



**REQUEST FOR PROPOSALS
PROPERTY MANAGEMENT SERVICES
FOR CYPRESSWOOD ESTATES
RFP 18-07**

**ISSUE DATE: JULY 16, 2018
DUE DATE: AUGUST 13, 2018 @ 2:00PM**

**8933 INTERCHANGE DRIVE
HOUSTON, TX 77054**





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Houston, Texas 77054
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REQUEST FOR PROPOSALS
for
Property Management Services for Cypresswood Estates
RFP NO. 18-07

The Harris County Housing Authority (“**HCHA**”) is requesting proposal submissions from property management firms (**Offerors**) to provide **Property Management Services** for Cypresswood Estates an active seniors community.

This **RFP** contains submission requirements, the scope of service, period of service, terms and conditions and other pertinent information for submitting a proper and responsive proposal. **RFP #18-07** will be posted on **July 16, 2018** and can be downloaded from **HCHA**’s website www.hchatexas.org.

Prospective **Offerors** desiring any explanation or interpretation of this solicitation must make the request in writing no later than **July 27, 2018**. The request must be emailed to Samson Babalola at samson.babalola@hchatexas.org. Any information given to a prospective **Offeror** about this solicitation will be furnished to all other prospective **Offerors** as a written amendment to the solicitation. All amendment(s) to this solicitation, if issued, will be posted on **HCHA**’s website www.hchatexas.org. All **Offerors** are encouraged to check the **HCHA** website for amendment(s) issuance.

The proposal(s) must be enclosed in a sealed envelope and labeled as follows: **Property Management Services for Cypresswood Estates - Request for Proposals. RFP #18-07, Due Date and Time: August 13, 2018, 2:00 P.M. (CST), Name of Offeror: _____**.

The **RFP** submission must be addressed to **Samson Babalola, Director of Real Estate Development, Harris County Housing Authority, 8933 Interchange Drive, Houston, Texas 77054. RFP**. Submissions may also be emailed as a PDF attachment to samson.babalola@hchatexas.org.

Submittals must reach **HCHA** no later than **2:00 P.M. (CST)** on **August 13, 2018**. Late submissions will be handled in accordance with the provisions in Form HUD-5369-B title “Late Submissions, Modifications, and Withdrawal of Offers.” Submittals will be held in confidence and will not be released in any manner until after the contract award.

Submittals will be evaluated on the criteria stated in the **RFP**. Negotiations may be conducted with **Offerors** who have a reasonable chance of being selected. After evaluation of the proposals, if any, the contract will be awarded to the responsible **Offeror(s)** whose qualifications, project proposal and other factors considered are the most advantageous to **HCHA**. **HCHA** reserves the right to reject any and all submissions.

Horace Allison, AIA
Horace Allison, CEO
Harris County Housing Authority

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I. PROFILE OF THE HARRIS COUNTY HOUSING AUTHORITY

Harris County Housing Authority (“**HCHA**” or the “**Authority**”) is governed by the Texas Housing Authorities Law, codified in the Texas Local Government Code. The Authority is a unit of government, and its functions are essential governmental functions. It operates and manages its affordable housing developments to provide decent, safe, sanitary and affordable housing to low-income families, veterans, the elderly, and the disabled, and implements various programs designed and funded by the U.S. Department of Housing and Urban Development (“**HUD**”). The Authority is a Public Housing Agency (“**PHA**”) that administers **HUD**’s Section 8 Housing Choice Voucher (“**HCV**”) and Veterans Affairs Supportive Housing (“**VASH**”) Programs. **HCHA**’s revenue is derived from federal funds, administrative fees, development grants, and rental income.

HCHA enters into and executes contracts and other instruments that are necessary and convenient to the exercise of its powers.

The property of **HCHA** is used for essential public and governmental purposes. The Authority and its property are exempt from all taxes, including sales tax on all its purchases of supplies and services.

The **HCHA** is the sole member of nine (9) LLCs that serve as the general partner for (9) affordable housing partnerships with a total of 1178 units.

II. INTRODUCTION

Harris County Housing Authority (**HCHA**), referred to as the “**Owner**,” is requesting proposals from property management companies, referred to as the “**Offeror**,” to provide Property Management Services for Cypresswood Estates, an 88-unit active senior housing development for residents age 55 years and older.

It is the **Owner**’s intention to solicit proposals, evaluate the proposals, conduct oral presentations with the **Offerors** in the competitive range, verify the information presented, and award a contract to the responsible firm whose proposal is most advantageous to the **Owner**, with price and other factors considered.

The **Owner** will enter into a two-year contract for property management services with an option to renew the contract for an additional two years. The renewal period is subject to the **Owner**’s approval. The property management services will include, but will not be limited to, the following duties and responsibilities:

All property management services performed must be in full compliance with all rules and regulations of HUD programs and all other applicable Federal regulations including, but not limited to, Section 504/Uniform Federal Accessibility Standards (“**UFAS**”), and Americans with Disabilities Act (“**ADA**”).

In addition to the Federal laws, rules, and regulations, services must also be performed in compliance with all State of Texas regulations, Harris County Community Services Department and **HCHA** requirements.

If a contract is awarded, it will be awarded to the responsible **Offeror** whose qualifications, fees, terms/conditions and other factors are deemed most advantageous to the **HCHA**. Additional requirements or restrictions imposed by the lender, investor and other governmental entities will also be considered in rendering a decision.

III. PROCUREMENT SCHEDULE

The anticipated schedule for the **RFP** is as follows:

SCHEDULE

<u>EVENT</u>	<u>DATE</u>
Advertised	July 15 and July 22, 2018
Post on HCHA Website	July 16, 2018
Pre-Submission Conference	N/A
Receipt of Written Questions	July 27, 2018
Response to Written Questions	August 3, 2018
Submission Date	August 13, 2018

IV. DELIVERABLES

If submitting a hard copy, one (1) original proposal and three (3) copies of the typewritten submission, including all required information, must be executed and submitted in a sealed envelope or package. Any handmade corrections made in the proposal must be initialed by the principal or authorized officer of the **Offeror**. The original proposal must bear the original signature of a principal or authorized officer of the **Offeror**.

Proposals may also be emailed as a PDF attachment to samson.babalola@hchatexas.org. If submitting an electronic copy, only one (1) proposal need be emailed. Electronic submission of the proposal shall be considered signed by a principal or authorized representative of the **Offeror**.

Offerors are solely responsible for ensuring that their proposals are received by the time and date stated. Receipt at **HCHA** after the due date and time specified will be cause for rejection.

Proposal Due Date/Time:

Proposals must be submitted on or before **2:00 p.m. CST on August 13, 2018**, in a bound and sealed envelope or package or by email attachment. If submitting a hardcopy submission of the proposal, the face of the envelope or package must contain, in addition to the address below, the title “**Property Management Services for Cypresswood Estates**” – Request for Proposals. RFP #18-07, Due Date and Time: August 13, 2018, 2:00 P.M. (CST), Name of Offeror: _____.” If submitting an electronic copy of the proposal, the subject line must contain the title “**Property Management Services for Cypresswood Estates**” – Request for Proposals. RFP #18-07, Due Date and Time: August 13, 2018, 2:00 P.M. (CST), Name of Offeror: _____.”

Submission Place/Address

Proposals must be submitted to **Samson Babalola, Director of Real Estate Development, Harris County Housing Authority, 8933 Interchange Drive, Houston, Texas 77054** or by email to samson.babalola@hchatexas.org.

Proposals by telegram, telephone, or facsimile, or handwritten proposals, will not be accepted by **HCHA**.

V. SCOPE FOR PROPERTY MANAGEMENT SERVICES FOR CYPRESSWOOD ESTATES

The property management services will include, but will not be limited to, the following duties and responsibilities:

- Responsible for new tenant intake, including marketing, and maintaining a site-based waiting list, determination of applicant eligibility, applicant screening, and tenant selection;
- Facilitate the execution of leases, rental agreements, amendments, renewals, and cancellations with existing tenants and future tenants;
- Collection of rent and charges in addition to rent;
- Facilitate eviction of non-paying tenants, tenants who violate the terms of the lease agreement when necessary;
- Ensure full maintenance repair of the development;
- Full responsibility for the hiring and firing of staff, and staff training;
- Conduct annual reexaminations of family and ensures that all tenants are income qualified pursuant to all federal, state and local requirements;
- Conduct annual unit inspections;
- Facilitate unit turnover, including preparing vacated units for leasing;
- Identify and address emergency situations immediately and provide follow-up to **HCHA** staff as soon as possible thereafter;
- Provide capital improvements recommendations to **HCHA**;
- Responsible for the purchase of all required supplies and services;
- Maintain full fiscal management responsibilities including preparing annual operating budgets, monthly financial reporting and keeping expenses and income within approved budget amounts;
- Provides weekly and monthly reports as specified by the **Owner**;
- Prepares signage packet, brochure design, and area market rent analysis.

VI. OVERVIEW OF DEVELOPMENT

- **Cypresswood Estates Apartments**
15331 Kuykendahl Road, Houston, TX 77090
- **Census Tract:** 5504.01
- **Acreage:** 9.973 acres
- **Date of Initial Occupancy:** July 2011
- **Current Occupancy:** 100%
- **Building Type:** Cypresswood Estates, is located at 15331 Kuykendahl Road, Houston, Harris County, Texas 77091. The property features eighty-eight (88) dwelling units within two (2) three-story apartment buildings and nine (9) one-story villa buildings. Additionally, the property features one (1) one-story clubhouse building. The structure was built in 2011 and is LEED Platinum Certified under the LEED for Homes Rating System.

Rent Restrictions:

One bedroom	4 units	30% AMI or below
One bedroom	8 units	50% AMI or below
One bedroom	14 units	60% AMI or below
One bedroom	4 units	80% AMI or below
One bedroom	6 units	Market
Two bedrooms	4 units	30% AMI or below
Two bedrooms	8 units	50% AMI or below
Two bedrooms	30 units	60% AMI or below
Two bedrooms	3 units	80% AMI or below
Two bedrooms	7 units	Market

VII. GENERAL REQUIREMENTS

The selected **Offeror** must be prepared to assume management responsibilities beginning February 1, 2019.

HCHA (the **Owner**) may utilize a two-stage selection process. The **Owner** will rate and rank written proposals based on the selection criteria contained herein. The **Offerors** who fall in the most competitive range will be invited to an interview, if necessary, and may also be asked to provide best and final offers. Selection will be made based on those who score the highest in qualifications, price and other factors considered, and the results of the interviews as stated in the evaluation and selection criteria.

The **Owner** is looking for competitive pricing from **Offerors** with demonstrated and successful property management experience and with knowledge of managing senior developments.

Although all federal, state and local regulations must be followed in providing management services, there are some matters for the **Offerors** to consider, however, when submitting their proposal package, these special considerations include but are not limited to the following:

- The successful **Offeror** will be responsible for marketing, screening of applicants, and leasing units.
- The selected **Offeror** will be required to create and maintain a process of procurement that encourages competitive prices.
- The operating budget does not include the real estate taxes. **Offerors** should be aware that the **Owner** does not pay real estate taxes, but instead, makes a payment in lieu of taxes. It is the **Owner's** position that the revenue available to manage these properties is sufficient for effective professional management. **Offerors** must be fully confident that they can provide the services they claim they can provide, given the "total revenue" assigned to the development.
- For financial reporting, **Offerors** should anticipate that they will be using their own financial management computer systems and either submits data electronically or via hard copy.
- The successful **Offeror** shall be required to comply with certain services, reporting, compliance and eligibility requirements that are unique to low-income housing tax credit developments.

If an **Offeror** has been debarred, suspended or otherwise lawfully precluded from participating in any public procurement activity, such firm shall disclose that information in its proposal and such information may be sufficient ground for disqualification. If the selected firm fails to disclose such information and **HCHA** discovers it thereafter, then **HCHA** may terminate the contract immediately.

Offerors must have and maintain all necessary insurance to cover malpractice, liability, and workers' compensation and submit proof of coverage as part their proposal submission. **HCHA** reserves the right to accept or reject any and all Proposals submitted, either in whole or in part, with or without cause; to waive

any informalities of any **RFP**; to extend, amend or cancel this **RFP** at any time; and, to make the award in the best interest of **HCHA**. **HCHA** retains the right to negotiate with the selected firm(s). Nothing in this **RFP**, any statements made by **HCHA** or its employees shall constitute an agreement or contract of any kind.

- MINIMUM REQUIREMENTS

The **Offeror** will be deemed unresponsive to this **RFP** if it does not meet the following minimum criteria:

- Currently manages a portfolio in excess of 500 units
- Possesses a Certified Property Management certificate.
- Has current or previous experience directly managing low-income tax credit developments.
- Complies with all the submission requirements.

If the **Offeror** does not meet the above minimum requirements, its proposal may not be evaluated.

VIII. TERMS AND CONDITIONS

A. Rules, Regulations, and Licensing Requirements

The **Offeror** and staff must possess all required license(s) to do business in Harris County and the State of Texas. In addition, the **Offeror** shall comply with all laws, ordinances, and regulations applicable to the services contemplated herein, especially those applicable to conflict of interest. **Offerors** are presumed to be familiar with all federal, state, and local laws, ordinances, codes, rules, and regulations that may in any way affect the services.

B. Term of Management Agreement

The successful **Offeror** shall enter into a management agreement. The term of the management agreements to be awarded shall be for two years with a two-year renewal option. The renewal option may be subject to **HCHA**'s approval. The management agreement includes a provision for termination for convenience by **Offeror** or **HCHA** with a 30-day written notice. The agreement will also outline situations where the successful **Offeror** can be terminated immediately "for cause."

C. Performance Standards

1. Vacancy Turnaround.

The **Owner's** monthly standard for vacancy turnaround time is 25 days. This includes make ready and lease-up time. The monthly report must include the following for each vacated unit:

- The date the unit was vacated.
- The name of the former resident who vacated.
- The unit number of the vacated unit.
- The size of the vacated unit.
- Reason tenant vacated the unit.
- The date maintenance began to "make ready" the unit.
- The date maintenance completed all "make ready" repairs.
- The date the unit was re-leased.

2. Work Orders

- Emergency. Emergency work orders are those that address an immediate threat to life, health, safety to property or to the resident or are related to fire safety. The **Owner's** standard for completion of an emergency work order is for all orders to be completed or abated within 24 hours.

- Non-Emergency. Non-emergency work orders are those that address conditions that do not pose an immediate threat to life, health, safety to property or to the resident or are not related to fire safety. The **Owner's** standard for the completion of non-emergency work orders is within four days.
- Inspections. The **Owner's** annual standard for inspections is for all Housing Quality Standards (**HQS**) inspections to be conducted each year. Further, all units must be inspected by the property manager within 12 months of the previous HQS inspection.

3. Recertifications

The **Owner's** annual standard for re-certifications as applicable is that each tenant household must be recertified no more than ninety (90) days and no less than thirty (30) days prior to the tenant's lease expiration. Tenants may be contacted regarding recertification no earlier than 120 days prior to the tenant household's lease expiration. The monthly report must indicate for each tenant whose lease expired during the preceding month the date the tenant was contacted regarding recertification and the date recertification was completed.

D. Resolving Conflicts and Ambiguities

All the remaining provisions in the Management Agreement shall remain in full force and effect. If any of the provisions herein conflict or create ambiguities with the Agreement, the resolution of such conflict or ambiguity shall be that which most benefits the **Owner**.

IX. SUBMISSION REQUIREMENTS

Offerors submitting their Proposal should fully read and comprehend the Sample Contract for Property Management Services and HUD Forms attached to this **RFP**; Responses received without all of the required information may be rejected.

Proposals must include, in the tab order as listed below and using the forms attached hereto, the following information, exhibits, and schedules:

A. General Information (TAB 1)

1. Letter of Interest including contact name and telephone number (Cover letter)
2. Organizational Narrative indicating the type of Organization: Corporation, Partnership, Joint Venture or Sole Proprietorship. Names of shareholders, partners, principals and any other persons exercising control over the entity(ies).
3. Organizational Certifications:
 - Copies of Certificate of Incorporation, Partnership Agreement, Joint Venture or other organizational document.
 - Completed W-9.
4. A narrative listing of the **Offeror's** stakeholders, partners, contractors or members and the roles each will have in this initiative.
5. Current Insurance Certificate – showing insurance coverage levels.

B. Previously Related Experience (TAB 2)

1. Describe why **Offeror** feels its organization is qualified to provide the requested services. Describe your firm's level of experience in managing affordable multifamily housing, including blended properties (properties receiving subsidies from multiple sources and/or financed through multiple programs).

Provide examples of your firm's successful management of properties catering to a resident population comprised of a mix of rental property including tax credit, and market rate units. Describe the types of populations your company has served, and the techniques used to successfully manage the properties.

