

ATLAS, HALL & RODRIGUEZ, LLP

ATTORNEYS AT LAW

P.O. BOX 3725 (78502-3725)

818 W. PECAN BLVD. (78501-2418)

McALLEN, TEXAS

TEL. (956) 682-5501 FAX (956) 686-6109

ATLASHALL.COM

BROWNSVILLE OFFICE

P.O. BOX 6369 (78523-6369)

50 W. MORRISON RD., STE A

BROWNSVILLE, TEXAS 78520-7262

TEL. (956) 574-9333

FAX (956) 574-9337

scrain@atlashall.com
(956) 632-8221 Direct Line

March 14, 2018

MAR 15 2018

Hidalgo County Urban County Program
Attn: Diana R. Serna, Director
427 E. Duranta Avenue, Suite 107
Alamo, Texas 78516

Via Email
& United States Regular Mail

RE: Request by Hidalgo County's Urban County Program for Exception to
Conflict of Interest Regulation, 24 C.F.R. § 92.356 re: Ms. Marissa Medelez

Ladies and Gentlemen:

This opinion is being rendered pursuant to 24 C.F.R. § 92.356(d)(2) and at the request of the Hidalgo County Urban County Program ("UCP") relating to its request of the Department of Housing and Urban Development of the United States to grant UCP an exception to the provisions of paragraph (b) of 24 C.F.R. §92.356 for the application of Ms. Marissa Medelez. According to the information you provided Ms. Marissa Medelez is applying for a deferred, forgivable loan under the HOME Community Housing Development Program (CHDO). Further, you have informed this firm that the home to be purchased by Ms. Marissa Medelez is located within the City of Edcouch, Texas. Your office also stated that Ms. Marissa Medelez, is employed by Proyecto Azteca, a CHDO as an Insurance Servicing Assistant and has no involvement with the process of qualifying applicants for loans and does not perform any underwriting duties.

In connection with the foregoing we have reviewed the Chapter 171 and 176 of the Texas Local Government Code, the HOME Program Conflict of Interest policy, and have verified with Mr. Valde Guerra, Chief Executive Officer of Hidalgo County, that Hidalgo County has no conflict of interest policies other than Chapters 171 and 176 of the Texas Local Government Code. We have examined written correspondence from your office and such other instruments and documents which we have deemed necessary or advisable to examine for the purpose of this opinion. With respect to such examination, we have assumed that the statements of fact made by UCP and Proyecto Azteca (the CHDO) in all such documents and instruments are true, accurate and complete.

Based on the foregoing, and having due regard for such legal considerations as we deem relevant, and subject to the limitations and assumptions set forth herein, including without limitation the matters set forth in the previous two (2) paragraphs hereof, we are of the opinion that:

Correspondence

March 14, 2018

Page 2

To the best of our knowledge, the approval of the application of Ms. Marissa Medelez, for a deferred forgivable loan under the HOME Community Housing Development Organization Program would not violate Texas state or local laws.

In rendering the opinion, we have assumed (i) the due authorization, execution and delivery by all parties of all documents that we have examined, (ii) the genuineness of all signatures on conformed copies, (iv) the legal capacity of natural persons, (v) the conformity to authentic original documents of all documents submitted to us as copies, (vi) the enforceability of all documents against all parties thereto other than the County and (vi) the validating of all information furnished to us by UCP.

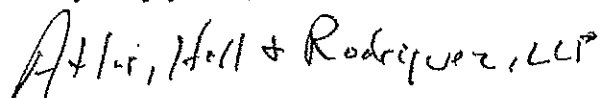
The opinions expressed herein are subject to the following limitations, qualifications, assumptions and exceptions.

We are furnishing this letter solely for your benefit at your request. This opinion is not to be used, circulated, quoted or otherwise referred to for any other purpose, nor is it to be relied upon by any other person or entity or by you in any other context without our express written consent.

This opinion is based on and is limited to the laws of the State of Texas, and the federal laws of the United States of America. Insofar as the foregoing opinion relates to matters of law other than the foregoing, no opinion is hereby given.

This opinion is as of the date hereof, and we undertake no obligation to supplement the opinions set forth herein as facts and circumstances come to our attention or changes in the law occur which could affect such opinions.

Very truly yours,

A handwritten signature in black ink that reads "Atlas, Hall & Rodriguez, LLP". The signature is written in a cursive, slightly slanted style.

ATLAS, HALL & RODRIGUEZ, LLP



URBAN COUNTY PROGRAM

427 E. DURANTA AVE, SUITE 107 • ALAMO, TEXAS 78516 • (956) 787-8127 FAX (956) 318-2988
E-mail: ucp@ucp.co.hidalgo.tx.us

March 6, 2018

Steve Crain
Atlas, Hall & Rodriguez L.L.P.
PO Box 3725
McAllen TX 78502

RE: Request for Legal Opinion - Conflict of Interest

Dear Mr. Crain:

The Urban County Program (UCP) is respectfully requesting a legal opinion in order to determine a possible conflict of interest regarding a prospective homebuyer under the HOME Investment Partnership Act Community Housing Development Organization Program (CHDO) and that assisting this individual is not a violation of State or local law. A current employee of Proyecto Azteca, a CHDO, is interested in purchasing a unit that was partially funded for construction through the UCP's HOME Program.

