SUBRECIPIENT AGREEMENT

AGREEMENT BETWEEN

NORTH CAROLINA DEPARTMENT OF COMMERCE, DIVISION OF COMMUNITY REVITALIZATION

AND

THE NORTH CAROLINA HOUSING FINANCE AGENCY

FOR

HURRICANE HELENE CDBG-DR SUBGRANT

THIS SUBRECIPIENT AGREEMENT ("Agreement") is entered on 26-Jun-2026 ("Effective Date"), by and between the North Carolina Department of Commerce, Division of Community Revitalization ("NCDOC" or "Grantee") and the North Carolina Housing Finance Agency ("NCHFA" or the "Subrecipient").

I. RECITALS

WHEREAS, on September 27, 2024, Hurricane Helene impacted the State of North Carolina with historic rainfall, strong winds and tornadoes, which devastated the people, infrastructure, homes, businesses, schools and entire communities;

WHEREAS, pursuant to Public Law 118-158, Division B, the "Disaster Relief Supplemental Act, 2025" (the "Appropriations Act"); the Allocations for Community Development Block Grant Disaster Recovery and Implementation of the CDBG-DR Consolidated Waivers and Alternative Requirements Notice, 90 FR 4759 (January 16, 2025) (the "Allocation Announcement Notice"); and Common Application, Waivers, and Alternative Requirements for Community Development Block Grant Disaster Recovery Grantees: The Universal Notice, 90 FR 1754 (January 8, 2025), as amended (the "Universal Notice"), the U.S. Department of Housing and Urban Development ("HUD") has awarded $1.428 billion of Community Development Block Grant Disaster Relief (CDBG-DR) funds to the State of North Carolina for activities authorized under Title I of the Housing and Community Development Act of 1974 (HCDA) (42 U.S.C. § 5301 et seq.) and described in the State's Action Plan (the "Action Plan");

WHEREAS, pursuant to the aforementioned Appropriations Act, the Allocation Announcement Notice, and the Universal Notice, and as described in the State's Action Plan, as amended, NCDOC has allocated $191,340,000 of the State's Federal award for the development, construction, repair and rehabilitation of multi-family housing for persons of low and moderate income;

WHEREAS, the Grantee wishes to engage the Subrecipient to assist the Grantee in utilizing such funds to carry out a part of the Grantee's Federal award by committing $60,000,000 of the Grantee's Federal award, pursuant to this Subrecipient Agreement (the "Agreement");

WHEREAS, the CDBG-DR funds made available for use by the Subrecipient under this Agreement constitute a subaward of the Grantee's Federal award, the use of which must be in accordance with requirements imposed by Federal statutes, regulations, and the terms and conditions of the Grantee's Federal award; and

WHEREAS, Grantee wishes to engage the Subrecipient to assist Grantee in utilizing a portion of its CDBG-DR funds to develop, construct, repair and rehabilitate multi-family housing in the impacted areas pursuant to this Agreement;

WHEREAS, the Subrecipient has legal authority to enter this Agreement and, by signing this Agreement, represents and warrants to the Grantee that it will comply with all the requirements of the subaward described herein; and

NOW, THEREFORE, in consideration of the need for recovery from Hurricane Helene and the premises and mutual covenants described herein, the parties mutually agree to the terms described in this Agreement.

II. GENERAL AWARD INFORMATION

The subaward from the Grantee to the Subrecipient, which is described below, is for the purpose of carrying out a portion of a Federal award described in Section I of this Agreement and creates a Federal assistance relationship with the Subrecipient. This Agreement must be updated to reflect any changes to the federal award and the following award information:

Grantee/NCDOC:
Laurence E. Lilley III
Secretary
North Carolina Department of Commerce
Division of Community Revitalization
4301 Mail Service Center
Raleigh, NC 27699-4301
Email: lee.lilley@commerce.nc.gov

Subrecipient/NCHFA:
Scott Farmer
Executive Director
North Carolina Housing Finance Agency
3508 Bush Street
Raleigh, NC 27609
Email: bsframer@nchfa.com

Federal Award Identification Number (FAIN): B-25-DU-37-0001

Assistance Listing Number: 14.228 Community Development Block Grant/State's program

Federal Award Date: July 29, 2025

Indirect cost rate for the Federal award: Grantee will calculate and charge indirect costs under the grant under a Negotiated Indirect Cost Rate Agreement; Subrecipient will not charge indirect costs to the subgrant.

Federal award project purpose description: To provide a source of funds to the Subrecipient's Rental Production Program – Disaster Recovery which makes loans to developers for the new construction and rehabilitation of affordable multi-family housing units in communities impacted by Hurricane Helene, consistent with the State's HUD-approved CDBG-DR Action Plan.

Is this award for research and development? Yes ☐ No ☒

Subrecipient's name: North Carolina Housing Finance Agency

Subrecipient's unique entity identifier: [redacted]

Subaward Period of Performance: The date on which the Agreement has been fully executed and delivered (Effective Date)-January 28, 2031; all programmatic activities must close and have funds expended by January 28, 2031. Subrecipient will monitor awarded projects until the termination of the project's CDBG-DR regulatory agreement or restrictive covenant to ensure compliance with Federal regulations and affordability requirements.

Total Amount of the Federal Award Committed to the Subrecipient by the Grantee: $60,000,000

Amount of Federal funds obligated by this Agreement: $60,000,000

Total Amount of Federal Funds Obligated to the Subrecipient: $60,000,000

Does the Federal award include an Indirect Cost Rate for Subrecipient?

Yes ☐ No ☒

If Yes, is the Indirect Cost Rate a: ☐ Negotiated Rate __% ☐ De Minimis Rate

III. SCOPE OF SERVICE

A. Eligible Use of Funds

As a condition of receiving this subaward, the Subrecipient shall administer Hurricane Helene CDBG-DR Funds and will carry out a portion of the Grantee's Multifamily Construction and Repair (MCR) Program, Large Project Component, as described in the State's Acton Plan through the Subrecipient's Rental Production Program CDBG-DR ("RPP CDBG-DR"), which includes performing all of the work described in this section. The Subrecipient shall complete the activities in a manner satisfactory to the Grantee and consistent with (i) NCDOC's MCR Program which is being implemented by NCDOC as part of its CDBG-DR program and State CDBG-DR Grant Agreement [FAIN B-25-DU-37-0001] (attached as Exhibit A), including the MCR Program's Large Project Policies and Procedures, which may be amended from time to time by NCDOC and are incorporated herein by reference ("MCR Program Policies and Procedures"); (ii) the terms of this Agreement; and (iii) applicable Federal and state statutes and regulations.

1. Prohibited Activities

The Subrecipient may only carry out the activities described in this Agreement. The Subrecipient is prohibited from charging to this subaward the costs of CDBG-DR ineligible activities, including those described at 24 CFR 570.207, and from using funds provided herein or personnel employed in the administration of activities under this Agreement for political activities, explicitly religious activities, or lobbying. The Subrecipient is also prohibited from using CDBG-DR funds to support activities, or in any manner, violative of any applicable federal law, rules, and regulations, or Executive Order, including the specific applicable terms and conditions set forth in the Universal Notice and the State's Grant Agreement.

2. Program Delivery (CDBG-DR Eligible Activities)

As part of the State's HUD-approved Action Plan, Grantee is subawarding CDBG-DR funds to Subrecipient for use in its RPP-CDBG-DR. RPP CDBG-DR provides low-cost loans to developers of multifamily affordable housing who are also receiving an allocation of Federal Low-Income Housing Tax Credits (LIHTC). The loans will fund the new construction and/or acquisition and rehabilitation of multi-family rental units which will be affordable to low- to moderate-income households in those eligible counties designated below. Developers in these areas that are interested in receiving assistance under the RPP CDBG-DR are required to apply through Subrecipient's application process for LIHTC and will be selected through a competitive application process. Priority will be given to projects that leverage other resources to produce new housing that is sustainable, integrated with neighborhood services and jobs, and provides housing for very low- to extremely low-income households.

Projects and activities funded under this subaward must meet all HUD CDBG-DR requirements, including those set out in the Universal Notice, as amended (e.g., demonstrate a tie-back, meet a national objective, be in an eligible area, etc.), and all applicable Federal cross-cutting legal requirements. Projects must also abide by any applicable state or local legal requirements where those requirements are stricter than federal law. Eligible projects and activities must also meet the requirements of the State's Action Plan and the Grantee's MCR Program Policies and Procedures. Other conditions for eligibility include the following:

- Individual project CDBG-DR awards for 9% LIHTC-funded projects are not to exceed $3 million and must be a minimum of $500,000; there is a maximum of $24 million available for 9% projects.

- Individual project CDBG-DR awards for 4% LIHTC-funded projects are not to exceed the $15 million and must be a minimum of $500,000.

- CDBG-DR awards must be for projects located in the HUD-identified most impacted and distressed (MID) areas, that are also located in the Western Region of the 2026 Qualified Allocation Plan (QAP) or the Buncombe County area of the Metro Region of the QAP. In other words, projects eligible for CDBG-DR funding must be located in either Ashe, Avery, Buncombe, Burke, Caldwell, Cleveland, Haywood, Henderson, Madison, McDowell, Mitchell, Polk, Rutherford, Transylvania, Watauga, or Yancey counties.

- Counties are generally eligible for only one CDBG-DR award under this Agreement, not exclusive of other CDBG-DR funding sources. In other words, if a county contains a 9% LIHTC-funded project that receives a CDBG-DR award under this Agreement, another 9% or a 4% LIHTC-funded project in that same county may not also be awarded funding under this Agreement (but may receive funding from another CDBG-DR grantee). Should each county with an eligible 9% or 4% application receive a CDBG-DR award and CDBG-DR funds remain at the close of the funding opportunity for 4% projects, counties are eligible to receive a second award under this Agreement.

- Although rehabilitation projects are eligible for CDBG-DR funding under this Agreement, funds will be awarded first to any eligible new construction projects.

The Subrecipient shall complete the activities in a manner satisfactory to the Grantee and consistent with the terms of conditions of this Agreement and applicable Federal statutes and regulations.

3. Pre-Award Costs

The parties do not anticipate that pre-award costs will be incurred or reimbursed as part of this Agreement and Scope of Work. However, the parties may amend this Agreement to reflect specific requirements related to pre-award costs in accordance with Section VIII of this Agreement.

4. General Administration of Subaward

The Subrecipient will provide all administrative services in support of the activities described herein. The Subrecipient is eligible to be reimbursed for activity (or program) delivery costs (ADCs), which include administrative costs that are directly related to carrying out CDBG-DR eligible project activities, *see* 24 CFR § 570.206, and are allowable costs directly related to the implementation and administration of eligible activities under the MCR Program Policies and Procedures. These costs are distinct from indirect or general administrative costs and must be: (1) reasonable and allocable, as defined by 2 CFR § 200.404 and 405; (2) documented in accordance with 2 CFR § 200.302 (Financial management); and (3) consistent with HUD guidance in CPD Notices 2013-07 and 2023-06, which outline eligible activity delivery costs for CDBG-DR funds. The total amount of ADCs reimbursable to Subrecipient under this subaward shall not exceed ten percent (10%) of the total amount of the subaward. The Subrecipient shall also maintain program and financial records including, but not limited to, documentation showing program eligibility and underwriting, award agreements, loan terms and conditions, program compliance, requests for payment, account and reporting use of CDBG-DR funds, final cost certification, final underwriting, project/grant closeout, affordability period monitoring and enforcement. The Subrecipient is not allowed to charge indirect costs to this subaward.

