

# CBDO AGREEMENT

STATE OF TEXAS           §  
  §  
COUNTY OF HIDALGO   §

KNOW ALL BY THESE PRESENTS:

## SECTION 1. PARTIES TO AGREEMENT

This agreement is made and entered into by and between the County of Hidalgo – Urban County Program (UCP) and Proyecto Azteca, a nonprofit corporation organized under the laws of the State of Texas, hereinafter referred to as a Community-Based Development Organization, (CBDO). The parties hereto have severally and collectively agreed and by the execution hereof are bound to the mutual obligations and to the performance and accomplishment of the tasks described herein.

## SECTION 2. AGREEMENT PERIOD

This agreement shall commence on the date of execution by the CBDO and the UCP and shall terminate on March 8, 2013, unless otherwise specifically provided by the terms of this agreement.

## SECTION 3. GRANT

UCP agrees to grant CBDO \$731,100 utilizing Neighborhood Stabilization Program (NSP) funds, subject to the conditions of this agreement.

## SECTION 4. CBDO PERFORMANCE

- A. Providing homeownership opportunities for twelve to fifteen (12-15) qualified families with a total yearly income at or below 50% of the AMI
- B. CBDO shall undertake the following activities dependant upon individual property needs:
  - 1. Purchase and Rehabilitation of Abandoned or Foreclosed homes and residential properties
  - 2. Demolition of Blighted Structures
  - 3. Redevelopment of Demolished or Vacant Foreclosed Properties
  - 4. Establish Financing Mechanisms for the purchase and redevelopment of foreclosed homes and residential properties
- C. CBDO shall perform annual principal residency verifications on all properties that are within their affordability periods.
- D. CBDO shall provide a minimum of eight (8) hours of pre-purchase counseling for qualified homebuyers.
- E. CBDO shall comply with federal regulations as listed with the Secretary of Labor in accordance with the Davis-Bacon Act (40 U.S.C.§276A-5), and contracts involving the

**List of Tax-Foreclosed Properties to be purchased as of November 4, 2009**

1. Lot 23 Block 5 Christensen Subdivision, Weslaco TX
2. Lot 24 Block 5 Christensen Subdivision, Weslaco TX
3. Lot 8 Block 3 Weslaco Original Townsite, Weslaco TX
4. Lot 9 Block 3 Weslaco Original Townsite, Weslaco TX
5. Lot 10 Block 1 Old Rebel Heights, Mercedes TX
6. Lot 7 Mercedes Original Townsite, Mercedes TX
7. Lot 30 Block 2 Colonia Maria, Donna TX

redevelopment of that property in accordance with NSP requirements.

Note that if a state provides funds to an entitlement community, the entitlement community must apply the area median income levels applicable to its regular CDBG program geography and not the "balance of state" levels.

Other than the change in the applicable low- and moderate-income qualification level from 80 percent to 120 percent, the area benefit, housing, jobs, and limited clientele benefit requirements at 570.208(a) and 570.483(b) remain unchanged, as does the required documentation.

The other NSP low- and moderate-income related provision states that: "not less than 25 percent of the funds appropriated or otherwise made available under this section shall be used for the purchase and redevelopment of abandoned or foreclosed homes or residential properties that will be used to house individuals or families whose incomes do not exceed 50 percent of area median income."

HUD advises grantees to take note of this new threshold as they design NSP activities. This provision does not have a parallel in the regular CDBG program. Grantees must document that an amount equal to at least 25 percent of a grantee's NSP grant (initial allocation plus any reallocations) has been budgeted in the initial approved action plan substantial amendment for activities that will provide housing for income-qualified individuals or families. Prior to and at grant closeout, HUD will review grantees for compliance with this provision by determining whether at least 25 percent of grant funds have been expended for housing for individual households whose incomes do not exceed 50 percent of area median income.

#### Requirements

1. Overall benefit supersession and alternative requirement. The requirements at 42 U.S.C. 5301(c), 42 U.S.C. 5304(b)(3)(A), 24 CFR 570.484 (for states), and 24 CFR 570.200(a)(3) that 70 percent of funds are for activities that benefit low- and moderate-income persons are superseded and replaced by section 2301(f)(3)(A) of HERA. One hundred percent of NSP funds must be used to benefit individuals and households whose income does not exceed 120 percent of area median income. NSP shall refer to such households as "low-, moderate-, and middle-income."

