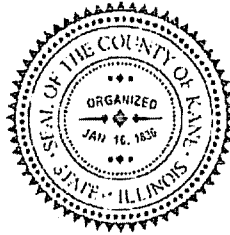


# COUNTY OF KANE

Christopher J. Lauzen  
Kane County Board Chairman



Kane County Government Center  
719 South Batavia Avenue  
Geneva, IL 60134  
P: (630) 232-5930  
F: (630) 232-9188  
[clauzen@kanecoboard.org](mailto:clauzen@kanecoboard.org)  
[www.countyofkane.org](http://www.countyofkane.org)



## DOCUMENT VET SHEET

for  
Christopher J. Lauzen  
Chairman, Kane County Board

Name of Document: HUD Subrecipient Agreements Resolution No.: 13-102

Submitted by: Josh Beck

Dept. Head Signature: *Matt Ruzyn*

Date Submitted: 10/18/2013

Dept. Head Sign-off Date: 10/18/2013

Examined by:

Joseph Lauzen  
(Print name)

*Joseph Lauzen*  
(Signature)

10-22-13  
(Date)

Post on the Web: YES X NO    Atty. Initials: *AD*

Comments:

Enclosed are subrecipient agreements for Chairman Lauzen's signature. The agreements stipulate the terms and

conditions under which Federal funds from HUD will be used to support housing and community development activities

approved by the County Board (Res. #13-102).

1 Home HUD/NHS Fox Valley #17,500<sup>00</sup>

Chairman signed: YES ✓ NO   

10/23/13  
(Date)

Document returned to:

Josh Beck  
(Name/Department)

STATE OF ILLINOIS

COUNTY OF KANE

RESOLUTION NO. 13 - 102

**APPROVING A HOUSING AND COMMUNITY DEVELOPMENT  
ANNUAL ACTION PLAN FOR PROGRAM YEAR 2013**

WHEREAS, the Kane County Board adopted Resolution No. 97-344, which established the Kane County Community Development Block Grant (CDBG) Program, and Resolution No. 04-06, which established the Kane-Elgin HOME Consortium; and

WHEREAS, the Kane County Board adopted a Housing and Community Development Consolidated Plan for Program Years 2010-2014, which identified priority needs and strategies to be addressed with funds from the U.S. Department of Housing and Urban Development (HUD) over a five-year period; and

WHEREAS, the County prepared a draft Action Plan for Program Year 2013, including budgets for the use of HUD funds; and

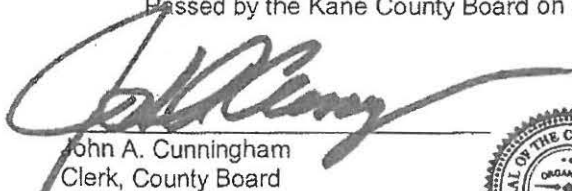
WHEREAS, said budgets include specific programs and projects that are consistent with the priority needs and strategies identified in the Consolidated Plan for Program Years 2010-2014; and

WHEREAS, a summary of the plan was published and made available for public review and comment as required by the County's Citizen Participation Plan.

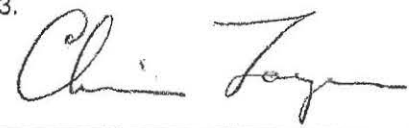
NOW, THEREFORE, BE IT RESOLVED by the Kane County Board that the Housing and Community Development Annual Action Plan for Program Year 2013, including activities to be undertaken with HUD funds, are hereby approved.

BE IT FURTHER RESOLVED that the Kane County Board Chairman is authorized to sign agreements necessary to complete the activities described in the plan, and to execute certifications and other documents required by the U.S. Department of Housing and Urban Development.

Passed by the Kane County Board on April 9, 2013.

  
John A. Cunningham  
Clerk, County Board  
Kane County, Illinois



  
Christopher J. Lauzen  
Chairman, County Board  
Kane County, Illinois

Vote:

Yes

No

Voice

Abstentions

21  
0  
0  
0

4CDBGActionPlan

STATE OF ILLINOIS  
COUNTY OF KANE

DATE August 16, 2013

I, John A. Cunningham, Kane County Clerk and Keeper of the Records in Kane County, Illinois do hereby certify that the attached is a true and correct copy of the original record on file. In witness whereof, I have hereunto set my hand and affix the Seal of the County of Kane at my office in Geneva, Illinois

  
John A. Cunningham, Kane County Clerk

**HOME INVESTMENT PARTNERSHIP PROGRAM SUBRECIPIENT AGREEMENT  
BETWEEN KANE COUNTY, ILLINOIS  
AND  
NHS OF THE FOX VALLEY**

---

**THIS AGREEMENT** is entered into on Oct. 23, 2013 by and between Kane County, Illinois (herein called the "County"), and NHS of the Fox Valley (herein called the "Subrecipient").

**WHEREAS**, the County is the recipient of funds from the United States Government to be used in the redevelopment of foreclosed properties into affordable housing under the National Affordable Housing Act of 1990; and

**WHEREAS**, the Catalog of Federal Domestic Assistance (CFDA) Number for said funds is 14.239 and they are distributed by the U.S. Department of Housing and Urban Development (herein called "HUD"); and

**WHEREAS**, the County wishes to engage the Subrecipient in the utilization of said funds.

**NOW, THEREFORE**, the parties agree to the following:

I. STATEMENT OF WORK

A. Project Description, Tasks, Schedule, and Budget

The Subrecipient shall complete the project described in Exhibit A. Funds provided herein shall be used in the manner described in said exhibit, which includes a description of the project, the tasks to be performed by the Subrecipient, a schedule for completing the tasks, and a project budget.