B. National Objectives

All activities funded with CDBG-DR funds must meet the criteria for one of the CDBG-DR program's National Objectives. The Subrecipient certifies that the activities carried out under this Agreement shall satisfy that criteria and the units in each project financed in whole or in part with CDBG-DR funds will meet the affordability requirements as defined in 24 CFR 570.208(a)(3) for rental housing developments, and as outlined below.

C. Affordability Requirements

The Subrecipient shall also require of each developer that units in each project financed in whole or in part with CDBG-DR funds (CDBG-DR Units) will meet the affordability requirements outlined below.

1. A Declaration of Restrictive Covenants (Deed Restrictions) will be executed by the developer. Specifically:

   (i) For a period of 20 years for the new construction units, commencing on the date of completion of construction and submission of a project completion report by the County (Affordability Period), the incomes of all tenants of the CDBG-DR Units shall not exceed 80% of the Area Median Income (AMI) for the area in which the units are located. The developer will set the rents at an amount that does not exceed 30 percent of the adjusted income of a household whose income equals 60 percent of the median income for the area, and as calculated by HUD.

   (ii) This affordability requirement, as outlined in the Deed Restriction, shall remain in effect for the term stated herein irrespective of the sale, conveyance, or other transfer of the property, and irrespective of the termination, satisfaction, release, or other discharge of the mortgage or the lien thereof upon the property, and shall be binding upon the developer, its successors, assigns and transferees, and all parties having any right, title, or interest in the Project provided, however, that upon foreclosure by a loan or other transfer in lieu of foreclosure, the Affordability Period shall be terminated if such foreclosure or other transfer recognizes any contractual or legal rights of public agencies, nonprofit investor sponsors, or others to take actions that would avoid the termination of low-income affordability; and further provided that the affordability restrictions shall be revived according to the terms hereof if, during the original Affordability Period, the owner of record before the foreclosure or other transfer, or any entity that includes such former owner or those with whom such former owner has had family or business ties, obtains an ownership interest in any of the property.

   (iii) The Deed Restriction shall be recorded in the Register of Deeds Office for the county where the property is located, and provide that the owner, by its acceptance and recordation of the restriction, and its successors, assigns and transferees, does for the duration of the Affordability Period hereby agree that the owner, its successors, assigns, and transferees, shall fully comply with the restrictive covenants, and if any shall fail to comply with any of said covenants, any funds distributed under this Agreement may be recaptured.

2. The owner, or its designee, shall collect and maintain all necessary Project beneficiary information on households residing in the CDBG-DR Units in order to determine low- and moderate-income benefit in a cumulative and individual manner. Income documentation shall be in a form consistent with CDBG-DR requirements.

D. Levels of Accomplishment –Performance Goals and Timelines

The Subrecipient shall complete the activities required under this Agreement in accordance with the following timeframes and performance goals associated with each of the activities: **See Exhibit B**

E. Staffing

The Subrecipient shall supervise and direct the completion of all activities under this Agreement. Any changes in the Key Personnel assigned or their responsibilities under the activities are subject to the prior written approval of the Grantee.

At a minimum, the Subrecipient shall assign the following staff with the identified responsibilities ("Key Personnel") to the identified activities below.

Subrecipient will utilize its own personnel that will be assigned to the performance and monitoring of the activities made pursuant to this Agreement.

Key Personnel	Position	Description
Tara Meredith	Manager of Rental Development	Overall oversight of RPP-CDBG-DR; Reviews Low-Income Housing Tax Credit applications and market studies; Underwrites loans; Makes awards; Approves draw requests.
Ronda Moore	Deputy General Counsel	Drafts all legal documents, including Commitment Letters, Award Agreements and loan documents; Reviews all due diligence submitted as part of loan closing process; Closes loans.
Claudia Young	Lead Compliance Analyst	Reviews overall compliance with CDBG-DR funds.
Taylor Davies	Controller	Oversees receipt and disbursement of all CDBG-DR funds, documentation of compliance with federal cost principles, management of vendor information and financial reporting.

IV. <u>PERFORMANCE MONITORING & REPORTING</u>

A. Monitoring

The Grantee will monitor the performance of the Subrecipient as necessary and in accordance with 2 CFR part 200, including regulations on Subrecipient Monitoring and Management, 2 CFR §§ 200.331–333, to ensure Subrecipient compliance with all of the requirements of this Agreement, including the timeframes and performance goals associated with the activities. Substandard performance as determined by the Grantee will constitute noncompliance with this Agreement. If action to correct such substandard performance is not taken by the Subrecipient within 30 days after being notified by the Grantee (or a longer term set at the discretion of the Grantee at the time of notice), the Grantee may impose additional conditions on the Subrecipient and its use of CDBG-DR funds consistent with 2 CFR 200.208, suspend or terminate this Agreement, or initiate other remedies for noncompliance as appropriate and permitted under 2 CFR § 200.339.

B. Reporting

The Subrecipient shall submit the following reports to the Grantee on a monthly basis on or before the 15th of the month, unless otherwise specified by the Grantee:

1. **Monthly Reports** (due by the 15th of each month, unless otherwise specified by the Grantee):

    - Individual project status updates
    - Financial summary of obligations and expenditures, including HUD-identified MID obligations and expenditures
    - Program progress narratives
    - Performance measures, including mitigation measures
    - Section 3 compliance report and proof of qualitative efforts
    - Project site addresses
    - Subrecipient procurement list
    - Minority/Women Owned Business Enterprise (M/WBE) compliance report

2. **Quarterly Reports** (due by the 15th of the month after the end of the Quarterly Performance Report reporting period, unless otherwise specified by the Grantee):

    - Davis-Bacon monitoring report and documentation
    - Section 3 compliance report and proof of qualitative efforts

3. **Project Closeout Report** (completion of the project closeout checklist and submission of the project closeout report due 90 days after the end of each construction project).

The Grantee will provide a list of required data and metrics, which shall include, but is not limited to: project name, project address, information on obligations and expenditures, number of units, unit mix, number of units completed, and demographics of beneficiaries served by each project. The required data and metrics may be amended during the Agreement term. The Subrecipient shall use the Grantee's designated reporting system(s) to submit required data and upload reporting documents and other records as requested. Access to the designated system(s) shall be provided to the Subrecipient by the Grantee, as needed. The Grantee may, at its discretion, provide technical assistance to the Subrecipient on topics relating to reporting.

The Subrecipient must maintain compliance with all applicable Federal, State, and local regulations, including the Federal Funding Accountability and Transparency Act, Davis-Bacon and Related Acts, and other cross-cutting requirements.

V. PERIOD OF PERFORMANCE AND TERM

This Agreement shall become effective on the date in which the Agreement has been fully executed and delivered (Effective Date). The period of performance for Subrecipient, meaning the time during which the Subrecipient may incur new obligations to carry out activities under this Agreement, shall commence on the Effective Date and shall terminate on (1) January 28, 2031; (2) the date as of which the parties agree in writing that all grant closeout requirements have been satisfied; or (3) such later date as the parties may agree to in a signed document.

All programmatic activities must close by January 28, 2031. The Subrecipient shall continue to monitor the properties throughout the affordability period set forth in the project's specific regulatory agreement or restrictive covenants to ensure compliance with Federal regulations and affordability requirements. The Subrecipient shall commit 100% of non-administrative grant funds and provide documentation to the Grantee of the commitments no later than October 30, 2030, and all funds must be expended by the Subrecipient by January 28, 2031. The burden is on the Subrecipient to request any extensions under the Agreement if the Subrecipient anticipates that the project funds will not be committed by the date by which funds must be committed or expended. Any requests for extensions must be made in writing, explaining why an extension is needed and proposing the requested new date. The Grantee must receive this request at least 90 days before the applicable deadline. The Grantee has the sole discretion whether to approve any extension and is not responsible for notifying the Subrecipient of any approaching deadlines.

This Agreement and its terms and conditions shall remain in effect during any period that the Subrecipient has or maintains control over any CDBG-DR funds provided through this agreement, including program income as defined in 24 CFR § 570.500(a) and the Universal Notice (90 FR 1754).

VI. BUDGET

The Subrecipient shall complete all activities contemplated by this Agreement within the total amount of Federal funds obligated to NCHFA by NCDOC in this Agreement and award caps set forth in the State's Action Plan for MCR Program activities and in accordance with the following budget. Any amendments to the budget must be approved in writing by both the Grantee and the Subrecipient.

A. Budget Table

Category	Allocation
Administrative Costs	$0
Total Admin/Planning	$0
Housing Programs – MCR Program	$60 million
Total Hurricane Helene CDBG-DR Funds	$60 million

The Grantee may require a more detailed budget breakdown from NCHFA than the one contained herein based on specific activities and Developers assisted, and the Subrecipient shall provide supplementary budget information in a timely fashion, when and if applicable, in the form and content prescribed by the Grantee.

B. Program Income, Refunds, Reversion, Reduction of the Grant, and Reimbursement or Repayment

1. Program Income

The Subrecipient shall report to the Grantee all program income (as defined at 24 CFR § 570.500(a), 24 CFR § 570.489(e), or in the Federal Register Guidance governing the CDBG-DR funds) generated by activities carried out with CDBG-DR funds made available under this Agreement as part of the Subrecipient's monthly reporting. All program income, if any, received by the Subrecipient shall be paid to Grantee, its successor or designee.

2. Refunds

The Subrecipient shall repay to the Grantee or its designee any compensation it has received that exceeds the payment to which it is entitled herein, including any interest earned on funds reimbursed pursuant to the Agreement.

3. Unexpended Funds

Any unexpended Grant monies shall revert to the Grantee or its designee upon termination of the Agreement or through deobligation of funds at the Grantee's discretion. If the Subrecipient has any CDBG-DR funds on hand or accounts receivable attributable to the use of CDBG-DR funds at the time of termination, the Subrecipient shall transfer such funds and accounts receivable to the Grantee or its designee.

4. Reduction of the Grant made less than projected budget amounts

NCDOC may reduce the Grant amount if the Subrecipient expects that actual expenses will be less than budgeted.

5. Reimbursement or Repayment for Improper Expenditures

In the sole discretion of the Grantee, the Grantee may seek to recapture from the Subrecipient any amount of grant funds or assistance that the Grantee reasonably believes was improperly expended, either deliberately or non-deliberately, by any person or entity. The Subrecipient shall repay to the Grantee any improperly expended amount within 30 days of the Grantee's written request and where the right to which shall remain with the Grantee (or HUD) during the pendency of any dispute over the propriety of the expenditure.

