

**PUBLIC HOUSING DEMOLITION, SITE REVITALIZATION, AND
REPLACEMENT HOUSING GRANTS**

(HOPE VI)

FY 1999 DEMOLITION GRANT AGREEMENT

This Grant Agreement is made by and between the United States Department of Housing and Urban Development ("HUD") and the recipient ("Grantee") identified in block 7 of the cover sheet ("Cover Sheet") of this Grant Agreement (Form HUD-1044). The Grantee received a HOPE VI Demolition grant in fiscal year 1999, for the public housing development that is the subject of this Grant Agreement ("Development"), and which is identified in block 16 of the Cover Sheet.

HUD agrees, subject to the terms of this Grant Agreement, to provide grant funds to the Grantee, in the total amount listed in block 14 of the Cover Sheet, for the demolition activities described in the HOPE VI Application (as defined in Article I hereof). The assistance which is the subject of this Grant Agreement is made under the Public Housing Demolition, Site Revitalization, and Replacement Housing Grant Program (which is a continuation, in modified form, of the HOPE VI program; "HOPE VI"), as authorized by the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1999 ("the FY 99 Appropriations Act"). The HOPE VI program was originally created under the Departments of Veterans Affairs, Housing and Urban Development, and Independent Agencies Appropriations Act, 1993, Public Law 102-389, approved on October 6, 1992.

This Grant Agreement is governed by, and the HOPE VI Application is subject to the FY 99 Appropriations Act, as the same may be amended or revised from time to time. In addition, all activities under the HOPE VI Application which are funded with HOPE VI funds are subject to the following: (a) any regulations, Handbooks or Notices now or hereafter issued by HUD relating to (i) HOPE VI, Section 24 of the U.S. Housing Act of 1937, as added by Section 535 of the Quality Housing and Work Responsibility Act of 1998 (Pub.L. 105-276, 112 Stat. 2518, approved October 21, 1998) (Public Housing Reform Act), (ii) any authorization legislation to which HOPE VI is conformed, (iii) section 5 ("Section 5") or section 14 ("Section 14") of the United States Housing Act of 1937 ("1937 Act"), as applicable under section 522 (c) and 519 (e) and (g) of the Public Housing Reform Act, which establish the eligible expenditures under HOPE VI, or (iv) otherwise, the demolition activities for which grant funds will be expended; (b) 24 CFR part 85 (administrative requirements) as hereinafter provided; (c) the cost principles of Office of Management and Budget ("OMB") Circular A-87; and (d) all other applicable Federal requirements, including, without limitation, those set forth in Article XI. All of the foregoing requirements in this paragraph, as they may govern or relate to various activities under the HOPE VI Application are hereinafter collectively referred to as "HOPE VI Requirements."

The Grantee's HOPE VI Application shall be incorporated into this Grant Agreement. The Grant Agreement also incorporates the Cover Sheet and the Exhibit attached hereto.

HUD and the Grantee hereby agree to be bound by the following terms and conditions of this Grant Agreement:

ARTICLE I. HOPE VI Application

1. For purposes of this Grant Agreement, the term "HOPE VI Application" means the Grantee's application submissions made in response to the Notice of Funding Availability ("NOFA"), published at 64 Federal Register 9727, dated February 26, 1999; together with approved submissions permitted after the effective date of this Grant Agreement, waiver requests, certifications, approvals, assurances and any information or documentation required to meet any terms and conditions of this Grant Agreement.

ARTICLE II. Amendments and Approvals

1. Prior approval by HUD is required for the following types of revisions to the approved demolition activities:

(a) any substantial change in the activities to be carried out in accordance with this Grant Agreement (including, without limitation, any substantial change in the activities caused by revisions to the form of program oversight, the Program Schedule, the relocation plan, the Demolition Application or Conversion Plan, or the total number of public housing units to be demolished), whether or not there is an associated budgetary revision requiring prior approval;

(b) an increase or decrease in any line item of the Budget, except as permitted by Article VI, paragraph 2(b); and

(c) any extension of the period of availability of the HOPE VI grant funds; and

(d) use of any unused portion of the grant for other approved demolition activities.