B. Level of Accomplishment

The Subrecipient shall be responsible for completing the project identified herein and shall make all documentation associated with the completion of the project available for inspection by the County and representatives of HUD.

C. Staffing

The Subrecipient will be responsible for all normal administrative services and expenses not funded under this Agreement but required in order to undertake the project identified herein.

D. Performance Monitoring

The County will monitor the performance of the Subrecipient against goals and performance standards established herein. Substandard performance as determined by the County will constitute noncompliance with this Agreement. If action to correct such noncompliance is not taken by the Subrecipient within the period of time specified by the County in its notification to the Subrecipient, the County may initiate suspension or termination procedures.

II. TIME OF PERFORMANCE

The work being performed by the Subrecipient hereunder shall be completed according to the project schedule contained herein. This Agreement shall terminate 60 days after the project completion date. In accordance with the amendment procedures set forth in Paragraph VI, however, the term of this Agreement and the provisions herein may be extended to cover any additional time period during which the Subrecipient is in control of funds provided herein, or other assets including program income.

III. FUNDING

In consideration of the project to be completed by the Subrecipient hereunder, the County shall pay to the Subrecipient up to \$187,500.00 in HOME funds received from HUD. The total of said payment(s), however, shall not exceed the total of the eligible costs of the project as described in Exhibit A. Further, said funds shall be used for the payment of expenses eligible under the HOME program and consistent with the project budget prepared by the Subrecipient and County, approved by the Kane County Office of Community Reinvestment, and incorporated into this Agreement by reference.

Payments are contingent upon the Subrecipient's compliance with all applicable uniform administration requirements as set forth in 24 CFR 92.505. The Subrecipient agrees to utilize funds available under this Agreement to supplement rather than supplant funds otherwise available.

IV. NOTICES

Communication and details concerning this Agreement shall be directed to the following individuals:

COUNTY	SUBRECIPIENT
Josh Beck, Program Manager	Deborah Moore, Associate Director
Office of Community Reinvestment	NHS of the Fox Valley
719 South Batavia Avenue	300 Douglas Avenue
Geneva, Illinois 60134	Elgin, Illinois 60120
Phone: (630) 444-2960	Phone: (773) 329-4010
Email: <a href="mailto:beckjosh@co.kane.il.us">beckjosh@co.kane.il.us</a>	Email: <a href="mailto:Dmoore@nhschicago.org">Dmoore@nhschicago.org</a>

V. GENERAL CONDITIONS

A. General Compliance with Federal Regulations

The Subrecipient agrees to comply with all applicable requirements of 24 CFR 92 concerning HOME funds, all applicable portions of OMB A-110, and all other federal requirements and policies issued pursuant to these regulations, including, but not limited to, those set forth in *Sections VIII, IX and X* of this Agreement. The Subrecipient shall be responsible for complying with all applicable changes or additions to the requirements currently set forth in said regulations. The Subrecipient agrees to comply with all other applicable federal, state and local laws and regulations governing the funds provided under this Agreement.

B. Independent Contractor

Nothing contained in this Agreement is intended to, or shall be construed in any manner, create or establish the relationship of employer/employee between the parties. The Subrecipient shall, at all times, remain an independent contractor with respect to the services to be performed under this

Agreement. The County shall be exempt from payment of all Unemployment Compensation, FICA, retirement, life and/or medical insurance and Worker's Compensation Insurance as the Subrecipient is an independent contractor.

C. Hold Harmless

The Subrecipient shall hold harmless, defend, and indemnify the County from any and all claims, actions, suits, charges and judgments whatsoever that arise out of Subrecipient's performance or nonperformance of the services of subject matter called for in this Agreement.

D. Workers' Compensation

The Subrecipient shall ensure that Workers' Compensation Insurance coverage is provided for all employees involved in the performance of this Agreement.

E. Insurance & Bonding

The Subrecipient shall carry sufficient insurance coverage to protect Agreement assets from loss due to theft, fraud and/or undue physical damage, and as a minimum shall purchase a blanket fidelity bond covering all employees in an amount equal to cash advances from the County. The Subrecipient shall comply with the bonding and insurance requirements of OMB Circular A-110, Bonding and Insurance.

F. Funding Disclosure

The Subrecipient shall credit the County and HUD for funding the project identified herein by including the following statement on any sign that may be erected at the project site, and in any promotional material that may be published in connection to the project: ***"Support for this project has been provided by the Kane County Board, through its Office of Community Reinvestment, with federal funds from the U. S. Department of Housing and Urban Development."***

VI. AMENDMENTS

The parties may amend this Agreement at any time provided that such amendments make specific reference to this Agreement, are executed in writing, and are signed by a duly authorized representative of both parties and approved by either party's government body to the extent required by state law, local charter or otherwise. In addition, the County may, in its sole discretion, amend this Agreement to conform to federal, state or local governmental guidelines, policies and available funding amounts. However, if any such amendments result in a change in the funding, the scope of services, or the scheduling of services to be undertaken as part of this Agreement such modifications will be incorporated only by written amendment signed by both parties.