6. Reversion of Assets and Use of Real Property

Any real property under the Subrecipient's or developer's control that is acquired or improved in whole or in part with CDBG-DR funds in excess of $25,000 must be used to meet one of the national objectives in 24 C.F.R. § 570.208 until at least five years after expiration of this Agreement. For any real property which is not used to meet one of the national objectives of CDBG-DR, the Subrecipient shall pay to NCDOC or its designee an amount equal to the current market value of the property less any portion of the value attributable to expenditures of non-CDBG-DR funds for the acquisition of, or improvement to, the property. No payment is required if the property no longer meets one of the national objectives after five years following the expiration of this Agreement. The regulations concerning any change in the use or planned use of real property acquired with CDBG-DR funds, found in 24 C.F.R. § 570.505, apply to this Agreement. The Subrecipient shall notify the Grantee or its designee within 30 days of its becoming aware of any change of use of the property.

VII. PAYMENT

It is expressly agreed and understood that the total amount to be paid by the Grantee under this Agreement shall not exceed Sixty Million Dollars ($60,000,000) without prior approval by the Grantee.

The Grantee has structured its CDBG-DR program strictly as a reimbursement program, wherein NCHFA and/or the developers must first expend their own funds or incur eligible costs by demonstrating work performed before NCDOC may reimburse the entities with CDBG-DR funds. The Grantee will pay to the Subrecipient CDBG-DR funds available under this Agreement based upon information submitted by the Subrecipient for allowable costs permitted under this Agreement and consistent with the approved budget.

The Subrecipient shall submit to the Grantee requests for payments of activities under this Agreement and consistent with the approved budget (Request for Payment), which are to include, at a minimum, all the documentation requested by the Grantee, which may include invoices, inspection reports, wage compliance reports, and other necessary documentation. Each Request for Payment shall be broken down into requested draws against the budget line items specified in Section VI.

The Grantee shall pay to the Subrecipient CDBG-DR funds available under this Agreement based upon information submitted by the Subrecipient for allowable costs permitted under this Agreement and consistent with the approved budget. Payments will be made for eligible expenses actually incurred by the Subrecipient, and not to exceed actual cash requirements. Payments will be adjusted by the Grantee in accordance with advance fund and program income balances available in Subrecipient accounts.

Payment will be made upon submission by the Subrecipient of a properly executed Request for Payment, together with all supporting invoices, bills, time sheets, and other documents necessary to justify the payment. The Request for Payment form must also be accompanied by documentation from the Subrecipient demonstrating that all procurements for which payment is requested have been made in accordance with this Agreement.

In no event shall the Grantee be required to contribute funds or pay for costs that exceed the Grantee's $60,000,000 budget, and in no event shall the Subrecipient exceed the individual project or applicant caps set forth in this Agreement, even if a project is, or projects are, left incomplete due to a lack of funding. Nothing herein shall prevent the Grantee from amending this Agreement to provide additional funding to address incomplete or additional projects.

The award is dependent upon the Grantee receiving from HUD all funds necessary to reimburse the individual projects or activities and any and all payments to the Subrecipient shall be dependent upon and subject to the availability of funds appropriated or allocated to the Grantee for the purposes set forth in this Agreement.

VIII. AMENDMENT AND TERMINATION

A. Amendments

The Grantee or Subrecipient may amend this agreement at any time provided that such amendments make specific reference to this Agreement and are signed in writing by a duly authorized representative of the Grantee and the Subrecipient. Either party may request to amend this Agreement to conform with Federal, state, or local governmental regulations, guidelines, policies and available funding amounts, or for other reasons. If such amendment results in a change in the funding, the scope of services, or schedule of the activities to be undertaken as part of this Agreement, such modifications will be incorporated only by written amendment signed by both Grantee and Subrecipient.

B. Suspension or Termination

The Grantee may terminate this Agreement, in whole or in part, upon 30 days' notice, for convenience. If the Grantee terminates the Agreement for convenience, the Grantee will, at its discretion and to the greatest extent feasible, allow NCHFA to be reimbursed for costs reasonably incurred prior to termination, that were not made in anticipation of termination and cannot be canceled. NCHFA shall be reimbursed for that portion of its actual out-of-pocket expenses (not otherwise reimbursed under this Agreement) incurred by NCHFA during the effective period of the Agreement which are directly attributable to the incomplete portion of the services covered by this Agreement. Notwithstanding anything herein to the contrary, the Grantee may provide to the Subrecipient funds under this Agreement under a written commitment to developers and borrowers, provided that said costs and reimbursement for such costs meet provisions of this Agreement, 2 C.F.R. part 200, subpart E, Cost Principles, and any other applicable State or Federal statutes, regulations, or requirements.

The Grantee may also suspend, reduce, or terminate its obligations under this Agreement, in whole or in part, including by project, upon 30 days' notice, whenever it determines that the Subrecipient has materially failed to comply with any term, condition, requirement, or provision of this Agreement or that any developer or borrower fails to comply with any agreement or provision by NCHFA and fails to remedy any default within 30 days' notice, unless extended by written agreement. If such default by a borrower or developer cannot be reasonably cured within 30 days, it shall not constitute an event of default so long as (1) no more than 180 days have elapsed since the notice of default; and (2) the developer or borrower is cooperating with NCHFA and is, with NCHFA's acknowledgement and approval, diligently pursuing such cure. Further, the 180-day limitation may be extended by written agreement of the parties upon a reasonable showing of good faith or for good cause. Failure to comply with any terms of this agreement include, but are not limited to, the following:

1. Failure to comply with any of the rules, regulations or provisions referred to herein, or such statutes, regulations, executive orders, and HUD guidelines, policies or directives as may become applicable at any time;

2. Failure, for any reason, of the Subrecipient or Developer to fulfill in a timely and proper manner its obligations under this Agreement or to make reasonable progress towards completion of an activity or project as outlined in the scope of work;

3. Ineffective or improper use of funds provided under this Agreement;

4. Misrepresentation by the Subrecipient or Developer in connection with the Grant where any information, certificate, statement or report heretofore or hereafter made is determined to be untrue or misleading in any material respect at the time made; or

5. Submission by the Subrecipient to the Grantee reports that are incorrect or incomplete in any material respect.

The Grantee shall promptly notify the Subrecipient, in writing, of its determination and the reasons for the termination together with the date on which the termination shall take effect and any other notifications required under 2 CFR part 200, subpart D. In the event HUD, after giving the Subrecipient an opportunity to respond and defend its expenditure, determines there have been improper expenditures, the Grantee retains the right to recover any improper expenditures from the Subrecipient upon termination of the Agreement; the Subrecipient shall return to the Grantee any improper expenditures no later than 30 days after the date of termination. The Grantee may, at its sole discretion, allow Subrecipient to retain or be reimbursed for costs reasonably incurred prior to termination, that were not made in anticipation of termination and cannot be canceled provided that said costs meet the provisions of this agreement, 2 CFR part 200, subpart E, Cost Principles, and any other applicable state or Federal statutes, regulations or requirements.

This agreement may also be terminated, in whole or in part, by either the Grantee or the Subrecipient, or based upon agreement by both the Grantee and the Subrecipient in accordance with the requirements in 2 CFR part 200, subpart D.

IX. <u>OTHER REQUIREMENTS</u>

The CDBG-DR funds available to the Subrecipient through this agreement constitute a subaward of the Grantee's Federal award under the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 CFR part 200. This Agreement includes terms and conditions of the Grantee's Federal award that are imposed on the Subrecipient, and the Subrecipient agrees to comply with all of the obligations described in this Agreement.

A. General Compliance

The Subrecipient shall comply with all applicable provisions of the Housing and Community Development Act of 1974, as amended, and the regulations at 24 CFR part 570, as modified by the Federal Register notices that govern the use of CDBG-DR funds available under this agreement. These Federal Register notices include, but are not limited to, 90 FR 4759 and 90 FR 1754. Notwithstanding the foregoing, (1) the Subrecipient does not assume any of Grantee's designated responsibilities or decision-making authority for environmental review, described in 24 CFR part 58; and (2) the Subrecipient does not assume any of the Grantee's responsibilities for initiating the review process under the provisions of 24 CFR part 58. The Subrecipient shall also comply with all other applicable Federal, state, and local laws, regulations, and policies that govern the use of the CDBG-DR funds in complying with its obligations under this Agreement, regardless of whether CDBG-DR funds are made available to the Subrecipient on an advance or reimbursement basis.

B. Duplication of Benefits

The Subrecipient shall not carry out any of the activities under this agreement in a manner that results in a prohibited duplication of benefits as defined by Section 312 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 USC 5155) and described in Appropriations Act. Subrecipient must comply with HUD's requirements for duplication of benefits, imposed by the Universal Notice and shall ensure that activities receiving CDBG-DR funds are not funded by another source, including other Federal or state sources or private insurance, by requiring each project to submit a final cost certification, which details and confirms the actual development costs, as well as identifies all sources and uses of funds. The Subrecipient, and the Subrecipient on behalf of beneficiaries that fail to follow this provision, must repay any assistance received or later received for the same purpose as those awarded or provided by this Agreement. NCHFA shall conduct a duplication of benefits analysis consisting of a review of funds in the developer/borrower application for funds to determine whether a duplication of benefits exists; such analysis must also be conducted when any Project seeks to update or alter its sources of funds list. The Grantee may also separately conduct a duplication of benefits analysis or review the analysis performed by NCHFA.

C. Environmental Conditions and Review

Recipients of CDBG-DR funds are required to comply with the requirements of the National Environmental Policy Act of 1969 (NEPA) found at 24 CFR part 58 and complete an Environmental Review Record (ERR). Notwithstanding 24 CFR § 570.503(b)(5)(i), the Parties agree that NCDOC, a recipient as defined under 24 CFR part 58, shall act as the Responsible Entity and shall assume all environmental review responsibilities, consistent with the Universal Notice and the State's Grant Agreement [FAIN B-25-DU-37-0001]. No project or activity funds may be obligated or expended by Subrecipient until the environmental review procedures outlined in 24 CFR part 58 have been completed and a HUD Authorization to Use Grant Funds has been issued and received. The program costs associated with the Grantee's performing and completing the environmental review process for each project or activity will be retained, incurred, and reimbursed by the Grantee outside of the subgrant and will not be assessed against or included in the calculation of a project's maximum award amount. The environmental review process may result in a decision to proceed with, modify, or cancel any individual project or activity.

The Subrecipient shall require developers, general contractors, and borrowers not to undertake or commit any funds to physical or choice-limiting actions, including property acquisition, demolition, movement, rehabilitation, conversion, repair, or construction prior to the environmental clearance, and must indicate that the violation of this provision may result in the denial of any funds under this Agreement.

The Subrecipient shall require developers, general contractors, and borrowers to provide to the Grantee all information required for the Grantee to perform and complete all necessary environmental review. Failure to provide such information or to respond to requests for information within a reasonable timeframe may result in denial of funding for any specific project.

In addition, per NCDOC's MCR Program Policies and Procedures, new construction and rehabilitation projects must occur outside of the floodplain as defined in 24 CFR part 55, or where floodplain designation is peripheral and distinct from the location of any planned development activity for the project.

D. Drug-Free Workplace

Subrecipients must comply with drug-free workplace requirements in subpart B of 2 CFR part 2429, which adopts the government-wide implementation (2 CFR part 182) of sections 5152 through 5158 of the Drug- Free Workplace Act of 1988 (Pub. L. 100-690, Title V, Subtitle D; 41 U.S.C. 701-707).

