to as the "Loan"; and

WHEREAS, Borrower understands and agrees that: (a) in granting this Loan, Lender is relying upon Borrower's representations, warranties, and agreements, as set forth and provided for in this Agreement; (b) the granting of this Loan by Lender at all times shall be subject to Lender's sole judgment and discretion; and (c) this Loan shall be and shall remain subject to the terms and conditions set forth in this Agreement; and

WHEREAS, the Board of Directors of the Lender has determined the financial assistance provided to Borrower to fund certain expenditures for McKinney Housing Authority redevelopment of the Newsome Homes property into a senior housing community meets the definition of "project" as contained in Section 505.153 of the Texas Local Government Code, as amended.

NOW, THEREFORE, for and in consideration of the agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Lender and the Borrower agree as follows:

SECTION 1. FINDINGS INCORPORATED.

The foregoing recitals are hereby incorporated into the body of this Agreement and shall be considered part of the mutual covenants, consideration and promises that bind the parties.

SECTION 2. TERM.

This Agreement shall be effective as of **March 27, 2014** and shall continue thereafter until all obligations of Borrower to Lender have been performed in full or on **April 30, 2015**, whichever is later, unless terminated sooner under the provisions hereof.

SECTION 3. DEFINITIONS.

The following words shall have the following meanings when used in this Agreement.

- (a) **Act.** The word "Act" means Chapters 501 to 505 of the Texas Local Government Code, as amended.
- (b) **Agreement.** The word "Agreement" means this Loan Agreement, together with all exhibits and schedules attached to this Loan Agreement from time to time, if any.
- (c) **Borrower.** The word "Borrower" means ***THE HOUSING AUTHORITY OF THE CITY OF MCKINNEY, TEXAS***, a political sub-division of the state of Texas, its successors and assigns, and whose address for the purposes of this Agreement is 1200 N. Tennessee Street, McKinney, Texas 75069.
- (d) **Event of Default.** The words "Event of Default" mean and include any of the Events of Default set forth below in the section entitled "Events of Default."
- (e) **Lender.** The word "Lender" means the ***McKINNEY COMMUNITY DEVELOPMENT CORPORATION***, a Texas non-profit corporation, its successors and assigns, and whose address for the purposes of this Agreement is 5900 S. Lake Forest Drive, Suite 110, McKinney, Texas 75070.
- (f) **Loan.** The word "Loan" or "Loans" means the loan described in this Agreement and described on any exhibit or schedule attached to this Agreement.
- (g) **Note.** The word "Note" means the non-interest bearing Promissory Note of even date herewith executed by and between the parties hereto in the principal amount of **One Hundred Fifty Thousand and No/100 Dollars (\$150,000.00)** due upon demand and payable on or before **April 30, 2015**.

- (h) **Qualified Expenditures.** The words "Qualified Expenditures" mean the expenditures made by the Borrower for the following purposes, which are consistent with Section 505.153 of the Act: renovation of the Newsome Homes property into a senior housing community.

SECTION 4. AFFIRMATIVE COVENANTS.

Borrower covenants and agrees with Lender that, while this Agreement is in effect, Borrower shall comply with the following terms and conditions:

- (a) **Financial Assistance.** Upon execution and effective date of this Agreement, Borrower shall be entitled to **One Hundred Fifty Thousand and No/100 Dollars (\$150,000.00)** for Qualified Expenditures. Borrower agrees to provide to Lender receipts, invoices, purchase order, or other documentation which is in a form acceptable to the Lender for said Qualified Expenditures. Borrower covenants and agrees all expenditures by the Borrower shall be competitively bid, and/or acquired in accordance with state law.
- (b) **Compliance Letters.** Borrower shall provide the Lender with copies of invoices, receipts, purchase order, or other documentation which is in a form acceptable to the Lender for the expenditures authorized and required by Section 4(a) above. Borrower shall provide Lender with compliance letters authorized by Section 4(a), such letters to be attached to the submitted invoices, receipts, purchase order, or other documentation required by this subsection. In the compliance letter, Borrower shall represent and warrant that the expenditures were made in compliance with this Agreement by and between Borrower and Lender. In the event a purchase order is submitted to Lender, Borrower agrees to supplement said compliance letter with receipts or other documentation of said Qualified Expenditure within thirty (30) days following said expenditure.
- (c) **Additional Assurances.** Borrower agrees to make, execute and deliver to Lender such other promissory notes, instruments, documents and other agreements as Lender or its attorneys may reasonably request to evidence the Note.
- (d) **Performance.** Borrower agrees to perform and comply with all terms, conditions, and provisions set forth in this Agreement.

SECTION 5. CESSATION OF ADVANCES.

If Lender has made any commitment to make any Loan to Borrower under this Agreement, Lender shall have no obligation to advance or disburse Loan proceeds if: (i) Borrower becomes insolvent, files a petition in bankruptcy or similar proceedings, or is adjudged bankrupt; or (ii) an Event of Default occurs.

SECTION 6. LOAN FORGIVENESS.

Notwithstanding the provisions hereof and the obligations contained in the Note executed

incident hereto, any advance hereunder shall be forgiven and not be payable to Lender upon verification of Qualified Expenditures equaling the amount of the Loan advance. **However, any Loan advance, not previously forgiven under the foregoing, shall not be forgiven in an Event of Default under Section 7 and Section 8 herein, and shall become immediately due and payable in accordance with this Agreement and the Note.**

SECTION 7. EVENTS OF DEFAULT.

Each of the following shall constitute an Event of Default under this Agreement:

- (a) **False Statements.** Any warranty, representation, or statement made or furnished to Lender by or on behalf of Borrower under this Agreement that is false or misleading in any material respect, either now or at the time made or furnished.
- (b) **Insolvency.** Borrower's insolvency, appointment of receiver for any part of Borrower's property, any assignment for the benefit of creditors of Borrower, any type of creditor workout for Borrower, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.
- (c) **Other Defaults.** Failure of Borrower to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement.

SECTION 8. EFFECT OF AN EVENT OF DEFAULT.

If any Event of Default shall occur, all commitments of Lender under this Agreement immediately will terminate, (including any obligation to make Loan advances), **and the remaining outstanding balance of the Loan will become immediately due and payable**, at the option of Lender, all without notice of any kind to Borrower, except for an Event of Default described in the "Insolvency" subsection above, in which case such acceleration shall be automatic and not optional.

SECTION 9. INDEMNIFICATION.

To the extent allowed by law, Borrower shall indemnify, save, and hold harmless Lender, its directors, officers, agents, attorneys, and employees (collectively, the "Indemnitees") from and against: (i) any and all claims, demands, actions or causes of action that are asserted against any Indemnitee if the claim, demand, action or cause of action directly or indirectly relates to tortious interference with contract or business interference, or wrongful or negligent use of Lender's loan advances by Borrower or its agents and employees; (ii) any administrative or investigative proceeding by any governmental authority directly or indirectly related, to a claim, demand, action or cause of action in which Lender is a disinterested party; (iii) any claim, demand, action or cause of action which directly or indirectly contests or challenges the legal authority of Lender or Borrower to enter into this Agreement; and (iv) any and all liabilities, losses, costs, or expenses (including reasonable attorneys' fees and disbursements) that any Indemnitee suffers or incurs as a result of any of

the foregoing; provided, however, that Borrower shall have no obligation under this Section to Lender with respect to any of the foregoing arising out of the gross negligence or willful misconduct of Lender or the breach by Lender of this Agreement. If any claim, demand, action or cause of action is asserted against any Indemnitee, such Indemnitee shall promptly notify Borrower, but the failure to so promptly notify Borrower shall not affect Borrower's obligations under this Section unless such failure materially prejudices Borrower's right to participate in the contest of such claim, demand, action or cause of action, as hereinafter provided. If requested by Borrower in writing, as so long as no Default or Event of Default shall have occurred and be continuing, such Indemnitee shall in good faith contest the validity, applicability and amount of such claim, demand, action or cause of action and shall permit Borrower to participate in such contest. Any Indemnitee that proposes to settle or compromise any claim, demand, action, cause of action or proceeding for which Borrower may be liable for payment of indemnity hereunder shall give Borrower written notice of the terms of such proposed settlement or compromise reasonably in advance of settling or compromising such claim or proceeding and shall obtain Borrower's concurrence thereto. The Lender acknowledges and agrees that the Borrower's obligation under this Section 9 shall be payable only from the Borrower's Section 8 administrative reserve and assets of the Borrower arising under any program not administered by the U.S. Department of Housing and Urban Development.

SECTION 10. BORROWER'S REPRESENTATIONS.

By execution hereof, the signators warrant and represent that they have the requisite authority to execute this Agreement and that the representations made herein are true and accurate in all respects.

SECTION 11. MISCELLANEOUS PROVISIONS.

The following miscellaneous provisions are a part of this Agreement:

- (a) **Amendments.** This Agreement constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.
- (b) **Applicable Law and Venue.** This Agreement has been delivered to Lender and accepted by Lender in the State of Texas. Borrower agrees to submit to the jurisdiction of the courts of Collin County, State of Texas, and that venue is proper in said County. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas and applicable Federal laws.
- (c) **Caption Headings.** Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of the Agreement.

- (d) **Notices.** All notices required to be given under this Agreement shall be given in writing and shall be effective when actually delivered or when deposited in the United States mail, first class, postage prepaid, addressed to the party to whom the notice is to be given at the address shown on Page 1 of this Agreement. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Borrower agrees to keep Lender informed at all times of Borrower's current address.

- (e) **Severability.** If a court of competent jurisdiction finds any provision of this Agreement to be invalid or unenforceable as to any person or circumstance, such finding shall not render that provision invalid or unenforceable as to any other persons or circumstances. If feasible, any such offending provision shall be deemed to be modified to be within the limits of enforceability or validity; however, if the offending provision cannot be so modified, it shall be stricken and all other provisions of this Agreement in all other respects shall remain valid and enforceable.

- (f) **Survival.** All warranties, representations, and covenants made by Borrower in this Agreement or in any certificate or other instrument delivered by Borrower to Lender under this Agreement shall be considered to have been relied upon by Lender and will survive the making of this Loan.

- (g) **Undocumented Workers.** The Borrower certifies that Borrower does not and will not knowingly employ an undocumented worker in accordance with Chapter 2264 of the Texas Government Code, as amended. If during the Term of this Agreement, Borrower is convicted of a violation under 8 U.S.C. § 1324a(f), Borrower shall repay the amount of the public subsidy provided under this Agreement plus interest, at the rate of eight percent (8%), not later than the 120th day after the date the Lender notifies Borrower of the violation.

[The Remainder of this Page Intentionally Left Blank]

BORROWER ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS BUSINESS LOAN AGREEMENT, AND BORROWER AGREES TO ITS TERMS. THIS AGREEMENT IS EFFECTIVE AS OF MARCH 27, 2014.

BORROWER:

***THE HOUSING AUTHORITY OF THE CITY OF
McKINNEY, TEXAS,***
a political sub-division of the State of Texas


By: *Rosha M. E.*

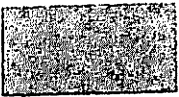
Title: *Executive Director*

Date Signed: *09/17/14*

LENDER:

***McKINNEY COMMUNITY
DEVELOPMENT CORPORATION,***
a Texas non-profit corporation,

By: 
George C. Fuller
Chairman



Date Signed: *6/19/14*

PROMISSORY NOTE

\$150,000.00

March 27, 2014
(“Effective Date”)

THE HOUSING AUTHORITY OF THE CITY OF MCKINNEY, TEXAS, a political subdivision of the State of Texas (including its successors, “Maker”), For Value Received, promises and agrees to pay unto the order of **MCKINNEY COMMUNITY DEVELOPMENT CORPORATION**, a Texas non-profit corporation (“Payee”), at its corporate offices located at 5900 S. Lake Forest Drive, Suite 110, McKinney, Texas 75070, in lawful money of the United States of America, the principal sum of **One Hundred Fifty Thousand and No/100 Dollars (\$150,000.00)**, or so much as shall be advanced, said sums to accrue no interest.