VII. SUSPENSION AND TERMINATION

Either party may terminate this Agreement at any time by giving written notice to the other party of such termination and specifying the effective date thereof at least thirty (30) days before the effective date of such termination. However, any partial termination of the work to be performed under this Agreement may only occur with the prior approval of the County. The County may also suspend or terminate this Agreement, in whole or in part, if the Subrecipient materially fails to comply with any term of this Agreement, or with any of the rules, regulations or provisions referred to herein. In such event, the County may declare the Subrecipient ineligible for any future participation in County contracts, in addition to other remedies as provided by law. In the event there is probable cause to believe the Subrecipient is in noncompliance with any applicable rules or regulations, the County may suspend payment of up to fifteen (15) percent of the Agreement funds until such time as the Subrecipient is found to be in compliance by the County or is otherwise adjudicated to be in compliance. In the

event of any termination, all finished or unfinished documents, data, reports, maps, models, photographs or other materials prepared by the Subrecipient under this Agreement shall, at the option of the County, become the property of the County. In the event of termination, the Subrecipient shall be entitled to receive just and equitable compensation for any satisfactory work completed prior to the termination. The County shall be entitled to the repayment of any payments made to the Subrecipient over and above that to which it is entitled as just and equitable compensation for satisfactory work completed.

#### VIII. ADMINISTRATIVE REQUIREMENTS

##### A. Financial Management

###### 1. Accounting Standards

The Subrecipient agrees to comply with OMB A-110 and adhere to the accounting principles and procedures required therein, to utilize adequate internal controls, and to maintain necessary source documentation for all costs incurred.

###### 2. Cost Principles

The Subrecipient shall administer the project in conformance with OMB Circulars A-122, "Cost Principles for Non-Profit Organizations" or A-21 Cost Principles for Education Institutes," as applicable, for all costs incurred, whether charged on a direct or indirect basis.

##### B. Documentation and Record Keeping

###### 1. Records To Be Maintained

The Subrecipient shall maintain all records required by federal regulations as specified in 24 CFR 92.508, as they are pertinent to the activities to be funded under this Agreement. Such records shall include, but not be limited to:

- a. Records providing a full description of the activity undertaken;
- b. Records demonstrating that each activity undertaken benefits low to moderate income persons;
- c. Records required to determine the eligibility of activities;
- d. Records required to document the acquisition, improvements, use or disposition of any real property acquired or improved with HOME assistance;
- e. Records documenting compliance with the fair housing and equal opportunity components of the HOME program to the extent applicable;
- f. Financial records as required by 24 CFR 92.508 (5), ; and
- g. Other records necessary to document any required compliance with 24 CFR 92.351-92.357.

###### 2. Retention

The Subrecipient shall retain all records pertinent to expenditures incurred under this Agreement for a period of five (5) years after the termination of all activities funded under this Agreement, or after the resolution of all federal audit findings, whichever occurs later. Records for non-expendable property acquired with funds under this Agreement shall be retained for five (5) years after final disposition of such property. Records for any displaced person must be kept for five (5) years after he/she has received final payment. Contact the County before disposing of any records related to this Agreement.

3. Disclosure

The Subrecipient understands that client information collected under this Agreement is private and the use or disclosure of such information, when not directly in connection with the administration of the County's or the Subrecipient's responsibilities with respect to services provided under this Agreement is prohibited without the written consent of the client involved and, in the case of a minor, that of a responsible parent/guardian, except to the extent such use or disclosure is required by applicable federal, state or local law.

4. Property Records

The Subrecipient shall maintain real property inventory records, which clearly identify any property purchased, improved or sold with project funds.

5. Close-Outs

The Subrecipient's obligation to the County shall not end until all close-out requirements are completed, as set forth in 24 CFR 92.507. Activities during this close-out period shall include, but not be limited to, making final payments, disposing of program assets (including the return of all unspent cash advances and program income balances to the County), and determining the custodianship of records.

6. Asset Reversion

Upon expiration of this Agreement, the Subrecipient shall transfer to the County all grant funds in its possession, and any accounts receivable of the project attributable to grant funds.

At the time of project closeout, the County shall determine the appropriate disposition of any equipment purchased with funds provided herein. The County shall permit the Subrecipient to retain title to such equipment, if the Subrecipient assures the County that it intends to continue the project for a period of not less than five years following closeout.

Any funds provided herein for the acquisition and/or improvement of property shall be secured by a mortgage instrument recorded on said property. If, prior to the release and satisfaction of said mortgage, the Subrecipient disposes of or changes the use of such property, or is found to be in default of any term contained therein, the Subrecipient shall reimburse the County according to the terms and conditions contained in said mortgage.

7. Audits

The Subrecipient shall comply with OMB A-110 and OMB A-133, as applicable, and shall obtain, at its own expense, any required audit(s). Audits shall be performed by an independent auditor in accordance with generally accepted governmental auditing standards covering financial and compliance audits. Audits shall include, in addition to the financial statement(s) of the Subrecipient, auditor's comments regarding the Subrecipient's compliance and internal controls pertaining to the expenditure of grant funds. The Subrecipient shall submit one certified copy of each required audit report to the County no later than six months following the close of the Subrecipient's fiscal year for single audits; and not later than six months following project closeout for grant audits.



8. Records Inspections

All of the Subrecipient's records with respect to any matters covered by this Agreement shall be made available to the County, or its designees, or HUD, or its designees, at any time during normal business hours, as often as deemed necessary, in order to audit, examine, or make excerpts or transcripts of all relevant data. Any deficiencies noted in audit reports must be fully cleared by the Subrecipient within thirty (30) days after receipt by the Subrecipient. Failure by the Subrecipient to comply with the above requirements will constitute a violation of this Agreement and may result in the withholding of future payments. Specifically, all rights and remedies regarding performance reviews as set forth in 24 CFR 92.550 shall be available to the County and to HUD or their designees.