E. Insurance & Bonding

The Subrecipient will not be procuring any real property or equipment. All procurement is done by the developers participating in the Low-Income Housing Tax Credit and Rental Production Program-Disaster Recovery. To the extent feasible, applicable, and in compliance with applicable State law and Federal law, Subrecipient shall, and shall require developers, general contractors, and borrowers to, comply with the bonding and insurance requirements of 2 CFR § 200.326 and § 200.310. The Subrecipient will require developers, general contractors, and borrowers to carry sufficient insurance coverage to protect CDBG-DR funded projects and contracted assets from loss due to any cause, including theft, fraud and/or undue physical damage, and to ensure that any acquired property continues to be used for its intended (and approved) purpose. Subrecipient will also require developers, general contractors, and borrowers to procure and maintain flood insurance, at a minimum, that is required by applicable Federal, State, local, and tribal laws and regulations.

F. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

The Subrecipient shall comply with the applicable provisions in 2 CFR part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 CFR part 200.

G. Documentation and Record Keeping

1. Records to be Maintained

The Subrecipient shall establish and maintain records sufficient to enable the Grantee to (1) determine whether the Subrecipient has complied with this agreement, applicable Federal statutes and regulations, and the terms and conditions of the Grantee's Federal award and (2) satisfy recordkeeping requirements applicable to the Grantee. These records include the records described in Section III of this Agreement, Scope of Service.

At a minimum, the Subrecipient shall maintain records required by 24 CFR § 570.506, other sections of 24 CFR part 570, and any additional recordkeeping requirements imposed by the Universal Notice, as amended, including, but not limited to:

a. Records providing a full description of each activity undertaken;

b. Records demonstrating that each activity undertaken meets one of the National Objectives of the CDBG-DR program;

c. Records required to determine the eligibility of activities;

d. Records required to document the acquisition, improvement, use or disposition of real property acquired or improved with CDBG-DR assistance;

e. Records documenting compliance with the fair housing and equal opportunity requirements of the CDBG-DR program regulations;

f. Financial records as required by 24 CFR § 570.502, and 2 CFR part 200, including records necessary to demonstrate compliance with all applicable procurement requirements; and

g. Other records necessary to document compliance with this agreement, any other applicable Federal statutes and regulations, and the terms and conditions of the Grantee's Federal award.

2. Access to Records

The Subrecipient shall provide access to these records as required by 2 CFR part 200, and 24 CFR §§ 570.490 and 570.508, including providing any duly authorized representative of the Grantee, HUD, the Comptroller General, or the Inspector General, access to NCHFA's records and financial statements arising out of or related to the projects or activities related to this Agreement, for the greater of 5 years after the expiration or termination of this Agreement, 5 years from closeout of the Federal award to the Grantee, 5 years after the end of the affordability period of each project, or the period required by other applicable laws and regulations as described in 24 CFR § 570.487 and 24 CFR § 570.488. The Subrecipient shall also provide access as necessary for the Grantee to meet its audit requirements under the Federal award. Additionally, in accordance with N.C.G.S. § 143-49(9), the Subrecipient shall provide access to these records during and after the term of this Agreement to: (a) the State Auditor; (b) the internal auditors of NCDOC; and (c) the Joint Legislative Commission on Governmental Operations and legislative employees whose primary responsibility is to provide professional or administrative services to the Commission.

Any records retained by NCHFA relating to activities funded pursuant to this Agreement must be uploaded onto NCHFA's electronic system of record. Physical copies of records must be stored in a secured location and must be uploaded on to NCHFA's system of record within 60 days of the activity occurring or when the record was produced, whichever is earlier. NCHFA will coordinate with NCDOC to allow reasonable and timely access to all records for or relating to the activities funded pursuant to this Agreement.

3. Record Retention and Transmission of Records to the Grantee

Prior to closeout of this agreement, the Subrecipient must transmit to the Grantee records sufficient for the Grantee to demonstrate that all costs under this agreement meet the requirements of the Federal award. The Subrecipient shall retain financial records, supporting documents, statistical records, and all other records pertinent to this Agreement and this subaward for the greater of 5 years after the expiration or termination of this Agreement, 5 years from closeout of the Federal award to the Grantee, 5 years after the end of the affordability period of each project, or the period required by other applicable laws and regulations as described in 24 CFR § 570.487 and 24 CFR § 570.488.

This retention requirement is subject to the following exceptions:

a. Records for activities subject to the reversion of assets provisions at 24 CFR § 570.503(b)(7) or change of use provisions at 24 CFR § 570.505 must be maintained for as long as those provisions continue to apply to the activity, otherwise, records for real property and equipment acquired under this agreement must be retained for 5 years after final disposition;

b. Records for individual activities for which there are outstanding loan balances, other receivables, or contingent liabilities must be retained until such receivables or liabilities have been satisfied;

c. If any litigation, claim, or audit is started before the expiration of the 5-year period, the records must be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken;

d. When the Subrecipient is notified in writing by HUD, the cognizant agency for audit as defined in 2 CFR § 200.1, the cognizant agency for indirect costs as defined in 2 CFR § 200.1, or the Grantee, the Subrecipient shall extend the retention period consistent with the notification;

e. When records are transferred to or maintained by HUD or the Grantee, the 5-year retention requirement is not applicable to the Subrecipient; and

f. The retention period for the records pertaining to the earning of the program income (as defined in this agreement) starts from the end of the Grantee's fiscal year in which the program income is earned.

4. Client Data and Other Sensitive Information

The Subrecipient is required to maintain data demonstrating client eligibility for activities provided under this Agreement. The Subrecipient shall protect such data—which may include, but is not limited to, client and tenant names, addresses, tenants' Social Security numbers, income details, or disability status—when carrying out MCR Program activities and must comply with 2 CFR § 200.303 and take reasonable measures to safeguard protected personally identifiable information, as defined in 2 CFR § 200.1, and any other information HUD, the Grantee, or the Subrecipient designates as sensitive, consistent with applicable federal, state, local, and tribal laws regarding privacy and obligations of confidentiality.

If there is a public records request where a person or organization is requesting records that include the above sensitive information and is regarding the use of CDBG-DR funds under this Agreement, the Grantee or Subrecipient shall notify the other party and coordinate with the other party to prepare the production, and give a reasonable time for the other party's review before production, if applicable, of those records to the requesting party.

H. Close-out

The Subrecipient shall closeout its use of the CDBG-DR funds and its obligations under this agreement by complying with the closeout procedures in 2 CFR § 200.344 and the Universal Notice. Activities during this closeout period may include, but are not limited to: making final payments, disposing of program assets (including the return of all unused materials, equipment, unspent cash advances, program income balances, and accounts receivable to the Grantee), and determining the custodianship of records.

Notwithstanding the terms of 2 CFR 200.344, upon the expiration of this agreement, the Subrecipient shall transfer to the Grantee any CDBG-DR funds on hand at the time of expiration and any accounts receivable attributable to the use of CDBG-DR funds, further, any real property under the Subrecipient's control that was acquired or improved in whole or in part with CDBG-DR funds (including CDBG-DR funds provided to the Subrecipient in the form of a loan) shall be treated in accordance with 24 CFR 570.503(b)(7) and 24 CFR 570.505.

I. Audits, Inspections, and Monitoring

1. Single Audit

The Subrecipient must be audited as required by 2 CFR part 200, subpart F, when it is expected that the Subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in 2 CFR § 200.501 Audit requirements.

2. Inspections and Monitoring

The Subrecipient shall permit the Grantee and auditors to have access to the Subrecipient's records and financial statements as necessary for the Grantee to meet the requirements of 2 CFR part 200. The Subrecipient must submit to monitoring of its activities by the Grantee as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of this Agreement. This review must include: (1) reviewing financial and performance reports required by the Grantee; (2) following-up and ensuring that the Subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the Subrecipient from the Grantee detected through audits, on-site reviews, and other means; and (3) issuing a management decision for audit findings pertaining to this Federal award provided to the Subrecipient from the Grantee as required by 2 CFR §200.521.

3. Corrective Actions

The Grantee may issue management decisions and may consider taking enforcement actions if noncompliance is detected during audits. The Grantee may require the Subrecipient to take timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means. In response to audit deficiencies or other findings of noncompliance with this agreement, Grantee may impose additional conditions on the use of the CDBG-DR funds to ensure future compliance or provide training and technical assistance as needed to correct noncompliance.

The Subrecipient shall be subject to reviews and audits by the Grantee, including onsite reviews of the Subrecipient as may be necessary or appropriate to meet the requirements of 42 U.S.C. 5304(e)(2).

J. Procurement and Contractor Oversight

The Subrecipient will not procure goods or services with CDBG-DR funds provided under this Agreement and must obtain written authorization from the Grantee in order to do so. In the event the Subrecipient should engage in procurement activities, the Subrecipient shall comply with its procurement policies and procedures when procuring property or services under this Agreement, and shall ensure that for any procured contract or agreement, its contractors perform according to the terms and conditions of the procured contracts or agreements, and the terms and conditions of this Agreement.

The Subrecipient shall impose the Subrecipient's obligations under this Agreement, as applicable, on its developers and borrowers specifically or by reference, so that such obligations will be binding upon each of its developers and borrowers. The Subrecipient must comply with CDBG-DR regulations regarding debarred or suspended entities, including at 24 CFR 570.489(l). CDBG-DR funds may not be provided to excluded or disqualified persons. The Subrecipient is responsible to ensure that it has checked the federal System for Awards Management (SAM) (https://www.sam.gov/portal/SAM) and the State Debarred Vendors Listing (http://www.pandc.nc.gov/actions.asp) to verify that developers, general contractors, or borrowers, have not been suspended or debarred from doing business with the Federal or State government.

The Subrecipient shall maintain oversight of all activities under this Agreement and shall ensure that for any procured contract or agreement, its developers, contractors, and borrowers perform according to the terms and conditions of the procured contracts or agreements, and the terms and conditions of this Agreement. The Subrecipient is responsible for the monitoring and enforcement of any agreements that relay requirements of this Agreement and the CDBG-DR requirements to its developers, contractors, and borrowers, and to take corrective action, such as determining default, if and when they fail to abide by the applicable law and provisions of this Agreement.

K. Property Standards

Any real property acquired by the Subrecipient under this Agreement shall be subject to 24 CFR 570.489(j) and 24 CFR 570.200(j). The Subrecipient shall also comply with the Property Standards in 2 CFR 200.310 through 2 CFR 200.316, except to the extent they are inconsistent with 24 CFR 570.200(j) and 24 CFR 570.489(j), in which case Subrecipient shall comply with 24 CFR 570.200(j) and 24 CFR 570.489(j), except to the extent that proceeds from the sale of equipment are program income and subject to the program income requirements under this Agreement, pursuant to 24 CFR 570.489(e)(1)(ii).