TERMS OF PAYMENT: The principal of this Note is due on demand, but in any event, on or before **April 30, 2015**. Notwithstanding the foregoing, advances hereunder shall be made in accordance with the terms and provisions of that certain Loan Agreement executed as of even date herewith between Maker and Payee (“Loan Agreement”), and such advances shall be forgiven according to said Loan Agreement after such advance if Maker is not then in default under the Loan Agreement. As such, Payee shall make no demand on principal under this Note except for upon occurrence of an Event of Default as that term is defined in the Loan Agreement.

ALL PAST due principal shall bear interest until paid at a rate not to exceed prime plus 4%.

THIS LOAN is a line of credit but is not revolving. As already stated, advances made hereunder are also governed by the Loan Agreement of even date herewith.

IF DEFAULT is made in the payment of any interest or principal hereof, as and when the same is or becomes due, or if an Event of Default occurs under any instrument securing the payment hereof or executed in connection herewith, including the Loan Agreement, the owner and holder of this Note may declare all sums owing hereon due and payable within thirty (30) days of the date of notice. If default is made in the payment of this Note at maturity (regardless of how its maturity may be brought about), and the same is placed in the hands of an attorney for collection, or suit is filed hereon, or proceedings are had in bankruptcy, probate, receivership or other judicial proceedings for the establishment or collection of any amount called for hereunder, or any amount payable or to be payable hereunder is collected through any such proceedings, Maker agrees and is also to pay to the owner and holder of this Note a reasonable amount as attorneys’ or collection fees.

Except as provided herein and in the Loan Agreement, upon an Event of Default (as that term is defined in the Loan Agreement) only, MAKER, co-makers, signers, permitted assigns, sureties,

endorsers and guarantors, and each of them, expressly waive demand and presentment for payment, notice of nonpayment, protest, notice of protest, notice of dishonor, notice of intent to accelerate the maturity hereof, notice of the acceleration of the maturity hereof, bringing of suit and diligence in taking any action to collect amounts called for hereunder and in the handling of securities at any time existing in connection herewith; and are and shall be jointly, severally, directly and primarily liable for the payment of all sums owing and to be owing hereon, regardless of and without any notice, diligence, act or omission as or with respect to the collection of any amount called for hereunder or in connection with any right, lien, interest or property at any and all times had or existing as security for any amount called for hereunder.

IT IS the intention of Maker and Payee to conform strictly to applicable usury laws. Accordingly, if the transactions contemplated hereby would be usurious under applicable law (including the laws of the State of Texas and the laws of the United States of America), then, in that event, notwithstanding anything to the contrary herein or in any agreement entered into in connection with or as security for this Note, it is agreed as follows: (i) the aggregate of all consideration which constitutes interest under applicable law that is taken, reserved, contracted for, charged or received under this Note or under any of the other aforesaid agreements or otherwise in connection with this Note shall under no circumstances exceed the maximum amount of interest allowed by applicable law, and any excess shall be canceled automatically and, if theretofore paid, shall be credited on the Note by the holder hereof (or, to the extent that this Note shall have been or would thereby be paid in full, refunded to the Maker); and (ii) in the event that maturity of this Note is accelerated by reason of an election by the holder hereof resulting from any Event of Default, or in the event of any required or permitted prepayment, then such consideration that constitutes interest may never include more than the maximum amount allowed by applicable law, and excess interest, if any, provided for in this Note or otherwise shall be canceled automatically as of the date of such acceleration or prepayment and, if theretofore paid, shall be credited on this Note (or, to the extent that this Note shall have been or would thereby be paid in full, refunded to the Maker).

THIS NOTE has been executed and delivered in and shall be construed in accordance with and governed by the laws of the State of Texas and of the United States of America, except that V.T.C.A. Finance Code, Chapter 346, as amended (which regulates certain revolving credit loan accounts and revolving tri-party accounts) shall not apply hereto. Payee's address for notice is 5900 S. Lake Forest Drive, Suite 110, McKinney, Texas 75070.

[signature on next page]

In witness whereof, Maker has executed this Note to be effective as of the Effective Date.

MAKER:

***THE HOUSING AUTHORITY OF THE CITY OF
McKINNEY, TEXAS,***
a political subdivision of the State of Texas

By: *Rosha M. E*

Title: *Executive Director*

Date Signed: *09/17/14*

LOAN AGREEMENT

Borrower: ***THE HOUSING AUTHORITY OF THE CITY OF MCKINNEY, TEXAS***
1200 N. Tennessee Street
McKinney, Texas 75069

Lender: ***MCKINNEY COMMUNITY DEVELOPMENT CORPORATION***
5900 S. Lake Forest Drive, Suite 110
McKinney, Texas 75070

This **LOAN AGREEMENT** is between ***THE HOUSING AUTHORITY OF THE CITY OF MCKINNEY, TEXAS***, a political sub-division of the State of Texas, governed by a Board of Commissioners, including its successors and assigns (hereinafter referred to as the “Borrower”), and the ***MCKINNEY COMMUNITY DEVELOPMENT CORPORATION***, a Texas non-profit corporation (hereinafter referred to as the “Lender”), is made and executed on the following recitals, terms and conditions.

WHEREAS, Borrower submitted Application No. 14-07 to the Lender requesting **Five Hundred Thousand and No/100 Dollars (\$500,000.00)** from the Lender, for the redevelopment of the Newsome Homes property into a senior housing community; and

WHEREAS, Lender considered Borrower’s Application No. 14-07 at its meeting held on **June 19, 2014**, at which time the Lender agreed to approve funding in an amount not to exceed **Three Hundred Thousand and No/100 Dollars (\$300,000.00)** for the proposed project, subject to the following conditions: (1) the project moves forward by September 17, 2014; and (2) Lender’s funds will be provided last to satisfy a funding gap, if any, following funding from applications to the Federal Home Loan Bank and City of McKinney, Texas; and

WHEREAS, All such loans and financial assistance from Lender to Borrower pursuant to this Agreement is referred to as the “Loan”; and

WHEREAS, Borrower understands and agrees that: (a) in granting this Loan, Lender is relying upon Borrower’s representations, warranties, and agreements, as set forth and provided for in this Agreement; (b) the granting of this Loan by Lender at all times shall be subject to Lender’s sole judgment and discretion; and (c) this Loan shall be and shall remain subject to the terms and conditions set forth in this Agreement; and

WHEREAS, the Board of Directors of the Lender has determined the financial assistance provided to Borrower to fund certain expenditures for McKinney Housing Authority redevelopment of the Newsome Homes property into a senior housing community meets the definition of “project” as contained in Section 505.153 of the Texas Local Government Code, as amended.

NOW, THEREFORE, for and in consideration of the agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Lender and the Borrower agree as follows:

SECTION 1. FINDINGS INCORPORATED.

The foregoing recitals are hereby incorporated into the body of this Agreement and shall be considered part of the mutual covenants, consideration and promises that bind the parties.

SECTION 2. TERM.

This Agreement shall be effective as of **June 19, 2014** and shall continue thereafter until all obligations of Borrower to Lender have been performed in full or on **July 31, 2015**, whichever is later, unless terminated sooner under the provisions hereof.

SECTION 3. DEFINITIONS.

The following words shall have the following meanings when used in this Agreement.

- (a) **Act.** The word "Act" means Chapters 501 to 505 of the Texas Local Government Code, as amended.
- (b) **Agreement.** The word "Agreement" means this Loan Agreement, together with all exhibits and schedules attached to this Loan Agreement from time to time, if any.
- (c) **Borrower.** The word "Borrower" means ***THE HOUSING AUTHORITY OF THE CITY OF MCKINNEY, TEXAS***, a political sub-division of the state of Texas, its successors and assigns, and whose address for the purposes of this Agreement is 1200 N. Tennessee Street, McKinney, Texas 75069.
- (d) **Event of Default.** The words "Event of Default" mean and include any of the Events of Default set forth below in the section entitled "Events of Default."
- (e) **Lender.** The word "Lender" means the ***McKINNEY COMMUNITY DEVELOPMENT CORPORATION***, a Texas non-profit corporation, its successors and assigns, and whose address for the purposes of this Agreement is 5900 S. Lake Forest Drive, Suite 110, McKinney, Texas 75070.
- (f) **Loan.** The word "Loan" or "Loans" means the loan described in this Agreement and described on any exhibit or schedule attached to this Agreement.
- (g) **Note.** The word "Note" means the non-interest bearing Promissory Note of even date herewith executed by and between the parties hereto in the principal amount not to exceed

Three Hundred Thousand and No/100 Dollars (\$300,000.00) due upon demand and payable on or before **July 31, 2015**.

- (h) **Qualified Expenditures.** The words "Qualified Expenditures" mean the expenditures made by the Borrower for the following purposes, which are consistent with Section 505.153 of the Act: renovation of the Newsome Homes property into a senior housing community.

SECTION 4. AFFIRMATIVE COVENANTS.

Borrower covenants and agrees with Lender that, while this Agreement is in effect, Borrower shall comply with the following terms and conditions:

- (a) **Financial Assistance.** Upon execution and effective date of this Agreement, Borrower shall be entitled an amount not to exceed **Three Hundred Thousand and No/100 Dollars (\$300,000.00)** for Qualified Expenditures. Borrower agrees to provide to Lender receipts, invoices, purchase order, or other documentation which is in a form acceptable to the Lender for said Qualified Expenditures. Borrower covenants and agrees all expenditures by the Borrower shall be competitively bid, and/or acquired in accordance with state law.
- (b) **Compliance Letters.** Borrower shall provide the Lender with copies of invoices, receipts, purchase order, or other documentation which is in a form acceptable to the Lender for the expenditures authorized and required by Section 4(a) above. Borrower shall provide Lender with compliance letters authorized by Section 4(a), such letters to be attached to the submitted invoices, receipts, purchase order, or other documentation required by this subsection. In the compliance letter, Borrower shall represent and warrant that the expenditures were made in compliance with this Agreement by and between Borrower and Lender. In the event a purchase order is submitted to Lender, Borrower agrees to supplement said compliance letter with receipts or other documentation of said Qualified Expenditure within thirty (30) days following said expenditure.
- (c) **Additional Assurances.** Borrower agrees to make, execute and deliver to Lender such other promissory notes, instruments, documents and other agreements as Lender or its attorneys may reasonably request to evidence the Note.
- (d) **Performance.** Borrower agrees to perform and comply with all terms, conditions, and provisions set forth in this Agreement.

SECTION 5. CESSATION OF ADVANCES.

If Lender has made any commitment to make any Loan to Borrower under this Agreement, Lender shall have no obligation to advance or disburse Loan proceeds if: (i) Borrower becomes insolvent, files a petition in bankruptcy or similar proceedings, or is adjudged bankrupt; or (ii) an Event of Default occurs.

SECTION 6. LOAN FORGIVENESS.

Notwithstanding the provisions hereof and the obligations contained in the Note executed incident hereto, any advance hereunder shall be forgiven and not be payable to Lender upon verification of Qualified Expenditures equaling the amount of the Loan advance. **However, any Loan advance, not previously forgiven under the foregoing, shall not be forgiven in an Event of Default under Section 7 and Section 8 herein, and shall become immediately due and payable in accordance with this Agreement and the Note.**

SECTION 7. EVENTS OF DEFAULT.

Each of the following shall constitute an Event of Default under this Agreement:

- (a) **False Statements.** Any warranty, representation, or statement made or furnished to Lender by or on behalf of Borrower under this Agreement that is false or misleading in any material respect, either now or at the time made or furnished.
- (b) **Insolvency.** Borrower's insolvency, appointment of receiver for any part of Borrower's property, any assignment for the benefit of creditors of Borrower, any type of creditor workout for Borrower, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.
- (c) **Other Defaults.** Failure of Borrower to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement.

SECTION 8. EFFECT OF AN EVENT OF DEFAULT.