C. Reporting and Payment Procedures

1. Payment Procedures

In consideration of the work performed hereunder, the County will pay the Subrecipient with HOME funds available under this Agreement for eligible costs, consistent with the project budget approved by the Kane County Office of Community Reinvestment and incorporated into this Agreement by reference, and based on requests submitted by the Subrecipient on forms provided by the County. Such requests shall be accompanied by the appropriate receipts, invoices, canceled checks, and/or other documentation required by the County. The Subrecipient may not request the disbursement of HOME funds under this Agreement until the funds are needed for the payment of eligible HOME costs. The amount of each request must be limited to the amount needed for such costs at the time the request is submitted to the County. Advance disbursements of HOME funds are not permitted under this Agreement.

The presentation of requests for the disbursement of HOME funds on the part of the Subrecipient shall constitute a warranty and representation by the Subrecipient to the County that the amounts requested are elements of the project budget contained herein; that all such amounts are required for the payment of eligible costs that were actually incurred by the Subrecipient; and that the Subrecipient will use the amounts requested only for eligible purposes under this Agreement. Prior to any disbursement of HOME funds by the County, it reserves the right to perform an independent review of any and all documentation and/or inspect the project site(s) to independently determine that such disbursement is justified. If the County is dissatisfied with the documentation submitted, or the status of the work performed hereunder, it may require the Subrecipient to submit further documentation or perform additional work before it makes any further disbursements under this Agreement. The County reserves the right to reduce funds available under this Agreement for any costs incurred by the County on behalf of the Subrecipient to complete the project to the County's satisfaction. Finally, the County shall not be required to make any disbursements of HOME funds to the Subrecipient if the County is not legally capable or permitted by law to make such disbursements.

2. Program Income

Program income, as defined at 24 CFR 92.503, generated by activities carried out with HOME funds made available under this Agreement, shall be remitted by the Subrecipient to the County within 30 days of receipt by the Subrecipient.

3. Indirect Costs

If indirect administrative costs are charged, the Subrecipient will develop an indirect cost allocation plan for determining the appropriate share of administrative costs and shall submit the plan to the County for approval prior to the County's payment of any such costs.



4. Performance Reports

The Subrecipient shall submit to the County performance reports for the duration of this Agreement. Said performance reports shall be in a form developed by the County and submitted according to the schedule prescribed by the County.

D. Procurement

1. Standards of Procurement

The Subrecipient shall comply with applicable federal, state, and local requirements regarding contracting and the purchase of goods and services necessary to complete the project identified herein. The Subrecipient shall obtain the County's written approval prior to publishing bidding notices, distributing bidding documents, and executing contracts and change orders necessary for the completion of said project. The cover page of all bid packets for work to be financed with funds provided herein shall bear the following statement(s): ***"This contracting opportunity has been made possible, in part, by the Kane County Board, through its Office of Community Reinvestment, with federal funds provided by the U.S. Department of Housing and Urban Development. Section 3 Businesses and Minority/Women-Owned Businesses are encouraged to bid on this project."*** If applicable, such statement shall be followed by the following: ***"Federal prevailing wage requirements apply to this contract."***

The Subrecipient shall maintain an inventory record of any non-expendable personal property procured with grant funds. All program assets (unexpended program income, property, equipment, etc.) shall revert to the County upon termination of this Agreement in accordance with Section VIII. B. 6. of this Agreement.

2. Travel

The Subrecipient shall obtain written approval from the County for any travel expenses charged to funds provided under this Agreement.

3. Relocation, Acquisition and Displacement

The Subrecipient agrees to comply with 24 CFR 92.353 and OMB A-110 relating to the acquisition and disposition of all real property utilizing grant funds and to any displacement of persons, businesses, non-profit organizations and farms occurring as a direct result of any acquisition of real property utilizing grant funds. The Subrecipient further agrees to comply with any applicable ordinances, resolutions and/or policies concerning displacement of individuals from their residences.

IX. PERSONNEL AND PARTICIPANT CONDITIONS

A. Civil Rights

1. Compliance

The Subrecipient agrees to comply with all the requirements set forth in 24 CFR 92.252 (d), including, but not limited to, compliance with Title VI of the Civil Rights Act of 1964 as amended, Title VIII of the Civil Rights Act of 1968 as amended, Section 109 of Title I of the Housing and Community Development Act of 1974, Executive Order 11063, and Executive Order 11246 as amended by Executive Order 12086. The Subrecipient also agrees to comply with all applicable provisions of the Americans with Disabilities Act of 1990.

2. Nondiscrimination

The Subrecipient will not discriminate against any employee or applicant for employment because of race, color, creed, religion, ancestry, national origin, sex, disability or other handicap, age, marital status, or status with regard to public assistance.

3. Land Covenants

This Agreement is subject to the requirements of Title VI of the Civil Rights Act of 1964 (P.L. 88-352) and 24 CFR 92. With regard to the sale, lease, or other transfer of land acquired, cleared or improved with assistance provided under this Agreement, the Subrecipient shall cause or require a covenant running with the land to be inserted in the deed or lease for such transfer, prohibiting discrimination as herein defined, in the sale, lease or rental, or in the use or occupancy of such land, or in any improvements erected or to be erected thereon, providing that the County and the United States are beneficiaries of and entitled to enforce such covenants. The Subrecipient, in undertaking its obligation to carry out the project assisted hereunder, agrees to take such measures as are necessary to enforce such covenant, and will not itself so discriminate.