2. Provide a list of properties currently under management and identify the following for each property: Name of Property, address and approximate year built, number of units, type of property (e.g., multi-family, senior), financing program used, number of years managing.
3. Provide information about Offeror's past clients for whom the **Offeror** provided the same or similar services. By providing the names, you agree that the references may speak to the **HCHA** freely and openly about your firm's past performance without the threat of any repercussions. You are required to list all Housing Authorities for which your firm has provided management services. You may also provide references from related service providers or agency personnel. Include a brief description of **Offeror's** business relationship with the reference. Such listing shall include at least the following information for a minimum of three (3) references;
 - Name of the contracting entity. If the **Offeror** has performed work for any housing authority, that housing authority must be listed as a reference.
 - Name, title and a telephone number of a contact person for each identified contracting entity to permit reference checks to be performed. The identified party must be one who has first-hand knowledge regarding the operation of the contracted facility or project and who was involved in managing the contract between the **Offeror** and the contracting entity.
4. Disclose all citations, sanctions, reprimands, criminal convictions, or criminal investigations that your firm has received in the past five years from any governing body. Include any Fair Housing, real estate regulation, or tax credit compliance violation of a material nature. Please disclose any litigation, either pending, on-going or completed, between your company and any current or former property managed by your agency.

D. Methodology – Management (TAB 3)

1. Staffing: Provide a sample-staffing plan for the management of approximately 100 units of rental property comprised of federally assisted and market-rate units, including on-site staff, regional or supervisory staff, and executive point of contact.
2. Financial Reporting: Provide an actual or prototypical budget and income and expense report for a property owned and managed by the **Offeror** as evidence of the team's financial reporting systems and expertise in operating matters. Discuss your experience with or ability to provide:
 - Accrual Accounting - Do you generate accrual accounting statements and what software is used?
 - Electronic Posting - Do you have the ability to deliver accounting statements and reports electronically?
 - Budgeting Procedures – How do you implement budget control for a specific site?
 - Provide a sample monthly statement packet

3. Operational Policies:

Provide a copy of a site-level procedural manual (management plan). Discuss your firm's approach to the following:

- Management Plan – Provide a sample management plan for the property. Discuss in detail the following:
 - i. Maintenance
 - ii. Resident services
 - iii. Resident Relations
 - iv. Marketing (including Affirmative Fair Housing marketing)
 - v. Strategic Planning
 - vi. Management/Staff Review
 - vii. Occupancy Rate
 - viii. Rent Collection
 - ix. Section 504/UFAS Compliance
 - x. Reasonable Accommodations/Fair Housing
 - xi. Routine Maintenance and Preventative Maintenance
 - xii. Public Relations and Crisis Management
 - xiii. Based on your experience, provide suggestions and comments regarding project operations that you believe essential to successful operations

E. Certifications, HUD and HCHA Forms (TAB 4)

Each **Offeror** must complete all the attached forms as provided in this **RFP**.

F. Fees and Financial Statement:

Provide the Management fee your firm will charge as the management agent for the property as a percent of rent collected and a detailed breakdown of how it is calculated. Indicate all services that the management fee will cover. Indicate what services and personnel, if any, will be charged as a direct expense to the property.

Furthermore, provide a current financial statement of the **Offeror** prepared by a Certified Public Accountant along with the firm's most recent audit (if any). The statement should show assets, liabilities, and net worth of the firm and should include information on all partners or principal shareholders or members. Any **Offeror** who desires for this information to be kept confidential should provide this information in a separate sealed envelope clearly marked "confidential information." Such information will then be held as confidential.

X. EVALUATION CRITERIA

The Evaluation Committee will evaluate and will score each qualification that is submitted as a complete response. It is noted that the proposed Fee will be evaluated separately. Responses may receive a maximum score of one hundred (100) points subdivided as follows:

Experience of Firm:

Maximum 20 points

Demonstrated successful experience and capability of the **Offeror** in providing services described in this Request for Proposals.

Experience of Proposed Staff: **Maximum 20 points**
Demonstrated successful experience and capability of the proposed staff proposed for this project in providing the services described in this Request for Proposals.

Capacity: **Maximum 15 points**
Demonstrated ability of the **Offeror** to provide the resources (staffing, equipment, office facilities and other) necessary for the timely and efficient implementation of **HCHA's** goals and objectives as described in this solicitation.

Proposed Fee: **Maximum 20 points**
Proposed management fee and level of service are reasonable and appropriate in relation to the services requested.

Methodology: **Maximum 10 points**
The **Offeror's** proposed methodology is reasonable and logical and will ensure that **HCHA** requirements will be met and indicates that the **Offeror** has a clear understanding of the scope of services required.

Social Supportive Services: **Maximum 10 points**
Demonstrated experience in the administration of the delivery of resident social supportive services.

Section 3 & MBE/WBE Participation: **Maximum 5 points**
Demonstrated experience and/or commitment in using Section 3 or Minority/Women Business Enterprise vendors for services at their properties.

XI. CONFIDENTIALITY OF PROPOSALS

There will be no public opening of proposals. All proposals and information concerning same shall remain confidential until all negotiations are completed, and the Notice of Award is issued. **Offerors** are hereby notified that all proposals received by **HCHA** shall be included as part of the official contract file. Therefore, any part of the proposals that is not considered confidential, privileged or proprietary under any applicable Federal, State or local law shall be available for public inspection upon completion of the procurement process. Any material submitted by the **Offeror** that is to be considered as confidential must be clearly marked as such; however, the applicable provisions of Federal, State and local laws shall govern the confidentiality of proposals despite anything contrary to this provision stated in the proposal.

XII. MINORITY/WOMEN BUSINESS PARTICIPATION

The firm awarded the contract agrees to use its best efforts to subcontract with minority business enterprises and/or women business enterprises, certified as such or recognized by the **HCHA** as such. The **Offeror** shall make a good faith effort to subcontract a sufficient dollar amount with MBE/WBE firms or attorneys to ensure the final contract dollars are expended on one or more MBE/WBEs. All adjustments to increase the contract will also increase the total amount that the Offeror must make a good faith effort to expend on MBE/WBEs. In the event **HCHA** has a reasonable belief that the **Offeror** will not use its best efforts to meet the 30 percent (30%) MBE/WBE participation goal, **HCHA** reserves the right to pull work from the contract. Best efforts may be established by showing the **Offeror** has contracted and solicited bids/quotes from subcontractors in identifying MBE/WBEs.

XIII. AVAILABILITY OF RECORDS

The U. S. Department of Housing and Urban Development, the U.S. Government Accounting Office, the Harris County Housing Authority, and any duly authorized representatives of each, shall have access to,

and the right to examine any and all pertinent books, records, documents, invoices, papers, and the like, of the firm(s) office or firm, which shall relate to the performance of the services to be provided.

XIV. PERTINENT FEDERAL REGULATIONS WITH REGARD TO NONDISCRIMINATION AND EQUAL OPPORTUNITY

The requirements of Title VIII of the Civil Rights Act of 1968 and Title VI of the Civil Rights Act of 1964, relating to prohibitions against discrimination in housing and the benefits of federally funded programs because of race, color, religion, sex or national origin must be met by the successful Offeror.

The successful **Offeror** must adhere to federal regulations prohibiting discrimination on the basis of age under the Age Discrimination Act of 1975 and prohibit discrimination against handicapped individuals under Section 504 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act of 1989.

The requirements of Executive Order 11246, relating to equal employment opportunity in connection with federally funded programs must be met by the successful Offeror.

The successful **Offeror** must also meet the requirements of Section 3 of the Housing and Urban Development Act of 1968, relating to the training and employment of individuals, and contracting for business opportunities in metropolitan areas in which federally funded programs are being operated.

The successful **Offeror** must meet the requirements of Executive Orders 11625, 12432, and 12138 relating to the use of minority and women's business enterprises in connection with federally funded programs.

ATTACHMENT A
CONFLICT OF INTEREST QUESTIONNAIRE (CIQ)

CONFLICT OF INTEREST QUESTIONNAIRE

FORM CIQ

For vendor doing business with local governmental entity

This questionnaire reflects changes made to the law by H.B. 23, 84th Leg., Regular Session.

This questionnaire is being filed in accordance with Chapter 176, Local Government Code, by a vendor who has a business relationship as defined by Section 176.001(1-a) with a local governmental entity and the vendor meets requirements under Section 176.006(a).

By law this questionnaire must be filed with the records administrator of the local governmental entity not later than the 7th business day after the date the vendor becomes aware of facts that require the statement to be filed. See Section 176.006(a-1), Local Government Code.

A vendor commits an offense if the vendor knowingly violates Section 176.006, Local Government Code. An offense under this section is a misdemeanor.

OFFICE USE ONLY

Date Received

1 Name of vendor who has a business relationship with local governmental entity.

2 Check this box if you are filing an update to a previously filed questionnaire. (The law requires that you file an updated completed questionnaire with the appropriate filing authority not later than the 7th business day after the date on which you became aware that the originally filed questionnaire was incomplete or inaccurate.)

3 Name of local government officer about whom the information is being disclosed.

Name of Officer

4 Describe each employment or other business relationship with the local government officer, or a family member of the officer, as described by Section 176.003(a)(2)(A). Also describe any family relationship with the local government officer. Complete subparts A and B for each employment or business relationship described. Attach additional pages to this Form CIQ as necessary.

A. Is the local government officer or a family member of the officer receiving or likely to receive taxable income, other than investment income, from the vendor?

Yes No

B. Is the vendor receiving or likely to receive taxable income, other than investment income, from or at the direction of the local government officer or a family member of the officer AND the taxable income is not received from the local governmental entity?

Yes No

5 Describe each employment or business relationship that the vendor named in Section 1 maintains with a corporation or other business entity with respect to which the local government officer serves as an officer or director, or holds an ownership interest of one percent or more.

6 Check this box if the vendor has given the local government officer or a family member of the officer one or more gifts as described in Section 176.003(a)(2)(B), excluding gifts described in Section 176.003(a-1).

7

Signature of vendor doing business with the governmental entity

Date

CONFLICT OF INTEREST QUESTIONNAIRE

For vendor doing business with local governmental entity

A complete copy of Chapter 176 of the Local Government Code may be found at <http://www.statutes.legis.state.tx.us/Docs/LG/htm/LG.176.htm>. For easy reference, below are some of the sections cited on this form.

Local Government Code § 176.001(1-a): "Business relationship" means a connection between two or more parties based on commercial activity of one of the parties. The term does not include a connection based on:

- (A) a transaction that is subject to rate or fee regulation by a federal, state, or local governmental entity or an agency of a federal, state, or local governmental entity;
- (B) a transaction conducted at a price and subject to terms available to the public; or
- (C) a purchase or lease of goods or services from a person that is chartered by a state or federal agency and that is subject to regular examination by, and reporting to, that agency.

Local Government Code § 176.003(a)(2)(A) and (B):

(a) A local government officer shall file a conflicts disclosure statement with respect to a vendor if:

(2) the vendor:

(A) has an employment or other business relationship with the local government officer or a family member of the officer that results in the officer or family member receiving taxable income, other than investment income, that exceeds \$2,500 during the 12-month period preceding the date that the officer becomes aware that

- (i) a contract between the local governmental entity and vendor has been executed; or
- (ii) the local governmental entity is considering entering into a contract with the vendor;

(B) has given to the local government officer or a family member of the officer one or more gifts that have an aggregate value of more than \$100 in the 12-month period preceding the date the officer becomes aware that:

- (i) a contract between the local governmental entity and vendor has been executed; or
- (ii) the local governmental entity is considering entering into a contract with the vendor.

Local Government Code § 176.006(a) and (a-1)

(a) A vendor shall file a completed conflict of interest questionnaire if the vendor has a business relationship with a local governmental entity and:

- (1) has an employment or other business relationship with a local government officer of that local governmental entity, or a family member of the officer, described by Section 176.003(a)(2)(A);
- (2) has given a local government officer of that local governmental entity, or a family member of the officer, one or more gifts with the aggregate value specified by Section 176.003(a)(2)(B), excluding any gift described by Section 176.003(a-1); or
- (3) has a family relationship with a local government officer of that local governmental entity.

(a-1) The completed conflict of interest questionnaire must be filed with the appropriate records administrator not later than the seventh business day after the later of:

(1) the date that the vendor:

- (A) begins discussions or negotiations to enter into a contract with the local governmental entity; or
- (B) submits to the local governmental entity an application, response to a request for proposals or bids, correspondence, or another writing related to a potential contract with the local governmental entity; or

(2) the date the vendor becomes aware:

- (A) of an employment or other business relationship with a local government officer, or a family member of the officer, described by Subsection (a);
- (B) that the vendor has given one or more gifts described by Subsection (a); or
- (C) of a family relationship with a local government officer.

ATTACHMENT B

M/WBE PARTICIPATION

BIDDER'S PROPOSED M/WBE PARTICIPATION FORMS

M/WBE PARTICIPATION: The consultant agrees to make its best efforts to subcontract with minority business enterprises and/or women business enterprises (herein called M/WBE) certified as such or recognized by HCHA as a certified M/WBE. Consultant shall make its best efforts to subcontract a sufficient dollar amount with M/WBEs to ensure that a minimum of 30 percent of the final contract dollars are expended on one or more M/WBEs. All adjustments that cause the contract price to increase will also increase the total amount that Consultant must make its best efforts to expend on M/WBEs.

USING BEST EFFORTS TO FULFILL M/WBE REQUIREMENT: In the event, HCHA has a reasonable belief that Consultant will not use his/her/its best efforts to meet the 30 percent M/WBE participation goal, HCHA reserves the right to pull work from the contract. Best efforts may be established by showing that Consultant has contacted and solicited bids/quotes from subcontractors and worked with HCHA to seek assistance in identifying M/WBEs.

FAILURE TO USE YOUR BEST EFFORTS TO COMPLY MAY CONSTITUTE BREACH OF CONTRACT AND SUBJECT THE CONTRACT TO TERMINATION.

NOTIFICATION OF M/WBE PARTICIPATION: Consultant agrees to promptly complete and return all M/WBE Confirmation of Participation and M/WBE Confirmation of Payment forms utilized by HCHA to confirm M/WBE subcontractor by submitting copies of checks made payable to the respective M/WBE subcontractor signed by the successful Offeror.

CONSULTANT

DATE

**SAMPLE FORMAT FOR RECORDKEEPING
ESTIMATED PROJECT WORK FORCE BREAKDOWN**

M/WBE PARTICIPATION

JOB CATEGORY	TOTAL ESTIMATED POSITIONS NEEDED FOR PROJECT	NO. POSITIONS OCCUPIED BY PERMANENT EMPLOYEES	NUMBER OF POSITIONS NOT OCCUPIED	NUMBER OF POSITIONS TO BE FILLED WITH M/WBE
OFFICER/SUPERVISOR				
PROFESSIONAL				
TECHNICAL				
OFFICE/CLERICAL				
SERVICE WORKERS				
TRAINEES				
CONTRACTS:				
OTHERS				

Company

Project Name

Person Completing Form

Date

ATTACHMENT C

Affirmative Action for Handicapped Workers

EXHIBIT C
AFFIRMATIVE ACTION FOR DISABLED WORKERS

41 CFR 60-741.4

41 CFR 60-250.4

- (a) The Consultant will not discriminate against any employee or applicant for employment because of physical or mental handicap in regard to any position for which the employee or applicant for employment is qualified. The Consultant agrees to take affirmative action to employ, advance in employment, and otherwise treat qualified handicapped individuals without discrimination based upon their physical or mental handicap in all employment practices such as the following: employment, upgrading, demotion or transfer, recruitment, advertising, layoff or termination, rates of pay or other forms of compensation, and selection of training, including apprenticeship.
- (b) The Consultant agrees to comply with the rules, regulations, and relevant orders of the Secretary of Labor issued pursuant to the Act.
- (c) In the event of the Consultant's noncompliance with the requirements of this clause, actions for noncompliance may be taken in accordance with the rules, regulations, and relevant orders of the Secretary of Labor issued pursuant to the Act.
- (d) The Consultant agrees to post in conspicuous places, available to employees and applicants for employment, notice in a form to be prescribed by the Chief Development Officer, provided by or through the HCHA. Such notices shall state the Consultant's obligation under the law to take affirmative action to employ and advance in employment qualified handicapped employees and applicants for employment, and the rights of applicants and employees.
- (e) The Consultant will notify each labor union or representative of workers with which it has a collective bargaining agreement or other contract or other understanding, that the Consultant is bound by the terms of Section 503 of the Rehabilitation Act of 1973, and is committed to take affirmative action to employ and advance in employment physically and mentally handicapped individuals.
- (f) The Consultant will include the provisions of this clause in every subcontract or purchase order of \$2,500 or more unless exempted by rules, regulations, or orders of the Secretary issued pursuant to Section 503 of the Act, so that such provisions will be binding upon each subcontract or vendor. The Consultant will take such action with request to any subcontract or purchase orders as the Director of the Office of Federal Contract Compliance Programs may direct to enforce such provisions, including action for noncompliance.
- (g) The Consultant will not discriminate against any employee or applicant for employment because he or she is a disabled veteran or veteran of the Vietnam Era in regard to any position for which the employee or applicant for employment is qualified.