L. Broadband

The Subrecipient shall comply with the requirements of the Universal Notice and require that any substantial rehabilitation, as defined by 24 CFR 5.100, reconstruction, or new construction of a building with five or more rental units include installation of broadband infrastructure or technology, except where a waiver of this requirement is sought and the Grantee waives it in writing and is able to document that: (i) the location of the new construction or substantial rehabilitation makes installation of broadband infeasible; (ii) the cost of installing broadband would result in a fundamental alteration in the nature of its program or activity, or in an undue financial burden; or (iii) the structure of the housing to be substantially rehabilitated makes installation of broadband infeasible.

M. Federal Funding Accountability and Transparency Act

The Subrecipient shall comply with the requirements of 2 CFR part 25 Universal Identifier and System for Award Management (SAM). The Subrecipient must maintain an active registration in SAM for the duration of the Agreement and shall ensure that the developer or borrower is registered with SAM before commitment of funds. The Subrecipient must also comply with provisions of the Federal Funding Accountability and Transparency Act, which includes requirements on executive compensation, and 2 CFR part 170: Reporting Subaward and Executive Compensation Information.

N. Relocation, Real Property Acquisition, and One-for-One Housing Replacement

The Subrecipient shall, and shall require its developers, contractors, and borrowers to, comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (URA), 42 USC §§ 4601–4655, 49 CFR part 24, 24 CFR part 42, and 24 CFR 570.606, except as waived by the Universal Notice. In addition to other URA requirements, these regulations (49 CFR § 24.403(d)) implement Section 414 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 USC § 5181, which provides that "Notwithstanding any other provision of law, no person otherwise eligible for any kind of replacement housing payment under the [URA] shall be denied such eligibility as a result of his being unable, because of a major disaster as determined by the President, to meet the occupancy requirements set by such Act."

O. Nondiscrimination

1. 24 CFR Part 6 and Part 8

The Subrecipient will comply with 24 CFR part 6, which implements the provisions of section 109 of title I of the Housing and Community Development Act of 1974 (Title I) (42 U.S.C. 5309). Section 109 provides that no person in the United States shall, on the ground of race, color, national origin, religion, or sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with Federal financial assistance.

The Subrecipient will adhere to the prohibitions against discrimination on the basis of age under the Age Discrimination Act of 1975 (42 U.S.C. 6101-6107) (Age Discrimination Act) and the prohibitions against discrimination on the basis of disability under Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) (Section 504). Section 109 of the HCDA makes these requirements applicable to programs or activities funded in whole or in part with CDBG-DR funds. Thus, the Subrecipient shall comply with regulations of 24 CFR part 8, which implement Section 504 for HUD programs, and the regulations of 24 CFR part 146, which implement the Age Discrimination Act for HUD programs. Among other things, 24 CFR part 8 requires that for new construction of, or alteration of existing, housing facilities, a minimum of five percent (5%) of the total dwelling units or at least one unit in a multifamily housing project, whichever is greater, shall be made accessible for persons with mobility impairments. An additional two percent (2%) of the units (but not less than one unit) in such a project shall be made accessible for persons with hearing or vision impairments.

2. Architectural Barriers Act and the Americans with Disabilities Act

The Subrecipient shall ensure that its activities are consistent with requirements of Architectural Barriers Act and the Americans with Disabilities Act.

The Architectural Barriers Act of 1968 (42 U.S.C. 4151-4157) requires certain Federal and Federally funded buildings and other facilities to be designed, constructed, or altered in accordance with standards that insure accessibility to, and use by, physically handicapped people. A building or facility designed, constructed, or altered with funds allocated or reallocated under this part after December 11, 1995, and that meets the definition of “residential structure” as defined in 24 CFR 40.2 or the definition of “building” as defined in 41 CFR 101-19.602(a) is subject to the requirements of the Architectural Barriers Act of 1968 (42 U.S.C. 4151-4157) and shall comply with the Uniform Federal Accessibility Standards (appendix A to 24 CFR part 40 for residential structures, and appendix A to 41 CFR part 101-19, subpart 101-19.6, for general type buildings).

The Americans with Disabilities Act (42 U.S.C. 12131; 47 U.S.C. 155, 201, 218 and 225) (ADA) provides comprehensive civil rights to individuals with disabilities in the areas of employment, public accommodations, State and local government services, and telecommunications. It further provides that discrimination includes a failure to design and construct facilities that are readily accessible to and usable by individuals with disabilities. Further, the ADA requires the removal of architectural barriers and communication barriers that are structural in nature in existing facilities, where such removal is readily achievable—that is, easily accomplishable and able to be carried out without much difficulty or expense.

Additionally, for projects funded under this Agreement, the Subrecipient shall comply with the North Carolina Building Code's standards for constructing or altering building and facilities to make them accessible to and useable by the physically handicapped, as well as the laws, regulations, and executive orders referenced in 24 CFR § 570.607 regarding employment and contracting to the extent they are applicable.

3. State and Local Nondiscrimination Provisions

The Subrecipient shall comply with state nondiscrimination provisions at N.C.G.S. §§ 143-422.1 - 422.3 (Equal Employment Practice) and §41A – 1 – 10 (North Carolina Fair Housing Act).

4. Title VI of the Civil Rights Act of 1964 (24 CFR part 1)

(i) General Compliance:

The Subrecipient shall comply with the requirements of Title VI of the Civil Rights Act of 1964 (P. L. 88-352), as amended, and 24 CFR 570.601 and 570.602. No person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity funded by this Agreement. The specific nondiscrimination provisions at 24 CFR § 1.4 apply to the use of these funds. The Subrecipient shall not intimidate, threaten, coerce, or discriminate against any person for the purpose of interfering with any right or privilege secured by title VI of the Civil Rights Act of 1964 or 24 CFR part 1, or because he has made a complaint, testified, assisted, or participated in any manner in an investigation, proceeding, or hearing under 24 CFR part 1. The identity of complainants shall be kept confidential except to the extent necessary to carry out the purposes of 24 CFR part 1, including the conduct of any investigation, hearing, or judicial proceeding arising thereunder.

(ii) Assurances and Real Property Covenants:

As a condition to the approval of this Agreement and the extension of any Federal financial assistance, the Subrecipient assures that the program or activities described in this Agreement will be conducted and the housing, accommodations, facilities, services, financial aid, or other benefits to be provided will be operated and administered in compliance with all requirements imposed by or pursuant to this part 1.

If the Federal financial assistance under this Agreement is to provide or is in the form of personal property or real property or interest therein or structures thereon, the Subrecipient's assurance herein shall obligate the Subrecipient or, in the case of a subsequent transfer, the transferee, for the period during which the property is used for a purpose for which the Federal financial assistance is extended or for another purpose involving the provision of similar services or benefits, or for as long as the recipient retains ownership or possession of the property, whichever is longer. In all other cases the assurance shall obligate the Subrecipient for the period during which Federal financial assistance is extended pursuant to the contract or application. This assurance gives the Grantee and the United States a right to seek judicial enforcement of the assurance and the requirements on real property.

In the case of real property, structures or improvements thereon, or interests therein, acquired with Federal financial assistance under this Agreement or acquired with CDBG-DR funds and provided to the Subrecipient Under this Agreement, the instrument effecting any disposition by the Subrecipient of such real property, structures or improvements thereon, or interests therein, shall contain a covenant running with the land assuring nondiscrimination for the period during which the real property is used for a purpose for which the Federal financial assistance is extended or for another purpose involving the provision of similar services or benefits.

If the Subrecipient receives real property interests or funds or for the acquisition of real property interests under this Agreement, to the extent that rights to space on, over, or under any such property are included as part of the program receiving such assistance, the nondiscrimination requirements of this part 1 shall extend to any facility located wholly or in part in such space.

5. Employment and Contracting Opportunities

(i) Anti-discrimination

The Subrecipient shall comply with all applicable federal anti-discrimination laws and certifies it does not operate any programs that violate any applicable federal anti-discrimination laws, including Title VI of the Civil Rights Act of 1964.

(ii) Minority- and Women-Owned Businesses (M/WBE)

When procuring property or services under this Agreement, the Subrecipient shall comply with 2 CFR 200.321(b)(1) through (5) to assure that contracts and other economic opportunities are directed to small businesses, M/WBEs, veteran-owned businesses, and labor surplus area firms when possible.

(iii) Notifications

The Subrecipient will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer, advising the labor union or worker's representative of the Subrecipient's commitments hereunder, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(iv) Equal Employment Opportunity and Affirmative Action (EEO/AA) Statement

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

P. Labor and Employment

The Subrecipient shall comply, and shall require that developers, general contractors, and borrowers comply, with the labor standards in Section 110 of the Housing and Community Development Act of 1974, as amended, the Davis-Bacon Act (40 U.S.C. § 276a), the Contract Work Hours and Safety Standards Act (40 U.S.C. § 327 through 333), the Fair Labor Standards Act (29 U.S.C. § 201 et seq.), and the Copeland Anti-kickback Act (18 U.S.C. § 874 and 40 U.S.C. § 276a), and all implementing regulations. The Davis Bacon Act requirements (prevailing wages) apply to residential construction where the property has eight or more units, or to nonresidential construction projects that exceed $2,000.

The Subrecipient shall, and shall require that developers, general contractors, and borrowers, maintain documentation that demonstrates compliance with all applicable labor standards and requirements. Such documentation shall be made available to the Grantee for review upon request and the Subrecipient shall require the same in its agreements with developers, general contractors, and borrowers.

Q. Section 3 of the Housing and Urban Development Act of 1968

The Subrecipient shall comply, and shall require that developers, general contractors, and borrowers comply, with the provisions of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 USC § 1701u, and its implementing regulations at 24 CFR parts 75 and 135 (Section 3). The Subrecipient agrees to include Section 3 language in every contract subject to compliance with regulations in 24 CFR parts 75 and 135, and agrees to take appropriate action, as provided in an applicable provision of the contract or in this Section 3 language, upon a finding that the contract is in violation of the implementing regulations. The Subrecipient shall require that developers, general contractors, and borrowers include the “Section 3 clause” at 24 CFR 135.38 in every “Section 3 covered contract” (as defined in 24 CFR 135.5).

The Subrecipient shall adhere to its Section 3 policies and procedures and shall ensure that the developer complies with all applicable Section 3 requirements. The Subrecipient shall provide the Grantee with all necessary and supporting documentation evidencing such compliance, including all required reports submitted by the developer. Noncompliance with HUD’s Section 3 implementing regulations may result in sanctions, termination of this Agreement for default, or debarment or suspension from future HUD-assisted contracts.

R. Conduct

1. <u>Hatch Act</u>

The Subrecipient shall comply with the Hatch Act, 5 USC §§ 1501-1508, and shall ensure 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 V of the U.S.C.

2. <u>Conflict of Interest</u>

Individuals or entities may not participate in the selection, award, or administration of any contract or activity supported by MCR Program CDBG-DR funds if a real or apparent conflict of interest exists or potential conflicts have not been addressed administratively. Each participant must disclose any financial or personal interest that could affect objectivity or result in personal gain. A Conflict of Interest Certification must be signed by applicable entities during application, contracting, or assignment of program roles, and must be updated as often as necessary to keep the information current and accurate. The Subrecipient must complete a Conflict of Interest Certification within 15 days of execution of this Agreement.