If any Event of Default shall occur, all commitments of Lender under this Agreement immediately will terminate, (including any obligation to make Loan advances), **and the remaining outstanding balance of the Loan will become immediately due and payable**, at the option of Lender, all without notice of any kind to Borrower, except for an Event of Default described in the "Insolvency" subsection above, in which case such acceleration shall be automatic and not optional.

SECTION 9. INDEMNIFICATION.

To the extent allowed by law, Borrower shall indemnify, save, and hold harmless Lender, its directors, officers, agents, attorneys, and employees (collectively, the "Indemnitees") from and against: (i) any and all claims, demands, actions or causes of action that are asserted against any Indemnitee if the claim, demand, action or cause of action directly or indirectly relates to tortious interference with contract or business interference, or wrongful or negligent use of Lender's loan advances by Borrower or its agents and employees; (ii) any administrative or investigative proceeding by any governmental authority directly or indirectly related, to a claim, demand, action or cause of action in which Lender is a disinterested party; (iii) any claim, demand, action or cause of action which directly or

LOAN AGREEMENT

Borrower: ***THE HOUSING AUTHORITY OF THE CITY OF McKINNEY, TEXAS***
1200 N. Tennessee Street
McKinney, Texas 75069

Lender: ***McKINNEY COMMUNITY DEVELOPMENT CORPORATION***
5900 S. Lake Forest Drive, Suite 110
McKinney, Texas 75070

This **LOAN AGREEMENT** is between ***THE HOUSING AUTHORITY OF THE CITY OF McKINNEY, TEXAS***, a political sub-division of the State of Texas, governed by a Board of Commissioners, including its successors and assigns (hereinafter referred to as the “Borrower”), and the ***McKINNEY COMMUNITY DEVELOPMENT CORPORATION***, a Texas non-profit corporation (hereinafter referred to as the “Lender”), is made and executed on the following recitals, terms and conditions.

WHEREAS, Borrower submitted Application No. 14-07 to the Lender requesting **Five Hundred Thousand and No/100 Dollars (\$500,000.00)** from the Lender, for the redevelopment of the Newsome Homes property into a senior housing community; and

WHEREAS, Lender considered Borrower’s Application No. 14-07 at its meeting held on **June 19, 2014**, at which time the Lender agreed to approve funding in an amount not to exceed **Three Hundred Thousand and No/100 Dollars (\$300,000.00)** for the proposed project, subject to the following conditions: (1) the project moves forward by September 17, 2014; and (2) Lender’s funds will be provided last to satisfy a funding gap, if any, following funding from applications to the Federal Home Loan Bank and City of McKinney, Texas; and

WHEREAS, All such loans and financial assistance from Lender to Borrower pursuant to this Agreement is referred to as the “Loan”; and

WHEREAS, Borrower understands and agrees that: (a) in granting this Loan, Lender is relying upon Borrower’s representations, warranties, and agreements, as set forth and provided for in this Agreement; (b) the granting of this Loan by Lender at all times shall be subject to Lender’s sole judgment and discretion; and (c) this Loan shall be and shall remain subject to the terms and conditions set forth in this Agreement; and

WHEREAS, the Board of Directors of the Lender has determined the financial assistance provided to Borrower to fund certain expenditures for McKinney Housing Authority redevelopment of the Newsome Homes property into a senior housing community meets the definition of “project” as contained in Section 505.153 of the Texas Local Government Code, as amended.

NOW, THEREFORE, for and in consideration of the agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Lender and the Borrower agree as follows:

SECTION 1. FINDINGS INCORPORATED.

The foregoing recitals are hereby incorporated into the body of this Agreement and shall be considered part of the mutual covenants, consideration and promises that bind the parties.

SECTION 2. TERM.

This Agreement shall be effective as of **June 19, 2014** and shall continue thereafter until all obligations of Borrower to Lender have been performed in full or on **July 31, 2015**, whichever is later, unless terminated sooner under the provisions hereof.

SECTION 3. DEFINITIONS.

The following words shall have the following meanings when used in this Agreement.

- (a) **Act.** The word "Act" means Chapters 501 to 505 of the Texas Local Government Code, as amended.
- (b) **Agreement.** The word "Agreement" means this Loan Agreement, together with all exhibits and schedules attached to this Loan Agreement from time to time, if any.
- (c) **Borrower.** The word "Borrower" means ***THE HOUSING AUTHORITY OF THE CITY OF MCKINNEY, TEXAS***, a political sub-division of the state of Texas, its successors and assigns, and whose address for the purposes of this Agreement is 1200 N. Tennessee Street, McKinney, Texas 75069.
- (d) **Event of Default.** The words "Event of Default" mean and include any of the Events of Default set forth below in the section entitled "Events of Default."
- (e) **Lender.** The word "Lender" means the ***MCKINNEY COMMUNITY DEVELOPMENT CORPORATION***, a Texas non-profit corporation, its successors and assigns, and whose address for the purposes of this Agreement is 5900 S. Lake Forest Drive, Suite 110, McKinney, Texas 75070.
- (f) **Loan.** The word "Loan" or "Loans" means the loan described in this Agreement and described on any exhibit or schedule attached to this Agreement.
- (g) **Note.** The word "Note" means the non-interest bearing Promissory Note of even date herewith executed by and between the parties hereto in the principal amount not to exceed

Three Hundred Thousand and No/100 Dollars (\$300,000.00) due upon demand and payable on or before **July 31, 2015**.

- (h) **Qualified Expenditures.** The words "Qualified Expenditures" mean the expenditures made by the Borrower for the following purposes, which are consistent with Section 505.153 of the Act: renovation of the Newsome Homes property into a senior housing community.

SECTION 4. AFFIRMATIVE COVENANTS.

Borrower covenants and agrees with Lender that, while this Agreement is in effect, Borrower shall comply with the following terms and conditions:

- (a) **Financial Assistance.** Upon execution and effective date of this Agreement, Borrower shall be entitled an amount not to exceed **Three Hundred Thousand and No/100 Dollars (\$300,000.00)** for Qualified Expenditures. Borrower agrees to provide to Lender receipts, invoices, purchase order, or other documentation which is in a form acceptable to the Lender for said Qualified Expenditures. Borrower covenants and agrees all expenditures by the Borrower shall be competitively bid, and/or acquired in accordance with state law.
- (b) **Compliance Letters.** Borrower shall provide the Lender with copies of invoices, receipts, purchase order, or other documentation which is in a form acceptable to the Lender for the expenditures authorized and required by Section 4(a) above. Borrower shall provide Lender with compliance letters authorized by Section 4(a), such letters to be attached to the submitted invoices, receipts, purchase order, or other documentation required by this subsection. In the compliance letter, Borrower shall represent and warrant that the expenditures were made in compliance with this Agreement by and between Borrower and Lender. In the event a purchase order is submitted to Lender, Borrower agrees to supplement said compliance letter with receipts or other documentation of said Qualified Expenditure within thirty (30) days following said expenditure.
- (c) **Additional Assurances.** Borrower agrees to make, execute and deliver to Lender such other promissory notes, instruments, documents and other agreements as Lender or its attorneys may reasonably request to evidence the Note.
- (d) **Performance.** Borrower agrees to perform and comply with all terms, conditions, and provisions set forth in this Agreement.

SECTION 5. CESSATION OF ADVANCES.

If Lender has made any commitment to make any Loan to Borrower under this Agreement, Lender shall have no obligation to advance or disburse Loan proceeds if: (i) Borrower becomes insolvent, files a petition in bankruptcy or similar proceedings, or is adjudged bankrupt; or (ii) an Event of Default occurs.

SECTION 6. LOAN FORGIVENESS.

Notwithstanding the provisions hereof and the obligations contained in the Note executed incident hereto, any advance hereunder shall be forgiven and not be payable to Lender upon verification of Qualified Expenditures equaling the amount of the Loan advance. **However, any Loan advance, not previously forgiven under the foregoing, shall not be forgiven in an Event of Default under Section 7 and Section 8 herein, and shall become immediately due and payable in accordance with this Agreement and the Note.**

SECTION 7. EVENTS OF DEFAULT.

Each of the following shall constitute an Event of Default under this Agreement:

- (a) **False Statements.** Any warranty, representation, or statement made or furnished to Lender by or on behalf of Borrower under this Agreement that is false or misleading in any material respect, either now or at the time made or furnished.
- (b) **Insolvency.** Borrower's insolvency, appointment of receiver for any part of Borrower's property, any assignment for the benefit of creditors of Borrower, any type of creditor workout for Borrower, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.
- (c) **Other Defaults.** Failure of Borrower to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement.

SECTION 8. EFFECT OF AN EVENT OF DEFAULT.

If any Event of Default shall occur, all commitments of Lender under this Agreement immediately will terminate, (including any obligation to make Loan advances), **and the remaining outstanding balance of the Loan will become immediately due and payable**, at the option of Lender, all without notice of any kind to Borrower, except for an Event of Default described in the "Insolvency" subsection above, in which case such acceleration shall be automatic and not optional.

SECTION 9. INDEMNIFICATION.

To the extent allowed by law, Borrower shall indemnify, save, and hold harmless Lender, its directors, officers, agents, attorneys, and employees (collectively, the "Indemnitees") from and against: (i) any and all claims, demands, actions or causes of action that are asserted against any Indemnitee if the claim, demand, action or cause of action directly or indirectly relates to tortious interference with contract or business interference, or wrongful or negligent use of Lender's loan advances by Borrower or its agents and employees; (ii) any administrative or investigative proceeding by any governmental authority directly or indirectly related, to a claim, demand, action or cause of action in which Lender is a disinterested party; (iii) any claim, demand, action or cause of action which directly or

indirectly contests or challenges the legal authority of Lender or Borrower to enter into this Agreement; and (iv) any and all liabilities, losses, costs, or expenses (including reasonable attorneys' fees and disbursements) that any Indemnitee suffers or incurs as a result of any of the foregoing; provided, however, that Borrower shall have no obligation under this Section to Lender with respect to any of the foregoing arising out of the gross negligence or willful misconduct of Lender or the breach by Lender of this Agreement. If any claim, demand, action or cause of action is asserted against any Indemnitee, such Indemnitee shall promptly notify Borrower, but the failure to so promptly notify Borrower shall not affect Borrower's obligations under this Section unless such failure materially prejudices Borrower's right to participate in the contest of such claim, demand, action or cause of action, as hereinafter provided. If requested by Borrower in writing, as so long as no Default or Event of Default shall have occurred and be continuing, such Indemnitee shall in good faith contest the validity, applicability and amount of such claim, demand, action or cause of action and shall permit Borrower to participate in such contest. Any Indemnitee that proposes to settle or compromise any claim, demand, action, cause of action or proceeding for which Borrower may be liable for payment of indemnity hereunder shall give Borrower written notice of the terms of such proposed settlement or compromise reasonably in advance of settling or compromising such claim or proceeding and shall obtain Borrower's concurrence thereto. The Lender acknowledges and agrees that the Borrower's obligation under this Section 9 shall be payable only from the Borrower's Section 8 administrative reserve and assets of the Borrower arising under any program not administered by the U.S. Department of Housing and Urban Development.

SECTION 10. BORROWER'S REPRESENTATIONS.

By execution hereof, the signators warrant and represent that they have the requisite authority to execute this Agreement and that the representations made herein are true and accurate in all respects.

SECTION 11. MISCELLANEOUS PROVISIONS.

The following miscellaneous provisions are a part of this Agreement:

- (a) **Amendments.** This Agreement constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.
- (b) **Applicable Law and Venue.** This Agreement has been delivered to Lender and accepted by Lender in the State of Texas. Borrower agrees to submit to the jurisdiction of the courts of Collin County, State of Texas, and that venue is proper in said County. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas and applicable Federal laws.

