



# New Housing Construction Rental Program Guidelines – June 2024 Midwest Flooding

Version 1.0: March 2026

# Contents

- Version History ..... ii**
- Program Summary ..... 1**
  - Purpose..... 1
  - Administration ..... 1
  - Definitions ..... 1
  - Available Funds..... 3
  - Maximum Awards..... 3
  - Eligible Activities ..... 3
  - Eligible Costs ..... 5
  - Ineligible Activities..... 5
  - Ineligible Costs..... 6
  - National Objectives ..... 6
  - Disaster Tie-back ..... 7
  - Eligible Applicants ..... 7
  - Eligible Areas ..... 7
  - Required Match..... 7
  - Exception Policy..... 7
- Development Details..... 7**
  - Developer Incentives..... 7
  - Affordability Period ..... 8
  - Maximum Rental Price ..... 8
- Application for Assistance ..... 8**
  - Public Hearing Requirement..... 9
  - Housing Development Approach..... 9
  - Application Criteria ..... 11
  - Roles and Responsibilities ..... 14
  - Project Costs..... 15
  - Developer Selection ..... 16
  - Grant Administration & Project Delivery..... 16
- Selection..... 19**
  - Scoring..... 19



Award 20

**Grant Agreement.....20**

    Terms and Conditions .....20

    Post-Award First Steps.....21

    Section 106 of the National Historic Preservation Act.....21

    Amendments and Extensions .....22

**Implementation .....22**

    Timeliness and Project Completion .....22

    Claims .....23

    Building Codes .....24

    Prior to Lease Signings .....25

    Mitigation Measures & Mitigation Construction Incentive .....25

    Infrastructure in Support of Housing Incentive .....26

    Period of Affordability .....27

    Connection to Publicly Owned Infrastructure .....29

**General Program Requirements .....29**

    Floodplain Requirement .....29

    Procurement and Contracting.....30

    Violence Against Women Act (VAWA).....30

    Section 3 .....30

    Davis Bacon .....30

    Uniform Relocation Act.....31

    Minimize Displacement .....31

    Long-term Sustainability .....31

    Fair Housing and Civil Rights .....32

    Internal Controls .....33

    Prevention of Fraud, Waste, and Abuse .....33

    Financial Management .....33

    Duplication of Benefits Review and Subrogation .....34

    Conflict of Interest .....35

**Monitoring .....35**

**Closeout .....36**

    Audit Requirements.....36



Records Management.....37

Document Retention.....37

**Appendix .....38**



Version	Date	Summary Description
1.0	March 2026	Original



## Program Summary

### Purpose

HUD has allocated \$134,687,000 in CDBG-DR funds to the State of Iowa in response to the June 2024 Midwest Flooding (FEMA DR-4796-IA), through the publication of the Federal Register, Vol. 90, No. 10, January 16, 2025 (FR-6512-N-01). This allocation was made available through the Disaster Relief Supplemental Appropriations Act, 2025 (Pub. L. 118-158).

The New Housing Construction Rental program will fund the construction of single-family and multifamily units on vacant lots within existing neighborhoods or in new neighborhoods developed for residential purposes. The units will serve as rental units. All rental units will have an affordability period of 20 years. At least 51% of units in a project must be rented to LMI households and subject to the 65% HOME rent limits for the affordability period. Rehabilitation projects are not eligible for this program.

### Administration

This program is administered by the Iowa Economic Development Authority (IEDA), IEDA is a state agency which administers Community Development Block Grant-Disaster Recovery (CDBG-DR) awards issued to the State of Iowa by the U.S. Department of Housing & Urban Development (HUD). Administrative activities are led by the IEDA Disaster Recovery Team Lead and members of both the Disaster Recovery and Federal Programs teams.

### Definitions

- **Unit of General Local Government (UGLG):** Any city, county, town, township, parish, political subdivision of a state, or public agency that has the authority to undertake activities eligible for assistance under the Disaster Recovery (CDBG-DR) program.
- **Subrecipient:** For this program, the 'Applicant' becomes a Subrecipient of IEDA for any awarded funds. Subrecipients are responsible for the compliant design, administration and implementation of their projects and programs. IEDA will oversee, provide technical assistance to, and monitor subrecipients.
- **Grant Administrators:** A Grant Administrator (GA) is an individual who has engaged with the Iowa Economic Development Authority (IEDA) for inclusion into the Certified Grant Administrator (CGA) Program for training and certification requirements necessary to administer grant funded projects in Iowa. GAs are responsible for ensuring full compliance with federal and state regulations across all phases of a the funded project. Applicants can acquire a list of Certified Grant Administrators by contacting IEDA. Please see [IEDAs CGA Policy and Training Resources](#) for details.
- **Grant Administration (CDBG-DR)** Per HUD, Program Administration Costs (PACs) for CDBG-DR are defined as "reasonable general costs (including carrying charges) of grant management that do not include staff and overhead costs directly related to carrying out other CDBG-DR eligible activities" ([CPD Notice 2023-06](#)). **These apply to IEDA staff to administer the grant at the State level.**
- **Project Delivery (CDBG-DR)** Per HUD, Activity Delivery Costs (ADCs) for CDBG-DR are defined as "allowable costs incurred for implementing and carrying out eligible CDBG-DR activities. All ADCs must be allocable to a CDBG-DR activity and include direct costs integral to the delivery of the final

CDBG-DR assisted activity” (CPD Notice 2023-06) For CDBG-DR programs, Project / Activity Delivery refers to the implementation-level tasks required to carry out a specific CDBG-DR activity approved in the Action Plan and established in DRGR. Under IEDA’s CDBG-DR model, nearly all reimbursable work performed by external CGAs is classified as Project / Activity Delivery, **not ‘Grant Administration’**.

- **Developer:** A developer is a for-profit or nonprofit individual or entity that the grantee provides CDBG-DR funding to for the purpose of constructing new housing. Subrecipients will enter into development agreement with a developer who maintains site control of the project site.
- **Tribes:** [Federally recognized Indian tribes](#), bands, nations, and Alaska Native villages, as defined under Title I of the Indian Self-Determination and Education Assistance Act
- **Low to Moderate Income Household:** These are households that make at or below 80% of the area median income of the county in which the housing unit is built. Income verifications must be completed in accordance with 24 CFR 5.609 (Part 5 Annual Income). Income verifications are valid for 12 months from the date verification is completed.
- **Recipient:** Iowa Economic Development Authority (IEDA), as the receiving entity of the HUD program funds on behalf of the state of Iowa.
- **Vendor:** Any contractor or consultant hired by the Applicant/UGLG or the Subrecipient to perform services or provide products to support the proposed project.