The Consultant shall comply with the affirmative action clause prescribe in 41 C.F.R. Section 60-250.4(a) through (m) and the regulations contained in part 60-250.

ATTACHMENT D

**Instructions to Offerors for Non-Construction
Contracts (Form HUD-5369-B)**

Instructions to Offerors Non-Construction

U.S. Department of Housing
and Urban Development
Office of Public and Indian Housing



- 03291 -

1. Preparation of Offers

(a) Offerors are expected to examine the statement of work, the proposed contract terms and conditions, and all instructions. Failure to do so will be at the offeror's risk.

(b) Each offeror shall furnish the information required by the solicitation. The offeror shall sign the offer and print or type its name on the cover sheet and each continuation sheet on which it makes an entry. Erasures or other changes must be initialed by the person signing the offer. Offers signed by an agent shall be accompanied by evidence of that agent's authority, unless that evidence has been previously furnished to the HA.

(c) Offers for services other than those specified will not be considered.

2. Submission of Offers

(a) Offers and modifications thereof shall be submitted in sealed envelopes or packages (1) addressed to the office specified in the solicitation, and (2) showing the time specified for receipt, the solicitation number, and the name and address of the offeror.

(b) Telegraphic offers will not be considered unless authorized by the solicitation; however, offers may be modified by written or telegraphic notice.

(c) Facsimile offers, modifications or withdrawals will not be considered unless authorized by the solicitation.

3. Amendments to Solicitations

(a) If this solicitation is amended, then all terms and conditions which are not modified remain unchanged.

(b) Offerors shall acknowledge receipt of any amendments to this solicitation by

- (1) signing and returning the amendment;
- (2) identifying the amendment number and date in the space provided for this purpose on the form for submitting an offer,
- (3) letter or telegram, or
- (4) facsimile, if facsimile offers are authorized in the solicitation. The HA/HUD must receive the acknowledgment by the time specified for receipt of offers.

4. Explanation to Prospective Offerors

Any prospective offeror desiring an explanation or interpretation of the solicitation, statement of work, etc., must request it in writing soon enough to allow a reply to reach all prospective offerors before the submission of their offers. Oral explanations or instructions given before the award of the contract will not be binding. Any information given to a prospective offeror concerning a solicitation will be furnished promptly to all other prospective offerors as an amendment of the solicitation, if that information is necessary in submitting offers or if the lack of it would be prejudicial to any other prospective offerors.

5. Responsibility of Prospective Contractor

(a) The HA shall award a contract only to a responsible prospective contractor who is able to perform successfully under the terms and conditions of the proposed contract. To be determined responsible, a prospective contractor must -

- (1) Have adequate financial resources to perform the contract, or the ability to obtain them;

- (2) Have a satisfactory performance record;
- (3) Have a satisfactory record of integrity and business ethics;
- (4) Have a satisfactory record of compliance with public policy (e.g., Equal Employment Opportunity); and
- (5) Not have been suspended, debarred, or otherwise determined to be ineligible for award of contracts by the Department of Housing and Urban Development or any other agency of the U.S. Government. Current lists of ineligible contractors are available for inspection at the HA/HUD.

(b) Before an offer is considered for award, the offeror may be requested by the HA to submit a statement or other documentation regarding any of the foregoing requirements. Failure by the offeror to provide such additional information may render the offeror ineligible for award.

6. Late Submissions, Modifications, and Withdrawal of Offers

(a) Any offer received at the place designated in the solicitation after the exact time specified for receipt will not be considered unless it is received before award is made and it -

- (1) Was sent by registered or certified mail not later than the fifth calendar day before the date specified for receipt of offers (e.g., an offer submitted in response to a solicitation requiring receipt of offers by the 20th of the month must have been mailed by the 15th);
- (2) Was sent by mail, or if authorized by the solicitation, was sent by telegram or via facsimile, and it is determined by the HA/ HUD that the late receipt was due solely to mishandling by the HA/ HUD after receipt at the HA;
- (3) Was sent by U.S. Postal Service Express Mail Next Day Service - Post Office to Addressee, not later than 5:00 p.m. at the place of mailing two working days prior to the date specified for receipt of proposals. The term "working days" excludes weekends and U.S. Federal holidays; or
- (4) Is the only offer received.

(b) Any modification of an offer, except a modification resulting from the HA's request for "best and final" offer (if this solicitation is a request for proposals), is subject to the same conditions as in subparagraphs (a)(1), (2), and (3) of this provision.

(c) A modification resulting from the HA's request for "best and final" offer received after the time and date specified in the request will not be considered unless received before award and the late receipt is due solely to mishandling by the HA after receipt at the HA.

(d) The only acceptable evidence to establish the date of mailing of a late offer, modification, or withdrawal sent either by registered or certified mail is the U.S. or Canadian Postal Service postmark both on the envelope or wrapper and on the original receipt from the U.S. or Canadian Postal Service. Both postmarks must show a legible date or the offer, modification, or withdrawal shall be processed as if mailed late. "Postmark" means a printed, stamped, or otherwise placed impression (exclusive of a postage meter machine impression) that is readily identifiable without further action as having been supplied and affixed by employees of the U.S. or Canadian Postal Service on the date of mailing. Therefore, offerors should request the postal clerk to place a hand cancellation bull's-eye postmark on both the receipt and the envelope or wrapper.

(e) The only acceptable evidence to establish the time of receipt at the HA is the time/date stamp of HA on the offer wrapper or other documentary evidence of receipt maintained by the HA.

(f) The only acceptable evidence to establish the date of mailing of a late offer, modification, or withdrawal sent by Express Mail Next Day Service-Post Office to Addressee is the date entered by the post office receiving clerk on the "Express Mail Next Day Service-Post Office to Addressee" label and the postmark on both the envelope or wrapper and on the original receipt from the U.S. Postal Service. "Postmark" has the same meaning as defined in paragraph (c) of this provision, excluding postmarks of the Canadian Postal Service. Therefore, offerors should request the postal clerk to place a legible hand cancellation bull's eye postmark on both the receipt and the envelope or wrapper.

(g) Notwithstanding paragraph (a) of this provision, a late modification of an otherwise successful offer that makes its terms more favorable to the HA will be considered at any time it is received and may be accepted.

(h) If this solicitation is a request for proposals, proposals may be withdrawn by written notice, or if authorized by this solicitation, by telegram (including mailgram) or facsimile machine transmission received at any time before award. Proposals may be withdrawn in person by a offeror or its authorized representative if the identity of the person requesting withdrawal is established and the person signs a receipt for the offer before award. If this solicitation is an invitation for bids, bids may be withdrawn at any time prior to bid opening.

7. Contract Award

(a) The HA will award a contract resulting from this solicitation to the responsible offeror whose offer conforming to the solicitation will be most advantageous to the HA, cost or price and other factors, specified elsewhere in this solicitation, considered.

(b) The HA may

- (1) reject any or all offers if such action is in the HA's interest,
- (2) accept other than the lowest offer,
- (3) waive informalities and minor irregularities in offers received, and (4) award more than one contract for all or part of the requirements stated.

(c) If this solicitation is a request for proposals, the HA may award a contract on the basis of initial offers received, without discussions. Therefore, each initial offer should contain the offeror's best terms from a cost or price and technical standpoint.

(d) A written award or acceptance of offer mailed or otherwise furnished to the successful offeror within the time for acceptance specified in the offer shall result in a binding contract without further action by either party. If this solicitation is a request for proposals, before the offer's specified expiration time, the HA may accept an offer, whether or not there are negotiations after its receipt, unless a written notice of withdrawal is received before award. Negotiations conducted after receipt of an offer do not constitute a rejection or counteroffer by the HA.

(e) Neither financial data submitted with an offer, nor representations concerning facilities or financing, will form a part of the resulting contract.

8. Service of Protest

Any protest against the award of a contract pursuant to this solicitation shall be served on the HA by obtaining written and dated acknowledgment of receipt from the HA at the address shown on the cover of this solicitation. The determination of the HA with regard to such protest or to proceed to award notwithstanding such protest shall be final unless appealed by the protestor.

9. Offer Submission

Offers shall be submitted as follows and shall be enclosed in a sealed envelope and addressed to the office specified in the solicitation. The proposal shall show the hour and date specified in the solicitation for receipt, the solicitation number, and the name and address of the offeror, on the face of the envelope.

It is very important that the offer be properly identified on the face of the envelope as set forth above in order to insure that the date and time of receipt is stamped on the face of the offer envelope. Receiving procedures are: date and time stamp those envelopes identified as proposals and deliver them immediately to the appropriate contracting official, and only date stamp those envelopes which do not contain identification of the contents and deliver them to the appropriate procuring activity only through the routine mail delivery procedure.

[Describe bid or proposal preparation instructions here:]

ATTACHMENT E

**Certifications and Representations of Offerors for
Non-Construction Contracts (Form HUD 5369-C)**

Certifications and Representations of Offerors Non-Construction Contract

U.S. Department of Housing
and Urban Development
Office of Public and Indian Housing

OMB Approval No: 2577-0180 (exp. 7/30/96)

Public reporting burden for this collection of information is estimated to average 5 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

This form includes clauses required by OMB's common rule on bidding/offering procedures, implemented by HUD in 24 CFR 85.36, and those requirements set forth in Executive Order 11625 for small, minority, women-owned businesses, and certifications for independent price determination, and conflict of interest. The form is required for nonconstruction contracts awarded by Housing Agencies (HAs). The form is used by bidders/offerors to certify to the HA's Contracting Officer for contract compliance. If the form were not used, HAs would be unable to enforce their contracts. Responses to the collection of information are required to obtain a benefit or to retain a benefit. The information requested does not lend itself to confidentiality.

1. Contingent Fee Representation and Agreement

(a) The bidder/offeror represents and certifies as part of its bid/offer that, except for full-time bona fide employees working solely for the bidder/offeror, the bidder/offeror:

- (1) has, has not employed or retained any person or company to solicit or obtain this contract; and
- (2) has, has not paid or agreed to pay to any person or company employed or retained to solicit or obtain this contract any commission, percentage, brokerage, or other fee contingent upon or resulting from the award of this contract.

(b) If the answer to either (a)(1) or (a) (2) above is affirmative, the bidder/offeror shall make an immediate and full written disclosure to the PHA Contracting Officer.

(c) Any misrepresentation by the bidder/offeror shall give the PHA the right to (1) terminate the resultant contract; (2) at its discretion, to deduct from contract payments the amount of any commission, percentage, brokerage, or other contingent fee; or (3) take other remedy pursuant to the contract.

2. Small, Minority, Women-Owned Business Concern Representation

The bidder/offeror represents and certifies as part of its bid/offer that it:

- (a) is, is not a small business concern. "Small business concern," as used in this provision, means a concern, including its affiliates, that is independently owned and operated, not dominant in the field of operation in which it is bidding, and qualified as a small business under the criteria and size standards in 13 CFR 121.
- (b) is, is not a women-owned small business concern. "Women-owned," as used in this provision, means a small business that is at least 51 percent owned by a woman or women who are U.S. citizens and who also control and operate the business.
- (c) is, is not a minority enterprise which, pursuant to Executive Order 11625, is defined as a business which is at least 51 percent owned by one or more minority group members or, in the case of a publicly owned business, at least 51 percent of its voting stock is owned by one or more minority group members, and whose management and daily operations are controlled by one or more such individuals.

For the purpose of this definition, minority group members are:

(Check the block applicable to you)

- | | |
|---|---|
| <input type="checkbox"/> Black Americans | <input type="checkbox"/> Asian Pacific Americans |
| <input type="checkbox"/> Hispanic Americans | <input type="checkbox"/> Asian Indian Americans |
| <input type="checkbox"/> Native Americans | <input type="checkbox"/> Hasidic Jewish Americans |

3. Certificate of Independent Price Determination

(a) The bidder/offeror certifies that—

- (1) The prices in this bid/offer have been arrived at independently, without, for the purpose of restricting competition, any consultation, communication, or agreement with any other bidder/offeror or competitor relating to (i) those prices, (ii) the intention to submit a bid/offer, or (iii) the methods or factors used to calculate the prices offered;
- (2) The prices in this bid/offer have not been and will not be knowingly disclosed by the bidder/offeror, directly or indirectly, to any other bidder/offeror or competitor before bid opening (in the case of a sealed bid solicitation) or contract award (in the case of a negotiated solicitation) unless otherwise required by law; and
- (3) No attempt has been made or will be made by the bidder/offeror to induce any other concern to submit or not to submit a bid/offer for the purpose of restricting competition.

(b) Each signature on the bid/offer is considered to be a certification by the signatory that the signatory:

- (1) Is the person in the bidder/offeror's organization responsible for determining the prices being offered in this bid or proposal, and that the signatory has not participated and will not participate in any action contrary to subparagraphs (a)(1) through (a)(3) above; or
- (2) (i) Has been authorized, in writing, to act as agent for the following principals in certifying that those principals have not participated, and will not participate in any action contrary to subparagraphs (a)(1) through (a)(3) above (insert full name of person(s) in the bidder/offeror's organization responsible for determining the prices offered in this bid or proposal, and the title of his or her position in the bidder/offeror's organization);
(ii) As an authorized agent, does certify that the principals named in subdivision (b)(2)(i) above have not participated, and will not participate, in any action contrary to subparagraphs (a)(1) through (a)(3) above; and

(iii) As an agent, has not personally participated, and will not participate in any action contrary to subparagraphs (a)(1) through (a)(3) above.

(c) If the bidder/offeror deletes or modifies subparagraph (a)2 above, the bidder/offeror must furnish with its bid/offer a signed statement setting forth in detail the circumstances of the disclosure.

4. Organizational Conflicts of Interest Certification

(a) The Contractor warrants that to the best of its knowledge and belief and except as otherwise disclosed, it does not have any organizational conflict of interest which is defined as a situation in which the nature of work under a proposed contract and a prospective contractor's organizational, financial, contractual or other interest are such that:

(i) Award of the contract may result in an unfair competitive advantage;

(ii) The Contractor's objectivity in performing the contract work may be impaired; or

(iii) That the Contractor has disclosed all relevant information and requested the HA to make a determination with respect to this Contract.

(b) The Contractor agrees that if after award he or she discovers an organizational conflict of interest with respect to this contract, he or she shall make an immediate and full disclosure in writing to the HA which shall include a description of the action which the Contractor has taken or intends to eliminate or neutralize the conflict. The HA may, however, terminate the Contract for the convenience of HA if it would be in the best interest of HA.

(c) In the event the Contractor was aware of an organizational conflict of interest before the award of this Contract and intentionally did not disclose the conflict to the HA, the HA may terminate the Contract for default.

(d) The Contractor shall require a disclosure or representation from subcontractors and consultants who may be in a position to influence the advice or assistance rendered to the HA and shall include any necessary provisions to eliminate or neutralize conflicts of interest in consultant agreements or subcontracts involving performance or work under this Contract.

5. Authorized Negotiators (RFPs only)

The offeror represents that the following persons are authorized to negotiate on its behalf with the PHA in connection with this request for proposals: (list names, titles, and telephone numbers of the authorized negotiators):

6. Conflict of Interest

In the absence of any actual or apparent conflict, the offeror, by submission of a proposal, hereby warrants that to the best of its knowledge and belief, no actual or apparent conflict of interest exists with regard to my possible performance of this procurement, as described in the clause in this solicitation titled "Organizational Conflict of Interest."

7. Offeror's Signature

The offeror hereby certifies that the information contained in these certifications and representations is accurate, complete, and current.

Signature & Date:

Typed or Printed Name:

Title:

ATTACHMENT F

FORM OF NON-COLLUSIVE AFFIDAVIT

STATE OF TEXAS

COUNTY OF HARRIS

_____, being first duly sworn, deposes and says that he is

(a partner or officer of the firm of, etc.)

of the party making the foregoing proposal or bid, that such proposal or bid is genuine and not collusive or sham; that said bidder has not colluded, conspired, connived or agreed, directly or indirectly, with any manner, directly or indirectly, sought by agreement or collusion, or communication or conference with any person to fix the bid price or affiant or of any other bidder, or to fix any overhead, profit, or cost element of said bid price, or of that of any other bidder, or to secure any advantage against

THE HARRIS COUNTY HOUSING AUTHORITY

or of any person interested in the proposed Contract; and that all statements in said proposal or bid are true.

Signature of Bidder, if Bidder is an Individual

Signature of Bidder, if Bidder is a Partnership

Signature of Officer, if Bidder is a Corporation

Subscribed and sworn to before me this ____ day of _____, 2017

Notary Public

My Commission expires: _____

ATTACHMENT G

Certification of Payments to Influence Federal Transactions

Certification of Payments to Influence Federal Transactions

U.S. Department of Housing
and Urban Development
Office of Public and Indian Housing

OMB Approval No. 2577-0157 (Exp. 01/31/2017)

Applicant Name

Program/Activity Receiving Federal Grant Funding

The undersigned certifies, to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an 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.

(2) 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 an 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, the undersigned shall complete and submit Standard Form-LLL, Disclosure Form to Report Lobbying, in accordance with its instructions.