2. A request for prior approval must be submitted in writing by the Grantee to HUD in the manner provided for in 24 CFR 85.30(f).

ARTICLE III. Period for Expending Grant Funds/Program Schedule

1. The Grantee must commence the demolition within six months from the date of Grant Agreement execution, and complete the demolition within two years from the date of Grant Agreement execution.

2. All activities funded under a HOPE VI demolition grant must be carried out within the time periods specified in the Program Schedule provided in the application, as approved by HUD. Any modification to any date or time period set forth in the Program Schedule, in excess of 15 calendar days from the date previously approved by HUD, must be approved in writing by HUD.

ARTICLE IV. Covenants and Conditions

1. The Grantee will carry out the approved activities in compliance with this Grant Agreement, and in accordance with the provisions of the HOPE VI Application, including Appendix B of the FY 1999 HOPE VI NOFA, the HOPE VI Requirements, and any other applicable State and local laws, regulations, and requirements. The Grantee accepts responsibility for requiring, and monitoring, such compliance by all other entities to which it makes grant funds available.

2. The Grantee will provide suitable, decent, safe, and sanitary housing to each family required to relocate as a result of HOPE VI-funded demolition. Permanent relocation due to demolition must be carried out pursuant to the requirements of 24 CFR 970.5.

3. (a) the Grantee will comply with the provisions of section 18 of the 1937 Act and with 24 CFR part 970 as may be modified or amended and the provisions of its approved Demolition Application or Conversion Plan, unless otherwise approved by HUD in writing.

(b) the Grantee will not take, or permit to be taken, any action to demolish the Development or any portion thereof until

(i) a Demolition Application or Conversion Plan is approved in writing by HUD, and

(ii) approval of demolition has been obtained from any other agencies and/or governmental bodies from which approval to demolish may be required.

4. The next annual statement and revised five-year action plan submitted by the Grantee for funding under the comprehensive grant program (24 CFR part 968, subpart C) or such applicable requirements under the new Capital Fund Program, will reflect the use of HOPE VI grant funds. Costs of activities funded under the HOPE VI grant will not be duplicated in the Grantee's annual statement and revised five-year action plan submitted under the comprehensive grant program.

5. In its accounts and recordkeeping, the Grantee will not commingle HOPE VI grant funds with funds from any other sources including, but not limited to, other HUD program funds or funds from other Federal, State or local government agencies. (Such other funds may be used to carry out the demolition, so long as they are not commingled in the Grantee's accounts and recordkeeping.) The Grantee also will ensure that HOPE VI grant funds are not used to duplicate work which is funded under any other Federal program, or from any other source of funding, and will establish controls to assure non-duplication of funding.

6. No HOPE VI grant funds may be used to pay (or provide reimbursement for payment of) the salary of a consultant at more than the daily equivalent of the maximum rate paid to level IV of the Executive Schedule for Federal Employees. Consultant services provided under an independent contractor relationship are governed by the procurement requirements in 24 CFR 85.36 and the principles of cost reasonableness contained in OMB Circular A-87.

7. The Grantee will comply with, and be subject to, the requirements, policies and standards set forth in 24 CFR part 85 (administrative requirements) and OMB Circular A-87 (Cost Principles) (except as any of the above-mentioned requirements are specifically modified by the provisions of this Grant Agreement pursuant to regulations applicable to the demolition) as the same may be amended from time to time.

8. The Grantee will cause all contractors and subcontractors to execute an original document in the form of Exhibit A to this Grant Agreement ("Subgrantee/ Contractor/Subcontractor Certifications and Assurances") at the time the Grantee executes any contract with any contractor, and at the time any contractor executes any contract with any subcontractor, to provide goods or services under this Grant Agreement. The Grantee will retain the executed original certification together with the executed contract documents.