4. Section 504

The Subrecipient agrees to comply with any federal regulations issued pursuant to compliance with Section 504 of the Rehabilitation Act of 1973, (29 U.S.C. 706) which prohibits discrimination against the disabled in any federally assisted program. The County shall provide the Subrecipient with any guidelines necessary for compliance with that portion of the regulations in force during the term of this Agreement.

B. Affirmative Action

1. Approved Plan

The Subrecipient agrees that it shall be committed to carrying out, pursuant to the County's specifications, an Affirmative Action Program in keeping with the principles as provided in Executive Order 11246 of September 24, 1965. The County can provide affirmative action guidelines to the Subrecipient to assist in the formulation of such a program.

2. W/MBE

The Subrecipient 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 at least fifty-one (51) percent owned and controlled by minority group members or women. For the purpose of this definition, "minority group members" are African-Americans, Spanish-speaking, Spanish surnamed or Spanish-heritage Americans, Asian-Americans, and American Indians. The Subrecipient may rely on written representations by business enterprises in lieu of an independent investigation.

3. Access to Records

The Subrecipient shall furnish and cause each of its contractor and subcontractors to furnish all information and reports required hereunder and will permit access to its books, records and accounts by the County, HUD or its agent, or other authorized federal officials for purposes of investigation to ascertain compliance with the rules, regulations and provisions stated here.

4. EEO/AA Statement

The Subrecipient will, in all solicitations or advertisement for employees placed by or on behalf of the Subrecipient state that it is an Equal Opportunity or Affirmative Action employer.

5. Subcontract Provisions

The Subrecipient will include the provision of Section IX. A. (Civil Rights), and B. (Affirmative Action), of this Agreement in every subcontract or purchase order, specifically or by reference, so that such provisions will be binding upon each sub-Subrecipient or vendor.

C. Employment and Contracting Provisions

1. Prohibited Activity

The Subrecipient is prohibited from using funds provided herein or personnel employed in the administration of the program for political activities, sectarian or religious activities, lobbying, political patronage and nepotism activities.

2. Anti-Lobbying

The Subrecipient hereby certifies that:

- a. No federal appropriated funds have been paid or will be paid to any person for 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 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.
- b. If any funds other than federal appropriated funds have been paid or will be paid to any person for 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 Agreement, the Subrecipient shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

3. OSHA

Where employees are engaged in activities not covered under the Occupations Safety and Health Act of 1970, they shall not be required or permitted to work, be trained, or receive services in buildings or surroundings or under working conditions which are unsanitary, hazardous or dangerous to the participant's health or safety.

4. Right to Know

Participants employed or trained for inherently dangerous occupations, i.e., fire or police jobs, shall be assigned to work in accordance with reasonable safety practices.

5. Labor Standards

The Subrecipient agrees to comply with the requirements of the Secretary of Labor in accordance with Federal Labor Standards Provisions, the Davis-Bacon Act, as amended, the provisions of the Contract Work Hours and Safety Standards Act, the Copeland "Anti-Kickback" Act and all other applicable federal, state and local laws and regulations pertaining to labor standards insofar as those acts apply to the performance of this Agreement. The Subrecipient understands that such requirements are not limited to the work for which funding under this Agreement is made available and agrees that all contractors engaged in contracts for construction, renovation or repair of any building or work funded under this Agreement, as well as work related in purpose, time and place to the work funded under this Agreement, shall comply with federal requirements pertaining to such contracts. The Subrecipient shall cause, or require to be inserted, in all such contracts subject to such regulations, provisions meeting the requirements of this paragraph and shall maintain documentation which demonstrates compliance with hour and wage requirements. Such documentation shall be submitted to the County.

6. Section 3

The Subrecipient shall comply with the requirements of Section 3 of the Housing and Urban Development Act of 1968 which requires that, to the greatest extent feasible, employment and other economic opportunities generated by HUD financial assistance be directed to low- and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to such persons.

The Subrecipient shall award contracts for work funded in whole or part under this Agreement to the lowest and/or best bidder in accordance with the provisions of Section 3, which allow qualifying business concerns to receive preference in the awarding of such contracts. The Subrecipient may rely on written representations by business concerns in lieu of conducting independent investigations. The Subrecipient agrees to include, monitor and enforce the following clause (referred to as the Section 3 Clause) in such contracts where the amount of assistance provided under this Agreement exceeds \$100,000:

SECTION 3 CLAUSE

1. *The work to be performed under this Contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.*
2. *The parties to this contract agree to comply with HUD's regulations in 24 CFR 135, which implement Section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the part 135 regulations.*
3. *The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.*
4. *The contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR 135. The contractor will not subcontract with any subcontractor where the*

*contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR 135.*

5. *The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR 135 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR 135.*
6. *Noncompliance with HUD's regulations in 24 CFR 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.*
7. *With respect to work performed in connection with Section 3 covered Indian housing assistance, Section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this contract. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract that are subject to the provisions of Section 3 and Section 7(b) agree to comply with Section 3 to the maximum extent feasible, but not in derogation of compliance with Section 7(b).*

If the amount of HUD financial assistance provided under this and other Agreements with the County exceeds \$200,000, the Subrecipient has the responsibility to comply with Section 3 in its own operations, and ensure compliance in the operations of its contractors and subcontractors. This responsibility includes but may not necessarily be limited to measures listed at 24 CFR 135.32, "Responsibilities of the Recipient."