(3) The undersigned shall require that the language 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 sub recipients shall certify and disclose accordingly.

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 a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. 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.

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. **Warning:** HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Name of Authorized Official

Title

Signature

Date (mm/dd/yyyy)

ATTACHMENT H

Declaration (Required Submission)

13.0 DECLARATION – (REQUIRED SUBMITTAL)

NAME

TITLE

CITY, STATE

SUBMITTAL DATE

The undersigned, as Offeror, declares that the only persons interested in this Response are named herein, that no other person has any interest in this proposal, that this proposal is made without connection or arrangement with any other person, and that this proposal is in every respect fair, in good faith, and without collusion or fraud.

The Offeror further declares that he/she has complied in every respect with all of the instructions of Offerors, and has read all addenda, if any, has satisfied himself or herself fully relative to all matters and conditions with respect to the proposal.

The Offeror agrees, if this proposal is accepted, to execute such agreement as appropriate for the purpose of establishing a formal contractual relationship between the Offeror and the HCHA for the performance of all requirements to which the proposal pertains.

The Offeror states that this proposal is based upon the proposal documents and amendments, if any.

Persons Interested in this Response:
Name Identity of Interest

- 1.
- 2.
- 3.

NAME OF FIRM/INDIVIDUAL/CORPORATION

SIGNATURE

TITLE

ATTACHMENT I

Section 3 Policy

Harris County Housing Authority
Section 3 Policy

STATEMENT OF PURPOSE

The purpose of Section 3 of the Housing and Urban Development Act of 1968, as amended by Section 915 of the Housing and Community Development Act of 1992, is to "ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with existing Federal, State and local laws and regulations, be directed toward low-and very low income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low-and very low-income persons." The 1992 Act sets forth:

- The types of HUD financial assistance, activities, and recipients subject to the requirements of Section 3;
- The specific individuals and business concerns who are the intended beneficiaries of the economic opportunities generated from HUD-assisted activities; and
- The order of priority in which these individuals and business concerns should be recruited and solicited for the employment and other economic opportunities generated from HUD-assisted activities.

The Harris Housing Authority's Section 3 Policy is expressed in this statement, the goal statement, and the preference tiers. Implementation procedures may be amended periodically to insure that the policy requirements are being met or to bring about efficiencies in the implementation of the program based on the practice and experience of running the program.

*Note that supply and delivery contracts are exempted from these Section 3 Policy requirements.

HARRIS COUNTY HOUSING AUTHORITY PREFERENCE TIERS

Harris County Housing Authority's preference is to ensure that as many housing authority residents as possible are employed. In an effort to further that goal, the Authority has created the following preference tier structure. Vendors are asked to comply with Section 3 by first considering Category I, hiring at the site where work is being performed. If the vendor demonstrates to the Authority's satisfaction the inability to hire at the site, the Authority's next preference is for the vendor to hire residents from other Authority properties and/or programs (Category II). If the vendor cannot meet its Section 3 goal in this manner and needs to move to other categories, the vendor must document this inability to comply with the preference.

I. Preference for Section 3 Residents in Training and Employment Opportunities

Category I Train/hire residents from the site where the work is being performed

Category II Train/hire residents of other housing developments and/or programs managed by the housing authority that is expending the covered assistance

Category III Train/hire participants in a HUD Youthbuild-like program being carried out in the metropolitan area or Non-metropolitan County in which the covered assistance is expended

Category IV Train/hire other Section 3 residents

II. Preference for Section 3 Business Concerns in Contracting Opportunities

Category I Businesses

Business concerns that are 51 percent or more owned by residents of the housing development or developments for which the Section 3 covered assistance is expended and whose full-time permanent workforce includes 30 percent of these persons as employees (or 30% of persons who were Section 3 residents within 3 years of their first employment)

Category II Businesses

Business concerns that are 51 percent or more owned by residents of other housing developments or developments managed by the housing authority that is expending the Section 3 covered assistance and whose full-time, permanent workforce includes 30 percent of these persons as employees (or 30% of persons who were Section 3 residents within 3 years of their first employment)

Category III Businesses

Business concerns that are 51 percent or more owned by residents of the housing development or developments for which the Section 3 covered assistance is expended

Category IV Businesses

Business concerns that are 51 percent or more owned by residents of other housing developments or developments managed by the housing authority that is expending the Section 3 covered assistance

Category V Businesses

HUD Youthbuild-like programs being carried out in the metropolitan area in which the Section 3 covered assistance is expended

Category VI Businesses

Business concerns that are 51 percent or more owned by Section 3 residents and:

- i. whose permanent, full-time workforce includes no less than 30 percent Section 3 residents; or
- ii. that subcontract 20 percent or more of the total amount of the contract (including modifications) and subcontracts 25 percent of the subcontracted amount to Section 3 business concerns

Category VII Businesses

Business concerns that are 51 percent or more owned by Section 3 residents

NOTE: For contracts or purchase orders \$100,000 or less, other economic opportunities can be identified without regard for the Harris County Housing Authority's preference requirements.

SECTION 3 COMPLIANCE REQUIREMENTS

Hiring

A. Background

1. The Section 3 regulations provide that recipients, their contractors, and any subcontractors demonstrate compliance by employing Section 3 residents as 5% of the aggregate number of new hires.

2. The Section 3 Regulations, at CFR Part 135, require that in affordable housing programs, compliance efforts shall be directed to provide training and employment opportunities to Section 3 residents in accordance with the HCHA preference tier structure.
3. If a new hire is needed and a Section 3 resident is identified, that Section 3 resident will be required to submit evidence of Section 3 status to the recipient, contractor or subcontractor.
4. The Harris County Housing Authority requires a preference for hiring from the development where work is being performed. However, the Harris County Housing Authority will not require a vendor to hire from the development at the site if:
 - a. A pre-identified list of Section 3 residents from a job site contains no persons qualified to perform the work. Qualified residents from other developments shall then be considered.
 - b. The vendor's workforce is adequate to do the job and no new hiring is needed. In the event that no new hires are needed, vendors must pursue other avenues of compliance as set forth in the Harris County Housing Authority's preference tier structure.

B. Compliance

1. As part of each bid or proposal submitted, the respondent must document their workforce by position. Such information will be re-verified at the commencement of the contract.
2. Vendors will be required to submit documentation in the form of payroll forms submitted weekly that clearly identify the Section 3 hires. The vendor must comply with the Section 3 requirement throughout the life of the contract. Harris County Housing will periodically audit this information. Failure to comply with the weekly submittal of payroll shall result in the delay of payment.
3. Harris County Housing Authority residents by virtue of their income are Section 3 residents. Contractors employing Harris County Housing Authority residents must retain documentation that demonstrates any Harris County Housing Authority residents hired to meet Section 3 employment goals are:
 - a. identified on the lease of household, that is lease compliant; and
 - b. able to provide to the contractor or subcontractor the client number for the household where Harris County Housing Authority residency is claimed. This client number must appear on the certified payrolls submitted by the vendor to verify a Section 3 hire.
4. Non-Harris County Housing Authority households claiming Section 3 status must be prepared to submit evidence of income and residency in Harris County at the time of hire. As part of the Section 3 compliance process, vendors will be required to document that employees hired meet the residency and income requirements.

Contracting

A. Background

1. The Section 3 Regulations, at 24 CFR Part 135, provide that the Harris County Housing Authority, its contractors and subcontractors may demonstrate compliance by awarding contracts to Section 3 business concerns or to vendors who contract with such firms.
2. Harris County Housing Authority's contracting goals require that Section 3 firms receive at least:
 - a. 10 percent of the total dollar of all Section 3 covered contracts for building trades work for maintenance, repair, modernization or development of public or Indian housing; or
 - b. 10 percent of the total dollar amount of all Section 3 covered contracts for building trades work arising in connection with housing rehabilitation, housing construction and other public construction; and
 - c. 3 percent of the total dollar amount of all other Section 3 covered contracts.
3. Goals apply to the entire amount of Section 3 covered assistance awarded to a recipient in any federal fiscal year (FFY), October 1 - September 30. Correspondingly, Harris County Housing Authority's goals shall apply to the total dollar amount of each contract or purchase order.

4. Recipients that award contracts to contractors that will provide training or hiring, must ensure that contractors provide training, employment and contracting opportunities to Section 3 residents and Section 3 business concerns.
5. Efforts shall be directed to award contracts to Section 3 business concerns according to HCHA preference categories.

B. Compliance

1. Business concerns claiming Section 3 status based on ownership and workforce or workforce only (as applicable) must meet that status at the time the bid or proposal is submitted to the Harris County Housing Authority.
2. Anyone claiming to be a Section 3 resident or business concern shall be required, as set forth by procedure, to provide evidence of such status.
3. Pursuant to 24 CFR 135.36 (c) any firm, prime or subcontractor claiming Section 3 status must demonstrate to the Authority's satisfaction that the business concern is responsible and has the ability to complete the work under the terms and conditions of the proposed contract. In evaluating firms under this provision the Authority will examine:
 - a. the work history and prior performance of the firm;
 - b. the requirements of the job versus the skills evidenced by the firm through its owners, officers, principals, and key staff;
 - c. technical and logistical capacity to complete the work considering contracts already awarded to the firm by the Authority or others;
 - d. bonding capacity and ability to obtain required insurance (with allowances for disadvantaged or startup firms);
 - e. evidence of past sanctions imposed by the Authority or others; and
 - f. evidence that the firm, its principals, associates, partners, subcontractors or others have not acted or colluded in order to circumvent the compliance process by structuring contractual or other relationships or engaging in practices designed to comply with Section 3 only to obtain the preference without regard to the work requirements of the job.
4. A business concern need not hire to be considered a Section 3 business provided that:
 - a. the business concern is 51 % or more owned by a Section 3 resident; or
 - b. the business concern's workforce consists of sufficient numbers of Section 3 residents to qualify the vendor as a Section 3 business (30% or more of the full-time workforce consists of Section 3 residents, or persons who were Section 3 residents within 3 years of first employment); or
 - c. the business concern subcontracts 20% or more of the total amount of the contract (including modifications) and in turn subcontracts 25% of the subcontracted amount to Section 3 business concerns (25% of 20%); or
5. After award of a contract, if a business concern must hire to maintain the Section 3 workforce percentage, new hiring efforts must be made in accordance with the Harris County Housing Authority preference tier for hiring (Category D).
6. If a business concern claims Section 3 status by virtue of workforce composition, documentation of the 30% workforce requirement must be submitted to the Authority as part of the response to the bid, quote, or proposal. Further, the firm must maintain the Section 3 workforce percentage throughout the life of the contract. Workforce composition is subject to audit.
7. A business concern (including joint-ventures) seeking to qualify for a Section 3 preference shall certify and submit evidence that they are entitled to the applicable Section 3 preference and that they are a Section 3 business concern as defined in 24 CFR, Part 135 and by the Harris County Housing Authority pursuant to this policy. Prime or subcontractors must submit documentation (including workforce composition data) as part of any bid, quote, or proposal submitted to the Harris County Housing Authority. Additional documentation is required for joint-ventures.

8. Firms that claim Section 3 business status by subcontracting (25% of 20%) of the total contract) to other Section 3 businesses must require that the subcontractor(s) provide ownership or workforce documentation as applicable. The prime contractors must keep such records on file and available for review by the Authority. Such documentation must also be submitted as part of any bid, quote or proposal.
9. Subcontractors identified by any prime contractor claiming Section 3 status per item 6 must be a Section 3 business by ownership and/or workforce as defined in this policy. Subcontractors used by prime contractors to comply with item 6 cannot claim Section 3 status by further subcontracting.
10. Section 3 Joint-Ventures - to meet Section 3 contracting goals the Authority is permitted to contract with an association of firms as least one of which meets the Authority's definition of a Section 3 business concern. A definition of a joint venture is provided in the definition section of this policy. Compliance requirements for joint-ventures are discussed below.
11. Joint-Ventures are subject to the following documentation requirements:
 - a. The joint-venture agreement must be in writing and must be submitted as part of the response to any bid or proposal solicited by the Harris County Housing Authority. In order for the Authority to evaluate the "adequacy" and "capacity", the agreement must describe in sufficient detail the area(s) of work assigned to each member of the joint-venture.
 - b. The joint-venture agreement must reference a completed and fully executed joint-venture certification, as provided by the Authority, which must also be attached to the joint-venture agreement as an exhibit.
 - c. The Harris County Housing Authority requires that the Section 3 joint-venture partner is a bona-fide Section 3 business; therefore, the joint-venture shall provide documentation that shows that the Section 3 partner meets the ownership and workforce, or workforce requirements established in this policy. Section 3 joint-venture partners cannot use subcontracting to establish their status as a Section 3 business concern.
 - d. Section 3 requires that the joint-venture partner be responsible for a clearly defined portion of the work. Proposals or bids must specify the labor hours assigned to and the compensation to be received by the Section 3 joint-venture firm.
 - e. Section 3 firms in the joint-venture must be qualified to perform the scope of work and have the capacity to complete the work assigned under the joint-venture agreement (see item b above).

Bid or Proposal Evaluation

- A. Vendors who fail to address Section 3 requirements will be deemed nonresponsive. This means that in the proposal or bid documents submitted to the Harris County Housing Authority, the Contractor's Affidavit and Compliance commitment must be completed including applicable attachments and supporting documentation to support claims of compliance by hiring, contracting, or other economic opportunities.
- B. After written notice from the Harris County Housing Authority specifying the defects in the Section 3 information, vendors will be given no more than 5 business days to complete the form and provide all required documents. Failure to respond within the 5 days will result in the Authority declaring the bidder or respondent non-responsive. The contract or bid will then be awarded to the next lowest bidder or to the respondent with the next highest score. Where the selection is a qualifications-based procurement, the Harris County Housing Authority will award to the firm that is the next highest ranked.

ATTACHMENT J

Ethics Policy

HARRIS COUNTY HOUSING AUTHORITY

Ethics Policy

Effective: August 15, 2012

Last Revised: August 5, 2015

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A. PURPOSE

As a county housing authority and public corporation, the Harris County Housing Authority (“Authority”) is obligated to achieve and maintain certain standards of ethics under state law and under its Annual Contributions Contract (“ACC”) with the U. S. Department of Housing and Urban Development (“HUD”). To achieve the highest standard of ethics and propriety, the Board of Commissioners adopted and established an Ethics Policy on August 15, 2012, to describe in a single document the various obligations of the Authority prescribed by federal and state law, and its contractual obligations with HUD. The purpose of the Ethics Policy is to maintain the reputation and goodwill of the Authority in Harris County and the state of Texas by ensuring that the public and other governmental entities have confidence in the integrity, independence, and impartiality of the commissioners, officers, employees, and other contractors of the Authority.

B. ENFORCEMENT

The board of commissioners shall recommend to any commissioner appropriate action to remediate or resolve any conflict or violation or shall refer to the Harris County Attorney’s Office the facts and issues regarding any unresolved conflict or violation by a

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commissioner that could constitute inefficiency, neglect of duty, or misconduct in office that might justify removal of the commissioner from office. The board of commissioners shall direct the executive director to remediate or resolve any conflict or violation involving an Authority employee. The executive director may take appropriate action to remedy or resolve an employee conflict or violation, including disciplinary action under the Employee Handbook.

C. ETHICS POLICY

All commissioners and employees shall abide by the provisions of Texas State law and the HUD ACC contained in the Sources of Law and Policy section below. To the extent allowed by federal or state law or the HUD ACC, the following rules shall further regulate the conduct of commissioners and employees to avoid the appearance or risk of impropriety:

Economic Benefit

A commissioner or employee shall not take any official action that he or she knows is likely to affect the economic interest of the commissioner or employee or their immediate family; an outside client or customer; a household member; the outside employer or a parent, child or spouse; a business entity or its affiliate of the commissioner or employee or their immediate family; a person or business entity from whom the commissioner or employee, or a spouse, has, within the previous 12 months, solicited, received and not rejected, or accepted an offer of employment, or with whom the commissioner or employee, or a spouse, has engaged in negotiations pertaining to business opportunities. Any commissioner or employee shall disclose such a relationship or interest and refrain from participation in any discussion or official action in the affected matter. A commissioner who is required to refrain from participation or action under this Section shall not be counted as "absent" for purposes of making a quorum under Article III, Section 7 of the Authority's Bylaws, because of the commissioner's refrainment.

Unfair Participation

A commissioner or employee may not use his or her official position to unfairly advance or impede private interests, or to grant or secure, or attempt to grant or secure, for any person, including himself or herself, any form of special consideration, treatment, exemption, or advantage beyond that which is lawfully available to other persons. A commissioner or employee shall not acquire an interest in, or acquire an interest affected by, any contract, transaction, decision or other matter, if the commissioner or employee knows that the interest will be affected by the impending official action by the Authority. A commissioner or employee may not enter into any agreement or understanding with any person that official action by the commissioner or employee will be rewarded or reciprocated by the other person. A commissioner or employee shall not appoint or employ, or vote to appoint or employ, any relative within the third degree of consanguinity or second degree of affinity to any office or position within the Authority. No commissioner or employee shall supervise a relative in the third degree of consanguinity or second degree of affinity. If an employee, because of marriage,

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promotion, reorganization, or otherwise, is placed into the line of supervision of a proscribed relative, one of the employees must be reassigned or other arrangements made for supervision. Any commissioner or employee shall disclose such a relationship or interest and refrain from participation in any discussion or official action in the affected matter.