## Project Specific Definitions

- **Affordable Rental Units:** The number of units contained in the mortgaged property and contained in the agreement for covenants and restrictions that are occupied by low- and moderate-income persons or households at any given time. The number of affordable units as described in the guidelines are to be retained at all times as affordable rental units throughout the Period of Affordability through income limitations of the tenants occupying those units and through rent limitations for the tenants occupying those units.
- **Development Agreement:** This is the agreement executed between the Subrecipient/Responsible Entity and the Developer. This is NOT a subrecipient agreement per HUD regulations, as it does not delegate the roles and responsibilities of the subrecipient/Responsible Entity down to the Owner/Developer. The subrecipient/Responsible Entity retains all responsibilities, and the Developer owns the property and executes the project.
- **Multi-Family Rental:** Describes projects that have more than five rental units.
- **Single-Family Rental:** Describes projects that have between one to four rental units.
- **Period of Affordability:** The term in which the assisted units must maintain the required tenant income verification and rent limits.

### Available Funds

Program	Budget
New Housing Construction Rental Program	\$10,000,000

### Maximum Awards

Up to \$150,000	Up to \$30,000	Up to \$90,000 (or 35% of housing construction costs whichever is lower)
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All incentives will be applied for on the New Housing Construction Rental Program application.

\*Infrastructure in support of housing will be awarded competitively and not available to every awarded unit. There is \$10,000,000 allocated to Infrastructure in support of housing and will be utilized by this program as well as the New Housing Construction Single-Family Owner-Occupied Program.

### Eligible Activities

The Housing and Community Development Act of 1974 (HCDA) eligible activities include new construction, acquisition, clearance: Section 105(a) 1, 4, 5, 8, 11, 14, 15 and 24. Applicable waivers identified in the Allocation Announcement Notice (90 FR 4754) and Universal Notice (90 FR 1754).

Housing and Community Development Act of 1974 (HCDA) Eligible Activities	
<b>Section 105(a)(1)</b>	Acquisition of real property (including air rights, water rights, and other interests therein) which is <ul style="list-style-type: none"> <li>A. blighted, deteriorated, deteriorating, undeveloped, or inappropriately developed from the standpoint of sound community development and growth;</li> <li>B. appropriate for rehabilitation or conservation activities;</li> <li>C. appropriate for the preservation or restoration of historic sites, the beautification of urban land, the conservation of open spaces, natural resources, and scenic areas, the provision of recreational opportunities, or the guidance of urban development;</li> <li>D. to be used for the provision of public works, facilities, and improvements eligible for assistance under this title; or</li> <li>E. to be used for other public purposes</li> </ul>
<b>Section 105(a)(4)</b>	Clearance, demolition, removal, reconstruction, and rehabilitation (including rehabilitation which promotes energy efficiency) of buildings and improvements (including interim assistance, and financing public or private acquisition for reconstruction or rehabilitation, and reconstruction or rehabilitation, of privately owned properties, and including the renovation of closed school buildings).
<b>Section 105(a)(8)</b>	Provision of public services, including but not limited to those concerned with employment, crime prevention, child care, health, drug abuse, education, energy conservation, welfare or recreation needs, if such services have not been provided by

**Housing and Community Development Act of 1974 (HCDA) Eligible Activities**

	<p>the unit of general local government (through funds raised by such unit, or received by such unit from the State in which it is located) during any part of the twelve-month period immediately preceding the date of submission of the statement with respect to which funds are to be made available under this title, and which are to be used for such services, unless the Secretary finds that the discontinuation of such services was the result of events not within the control of the unit of general local government, except that not more than 15% of the amount of any assistance to a unit of general local government (or in the case of non-entitled communities not more than 15% statewide) under this title including program income may be used for activities under this paragraph unless such unit of general local government used more than 15% of the assistance received under this title for fiscal year 1982 or fiscal year 1983 for such activities (excluding any assistance received pursuant to Public Law 98-8), in which case such unit of general local government may use not more than the percentage or amount of such assistance used for such activities for such fiscal year, whichever method of calculation yields the higher amount, except that of any amount of assistance under this title (including program income) in each of fiscal years 1993 through 2000 to the City of Los Angeles and County of Los Angeles, each such unit of general government may use not more than 25% in each such fiscal year for activities under this paragraph, and except that of any amount of assistance under this title (including program income) in each of the fiscal years 1999, 2000, and 2001, to the City of Miami, such city may use not more than 25% in each fiscal year for activities under this paragraph.</p>
<p><b>Section 105(a)(11)</b></p>	<p>relocation payments and assistance for displaced individuals, families, businesses, organizations, and farm operations, when determined by the grantee to be appropriate;</p>
<p><b>Section 105(a)(14)</b></p>	<p>Provision of assistance including loans (both interim and long-term) and grants for activities which are carried out by public or private nonprofit entities, including (A) acquisition of real property;</p> <p>(A) acquisition of real property;</p> <p>(B) acquisition, construction, reconstruction, rehabilitation, or installation of</p> <p>(i) public facilities (except for buildings for the general conduct of government), site improvements, and utilities, and</p> <p>(ii) commercial or industrial buildings or structures and other commercial or industrial real property improvements; and</p> <p>(C) planning;</p>
<p><b>Section 105(a)(15)</b></p>	<p>assistance to neighborhood-based nonprofit organizations, local development corporations, nonprofit organizations serving the development needs of the communities in non-entitlement areas, or entities organized under section 301(d) of the Small Business Investment Act of 1958 to carry out a neighborhood revitalization or community economic development or energy conservation project in furtherance of the objectives of section 101(c) of this title, and assistance to neighborhood-based nonprofit organizations, or other private or public nonprofit organizations, for the purpose of assisting, as part of neighborhood revitalization or other community development, the development of shared housing opportunities (other than by construction of new facilities) in which elderly families (as defined in section 3(b)(3) of the United States Housing Act of 1937) benefit as a result of living in a dwelling in</p>

Housing and Community Development Act of 1974 (HCDA) Eligible Activities	
	which the facilities are shared with others in a manner that effectively and efficiently meets the housing needs of the residents and thereby reduces their cost of housing;
<b>Section 105(a)(24)</b>	provision of direct assistance to facilitate and expand homeownership among persons of low and moderate income (except that such assistance shall not be considered a public service for purposes of paragraph (8)) by using such assistance to— (A) subsidize interest rates and mortgage principal amounts for low- and moderate income homebuyers; (B) finance the acquisition by low- and moderate-income homebuyers of housing that is occupied by the homebuyers; (C) acquire guarantees for mortgage financing obtained by low- and moderate-income homebuyers from private lenders (except that amounts received under this title may not be used under this subparagraph to directly guarantee such mortgage financing and grantees under this title may not directly provide such guarantees); (D) provide up to 50 percent of any down payment required from low- or moderate income homebuyer; or (E) pay reasonable closing costs (normally associated with the purchase of a home) incurred by low- or moderate-income homebuyers

### Eligible Costs

Examples of eligible costs within these activities include:

- Acquisition costs
- Demolition and site work
- Construction hard costs, including contractor fees
- Resiliency and energy efficiency measures
- Architectural and engineering design
- Other soft costs such as environmental review, soils tests, and market studies
- Professional fees
- Permitting fees
- Marketing, sales, and lease up costs

### Ineligible Activities

As per [24 CFR 570.207](#), IEDA will not fund the following activities through the program:

Ineligible Activities	
<b>General government expenses</b>	Expenses required to carry out the regular responsibilities of the unit of the general local government are not eligible for assistance.
<b>Political activities</b>	CDBG-DR funds cannot fund the use of facilities or equipment for political purposes or to engage in other partisan political activities, such as candidate forums, voter transportation, or voter registration.