As per the information collected on behalf of the applicant, we have confirmed employment with Proyecto Azteca. The documentation collected, including a signed Conflict of Interest Affidavit, job description and written statement from Proyecto Azteca, all indicate that she does not exercise any functions or responsibilities nor participate in the decision making process for this program.

Attached please find a copy of the executed Conflict of Interest Affidavit that was signed by the client on October 27, 2017. Also included is a copy of the HOME Final Rule, 24 CFR Part 92.356 in which the issue of conflict of interest is addressed.

We trust that the information provided will meet the requirements of your assessment. Should the enclosed documentation not suffice, the UCP requests any direction you may offer to compile valid and complete documentation pertaining to this issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Diana R. Serna".

Diana R. Serna
Urban County Program Director
Hidalgo County



**CONFLICT OF INTEREST
AFFIDAVIT**

This is to certify that neither I, nor any member of my family, is related to any of the following members that have authority over any decision making in the Proyecto Azteca Self-Help New Home Construction Program.

County Officials:

Ramon Garcia, Hidalgo County Judge
David Fuentes, Commissioner-Pct.1
Eduardo Cantu, Commissioner- Pct.2

Jose M. Flores, Commissioner-Pct.3
Joseph Palacios, Commissioner -Pct.4

Urban County Program Staff

Diana R. Serna, Director
Steve de la Garza, Division Director, UCP Housing
Patricio R. Ávila, Assistant Deputy Director

Antonio Barco, Deputy Director
Michelle L. Mendoza, Home Division Coordinator

PROYECTO AZTECA BOARD OF DIRECTORS

Jamie Ortiz - Board President
Mirthala Rodriguez- Secretary
Mallory De La Rosa- Treasurer

Ramona Casas - Member
Marlene Chavez - Member

PROYECTO AZTECA STAFF

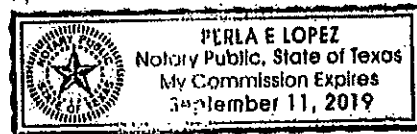
Carol Ann Cass, Interim Executive Director
Amber Arriaga Salinas: Assistant Executive Director

Ana Zamarrón, Finance Director
Letty Martinez, Finance Assistant I
Ramon Saucedo Finance Assistant
Perla López, Accounting Specialist
Raul Mora, Family Support Director & Loan Servicing
Sonia Shafer, Family Support Specialist/Collections
Janie M. Romero, Family Support Assistant/QC
Marissa Medelez, Insurance Specialist

Manuel Garcia: Construction Supervisor
Marcela Castellanos, Trainer
Andres Lopez, Trainer

PERLA 10/27/17
APPLICANT DATE

CO-APPLICANT DATE



SWORN TO AND SUBSCRIBED before me on the 27 day of October, 2017.

(SEAL) Perla E Lopez
NOTARY PUBLIC

Note: Although an employee at Proyecto Azteca, I applied and renewed my application every year to be eligible. I felt there was an opportunity to become a home owner and fulfill the dream of having a home my children and I can call our own. It is with great joy and gratitude these services are provided.

PROYECTO AZTECA



DATE: January 11, 2018
TO: Michelle Mendoza / Hidalgo County Urban County Program
FROM: Raul Mora / Proyecto Azteca
SUBJECT: Marissa Medelez job description

Dear Ms. Mendoza,

As per your request, attached please find the job description for Marissa Medelez. Marissa Medelez is a Proyecto Azteca employee that holds the Insurance Servicing Assistant title. Her duties are only to assist Proyecto Azteca's families that already own their home. She contacts them to service and educate our families in order for them to make an informed decision to purchase home insurance which is a requirement from Proyecto Azteca. She assists Ms. Janie Romero .

Marissa Medelez **IS NOT** involved in the process of locating families and qualifying them. She does not perform any underwriting and approval decisions of any new families that come to Proyecto Azteca for a new home assistance. She is only in charge of assisting families with their insurance needs.

I hope that this explanation may suffice in the explanation of Ms. Medelez's duties.

Should you have any questions or concerns please let me know.

Thank you.

Respectfully submitted,

Raul Mora
Proyecto Azteca

Building A Better World



Phone (956) 702-3307

P.O. Box 27
San Juan, TX 78589

fax (956) 702-3309



Proyecto Azteca is an Equal Opportunity Employer and Provider.

TITLE: Insurance Servicing Assistant

TO WHOM THIS PERSON IS ACCOUNTABLE: Director of Family Support/Qualifying Coordinator-Insurance Servicing Coordinator

GENERAL RESPONSIBILITIES: Assist families to help and educate them to identify and insure their homes. Responsible to make sure that the families have home insurance and that it is kept current. Provide real time reports to the Family Support Director and the Insurance Service Coordinator.