In the procurement of supplies, equipment, construction, and services pursuant to this Agreement, the Subrecipient shall comply with the conflict-of-interest provisions in 2 CFR §§ 200.112, 200.317 and 200.318, and 24 CFR § 570.611. The Subrecipient shall also require any developer, contractor, or borrower to comply with these conflict-of-interest provisions, as applicable.

3. Lobbying Certification

The Subrecipient hereby certifies that:

(i) No Federal appropriated funds have been paid or will be paid, by or on behalf of it, 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;

(ii) 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 Federal contract, grant, loan, or cooperative agreement, it will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions;

(iii) It shall require that the language of paragraph (i) through (iv) of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly; and

(iv) This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is required by section 1352, title 31, U.S.C. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

S. Religious Activities

The Subrecipient agrees that funds provided under this Agreement shall not be utilized for explicitly religious activities prohibited by 24 CFR §§ 5.109 and 570.200(j), such as worship, religious instruction, or proselytization.

T. Environmental Conditions

1. Prohibition on Choice Limiting Activities Prior to Environmental Review

The Subrecipient must comply with the limitations in 24 CFR § 58.22, which imposes limitations on activities pending clearance, and specifically limits commitments of HUD funds or non-HUD funds by any participant in the development process before completion of the environmental review, even though the Subrecipient is not delegated the responsibility under Section 104(g) of the HCD Act for environmental review, decision-making, or action (see 24 CFR part 58) and is not delegated the Grantee's responsibilities for initiating the review process under the provisions of 24 CFR part 52. Section 58.22 imposes limitations on activities pending clearance and specifically limits commitments of HUD funds or non-HUD funds by any participant in the development process before completion of the environmental review. A violation of this requirement may result in a prohibition on the use of Federal funds for the activity.

2. Air and Water

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

- Air quality. (1) The Clean Air Act (42 U.S.C. 7401 et. seq.) as amended; particularly section 176(c) and (d) (42 U.S.C. 7506(c) and (d)); and (2) Determining Conformity of Federal Actions to State or Federal Implementation Plans (Environmental Protection Agency—40 CFR parts 6, 51, and 93).

- Federal Water Pollution Control Act, as amended, 33 U.S.C. 1251, *et seq.*, as amended, including the requirements specified in Section 114 and Section 308 of the Federal Water Pollution Control Act, as amended, and all regulations and guidelines issued thereunder.

3. Flood Disaster Protection

The Subrecipient shall comply with the mandatory flood insurance purchase requirements of Section 102 of the Flood Disaster Protection Act of 1973, as amended by the National Flood Insurance Reform Act of 1994, 42 USC 4012a. Additionally, the Subrecipient shall comply with Section 582 of the National Flood Insurance Reform Act of 1994, as amended, (42 U.S.C. 5154a), which includes a prohibition on the provision of flood disaster assistance, including loan assistance, to a person for repair, replacement, or restoration for damage to any personal, residential, or commercial property if that person at any time has received Federal flood disaster assistance that was conditioned on the person first having obtained flood insurance under applicable Federal law and the person has subsequently failed to obtain and maintain flood insurance as required under applicable Federal law on such property. Section 582 also includes a responsibility to notify property owners of their responsibility to notify transferees about mandatory flood purchase requirements.

More information about these requirements is available in the Universal Notice at Section III.B.11.a.

4. Lead-Based Paint

The Subrecipient shall comply with 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 agrees that any construction or rehabilitation of residential housing providing under this Agreement shall be subject to HUD's implementing regulations at 24 C.F.R. § 570.608, 24 C.F.R. § 35 part 35, subparts A, B, J, K, and R, and Chapter 130A of the North Carolina General Statutes, Article 19A (Lead-Based Paint Hazard Management Program). Such regulations pertain to all CDBG-DR-assisted housing and require, among other things, that all owners, prospective owners, and tenants of properties constructed prior to 1978 be properly notified that such properties may include lead-based paint.

5. Historic Preservation

The Subrecipient shall comply with the Historic Preservation requirements set forth in the National Historic Preservation Act of 1966, as amended, codified in title 54 of the United States Code, and the procedures set forth in 36 CFR part 800 insofar as they apply to the performance of this Agreement. In general, this requires concurrence from the State Historic Preservation Officer for all rehabilitation and demolition of historic properties that are fifty years old or older or that are included on a Federal, state, or local historic property list.

X. MISCELLANEOUS PROVISIONS

A. Sovereign Immunity

Notwithstanding any other term or provision in the Agreement, nothing herein is intended nor shall be interpreted as waiving any claim or defense based on the principle of sovereign immunity or other State or federal constitutional provision or principle that otherwise would be available to NCDOC, Subrecipient, and the State under applicable law.

B. Assignability

This Agreement is expressly non-assignable by the Subrecipient without the prior written consent and approval of the Grantee; nor may the Agreement be continued by a successor to NCHFA herein named without the prior written consent of the Grantee. Any work or services sub-contracted hereunder shall be specified by written contract or agreement and shall be subject to each provision of this Agreement and final approval by the Grantee.

This Agreement may be transferred from NCDOC to any successor in interest designated by HUD as Grantee for the CDBG-DR program for the State of North Carolina immediately upon that designation. NCDOC will give reasonable notice to NCHFA of any transfer to a successor.

C. Benefit

This Agreement is made and entered into for the sole protection and benefit of the Grantee and the Subrecipient, and their respective successors and assigns. Except as herein specifically provided otherwise, this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. It is expressly understood and agreed that the enforcement of the terms and conditions of this Agreement, and all rights of action relating to such enforcement, shall be strictly reserved to the Grantee and the Subrecipient and their respective successors and assigns. Nothing contained in this Agreement shall give or allow any claim or right of action whatsoever by any other third person or party, other than as expressly provided in this Agreement. It is the express intention of the parties and their respective successors and assigns that any such person or entity, other than the State, NCDOC, and the Subrecipient, receiving services or benefits under this Agreement shall be deemed an incidental beneficiary only.

D. Further Assurance

In connection with and after the disbursement of Grant funds under this Agreement, upon the reasonable request of the Grantee, the Subrecipient shall execute, acknowledge and deliver or cause to be delivered all such further documents and assurances, and comply with any other requests as may be reasonably required or otherwise appropriate to carry out and effectuate the Grant as contemplated by this Agreement. The Grantee may require the delivery of documents in hard copy or electronic media.

E. E-Verify

Employers and their contractors with 25 or more employees as defined in Article 2 of Chapter 64 of the NC General Statutes must comply with E-Verify requirements to contract with governmental units. E-Verify is a federal program operated by the United States Department of Homeland Security and other federal agencies, or any successor or equivalent program used to verify the work authorization of the newly hired employees pursuant to federal law. E-Verify can be accessed via this link: https://www.e-verify.gov.

F. Indemnity

The Subrecipient agrees, and shall require its developers, contractors, and borrowers, to the fullest extent permitted by law, to release, defend, protect, indemnify and hold harmless the Grantee and its employees and agents against any and all claims, actions, suits, losses, liabilities, damages, costs, and judgments, including reasonable attorney fees, which result from or arise out of the Subrecipient’s or its developers’, contractors’, of borrowers’ performance or nonperformance of the services or subject matter called for in this Agreement. The obligations under this paragraph are independent of all other rights or obligations set forth herein. This indemnity shall survive the disbursement of the Grant funds, as well as any termination of this Agreement.

G. Workers’ Compensation Insurance

The Subrecipient shall provide Workers’ Compensation Insurance coverage for all of its employees involved in the performance of this Agreement.

H. Governing Law and Severability

This Agreement is entered into and shall be governed by and construed in accordance with the laws of the State of North Carolina and the parties agree that any and all disputes arising under or relating to this Agreement shall be brought and resolved in Wake County, North Carolina. The invalidity or illegality of any provision included herein will not affect the validity of the remainder of this Agreement.

I. Entire Agreement

This Agreement represents the entire agreement by and between the parties hereto for the matter specified herein. No statement, representation, writing, understanding, or agreement made by either party, or a representative of either party, shall be binding unless expressed herein. All changes, amendments, modifications, or revisions to this Agreement shall be binding only when in writing and signed by both parties, by their respective authorized officers, agents, or representatives.

THE UNDERSIGNED, as authorized officials on behalf of the parties, have executed this Contract for Loan Guarantee Assistance, which shall be effective as of the date of execution hereof on behalf of the Grantee.

GRANTEE

Signed by:

By: [redacted]

FE0DA442C5114B4... (signature)

Name: Laurence E. Lilley III

Title: Secretary

North Carolina Department of Commerce

Date: 26-Jun-2026

SUBRECIPIENT

DocuSigned by:

By: [redacted]

EF9C2... (signature)

Name: Scott Farmer

Title: Executive Director

(Chief Elected Official/Executive Officer with Authority to Sign)

Date: 25-Jun-2026

Exhibit A

Community Development Block Grant Disaster Recovery (CDBG-DR) Grant Agreement between HUD and DCR

COMMUNITY DEVELOPMENT BLOCK GRANT DISASTER RECOVERY (CDBG-DR) GRANT AGREEMENT

This Community Development Block Grant Disaster Recovery Grant Agreement is between United States Department of Housing and Urban Development (the "Department" or "HUD") and North Carolina ("the Grantee").

I. Recitals

The Disaster Relief Supplemental Appropriations Act, 2025 (Pub. L. 118-158, Division B) ("the Appropriations Act") approved on December 21, 2024, appropriated funds to assist in long term recovery from disasters that occurred in 2023 and 2024.

HUD notified the public of allocations of funds appropriated by the Appropriations Act in a press release and in a Federal Register notice, *Allocations for Community Development Block Grant Disaster Recovery and Implementation of the CDBG-DR Consolidated Waivers and Alternative Requirements Notice (UN AAN)* which was published at 90 FR 4759 on January 16, 2025 (the "Allocation Announcement Notice"). The Allocation Announcement Notice subjects the allocations to requirements in a Federal Register notice, *Common Application, Waivers, and Alternative Requirements for Community Development Block Grant Disaster Recovery Grantees: The Universal Notice* published at 90 FR 1754 on January 8, 2025, as amended (the "Universal Notice").

On March 19, 2025, HUD published Memorandum 25-02 titled, "Revisions made to the Common Application, Waivers, and Alternative Requirements for Community Development Block Grant Disaster Recovery Grantees: The Universal Notice published in the Federal Register (90 FR 1754) and Clarifications to the Allocations for Community Development Block Grant Disaster Recovery and Implementation of the CDBG–DR Consolidated Waivers and Alternative Requirements Notice Published in the Federal Register (90 FR 4759)," which included revisions to the Universal Notice to align requirements with the President's executive orders.

On March 31, 2025, HUD published Memorandum 25-03 titled, "Revisions made to the Common Application, Waivers, Alternative Requirements for Community Development Block Grant Disaster Recovery Grantees: The Universal Notice published in the Federal Register (90 FR 1754)," to revise two additional sections of the Universal Notice to align with 2 CFR 200.340 and one additional executive order.