Ineligible Activities	
<b>Purchase of equipment</b>	<p>The purchase of equipment with CDBG-DR funds is generally ineligible.</p> <ul style="list-style-type: none"> <li>• Construction equipment: The purchase of construction equipment is ineligible, but compensation for the use of such equipment through leasing or depreciation is eligible. The purchase of construction equipment for use as part of a solid waste disposal facility is eligible.</li> <li>• Furnishings and personal property: The purchase of equipment, fixtures, motor vehicles, furnishings, or other personal property, not an integral structural fixture is generally ineligible.</li> </ul>
<b>Operating and maintenance</b>	<p>Any expense associated with repairing, operating or maintaining public facilities, improvements and services is ineligible. Examples of ineligible operating and maintenance expenses are:</p> <ul style="list-style-type: none"> <li>• Maintenance and repair of publicly owned streets, parks, playgrounds, water and sewer facilities, neighborhood facilities, senior centers, centers for persons with a disabilities, parking and other public facilities and improvements.</li> <li>• Payment of salaries for staff, utility costs and similar expenses necessary for the operation of public works and facilities.</li> </ul>

### Ineligible Costs

The following costs are ineligible to be funded by or reimbursed with CDBG-DR:

- Costs incurred prior to a formal commitment
- Advances of any type
- Interest and financing costs for other funding sources
- Funding of reserves
- Offsite Improvements, except where the improvement is contiguously adjacent to the project parcel and directly serves the housing units
- Reimbursement of any capital investment or prepaid expenses

### National Objectives

Low- to moderate-income (LMI) households specifically Low to Moderate Income Housing (LMH) national objective. At least 51% of constructed rental units must be occupied by LMI households. These are households that make at or below 80% of the area median income of the county in which the housing unit is built.

#### Low to Moderate Income Housing National Objective: LMI Occupancy Requirements

Rental Housing	LMI Occupancy Requirement
Single Unit	Must be occupied by LMI household
2 attached units (duplex)	1 unit must be occupied by LMI household
Triplex	2 units must be occupied by LMI household
Quadraplex	3 units must be occupied by LMI household

More than 4 units in a single structure	Minimum of 51% of total units occupied by LMI households.
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### Disaster Tie-back

This program addresses the unmet needs tied to providing new resilient, affordable housing to improve the housing stock in the disaster-impacted Most-Impacted-and-Distressed (MID) areas. The State intends to market to tenants affected by the June 2024 Midwest Flooding to help address the disaster’s impact on the tenant community but will not restrict the program to disaster-impacted persons as the affordable housing stock overall was severely impacted by the disaster. The newly constructed units will be rented first to disaster impacted households. Impact includes but is not limited to property damage, property loss, displacement, buyout, loss of business, loss of employment, economic loss, commute time to employment or childcare significantly increased due to disaster impact, physical or mental health issues related to the disaster, etc.

### Eligible Applicants

Units of general local government (UGLGs) and tribes are the eligible applicants for these funds. UGLGs and tribes will identify a developer on their applications to IowaGrants and enter into a development agreement. Applicants who receive a CDBG-DR award from IEDA will be considered the “Subrecipient.”

### Eligible Areas

CDBG-DR funding will be provided to:

- HUD-identified MID areas: Cherokee County, Clay County, Sioux County and Woodbury County
- Grantee-identified (State) MID Areas: Lyon, Buena Vista, and Pottawattamie counties

The HUD-identified MID areas will receive priority because 80% of the CDBG-DR allocation needs to be spent in the HUD-identified MID areas.

### Required Match

There is no required match for this program; however, additional consideration will be provided to those applications that demonstrate a greater degree of leveraged funds.

### Exception Policy

IEDA will consider exceptions to the program guidelines on a case-by-case basis. All exceptions must be submitted in writing with the application and include a justification. Exceptions should enhance the benefit to LMI households or areas. Exceptions cannot violate federal, state, or local laws or regulations. Exceptions must still meet HUD’s requirements for necessary and reasonable, comply with federal accessibility standards, and accommodate a person with disabilities if applicable. A written response will be authorized in writing to the applicant upon approval or denial of the application requesting an exception.

## Development Details

### Developer Incentives

Cities, counties, and tribal governments (subrecipients) within the disaster-affected area will apply to IEDA through a competitive application cycle for rental housing projects. Prior to applying for funding from IEDA

eligible applicants will procure developers. After the award, these entities will fund developers to build new rental housing units. Subrecipients will enter into development agreement with a developer who maintains site control of the project site. A developer is a for-profit or nonprofit individual or entity that the grantee provides CDBG-DR funding to for the purpose of constructing new housing.

The Developers will receive incentives that can be drawn down during construction. All incentives are per unit. The incentives are as follows:

- **Housing Construction:** maximum assistance is **up to \$150,000** per unit. The incentive will be used to assist with housing construction costs to keep the unit affordable. This is the main source of developer funding for this program. The maximum number of units awarded in a project cannot exceed 25 units, with option for an Applicant to request a waiver. Waivers are predicated upon a communities' demonstrated housing need and ability to lease to a higher LMI population.
- **Mitigation Construction:** maximum assistance is **up to \$20,000 per unit**. The Incentive is optional and will be used toward the purchase and installation of building materials that can better withstand storm events and mitigate against future natural disaster damage. More information can be found in the Mitigation Section of these guidelines.
- **Infrastructure in Support of Housing Incentive:** maximum assistance is **up to \$35,000** per unit. The incentive is optional and will be used to support the construction of infrastructure for the new housing development. More information about this incentive can be found in the Infrastructure in Support of Housing Section of these guidelines.

The developer incentives will be awarded as a grant, with 10% retainage held until the project meets the National Objective. All costs must be reasonable and subject to cost reasonableness assessment by IEDA.

## Affordability Period

The **affordability period will be 20 years** for all rental units, including single-family housing units (1-4 rental units on a site) in a project awarded four or fewer units and for multi-family housing units (5+ rental units on a site) or in a project awarded five or more rental units. The affordability period restrictions will be recorded as a covenant running with the land. Incentive amounts per unit will be recorded as a forgivable mortgage on a non-receding basis and subject to recapture if the terms of the affordability period are violated.

## Maximum Rental Price

The maximum rental price of the housing units cannot exceed the 65% HOME rent limits for the county in which the rental unit is located, minus the utility allowance as calculated annually by the local housing authority. This figure affords the widest available opportunities for LMI households to rent the housing units while, coupled with program incentives, they still allow for the construction of high-quality housing exceeding the sale price in value.

## Application for Assistance

IEDA will open an application window for eligible applicants to apply to the program. Applications will be available on IowaGrants. The applications will be reviewed competitively and evaluated to ensure that the proposed projects meet the minimum criteria outlined in these Program Guidelines. If all funds are not obligated, future rounds will be established, at no less than one round per year, until the funds in this program are fully expended. After evaluation, the scoring will be forwarded onto IEDA leadership for the

award. IEDA will identify awardees and notify selected and non-selected applicants in writing. Selected awardees will then enter into a grant agreement with IEDA that will formalize conditions of the grant.