9. The Grantee will comply with labor standards as follows: Davis-Bacon or HUD-determined wage rates apply to development or operation of revitalized housing to the extent required under Section 12 of the U.S. Housing Act of 1937. In the case of demolition, Davis-Bacon wage rates apply to demolition followed by construction on the site; HUD-determined wage rates apply to demolition followed only by filling in the site and establishing a lawn. Under Section 12, the wage rate requirements do not apply to individuals who: perform services for which they volunteered; do not receive compensation for those services or are paid expenses, reasonable benefits, or a nominal fee for the services; and are not otherwise employed in the work involved (24 CFR part 70). In addition, if other Federal programs are used in connection with HOPE VI activities, labor standards requirements apply to the extent required by the other Federal programs, on portions of the project that are not subject to Davis-Bacon rates under the Act.

10. The Grantee will comply with lead-based paint testing and abatement requirements for HUD-associated housing, as provided for under the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821, et. seq.). The Grantee also will comply with 24 CFR parts 35 and 965 (subpart H) and section 968.110(k), as they may be amended or revised from time to time.

11. The Grantee hereby certifies that no HOPE VI grant funds have been expended, and that none will be expended, for lobbying activities, as prohibited by Section 319 of Public Law 101-121 (which prohibits recipients of Federal contracts, grants, and loans from using appropriated funds for lobbying the Executive or Legislative Branches of the Federal Government), and implemented for HUD at 24 CFR part 87, as the same may be amended from time to time. The Grantee will disclose promptly any commitment or expenditure of non-appropriated funds for lobbying activities if those activities would be prohibited if paid with appropriated funds.

12. The Grantee will comply with all other terms and conditions HUD may establish to administer, monitor or evaluate the HOPE VI program in an effective and efficient manner. Notwithstanding the foregoing, however, except as provided in Article XII, HUD hereafter will not establish any additional terms and conditions without:

(a) consideration of the burden imposed on the Grantee by such conditions or requirements;

(b) consideration of the availability of less burdensome conditions or requirements; and

(c) in the case of a term or condition applicable solely to the Grantee, prior consultation with the Grantee.

ARTICLE V. Environmental Review

1. The Grantee will not carry out activities with respect to the Development, or with respect to any off-site replacement public housing, under this Grant Agreement, until a Phase I environmental review, as described in 24 CFR 50.3(j)(2) ("environmental review"), has been conducted on each affected site. A Phase I review is required regardless of the entity performing the review.

2. The responsible entity, as defined in 24 CFR 58.2(a)(7), must assume the environmental responsibilities for projects being funded by HOPE VI. If the PHA objects to the responsible entity conducting the environmental review, on the basis of performance, timing or compatibility of objectives, HUD will review the facts and determine who will perform the environmental review. At any time, HUD may reject the use of a responsible entity to conduct the environmental review in a particular case on the basis of performance, timing or compatibility of objectives, or in accordance with 24 CFR 58.77(d)(1). If a responsible entity objects to performing an environmental review, or if HUD determines that the responsible entity should not perform the environmental review, the HUD may designate another responsible entity to conduct the review or may itself conduct the environmental review in accordance with the provisions of 24 CFR part 50. After selection by HUD for Joint Review, the PHA shall provide any documentation to the responsible entity (or HUD, where applicable) that is needed to perform the environmental review.

3. Where the environmental review is completed before HUD approval of a HOPE VI Revitalization Plan (RP) (if applicable) and the PHA has submitted its Request for Release of Funds (RROF), the RP approval letter shall state any conditions, modifications, prohibitions, etc. as a result of the environmental review, including the need for any further environmental review, e.g., Phase II review). The Grantee must carry out any mitigating/remedial measures required by HUD, or select an alternate eligible property, if permitted by HUD.