Under the authority of the Appropriations Act, the Grantee and HUD therefore agree as follows:

II. General Federal Award Information

Grantee's Name: North Carolina

Tax ID Number: 56-1611847

Grantee's unique entity identifier [UEI]: [redacted]

Unique Federal Award Identification Number (FAIN): B-25-DU-37-0001

Appropriation Account: 86X0162

Program Accounting Code: MAU

Federal Award Date: July 29, 2025

Period of Performance and Budget Period Start Date: July 29, 2025

Period of Performance and Budget Period End Date: July 29, 2031

Date Use of Funds May Begin: September 25, 2024

Amount of Federal Funds Obligated by this Action: $1,4[illegible],120,000

Amount of Federal Funds Previously Obligated: 0

Dates of Prior Obligation (if applicable): N/A

Total Amount of the Federal Award: $1,428,120,000

Federal awarding agency: Department of Housing and Urban Development

Contact information for HUD: Gerilee W. Bennett, Acting Director, Office of Disaster Recovery, Community Planning and Development, U.S. Department of Housing and Urban Development, 451 7th Street, S.W., Room 7282, Washington, DC 20410

Assistance Listing: 14.228 Community Development Block Grant/State's program

Indirect Cost Rate for the Grant: See Attachment 1

Check One: ☒Original Funding Approval **or** ☐Amendment:

III. General Terms and Conditions

1. This agreement is a federal award (grant), which governs the funds awarded to the Grantee as identified in Section II. The grant is subject to all requirements in this agreement, including the requirement that the Grantee agrees to use the grant funds in accordance with this agreement, as may be amended from time to time. If the amendment box in Section II is checked, the amended agreement governs the grant prospectively from the date the amendment is signed by HUD.

2. The following requirements, as now in effect and as these requirements may be amended from time to time, are incorporated into this agreement: requirements of (1) the

Appropriations Act; (2) title I of the Housing and Community Development Act of 1974 (HCDA or HCD Act) (42 USC 5301 et seq.); (3) regulations at 24 CFR part 570, as modified by waivers and alternative requirements published in the Allocation Announcement Notice and other applicable notices in the *Federal Register* or memorandums on HUD's website (Pub. L. 118-158, which applies certain terms and conditions of Pub. L. 117-43 to the funds, allows HUD to publish waivers and alternative requirements via notice on the HUD website); and (4) other requirements published in the Allocation Announcement Notice and other applicable notices in the *Federal Register* or memorandums on HUD's website.

3. The period of performance/budget period for this grant is specified in section II. The Grantee shall not incur any obligations to be paid from funds made available by this award after the last day of the period of performance. Pre-award costs and pre-agreement costs are allowable to the extent permitted by the Allocation Announcement Notice and other applicable waivers, alternative requirements, or other requirements published in the *Federal Register* or on HUD's website.

4. The Grantee must comply with the applicable requirements at 2 CFR part 200, as may be amended from time to time, to the extent that part 200 is incorporated into and made applicable by 24 CFR part 570, or applicable waivers, alternative requirements, or other requirements that govern this grant and are published in the *Federal Register* or on HUD's website. Recent amendments to 2 CFR part 200 were effective on August 13, 2020, November 12, 2020, February 22, 2021, and October 1, 2024. Where any previous or future amendments to 2 CFR part 200 replace or renumber sections of part 200 that are cited specifically in applicable *Federal Register* notices, in applicable requirements published on HUD's website, in this agreement (as may be amended), or in program regulations, activities carried out under the grant after the effective date of the part 200 amendments will be governed by the part 200 requirements as replaced or renumbered by the part 200 amendments. The Grantee must comply with other requirements established by the Office of Management and Budget (OMB), as amended, regarding the System for Award Management (SAM.gov) and the Federal Funding Accountability and Transparency Act as provided in 2 CFR part 25 and 2 CFR part 170.

5. A metropolitan city, urban county, unit of general local government, or insular area that directly or indirectly receives funds obligated by this agreement may not sell, trade, or otherwise transfer all or any such portion of such funds to another such entity in exchange for any other funds, credits, or non-Federal considerations, but must use such funds for eligible activities.

6. In accordance with section III.B.18 of the Universal Notice, and subject to applicable grant requirements, the Grantee may use CDBG-DR funds that the Grantee was awarded under prior appropriations and funds governed by this grant agreement interchangeably and without limitation for eligible activities authorized by Title I of the HCDA, as modified by applicable waivers and alternative requirements, if those activities are related to unmet recovery needs in the MID areas resulting from a major disaster in the Appropriations Act or in a prior or future appropriations act, when the MID areas for both CDBG-DR grants overlap and when the use of the funds will address unmet recovery needs of major

disasters in the Appropriations Act or in any prior or future appropriations acts. For purposes of this requirement, if HUD did not identify MID areas for the major disaster in the *Federal Register* notices or other memorandums published on HUD's website governing the CDBG-DR funds, the MID areas are those areas designated by the President in the major disaster declaration.

7. HUD may establish and adjust specific conditions for this grant as provided for in section III.F.2.b. of the Universal Notice and 2 CFR 200.206 and 200.208. HUD shall provide the Grantee with the notice required by 2 CFR 200.208(d) prior to imposing specific conditions and shall promptly remove specific conditions once the conditions that prompted them have been satisfied, as required by 2 CFR 200.208(e).

8. Activities undertaken with funds governed by this agreement shall be governed by the specific conditions in section IV of this agreement until the specific conditions are modified or removed in writing by HUD, including as required by 2 CFR 200.208(e). If the "Amendment" box in section II is checked, the following requirement applies: as of the date HUD signs the amendment, specific conditions in section IV of the amendment shall supersede all specific conditions previously imposed. Activities undertaken after HUD signs the amendment shall be governed by the specific conditions in this amendment until modified or removed by HUD in writing.

9. The Grantee must use the grant funds only for costs (including indirect costs) that meet the applicable requirements in 2 CFR part 200 (including appendices), as may be amended from time to time. The Grantee's indirect cost rate information is as provided in Attachment 1 to this agreement. The Grantee must immediately notify HUD upon any change in the Grantee's indirect cost rate, so that HUD can amend this agreement to reflect the change if necessary.

10. The Computer Matching Agreement between United States Department of Homeland Security (DHS), Federal Emergency Management Agency (FEMA), HUD and the Grantee for the purpose of sharing FEMA data pertaining to major disasters assisted by this grant, including computer matching agreements signed or modified after this agreement is signed, are and shall be wholly incorporated into and made a part of this agreement. Grant requirements enforceable under the terms of 24 CFR part 570, subpart O or I include the Grantee's duties and responsibilities under such Computer Matching Agreements.

11. Waste, Fraud, Abuse, and Whistleblower Protections. In accordance with 2 CFR 200.113, grantees and subrecipients of CDBG-DR must promptly inform in writing the OIG and HUD when it has credible evidence of violations of Federal criminal law involving fraud, bribery, or gratuities or a violation of the civil False Claims Act that could potentially affect the Federal award at https://www.hudoig.gov/ hotline/report-fraud (a subrecipient of CDBG–DR must also inform the CDBG-DR grantee that awarded it funding). All other instances of fraud, waste, and abuse should be referred to the HUD OIG Fraud Hotline (phone: 1–800–347– 3735 or email: hotline@hudoig.gov). You must comply with 41 U.S.C. § 4712, which includes informing your employees in writing of their rights and remedies, in the predominant native language of the workforce. Under 41 U.S.C. § 4712,

employees of a government contractor, subcontractor, grantee, and subgrantee—as well as a personal services contractor—who make a protected disclosure about a Federal grant or contract cannot be discharged, demoted, or otherwise discriminated against as long as they reasonably believe the information they disclose is evidence of: (1) Gross mismanagement of a Federal contract or grant; (2) Waste of Federal funds; (3) Abuse of authority relating to a Federal contract or grant; (4) Substantial and specific danger to public health and safety; or (5) Violations of law, rule, or regulation related to a Federal contract or grant.

12. The Grantee may use up to five percent of its allocation under the Appropriations Act for program administrative costs related to the use of funds for this grant and program administrative costs of other CDBG-DR, CDBG-Mitigation (MIT), and CDBG- National Disaster Resilience (NDR) grants without regard to a particular disaster. The Grantee must track and document payments of program administrative costs so that HUD may distinguish which program administrative costs are charged to this Federal award (grant) and which program administrative costs were paid for by grant funds obligated under prior or future CDBG-DR, CDBG-MIT, and CDBG-NDR grants. The Grantee must comply with requirements published in the *Federal Register* or on HUD's website for the use of funds for administrative costs across multiple grants, including the requirements in paragraph III.B.3.a of the Universal Notice, as may be modified from time to time, which requires (as of the date of this agreement) that if the Grantee "chooses to exercise this authority, the grantee must (i) have appropriate financial controls to comply with the requirement that the amount of grant administration expenditures for each CDBG-DR or CDBG-MIT grant will not exceed five percent of the total grant award for each grant (plus five percent of program income generated by the grant); (ii) review and modify its financial management policies and procedures regarding the tracking and accounting of administration costs, as necessary; and (iii) address the adoption of this treatment of administrative costs in the applicable portions of its Financial Management and Grant Compliance submissions as referenced in section II.A" of the Universal Notice.

13. The Grantee:

    a. shall not use grant funds to promote "gender ideology," as defined in E.O. 14168, Defending Women from Gender Ideology Extremism and Restoring Biological Truth to the Federal Government;

    b. agrees that its compliance in all respects with all applicable Federal anti-discrimination laws is material to the U.S. Government's payment decisions for purposes of section 3729(b)(4) of title 31, United States Code;

    c. certifies that it does not operate any programs that violate any applicable Federal anti-discrimination laws, including Title VI of the Civil Rights Act of 1964; and

    d. shall not use any Grant Funds to fund or promote elective abortions, as required by E.O. 14182, Enforcing the Hyde Amendment.

14. Notwithstanding anything in the Allocation Announcement Notice, this grant shall not be governed by Executive Orders revoked by E.O. 14154, including E.O. 14008, or Allocation Announcement Notice requirements implementing Executive Orders that have been revoked.

15. The Grantee must administer its grant in accordance with all applicable immigration restrictions and requirements, including the eligibility and verification requirements that apply under title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, as amended (8 U.S.C. 1601-1646) (PRWORA) and any applicable requirements that HUD, the Attorney General, or the U.S. Center for Immigration Services may establish from time to time to comply with PRWORA, Executive Order 14218, or other Executive Orders or immigration laws.

16. If applicable, no state or unit of general local government that receives funding under this grant may use that funding in a manner that by design or effect facilitates the subsidization or promotion of illegal immigration or abets policies that seek to shield illegal aliens from deportation.

17. Unless excepted by PRWORA, the Grantee must use SAVE, or an equivalent verification system approved by the Federal government, to prevent any Federal public benefit from being provided to an ineligible alien who entered the United States illegally or is otherwise unlawfully present in the United States.

18. Faith-based organizations may be subrecipients of funds under this agreement on the same basis as any other organization. The Grantee may not, in the selection of subrecipients, discriminate against an organization based on the organization's religious character, affiliation, or exercise.

IV. Specific Conditions

The following specific conditions correspond to the degree of risk assessed by HUD. These specific conditions may be adjusted post-award in accordance with section III.7 of this agreement when merited by a re-evaluation of risk factors identified in 2 CFR 200.206 and 200.208. The specific conditions will be removed once the conditions that prompted them have been satisfied.