### ***Application Workshop***

An application workshop will be held for round #1 funding on [April 9<sup>th</sup>, 2026](#)

Application window for Round #1 will be from [5/1/2026 - 8/1/2026](#).

### **Public Hearing Requirement**

According to IEDAs Action Plan and Citizen Participation Plan, applicants are required to solicit public feedback on the projects for which they are applying for funding by holding a public hearing on the Notice of Funding Availability (NOFA). Additionally, according to Iowa Code 362.3, the notice of the public hearing should be published or posted for review no less than four days and no more than 20 days prior to the hearing. If awarded, applicants will be required to host an additional public hearing called the Status of Funded Activities (SOFA) before closing out the project.

Public hearings can be held in conjunction with other public meetings. The meeting notice must be posted in a newspaper of general circulation. The public hearing must cover the following minimum points:

- How the need for the activities was identified.
- How the proposed activities will be funded and the sources of funds.
- The date the CDBG-DR application will be submitted.
- The requested amount of federal funds.
- The estimated portion of federal funds that will benefit low-and moderate-income persons.
- Where the proposed activities will be conducted.
- Plans to minimize displacement and the unit of general local government's anti-displacement and relocation plans required under § 570.488.
- Plans to assist persons actually displaced.
- The nature of the proposed activities.

Applicants will be required to provide proof of the public hearing in the application including:

- A copy of the public hearing notice.
- Meeting minutes, including comments and responses.

During the project construction, the applicant must conduct at least one SOFA hearing that covers the following minimum points:

- A general description of accomplishments to date.
- A summary of expenditures to date.
- A general description of the remaining work.
- A general description of changes made to the project budget, performance targets, activity schedules, scope, location, objectives or beneficiaries.

### **Housing Development Approach**

The purpose of this program is to provide affordable new housing in the HUD MID Areas (Cherokee County, Clay County, Sioux County and Woodbury County) and State MID Areas (Lyon County, Buena Vista County, and Pottawattamie County). The goal is to build an affordable housing rental market that's more resilient to future natural disasters.

IEDA will make awards to cities, counties, tribes, as subrecipients, for the construction of new rental housing. Subrecipients will procure a Developer. Subrecipients will enter into a development agreement with a Developer who maintains site control of the project site. A developer is a for-profit or nonprofit individual or entity that the subrecipient provides CDBG-DR funding to for the purpose of constructing new housing. Local government agencies and local housing authorities are not Developers and would only be allowed to construct a property if they were a tribal government. Tribal governments will need to procure if they are awarded and not already working with a private or nonprofit Developer.

### ***Housing Types***

IEDA will seek to award program funds to a diverse range of neighborhoods and communities to avoid a concentration of LMI housing in a singular area. IEDA will also seek to award a variety of rental housing types that provide disaster-affected households with a range of options, including options for those experiencing disabilities.

HUD CDBG-DR funded multifamily projects must comply with accessibility requirements based on the Fair Housing Act and Section 504 of the Rehabilitation Act, rather than the ADA, unless it is a public facility. Multifamily new construction projects with five or more units on one site or contiguous sites requires 5% of units, or a minimum of one, to be mobility accessible and 2% of units, or a minimum of one, for sensory impairments. For single family projects of one to four units, accessibility must be provided to the maximum extent feasible. IEDA requires at a minimum the National Green Building Standard (NGBS) Silver rating for all new construction. The NGBS includes universal design, which ensures access to the units for persons with mobility, hearing, or vision impairments. Any exceptions to universal design granted under this program will not reduce the total number of universally-design multifamily units below the federal requirements.

### ***Housing Disaster-Impacted Households***

To prove tie-back to the disaster, rental units will be marketed to disaster-impacted households for four months before being offered to an eligible member of the public. “Disaster-impacted households” are defined as those that have suffered property damage (or loss, displacement, etc. During this four-month period, IEDA hopes to avoid having completed rental housing units sitting empty, before being able to rent to an income-eligible member of the public. For this reason, IEDA is proposing a Tenant Pool Approach to ensure that disaster-impacted residents have the first opportunity to rent the housing units.

#### **Step 1: Marketing the Tenant Pool**

At a developer-chosen time, after IEDA approval of the environmental review, the developer will reach out to the grant administrator to begin marketing the rental units and establishing a pool of eligible tenants. All marketing materials must contain approximately the following language:

*“Those who were impacted by the July 2024 Disaster Event will receive the first opportunity to rent the homes”.*

The grant administrator will also receive a sample of marketing materials. Once the developer has notified the grant administrator of marketing efforts beginning, the four-month period will commence.

#### **Step 2: Initial Income Qualification**

During the four-month disaster-impacted marketing window, the grant administrator will receive applications from households interested in renting the unit. This tenant application will include a self-certification for

applicants to describe how they were impacted by the disaster. Only applicants with a certified disaster impact will be requested to complete the income verification documentation. Once an income verification is complete, the 12-month term of eligibility commences; if the tenant has not signed the lease agreement by the end of the 12 months, the income must be reverified.

Income verifications must be completed in accordance with 24 CFR 5.609 (“Part 5” Annual Income) and submitted in IowaGrants. For more detail on the “Part 5” process, please see the resources in Appendix.

**Step 3: Processing Eligible Tenants**

The Developer and Grant Administrator will maintain a list of eligible tenants that will be contacted for lease signing once the units are made available. Eligible tenants will each have at least 30 days to sign a lease agreement. Eligible tenants will be processed in phases. Disaster-impacted residents will have the first opportunity to rent a unit. Of this group, households determined as LMI will be provided priority.

Eligible Tenant Processing Phases	Phase I	Phase II	Phase III	Phase IV
<i>LMI Household</i>	✓		✓	
<i>Non-LMI Household</i>		✓		✓
<i>Disaster-Impacted</i>	✓	✓		

IEDA’s Lease Addendum template must be used for lease-up. Tenants will be required to have income verified by the property manager and verified all documentation is complete by the CGA prior to execution of the lease agreement and final move-in using the Housing Unit Verification Form. A Housing Unit Verification form must be completed in IowaGrants at the time of project completion and the initial lease-up in order to verify that the National Objective was met. The project will not meet the National Objective until ALL units are rented. If the National Objective is not or cannot be met, all funds may be required to be paid back in full. For subsequent annual assessments, the tenant may self-certify income every year to meet the Period of Affordability requirements.

For more information on tracking the affordability period, see the Period of Affordability under the Implementation section of these guidelines.

**Application Criteria**

IEDA has selected funding criteria to best address the disaster-related unmet needs identified in each affected community and ensure timely project completion. A minimum threshold score will be established to ensure high-quality projects are selected. The criteria used to evaluate each competitive application and award funds will include:

- Applicant has an Active SAM.gov account and Unique Entity Identifier (UEI) #;
  - ***If awarded, SAM.gov account must be kept active throughout the life of the grant agreement.***
- All new units will be constructed outside of the 100- and 500-year regulatory floodplains, as dictated by the Federal Flood Risk Management Standards (FFRMS).
- 51% of the rental units per project must be rented to LMI households at project completion.
  - For smaller rentals of a single unit, it must be rented to only LMI individuals during the entire period of affordability.