2. National objectives supersession and alternative requirements. The requirements at 42 U.S.C 5301(c) are

superseded and 24 CFR 570.208(a) and 570.483 are waived to the extent necessary to allow the following alternative requirements:

a. For purposes of NSP only, the term "low- and moderate-income person" as it appears throughout the CDBG regulations at 24 CFR part 570 shall be defined as a member of a low-, moderate-, and middle-income household, and the term "low- and moderate-income household" as it appears throughout the CDBG regulations shall be defined as a household having an income equal to or less than 120 percent of area median income, measured as 2.4 times the current Section 8 income limit for households below 50 percent of median income, adjusted for family size. A state choosing to carry out an activity directly must apply the requirements of 24 CFR 570.208(a) to determine whether the activity has met the low-, moderate-, and middle-income (LMMI) national objective and must maintain the documentation required at 24 CFR 570.506 to demonstrate compliance to HUD.

b. The national objectives related to prevention and elimination of slums and blight and addressing urgent community development needs (24 CFR 570.208(b) and (c) and 570.483(c) and (d)) are not applicable to NSP-assisted activities.

c. Each grantee whose plan includes assisting rental housing shall develop and make public its definition of affordable rents for NSP-assisted rental projects.

d. An NSP-assisted property may not be held in a land bank for more than 10 years without obligating the property for a specific, eligible redevelopment of that property in accordance with NSP requirements.

#### F. State Distribution to Entitlement Communities and Indian Tribes

##### Background

This notice includes an alternative requirement to the HCD Act and a regulatory waiver allowing distribution of funds by a state to CDBG regular entitlement communities and Tribes. This is consistent with the provision of HERA that specifically sets distribution priorities for areas with the greatest need, including "metropolitan areas, metropolitan cities, urban areas, rural areas, low- and moderate-income areas \* \* \*". Therefore, states receiving allocations under this notice may distribute funds to or within any jurisdiction within the state that is among those with the greatest need, even if the jurisdiction is among those

receiving a direct formula allocation of funds from HUD under the regular CDBG program or this notice.

#### Requirement

Alternative requirement for distribution to CDBG metropolitan cities, urban counties, and Tribes. In accordance with the direction of HERA that grantees distribute funds to the areas of greatest need, HUD is providing an alternative requirement to 42 U.S.C. 5302(a)(7) (definition of "nonentitlement area") and waiving provisions of 24 CFR part 570, including 24 CFR 570.480(a), that would prohibit states electing to receive CDBG funds from distributing such funds to units of general local government in entitlement communities or to Tribes. The appropriations law supersedes the statutory distribution prohibition at 42 U.S.C. 5306(d)(1) and (2)(A). Alternatively, the state is required to distribute funds without regard to a local government status under any other CDBG program and must use funds in entitlement jurisdictions if they are identified as areas of greatest need, regardless of whether the entitlement receives its own NSP allocation.

#### G. State's Direct Action

##### Background

In the State CDBG program, states receiving CDBG funds may not directly use the funds for activities, but must distribute them to units of general local government, which then use the funds for program activities. States may still use this "method of distribution" program model under NSP, but HUD reminds the states of the 18-month "use" requirement. HUD also notes the language of section 2301(c) that says, in part, that:

Any State \* \* \* that receives amounts pursuant to this section shall \* \* \* use such amounts to purchase and redevelop \* \* \*.

This clearly speaks to the states using funds directly for projects and supersedes the HCD Act direction for states to only distribute funds to nonentitlement areas. Direct use of funds by a state may also result in more expeditious use of NSP funds. Therefore, a state receiving NSP funds may carry out NSP activities directly for some or all of its assisted grant activities, just as CDBG entitlement communities do under 24 CFR 570.200(f), including, but not limited to, carrying out activities using its own employees, procuring contractors, private developers, and providing loans and grants through nonprofit subrecipients (including local governments and other public

As of 3/10/09

	1 Person	2 People	3 People	4 People	5 People	6 People	7 People	8 People
30% Limits	9,600	10,950	12,350	13,700	14,800	15,900	17,000	18,100
Very low income (50%)	15,950	18,250	20,500	22,800	24,600	26,450	28,250	30,100
60% Limits	19,164	21,900	24,636	27,372	29,550	31,758	33,936	36,150
Low Income (80%)	25,550	29,200	32,850	36,500	39,400	42,350	45,250	48,200
Median or 100%	31,940	36,500	41,060	45,620	49,250	52,930	56,560	60,250

*NSP*

120%	38,300	43,800	49,250	54,700	59,100	63,500	67,850	72,250
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