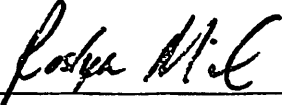
- (c) **Caption Headings.** Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of the Agreement.
- (d) **Notices.** All notices required to be given under this Agreement shall be given in writing and shall be effective when actually delivered or when deposited in the United States mail, first class, postage prepaid, addressed to the party to whom the notice is to be given at the address shown on Page 1 of this Agreement. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Borrower agrees to keep Lender informed at all times of Borrower's current address.
- (e) **Severability.** If a court of competent jurisdiction finds any provision of this Agreement to be invalid or unenforceable as to any person or circumstance, such finding shall not render that provision invalid or unenforceable as to any other persons or circumstances. If feasible, any such offending provision shall be deemed to be modified to be within the limits of enforceability or validity; however, if the offending provision cannot be so modified, it shall be stricken and all other provisions of this Agreement in all other respects shall remain valid and enforceable.
- (f) **Survival.** All warranties, representations, and covenants made by Borrower in this Agreement or in any certificate or other instrument delivered by Borrower to Lender under this Agreement shall be considered to have been relied upon by Lender and will survive the making of this Loan.
- (g) **Undocumented Workers.** The Borrower certifies that Borrower does not and will not knowingly employ an undocumented worker in accordance with Chapter 2264 of the Texas Government Code, as amended. If during the Term of this Agreement, Borrower is convicted of a violation under 8 U.S.C. § 1324a(f), Borrower shall repay the amount of the public subsidy provided under this Agreement plus interest, at the rate of eight percent (8%), not later than the 120th day after the date the Lender notifies Borrower of the violation.

[The Remainder of this Page Intentionally Left Blank]

BORROWER ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS BUSINESS LOAN AGREEMENT, AND BORROWER AGREES TO ITS TERMS. THIS AGREEMENT IS EFFECTIVE AS OF JUNE 19, 2014.

BORROWER:

***THE HOUSING AUTHORITY OF THE CITY OF
McKINNEY, TEXAS,***
a political sub-division of the State of Texas


By: 

Title: EXECUTIVE DIRECTOR

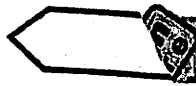
Date Signed: 09/12/14

LENDER:

***McKINNEY COMMUNITY
DEVELOPMENT CORPORATION,***
a Texas non-profit corporation,

By: 
George C. Fuller
Chairman

Date Signed: 8/4/2014



PROMISSORY NOTE

\$300,000.00

June 19, 2014
(“Effective Date”)

THE HOUSING AUTHORITY OF THE CITY OF MCKINNEY, TEXAS, a political subdivision of the State of Texas (including its successors, “Maker”), For Value Received, promises and agrees to pay unto the order of **MCKINNEY COMMUNITY DEVELOPMENT CORPORATION**, a Texas non-profit corporation (“Payee”), at its corporate offices located at 5900 S. Lake Forest Drive, Suite 110, McKinney, Texas 75070, in lawful money of the United States of America, the principal sum not to exceed **Three Hundred Thousand and No/100 Dollars (\$300,000.00)**, or so much as shall be advanced, said sums to accrue no interest.

TERMS OF PAYMENT: The principal of this Note is due on demand, but in any event, on or before **July 31, 2015**. Notwithstanding the foregoing, advances hereunder shall be made in accordance with the terms and provisions of that certain Loan Agreement executed as of even date herewith between Maker and Payee (“Loan Agreement”), and such advances shall be forgiven according to said Loan Agreement after such advance if Maker is not then in default under the Loan Agreement. As such, Payee shall make no demand on principal under this Note except for upon occurrence of an Event of Default as that term is defined in the Loan Agreement.

ALL PAST due principal shall bear interest until paid at a rate not to exceed prime plus 4%.

THIS LOAN is a line of credit but is not revolving. As already stated, advances made hereunder are also governed by the Loan Agreement of even date herewith.

IF DEFAULT is made in the payment of any interest or principal hereof, as and when the same is or becomes due, or if an Event of Default occurs under any instrument securing the payment hereof or executed in connection herewith, including the Loan Agreement, the owner and holder of this Note may declare all sums owing hereon due and payable within thirty (30) days of the date of notice. If default is made in the payment of this Note at maturity (regardless of how its maturity may be brought about), and the same is placed in the hands of an attorney for collection, or suit is filed hereon, or proceedings are had in bankruptcy, probate, receivership or other judicial proceedings for the establishment or collection of any amount called for hereunder, or any amount payable or to be payable hereunder is collected through any such proceedings, Maker agrees and is also to pay to the owner and holder of this Note a reasonable amount as attorneys’ or collection fees.

Except as provided herein and in the Loan Agreement, upon an Event of Default (as that term is defined in the Loan Agreement) only, MAKER, co-makers, signers, permitted assigns, sureties,

endorsers and guarantors, and each of them, expressly waive demand and presentment for payment, notice of nonpayment, protest, notice of protest, notice of dishonor, notice of intent to accelerate the maturity hereof, notice of the acceleration of the maturity hereof, bringing of suit and diligence in taking any action to collect amounts called for hereunder and in the handling of securities at any time existing in connection herewith; and are and shall be jointly, severally, directly and primarily liable for the payment of all sums owing and to be owing hereon, regardless of and without any notice, diligence, act or omission as or with respect to the collection of any amount called for hereunder or in connection with any right, lien, interest or property at any and all times had or existing as security for any amount called for hereunder.

IT IS the intention of Maker and Payee to conform strictly to applicable usury laws. Accordingly, if the transactions contemplated hereby would be usurious under applicable law (including the laws of the State of Texas and the laws of the United States of America), then, in that event, notwithstanding anything to the contrary herein or in any agreement entered into in connection with or as security for this Note, it is agreed as follows: (i) the aggregate of all consideration which constitutes interest under applicable law that is taken, reserved, contracted for, charged or received under this Note or under any of the other aforesaid agreements or otherwise in connection with this Note shall under no circumstances exceed the maximum amount of interest allowed by applicable law, and any excess shall be canceled automatically and, if theretofore paid, shall be credited on the Note by the holder hereof (or, to the extent that this Note shall have been or would thereby be paid in full, refunded to the Maker); and (ii) in the event that maturity of this Note is accelerated by reason of an election by the holder hereof resulting from any Event of Default, or in the event of any required or permitted prepayment, then such consideration that constitutes interest may never include more than the maximum amount allowed by applicable law, and excess interest, if any, provided for in this Note or otherwise shall be canceled automatically as of the date of such acceleration or prepayment and, if theretofore paid, shall be credited on this Note (or, to the extent that this Note shall have been or would thereby be paid in full, refunded to the Maker).

THIS NOTE has been executed and delivered in and shall be construed in accordance with and governed by the laws of the State of Texas and of the United States of America, except that V.T.C.A. Finance Code, Chapter 346, as amended (which regulates certain revolving credit loan accounts and revolving tri-party accounts) shall not apply hereto. Payee's address for notice is 5900 S. Lake Forest Drive, Suite 110, McKinney, Texas 75070.

[signature on next page]

**GRANT AGREEMENT
BETWEEN CITY OF MCKINNEY, TEXAS**

AND

**HOUSING AUTHORITY OF THE CITY OF MCKINNEY
(100 Amcott Circle – Newsome Homes)**

THIS AGREEMENT is made and entered into by and between the **CITY OF MCKINNEY, TEXAS**, a home rule municipal corporation ("City"), and the **HOUSING AUTHORITY OF THE CITY OF MCKINNEY**, a Texas municipal housing authority ("Agency"), acting by and through their duly authorized representatives, on this the 10th day of September, 2015.

WHEREAS, funds from the Community Development Block Grant Program ("Grant") have been allocated for the redevelopment of the McKinney Housing Authority-owned property at 100 Amcott Circle, McKinney, Collin County, Texas known as Newsome Homes ("the Property"); and described as Tract 14 of the South McFarland Survey, Abstract A0558, and being ± 5.24 acres in size; and

WHEREAS, the City has determined that it is in the best interests of the City to benefit low to moderate income persons through the redevelopment of the Property; and

WHEREAS, the City and Agency desire to enter into this Agreement to set forth the terms and conditions by which such Grant funds will be expended; and

WHEREAS, the City finds that expending public funds for the Grant purposes stated above is a valid public purpose; and

WHEREAS, the City amends the original grant agreement use of funds under this agreement;

WHEREAS, Community Development Block Grant funds will be used solely for relocation assistance not subject to section 104(d) or one-for-one replacement relocation requirements (nor URA).

NOW, THEREFORE, for and in consideration of the covenants, obligations, and undertakings of each of the respective parties to the Agreement, the parties hereto agree as follows:

SECTION I

Consideration

In consideration of Agency performing the services as set forth in Section II, below, City shall administer and make available Grant funds in an amount not to exceed One Hundred Thousand and no/100 dollars. (\$100,000.00).

SECTION II

Permitted Uses of Funds; Conditions of Use

Agency affirms that it is the sole owner of the Property. Agency shall use any and all funds furnished by City under this Agreement to redevelop the Property pursuant to the standards set

forth in Exhibit "A" and for no other purpose. Exhibit "A" is attached to this Agreement and is fully incorporated by reference. The redevelopment work for the Property described in Exhibit "A" is collectively referred to as "the Project." The Project shall be completed according to plans and specifications submitted by Agency to City. Agency agrees the expenditure of the funds shall commence no sooner than October 1, 2014 and shall be completed no later than September 30, 2018. Any Grant funds remaining with Agency which are not expended or encumbered before the completion date shall be returned to City.

If, during the term of this Agreement, Agency wishes to utilize funds for purposes other than stated above, such change may be allowed only if the proposed change is not in violation of Community Development Block Grant regulations. Such change may be allowed only after written approval by the City Manager and approval by Agency's Board, as evidenced by the official minutes of the board authorizing the change. No expenditure of funds in conformance with the proposed change is permitted unless and until written approval is received from the City Manager.

Agency agrees to the General Conditions of the Grant as set forth in the attachment entitled "General Conditions of Agreement," which is made a part of this Agreement and is incorporated herein as Exhibit "C".

Agency agrees to use the Grant funds in accordance with the following documents:

- Exhibit A: Statement of Work
- Exhibit B: Budget: CDBG Grant Uses
- Exhibit C: General Conditions of Agreement
- Exhibit D: Federal Labor Standard Provisions
- Exhibit E: Certification for Contracts, Grants, Loans, and Cooperative Agreements
- Exhibit F: Insurance Requirements
- Exhibit G: Affidavit of No Prohibited Interest
- Exhibit H: Procurement Certification

SECTION III

Disbursement of Funds

Agency understands and agrees that no funds shall be advanced by City and that Grant funds shall be provided on a reimbursement basis upon proof of an eligible expenditure. Agency shall submit a request to City's Community Development Block Grant Administrator for reimbursement of expenses, bills or invoices for purchase of eligible items. The Administrator shall review all such expenses, bills or invoices and shall authorize payment if they document expenditures for purposes authorized by this Agreement. The City will deliver a check or electronic deposit payable to Agency in the amount of the expense, invoice or bill. Agency shall then immediately pay the amount of the expense, bill or invoice to the appropriate billing entity.

Expenses incurred after the termination date of this Agreement, as indicated by date of expense, invoice or bill, may not be reimbursed under this Agreement and City shall assume no liability for their payment. Agency shall be solely responsible for funds expended contrary to the terms and conditions of this Agreement.

SECTION IV

Monitoring

The City may perform periodic on-site monitoring of Agency for compliance with the terms and conditions of this Agreement. If the monitoring reveals deficiencies in the Agency's performance,

City shall prepare a written report identifying the deficiencies and establishing a time frame for correcting the deficiencies. Failure to correct deficiencies may result in termination of this Agreement as set forth in Section X, below.

SECTION V

Record Retention

Agency shall maintain accurate records of all project activities, correspondence, project expenses, statistical records, accounting records and all other pertinent supporting documentation, which justify all expenditures made pursuant to this Agreement. All income qualification information, all original books of entry, all canceled checks and any other financial records shall be retained by Agency for not less than four (4) years from the City fiscal year in which grant funds were last expended under this Agreement. Records for non-expendable property acquired with funds under this Agreement shall be retained for five (5) years after final disposition of such property. The retention period begins on the date of the submission of the City's annual performance and evaluation report (CAPER) to the U.S. Department of Housing and Urban Development (HUD) in which the activities assisted under the agreement are reported on for the final time. Notwithstanding the above, if there are litigation, claims, audits, negotiations, or other actions that involve any of the records cited and that have started before the expiration of the four-year period, then such records must be retained until the completion of the actions or resolutions of all issues, or the expiration of the four-year period, whichever occurs later.