- All costs must support an eligible activity.
- All units will have access and connection to municipal utilities, including water, sewer and broadband. Projects dependent on wells and/or septic systems will not be eligible. Municipalities must demonstrate that the proposed units to be constructed can be supported by the existing water / sewer / stormwater utility infrastructure at the time of the application. If the Applicant is additionally seeking water / sewer / stormwater repairs via FEMA-PA or CDBG-DR funding, that construction must not be dependent upon constructing proposed housing units as a means to expand economic benefit beyond the replacement of lost housing stock.
- All units must be connected to publicly owned streets.
- The project will be located in one of the HUD- or grantee-identified MID areas.
- The Developer must demonstrate ownership or site control of the building site.
- Degree to which the Applicant’s proposed plans Affirmatively Further Fair Housing.
- The development team has financial stability and demonstrates experience in housing development and working with federally funded projects.
- The project is ready to proceed, and the project schedule is detailed and feasible.
- The other sources of funding are well-documented and make up all cited project gap funding that the requested CDBG-DR funds do not cover.
- The pro forma and rent calculation worksheet is detailed and filled out completely and shows the project will be sustainable after the Period of Affordability.
- The budget is comprehensive and reasonable for the project’s scope.
- Evidence that each home will be constructed based on a set of blueprints.
- Evidence that the development team has someone on staff or a hired architect/engineer/project manager that will perform construction inspection activities.
- The designs and plans demonstrate that future hazards will be mitigated and that recommendations provided during the IEDA design consultation period were incorporated.
- The Applicant has included proposed steps to Affirmatively Further Fair Housing.
- The development team has experience with the National Green Building Standard (NGBS) and they are integrated into the design a minimum of the Silver NGBS rating, including if they intend to comply with the U.S. Department of Energy Zero Energy Ready Homes program requirements and obtain certification.

**Priority Criteria**

Priority projects will include:

- The project demonstrates ability to complete the project in target milestones.
- The project documents the needs stated by the impacted community.
- The project promotes infill, compact, transit-oriented development, and/or orderly development.
- The project site has access to biking/walking trails, open space/recreation, and parks.
- The project site has access to public transit and/or alternative forms of transportation.
- The project should align with the applicant’s Community Development and Housing Needs Assessment.

**Required Application Documentation**

To be scored by IEDA, eligible applicants must include all items identified in this section in their application.

**Standard Application Documents:** *(Required for Scoring)*

- Notification of Funding Availability (NOFA):
  - *Affidavit of Public Hearing, Public Hearing Minutes with 9 Points, Reso Authorizing the App*
- [HUD Form 2880 – Applicant Disclosures;](#)
- [HUD Form 424-B Federal Assurances form;](#)
- [Required Acknowledgement of Environmental Review Requirements;](#)
- [Residential Anti-Displacement & Relocation Assistance Plan \('RARA'\);](#)
- [Prohibition of Excessive Force Policy;](#)
- [Equal Opportunity Policy;](#)
- [Code of Conduct;](#)
- [Procurement Policy;](#)
- [2 CFR 200 Competition Certification of Compliance;](#)
- [Affirmative Fair Housing Policy;](#)
- Community Development & Housing Needs Assessment;
- Language Access Plan;
- Project Budget and Match Worksheet;
- Project Team Identification (See below);
- Project Delivery / Administration Staffing Plan, that identifies all participating GA members;

**Housing Program-Specific Application Documents:**

- Developer Assurances signed by Developer & UGLG;
- Proof of procurement for project delivery & Developer;
- Site control documentation
- Map of project location
- Current site(s) zoning and an outline of any needed rezonings with a timeline for completion
- Evidence the proposed Developer team has positive site control;
- Project Design Documents (Site Plan, Rendering, Concept, etc.)
- Project Cost Estimates
- Developer pro-forma
- Support documentation for the project budget including demonstration of the ability to obtain construction financing for the entire project
- Project Schedule of critical milestones to become part of the grant agreement and required to be incorporated into the developer/contractor agreements
- DOB Application Certification signed by the applicant
- CDBG-DR Subrogation Agreement signed by the applicant
- Documentation of request for Infrastructure in Support of Housing (if applicable)
- Documentation of request for Mitigation Incentive (if applicable)

In addition to the above documentation all fields in lowagrants.gov application form must be completed.

**Incomplete application will not be reviewed or scored.**

***Project Team Identification***

All projects will be required to submit the proposed Project Team Detail with their application. The detail will include designation of the project team including, including their roles and responsibilities, clearly indicating supportive roles to the applicant. All must be contractually established (except city officials), and all are eligible for reimbursement. These include, but not limited to:

- CEO: Oversees the UGLG’s contractual obligations to the project and all project contractors/vendors.
- Municipal Admin Lead: Oversees financial matters.
- Grant Administrator: Oversees all state and federal funding compliance elements that apply to the project, IowaGrants data entry, and UGLG team liaison.
- Local Counsel: Represents the applicant’s interest in all contractual or acquisition matters.
- Municipal Utilities – If the Applicant has a separate municipal utility provider, distinct from the UGLG’s departmental staff, that entity MUST be part of the project team and demonstrated to be part of project planning and implementation.
- Architect/Engineer:
  - Develop plans and assure that contractor builds to plans ;
  - Must be a procured licensed professional to work in the State of Iowa;
- General Contractor: Ensure the contractor and subs adhere to contract scope, project schedule, and budget as cited in bids and quotes.
- Labor Compliance Officer: Grant Administrator-designated member that reviews payrolls and completes interviews.
- **For Housing Projects:**
  - Developer: Oversees the planning, financing, and execution of new housing construction in accordance with program requirements.
  - Project Manager (PM): Overall coordination of the project; they can be the Architect/Engineer, or UGLG staff.
  - Housing Inspector: ensures all codes and standards are met and performs the final inspection prior to leasing.
  - Auditor: Individual designated by the Subrecipient; may be a consultant.

## Roles and Responsibilities

### *IEDA Responsibilities*

As the CDBG-DR Recipient, IEDA is responsible for ensuring program compliance and providing oversight throughout the homebuyer assistance process. In carrying out these responsibilities, IEDA will:

- Review homebuyers’ Duplication of Benefits (DOB) documentation to confirm that no duplication exists before assistance is awarded.
- Verify underwriting materials, including income eligibility and the amount of assistance requested.
- Approve final homebuyer eligibility determinations and authorize the amount and terms of direct assistance provided.
- Disburse CDBG-DR funds to developers for the construction of program-funded housing units.
- Provide required program forms, such as sample Purchase and Sale Agreements and any necessary addenda.
- Issue guidance on setting and adjusting sale prices, ensuring consistency with federal and program requirements.
- Review and resolve grievances or appeals submitted through the program’s established process.