N/A

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THE UNDERSIGNED, as authorized officials on behalf of the Grantee and the Secretary, hereby enter this **COMMUNITY DEVELOPMENT BLOCK GRANT DISASTER RECOVERY (CDBG-DR) GRANT AGREEMENT**, which shall be effective as of the date it is signed by the Secretary.

The North Carolina Department of Commerce

GRANTEE

BY: Signed by: [redacted]

(Signature)

Laurence E. Lilley III

(Name)

Secretary, North Carolina Department of Commerce

(Title)

28-Jul-2025

(Date)

HOUSING AND URBAN DEVELOPMENT

BY: ______________________

(Signature)

____

(Name)

____

(Title)

____

(Date)

Attachment 1

Grantee Indirect Cost Rate(s)

As the duly authorized representative of the Grantee, I certify that the Grantee:

☐ Will not use an indirect cost rate to calculate and charge indirect costs under the grant.

☒ Will calculate and charge indirect costs under the grant by applying a *de minimis* rate as provided by 2 CFR 200.414(f), as may be amended from time to time.

☐ Will calculate and charge indirect costs under the grant using the indirect cost rate(s) listed below, and each rate listed is included in an indirect cost rate proposal developed in accordance with the applicable appendix to 2 CFR part 200 and, *if required*, was approved by the cognizant agency for indirect costs.

Agency/department/major function	Indirect cost rate	Type of Direct Cost Base
	%	
	%	
	%	

Name of Authorized Official: Laurence E. Lilley III

Signature: X Signed by: [redacted] FE0DA442C5114B4...

Date (mm/dd/yyyy): / / 28-Jul-2025

Title: Secretary, North Carolina Department of Commerce

Instructions for the Grantee's Authorized Representative:

You must mark the one (and only one) checkbox above that best reflects how the Grantee's indirect costs will be calculated and charged under the grant. Do not include indirect cost rate information for subrecipients.

The table following the third box must be completed only if that box is checked. When listing a rate in the table, enter both the percentage amount (e.g., 10%) and the type of direct cost base to be used. For example, if the direct cost base used for calculating indirect costs is Modified Total Direct Costs, then enter "MTDC" in the "Type of Direct Cost Base" column.

If using the Simplified Allocation Method for indirect costs, enter the applicable indirect cost rate and type of direct cost base in the first row of the table.

If using the Multiple Allocation Base Method, enter each major function of the organization for which a rate was developed and will be used under the grant, the indirect cost rate applicable to that major function, and the type of direct cost base to which the rate will be applied.

If the Grantee is a government and more than one agency or department will carry out activities under the grant, enter each agency or department that will carry out activities under the grant, the indirect cost rate(s) for that agency or department, and the type of direct cost base to which each rate will be applied.

To learn more about the indirect cost requirements, see 2 CFR part 200, subpart E; and Appendix VII to Part 200 (for state and local governments). Instructions for the Grantee's Authorized Representative:

docusign

Certificate Of Completion

Envelope Id: 7EECD3CC-DD0B-4683-8047-CFEA365F459F
Status: Completed
Subject: Complete with Docusign: c087cc008d5749de353e4a088dbaa79b81ea2dda51006e54c6c1fbd5d5aa.pdf
Source Envelope:

Document Pages: 9	Signatures: 2	Envelope Originator:
Certificate Pages: 5	Initials: 0	Mary Elizabeth Wilson
AutoNav: Enabled		4316 Mail Service Center
EnvelopeId Stamping: Enabled		Raleigh, NC 27699-4316
Time Zone: (UTC-05:00) Eastern Time (US & Canada)		mewilson@commerce.nc.gov
		IP Address: 149.168.205.4

Record Tracking

Status: Original 7/28/2025 10:02:45 AM	Holder: Mary Elizabeth Wilson mewilson@commerce.nc.gov	Location: DocuSign
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Storage Appliance Status: Connected	Pool: NC Department of Commerce - Division of Workforce Solutions	Location: Docusign

Signer Events	Signature	Timestamp
Laurence E. Lilley III lee.lilley@commerce.nc.gov Secretary, North Carolina Department of Commerce Security Level: Email, Account Authentication (None)	Signed by: [redacted] FE0DA442C5114B4... Signature Adoption: Pre-selected Style Using IP Address: 149.168.205.4	Sent: 7/28/2025 10:11:51 AM Resent: 7/28/2025 10:26:44 AM Viewed: 7/28/2025 10:35:39 AM Signed: 7/28/2025 10:36:27 AM

Electronic Record and Signature Disclosure:
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In Person Signer Events	Signature	Timestamp

Editor Delivery Events	Status	Timestamp

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Stephanie McGarrah stephanie.mcgarrah@commerce.nc.gov Deputy Secretary Security Level: Email, Account Authentication (None) **Electronic Record and Signature Disclosure:** Not Offered via Docusign	COPIED	Sent: 7/28/2025 10:36:28 AM Viewed: 7/28/2025 10:46:44 AM
Creecy Johnson creecy.johnson@commerce.nc.gov Security Level: Email, Account Authentication (None) **Electronic Record and Signature Disclosure:** Accepted: 6/23/2025 4:28:13 PM ID: d9846c48-d810-4a4d-b424-63db2ad6dc19	COPIED	Sent: 7/28/2025 10:36:29 AM

Witness Events	Signature	Timestamp

Notary Events	Signature	Timestamp

Envelope Summary Events	Status	Timestamps
Envelope Sent	Hashed/Encrypted	7/28/2025 10:11:51 AM
Envelope Updated	Security Checked	7/28/2025 10:26:43 AM
Envelope Updated	Security Checked	7/28/2025 10:26:43 AM
Certified Delivered	Security Checked	7/28/2025 10:35:39 AM
Signing Complete	Security Checked	7/28/2025 10:36:27 AM
Completed	Security Checked	7/28/2025 10:36:29 AM

Payment Events	Status	Timestamps

Electronic Record and Signature Disclosure

ELECTRONIC RECORD AND SIGNATURE DISCLOSURE

From time to time, Carahsoft OBO North Carolina Department of Commerce (we, us or Company) may be required by law to provide to you certain written notices or disclosures. Described below are the terms and conditions for providing to you such notices and disclosures electronically through the DocuSign system. Please read the information below carefully and thoroughly, and if you can access this information electronically to your satisfaction and agree to this Electronic Record and Signature Disclosure (ERSD), please confirm your agreement by selecting the check-box next to 'I agree to use electronic records and signatures' before clicking 'CONTINUE' within the DocuSign system.

Getting paper copies

At any time, you may request from us a paper copy of any record provided or made available electronically to you by us. You will have the ability to download and print documents we send to you through the DocuSign system during and immediately after the signing session and, if you elect to create a DocuSign account, you may access the documents for a limited period of time (usually 30 days) after such documents are first sent to you. After such time, if you wish for us to send you paper copies of any such documents from our office to you, you will be charged a $0.00 per-page fee. You may request delivery of such paper copies from us by following the procedure described below.

Withdrawing your consent

If you decide to receive notices and disclosures from us electronically, you may at any time change your mind and tell us that thereafter you want to receive required notices and disclosures only in paper format. How you must inform us of your decision to receive future notices and disclosure in paper format and withdraw your consent to receive notices and disclosures electronically is described below.

Consequences of changing your mind

If you elect to receive required notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and delivering services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of your receipt of such paper notices or disclosures. Further, you will no longer be able to use the DocuSign system to receive required notices and consents electronically from us or to sign electronically documents from us.

All notices and disclosures will be sent to you electronically

Unless you tell us otherwise in accordance with the procedures described herein, we will provide electronically to you through the DocuSign system all required notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you by the same method and to the same address that you have given us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, please let us know as described below. Please also see the paragraph immediately above that describes the consequences of your electing not to receive delivery of the notices and disclosures electronically from us.

How to contact Carahsoft OBO North Carolina Department of Commerce:

You may contact us to let us know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically as follows:
To contact us by email send messages to: asandoval@nccommerce.com

To advise Carahsoft OBO North Carolina Department of Commerce of your new email address

To let us know of a change in your email address where we should send notices and disclosures electronically to you, you must send an email message to us at asandoval@nccommerce.com and in the body of such request you must state: your previous email address, your new email address. We do not require any other information from you to change your email address.

If you created a DocuSign account, you may update it with your new email address through your account preferences.

To request paper copies from Carahsoft OBO North Carolina Department of Commerce

To request delivery from us of paper copies of the notices and disclosures previously provided by us to you electronically, you must send us an email to asandoval@nccommerce.com and in the body of such request you must state your email address, full name, mailing address, and telephone number. We will bill you for any fees at that time, if any.

To withdraw your consent with Carahsoft OBO North Carolina Department of Commerce

To inform us that you no longer wish to receive future notices and disclosures in electronic format you may:

i. decline to sign a document from within your signing session, and on the subsequent page, select the check-box indicating you wish to withdraw your consent, or you may;

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Required hardware and software

The minimum system requirements for using the DocuSign system may change over time. The current system requirements are found here: https://support.docusign.com/guides/signer-guide-signing-system-requirements.

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Exhibit B

Levels of Accomplishment – Performance Goals and Timelines

Goal	Timeline
Preliminary Applications for Federal Low-Income Housing Tax Credits and Rental Production Program-Disaster Recovery (RPP CDBG-DR) Applications received by Subrecipient	January 23, 2026
Subrecipient receives and reviews market studies for each application	Completed by March 31, 2026
Full Applications for Federal Low-Income Tax Credits received by Subrecipient	May 15, 2026
Subrecipient will provide Grantee the proposed scope of work for each project including: Name, location, # of units, project budget (Total Development Costs, fundings sources, and potential amount of CDBG-DR funding)	Completed by August 2026

The following reports must be submitted monthly via the Grants Management System (GMS):
• Monthly Compliance Report
    ○ Progress Narratives
    ○ Performance measure outcomes, including mitigation measures
    ○ Section 3 attestation
    ○ Davis-Bacon attestation
• Financial summary of obligations and expenditures, including HUD-identified MID obligations and expenditures
• Project Site Address List
• Procurement Compliance Report (Subrecipient Directly Procured List and W/MBE recordkeeping attestation)
• Project Closeout Report
	Monthly by the 15th for activities occurring during the preceding the calendar month

The following reports must be submitted quarterly via the GMS: • Section 3 Compliance Report • Davis-Bacon Monitoring Report	Quarterly by the 15th of the month after the end of the QPR reporting period
Conditional Commitment for Loans (identifies project, project county, # of units)	October 30, 2026
Environmental Reviews	On-going for each project beginning on or after September 30, 2026 – Grantee receives the Authority to Use Grant Funds from HUD[i]

Goal	Timeline
Final RPP CDBG-DR Award Agreements (Construction Begins)	On-going for each project beginning on or after the date Grantee receives the Authority to Use Grant Funds from HUD (see endnote i)
Rental Production Program – Disaster Recovery Loan Closing and Disbursements	On-going for each project beginning on or after the date of loan closing (see endnote i)
Project Placed in Service (Construction Complete)	December 31, 2028 (see endnote i)

[i] Since projects will each progress through the environmental review and construction progress at different speeds, the timelines above will be met on a project-by-project basis.