All accounting procedures, records, and reports shall be available for inspection or made available for inspection to a duly authorized representative of the City of McKinney or HUD.

SECTION VI

Independent Contractor

It is understood that City enters into this Agreement with Agency for the purposes enumerated in the recitals and Section II herein, and it is understood that Agency is an independent contractor. Nothing herein shall be construed to constitute Agency as an agent, employee, or representative of the City or as expressing any intention of Agency to enter into a joint venture with City.

SECTION VII

Affidavit of No Prohibited Interest

Agency acknowledges and represents that Agency is aware of the laws related to prohibited interests found in state law, the City Charter and the City Code of Ordinances. Agency acknowledges and is aware that the existence of a prohibited interest at any time during the term or any extension of this Agreement will render the Agreement voidable. At the time of execution of this Agreement, a duly authorized representative of the Agency shall execute the Affidavit of No Prohibited Interest attached to this Agreement as Exhibit "G" and fully incorporated by reference.

SECTION VIII

Insurance Requirements; Hold Harmless; Indemnification

1. **Insurance.** Agency agrees to maintain during the term of this Agreement, or any extension thereof, insurance in the types and amounts as shown in Exhibit "F", which is attached to this Agreement and fully incorporated by reference. Such insurance shall be evidenced by certificates of insurance, a copy of which shall be provided to the Community Services Administrator within ten (10) days of execution of this Agreement. Insurance provided by Agency is subject to approval by City.

2. **HOLD HARMLESS AND INDEMNITY.** AGENCY SHALL RELEASE, DEFEND, INDEMNIFY AND HOLD HARMLESS THE CITY, ITS OFFICERS, ELECTED OFFICIALS, EMPLOYEES, AGENTS, ATTORNEYS AND INSURERS FROM AND AGAINST ANY AND ALL CLAIMS, ACTIONS, CHARGES, SUITS AND JUDGMENTS (INCLUDING COURT COSTS AND REASONABLE ATTORNEYS FEES) WHATSOEVER THAT IN ANY WAY ARISE OUT OF AGENCY'S, OR ANY OTHER THIRD PARTIES FOR WHOM THE AGENCY IS RESPONSIBLE, PERFORMANCE OR NONPERFORMANCE OF THE SERVICES OR WORK CALLED FOR IN THIS AGREEMENT.

SECTION IX

Term

The term of this Agreement shall begin on October 1, 2014 and shall expire five (5) years after the date on which the final reimbursement of Grant funds is made to Agency. At the expiration of this Agreement, Agency shall have the continuing obligation to complete any unfulfilled terms and conditions of this Agreement, including but not limited to the submission of a final report to the City.

SECTION X

Termination of Agreement

This Agreement may be terminated or suspended for reason by either party, upon thirty (30) days written notice to the other party at their address as indicated in Section XIII, paragraph 5 of this Agreement. The City may suspend or terminate this agreement in accordance with 24 CFR 85.43. The City or Agency may reserve the right to terminate the agreement for convenience in whole or in part, in accordance with 24 CFR 85.44.

In the event the Agreement is terminated, the City will require the Agency to return all funds in its possession for which eligible expenses have not been incurred prior to the date of notification.

SECTION XI

Reversion of Assets

Upon expiration or termination of this Agreement, Agency shall transfer to the City (1) any CDBG funds or Program Income on hand at the time of expiration or termination and (2) accounts receivable attributable to the use of CDBG funds, regardless of whether City has made a formal demand or request to that effect. Agency shall also ensure that any real property under Agency's

control that was acquired or improved in whole or in part with CDBG funds in excess of \$ 25,000 is either:

- a) Used to meet one of the national objectives cited in 24 CFR 270.208 until five years (5) after termination of this Agreement; or
- b) If not used in accordance with one of the national objectives in 24 CFR 570.208, the Agency shall pay to the City an amount equal to the current market value of the property less any portion of the value attributable to expenditures of non-CDBG funds for the acquisition of, or improvement to the property. No payment is required after the expiration of the four (4) year period after termination of this Agreement.

SECTION XII

Non-Assignment

Agency shall not assign or otherwise transfer any of Agency's obligations or duties under this Agreement without first obtaining written consent from the City Council or City Manager, as appropriate.

SECTION XIII

Miscellaneous

1. Entire Agreement/Amendment. This Agreement and its attachments embody the entire agreement between the parties and may only be modified in writing executed by both parties.
2. Binding On Agency. The undersigned represents and warrants that he or she is the authorized representative of Agency and that this Agreement has been approved and accepted by the Board of Directors (or equivalent) of Agency.
3. Binding on the City of McKinney. This Agreement shall not be considered fully executed or binding on the City of McKinney until it has been executed by Agency and the City Manager or his designee, and approved and accepted by the City Council of the City of McKinney in open meeting as required by law.
4. Bankruptcy or Insolvency. If Agency (i) becomes insolvent, (ii) files a petition in bankruptcy or similar proceedings, or (iii) is adjudged bankrupt, Agency shall not make any other eligible expenditures prior to giving written notice to City of such bankruptcy or insolvency. Agency and City shall cooperate to ensure that grant funds and grant recipients are in no way jeopardized as a result of such bankruptcy or insolvency, and may terminate this Agreement without thirty (30) days written notice for such protection.
5. Notice. Notice as required by this Agreement shall be in writing delivered to the parties as follows via mail, commercial courier, or personal delivery. Facsimile transmission is not an acceptable form of notice under this Agreement.

City

Shirletta Best
Community Services Administrator
City of McKinney, Texas
222 N. Tennessee St., P.O. Box 517
McKinney, TX 75070
Telephone: 972-547-7577

OWNER

Roslyn Miller
Executive Director
McKinney Housing Authority
1200 Tennessee Street
McKinney, TX 75069
Telephone: 972-542-5641 ext. 14

- 6. Paragraph Headings. The paragraph headings contained herein are for convenience only and are not intended to define or limit the scope of any provisions in this Agreement.
- 7. Contract Interpretation. Although this Agreement is drafted by the City, should any part be in dispute, the parties agree that the Agreement shall not be construed more favorably for either party.
- 8. Venue. In the event of breach of this Agreement, this Agreement shall be governed by the laws of the State of Texas and exclusive venue for all causes of action shall be instituted and maintained in Collin County, Texas.

IN WITNESS WHEREOF, the parties have executed this Agreement by signing below.

CITY OF MCKINNEY, TEXAS

BY: 
Tom Muehlenbeck
INTERIM CITY MANAGER

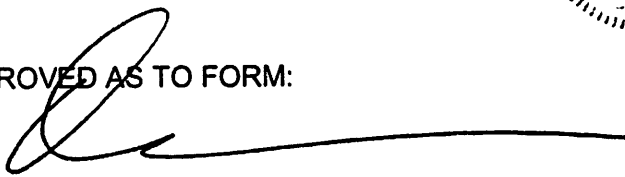
ATTEST:

By:  9/21/15
SANDY HART, TRMC, MMC
City Secretary

DENISE VICE, TRMC
Assistant City Secretary



APPROVED AS TO FORM:


Mark Houser
CITY ATTORNEY

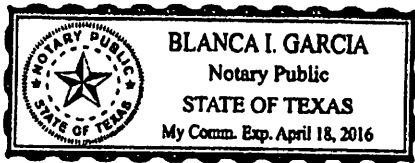
MCKINNEY HOUSING AUTHORITY

BY: *Roslyn Miller*
Roslyn Miller
EXECUTIVE DIRECTOR

ACKNOWLEDGMENTS

STATE OF TEXAS §
 §
COUNTY OF COLLIN §

This instrument was acknowledged before me on the 3rd day of September, 2015, by **TOM MUEHLENBECK**, Interim City Manager of the **CITY OF MCKINNEY, TEXAS**, a home-rule municipal corporation, on behalf of said corporation.



Blanca I. Garcia
Notary Public, State of Texas

STATE OF TEXAS §
 §
COUNTY OF COLLIN §

This instrument was acknowledged before me on the 10th day of September, 2015 by **ROSLYN MILLER**, Executive Director of the **MCKINNEY HOUSING AUTHORITY**, a Texas municipal housing authority, on behalf of said corporation.

Judith W. Hawkins
Notary Public, State of Texas

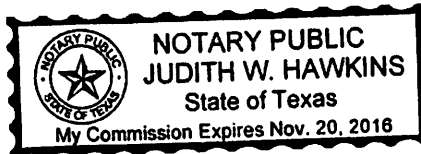


EXHIBIT "A"
STATEMENT OF WORK

Project Activity:

The Agency will redevelop the property located at 100 Amcott Circle, McKinney, Collin County, Texas known as Newsome Homes, which serves low-to-moderate income persons. Community Development Block Grant funds will be used solely for relocation assistance not subject to section 104(d) relocation assistance or one-for-one replacement relocation requirements (nor URA), as follows:

Relocation Assistance	<u>\$100,000</u>
Total:	\$ 100,000

Housing Authority of McKinney will administer the relocation assistance and make payments directly to eligible displaced households. The Agency is a Community Development Block Grant fund subrecipient, and will serve as the general contact and be responsible for ensuring timely and quality completion of all phases of the project and reporting, including weekly progress reports, Davis-Bacon Act compliance, procurement requirements; project closeout, and all requirements placed upon the Project by the City of McKinney and the U.S. Department of Housing and Urban Development (HUD) pertaining to the city and CDBG funding, respectively.

Funding:

Project funding will be in an amount not to exceed \$100,000 under the City's Community Development Block Grant (CDBG). Project expenditures may begin no earlier than October 1, 2014, and must be completed no later than September 30, 2018. **In no event shall the City be obligated to fund the Newsome Homes relocation assistance funds to the McKinney Housing Authority until the City receives appropriate verification of the Closing and funding of the construction loan for the Newsome Homes project.** Documentation shall be supplied to the City upon request in order for the City to fulfill its obligations under its federal grant. If this documentation is not maintained and furnished to the City on request, the City may exercise all remedies available under this Agreement, including the right to withhold payment or terminate this Agreement as described therein.

The City may provide funding as a leveraged resource for the Project, which, if issued, will be under a separate agreement known as a Chapter 393 Loan Agreement between the City of McKinney and the McKinney Housing Authority. The Chapter 393 agreement, if any, will be signed and executed separately from this CDBG Grant Agreement.

DUNS Number Requirement:

In accordance with CDBG requirements, Agency will obtain and provide City with a Dun & Bradstreet (D&B) DUNS® number, and will require any subcontractor or other recipient of CDBG funding to obtain and provide a DUNS® number to City. The agency's DUNS number is 614051225.

Affirmation of Compliance with Applicable Law:

Agency will meet HUD requirements for the CDBG Program and the Rental Assistance Demonstration Program (RAD), and will comply with all applicable federal, Texas and City laws.

All procurement services must be properly procured, applicable with federal requirements

General Project Requirements:

- a. Agency ("Subrecipient") shall follow applicable city and federal procurement requirements. A minimum of three (3) written bids from qualified, licensed contractors will be obtained for the primary contractor to perform the Project. Agency shall be responsible for hiring a licensed contractor to complete the Project.
- b. Agency shall obtain and submit all required certificates of insurance, as set forth per Exhibit "F" to the City's Community Services Administrator or his/her designee upon execution of this Agreement and prior to City's execution.
- c. Agency shall be responsible for obtaining all City and other approvals and/or permits required for construction and completion of the Project.
- e. Agency must have a Notice to Proceed issued by the City and a change order policy in place prior to Project implementation and must provide a copy to the City's Community Services Administrator before full execution of this Agreement.
- f. Agency shall be fully responsible for managing, monitoring, and scheduling the construction of the Project, for ensuring compliance with the payment of prevailing wages and ensuring that all Project work and activity is performed in conformance with the plans and documents approved by City and federal authorities.
- g. Agency shall be fully responsible for making all payments to contractors, suppliers, vendors, and/or other third parties and for ensuring that all contractors, subcontractors, suppliers, vendors and/or other third parties are paid in full.
- h. Agency shall comply per HUD with Section 3 requirements. Reporting to HUD under Section 3 until completion of project shall be conducted by Agency and City, separately as instructed under each HUD Division.