### *Subrecipient Responsibilities*

Subrecipients are responsible for managing program activities, ensuring compliance with federal and state requirements, and overseeing Developers to ensure successful delivery of eligible housing units. Subrecipient responsibilities include:

- Procure and contract with a qualified Developer through an RFP process.
- Execute a development agreement incorporating IEDA requirements and milestones.
- Serve as the Responsible Entity (RE) for environmental review compliance under 24 CFR Part 58.

- Contract with an IEDA-certified Grant Administrator (CGA) or eligible COG for project delivery.
- Submit all required reporting, claims, and documentation through Iowa Grants.
- Ensure compliance with federal requirements (Section 3, Davis-Bacon, URA, Fair Housing, Civil Rights).
- Conduct required public hearings (NOFA and SOFA) and maintain documentation.
- Verify that constructed units meet program standards and are sold to qualified LMI buyers.
- Maintain financial records, internal controls, and procurement files consistent with 2 CFR 200.
- Support IEDA in homebuyer eligibility review and closing documentation.

### *Developer Responsibilities*

As part of the program, developers play a key role in constructing program-funded housing units. They are selected by Subrecipients and receive funding through them, while ensuring compliance with program requirements and supporting homebuyers throughout the process. Developers will:

- Maintain site control and provide required design documents, plans, and specifications.
- Construct homes in compliance with local/Iowa building code, NGBS Silver minimum, and mitigation requirements.
- Demonstrate and maintain construction financing prior to reimbursement.
- Submit standardized payment applications (AIA/EJCDC or equivalent) with required cost documentation.
- Market units following the Buyer Pool Approach, prioritizing disaster-impacted households for four months.
- Coordinate with the Grant Administrator on tenant intake, lease agreements, and eligibility steps.
- Ensure units pass all inspections before lease up and provide required program materials.
- Comply with federal labor standards, fair housing requirements, and all program rules.
- Maintain accurate records and provide documentation for IEDA monitoring and project closeout.

### *Tenant Responsibilities*

To ensure eligibility and maintain compliance with program requirements, tenants must:

- Complete the lease application and provide all required documentation.
- Submit income verification materials and respond to requests for additional information.
- Disclose all sources of assistance to support the Duplication of Benefits (DOB) review.
- Cooperate with the subrecipient, developer, and IEDA during eligibility review.
- Use the property as their primary residence for the required occupancy period.
- Notify the subrecipient/IEDA of any changes in occupancy or income eligibility.

### **Project Costs**

Any contingencies proposed in the application budget must be at least 10% but may not exceed 15%. As contingencies turn into project costs, they will need to be supported with documentation to be claimed. The developer fee proposed in the application budget may not exceed 10% profit. Contractors and sub-contractors profits must be capped at 10% profit. The grant administrators’ Project Delivery fees will not exceed 10%.

Prior to the IEDAs obligation of funds for construction, developers will demonstrate that the engineering co-design for a project is feasible, prior to the obligation of funds by IEDA for

construction. CDBG-DR funds are made on a reimbursement basis and therefore, project sponsors must have construction financing for the project to pay contractors and other expenses prior to being reimbursed by IEDA. Therefore, IEDA will require the developer to demonstrate construction financing and submit supporting documentation for estimated project costs prior to the Release of Funds.

All trades will utilize the AIA, EJCDC or equivalent standard payment applications for submitting costs with direct and indirect costs clearly indicated under the “general conditions” or “mobilization” pay item. IEDA will also provide a payment application template upon request.

## Developer Selection

Applicants will be able to select the Developers they choose to work with; a request for proposals (RFP) process is required. Along with a list of required qualifications, Applicants should also include the proposed developer agreement in the RFP, such that terms and conditions of the grant funding requirements are made very clear up front. Part of the developer agreement will be the incorporation of the project milestones and the IEDA grant agreement period of performance. Applicants are reminded that the proposed Developer cannot be currently engaged in litigations of any kind. Additionally, they cannot be a developer or contractor on another active funded project due to capacity concerns. Any vendors who work in conjunction with the Developers must disclose their ownership structure and partners to demonstrate transparency for conflict-of-interest avoidance and arms-length separation of legal entities. Vendors shall not have more than one business concern under the same project.

## Grant Administration & Project Delivery

### Grant Administrators

IEDA will only award applications with a Grant Administrator (GA) identified to perform grant administration services on the behalf of the Applicant / Subrecipient team. All GA’s performing any activity on a project must comply [with IEDA’s Certified Grant Administrator \(“CGA”\) Policy](#). All Applicants will be required to contract with a GA that appears on IEDA’s CGA list; if the proposed GA is not in the CGA Program, then they must first contact IEDA to be read into the program rules and enter the training cycle for certification.

Iowa law permits local governments to obtain services from a Council of Governments through a Chapter 28E intergovernmental agreement, which is not subject to competitive procurement requirements applicable to private vendors. (<https://www.legis.iowa.gov/docs/ico/chapter/28E.pdf>)

The GA working with the project will be required to maintain an active IEDA Certified Grant Administrator certification. The GA will provide a lump sum estimate for administration in the application for funding. Administration must be substantiated by documentation of costs incurred.

The GA should provide to the Applicant a list of all team members that will participate in the project, and include this in the application, as noted in the [Required Application Documents](#). This list should specifically list individuals that will perform critical cross-cutting functions, such as Environmental Review, Procurement, Federal Labor Standards, Section 3 Reporting, etc.

Additional CGA Eligibility Notes for the CGA Policy:

*“In order to be eligible for the CGA program, the proposed grant administrator (GA):*

- *If a member of a for-profit consulting firm, the proposed CGA must demonstrate that they are NOT performing roles of a design professional (e.g., the project Architect / Engineer of record) and must have a distinct contract for grant administration / project delivery duties apart from any other services – this ensures that an entity is not self-performing compliance checks against itself;*
  - *If extenuating circumstances are experienced by a Subrecipient in acquiring a CGA, the Subrecipient may formally request a waiver;”*

A full description of anticipated duties and responsibilities of the GA can be found in the CDBG Management Guide. **The maximum reimbursable cost for GA cost is not to exceed 10% total grant award.**

### **Project Delivery**

According to HUDs definitions of grant administration and project delivery under CPD Notice 2023-06 and under IEDA’s CDBG-DR program structure, **IEDA retains responsibility for grant-level administration**, while Subrecipients are responsible for implementing approved Activities. Accordingly, external Certified Grant Administrators (CGAs) engaged by Subrecipients function primarily in a Project / Activity Delivery role, rather than as grant-level ‘administrators’. Each application must budget for and document CGA fees and other Project / Activity Delivery (Activity Delivery Costs or ADCs). Project / Activity Delivery refers to the eligible costs incurred to implement and carry out a specific grant funded activity approved in the Action Plan and established in DRGR. These costs include all tasks necessary to determine eligibility, complete activity-level regulatory requirements, and bring the activity to completion in accordance with HUD rules and IEDA program guidance.