Gifts

A commissioner or employee, and second degree relatives or outside business associates, shall not solicit, accept, or agree to accept any gift to benefit for himself or herself or an interested business entity that reasonably tends to influence or reward official conduct or that the commissioner or employee knows is being offered with the intent to influence or reward official conduct. A commissioner or employee shall not solicit any gift or benefit but may accept or agree to accept a non-cash gift of nominal value and meals in an individual expense of \$50 or less at any occurrence from any individual or business entity doing or seeking to do business with the Authority. However, except as provided in the sentence immediately below, such gifts may not in aggregate exceed \$250 during any 12-month period. Gifts of reasonable value related to a special occasion and the relationship between the donor and recipient, reasonable public awards, or rewards for meritorious service or professional achievement, scholarships and fellowships, admissions to events in his or her official capacity or a spouse's position, and solicitations for civic or charitable causes are excluded from this rule.

Confidential Information

A commissioner or employee shall not use his or her official position to obtain official information about any person or entity for any purpose other than in the performance of official duties. A commissioner or employee shall not intentionally, knowingly, or recklessly disclose any confidential information concerning the property, operations, policies, affairs, or tenants of the Authority excepted as permitted by the Texas Public Information Law or applicable federal law or regulation.

Representation of Private Interests

A commissioner or employee shall not represent any person, group, or entity before the Authority's board of commissioners or before staff having policy-making or decision-making responsibility. A commissioner or employee shall not assert the prestige of the commissioner's or employee's position for the purpose of advancing private interests or state, or imply that he or she is able to influence Authority action on any basis other than the merits.

Outside Employment

A commissioner or employee shall not solicit, accept, or engage in concurrent outside employment which could be reasonably expected to impair independence of judgment in or faithful performance of official duties. A commissioner or employee shall not provide services to an outside employer related to the commissioner or employee's official duties. A commissioner or employee shall disclose any outside employment to the Authority board of commissioners upon initial appointment and annually thereafter.

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Authority Property and Resources

A commissioner or employee shall not use, request, or permit the use of Authority facilities, personnel, vehicles, equipment, tools, supplies, property, or resources for personal, private, or political activities or purposes.

Political Activity

A commissioner or employee shall not induce or attempt to induce any commissioner or employee to participate in a partisan election campaign, contribute to a candidate or political action committee, or engage in any other political activity relating to a particular party, candidate, or issue, or to refrain from engaging in any lawful political activity. A commissioner or employee may encourage another to vote generally. A commissioner or employee shall not accept any compensation for services in any political activity related to any federal, state or local election for a candidate or issue.

Third-Party Actions

A commissioner or employee shall not assist or induce, or attempt to assist or induce, any person to violate any provision in the Ethics Policy. A commissioner or employee shall not circumvent the Ethics Policy through the acts of another person.

Interest in Contracts

A commissioner or employee shall not have a private or personal financial interest in any contract with the Authority or in the sale to the Authority of any land, materials, supplies, or service. A private or personal financial interest arises when a party to the contract or sale involves the commissioner or employee, or a parent, child or spouse, or a business entity in which the commissioner or employee, or a parent, child or spouse, owns 10% of the voting stock or shares, or of the fair market value of the business entity, or a business entity that is a subcontractor on an Authority contract, a partner, or a parent, or subsidiary business entity.

Disclosure, Determination, and Resolution of Conflicts and Violations

A commissioner or employee shall disclose any known conflicts of interest, proscribed relationships, or apparent or potential violations of the laws, HUD's ACC, or Ethics Policy to the board of commissioners and executive director upon initial appointment or employment and annually upon the beginning of each fiscal year. The Authority's counsel shall prepare disclosure forms, and amendments as necessary or reasonable for approval of the board of commissioners. The board of commissioners shall submit all disclosure forms to Authority counsel for review. Authority counsel shall determine whether there is any actual or potential conflict or violation of the laws, HUD's ACC, or Ethics Policy, and recommend action by the board of commissioners or executive director to resolve any conflict or violation.

Interpretation

Actions subject to the Ethics Policy shall be opined by the counsel to the Authority based on the known facts and issues and reported to the board of commissioners and executive

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director with recommended resolution of a conflict or violation of the law or general rules.

Annual Trainings

Commissioners are required to attend annual program and Board of Commissioners training to review the requirements of this Ethics Policy and their other responsibilities as Commissioners for Harris County Housing Authority.

D. SOURCES OF LAW AND POLICY

Certain Texas laws govern the ethics of commissioners and employees of housing authorities. The Ethics Policy will be amended automatically to incorporate any legislative amendments to these statutes that become law.

Texas Housing Authorities Law

The Texas Housing Authorities Law, Tex. Local Government Code, Chapter 392, includes two provisions regarding conflicts of interest affecting commissioners and employees:

Sec. 392.042. Interested Commissioners.

(a) In this section, "housing project" includes, in addition to the works or undertakings described by Subdivision (6) of Section 392.002:

- (1) a work or undertaking implemented for a reason described by Subdivision (6) of Section 392.002 that is financed in any way by public funds or tax-exempt revenue bonds; or
- (2) a building over which the housing authority has jurisdiction and of which a part is reserved for occupancy by persons who receive income or rental supplements from a governmental entity.

(b) Except as provided by Subsection (c), a commissioner of an authority may not have dealings with a housing project for pecuniary gain and may not own, acquire, or control a direct or indirect interest in a:

- (1) housing project;
- (2) property included or planned to be included in a housing project;
- (3) contract or proposed contract for the sale of land to be used for a housing project;
- (4) contract or proposed contract for the construction of a housing project; or
- (5) contract or proposed contract for the sale of materials or services to be furnished or used in connection with a housing project.

(c) A commissioner may:

- (1) manage a housing project;
- (2) own, acquire, or control a management company that renders management services to a housing project;
- (3) continue to own or control an interest in a housing project held by the commissioner before the commissioner's term of office began; or

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- (4) own, acquire, or control an interest in, or have dealings with, a housing project over which the commissioner's housing authority does not have jurisdiction.
- (d) If a commissioner manages, owns, acquires, or controls a direct or indirect interest in property included or planned to be included in a housing project or has any other dealings for pecuniary gain with a housing project, the commissioner shall immediately disclose the interest or dealings to the authority in writing. The disclosure shall be entered in the minutes of the authority. The failure to disclose the interest constitutes misconduct of office.
- (e) A commissioner who knowingly or intentionally violates Subsection (b) or (d) commits an offense. An offense under this subsection is a felony of the third degree.
- (f) A person finally convicted under Subsection (e) is ineligible for future employment with the state, a political subdivision of the state, or a public corporation formed under the authority of the state or a political subdivision of the state.

§ 392.043. Interested Employees

- (a) Except as provided by Subsection (b), (c), or (f), an employee of an authority may not have dealings with a housing project for pecuniary gain and may not own, acquire, or control a direct or indirect interest in a:
- (1) housing project;
 - (2) property included or planned to be included in a housing project;
 - (3) contract or proposed contract for the sale of land to be used for a housing project;
 - (4) contract or proposed contract for the construction of a housing project; or
 - (5) contract or proposed contract for the sale of materials or services to be furnished or used in connection with a housing project.
- (b) An employee may not have any dealings with a housing project for pecuniary gain except in the performance of duties as an employee of the housing authority.
- (c) Except as otherwise permitted by this chapter or another law, an employee of an authority may not be employed by or otherwise contract to provide services to another authority unless the first authority gives its written consent to the employment or contract. An employee of an authority who is employed by or who contracts to provide services to another authority under this subsection does not violate Subsection (a) or (b).
- (d) An employee who knowingly or intentionally violates Subsection (a) or (c) commits an offense. An offense under this subsection is a felony of the third degree.
- (e) A person finally convicted under Subsection (d) is ineligible for future employment with the state, a political subdivision of the state, or a public corporation formed under the authority of the state or a political subdivision of the state.
- (f) An employee of an authority may be a party to or otherwise participate in a contract or agreement for assistance under a housing program, including a contract or agreement for public housing, Section 8 housing assistance, low-interest home loans, lease-purchase assistance, or down payment assistance, to the same extent as a member of the public if the employee qualifies for assistance under the program.
- (g) In this section, "Section 8 housing assistance" means housing assistance provided under Section 8, United States Housing Act of 1937 (42 U.S.C. Section 1437f).

Local Public Official Conflict of Interest

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The Texas Government Code, Chapter 171, establishes conflict of interest boundaries for local public officials. Those applicable to housing authority commissioners and officers are included below:

§ 171.001. Definitions

In this chapter:

- (1) "Local public official" means a member of the governing body or another officer, whether elected, appointed, paid, or unpaid, of any district (including a school district), county, municipality, precinct, central appraisal district, transit authority or district, or other local governmental entity who exercises responsibilities beyond those that are advisory in nature.
- (2) "Business entity" means a sole proprietorship, partnership, firm, corporation, holding company, joint-stock company, receivership, trust, or any other entity recognized by law.

§ 171.002. Substantial Interest in Business Entity

- (a) For purposes of this chapter, a person has a substantial interest in a business entity if:
 - (1) the person owns 10 percent or more of the voting stock or shares of the business entity or owns either 10 percent or more or \$15,000 or more of the fair market value of the business entity; or
 - (2) funds received by the person from the business entity exceed 10 percent of the person's gross income for the previous year.
- (b) A person has a substantial interest in real property if the interest is an equitable or legal ownership with a fair market value of \$2,500 or more.
- (c) A local public official is considered to have a substantial interest under this section if a person related to the official in the first degree by consanguinity or affinity, as determined under Chapter 573, Government Code, has a substantial interest under this section.

§ 171.003. Prohibited Acts; Penalty

- (a) A local public official commits an offense if the official knowingly:
 - (1) violates Section 171.004;
 - (2) acts as surety for a business entity that has work, business, or a contract with the governmental entity; or
 - (3) acts as surety on any official bond required of an officer of the governmental entity.
- (b) An offense under this section is a Class A misdemeanor.

§ 171.004. Affidavit and Abstention From Voting Required

- (a) If a local public official has a substantial interest in a business entity or in real property, the official shall file, before a vote or decision on any matter involving the business entity or the real property, an affidavit stating the nature and extent of the interest and shall abstain from further participation in the matter if:
 - (1) in the case of a substantial interest in a business entity the action on the matter will have a special economic effect on the business entity that is distinguishable from the effect on the public; or

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(2) in the case of a substantial interest in real property, it is reasonably foreseeable that an action on the matter will have a special economic effect on the value of the property, distinguishable from its effect on the public.

(b) The affidavit must be filed with the official record keeper of the governmental entity.

(c) If a local public official is required to file and does file an affidavit under Subsection (a), the official is not required to abstain from further participation in the matter requiring the affidavit if a majority of the members of the governmental entity of which the official is a member is composed of persons who are likewise required to file and who do file affidavits of similar interests on the same official action.

§ 171.005. Voting on Budget

(a) The governing body of a governmental entity shall take a separate vote on any budget item specifically dedicated to a contract with a business entity in which a member of the governing body has a substantial interest.

(b) Except as provided by Section 171.004(c), the affected member may not participate in that separate vote. The member may vote on a final budget if:

- (1) the member has complied with this chapter; and
- (2) the matter in which the member is concerned has been resolved.

§ 171.006. Effect of Violation of Chapter

The finding by a court of a violation under this chapter does not render an action of the governing body voidable unless the measure that was the subject of an action involving a conflict of interest would not have passed the governing body without the vote of the person who violated the chapter.

§ 171.007. Common Law Preempted; Cumulative of Municipal Provisions

(a) This chapter preempts the common law of conflict of interests as applied to local public officials.

(b) This chapter is cumulative of municipal charter provisions and municipal ordinances defining and prohibiting conflicts of interests.

§ 171.009. Service on Board of Corporation for No Compensation

It shall be lawful for a local public official to serve as a member of the board of directors of private, nonprofit corporations when such officials receive no compensation or other remuneration from the nonprofit corporation or other nonprofit entity.

Texas Nepotism Law

The Texas Nepotism Law, Texas Government Code, Chapter 573, limits the relationships of a public official to employees and candidates for public positions:

§ 573.001. Definitions

In this chapter:

- (1) "Candidate" has the meaning assigned by Section 251.001, Election Code.
- (2) "Position" includes an office, clerkship, employment, or duty.
- (3) "Public official" means:

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- (A) an officer of this state or of a district, county, municipality, precinct, school district, or other political subdivision of this state;
- (B) an officer or member of a board of this state or of a district, county, municipality, school district, or other political subdivision of this state; or
- (C) a judge of a court created by or under a statute of this state.

§ 573.002. Degrees of Relationship

Except as provided by Section 573.043, this chapter applies to relationships within the third degree by consanguinity or within the second degree by affinity.

SUBCHAPTER B. RELATIONSHIPS BY CONSANGUINITY OR BY AFFINITY

§ 573.021. Method of Computing Degree of Relationship

The degree of a relationship is computed by the civil law method.

§ 573.022. Determination of Consanguinity

- (a) Two individuals are related to each other by consanguinity if:
 - (1) one is a descendant of the other; or
 - (2) they share a common ancestor.
- (b) An adopted child is considered to be a child of the adoptive parent for this purpose.

§ 573.023. Computation of Degree of Consanguinity

- (a) The degree of relationship by consanguinity between an individual and the individual's descendant is determined by the number of generations that separate them. A parent and child are related in the first degree, a grandparent and grandchild in the second degree, a great-grandparent and great-grandchild in the third degree and so on.
- (b) If an individual and the individual's relative are related by consanguinity, but neither is descended from the other, the degree of relationship is determined by adding:
 - (1) the number of generations between the individual and the nearest common ancestor of the individual and the individual's relative; and
 - (2) the number of generations between the relative and the nearest common ancestor.
- (c) An individual's relatives within the third degree by consanguinity are the individual's:
 - (1) parent or child (relatives in the first degree);
 - (2) brother, sister, grandparent, or grandchild (relatives in the second degree); and
 - (3) great-grandparent, great-grandchild, aunt who is a sister of a parent of the individual, uncle who is a brother of a parent of the individual, nephew who is a child of a brother or sister of the individual, or niece who is a child of a brother or sister of the individual (relatives in the third degree).

§ 573.024. Determination of Affinity

- (a) Two individuals are related to each other by affinity if:
 - (1) they are married to each other; or
 - (2) the spouse of one of the individuals is related by consanguinity to the other individual.

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(b) The ending of a marriage by divorce or the death of a spouse ends relationships by affinity created by that marriage unless a child of that marriage is living, in which case the marriage is considered to continue as long as a child of that marriage lives.

(c) Subsection (b) applies to a member of the board of trustees of or an officer of a school district only until the youngest child of the marriage reaches the age of 21 years.

§ 573.025. Computation of Degree of Affinity

(a) A husband and wife are related to each other in the first degree by affinity. For other relationships by affinity, the degree of relationship is the same as the degree of the underlying relationship by consanguinity. For example: if two individuals are related to each other in the second degree by consanguinity, the spouse of one of the individuals is related to the other individual in the second degree by affinity.

(b) An individual's relatives within the third degree by affinity are:

- (1) anyone related by consanguinity to the individual's spouse in one of the ways named in Section 573.023(c); and
- (2) the spouse of anyone related to the individual by consanguinity in one of the ways named in Section 573.023(c).

SUBCHAPTER C. NEPOTISM PROHIBITIONS

§ 573.041. Prohibition Applicable to Public Official

A public official may not appoint, confirm the appointment of, or vote for the appointment or confirmation of the appointment of an individual to a position that is to be directly or indirectly compensated from public funds or fees of office if:

- (1) the individual is related to the public official within a degree described by Section 573.002; or
- (2) the public official holds the appointment or confirmation authority as a member of a state or local board, the legislature, or a court and the individual is related to another member of that board, legislature, or court within a degree described by Section 573.002.

§ 573.062. Continuous Employment

(a) A nepotism prohibition prescribed by Section 573.041 or by a municipal charter or ordinance does not apply to an appointment, confirmation of an appointment, or vote for an appointment or confirmation of an appointment of an individual to a position if:

- (1) the individual is employed in the position immediately before the election or appointment of the public official to whom the individual is related in a prohibited degree; and
- (2) that prior employment of the individual is continuous for at least:
 - (A) 30 days, if the public official is appointed;
 - (B) six months, if the public official is elected at an election other than the general election for state and county officers; or
 - (C) one year, if the public official is elected at the general election for state and county officers.

(b) If, under Subsection (a), an individual continues in a position, the public official to whom the individual is related in a prohibited degree may not participate in any

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deliberation or voting on the appointment, reappointment, confirmation of the appointment or reappointment, employment, reemployment, change in status, compensation, or dismissal of the individual if that action applies only to the individual and is not taken regarding a bona fide class or category of employees.