Section 3 Compliance Statement

Agency recognizes that Project work performed under this Agreement is done under a program providing direct federal financial assistance from HUD and is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, (12 U. S. C. § 1701u). Agency covenants to abide by the requirements of Section 3, and will be responsible for ensuring that the Project contracts meet Section 3 requirements, the regulations issued pursuant to Section 3 by the Secretary of Housing and Urban Development published in 24 CFR § 135, and all applicable rules and orders of HUD. Agency certifies and agrees that it is under no contractual or other disability which would prevent it from complying with these requirements.

Agency further agrees that it will send to each labor organization or representative of workers with which it has a collective bargaining agreement or other contract or understanding, if any, a notice advising the said labor organization or workers' representative of its commitments under this Section

3 clause and shall post copies of the notice in conspicuous places available to employees and applicants for employment or training.

Agency agrees that it will include this Section 3 compliance statement in every subcontract for work in connection with the project and will, at the direction of the City, take appropriate action pursuant to any subcontract upon a finding that the subcontractor is in violation of any 24 CFR § 135 regulation. Agency agrees that it will not subcontract with any subcontractor when it has notice or knowledge that the potential subcontractor has been found to violate any 24 CFR § 135 regulation. Agency further affirms that it will not award or execute any subcontract unless the subcontractor has first provided the Agency with a preliminary statement of ability to comply with the requirements of these regulations.

The City and Agency understand and agree that compliance with the provisions of Section 3, the regulations set forth in 24 CFR § 135, and all applicable rules and orders of the Department issued thereunder prior to the execution of this Agreement shall be a condition of the federal financial assistance provided to the project, which is binding upon the City and Agency and their respective successors, assignees and subcontractors. Failure to fulfill these requirements may subject Agency and its subcontractors, its successors and assignees, to sanctions specified by 24 CFR § 135. The City and Agency will each be responsible for reporting Section 3 activity at the completion of the program year and at project completion, respectively, to HUD.

Payments:

Payments will be processed by the City upon submission and approval of documented expenditures from Agency. For each payment request, the following program documents should be submitted:

- Request for reimbursement on the Agency letterhead;
- Supporting financial documentation indicating item was paid before reimbursement request was issued;
- CDBG request for payment form;
- Quarterly activity report, including client data and other requirements as needed; and
- Source documentation required with submission
- Proof of procurement per Exhibit "H"
- Proof of Closing and funding of the construction loan for the Project, in form acceptable to the City

Assigned purchase number and project codes must be listed on letterhead and payment form. (The number and project codes will be provided separately to Agency by City for CDBG funding).

Source Documentation for Payments:

In general, agency will keep a Project file with copies of invoices, sales receipts, and copies of checks or charge slips for all items or services bought or contracted for which will be charged to the Grant. Agency will also keep a running list of all expenditures and amounts which can be compared to the invoices and receipts. Agency acknowledges that undocumented purchases cannot be charged to the grant.

Agency will maintain Project files to include the following:

1. Bid solicitations or Requests for Proposals, and evaluation criteria used to award bids;
2. Proof of advertisement for bids and proposals, or direct solicitations;
3. Bid tabulation and evaluation;

4. Contractor eligibility checks, including a debarred entity check;
5. Executed contracts;
6. Bonding and insurance; and
7. Proof of Texas historically underutilized business contacts/bids
8. Relocation recordkeeping specific to HUD relocation requirements, including expense documentation.

Relocation Recordkeeping

Good recordkeeping, including a record of contacts with affected persons, is necessary to carry out the policies in this handbook in an effective manner that maintains continuity, regardless of staff turnover. Per HUD requirements, the Agency must keep records in detail sufficient to demonstrate compliance with applicable laws, regulations, local housing and occupancy codes, and the HUD handbook 1378.

http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/handbooks/cpd/13780 See OMB Paperwork statement at Paragraph 1-2 E.

It is the displacing agency's responsibility to ensure that all records regarding acquisition/relocation actions are properly maintained and available, if requested for HUD monitoring purposes. This includes any files that may be kept by third parties (e.g., consultants and/or subrecipients). See also the uniform administrative requirements for grants and agreements under 24 CFR 84.53 and/or 24 CFR 85.36(i)(10), and under the RAD program, as applicable.

Relocation/Relocation Advisory Recordkeeping Requirements

The follow requirements are referenced per HUD Relocation Handbook 1378. Agency is subject to the following: A List of Occupants (residential and non-residential). For the project, the Agency's files shall include a list or lists identifying the name, address, and occupant characteristics for all persons residing at the Newsome Homes property (including persons residing in or on property within the federally funded project which are to be acquired, rehabilitated, or demolished with non-federal funding sources). The list(s) may be maintained manually or in computer-generated format and may be used to track progress made in carrying out the relocation process. Sample manual guide forms are included in Appendices 21 and 22.

The lists should identify:

- 1) All persons occupying the real property on:
 - a) The date of the initial submission of the application for assistance by the applicant to the Agency or HUD, if the applicant has site control; or
 - b) The date the applicant obtains site control, if site control is not obtained until after submission of the application; or
 - c) Where there is no application for funds, the date of Initiation of Negotiations (ION) applicable to the project (see 49 CFR 24.2(a)(15), applicable HUD program regulations, and Chapter 1, Exhibit A).
- 2) All persons moving into the property on or after the date described in Paragraph 6-2 A.1 but before completion of the project.
- 3) All persons occupying the property upon completion of the project.

B. Persons Not Displaced. Documentation on persons not displaced shall include:

- 1) Evidence that the person received timely written notice that they would not be displaced by the project or that they might be temporarily relocated (copy of the Notice of Nondisplacement and receipt for the delivery of the Notice).
- 2) For a tenant-occupant of a dwelling, evidence that the tenant received: (a) a timely offer of a reasonable opportunity to lease and occupy a suitable, decent, safe and sanitary affordable dwelling in the building/complex upon completion of the project (see funding program regulations

for specific requirements), and (b) reimbursement of any out-of-pocket expenses incurred in connection with any temporary relocation or a move to another unit in the building/complex.

3) For each person who is not displaced but elects to relocate permanently, a reason for the move and records of any personal contact to explain that they will not qualify for relocation payments as a displaced person. This information must be available for all persons who occupied the property before project completion (i.e., those identified in Paragraphs 6-2 A.1 and 2) but who did not occupy the property after project completion and did not receive relocation assistance as a displaced person.)

4) Documentation to support eviction for cause (see Paragraph 1-6 J.1);

5) Documentation to support a determination that a person was not a legal occupant of the property;

6) A copy of any appeal or complaint filed and Agency response.

C. Displaced Persons. For persons displaced, there should be separate case files that include documentation that is sufficient to demonstrate that the Agency verified the persons relocation needs, current situation, and their eligibility for URA and/or section 104(d) assistance and/or payments. The following list is not all-inclusive. It is provided for illustrative purposes. Individual cases may require more or less documentation to support Agency determinations:

1) Residential Occupants (tenants or owners). The documentation described below is applicable to both tenants and owners, except where noted (items a. thru c. are included in Appendix 8 (Site Occupant Form) which may be used to record this information):

a) Information on each individual occupant: Name, sex, age, race/ethnicity, disability (if any), relationship to head of household (identify head of household), estimated income, certification of legal residence/citizenship (form HUD-40054, 40057, or 40058 may be used for this certification);

b) Description of current unit: Number of bedrooms, amenities, square footage of unit, amount of rent and utilities, date of initial occupancy;

c) Documentation of income (for tenants only):

(1) Agencies should have policies that describe the nature of documentation they will require to support income determinations for relocation assistance (particularly where a person claims to be of low-income and/or where the Agency also operates a HUD subsidized housing program for which the displaced person may be eligible);

(2) Acceptable documentation can include: Wage statement from employer(s), W-2s, copy of current tax return; if employment is sporadic (e.g., from irregular day-labor) obtain a self-certification; Government and/or private pensions, disability payments, benefit income (such as welfare, SSI, etc.) can be documented with a copy of an eligibility letter or statement, check or record of regular bank deposits; and other reasonable evidence of income accepted under HUD subsidized housing programs;

d) Rent and utility costs for the displacement, comparable, and replacement units (also applicable to owner-occupants who decide to rent replacement housing rather than purchase replacement housing):

(1) Agency should have policies that describe the nature of documentation they will obtain to support rent and utility calculations. Acceptable documentation includes copies of a lease, rent receipts, utility receipts, statement from utility company(ies); or other similar evidence. Utilities included in the rent and those that must be paid separately by the household need to be identified and calculated. Form HUD-40061 (Appendix 12) may be used to summarize and record the rent

and utilities information obtained on the displacement and comparable units (but is not a substitute for required documentation).

(2) If a utility allowance schedule from a local Public Housing Authority was used as that basis to calculate estimated utilities at a comparable or replacement unit, provide a copy of the schedule and any adjustments the Agency made to the scheduled amount based on the circumstances of displacement (see HUD Relocation and Acquisition Policies newsletter dated August 2006, Vol. 2, No. 2 (available at: www.HUD.gov/relocation under HUD RAP Newsletter).

(3) For owner-occupants who elect to rent replacement housing, a determination must be made of the rent that would be charged for their displacement property on the open market (see 49 CFR 24.401(f)).

e) Copy of the following notices (as applicable) displaying the person's name and mailing address, and date mailed: General Information Notice, Notice of Eligibility, 90 Day Notice and/or 30 Day notice (if issued), etc.; and evidence of delivery by certified or registered first class mail, return receipt requested, or a certification of hand delivery;

f) Identification of relocation needs and preferences (Appendix 8, Site Occupant Record – Residential, may be used for this purpose);

g) Dates of personal contacts and advisory services provided (Appendix 10, Record of Advisory Assistance and other Contacts, may be used for this purpose);

h) Records of referrals to comparable replacement dwellings, date of referral, date of availability, reason(s) person declined referral, inspection(s) of the chosen replacement dwelling for decent, safe, and sanitary conditions;

i) Moving cost estimates, bids, or amount determined based on current Fixed Residential Moving Cost Schedule (see 24 CFR 24.302);

j) Copies of all relocation claim forms and related documentation, evidence that person received payment and, if applicable, evidence of housing subsidy paid from other sources (e.g., Housing Choice Voucher);

k) Documentation to support why a claim was not made or was not paid: e.g., displaced person who moved on his/her own, moved prior to Notice, failed to provide requested information/documentation to support a claim, or a signed statement indicating the persons decision not to claim part or all of the assistance offered, etc.;

l) Documentation supporting a hardship claim and the Agency's determination (for persons not lawfully present in the US);

m) Tenants who receive down payment assistance: Purchase agreement, final executed closing statement/escrow documents (HUD-1), copy of recorded deed indicating book and page;

n) Copy of any appeal or complaint filed and Agency response.

2) Owner-occupied properties: The following additional documentation may need to be maintained on file to support the owner's relocation under an acquisition subject to Subpart B of the URA regulations (e.g., acquisitions under the threat of eminent domain). See Paragraph 6-3 for documentation related to the actual acquisition of property:

a) Mortgage amount(s) on current property, monthly payment, remaining number of payments, interest rate, deed or title evidence;

b) Copy of the following notices (as applicable) displaying the person's name, mailing address and date mailed: General Information Notice, Notice of Intent to Acquire (if issued), Notice to Owner, 90 Day Notice and/or 30 Day Notice (if issued), other applicable notices if condemnation is pursued; evidence of delivery of notices by certified or registered first-class mail, return receipt requested, or a certification of hand delivery;

c) Information on advisory services provided (Appendix 10, Record of Advisory Assistance and Other Contacts, may be used for this purpose);

d) Written offer to purchase, purchase agreement, mortgage documents, closing/escrow documents (HUD-1) for replacement property, copy of recorded deed indicating book and page.