4. Where the environmental review is not completed and/or the PHA has not submitted the RROF before HUD approval of an applicable RP, the RP approval letter shall instruct the PHA to refrain from undertaking, or obligating or expending funds on, physical activities or other choice-limiting actions, until HUD approves the PHA's RROF and the related certification of the responsible entity (or HUD has completed the environmental review). The RP approval letter also shall advise the PHA that the approved RP may be modified on the basis of the results of the environmental review.

5. In accordance with 24 CFR 58.23, the costs of environmental reviews, including costs incurred in complying with any of the related laws and authorities cited in 24 CFR 58.5 and 58.6, are eligible costs under the HOPE VI Program. If approved by HUD in advance, environmental remediation costs are eligible costs under the HOPE VI Program.

ARTICLE VI. Project Budget/Draw downs

1. (a) No grant funds may be drawn down under this Grant Agreement until an environmental review has been performed in conformance with requirements in Article V.

(b) Notwithstanding (a) above, grant funds may be drawn down to pay for the costs of conducting the required environmental review.

2. (a) The Grantee will ensure that grant funds are expended in accordance with the budget, submitted on the Budget Form in accordance with the HOPE VI Requirements.

(b) The Grantee (1) without HUD approval, may cumulatively increase or decrease the amount for any budget line item set forth in the Budget(s) by an amount equal to ten percent of the budget line item amount previously approved in writing by HUD, and

(2) with written HUD approval, may exceed said ten percent limit or request approval of a revised Budget; provided that any such change does not cause, or result from, a revision to the scope of the demolition and that when taking into consideration such modification, HUD's total grant obligation will not thereby be increased.

3. (a) Notwithstanding any contrary provisions of 24 CFR 85.21, the Grantee will request all draw downs of grant funds under the Line of Credit Control System - Voice Response System (LOCCS-VRS), unless and until another payment system is designated by HUD. The Grantee will comply with all rules, guidelines and notices established for HOPE VI under the LOCCS-VRS system, or any substitute system, in connection with any draw down of HOPE VI grant funds. If HUD designates a different payment system, it will be based upon the provisions of section 85.21

(b) HUD may withhold payments, in accordance with 24 CFR 85.21(g).

(c) The Grantee agrees that each draw down request by the Grantee will constitute, and be deemed to be, a representation that the Grantee is not in default under this Grant Agreement (except as the Grantee previously may have disclosed to HUD in writing).

(d) After the execution of the Grant Agreement, the Grantee may request a draw down, in accordance with an approved Budget, for costs incurred prior to execution of this Grant Agreement provided that such costs

(i) are eligible and allowable under this Grant Agreement; and

(ii) were incurred after the notification of award of this HOPE VI demolition grant was made by HUD.

(e) The Grantee may utilize grant funds, in accordance with the Budget(s), for publication costs of reports or other media relating to grant program accomplishments or results, which will be allowable costs under this Grant Agreement (pursuant to OMB Circular A-87, Schedule B, paragraph 23).

4. No grant funds may be drawn down during any period in which the Grantee has failed to file with HUD any overdue program or financial report.

ARTICLE VII. Quarterly Reporting Requirements

1. (a) The Grantee will submit to HUD, quarterly, a performance report, the form and substance of which will be specified by HUD, no later than 30 calendar days after the end of each quarter.

(b) The Grantee agrees that each quarterly performance report submitted under subparagraph (a) above will constitute, and be deemed to be, a representation that the Grantee is not in default under this Grant Agreement except as disclosed therein.

(c) The Grantee must enter cumulative obligation and expenditure data into LOCCS no later than 30 days after the end of each quarter, whether or not there has been any modification in the cumulative amounts since the end of the last quarter.

2. The Grantee must inform HUD immediately, in writing, of any problems, delays or adverse conditions which will impair materially the Grantee's ability to comply with the Program Schedule, as the same may be revised from time to time as required by HUD or with HUD's approval. Such disclosure must include a statement of action taken, or proposed to be taken, and any assistance needed to resolve the situation.

