

**FUNDING APPROVAL AND GRANT AGREEMENT FOR
NEIGHBORHOOD STABILIZATION PROGRAM 2 (NSP2) FUNDS
AS AUTHORIZED AND APPROPRIATED UNDER THE
AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 AND THE
HOUSING AND ECONOMIC RECOVERY ACT OF 2008
(PUBLIC LAWS 111-5 and 110-289)**

NSP2 GRANTEE: Housing Trust of Santa Clara County, Inc.

NSP2 GRANT NUMBER: B-09-CN-CA-0054

NSP2 GRANT AMOUNT: \$25,000,000

NSP2 APPROVAL DATE: January 14, 2010

NSP2 EXPENDITURE DEADLINE (2 YEAR): February 11, 2012

NSP2 EXPENDITURE DEADLINE (3 YEAR): February 11, 2013

1. This Grant Agreement between the U.S. Department of Housing and Urban Development (HUD) and Housing Trust of Santa Clara County, Inc. (Grantee) is made pursuant to the authority of title XII of Division A of the American Recovery and Reinvestment Act of 2009 (Public Law 111-5 (February 17, 2009)) (Recovery Act) and sections 2301 – 2304 of the Housing and Economic Recovery Act of 2008 (Public Law 110-289 (July 30, 2008)) (HERA). The program established pursuant to section 2301-2304 of HERA is known as the “Neighborhood Stabilization Program” or “NSP.” The term “NSP2” refers to the second appropriation of NSP funds provided under the Recovery Act. The Notice of Fund Availability for the Neighborhood Stabilization Program 2 under the American Recovery and Reinvestment, 2009 (Docket No. FR-5321-N-01, May 4, 2009) (NOFA); the three Notices of Fund Availability for Fiscal Year 2009 Neighborhood Stabilization Program 2 under the American Recovery and Reinvestment Act of 2009, Correction (Docket No. FR-5321-C-02, June 11, 2009; Docket No. FR-5321-C-03, November 9, 2009; and Docket No. FR-5321-C-04); the Recovery Act; HERA; the Grantee’s application for NSP2 assistance (Grantee Application); the HUD regulations at 24 CFR Part 570 (as modified by the NOFA as now in effect and as may be amended from time to time) (Regulations); and this Funding Approval, including any special conditions, constitute part of the Grant Agreement. In the event of a conflict between a provision of the Grantee’s Application and any provision of this Grant Agreement, the latter shall control.

2. The Grantee shall comply with governmentwide guidance and standard award terms established by the Office of Management and Budget (OMB) concerning the implementation of the Recovery Act, including *Requirements for Implementing Sections 1512, 1605, and 1606 of the American Recovery and Reinvestment Act of 2009 for Financial Assistance Awards*, 74 Fed. Reg. 18449 (April 23, 2009) (to be codified at 2 CFR part 176) (as now in effect and as may be amended from time to time). The Grantee shall comply with reporting requirements established by HUD and OMB (including all revisions to such reporting requirements), as well as section 1553 of the Recovery Act (including implementing guidance).
3. Subject to the provisions of this Grant Agreement, HUD will make NSP2 Grant Funds in the amount of \$25,000,000 available to the Grantee upon execution of this Grant Agreement by the parties. Of that amount, \$6,250,000 must 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, pursuant to the Recovery Act and HERA. The Grantee shall have 24 months from the date of HUD's execution of this Grant Agreement to expend half of the NSP2 Grant amount pursuant to the requirements of this Agreement, the Recovery Act, HERA and the NOFA, as amended. The Grantee shall have 36 months from the date of HUD's execution of this Grant Agreement to expend the total NSP2 Grant amount pursuant to the requirements of this Agreement, the Recovery Act, HERA and the NOFA, as amended. The NSP2 Grant Funds may be used to pay eligible costs arising from eligible uses incurred after the NSP2 Approval Date provided the activities to which such costs are related are carried out in compliance with all applicable requirements. Pre-award planning and general administrative costs may not be paid with funding assistance except as permitted in the NOFA, as amended. Other pre-award costs may not be paid with funding assistance except as permitted by 24 CFR 570.200(h); for purposes of NSP2, such costs are limited to those incurred on or after the date that the NSP2 NOFA was published by HUD.

If the Grantee's NSP2 Grant Amount is less than the amount requested in the Grantee's NSP2 Application, the Grantee must submit a Revised Budget and Activity List, (see Appendix A), with the executed copy of this Grant Agreement. The Grantee is reminded that the Revised Budget and Activity List must still comply with the requirements of the NSP2 NOFA. Specifically, the Grantee is required to 1) return a minimum of 100 abandoned or foreclosed homes back to productive use or otherwise eliminate or mitigate the negative effects on the stability of the target geography and 2) ensure that the target geography in which the Grantee intends to carry out NSP2 activities has an average combined needs index score of 18 or greater.