### **Eligible Project Delivery Activities**

Eligible Activity Delivery Costs include, but are not limited to, the following when performed for a **specific CDBG-DR assisted project**:

- **Grant Administrators:**
  - Project-specific environmental review activities under 24 CFR Part 58, including site assessments, statutory checklists, agency consultations, and SHPO/THPO coordination.
  - Income surveys and beneficiary documentation required to establish national objective compliance.
  - Preparing and submitting reimbursement requests with supporting documentation in accordance with 2 CFR Part 200;
  - Ensuring Activity compliance with procurement standards, civil rights requirements, fair housing, Federal Labor Standards, Section 3, and other cross-cutting requirements under 24 CFR Part 570;
  - On-site inspections, construction monitoring, and compliance reviews necessary to implement the activity;
  - Activity-level financial management, including invoice review, payment verification, and expenditure tracking;
  - Establishing and maintaining required grant files, policies, records, and reporting systems pursuant to 24 CFR 570.503(b);
- **Other Consultants** (such as archaeologist, architects, engineers, if contracted directly to the Applicant):
  - Consultant or professional services retained solely to carry out tasks specific to the funded activity;

- Project-specific procurement, bidding, and contracting support;
- Preparation of bid packages, contractor coordination, and procurement compliance activities in accordance with 2 CFR 200.317–200.327 (typically performed by the Architect or Engineer of Record);
- Housing program technical services, including inspections, code compliance reviews, construction oversight, and project-specific management;
- Demolition oversight, appraisal coordination, code inspections, lien development, and participation in mortgage or closing activities associated with housing programs;
- Preparation and maintenance of activity-specific documentation required to demonstrate eligibility, compliance, and reimbursement allowability;

Reminder: Architects / Engineers contracted by the Developer will be billed under the Developers agreement.

All Project Delivery costs must be **reasonable, necessary, and directly attributable** to the specific CDBG-DR activity being carried out and must be adequately documented to support reimbursement.

Please see [IEDA’s Training Resources website](#) for more details.

### ***Contract Requirements***

To maintain program integrity and ensure proper cost classification, any Council of Governments (COG) or consultant performing CGA services, along with other project delivery activities, must have a scope of work that clearly reflects activity-level implementation responsibilities. Where a single entity performs multiple functions, contracts must ensure that:

- Project / Activity Delivery tasks are clearly defined and separately identifiable, and
- Invoicing aligns with specific activities or projects, rather than general grant management.

IEDA generally does not require separate contracts for CGA activities and other Project Delivery roles, provided that the contract clearly demonstrates that reimbursed costs are tied to activity-level delivery. However, distinct contracts for CGA and any other Project Delivery activities is preferred.

### ***Documentation and Reimbursement***

Project Delivery costs must be:

1. Identified separately from general program administration or other consultants Project Delivery fees in the application and resulting contracts;
2. Supported with detailed documentation demonstrating that the cost is directly tied to a specific eligible project activity; and
3. Allocated only to the project benefiting from the work.

There is no HUD or IEDA-defined cap on Project Delivery costs; however, all CGA fees are capped at 10% and all costs must comply with federal cost principles (2 CFR 200) and IEDA may review for cost reasonableness.

A full list of examples, documentation requirements, and cost allocation guidance is provided in the CDBG Management Guide.

## Selection

### Scoring

IEDA will rank applications based on the composite score generated by IEDA review staff. The State will use the scores, in part, to rank projects, but reserves the right to allocate funds to projects that meet the State's ultimate program objectives. Program requirements, such as the LMI National Objective and those projects within the HUD-MID areas, are prioritized through scoring criteria and will factor into final funding determinations. In the event that demand exceeds the amount of funds available, those projects with the greatest need and effectiveness will be recommended for funding.

### Threshold Criteria:

- Evidence units will be leased to at least 51% LMI persons (or for single-units, that they will be leased to LMI persons only);
- Applicant has an Active SAM.gov account and Unique Entity Identifier (UEI) #;
- NOFA Public Hearing Minutes are complete with the 9 elements;
- The project will be located in one of the HUD- or grantee-identified MID areas;
- All units will be constructed outside the FFRMS Floodplain areas;
- All units will have access and connection to municipal utilities, including water, sewer and broadband (projects dependent on wells and/or septic systems will not be eligible);
- Project Budget is correct & grant amount requested does not exceed the program cap;
- Grant Administration Project Delivery ~~Admin~~ fees do not exceed program cap;
- Required Uploads are provided, complete and fully executed;
- The development team has financial stability and demonstrates experience;
- The developer must demonstrate ownership or site control of the building site.
- The proposed plans meet the NGBS Silver certification;

### Scored Criteria:

- Degree to which the project is ready to proceed;
- Degree of other sources of funding are well documented and / or local match inclusion;
- Degree of budget comprehensiveness and reasonableness for the project scope;
- The designs and plans demonstrate that future hazards will be mitigated
- Degree to which proposed plans align with the Applicants' Community Development & Housing Needs Assessment;
- Degree to which the Applicants' proposed plans Affirmatively Further Fair Housing;
- Degree to which project furthers infill and/or orderly development;
- Degree of development team experience with HUD-funded projects;
- The level of development of provided plans, renderings & Specifications;
- Mitigation / Resiliency features;
- Degree of development team experience with NGBS green building standards;
- Do the plans propose to exceed the NGBS Silver Certification standard?
- Degree of impact the activity will have on the identified need and the standard of living or quality of life of the proposed beneficiaries;
- Degree to which the Pro Forma and rent calculations are detailed with respect to the project size/type.
- Percentage of LMI project beneficiaries.
- If IEDA was consulted for design review, were any suggested changes applied?

**NOTE: IEDA strongly recommends reaching out to schedule a consultation regarding the Section 106, environmental review procedures and the proposed design, to ensure that the Applicant team is well aware of all program requirements and any risks or limitations that can be identified and resolved prior to a formal submission!**

## Award

### *Notice of Award*

Once award amounts are determined, IEDA will notify successful applicants which is a preliminary offer to enter into a grant agreement. Execution of a grant is contingent on both parties' agreement of the terms and conditions, including project scope, budget, state and federal construction and financial rules and regulations, and timeliness, and other program details described in greater detail in this guidelines document. Awards will be considered final upon receipt of a signed grant agreement between IEDA and the applicant. Prior to an award, a duplication of benefits review will take place as well as a determination of cost reasonableness and verification that the CDBG-DR award will not supplant funding for the project from other sources.

### *Supplanting Funds*

Under the CDBG-DR program, grantees must use federal funds to supplement—not supplant—existing financial resources. Specifically, [24 CFR § 570.200](#) et seq. clearly prohibits substituting CDBG-DR dollars for local, state, or federal funds that are already obligated or budgeted. HUD's Office of Inspector General has emphasized that CDBG-DR was never intended to fund activities that jurisdictions are already required to underwrite through their own budget authority. Instead, supplanting violates the program's intent to add capacity to meet unmet community needs—an expectation reinforced in HUD CPD Notices and FAQs for CDBG-DR programs.

These include City, County, FEMA, State, and U.S. Army Corps of Engineers (USACE) funding. IEDA will verify that CDBG-DR funds will not be used for activities reimbursable by, or for which funds are made available by, FEMA or USACE.