3. Subject to Article IV, paragraph 12, the Grantee will comply with all other reporting requirements from time to time established by HUD, in its sole discretion, in connection with the HOPE VI program. The Grantee will fully cooperate with all reasonable information gathering requests made by HUD's Office of Policy Development and Research in connection with its evaluation of the program, including, without limitation, all post-closeout reports, in the forms prescribed by HUD, for the period of years designated by HUD. Likewise, the Grantee will cooperate with reporting requirements established by the Office of Fair Housing and Equal Opportunity regarding the racial, ethnic or other characteristic of the applicants, participants and beneficiaries of the HOPE VI program. Provided however, that in establishing any such requirements, HUD will consider the burden imposed on the grantees and the availability of less burdensome requirements.

ARTICLE VIII. Recordkeeping/Access Requirements/Audits

1. The Grantee will keep records in accordance with 24 CFR 85.20 that facilitate an effective audit to determine compliance with program requirements, and which fully disclose:

(a) the amount and disposition of funds received under this HOPE VI grant, including sufficient records that document the reasonableness and necessity of each expenditure;

(b) the amount and nature of any other assistance, including cash, services, or other items contributed for demolition activities as a condition of receiving this HOPE VI grant;

(c) any other proceeds received for, or otherwise used in connection with, program activities; and

(d) fair housing and equal opportunity data, including racial and ethnic beneficiary data, information on the affirmative marketing strategy and any other information to demonstrate compliance with the fair housing and equal opportunity requirements of this program as identified in Article IV.

2. The Grantee will comply with and be subject to the retention and access requirements for records under 24 CFR 85.41 and the non-Federal audit requirements under 24 CFR 85.26.

3. For the purpose of audit, examination, monitoring, and evaluation, the Grantee will give HUD (including any duly authorized representatives and the Inspector General) access, and will ensure that any participating party will give HUD such access, to any books, documents, papers, and records of the Grantee, or such participating party, that are pertinent to assistance received under this HOPE VI grant, including all records required to be kept by paragraph 1 of this Article.

4. The Grantee acknowledges and agrees that HUD, or its designees, may conduct site visits as deemed necessary by HUD based upon the Grantee's needs of the HOPE VI program. Technical assistance site visits may be provided by HUD or its designees

(a) in response to requests from the Grantee;

(b) based upon demonstrated needs of the HOPE VI program; or

(c) as provided in Article XII.

ARTICLE IX. Project Closeout

1. Within 30 days after completion of all activities to be performed utilizing HOPE VI grant funds, the Grantee will initiate Termination of Disbursements in accordance with procedures established by HUD.

2. Within 90 days after completion of all activities to be performed utilizing HOPE VI grant funds, the Grantee will initiate Preliminary Closeout by submitting documents as required by HUD. At HUD's option, the Grantee may delay initiation of Preliminary Closeout until the resolution of any HUD monitoring findings. If HUD exercises this option, the Grantee must promptly resolve the findings. Preliminary Closeout documents will include:

(a) Final HOPE VI Budget

(b) Final Financial Report, in accordance with procedures established by HUD.

(c) Actual HOPE VI Cost Certificate (AHCC) (Form HUD-53001-A), which summarizes the information on the Final Financial Report, and serves as the document that officially closes out the grant. The AHCC will provide for recapture of any unexpended HOPE VI grant funds and include the Grantee's agreement to abide by any continuing Federal requirements, including, without limitation, submission of all post-closing reports, completion of any activities which were funded from sources other than HOPE VI grant funds and submission of all documentation required pursuant to paragraph 2 which could not be submitted prior to Grant Fund Closeout because of utilization of such other sources of funds.