#### D. Conduct

##### 1. Assignability

The Subrecipient shall not assign or transfer any interest in this Agreement without the prior written consent of the County thereto, provided, however, that claims for money due or to become due to the Subrecipient from the County under this Agreement may be assigned to a bank, trust company or other financial institution without such approval. Notice of any such assignment or transfer shall be furnished promptly to the County.

##### 2. Hatch Act

The Subrecipient agrees that no funds provided, nor personnel employed, under this Agreement shall be in any way or to any extent engaged in the conduct of political activities in violation of Chapter 15 of Title VI of the United States Code.

##### 3. Conflict of Interest

The Subrecipient agrees to abide by the provisions of 24 CFR 92.356(f) with respect to conflicts of interest. The Subrecipient further agrees that, in the performance of this Agreement, no person having such a financial interest shall be employed or retained by the Subrecipient. These conflict of interest provisions apply to any person who is an employee, agent, consultant, officer, or elected official or appointed official of the Subrecipient or the County, or of any designated public agencies which are receiving funds under the HOME program.

##### 4. Subcontracts

###### a. Approvals

The Subrecipient shall not enter into any subcontracts with any agency or individual in the performance of this Agreement without the written consent of the County prior to the execution of such subcontract.

b. Monitoring

The Subrecipient will monitor all subcontracted services on a regular basis to assure compliance with the terms of this Agreement. Incidents of non-compliance shall be reported to the County and supported with documented evidence of follow-up actions taken to correct such areas of noncompliance.

c. Content

The Subrecipient shall cause all of the provisions of this Agreement in their entirety to be included in and made a part of any subcontract executed in the performance of this Agreement.

5. Copyright

If this Agreement results in any copyrightable materials, the County and/or grantor agency reserves the right to royalty-free, nonexclusive and irrevocable license to reproduce, publish or otherwise use and to authorize others to use the work for government purposes.

6. Religious Organization

The Subrecipient agrees that funds provided under this Agreement will not be utilized for religious activities, to promote religious interest, or for the benefit of a religious organization in accordance with federal regulations specified in 24 CFR 92.257.

7. Drug-Free Workplace

The Subrecipient shall comply with the Illinois Drug Free Workplace Act (30 ILCS 580/1, et seq.), and, if applicable, with the Federal Drug Free Workplace Act (41 U.S.C. Section 701, et seq.)

X. AFFORDABLE HOUSING PROVISIONS

A. Community Housing Development Organization

Funds will be considered Community Housing Development Organization (CHDO) set aside funds as the Subrecipient meets the requirements defined at 24 CFR 92.300.

☐ Applicable ☒ Not Applicable

Funding provided to a Community Development Housing Organization (CHDO) may be used for investment only in housing to be developed, sponsored, or owned by such CHDO where the organization has effective project control.

☐ Applicable ☒ Not Applicable

B. Property Standards

The Subrecipient will carry out all assisted activities in accordance with applicable laws, codes, and other requirements relating to housing safety, quality, and habitability, in order to sell or rent such homes and properties.

1. Property Standards

Subrecipient will carry out all HOME assisted activities in compliance with the property standards set by the County and in accordance 24 CFR 92.251.

Minimum Property Standards	
Activity	Minimum Property Standard
Acquisition of Existing Housing (no rehab or construction)	Applicable state or local housing quality standards and code requirements. If no local code, then Section 8 Housing Quality Standards (HQS)

2. Lead-Based Paint

The Subrecipient agrees that assistance provided under this Agreement shall be subject to HUD Lead-Based Paint Regulations at 24 CFR 92.355 and 24 CFR Part 35, Subpart B. Such regulations pertain to all HOME-assisted housing and require that all owners, prospective owners, and tenants of properties constructed prior to 1978 be properly notified that such properties may include lead-based paint. Such notification shall point out the hazards of lead-based paint and explain the symptoms, treatment and precautions that should be taken when dealing with lead-based paint poisoning and the advisability and availability of blood lead level screening for children under seven. The notice should also point out that if lead-based paint is found on the property, abatement measures may be undertaken. The regulations further require that, depending on the amount of Federal funds applied to a property, paint testing, risk assessment, treatment and/or abatement may be conducted.

C. Purchase Price Limit

The maximum purchase price limit for properties assisted with HOME funds cannot exceed \$163,000 as required by 24 CFR 92.254 (2).

D. Affirmative Marketing

The Subrecipient is required to develop an affirmative marketing plan as required by 24 CFR 92.351. The plan should detail the actions the Subrecipient is going to take to provide information and otherwise attract eligible persons in the housing market to the available housing without regard to race, color, national origin, sex, religion, familial status, or disability actively market units to segments of the population that might not otherwise apply for the available housing.

E. Homebuyers

All homebuyers assisted under this agreement shall be eligible in accordance with the provisions of this section.

1. Eligible Buyers

Eligible homebuyers must be determined to be income-eligible in compliance with the limit checked below.

- ☒ Moderate Income – less than 80% of Area Median Income
- ☒ Low Income – less than 50% of Area Median Income



2. Income Certification and Documentation

Homebuyers shall be determined to be income eligible using the following form of income determination, according to the requirements listed at 24 CFR 92.203:

- ☐ Section 8 Part 5 Method
- ☒ IRS 1040A Method
- ☐ Census Long Form Method

3. Counseling Requirement

Each homebuyer assisted with HOME funds is required to complete at least eight hours of homebuyer counseling from a HUD-approved housing counseling agency.