3) Non-residential occupants (businesses, farms, non-profit organizations -- owners or tenants).

a) Name and type of business being relocated, name of business owner(s), certification of legal residence/citizenship;

b) Identify owner of the property being vacated (is it the displaced business or some other entity), copy of the property lease;

c) Survey of relocation needs (Appendix 9, Site Occupant Record, may be used for this purpose);

d) Information on advisory services provided (Appendix 10, Record of Advisory Assistance and Other Contacts, may be used for this purpose);

e) Moving cost estimates, bills and/or receipts for actual moving and related expenses; or documentation supporting the alternative fixed moving expense calculation (49 CFR 24.305);

f) Documentation to support all related nonresidential eligible expenses (49 CFR 24.303);

g) Documentation supporting reestablishment expenses and searching costs (49 CFR 24.304) including receipts, bills, lease, etc.;

h) Copies of any inspection(s) of personal property at the displacement and replacement sites (see 49 CFR 24.301(i)(2).

General Procurement Requirements

For purchases of items/materials costing less than \$3,000, only one quote is required. The sales slip from the business where the material was purchased is sufficient. However, there is no prohibition on obtaining several quotes to obtain the best and most fair price, even for low-cost items.

For purchases of items/materials costing between \$3,000 and \$15,000, Agency is required to obtain three (3) written quotes/bids for the item. These quotes shall be placed in the Project file. If Agency is unable to obtain three quotes, a list of the vendors contacted should be placed in the file, noting those vendors who did submit quotes. If there is only one vendor who makes the item to be purchased, this should be noted in the file with an explanation of what you did to determine there was only one vendor available. You must also ensure a minimum of two quotes/bids were from Historically Underutilized Businesses (HUBS) located in the State of Texas.

Purchased between \$15,000 - \$50,000, Formal written quotes are obtained by the Housing and Community Development Department, with support from the Purchasing Department for these purchases. You must also ensure a minimum of two quotes/bids were from Historically Underutilized Businesses (HUBS) located in the State of Texas.

For purchases over \$50,000 and up to \$ 100,000:

Agency will contact the Community Services Administrator for specific requirements under CDBG in addition to applicable requirements under State of Texas.

Procurement for Newsome Homes, Small Purchase Procedures

Agency ("Subrecipient") must submit Exhibit "H" as part of grant agreement that includes all procurement requirements. For each procured contract, the small purchase procedures allow recipients to acquire goods and services totaling no more than **\$100,000**, without publishing a formal request for proposals or invitation for bids.

This method of procurement is typically used to purchase commodities such as equipment or other materials.

The small purchases method can also be used to acquire eligible types of services, such as professional consulting, environmental review, or planning. This method cannot be used if the services contract will exceed \$100,000 in value. In general, the small purchases procedures also should not be used to acquire construction contractors. Under the small purchases method, the Subrecipient will send a request for quotes to potential vendors with a detailed description of the goods or services needed. In return, they receive competitive written quotations from an adequate number of qualified sources.

Each quote should include pricing information that allows the grantee to compare costs across bidders and ensure cost reasonableness.

Documentation of the quotes, including a minimum of two quotes/bids from HUBS located in the State of Texas, shall be maintained in the Subrecipient's files.

Pre-qualified lists of vendors/contractors, if used, must be current, developed through open solicitation, include adequate numbers of qualified sources, and must allow entry of other firms to qualify at any time during the solicitation period (24 CFR 85.36(c)(4)).

The subrecipient must develop and maintain a written code of standards that helps to prevent conflicts of interest in procurement. This written code of conduct must apply to all employees,

officers, agents of the subrecipient, members of their immediate family, and partners. The code shall prevent financial interest or other benefits earned for any of these persons due to a CDBG-related procurement action. These persons also cannot solicit or accept gratuities, favors or other items of monetary value from contractors. Subrecipient is allowed to establish minimum thresholds below which the financial interest is not substantial or is of nominal value.

Excluded Parties:

Subrecipient must not make any award (subgrant or contract) to any organization which is debarred or suspended or is otherwise excluded from or ineligible for participation in Federal assistance programs under Executive Order 12549, "Debarment and Suspension."

This applies to any CDBG-assisted contract at any tier in the process.

Change of Address or Key Program/Financial Staff:

Agency must notify the City in writing within thirty (30) days of any major change that may impact the Agency and its CDBG funding. Notifications may include, but are not limited to: (1) change of address; (2) change in key Program/Financial staff (including CEO/Executive Director); and (3) change of Agency name, or merger with (or acquisition of or by) another entity.

Monitoring:

The City will monitor Agency's progress throughout the Project, including the year-end grant closeout for all funded CDBG projects. Tools used to track performance requirements will include data review under City and HUD systems, performance reports, timeliness tests, and annual monitoring.

GENERAL FEDERAL PERSONNEL AND PARTICIPANT CONDITIONS

Civil Rights Compliance

Agency agrees to comply with Title VI of the Civil Rights Act of 1964 as amended; Title VIII of the Civil Rights Act of 1968 as amended; Section 104(b) and Section 109 of Title I of the Housing and Community Development Act of 1974 as amended; Section 504 of the Rehabilitation Act of 1973; the Americans with Disabilities Act of 1990 as amended; the Age Discrimination Act of 1975; Executive Order 10603; and Executive Order 11246 as amended by Executive Orders 11375, 11478, 12107 and 12086.

Equal Opportunity and Nondiscrimination

Agency and each participant in the performance of this Agreement shall comply with the non-discrimination in employment and contracting opportunities laws, regulations, and executive orders referenced in 24 CFR 570.607, as revised by Executive Order 13279. Agency shall not discriminate against any worker employee or applicant on the basis of sex, national origin, disability, handicap status nor otherwise commit an unfair employment practice.

Section 504

Agency agrees to comply with all federal regulations issued pursuant to Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. § 794), which prohibits discrimination against individuals with disabilities or handicaps in any federally assisted program. City shall provide the Agency with any guidelines necessary for compliance with that portion of the regulations in force during the term of this Agreement.

Women and Minority-Owned Businesses (W/MBE)

Agency will use its best efforts to afford minority and women-owned business enterprises the maximum practicable opportunity to participate in the performance of this Agreement. As used in this Agreement, the term "minority and female business enterprise" means a business that is at least fifty-one percent (51%) owned and controlled by minority group members or women. For the purpose of this definition, "minority group members" are those minority groups established and recognized by the HUD. Agency may rely on written representations by the vendor/business regarding their status as minority and female business enterprise in lieu of an independent investigation.

Equal Employment Opportunity and Affirmative Action Statement City and Agency will in all solicitations or advertisements for employees placed by or on behalf of Agency, state that they are an Equal Opportunity or Affirmative Action employer.

Employment Restrictions, Prohibited Activity

Agency is prohibited from using CDBG funds provided herein or personnel employed in the administration of the program for: political activities; inherently religious activities; lobbying; political patronage; and nepotism activities.

Freedom of Information Act

This Program may be subject to the Freedom of Information Act. City and Agency will protect the confidentiality of information contained herein to the extent permitted by law. Client financial information will be kept confidential to the extent permitted by law.

Exhibit "B"
Budget

Total CDBG funding: \$ 100,000 under grant agreement

Budget: CDBG Grant Uses

CDBG costs are eligible for reimbursement only after full execution of grant agreement, closing and funding of the construction loan for the Project, and receipt by City of source documentation as expressed in the subrecipient agreement

EXHIBIT "C"
GENERAL CONDITIONS OF AGREEMENT

The Agency agrees to the following general conditions:

1. All accounting procedures, records, and reports shall be available for inspection by a duly authorized representative of the City of McKinney. An independent audit of the Agency's financial records, paid for by Agency, shall be furnished to the City.
2. If the Agency is in receipt of total federal funds equal to or in excess of \$ 750,000, actions require an audit performed in compliance with provisions of OMB Circular A-133. Agency must provide the Administrator one (1) copy of each audit of Agency's financial records, which may be performed between the effective date of this Agreement and September 30, 2018.
2. The Agency agrees to the on-site inspection of its facilities and/or programs by the City or HUD upon notice and during the project as needed.
3. Improper use of funds awarded in the Grant may result in the termination of the Grant, forfeiture of any outstanding Grant award and/or recovery of previous payments.
4. **Obligation to Refrain from Discrimination:**

Programs, activities, employment opportunities, etc. funded totally or partially by the City of McKinney must be made available to all people regardless of race, color, religion, gender, age, national origin, handicap, or political affiliation. Agency shall make known that use of facilities funded under this Agreement is available to all on a nondiscriminatory basis. No person shall, on the grounds of race, color, national origin, age, gender, religion, familial status or handicap status, be excluded from participation in, be denied the benefits of, or be subjected to discrimination in any of the operations of Agency. Agency must also adopt and implement procedures designed to make available to interested persons information concerning the existence and location of services and facilities that are accessible to persons with a handicap.
5. The Agency and any person or organization the Agency contracts with shall comply with the uniform administrative requirements specified at 24 CFR 570.502 and 24 CFR 570.610.
6. The Agency agrees to comply with all applicable laws, regulations, ordinances, and codes of the United States of America, the State of Texas, and the City of McKinney.
7. The Agency shall comply with all federal, state, and local conflict of interest laws, statutes, regulations, and ordinances, and said laws shall apply to all parties and beneficiaries under this Agreement, as well as to all officers, employees, and agents of City.
8. None of the funds, materials, property, or services provided directly or indirectly under this Agreement shall be used for any partisan political activity or to further the election or defeat of any candidate for public office, or for publicity, lobbying and/or propaganda purposes designed to support or defeat legislation pending before the Congress of the United States of America, the Legislature of the State of Texas, the City Council of the City of McKinney, or any other political body.

9. The City shall have the right to review any and all contracts for the Project to be awarded or entered into by the Agency prior to execution by the Agency, and to require such terms and conditions as it deems necessary to protect the City's interests to be modified, added, or deleted.
10. **Conflict of Interest:** Conflicts are prohibited where persons exercise or have exercised any functions or responsibilities with CDBG assisted activities, or who are in a decision making position or process regarding CDBG assisted activities; or are able to gain inside information with regard to CDBG activities; or who may obtain financial interest or benefit from an activity or have a financial interest or benefit from the activity; have an interest in any contract, subcontract or agreement either for themselves, immediate family or business related ties. Persons covered under the federal regulation applies to any person(s) who is an employee, agent, consultant, officer or elected official or appointed official of the state or unit of general local government or any designated public agencies, or subrecipients who are receiving CDBG funds.

The Agency hereby warrants that it will establish and adopt safeguards to prohibit members, officers, and employees from using positions for a purpose that is, or gives the appearance of being, motivated by a desire for private gain for themselves or others, particularly those with whom they have family, business, or other ties. Further, in accordance with 24 CFR 570.611, no member, officer, or employee of the Agency who exercises any functions or responsibility with respect to the program during his or her tenure, or for one year thereafter, shall have any financial interest or benefit, direct or indirect, in any contract or subcontract, or the proceeds thereof, either for themselves or those with whom they have a family or business ties, for work to be performed in connection with the program assisted under the Agreement. Requirements cover situations which may appear to be a conflict as well as actual conflicts. Participants will be required to sign a conflict of interest certification.