3. At such time as it is performed, the Grantee must forward its final audit of grant funds to HUD for approval.

4. When HUD has determined to its satisfaction that the expenditure of grant funds was allowable, the activities to be completed utilizing HOPE VI grant funds were completed as required by the Grant Agreement, and all Federal requirements were satisfied, the designated HUD official will execute the AHCC.

5. Within 90 calendar days after completion of all program activities, including those activities not performed with HOPE VI grant funds, the Grantee must submit a Post-Grant Report to HUD, in accordance with procedures established by HUD.

6. The Grantee acknowledges that the Grant Fund Closeout process may entail a review by HUD to determine the Grantee's compliance with the Grant Agreement. The Grantee will cooperate with any review, including by making available records requested by HUD and facilitating on-site inspection of the Development.

ARTICLE X. Conflict of Interest

1. In addition to the conflict of interest requirements in 24 CFR part 85, no person who is an employee, agent, consultant (but excluding an independent contractor), officer, or elected or appointed official of the Grantee and who exercises or has exercised any functions or responsibilities with respect to activities assisted under this HOPE VI grant, or who is in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a financial interest or benefit from the activity, or have an interest in any contract, subcontract, or agreement with respect thereto, or the proceeds thereunder, either for himself or herself or for those with whom he or she has family or business ties, during his or her tenure or for one year thereafter. (A person who is, or was, an independent contractor to the Grantee is not covered by this conflict of interest provision and, therefore, is not barred by this provision from competing for future contracts.)

2. HUD may grant an exception to the exclusion in paragraph 1 of this Article on a case-by-case basis when it determines that such an exception will serve to further the purposes of HOPE VI and its effective and efficient administration. An exception may be considered only after the Grantee has provided a disclosure of the nature of the conflict, accompanied by (i) an assurance that there has been public disclosure of the conflict, (ii) a description of how the public disclosure was made and (iii) an opinion of the Grantee's attorney that the interest for which the exception is sought does not violate State or local laws. In determining whether to grant a requested exception, HUD will consider the cumulative effect of the following factors, where applicable:

(a) whether the exception would provide a significant cost benefit or an essential degree of expertise that would otherwise not be available;

(b) whether an opportunity was provided for open competitive bidding or negotiation;

(c) whether the person affected is a member of a group or class intended to be the beneficiaries of the program activities 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;

(d) whether the affected person has withdrawn from his or her functions or responsibilities, or the decision making process, with respect to the specific activity in question;

(e) whether the interest or benefit was present before the affected person was in a position as described in paragraph 1 of this Article;

(f) whether undue hardship will result either to the Grantee or the person affected when weighed against the public interest served by avoiding the prohibited conflict; and

(g) any other relevant considerations.

ARTICLE XI. Applicability of Other Federal Requirements

The following Federal requirements are applicable to HOPE VI. The Grantee will comply with all of the applicable requirements of the following, as the same may be amended from time to time:

1. the Fair Housing Act (42 U.S.C. 3601-19) and regulations pursuant thereto (24 CFR part 100); Executive Order 11063 (Equal Opportunity in Housing) and regulations pursuant thereto (24 CFR part 107); and the fair housing poster regulations (24 CFR part 110);

2. Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d) and regulations pursuant thereto (24 CFR part 1) relating to non-discrimination in housing;

3. the prohibitions against discrimination on the basis of age under the Age Discrimination Act of 1975 (42 U.S.C. 6101-07) and regulations issued pursuant thereto (24 CFR part 146);

4. the prohibitions against discrimination on the basis of disability (including requirements that the Grantee make reasonable modifications and accommodations and make units accessible) under Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and regulations issued pursuant thereto (24 CFR part 8); the Americans with Disabilities Act (42 U.S.C. 12101 et seq. and its implementing regulation at 28 CFR part 36; and the Architectural Barriers Act of 1968, as amended (42 U.S.C. 4151) and regulations issued pursuant thereto (24 CFR part 40);