4. Ownership

Each homebuyer assisted with HOME funds is required to occupy the residence as their principal residence. Additionally the HOME funds require ownership of the property using one of the following approved forms described below:

- Have fee simple title to the property,
- Maintain a 99-year leasehold interest in the property,
- Own a condominium, or
- Own or have a membership in a cooperative or mutual housing project that constitutes homeownership under state law.

5. Period of Affordability

HOME funds are subject to periods of affordability. These periods of affordability are based upon the amount of funds invested in the project on a per-unit basis as stipulated in the table below:

Investment per Unit	Length of Affordability Period
Less than \$15,000.00	5 years
\$15,000 to \$40,000	10 years
More than \$40,000	15 years

6. Resale/Recapture

To ensure that the property remains affordable during the period of affordability there are two options for controlling the resale of the assisted property during the period of affordability, the recapture option and the resale option. The recapture option is a mechanism that recaptures all or a portion of the direct subsidy if the homebuyer decides to sell the unit. The resale option ensures that the unit remains affordable for the entire period of affordability, thus requiring the homebuyer to sell to an income eligible homebuyer. For this agreement the following option is executed:

- ☐ Resale Option -- Unit must be to another income eligible homebuyer at an affordable price.
- ☒ Recapture Option -- funds will be recaptured by the County out of the net proceeds of the sale according to the formula contained in the recapture note and mortgage

XI. ENVIRONMENTAL CONDITIONS

The Subrecipient shall cooperate with the County in its responsibilities pursuant to HUD's environmental review procedures, 24 CFR 58, as amended, and shall permit the County or its designees to conduct site inspections and appropriate tests, examine applicable documents, and undertake such other activities as the County deems appropriate in order to fulfill its responsibilities in the implementation of the National Environmental Policy Act of 1969 and related acts. The County shall not make any payments contemplated under this Agreement until the environmental review process has been completed by the County in accordance with the 24 CFR 58, nor may any costs be incurred by the Subrecipient until completion of the Environmental Review. The Subrecipient will be notified by the County when costs may begin to be incurred through the issuance of a written Notice to Proceed.

A. Air, Water & Environment

The Subrecipient agrees to comply with the following regulations insofar as they apply to the performance of this Agreement:

1. The Clean Air Act (42 U.S.C., 1857, et seq.);
2. The Federal Water Pollution Control Act as amended (33 U.S.C. 1251 et seq.) as amended;
3. Environmental Protection Agency (EPA) regulations pursuant to 40 CFR 50, as amended;
4. The National Environmental Policy Act of 1969; and
5. HUD Environmental Review Procedures (24 CFR 58).

B. Flood Disaster Protection

To the extent applicable, the Subrecipient agrees to comply with the requirements of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4106) in regard to the sale, lease or other transfer of land acquired, cleared or improved under the terms of this Agreement.

C. Lead-Based Paint

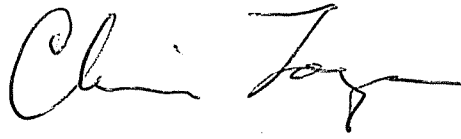
The Subrecipient agrees that any construction or rehabilitation of structures with assistance provided under this Agreement shall be subject to HUD lead-based paint regulations 24 CFR 35, et. al., dated September 15, 1999.

D. Historic Preservation

The Subrecipient agrees to comply with the requirements set forth in the National Historic Preservation Act of 1966 (16 U.S.C. 470), as amended, and the procedures set forth in 36 CFR 800 et seq., insofar as they apply to the performance of this Agreement.

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

For the County of Kane:



Signature

Christopher J. Lauzen, Chairman, Kane County Board

Name and Title (Printed)

10/23/2013

Date

For the Subrecipient:

Signature

Name and Title (Printed)

Date

**KANE COUNTY/CITY OF ELGIN CONSORTIUM  
HOME INVESTMENT PARTNERSHIPS PROGRAM**

**Exhibit A: Project Description, Tasks, Schedule, and Budget**

Project Description

The Subrecipient will provide downpayment and closing cost assistance to approximately 20 income-eligible first-time homebuyers to purchase homes (to serve as their primary residence) in the Consortium Area, which includes all of Kane County (except the municipalities of Algonquin, Aurora, Hampshire, Huntley, and Montgomery) and all of the City of Elgin, including that portion located in Cook County.

The homebuyers (herein called “borrowers”) receiving assistance shall satisfy HUD’s definition of a first-time homebuyer and have total household incomes at or below 80% of the Area Median Income for the Chicago PMSA (Primary Metropolitan Statistical Area), as established and adjusted annually by HUD. Additionally, at the time of closing, the borrowers (or co-borrowers) shall have lived (or worked full-time) in the Consortium Area for not less than one year, have a downpayment of not less than 1% of the purchase price of the home they wish to purchase, and obtain approval for first mortgage financing that complies with the guidelines contained herein (see Exhibit B).

Qualifying borrowers may purchase a single-family detached home, condominium, or townhome with assistance provided herein. (Manufactured homes are not eligible.) Regardless of the housing type, however, dwellings may not be tenant occupied or located in the 100-year floodplain, must receive environmental clearance from the County, and must pass HQS and visual lead inspections performed by the Subrecipient.