SUBCHAPTER E. ENFORCEMENT

§ 573.081. Removal In General

(a) An individual who violates Subchapter C or Section 573.062(b) shall be removed from the individual's position. The removal must be made in accordance with the removal provisions in the constitution of this state, if applicable. If a provision of the constitution does not govern the removal, the removal must be by a quo warranto proceeding.

(b) A removal from a position shall be made immediately and summarily by the original appointing authority if a criminal conviction against the appointee for a violation of Subchapter C or Section 573.062(b) becomes final. If the removal is not made within 30 days after the date the conviction becomes final, the individual holding the position may be removed under Subsection (a).

§ 573.082. Removal by Quo Warranto Proceeding

(a) A quo warranto proceeding under this chapter must be brought by the attorney general in a district court in Travis County or in a district court of the county in which the defendant resides.

(b) The district or county attorney of the county in which a suit is filed under this section shall assist the attorney general at the attorney general's discretion.

§ 573.083. Withholding Payment of Compensation

A public official may not approve an account or draw or authorize the drawing of a warrant or order to pay the compensation of an ineligible individual if the official knows the individual is ineligible.

§ 573.084. Criminal Penalty

(a) An individual commits an offense involving official misconduct if the individual violates Subchapter C or Section 573.062(b) or 573.083.

(b) An offense under this section is a misdemeanor punishable by a fine not less than \$100 or more than \$1,000.

HUD Annual Contributions Contract

The Annual Contributions Contract (Form HUD-53012A) (ACC) between HUD and the Housing Authority prohibits certain interests involving commissioners and employees:

Section 19 – Conflict of Interest

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(A)(1) In addition to any other applicable conflict of interest requirements, neither the Authority nor any of its contractors or their contractors may enter into any contract, subcontract, or arrangement in connection with a project under this ACC in which any of the following classes of people has an interest, direct or indirect, during his or her tenure or for one year thereafter:

(i) Any present or former member or officer of the governing body of the HA, or any member of the officer's immediate family. There shall be excepted from this prohibition any present or former tenant commissioner who does not serve on the governing body of a resident corporation, and who otherwise does not occupy a policymaking position with the resident corporation, the Authority or a business entity.

(ii) Any employee of the Authority who formulates policy or who influences decisions with respect to the project(s), or any member of the employee's immediate family, or the employee's partner.

(iii) Any public official, member of the local governing body, or State or local legislator, or any member of such individual's immediate family, who exercises functions or responsibilities with respect to the project(s) or the HA.

(2) Any member of these classes of persons must disclose the member's interest or prospective interest to the Authority and HUD.

(3) The requirements of this subsection (A)(1) may be waived by HUD for good cause, if permitted under State and local law. No person for whom a waiver is requested may exercise responsibilities or functions with respect to the contract to which the waiver pertains.

(4) The provisions of this subsection (A) shall not apply to the General Depository Agreement entered into with an institution regulated by a Federal agency, or to utility service for which rates are fixed or controlled by a State or local agency.

(5) Nothing in this section shall prohibit a tenant of the Authority from serving on the governing body of the HA.

(B)(1) The Authority may not hire an employee in connection with a project under this ACC if the prospective employee is an immediate family member of any person belonging to one of the following classes:

(i) Any present or former member or officer of the governing body of the HA. There shall be excepted from this prohibition any former tenant commissioner who does not serve on the governing body of a resident corporation, and who otherwise does not occupy a policymaking position with the HA.

(ii) Any employee of the Authority who formulates policy or who influences decisions with respect to the project(s).

(iii) Any public official, member of the local governing body, or State or local legislator, who exercises functions or responsibilities with respect to the project(s) or the HA.

(2) The prohibition referred to in subsection (B)(1) shall remain in effect throughout the class member's tenure and for one year thereafter.

(3) The class member shall disclose to the Authority and HUD the member's familial relationship to the prospective employee.

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(4) The requirements of this subsection (B)(1) may be waived by the Authority Board of Commissioners for good cause, provided such waiver is permitted by State and local law.

(C) [applies only to an Indian Housing Authority]

(D) For purposes of this section, the term “immediate family member” means the spouse, mother, father, brother, sister, or child of a covered class member (whether related as a full blood relative, or as a “half” or “step” relative, e.g., a half-brother or stepchild).

ATTACHMENT K

SAMPLE MANAGEMENT AGREEMENT

MANAGEMENT AGREEMENT

THIS MANAGEMENT AGREEMENT ("Agreement") is made as of September __, 2018, by and between HCRA CYPRESSWOOD ESTATES, LLC, a Texas liability company ("Owner"), and _____ ("Manager").

A. Owner is the owner of an 88-unit multifamily seniors apartment complex intended for rental to persons of low and moderate income, known as Cypresswood Estates, and located in Harris County, Texas (the "Apartment Complex").

B. Owner is a wholly owned subsidiary of the Harris County Housing Authority ("HCHA").

C. Partial funding for the Apartment Complex came from the Harris County Community Services Department in NSP and CDBG grants to HCHA, which grants place restrictions on qualified tenants for the Apartment Complex.

D. The Apartment Complex was built as a Platinum LEEDS project and Owner wants to maintain such certification.

E. Manager is engaged in the business of property management.

F. Owner desires to engage Manager as property manager under the terms set forth in this Agreement.

NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, Owner and Manager mutually agree as follows:

1. Definitions.

"Affiliate" means any person that directly or indirectly, through one or more intermediaries, controls or is controlled by or is under common control with a designated Person.

"Budget" shall mean the Budget for the Apartment Complex as prepared by Manager and approved by Owner from time to time pursuant to Section 6(e).

"CDBG" means Community Development Block Grant to HCHA from the Harris County Community Services Department.

"Confidential Information" shall mean the books, records, business practices, methods of operations, computer software, financial models, financial information, policies and procedures, and all other information relating to Owner and the Apartment Complex (including any such information relating to the Apartment Complex generated by Manager), which is not available to the public.

"Excluded Revenues" means any revenues from condemnation or casualty proceeds, any cash advances from Owner or any partner of Owner, loss of rental insurance; refunds or rebates from suppliers or vendors, revenue from the sale of any personal or real property of Owner, late charges, cleaning fees, pet fees, deposits, or from any source other than the customary operations of the Apartment Complex.

"Grants" means the NSP and CDBG grants to HCHA for the construction of the Apartment Project from the Harris County Community Services Department.

"Gross Operating Revenues" means the actual monthly cash collections from the customary operations of the Apartment Complex consisting of rental, vending machine and laundry room receipts net of any costs or expenses, forfeited or applied deposits, rent claim settlements net of any collection fees, lease termination or modification payments, and other operating receipts, excluding applicable sales tax and refundable deposits; Gross Operating Revenues shall not include Excluded Revenues.

"HUD" means the US Department of Housing and Urban Development.

"NSP" means Neighborhood Stabilization Program grant to HCHA from the Harris County Community Services Department.

"Person" means any individual, partnership, corporation, trust, limited liability company, governmental authority, or other entity.

"Project Lender" shall mean any Person in its capacity as a holder of a loan on the Apartment Complex.

"Project Loans" shall mean the loans and indebtedness of the Owner to the Project Lender(s).

"Regulatory Agreement" means, to the extent applicable, and collectively, any regulatory agreements and/or any declaration of covenants and restrictions heretofore or hereafter entered into between the Owner and/or HCHA and any applicable government agency setting forth certain terms and conditions under which the Apartment Complex is to be operated, including without limitation the Grants.

"Reserve For Replacements" means the cash funded reserve for replacements required by any Project Lender in connection with the Project Loans or Harris County Community Services Department in connection with the Grants, which shall be used exclusively for replacement expenditures (and not operational expenditures) for the Apartment Complex.

2. Appointment of Manager. On and subject to the terms and conditions of this Agreement, Owner hereby retains Manager commencing on _____, 2019 (the "Commencement Date") to market, manage and lease the Apartment Complex.

3. Term. This Agreement shall commence on the Commencement Date and, subject to Section 11 of this Agreement, shall expire two (2) years following the Effective Date (the "Original Term"), but, unless terminated in accordance with the provisions of such Section II, may be extended for up to an additional two (2) year term at the sole option of Owner. The terms and conditions during any Renewal term shall be the same as the terms and conditions during the Original Term.

4. Management Fees. In consideration of the performance by Manager of its duties and obligations hereunder, Owner shall pay to Manager a management fee ("Management Fee") equal to the greater of 4% of monthly Gross Operating Revenues or \$2,500.00 per month, whichever is greater, which fee is calculated with respect to the preceding calendar month and payable on the tenth day of each calendar month, beginning with the month after the month during which the Commencement Date occurs. Manager shall submit to Owner an invoice detailing the calculation of the Management Fee each month, no later than the fifth day of the next succeeding month. If the first or last month of this Agreement is not a complete calendar month, the Management Fee for such month shall be calculated on the basis of Gross Operating Revenues (or \$2,500, as applicable) for the entire month, and the amount payable for such month shall then be prorated based on the number of days during such month that this Agreement was in effect.

All rebates, discounts, or commissions collected by the Manager (except a commission pursuant to

the terms of this Agreement) or credited to the Manager's use, which relate to the purchasing of supplies or the rendering of services to or for the Apartment Complex, shall be fully disclosed to Owner and that part of any rebate, discount or commission that is allocable to the purchasing of supplies or the rendering of services to or for the Apartment Complex shall be credited to the Owner's account.

5. Retention of Management Fee. For each Performance Standard (as set out on **Exhibit B** hereto) that is not met quarterly by Manager, the Owner may retain a portion of the monthly Management Fee to be paid to Manager. The terms defining the amount of retention by Owner and the opportunity for cure by Manager are set forth below:

- a. 5% Retention. Owner may retain up to 5% of the monthly Management Fee in the following quarter if the Manager fails to meet the required Performance Standards in any of the following areas for a given quarter:
 - (i) Tenant accounts receivable;
 - (ii) Vacancy rate;
 - (iii) Vacant unit turnaround; and
 - (iv) Work order completion time.

The 5% retention shall apply to each Performance Standard separately. For example, if Manager fails to meet three Performance Standards for a given quarter, the retention for the following quarter would be 15%.

Manager may cure any quarterly deficiency in the Performance Standards by bringing the cumulative average for any given quarter in the year into compliance with the Performance Standards, which will entitle Manager to payment of any fee retained for that Performance Standard.

- b. Unit-based Retention. For the Inspection Standards outlined on **Exhibit C** hereto, Owner may retain an amount equal to 4% of one month's average per unit gross operating revenue if Manager fails to meet the required Inspection Standard for any unit during the calendar year. See the following example:

Example 1: Manager fails to meet the Inspection Standard for 3 units in a given month. Owner may retain an amount equal to 4% of the month's average per unit gross operating revenue multiplied by 3.

For retention based on Inspection Standards, Manager cannot cure any failure to meet the required standard.

Manager may submit, as part of its regular monthly report, an explanation for any failure to meet a Performance Standard and/or Inspection Standard, and Owner shall determine in its sole discretion whether an explanation is sufficient to avoid retention by Owner. Owner shall notify Manager in writing within fifteen (15) days of the receipt of any monthly report if Owner decides to retain any portion of the Management Fee.

- c. Appealing Owner's Retention of Management Fee. Manager may appeal Owner's

decision to retain a percentage of the Management Fee. Appeals must be submitted in writing to Owner to the attention of the Chief Administrative Officer of HCHA Operations. Appeals must contain as attachments any evidence necessary to support any assertion made in the appeal. Owner shall respond to a properly submitted appeal within thirty (30) days of its receipt and shall state its decision regarding the appeal. Decisions regarding any appeal shall be made in the sole discretion of Owner and shall be final.

5. Authority and Responsibilities of Manager.

- (a) Independent Contractor. In the performance of its duties hereunder, the Manager shall be and act as an independent contractor, with the sole duty to supervise, manage, operate, control and direct performance of the details of its duties incident to the specified duties and obligations hereunder, subject to the rights of the Owner, as described herein. Nothing contained in this Agreement shall be deemed or construed to create a partnership, joint venture, employment relationship, or otherwise to create any liability for one party with respect to indebtedness, liabilities or obligations of the other party except as otherwise may be expressly set forth herein.
- (b) Standard of Care. Manager shall perform its duties and obligations in a professional, competent, businesslike and efficient manner as would a first class property manager of apartment projects similar to the Apartment Complex.
- (c) Depository Accounts. All rents and other revenue from the Apartment Complex shall be deposited by Manager into one or more deposit accounts designated by Owner and insured by the Federal Deposit Insurance Corporation (each a "Depository Account") within one business day of receipt. The Depository Account shall be the sole and exclusive property of Owner, and Manager shall retain no interest therein. Manager shall not commingle the Depository Account with any other funds. Checks may be drawn upon such Depository Account only by persons authorized by Owner in writing to sign checks, at least one of whom shall be a designee of Manager and one a designee of Owner. No loans shall be made from the Depository Account. Manager shall not use a "standardized clearing account" for any Depository Account. The Depository Account shall be established in the name of the Manager to be held in trust for the Owner.
- (c) Security Deposits. Manager shall deposit and maintain all security deposits in a separate account designated by Owner and insured by the Federal Deposit Insurance Corporation (the "Security Account"). Manager shall fully fund all security deposits into the Security Account within one business day of receipt, notwithstanding whether local law requires full funding. The Security Account shall be a segregated account that is distinct from the Depository Account and any other accounts relating to the Apartment Complex or the Manager. The Security Account shall be the sole and exclusive property of Owner, and Manager shall retain no interest therein. Manager shall not commingle the Security Account with any other funds. Checks may be drawn upon the Security Account only by persons authorized by Owner in writing to sign checks, at least one of whom shall be a designee of Manager and one a designee of Owner. No loans shall be made from the Security Account. Manager shall not use a "standardized clearing account" for the Security Account. The Security Account shall be established in the name of the Manager to be held in trust

for the Owner.

- (e) Budgets. Manager shall prepare and present to Owner in a format approved by Owner, prior to the Commencement Date and annually thereafter, by **November 15**, annual operating and capital budgets for the following calendar year for the Apartment Complex; which once approved by Owner and Manager shall be the budget ("Budget"). Except in cases of emergency, without the written approval of Owner, Manager shall not incur any expenses that are not included within the Budget for the current year. Once a Budget is approved by Owner, any variations or changes must be approved by Owner in writing.
- (f) Leasing, Collection of Rents, Etc.
 - (i) Manager shall use its best efforts, consistent with the standard of care set forth herein, to lease units in the Apartment Complex in accordance with the Regulatory Agreement requirements and the requirements of the Grants, obtain and retain residents and maximize Gross Operating Revenues.
 - (ii) Manager shall market the Apartment Complex taking every reasonable effort to obtain suitable Residents when vacancies occur. This shall be done as expeditiously as possible to ensure units do not remain vacant more than 25 days and to minimize loss of revenue. Occupancy of the Apartment Complex shall be limited to income qualified seniors. The criteria governing eligibility of Residents for admission to any assisted units and the conditions of continued occupancy shall be in accordance with the Regulatory Agreement.
 - (iii) Manager shall rent apartments in the Apartment Complex at rates approved by Owner.
 - (iv) Manager shall sign apartment leases in its capacity as property manager hereunder. Manager shall only sign leases in the form of lease approved by Owner. Manager shall not enter into any lease which has a term greater than 12 months or less than 6 months.
 - (v) Manager shall collect rents, security, deposits and other charges payable by tenants in accordance with the tenant leases, and shall collect Gross Operating Revenues due Owner with respect to the Apartment Complex from all other sources, and shall deposit all such monies received immediately upon receipt as provided in Section 6(c) and Section 6(d) of this Agreement. If Manager receives Excluded Revenues, Manager shall immediately deposit same in an account designated by Owner.
 - (vi) Manager shall pay, in accordance with the Budget, all debt service, monthly bills and insurance premiums on the Apartment Complex from the Depository Account. Manager shall also transfer funds from the Depository Account into the account designated by Owner as the Reserve For Replacements account. Manager is not authorized to pay for items outside the approved Budget without Owner's written approval. Manager may request advances from Owner from the Operating Reserve, which shall be paid by Owner in its sole discretion. Subject to any Project Loan restrictions, Manager may advance funds from the Lease-Up Reserve to fund operating

cost deficits, but shall immediately notify Owner of any withdrawals from the Lease-up Reserve.