5. section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) (Employment Opportunities for Lower Income Persons in Connection with Assisted Projects) and its implementing regulation at 24 CFR part 135;

6. Executive Orders 11246, 11625, 12432, and 12138. Consistent with HUD's responsibilities under these Orders, the Grantee must make efforts to encourage the use of minority and, women's business enterprises in connection with funded activities;

7. section 102 of the Department of Housing and Urban Development Reform Act of 1989, as implemented at 24 CFR part 4, subpart A which contains provisions designed to ensure greater accountability and integrity in the provision of certain types of assistance administered by HUD;

8. 24 CFR part 24, which applies to the employment, engagement of services, awarding of contracts, subgrants, or funding of any recipients, or contractors or subcontractors, during any period of debarment, suspension, or placement in ineligibility status; and

9. the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and government-wide implementing regulations at 49 CFR part 24.

ARTICLE XII. Unsatisfactory Performance/Default

1. (a) The Grantee acknowledges and agrees that HUD may impose special conditions or restrictions upon the Grantee in accordance with this paragraph 1, with which the Grantee will comply, in order to ensure that all activities and expenditures of grant funds are properly and efficiently carried out. HUD may impose such conditions or restrictions if HUD determines that the performance of the Grantee under this Grant Agreement is unsatisfactory (whether or not the Grantee is in default in accordance with paragraph 2 below).

(b) The special conditions or restrictions which HUD may impose include the following:

- (i) withholding authority to proceed to the next phase of activities until receipt of evidence of acceptable performance within a given funding period;
- (ii) requiring additional, more detailed financial reports;
- (iii) additional project monitoring;
- (iv) requiring the Grantee to obtain technical assistance; or
- (v) establishing additional prior approvals.

(c) If HUD decides to impose any such conditions or restrictions upon the Grantee, HUD will notify the Grantee in writing, as early as possible. Such notice will contain the following information:

- (i) a description of the special conditions or restrictions;
- (ii) the nature of the unsatisfactory performance and the reason for imposing such special conditions or restrictions;
- (iii) the corrective actions which must be taken before the conditions or restrictions will be removed, and the time allowed for completing the corrective actions; and
- (iv) the method for requesting reconsideration of the conditions or restrictions imposed.

2. Each of the following events or occurrences, to the extent it constitutes a material breach or occurrence, will constitute a default by the Grantee under this Grant Agreement:

- (a) use of grant funds for any purpose, in any manner or at any time, other than as authorized by this Grant Agreement;
- (b) failure to comply with the HOPE VI Requirements or any other Federal, State or local laws, regulations or requirements applicable in carrying out demolition activities;
- (c) failure to make any submission, perform any obligation or otherwise comply with any requirement within the specified time period;

(d) failure to proceed in a manner consistent with the approved application (including, without limitation, failure to accomplish an activity by the date specified in the Program Schedule for any interim performance measure);

(e) any material misrepresentation in the HOPE VI Application or under this Grant Agreement, including, without limitation, any misrepresentations under Article VI, paragraph 3(c) or Article VII, paragraph 1(b);

(f) failure to comply with, or any material breach of, any other covenants, conditions or terms of this Grant Agreement; or

(g) a default by the Grantee under the ACC, which default relates to the Development or the Grantee's ability to perform all of its obligations under this Grant Agreement.

3. (a) HUD will give the Grantee written notice of any default. The Grantee will have the opportunity to cure such default within 30 days of the date of said notice, or to demonstrate within said time period, by submitting substantial evidence satisfactory to HUD, that it is not in default. If the default is not susceptible of being cured within said 30 day period, the Grantee will demonstrate, to HUD's satisfaction, that the Grantee has taken actions necessary to cure the default and that the default is curable within 90 days from the date of the default notice. Additionally, the Grantee must covenant to prosecute such cure diligently and complete such cure within said 90 day period.