4. For any project within the jurisdiction of a consortium member that is a unit of general local government, Indian tribe or State, the unit of general local government, Indian tribe or State agrees to assume all of the responsibilities for environmental review, decisionmaking, and actions, as specified and required in regulations issued by the Secretary pursuant to section 104(g) of Title I of the Housing and Community

Development Act, as amended (42 U.S.C. 5304) and published in 24 CFR Part 58. For any project that is outside the jurisdiction of any consortium member that is a unit of general local government, Indian tribe or State, the grantee agrees to coordinate with HUD to receive approval for activities in compliance with 24 CFR part 50 environmental review requirements. The grantee will supply HUD with all available, relevant information necessary for HUD to perform for each property any environmental review required by 24 CFR part 50. The grantee agrees to carry out any mitigating measure required by HUD or select alternate eligible property. The grantee agrees that it will not acquire, rehabilitate, demolish, convert, lease, repair or construct property and not commit or expend HUD or local funds for these program activities with respect to any eligible property until HUD approval of the property is received.

5. The Grantee agrees that it will demolish or convert units using NSP2 funds only to the extent and scope described in the NSP2 application. The Grantee agrees that under no circumstances will NSP2 funds be used to demolish any public housing (as defined in section 3 of the United States Housing Act of 1937 (42 U.S.C. 1437a)).
6. The Grantee agrees to comply with the Recovery Act provisions concerning tenant protections applicable to NSP2 acquisitions of foreclosed property. The Grantee must document its efforts to ensure that the initial successor in interest (ISII) in a foreclosed upon dwelling or residential real property (typically, the initial successor in interest in property acquired through foreclosure is the lender or trustee for holders of obligations secured by mortgage liens) has provided bona fide tenants with the notice and other protections outlined in the Recovery Act. The Grantee will not use NSP2 funds to finance the acquisition of property from any initial successor in interest that failed to comply with applicable requirements unless the Grantee assumes the obligations of such initial successor in interest with respect to bona fide tenants. If the Grantee elects to assume such obligations, it may only do so if the tenant is still occupying the property and will provide any tenant displaced as a result of the NSP2 funded acquisition with the assistance outlined in 24 CFR 570.606. If the Grantee knows that the ISII did not comply with the NSP tenant protection requirements and vacated the property contrary to the NSP requirements, NSP2 funds cannot be used to acquire such properties.
7. The Grantee further acknowledges its responsibility for adherence to all applicable terms and conditions of this grant award by sub-recipient entities and contractors, including obtaining a DUNS number (or updating the existing DUNS record), and registering with the Central Contractor Registration. The DUNS number shall be provided by the Grantee on the execution page of this agreement.
8. This Grant Agreement may be amended only with the prior written approval of HUD. Changes that affect program design elements that HUD considered in rating NSP2 applications may result in HUD re-rating the application. In considering proposed amendments to this Grant Agreement, HUD shall also review, among other things, whether the amendment is otherwise consistent with the Recovery Act, HERA, the NOFA, as amended, and the Regulations.

9. The Grantee may not amend its Grantee Submission other than as described above; however, such amendments will be subject to the requirements of the NOFA and any revisions HUD may make to the NOFA (or any successor Notice or regulation).
10. The Grantee must respond in writing to any citizen complaint within 15 working days, if feasible, and send a copy of the response to HUD. The Grantee shall at all times maintain an up-to-date copy of its Grantee Application, including all amendments approved by HUD, on its Internet website. Further, the Grantee shall maintain information on all drawdowns, deposits, and expenditures of grant funds and program income under this Funding Approval and Grant Agreement and any other records required by 24 CFR 570.506 and the NOFA, as amended, in its files and shall make such information available for audit or inspection by duly authorized representatives of HUD, HUD's Office of the Inspector General, the Recovery Act Transparency Board or the Comptroller General of the United States.
11. The Grantee is advised that providing false, fictitious or misleading information with respect to NSP2 Grant Funds may result in criminal, civil or administrative prosecution under 18 USC § 1001, 18 USC § 1343, 31 USC § 3729, 31 USC § 3801 or another applicable statute.
12. Close-out of this grant shall be subject to the provisions of 24 CFR 570.509 or such close-out instructions as may hereafter be issued by HUD specifically for NSP2 grants.

Special Conditions: Not applicable

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