The Subrecipient shall provide up to \$10,000 in downpayment and closing-cost assistance to each qualifying household with funds provided herein. In no case shall the amount of assistance exceed that necessary for the borrower to obtain financing of less than an 80% loan-to-value ratio (based on the appraised value) and cover all reasonable and customary closing costs. Assistance will be provided as an interest-free, deferred-payment loan, which shall be secured by a second mortgage payable to the County. The loan will not be due until the home is sold, the title is transferred, or the borrower no longer occupies the home as their primary residence. The full amount of the loan (not to exceed the amount of the net proceeds) will be due at that time. The subordination of loans provided herein shall comply with the guidelines contained herein (see Exhibit C).

In consideration of the tasks to be completed by the Subrecipient hereunder, a program delivery fee equal to ten percent (10%) of the amount of assistance provided to each homebuyer shall be paid to the Subrecipient. Said fee shall be paid with funds provided herein and shall be disbursed to the Subrecipient at the time downpayment and closing-cost assistance is disbursed for each homebuyer.

Tasks

The Subrecipient shall be responsible for all tasks required to complete the project described herein, including, but not limited to the following:

1. Receive and process applications to identify eligible first-time homebuyers;
2. Collect and maintain income and other documentation necessary to verify client eligibility;
3. Certify that homebuyers have satisfactorily completed homebuyer education courses;
4. Perform inspections and maintain documentation necessary to confirm that properties meet program standards;
5. Review financing package, mortgage documents, and other closing documents for each home purchase to ensure conformity with underwriting standards and other criteria described herein.

#### Project Schedule

The Subrecipient shall complete the project described herein according to the following schedule:

Project Start Date	January 2014
Receipt and Processing of Applications	(Ongoing)
Complete Project	May 2015

#### Project Budget

Downpayment and Closing-Cost Assistance	\$170,455.00
Project Delivery Costs (10% of assistance)	\$17,045.00
Total Budget	\$187,500.00

**KANE COUNTY/CITY OF ELGIN CONSORTIUM  
HOME INVESTMENT PARTNERSHIPS PROGRAM**

**EXHIBIT B: First Mortgage Guidelines**

Any first mortgage or subordinate mortgage financing obtained by an income-eligible homebuyer who is also obtaining downpayment and closing cost assistance may obtain mortgage financing from whatever lender the homebuyer chooses. However, in order to be eligible for downpayment and closing cost assistance offered by the County under its HOME Investment Partnerships Program, any mortgage financing must comply with the following guidelines:

1. Interest rates on first mortgages cannot exceed the FNMA 30-year rate (60-day delivery) on the date of origination, plus 250 basis points (BPS);
2. First mortgages must be either fixed-rate loans for the entire term of the loan, or no less than a 3/1 adjustable rate loan, with the initial interest rate fixed for the initial three years of the term of the loan and adjustments thereafter occurring no more often than once a year;
3. Any subordinate mortgages originated (in lieu of private mortgage insurance) must comply with the requirements of the program and specifically cannot result in a combined loan-to-value (CLTV) of less than 80% of the purchase price;
4. Any subordinate mortgages originated (in lieu of private mortgage insurance) must be at no more than the same interest rate as the first mortgage;
5. Any subordinate mortgages originated (in lieu of private mortgage insurance) must be either fixed-rate loans for the entire term of the loan, or no less than a 3/1 adjustable rate loan, with the initial interest rate fixed for the initial three years of the term of the loan and adjustments thereafter occurring no more often than once a year;
6. "Stated income" loans are not acceptable;
7. "Option" loans, wherein the borrower has the option of paying less than a fully amortizing principal and interest payment, are not acceptable, nor are any loans that would result in "negative amortization";
8. "Interest-only" loans, wherein the borrower has the option of paying only accrued interest on the loan, are not acceptable;
9. Prepayment penalties on first mortgages or subordinate mortgages are not acceptable;
10. Balloon payments on first mortgages or subordinate mortgages are not acceptable;
11. Total points and fees on any mortgage loan cannot exceed 5% of the total loan amount, including any yield spread premiums;
12. Any mortgage loan that results in a debt/income ratio for housing expense (including principal and interest payments on the first mortgage and any subordinate mortgages, property taxes, property insurance, and condominium or homeowner association fees) that exceeds 40% (i.e. total housing expense divided by gross household income), or any mortgage loan that results in a combined debt/income ratio (i.e. total housing expense plus all other fixed expenses, divided by gross household income) that exceeds 50% shall not be acceptable.

**KANE COUNTY/CITY OF ELGIN CONSORTIUM  
HOME INVESTMENT PARTNERSHIPS PROGRAM**

**EXHIBIT C: Subordination Guidelines**

The County may, in its sole discretion, subordinate loans issued for downpayment and closing cost assistance under its HOME Investment Partnerships Program. Such subordinations, however, must comply with the following guidelines:

1. The borrower may not take any cash out. (The payment of credit card debt is considered cash.)
2. The borrower may roll into the new first mortgage only reasonable and customary closing costs associated with the refinancing. (This does not include points paid to buy-down the interest rate, but does include expenses such as the appraisal, credit report, and title charges.)
3. The new first mortgage principal balance cannot exceed the original first mortgage existing principal.
4. The borrower may refinance into a 15-year mortgage provided that they have the capacity to handle the additional payment. (Such situations will be reviewed on a case-by-case basis.)
5. The borrower must refinance into a fixed-rate mortgage.
6. The first mortgage lender must escrow taxes and insurance, if the lender had been doing so prior to refinancing.
7. The County will not subordinate to home equity or reverse mortgage loans.
8. The County will subordinate to home improvement loans if the homeowner provides written documentation of the improvement to the County's satisfaction.