(b) Notwithstanding the provisions of subparagraph (a) above concerning the opportunity to cure defaults, if HUD determines, in HUD's sole discretion, that there is an imminent threat that the Grantee will expend additional grant funds in violation of the provisions of this Grant Agreement, HUD may implement the remedial action provided for under subparagraph 4(c) of this Article to prevent any such unauthorized expenditure until such time as the Grantee has complied with the cure provisions set forth above. HUD will implement such remedial action by written notice set forth either in the notice of default given under subparagraph 3(a) above or by subsequent written notice to the Grantee.

4. If the Grantee fails to cure all defaults specified in the notice of default within the time periods set forth in subparagraph 3(a) above, or fails to diligently pursue or complete any cure as provided in subparagraph 3(a), HUD may take any of the following remedial actions, upon written notice to the Grantee:

(a) require the Grantee, within a time period established by HUD, to prepare a revised Program Schedule, obtain HUD's approval thereto and follow such revised Program Schedule to complete the demolition activities;

(b) require the Grantee, within a time period established by HUD, to revise its relocation plan, Demolition Application, or any other activity in order to successfully complete the activities in a manner satisfactory to HUD, including, without limitation, exclusion or revision of affected activities, revision of the Budget(s) as necessary, and substitution of other eligible activities;

(c) temporarily suspend the Grantee's authority to draw down grant funds for affected activities, or at HUD's sole discretion for all activities, for not more than ninety (90) days, pending action to cure the defaults;

(d) suspend the Grantee's authority to draw down grant funds under the Line of Credit Control System - Voice Response System (or any subsequent method of disbursement) and prohibit payment or reimbursement for all grant activities or, if more appropriate (in HUD's sole discretion), only for those activities affected by the default, for an unspecified period of time pending final remedial action by HUD;

(e) disallow use of grant funds for all or part of the cost of the activity or action not in compliance;

(f) recapture amounts determined by HUD to have been improperly expended;

(g) require reimbursement by the Grantee for grant funds improperly expended; and

(h) require the Grantee to contract with an alternate administrator, acceptable to HUD in its sole discretion.

5. If HUD determines that the remedial actions taken by HUD under paragraph 4 above have not been effective in curing the default, or if the Grantee has not complied with the requirements imposed by HUD under paragraph 4 and has not otherwise cured the default, or if HUD exercises its discretion under subparagraph 3(b) to institute any of the following actions, HUD may take any of the following remedial or enforcement actions (in addition to any of the remedies permitted under paragraph 4) upon written notice to the Grantee:

(a) petition for the appointment of a receiver (which may be a public housing agency, a private management corporation, or some other entity) for the HOPE VI Development to any district court of the United States or to any court of the State in which the Development is located;

(b) change the method of payment from Line of Credit Control System - Voice Response System to some other available method of payment (e.g., payments involving HUD manual review and approval of every draw request, or one which permits draws only on a reimbursement basis);

(c) reduce the HOPE VI grant in the amount affected by the default;

(d) terminate the HOPE VI grant as to all further activities and initiate close-out procedures;

(e) withdraw any unobligated balances of funding;

(f) take action against the Grantee under 24 CFR part 24 and Executive Order 12549 with respect to future HUD or Federal grant awards; and

(g) take any other available legal or equitable remedial action, including, but not limited to, any remedial actions available under the Grantee's ACC.

ARTICLE XIII. No Third Party Rights.

The Grantee and HUD are the sole parties to this Grant Agreement and do not intend to create any third party beneficiaries to this Grant Agreement. Nothing in this Grant Agreement may be construed as conferring the status of third party beneficiary upon residents of the development or the community; and in no event shall any entity other than the Grantee have direct rights to the HOPE VI funds provided for under this Grant Agreement.

ARTICLE XIV. Effective date.

The effective date of this agreement is the date that HUD executes the cover sheet to this Grant Agreement, Form HUD-1044.

FY 1999 HOPE VI DEMOLITION GRANT AGREEMENT

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