11. Agency agrees to comply with the requirements of Title 24 Code of Federal Regulations, Part 570 concerning Community Development Block Grants (CDBG), including but not limited to any and all amendments to Title 24 Part 570 and all federal regulations and policies issued pursuant to these regulations.
12. Agency shall also provide to the Administrator a report on funds provided by the City, prepared at the end of each quarter, at minimum, in accordance to the schedule received. This report will include the total number of unduplicated individuals and households served, including their ethnic origin, number in household, income level, disability status, and whether these persons are female head of household. Reporting may include additional information specific to the funded activity, as requested by City or any federal government agency.
13. Agency shall administer, in good faith, a policy designed to ensure that its facilities are free from the illegal use, possession or distribution of drugs or alcohol.
14. **Program Income:** The Agency shall report all program income (as defined at 24 CFR 570.090(a)) generated by activities carried out with CDBG funds made available under this Agreement. In the event that any program income is derived from the activities specified in this Agreement, such income shall be transferred to the City's Grant Fund.
15. Agency's obligation to the City shall not end until all close-out requirements are completed. Activities during this close-out period shall include, but are not limited to: making final payments, disposing of program assets (including the return of all unused materials,

equipment, unspent cash advances, program income balances, and receivable accounts to City), and determining the custodianship of records.

16. **Accounting Standards:** Agency agrees to comply with 24 CFR Part 84 accounting standards and agrees to adhere to the accounting principles and procedures required therein, utilize adequate internal controls, and maintain necessary source documentation for all costs incurred.
17. The Agency agrees that funds provided under this contract will be executed in accordance with the federal regulations specified in 24 CFR 570.200(j). An organization that participates in the CDBG program shall not, in providing program assistance, discriminate against a program beneficiary or prospective program beneficiary on the basis of religion or religious beliefs and may not engage in inherently religious activities, such as worship, religious instruction, or proselytizing as part of the programs or services funded under this part. If any organization conducts such activities, they must be offered separately, in time or location, from the programs funded by CDBG. Participation must be voluntary for the beneficiaries of the HUD-funded programs.
18. In the event that the U.S. Department of Housing and Urban Development shall determine that funds expended by Agency under this Agreement have been spent in violation of federal regulations, and that an amount equal to said funds shall be reimbursed to the U.S. Treasury, Agency shall be solely responsible for said reimbursement.
19. It will be the responsibility of the Agency to participate in all appropriate training conducted by the City of McKinney as it pertains to this Agreement. The City shall provide timely notice of all training activities.
20. All agencies receiving any federal funding in the amount of \$25,000 or more will be under the requirements of the Federal Funding Accountability and Transparency Act (FFATA), as of January 1, 2009. The City of McKinney will report awards within 30 days of receipt of award, to the appropriate federal entities, for assurance in meeting federal accountability compliance requirements.
21. Agency and any contractor, supplier, vendor or any third party hired by Agency to complete the Project are not agents of the City. Any provisions of this Agreement that may appear to give the City any right to direct the Agency concerning the details of the obligations under this Agreement, or to exercise any control over such obligations, shall mean only that the Agency shall follow the direction of the City concerning the end results of the obligations.
22. **Ownership of Documents.** All documents, including, without limitation, designs, plans, bids, bills and receipts, prepared and submitted to the City pursuant to this Agreement (including any duplicate copies) shall be the property of the City. The City's ownership of these documents includes use of, reproduction or reuse of and all incidental rights thereto.

EXHIBIT "D"

Federal Labor Standards Provisions

- A. Agency agrees to ensure that all work, submitted forms and required documentation under the Project complies with the Davis-Bacon Act. The U.S. Department of Labor Link is provided below. The Agency will ensure that posters are listed at the site and compliance is followed as required for all covered activities.

<http://www.dol.gov/whd/govcontracts/dbra.htm>

Attention is also called to providing the Agency's General Contractor and subs the Contractor's guide to *Making Davis Bacon Work*, which is available at the following HUD website:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/guid ebooks/4812LR

Projects utilizing CDBG must comply with Davis-Bacon Act prevailing wages. The Davis Bacon Act requires the payment of prevailing wage rates (which are determined by the U.S. Department of Labor) to all laborers and mechanics on Federal government construction projects in excess of \$2,000.

Consultation for Davis Bacon must include the following city contacts:

Richard Hall, Housing Inspector (Consultation/Reporting)
Phone: 972-658-0023 rhall@mckinneytexas.org

Patricia (Trish) Jackson, PE – Facilities Construction Manager
Phone: 972-547-7439 pjackson@mckinneytexas.org

Mr. Hall and Ms. Jackson must be included on all communication and consultation for the project with regard to Davis Bacon. It is advised that contact should be made prior to project implementation and during the project activity. Both the city and agency are responsible for reporting to the U.S. Department of Housing and Urban Development accordingly.

- B. The most current prevailing wage rates by worker classification may be obtained from the City contacts. **Wages not less than the established prevailing wage rates must be paid on the project for each classification.**
- C. For overtime work and legal holidays, the minimum hourly rate to be paid shall be one and one-half times (1.5x) the basic hourly wage set forth in this section.
- D. The prime Contractor is responsible and will be held liable for any wage restitution that is due to any worker employed in the construction of the project, including workers

employed by subcontractors and any lower-tier subcontractors. The Contract Administrator (Agency) shall cause withholding from payments due to the prime contractor to ensure that the payment of wages which are believed to be due and unpaid, for example, if wage underpayments or other violations are not corrected within 30 days after notification to the prime contractor.

- E. No portion of this provision shall be construed to prohibit the payment to any laborer, workman, or mechanic employed on the Project of more than the stated wage rate. It shall be the responsibility of the Contractor to maintain an adequate work force whether higher wages are required or not.
- F. The Contractor or subcontractor violating a requirement may be determined ineligible to bid on or receive any additional work during the calendar year following the year in which the violation occurred.
- G. The Agency will be responsible for ensuring compliance of all Davis-Bacon requirements under the agreement. The City and Agency will be responsible for reporting Davis-Bacon compliance to the U.S. Department of Housing and Urban Development during the required reporting periods per funding and project requirements. Site visits, monitoring and reporting to HUD during the project and thereafter will be expected and required. Reporting documents will be filed separately to the Regional Administrator, Labor Relations at the HUD Fort Worth Regional Office, per notice and instruction.

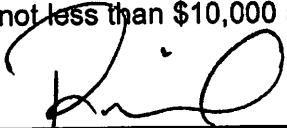
EXHIBIT "E"

**CERTIFICATION FOR CONTRACTS, GRANTS, LOANS, AND
COOPERATIVE AGREEMENTS**

THE UNDERSIGNED CERTIFIES TO THE BEST OF HIS OR HER KNOWLEDGE AND BELIEF THAT:

1. No federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for the purpose of influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.
2. If any funds other than federal appropriated funds have been paid or will be paid to any person for the purpose of influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit federal Standard Form LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
3. The undersigned shall require that the language of this certification be included in the award documents for all sub awards at all tiers (including subcontracts, sub grants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by 31 United States Code § 1352. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

By: 
Signature
Roslyn Miller
Printed Name
EXECUTIVE DIRECTOR
Title
McKinney Housing Auth.
Agency/Business
Date Signed: 09/10/15

**EXHIBIT " F"
INSURANCE REQUIREMENTS**

The Agency shall at its own expense procure, pay for and maintain for the duration of the Grant Agreement, insurance against claims for injuries to persons or damages to property which may arise from or in connection with the services performed, or to be performed, hereunder by the Agency, its agents, representatives, employees, volunteers, officers, director, or subcontractors. The

The following insurance must be written by companies approved by the state of Texas and acceptable to the City of McKinney. The Agency shall furnish to the City of McKinney certificates of insurance executed by the insurer or its authorized agent stating coverages, limits, expiration dates and compliance with all applicable required provisions. All deductibles on any policy shall be the responsibility of the primary holder of such policy and shall not be the responsibility of the City of McKinney.

The Certificate Holder section must be addressed as follows:

**City of McKinney
C/o EBIX BPO
212 Kent Street
Portland, MI 48875-0257**

Certificates must e-mailed from the owner or owner's agent to to certonly-portland@ebix.com and copy the Administrator on the same email for documentation no later than October 1 of each program year that the project is under active status.

- A. Commercial General Liability insurance, including, but not limited to Premises/Operations, Personal & Advertising Injury, Products/Completed Operations, Independent Contractors and Contractual Liability, with minimum combined single limits of \$500,000 per-occurrence, \$1,000,000 Products/Completed Operations Aggregate and \$1,000,000 general aggregate. Coverage must be written on an occurrence form.

- B. With reference to the foregoing required insurance, the vendor shall endorse applicable insurance policies as follows:
 - 1. The City of McKinney, its officials, employees, officers, volunteers, boards and commissions shall be named as additional insureds on the Commercial General Liability policy, by use of an endorsement that includes the completed operations hazard.
 - 2. All insurance policies shall be endorsed to the effect that City of McKinney will receive at least thirty (30) days' notice prior to cancellation, non-renewal, termination, or material change of the policies.

- C. All insurance shall be purchased from an insurance company that meets a financial rating of B+VI or better as assigned by the BEST Rating Company or equivalent.

EXHIBIT "G"
AFFIDAVIT OF NO PROHIBITED INTEREST

I, the undersigned, declare and affirm that no person or officer in this sole proprietorship, partnership, corporation, or board has or will have during the term of this Agreement a prohibited interest as that is defined in Section 173 of the City of McKinney Charter and the City of McKinney Code of Ethics.

I further understand and acknowledge that the existence of a prohibited interest at any time during the term of this Agreement will render the Agreement voidable.

McKINNEY HOUSING AUTHORITY



Roslyn Miller
EXECUTIVE DIRECTOR

Date: 09-10-15

STATE OF TEXAS §
 §
COUNTY OF COLLIN §

Subscribed and sworn to before me this 10th day of September, 2015.



Notary Public, State of Texas

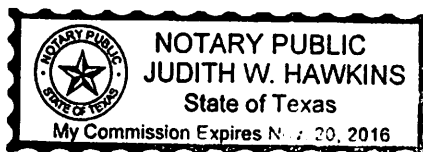


EXHIBIT "H"

**City of McKinney
CDBG Procurement Certification**

The Agency will use the appropriate method of procurement for professional services when using Community Development Block Grant (CDBG) funds from the City of McKinney. Per the City's requirement and HUD, is also required that at minimum two HUBS must receive notice. In the general summary, Subrecipient must adhere to procurement regulations for full scope of performance.

CERTIFICATION STATEMENTS

- 1) The Housing Authority of McKinney, Texas understands and confirms its obligation to procure professional services per the revised grant agreement. MCKINNEY HOUSING AUTHORITY confirms and understands it will accomplish procurement of professional services in accordance with City of McKinney requirements under the Purchasing Department.
- 2) The Housing Authority of McKinney, Texas will or has performed required federal obligations under HUD regarding procurement of professional services, under federal regulations 24 CFR 570.202(b)(2), OMB Circular 24 CFR 85.22, CFR 85.36 and
- 3) The Housing Authority of McKinney, Texas confirms current or past receipt of the following items: City of McKinney Subrecipient Handbook, 2015-16 and Chapter 3: Procurement requirements, CDBG "Playing by the Rules" guide.

HOUSING AUTHORITY OF MCKINNEY, TEXAS

Roshw Miller

Print Authorized Name and Title
Housing Authority of McKinney, TX

[Signature]

Authorized Contract Signatory and Title
Housing Authority of McKinney, TX

09-10-15

Date

ATTESTATION

I, **ROSLYN MILLER** am of sound mind and at least eighteen (18) years of age. My position is **EXECUTIVE DIRECTOR** of the **HOUSING AUTHORITY OF MCKINNEY, TEXAS**. As the **EXECUTIVE DIRECTOR** of the **HOUSING AUTHORITY OF MCKINNEY, TEXAS**, I do hereby affirm to the best of my knowledge that **HOUSING AUTHORITY OF MCKINNEY, TEXAS** is a Texas municipal housing authority created under Chapter 392 of the Texas Local Government Code, and that I have the authority to enter into this Agreement on behalf of the **HOUSING AUTHORITY OF MCKINNEY, TEXAS**.

HOUSING AUTHORITY OF MCKINNEY, TEXAS



Roslyn Miller
EXECUTIVE DIRECTOR

STATE OF TEXAS §
 §
COUNTY OF COLLIN §

Subscribed and sworn to before me this 10th day of September, 2015.


Notary Public, State of Texas