- (vii) Manager shall, at Owner's expense, terminate leases, evict tenants, institute and settle suits for delinquent payments as Manager deems advisable, subject to other provisions of this Agreement. In connection therewith, Manager may, at Owner's expense from available cash flow, as limited by the provisions of Section 6(0) of this Agreement, consult and retain legal counsel.
- (viii) Manager shall, on the twentieth (20th) day of each month, pay Owner an amount equal to Gross Operating Revenues, less amounts paid for approved operating expenses, pursuant to the Budget, of the Apartment Complex in accordance with this Agreement.
- (ix) Manager acknowledges the Owner's objective of complying with the Grants and acknowledges that tenant qualifications and rents on some of the units in the Apartment Complex are restricted as set out in **Exhibit A**.
- (x) Manager agrees to operate the Apartment Complex in a manner which meets the Regulatory Requirements (including the Grants) and the Platinum Leeds continuing certification requirements, including but not limited to the following:
 - (A) causing the apartment units in the Apartment Complex to **be** leased to suitable tenants who comply with all Regulatory Requirements;
 - (B) obtaining from all tenants in the Apartment Complex the right to receive annual reports from such tenants concerning their incomes and family sizes and any other information required by the Regulatory Requirements;
 - (C) execution of a lease for any rental unit in respect of which Grants funding has been allocated to the Owner only upon first obtaining certification from the tenant, and such other information as may be necessary for the Manager to determine that the tenant satisfies the income criteria for low-income housing;
 - (D) preparation for Owner's signature, and filing in a proper manner, any reports and/or certifications required by any Project Lender, HUD and/or Harris County Community Services Department;
 - (E) causing the Apartment Complex to be operated in a manner that complies with all other statutes, regulations and agreements which must be complied with in order for Owner to comply with the Grants;
 - (F) causing the Apartment Complex to be operated in a manner that maintains the Platinum Leeds certification for the Apartment Complex;
- (xi) Manager acknowledges receipt of the Sterling Bank Promissory Note, and

the NSP and CDBG grant agreements between HCHA and Harris County Community Services Department, and to comply with the requirements thereof with respect to reporting, leasing, funding and payments. Manager agrees to comply with the terms and conditions set forth in the most current HUD Compliance Manual, as same shall be revised or amended from time to time; and

- (xii) The responsibilities and services included in this Section 6 as part of Manager's duties shall not entitle Manager to any additional compensation over and above the Management Fee. Manager shall not be entitled to any compensation based upon any Apartment Complex financing or sale of the Apartment Complex, unless Manager is engaged pursuant to a separate agreement approved in writing by Owner to provide brokerage services in connection therewith, in which case Manager's right to compensation for Apartment Complex financing or sale shall be based upon such separate agreement.
- (g) Repair, Maintenance and Service.
- (i) Manager shall maintain the Apartment Complex in good repair and condition, consistent with the standard of care set forth herein, the Budget and maintaining Platinum Leeds certification. Manager shall make or cause to be made all necessary repairs and alterations, purchase required supplies and materials in accordance with the Budget and pay all bills, accounts and indebtednesses relative thereto. Manager agrees to secure the prior approval of Owner on all expenditures in excess of Two Thousand Five Hundred Dollars (\$2,500.00) for any one item, except monthly or recurring operating charges and/or emergency repairs in excess of the maximum, if, in the opinion of Manager, such repairs are necessary to protect and preserve the Apartment Complex from damage or to maintain the services to the lessees as called for in their leases.
 - (ii) Subject to the other terms and conditions of this Agreement, Manager in its capacity hereunder shall execute any necessary contracts for electricity, gas, telephone, television, vermin or pest extermination and any other services which are necessary to properly maintain the Apartment Complex consistent with the Budget. Manager shall, in Owner's name and at Owner's expense, out of available cash flow, hire and discharge independent contractors for the repair, and maintenance of the Apartment Complex. Other than tenant leases, which Manager is authorized to execute hereunder, Manager shall not, without the prior written consent of the Owner, enter into any contract in name of Owner which may not be terminated without payment of penalty or premium with thirty (30) days notice. Manager shall act at arm's length with all contractors and shall employ no Affiliates of Manager without the prior written consent of the Owner.
- (h) Loans, Insurance. To the extent made possible from revenues generated by the Apartment Complex, Manager is hereby instructed and authorized to service all loans and mortgages on the Apartment Complex, pay all applicable real estate and personal property taxes (if any), licenses, and fees; and, to pay from Owner's funds such

insurance premiums as requested by Owner under Section 6(k) hereof.

- (i) **Manager's Employees.** Manager shall have in its employ at all times a sufficient number of employees to enable it to professionally manage the Apartment Complex in accordance with the terms of this Agreement. Manager shall prepare, execute and file all forms, reports and returns required by applicable laws. Manager shall hire, supervise, direct, and discharge all employees and/or independent contractors required for the operation, leasing, management and maintenance of the Apartment Complex, except that Owner shall have the right to approve, or request removal of, the on-site manager. The compensation to be paid employees and independent contractors shall be competitive in the employment market. All employees shall be included in Manager's workers compensation policy. Reports of withholding, social security and all other payroll taxes shall be made by Manager under Manager's account number. All reasonable payroll costs for on-site employees shall be at Owner's expense pursuant to the Budget. However, Owner shall not pay or reimburse Manager for all or any part of Manager's general, administrative and overhead expenses, including salaries and payroll expenses of personnel of Manager not working full time on-site. All matters pertaining to the employment and supervision of such employees shall be the sole responsibility of Manager, which in all respects shall be the employer of such employees, and Owner shall have no liability with respect to such matters.

- (j) **Manager's Insurance.** With respect to its operations of the Apartment Complex, Manager shall carry, at its expense, except as otherwise agreed by Owner and contained in the Budget: (i) worker's compensation insurance for compensation to any person engaged in the Performance of any work undertaken under this Agreement, including employer's liability coverage with limits of not less than \$1,000,000 for each employee and each disease; such policy must be in compliance with the statutory requirements of the state in which the Apartment Complex is located, (ii) commercial general liability insurance and excess/umbrella liability insurance policies with combined limits of not less than \$5,000,000.00 per occurrence and in the aggregate; such policies shall be written on an occurrence basis, and include contractual liability and other provisions as Owner shall reasonably require, (iii) a crime insurance policy including insuring agreement for employee dishonesty, forgery and alteration, theft, disappearance and destruction, and robbery and safe burglary, with limits of liability for each insuring agreement not less than \$100,000.00, with a maximum deductible of \$1,000.00 per claim, (iv) if the Manager provides services similar to those set forth in this Agreement to third party clients with which the Manager has no other affiliation, a professional liability insurance policy covering all the activities of Manager; such policy shall be written on a "claims made" basis, with limits of at least \$1,000,000.00 in the aggregate and with a maximum deductible of \$10,000.00, and (v) such other insurance as a first class property manager of apartment projects similar to the Apartment Complex would carry, or as reasonably required by Owner. Any loss within the deductibles shall be borne by Manager. All policies of insurance shall be maintained in effect during the period of the Agreement. Each policy shall be from an insurance company rated "A" or higher by the A.M. Best Insurance Guide, with a financial size category rating of 12 or higher. Each policy shall be endorsed to include the provision giving the Owner at least thirty (30) days prior written notice of cancellation, non-renewal or material change of the policy. The Commercial General Liability insurance policy shall be endorsed to include as additional insured the Owner, HCHA, Project Lender

and the Harris County Community Services Department. Manager shall furnish Owner with copies of all such endorsements and with Certificates of Insurance evidencing such policies and the renewals thereof. Owner shall further have the right to receive full copies of the insurance policies for its review. Other than the cost for worker's compensation insurance, the Manager shall pay without any right of reimbursement all costs of maintaining the insurance required under this Section.

- (k) Owner's Insurance. Owner shall carry, at its expense, such insurance as it deems appropriate. Manager shall be named as an additional insured. Owner may direct Manager to obtain insurance for the Apartment Complex (liability, property damage, etc.); if so requested, Manager shall present quotes for such insurance to Owner for approval, and on approval secure such insurance at Owner's expense.
- (l) Waiver of Subrogation. Manager hereby waives any and all rights of recovery against Owner, its officers, agents, partners and employees occurring out of the ownership, management and operation of the Apartment Complex for loss or damage as a result of any casualty covered and to the extent covered by its insurance policies. The Manager shall, upon obtaining the policies of insurance required by this Section, notify the insurance carrier that the foregoing waiver is contained in this Agreement and shall require such carrier to include an appropriate waiver of subrogation provision in the insurance policies.
- (m) Maintenance of Records. Manager agrees to keep and maintain at all times all necessary books and records relating to the leasing, management and operation of the Apartment Complex, including all books and records relating to the reporting requirements under the Grants, and to prepare and render to Owner monthly itemized accounts of receipts and disbursements incurred in connection with its leasing operation and management by the twentieth (20th) day of the following month. Unless Owner, in writing, expressly directs, Manager shall not be required to file any reports other than such monthly statements and the other reports required hereunder. An annual audit report shall be prepared at Owner's expense, out of Gross Operating Revenues, showing a balance sheet and an income and expense statement, all in reasonable detail and certified by an independent Certified Public Accountant. All books, correspondence and data pertaining to the leasing, management and operation of the Apartment Complex shall, at all times, be safely preserved. Such books, correspondence and data shall upon the termination of this Agreement be delivered to Owner in their entirety and at any other time, upon request of Owner, be delivered to Owner within five (5) business days of such request. Manager shall maintain files of all original documents relating to reporting requirements under the Bank loan, Grants, leases, vendors and all other business of the Apartment Complex in an orderly fashion at the Apartment Complex, which files shall be the property of Owner and shall at all times be open to Owner's inspection and available for copying at Owner's request. Manager shall familiarize itself with all the reporting requirements under the Grants and assist Owner with such reporting requirements. All books of account and business records pertinent to the management and operation of the Apartment complex shall be open to inspection by Owner, HCHA, Sterling Bank, Harris County Community Services Department and HUD, or their representatives, at all reasonable times for the purposes of audit, duplication or any other proper purpose. At the time that this Agreement is terminated, for whatever reason, Manager shall make, at Owner's sole cost and expense, a final accounting of all transactions theretofore completed. Any sums then owing to the Manager, whether

for reimbursement of expenses or on account of its fee hereunder, shall be paid to the Manager. Upon termination, all books and records, and all original leases and contracts relating to the Apartment Complex, which are in the Manager's possession, shall be immediately delivered to the Owner.

- (n) Operating Expenses. Manager shall use reasonable efforts to minimize operating expenses by obtaining competitive pricing on all services and shall obtain at least three quotes on expenditures of Two Thousand Five Hundred and No/100 Dollars (\$2,500.00) to Twenty Five Thousand and No 00 Dollars (\$25,000.00) and obtain public bids on expenditures exceeding Twenty Five Thousand and No/100 Dollars (\$25,000.00) (a "major expenditure"). Manager shall use reasonable efforts to comply with the limitations on expenditures set forth in the Budget. Manager shall obtain Owner's prior written consent before incurring on behalf of Owner any single expenditure in excess of Two Thousand Five Hundred and No/100 Dollars (\$2,500.00) excluding utility bills, budgeted items and other normal and recurring expenses included in the Budget, except in an emergency, in which case Manager may incur such expenses as are reasonably necessary to protect life and property. Manager shall notify Owner of any such emergency expenses as soon as practicable after they are incurred but in no event later than three (3) days thereafter. Manager shall not request payment of any invoices, whether to itself or a third party, marked-up above cost, nor shall Manager request payment of any compliance fees, marketing fees, mark-up on employees' salary or travel or fees for personnel off-site. Under no circumstances shall the Manager incur any expenditure in excess of available cash flow after repayment of debt service without prior written consent of Owner.
- (o) Legal Proceedings and Compliance with Applicable Laws.
 - (i) Manager shall notify Owner and each insurance carrier whose policy may cover a related claim, in writing of the receipt of, or attempted service on Manager of, any demand, notice or legal process, or the occurrence of any casualty loss, injury or damage on or about the Apartment Complex within one Business Day of such occurrence.
 - (ii) Manager acknowledges that it is not authorized to accept service of process or any other notice on behalf of Owner. Manager shall not make representations or provide information to any Person that is inconsistent with the foregoing.
 - (iii) Manager shall immediately provide copies to Owner of all notices and other written communications from Owner's insurance carriers with respect to accepting coverage, appointing counselor any other matter related to a claim against Owner.
 - (iv) Manager shall immediately provide notice to Owner of any oral or written communication relating to the Apartment Complex that Manager receives from a governmental or regulatory agency. Manager shall promptly provide Owner with a complete copy of any such written materials.
 - (v) Manager shall fully comply and cause its employees to fully comply, with all applicable laws in connection with this Agreement and the performance of its obligations hereunder, including all federal, state and local laws, ordinances

and regulations relative to the leasing, use, operation, repair and maintenance of the Apartment Complex and the operations of Manager, including without limitation, laws prohibiting discrimination in housing, employment laws (including those related to unfair labor, practices), laws regarding tenant security deposits and laws regarding the storage, release and disposal of hazardous materials, and toxic substances, including without limitation, asbestos, petroleum and petroleum products.

(vi) Manager agrees that it shall not, and shall not permit its employees to, cause any hazardous materials or toxic substances, to be stored, released or disposed of on or in the Apartment Complex except as may be incidental to the operation of the Apartment Complex (e.g., cleaning supplies, fertilizers, paint, pool supplies and chemicals) and then only in complete compliance with all applicable laws and regulations and in conformity with good property management. If (A) there is a violation of applicable laws regarding the storage, release and disposal of such hazardous materials, or toxic substances, or (B) Manager reasonably believes that the storage, release or disposal of any hazardous material, petroleum product, or toxic substances, could cause liability to the Owner, including any releases caused by tenants, third parties or employees, on the Apartment Complex, Manager shall notify Owner immediately.

(p) Subject to the Regulatory Requirements and operation as seniors housing, the Manager agrees that the Apartment Complex shall be offered to all prospective tenants on a nondiscriminatory basis without regard to race, color, religion, sex, family status, handicap or national origin in accordance with applicable law.

7. Representations and Duties of Manager. The Manager represents, warrants, covenants and agrees that:

(a) Manager has the authority to enter into and to perform this Agreement, to execute and deliver all documents relating to this Agreement, and to incur the obligations provided for in this Agreement.

(b) When executed, this Agreement, together with all documents executed pursuant hereto, shall constitute the valid and legally binding obligations of Manager in accordance with their terms.

(c) Manager has all necessary licenses, consents and permissions to enter into this Agreement, manage the Apartment Complex, and otherwise comply with and perform Manager's obligations and duties hereunder. Manager shall comply with any conditions or requirements set out in any such licenses, consents and permissions, and shall at all times operate and manage the Apartment Complex in accordance with such conditions and requirements.

(d) During the term of this Agreement, Manager will be a valid corporation, duly organized under the laws of the State of its formation, and shall have full power and authority to manage the Apartment Complex, operate in the State of Texas, and otherwise comply with and perform Manager's obligations and duties under this Agreement.

(e) The Apartment Complex shall be managed in a manner to satisfy all restrictions,

including tenant income and rent restrictions, applicable to the Grants.

- (f) Manager shall comply with any requirements under applicable environmental laws, regulations and orders which affect the Apartment Complex.
- (g) Manager shall cause the Apartment Complex to be operated in a manner so that all requirements shall be met which are necessary to obtain or achieve (i) compliance with the Project Loan and Grants including all applicable requirements set forth in the Regulatory Agreement (ii) issuance of all necessary permanent unconditional certificates of occupancy, including all governmental approvals required to permit occupancy of all of the apartment units in the Apartment Complex, and (iii) maintenance of Platinum LEEDS certification.
- (h) Manager shall familiarize itself with the Grants and the Project Loan Documents and comply with the requirements therein, including the requirements for the Reserve For Replacements, Operating Reserve and Lease Up Reserve. In connection therewith, the Manager shall utilize the Reserve for Replacements and Operating Reserve only subject to the approval of the Owner and Project Lender, in their sole discretion. Subject to the Project Loan requirements, Manager may use the Lease Up Reserve to fund shortfalls in operating revenues, but shall give Owner notice of any use thereof.
- (i) Manager shall not incur indebtedness on behalf of Owner without Owner's written consent.
- (j) Manager shall provide Owner the following within 30 days after the end of each month: (i) leasing report, (ii) certified rent roll, (iii) balance sheet, statement of income and expense and cash flow, (iv) copies of all Harris County Community Services Department reports (v) inventory of the Owner's equipment and personal property located at the Apartment Complex (vi) schedule of tenant security deposits being held by the Manager on behalf of the Owner and (vii) reports of existing vacancies and occupancy. On a semi-annual basis, Manager shall provide Owner tenant data as specified by Owner. In addition, Manager shall prepare and submit to the Owner at least sixty (60) days prior to the commencement of each fiscal year of the Owner, a leasing schedule showing proposed lease rates and concessions proposed to be granted at the Apartment Complex, including the formula for granting such concessions, and the projected net annual effect of leasing activity at the Apartment Complex for the upcoming fiscal year.
- (k) Manager shall prepare and submit to the Owner within thirty (30) days after the end of each calendar month, a statement of the operations of the Apartment Complex and shall make supporting data therefore available upon request of the Owner. In addition, the Manager shall prepare and submit to the Owner within thirty (30) days after the end of each month, a monthly operating statement, a balance sheet, a statement of income, a statement of cash receipts and disbursements for the month then ended, a comparison of expenditures projected in an approved budget for the month then ended, and the actual expenditures for such month, and any other reports required by TDHCA, HUD, HCHA, Owner's lenders or Harris County. The Manager shall also prepare and submit to the Owner within ninety (90) days after the end of each fiscal year of the Owner, an annual operating statement, a balance sheet (as of the end of the fiscal year), a statement of cash receipts and disbursements for the

fiscal year then ended, and a statement of changes in financial position and a statement of sources and application of funds during such fiscal year, such statements to be prepared in accordance with generally accepted accounting principles and audited and reported upon by an independent certified public accountant approved by the Owner. Manager shall also prepare and submit to the Owner, within a reasonable time after the Owner shall have requested, such other reports and financial statements as the Owner shall from time to time reasonably request.