SPECIFIC RESPONSIBILITIES:

1. To work with families to develop a plan to obtain the best insurance available, both initial and renewal if necessary.
2. To meet with families when necessary to adjust payments when insurance rates go up. Servicing assistant needs to make sure that the escrow accounts are adjusted to have enough money to pay next year insurance. A follow up system must be developed for this.
3. To contact clients and/or insurance companies to assure that insurance binders are current and uploaded in Loan Ledger.
4. To provide Insurance options for new clients and or current clients, providing them with available insurance companies (Insurance Information Sheet) in which the families will obtain quotes for Insurance or any other information needed.
5. Contact families that are in danger of being cancelled via telephone or via letters. Responsible in documenting in Loan Ledger or any other reporting system whatever action resulted in communicating with the family. A follow up system must be developed.
6. Update information in Loan ledger with dates, prepare check requests, contact families and insurance companies to answer any questions that they may have.
7. Provide a monthly report to Insurance Service Coordinator and/or Family Support Director notifying any families that are cancelled, are about to be cancelled and providing a follow up until the families obtain insurance.
8. To create a packet for insurance claims. Receive checks and adjuster's reports. To contact families and schedule appointments for the Family Support Director for site visit and for family's orientation for the handling of claims. Responsible to keep tract of checks received and the status of work. Update report on a monthly basis.

3. Participating jurisdictions, contractors, subcontractors, and other participants must comply with regulations issued under these acts and with other Federal laws and regulations pertaining to labor standards and HUD Handbook 1344.1 (Federal Labor Standards Compliance in Housing and Community Development Programs), as applicable. Participating jurisdictions must require certification as to compliance with the provisions of this section before making any payment under such contract.
- b. *Volunteers.* The prevailing wage provisions of paragraph (a) of this section do not apply to an individual who receives no compensation or is paid expenses, reasonable benefits, or a nominal fee to perform the services for which the individual volunteered and who is not otherwise employed at any time in the construction work. See 24 CFR part 70.
- c. *Sweat equity.* The prevailing wage provisions of paragraph (a) of this section do not apply to members of an eligible family who provide labor in exchange for acquisition of a property for homeownership or provide labor in lieu of, or as a supplement to, rent payments.

§ 92.355 Lead-based paint

Housing assisted with HOME funds is subject to the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821-4846), the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851-4856), and implementing regulations at part 35, subparts A, B, J, K, M and R of this title.

[64 FR 50224, Sept. 15, 1999]

§ 92.356 Conflict of Interest

- a. *Applicability.* In the procurement of property and services by participating jurisdictions, State recipients, and subrecipients, the conflict of interest provisions in 24 CFR 85.36 and 24 CFR 84.42, respectively, apply. In all cases not governed by 24 CFR 85.36 and 24 CFR 84.42, the provisions of this section apply.
- b. *Conflicts prohibited.* No persons described in paragraph (c) of this section who exercise or have exercised any functions or responsibilities with respect to activities assisted with HOME funds or who are in a position to participate in a decisionmaking process or gain inside information with regard to these activities, may obtain a financial interest or benefit from a HOME-assisted activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter.
- c. *Persons covered.* The conflict of interest provisions of paragraph (b) of this section apply to any person who is an employee, agent, consultant, officer, or elected official or appointed official of the participating jurisdiction, State recipient, or subrecipient which are receiving HOME funds.
- d. *Exceptions: Threshold requirements.* Upon the written request of the participating jurisdiction, HUD may grant an exception to the provisions of paragraph (b) of this

section on a case-by-case basis when it determines that the exception will serve to further the purposes of the HOME Investment Partnerships Program and the effective and efficient administration of the participating jurisdiction's program or project. An exception may be considered only after the participating jurisdiction has provided the following:

1. A disclosure of the nature of the conflict, accompanied by an assurance that there has been public disclosure of the conflict and a description of how the public disclosure was made; and
 2. An opinion of the participating jurisdiction's or State recipient's attorney that the interest for which the exception is sought would not violate State or local law.
- e. *Factors to be considered for exceptions.* In determining whether to grant a requested exception after the participating jurisdiction has satisfactorily met the requirements of paragraph (d) of this section, HUD will consider the cumulative effect of the following factors, where applicable:
1. Whether the exception would provide a significant cost benefit or an essential degree of expertise to the program or project which would otherwise not be available;
 2. Whether the person affected is a member of a group or class of low-income persons intended to be the beneficiaries of the assisted activity, and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class;
 3. Whether the affected person has withdrawn from his or her functions or responsibilities, or the decisionmaking process with respect to the specific assisted activity in question;
 4. Whether the interest or benefit was present before the affected person was in a position as described in paragraph (c) of this section;
 5. Whether undue hardship will result either to the participating jurisdiction or the person affected when weighed against the public interest served by avoiding the prohibited conflict; and
 6. Any other relevant considerations.
- f. *Owners and Developers.*
1. No owner, developer or sponsor of a project assisted with HOME funds (or officer, employee, agent or consultant of the owner, developer or sponsor) whether private, for profit or non-profit (including a community housing development organization (CHDO) when acting as an owner, developer or sponsor) may occupy a HOME-assisted affordable housing unit in a project. This provision does not apply to an individual who receives HOME funds to acquire or rehabilitate his or her principal residence or to an employee or agent of the owner or developer of a rental housing project who occupies a housing unit as the project manager or maintenance worker.