- (l) Manager shall respond to inquiries from Owner, HCHA, Project Lender, the Harris County Community Services Department and HUD on a timely basis. Representatives of Owner, HCHA, Project Lender, the Harris County Community Services Department and HUD shall be entitled to visit and inspect the Apartment Complex and the books and records of Manager with respect to revenues, expenses, tenants and operations of the Apartment Complex.
- (m) Manager shall not acquire any real property or interest therein on behalf of the Owner.
- (n) Manager shall not sell or otherwise transfer or mortgage the Apartment Complex or any part thereof, except the sale of worn out or obsolete personal property or other personal property no longer useful in the operation of the Apartment Complex.
- (o) Manager and Owner shall meet periodically to discuss and review the management activities to be conducted by the Manager hereunder.

8. Representations of Owner. The Owner represents and warrants, that:

- (a) the Owner has the authority to enter into and to perform this Agreement, to execute and deliver all documents relating to this Agreement, and to incur the obligations provided for in this Agreement; and
- (b) when executed, this Agreement, together with all documents executed pursuant hereto, shall constitute the valid and legally binding obligations of the Owner in accordance with their terms.

9. Indemnification.

- (a) Indemnification of Owner. The Manager shall indemnify, protect, defend (with legal counsel approved by Owner) and hold harmless Owner and HCHA and their respective officers, directors, managers, members, commissioners, agents, employees and affiliates (collectively "Indemnitees") from and against any and all claims, demands, actions, liabilities, losses, costs, expenses, damages, penalties, interest, fines, injuries and obligations, including reasonable attorneys' fees, court costs and litigation expenses ("Claims") incurred by any Indemnitee as a result of (i) any act by Manager (or any officer, agent, employee or contractor of Manager) outside the scope of Manager's authority hereunder, (ii) any act or failure to act by Manager (or any officer, agent, employee or contractor of Manager) constituting negligence, misconduct, fraud or breach of this Agreement, other than as covered by Owner's insurance (for negligence or misconduct only) and to the extent Owner's insurance is available, (iii) Claims made by current or former employees or applicants for employment arising from hiring, supervising or firing same, or (iv) any act or omission by Manager, its employees, officers, agents or contractors in

violation of any applicable law.

- (b) Indemnification of Manager by Owner. Owner shall indemnify, protect, defend and hold harmless Manager from and against any and all Claims incurred by Manager resulting from performance of its obligations under this Agreement, except that this indemnification shall not apply with respect to any Claims (i) resulting from any act by Manager outside the scope of Manager's authority hereunder, (ii) resulting from any act or failure to act constituting negligence, misconduct, fraud or breach of this Agreement, (iii) resulting from Claims made by current, former employees or applicants for employment arising from hiring, supervising or firing same, or (iv) any act by Manager, its employees, agents or contractors in violation of any applicable law. Owner shall control, without recourse, all aspects of Manager's defense against any Claims in matters in which Manager is entitled to indemnification under this Section 9(b). If at any time during the course of such defense Owner determines, in its reasonable judgment, that such Claim results from an event, action or nonaction for which Manager is not entitled to indemnification hereunder, Owner shall automatically be entitled to immediate reimbursement for all losses, costs and expenses incurred on behalf of itself and of Manager incurred to the date of such determination.
- (c) Survival. The provisions of this Section 9 shall survive the termination of this Agreement.

10. Defaults.

- (a) Manager's Event of Default. Manager shall be deemed to be in default hereunder upon the happening of any of the following ("Manager's Event of Default"):
 - (i) The failure by Manager to keep, observe or perform any covenant, agreement, term or provision of this Agreement and the continuation of such failure, in full or in part, for a period often (10) days after written notice thereof by Owner to Manager;
 - (ii) The request by Manager for payment of any invoice, whether to itself or a third party, marked-up above cost as prohibited herein;
 - (iii) The making of a general assignment by Manager for benefit of its creditors, the filing by Manager with any bankruptcy court of competent jurisdiction of a voluntary petition under Title 11 of U.S. Code, as amended from time to time, the filing by Manager of any petition or answer seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any present or future federal or state act or law relating to bankruptcy, insolvency, or other relief for debtors, Manager being the subject of any order for relief issued under such Title II of the U.S. Code, as amended from time to time, or the dissolution or liquidation of Manager; or
 - (iv) The misapplication, misappropriation or commingling of funds held by Manager for the benefit of Owner, including the payment of fees to Affiliates of the Manager or the loaning of funds to Affiliates.

- (b) Remedies of Owner. Upon a Manager's Event of Default, Owner shall be entitled to (i) terminate in writing this Agreement effective as of the date designated by Owner (which may be the date upon which notice is given), and/or (ii) pursue any remedy at law or in equity, including without limitation, an action for compensatory damages or specific performance. All of Owner's rights and remedies shall be cumulative.
- (c) Owner's Event of Default. Owner shall be deemed to be in default hereunder (an "Owner's Event of Default") if Owner shall fail to keep, observe or perform any covenant, agreement, term or provision of this Agreement to be kept, observed or performed by Owner, and such default shall continue for a period of thirty (30) days after written notice thereof by Manager to Owner, or if such default cannot be cured within such thirty (30) day period, then such additional period as shall be reasonable, provided Owner commences to cure such default within such thirty (30) day period and proceeds diligently to prosecute such cure to completion.
- (d) Remedies of Manager. Upon an Owner's Event of Default, Manager shall be entitled to (i) terminate in writing this Agreement effective as of the date designated by Owner which is at least 10 days after receipt of such notice of termination by Owner provided the Event of Default has not then been cured or such cure commenced, and/or (ii) pursue an action for actual damages incurred by Manager (which action must take into consideration Owner's termination rights under Section II of this Agreement). Manager expressly agrees that, as set forth in the Paragraph, termination and monetary damages are its sole rights and remedies with respect to an Owner's Event of Default. Manager expressly waives and releases the right to seek equitable relief, including specific performance or injunctive relief, and to sue for any consequential or punitive damages.

11. Termination Rights.

- (a) Expiration of Term. If not sooner terminated, this Agreement shall terminate on the expiration of its term set forth in Section 3 of this Agreement.
- (b) Termination By Owner Upon Manager's Event of Default. Upon a Manager's Event of Default, Owner may terminate this Agreement as specified in Section 10 (b) of this Agreement.
- (c) Termination By Manager Upon Owner's Event of Default. Upon an Owner's Event of Default, Manager may terminate this Agreement as specified in Section 10 (d) of this Agreement.
- (d) Termination By Owner Without Cause. Even in the absence of any other express right to terminate this Agreement, Owner may terminate this Agreement upon written notice at any time upon thirty (30) days' prior notice from the Owner.
- (e) Termination Upon Sale of the Apartment Complex. If the Apartment Complex is sold, conveyed or transferred during the term hereof, this Agreement shall terminate at Owner's option.
- (f) Effect of Termination Upon Payment of Fees. Upon the termination of this Agreement for any reason, Manager shall be entitled to its earned, but unpaid fees, for the period prior to the termination. Manager shall not be entitled to any fees

relating to the period after the date of termination of this Agreement. Owner may offset any damages against earned but unpaid fees.

- (g) Delivery of Apartment Complex Upon Termination. Immediately after termination of this Agreement for any reason, Manager shall deliver to or as directed by Owner all funds, checks, keys, lease files, computer files, computers, books and records and other Confidential Information (as defined below) to Owner. Immediately after termination, Manager shall leave the Apartment Complex and cause its employees to leave the Apartment Complex without causing any damage thereto. Under no circumstances shall any default by Owner give rise to any lien on the Apartment Complex or give rise to a right of Manager to stay on the Apartment Complex after the date of termination. Termination of this Agreement under any of the provisions of this Agreement shall not release either party as against the other from liability for failure to perform any of its duties or obligations as expressed herein and required to be performed prior to such termination. Manager agrees to cooperate with Owner in the obligations set forth in this Section II (g).

12. Confidentiality.

- (a) Preservation of Confidentiality. In connection with the Performance of obligations hereunder, Manager acknowledges that it will have access to Confidential Information. Manager shall treat such Confidential Information as proprietary to Owner and private, and shall preserve the confidentiality thereof and not disclose, or cause or permit its employees, agents or contractors to disclose, such Confidential Information. Notwithstanding the foregoing, Manager shall have the right to disclose Confidential Information if and only to the extent it is required by court order to disclose any Confidential Information. If Manager or anyone to whom Manager transmits Confidential Information pursuant to this Agreement becomes legally compelled to disclose any of the Confidential Information, Manager shall provide Owner with prompt notice thereof so that Owner may seek a protective order or other appropriate remedy or waive compliance with the provisions of this Agreement. In the event that such protective order or other remedy is not obtained by Owner or Owner waives compliance with the provisions of this Agreement, Manager shall furnish or cause to be furnished only that portion of the Confidential Information which Manager is required by contract to furnish, and will exercise commercially reasonable efforts to obtain reliable assurances that confidential treatment is accorded the Confidential Information so furnished.
- (b) Property Right in Confidential Information. All Confidential Information shall remain the property of Owner and Manager shall have no ownership interest therein.

13. Survival of Agreement. All indemnity obligations set forth herein, all obligations to pay earned and accrued fees and expenses, all confidentiality obligations, and all obligations to perform and duties accrued prior to the date of termination shall survive the termination of this Agreement.

14. Enforcement of Agreement. This Agreement, its interpretation, performance and enforcement, and the rights and remedies of the parties hereto, shall be governed and construed by and in accordance with the laws of the State of Texas. In any dispute pertaining to, or litigation or arbitration arising from the enforcement or interpretation of the provisions of this Agreement, the prevailing party shall be entitled to recover its attorneys fees and costs, including those incurred in connection with all appellate levels, bankruptcy, mediation or otherwise to maintain such action, from the losing party. Venue shall rest

solely in the State and Federal Courts of Harris County, Texas.

15. Assignment. Manager shall not directly or indirectly (except with the consent of Owner) sell, assign or otherwise transfer by operation of law or otherwise all or any part of the legal or beneficial interests in the Manager or all or any part of its rights or obligations under this Agreement. Subject to Section 11(e) of this Agreement, Owner may assign this Agreement to a successor owner of the Apartment Complex. A change in the members of Owner shall not constitute an assignment. If Owner assigns this Agreement to a successor owner of the Apartment Complex, such assignment shall constitute a novation, releasing Owner of all rights and obligations hereunder.

16. Notices. All notices, demands, requests or other communications to be sent by one party to the other hereunder or required by law shall be in writing and shall be deemed to have been validly given or served by delivery of same in person to the addressee or by depositing same with a nationally recognized overnight delivery service such as Federal Express for next business day delivery ("Overnight Delivery") or by depositing same in the United States mail, postage prepaid, registered or certified mail, return receipt requested, or by sending by facsimile transmission, addressed as follows:

If to Owner: HCHA Cypresswood Estates, LLC
8933 Interchange Dr.
Houston, Texas 77054

Attention: Horace Allison, CEO

If to Manager: _____

Attention: _____

All notices shall be effective upon such personal delivery, upon delivery by Overnight Delivery, or five (5) business days after deposit in the United States mail or on the next business day after confirmed facsimile transmission. By giving to the other parties hereto at least 15 days' written notice in accordance with the provisions hereof, a party may change its address for notice purposes.

17. Miscellaneous.

- (a) On-Site Management Facilities. Manager shall maintain a management office in the Apartment Complex and Owner shall provide space for such office at no rental charge to Manager.
- (b) Counterparts. This Agreement may be executed concurrently in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.
- (c) Third Party Beneficiary. There are no third party beneficiaries under the terms of this Agreement.
- (d) Captions. The captions of this Agreement are inserted only for the purpose of convenient reference and do not define, limit or prescribe the scope or intent of this Agreement or any part hereof.
- (e) Amendments. This Agreement cannot be amended or modified except by another

agreement in writing, signed by the parties to this Agreement.

- (f) Entire Agreement. This Agreement embodies the entire understanding of the parties, and there are no further agreements or understandings, written or oral, in effect between the parties relating to the subject matter hereof
- (g) Time is of Essence. Time is the essence hereof.
- (h) Construction of Document. This Agreement has been negotiated at arms' length and has been reviewed by counsel for the parties. No provision of this Agreement shall be construed against any party based upon the identity of the drafter.
- (i) Severability. If any provision of this Agreement or the application thereof, is held to be invalid or unenforceable, such defect shall not affect other provisions or applications of this Agreement that can be given effect without the invalid or unenforceable provisions or applications, and to this end, the provisions and applications of this Agreement shall be severable.
- (j) No Continuing Waiver. No waiver by a party hereto of any breach of this Agreement shall be effective unless in a writing executed by such party. No waiver shall operate or be construed to be a waiver of any subsequent breach.

IN WITNESS WHEREOF, the parties have executed this Management Agreement as of the date first set forth above.

OWNER:

HCHA CYPRESWOD ESTATES, LLC

By: _____
Horace Allison, Manager

MANAGER:

By: _____
_____, _____

Exhibit A

Rents Restrictions

Income	# of units by AMI	1br/1bath	1br/1bath	2br/2bath	2br/2bath	Total
		854	880	1040	1088	
30%	8	3	1	2	2	8
50%	16	4	4	5	3	16
60%	44	8	6	20	10	44
80%	7	1	3	1	2	7
Mrkt	13	2	4	2	5	13
		18	18	30	22	88

Note: distribution of rent restrictions subject to change

Exhibit B

Performance Standards

Initial Lease-up. All units to be leased up within 180 days of turn-over to Manager by Owner for occupancy.

Tenant Account Receivables ("TAR"). Receivables to be included in the TAR performance measure means the monthly amount (excluding pending HAP payments) that a resident is obligated to pay Owner pursuant to the terms of a lease, other than non-housing charges. Owner's monthly standard for TARs is a maximum of four percent (4%). The TAR goal will be measured prior to any tenant monetary adjustment and/or quarterly write-offs.

Vacancy. A vacancy is defined as an occupied unit which becomes unoccupied during any part of the month and remains unoccupied at the end of the month. Owner's quarterly vacancy rate standard is a maximum of three percent (3%).

Vacancy Turnaround. Owner's standard for vacancy turnaround time is 25 days. This includes make ready and lease-up time. The monthly report must include the following for each vacated unit:

- (i) The date the unit was vacated
- (ii) The name of the former resident who vacated
- (iii) The unit number of the vacated unit
- (iv) The size of the vacated unit
- (v) Reason tenant vacated unit
- (vi) The date maintenance began to "make ready" the unit
- (vii) The date maintenance completed all "make ready" repairs
- (viii) The date the unit was re-leased

Work Orders

Emergency. Emergency work orders are those that address an immediate threat to life, health, safety to property or to the resident or are related to fire safety. Owner's standard for completion of an emergency work order is for all orders to be completed or abated within 24 hours.

Non-Emergency. Non-emergency work orders are those that address conditions that do not pose an immediate threat to life, health, safety to property or to the resident or are not related to fire safety. Owner's standard for the completion of non-emergency work orders is within 4 days.

Exhibit C

Inspection Standards

Inspections. Owner's standard for inspections is for all units to be inspected at least twice per year and for all bi-annual inspections (utilizing Housing Quality Standards (HQS) of HUD) to be conducted on or before June 30th and December 31st of each year. Accordingly, Manager must conduct a sufficient number of inspections each month beginning January 1st in order to complete round one inspection of all units before June 30th, and between July 1st and December 31st must conduct a sufficient number of inspections each month in order to complete round two inspection of all units before December 31st. Further, all units must be inspected within 6 months of the previous inspection. All HQS inspections include the site, building exteriors, common areas, units, and systems. Manager shall submit to Owner no later than January 31st and July 1st a proposed bi-annual inspection schedule designed to meet the foregoing criteria.

The monthly report should include inspection work orders that track the following information:

- The time and date that the unit, building, and system (including common areas and non-dwelling space) was inspected
- Who conducted the inspection
- Whether the unit, building and/or system inspected passed or failed
- Reinspections for all failed inspections
- Whether a work order was generated with the work order number and date
- If a work order was generated, the date the work order was completed

Housekeeping Inspections. Housekeeping inspections will be conducted initially within sixty (60) days after the move-in of each resident. Thereafter, Housekeeping inspections will be scheduled on an annual basis at lease renewal or recertification.