Applicants must document the need for CDBG-DR funds, showing that proposed activities wouldn't proceed absent federal assistance, and demonstrate adherence to a "maintenance of effort" standard rooted in the Housing and Community Development Act and HUD policy. IEDA will require applicants to certify that the CDBG-DR funds will not supplant other available funding that has been budgeted or in the case of FEMA and USACE made available to the applicant.

### *Cost Reasonableness*

All projects must be cost reasonable. IEDA will determine project cost reasonableness through competitive application comparison, review, and selection processes and may obtain third-party verification on a case-by-case basis. As such, application budgets must be thorough and accurate for evaluation.

## Grant Agreement

### Terms and Conditions

A written grant agreement will be provided to the subrecipient before any disbursement of CDBG-DR funds. At a minimum, the agreement will include the following provisions (in accordance with 24 CFR 570.503(b)):

- Statement of Work, detailing the activities to be completed
- Period of performance
- Milestones with Timelines
- Budget
- Record and Reports Requirements
- Program Income Guidance
- Suspension and Termination Rules
- Recapture of Funds Guidance
- Prohibition of Religious Activities
- Uniform Administrative Requirements to comply with federal and financial standards

## Post-Award First Steps

All funded projects will be required to comply with all federal and state requirements. By signing the federal assurances, the subrecipient (city, county, or tribe) acknowledges and accepts these requirements. By passing a resolution of support and executing a contract with IEDA, the subrecipient assumes the responsibility of enforcing these requirements as the HUD-designated Responsible Entity (RE) in accordance with 24 CFR Part 58.

The following steps will be required after award:

1. IEDA will enter into contract with the city/county/tribe for the award amount.
2. The subrecipient will enter into a contract for project delivery.
3. The subrecipient completes all necessary Environmental Review compliance steps.
4. Release of Funds will be issued by IEDA.
5. IEDA evaluates subrecipient vendor contracts prior to execution for eligible costs.
6. The subrecipient will provide any stipulated pre-construction deliverable prior to incurring construction costs.

## Section 106 of the National Historic Preservation Act

Part of the environmental review process, Section 106 of the National Historic Preservation Act of 1966 (NHPA) outlines the process of identifying and assessing the potential effects of a federal undertaking on historic and archaeological resources. The process consists of four steps:

1. Initiating the Section 106 process.
2. Identifying and evaluating historic properties.
3. Assessing the undertaking's effects on historic properties.
4. Resolving adverse effects on historic properties.

The first step is to review the Programmatic Agreement IEDA has with the State Historic Preservation Office (SHPO). It is available in the CDBG Management Guide on the IEDA website. It will list if the project is programmatically excluded from review or must complete a full Section 106 review. If a full Section 106 review is necessary, follow the steps as outlined in the CDBG Management Guide.

It is important to initiate the Section 106 process early as it can take a great deal of time if a full section 106 review is necessary and the project will have an impact on historic properties.

An applicant may have site control only through a non-binding, contingent form of control—such as an option-to-purchase agreement with nominal consideration, explicitly conditioned on completion of the

environmental review—without violating the “choice-limiting actions” prohibition under 24 CFR 58.22. Applicants may NOT hold binding purchase contracts, undertake acquisition, construction, rehabilitation, or any action that commits the project to a site before environmental clearance.

## Release of Funds

Before Release of Funds can be issued by IEDA, an environmental review process in accordance with the National Environmental Policy Act (NEPA) must take place to ensure compliance with all federal and state laws and regulations. The timeline for this will generally take 4-6 months, but the specific timeline will be dependent on site conditions. Once the environmental review checklist is complete, it will be submitted to IowaGrants.

Throughout the environmental review, no choice-limiting actions can be committed by the subrecipient or its partners. These include actions to commit or spend CDBG-DR or non-HUD funds for activities including but not limited to:

- Purchase of property or structures (including executing an option agreement).
- Bidding (or advertisement of bids).
- Signing construction contracts of any kind.
- Construction, demolition, rehabilitation, repair, conversion, site improvements, and any phase of construction activities.
- Platting and rezoning land (can work on preliminary plans and rezoning needs).
- Apply for building permits.

A description of the environmental review process can be found in the CDBG Management Guide.

## Amendments and Extensions

Should any legitimate program additions or deletions be required, IEDA may modify the terms of the subrecipient grant agreement upon review of the formal request. Subrecipients may request a grant amendment to extend the period of performance, for scope changes, or for budget changes that affect the CDBG-DR grant award. IEDA will review the submission and determine whether a grant amendment is warranted. Subrecipients must submit the request for a grant amendment as soon as the need is identified, **but not less than 90 days prior to the grant agreement period of performance expires.**

## Implementation

### Timeliness and Project Completion

All IEDA contract awards have a standard three-year period of performance. The grant agreements also require that each Subrecipient provide claims for Activity costs within 6 months of award, and every 90 days thereafter. Further, IEDA has developed projections based on each quarter’s expected performance. The project manager will also determine if the delays in spending or the completion of deliverables/tasks can potentially result in a negative impact on the project by conducting Risk Assessments on, not less than, an annual basis. If the discrepancy in spending or progress is deemed reasonable, the project manager will continue to monitor the expenditure rate.

If the project manager has concerns about the spending discrepancy or the status of project deliverables/tasks, or the recipient has reported a spending discrepancy for 2 consecutive years, the project

manager will confer with the CDBG-DR Team Lead for the next steps according to the Risk Assessment and Monitoring Polices. One of the following actions will be taken:

- Annual spending projections will be amended;
- Project manager will continue to monitor the project status and implement technical assistance as required;
- A meeting with subrecipient and grant administrator will be held and subrecipient will submit a revised quarterly budget projection and/or a plan to overcome progress delay or other remedies as required;
- Terminate the agreement;

## Claims

IEDA will reimburse funds in the form of a grant for actual costs incurred. The CDBG-DR grant agreements and documents incorporated by reference will explain the roles and responsibilities, identify the project(s) to be funded with CDBG-DR funds, the total budget, the grant milestones, and the requirements for the use of CDBG-DR funds.

Claims for reimbursement will be submitted by the subrecipient's Certified Grant Administrator (CGA) via the online [www.iowagrants.gov](http://www.iowagrants.gov) system. The subrecipient shall maintain a file of all claim-supporting documentation including claim documents, invoices and payments. No claim will be processed if the following conditions are present:

- Proof of payment is not included.
- A Contractor Clearance does not exist for vendors included in the claim.
- Any required compliance reporting is not present or up to date.

Generally, Claims are due within 6 months of the grant agreement execution, and every 90 days thereafter. Projects that experience protracted Release of Funds will be addressed on a case-by-case basis. As a standard, the IEDA Project Manager will notify the Subrecipient if payment is withheld due to delinquent reporting of any kind. Once funds requests are approved by project staff, IEDA Fiscal sends payment to each subrecipient ACH. Per the Subrecipient Agreement, the final Claim will be submitted within 30 days prior to the grant agreement period of performance end date.

All construction trades will utilize the AIA, EJCDC or equivalent standard form of Payment Applications for submitting costs with direct/indirect costs clearly indicated under the "general conditions" or "mobilization" pay item. IEDA will also provide a payment application template upon request

### *Retainage Requirement*

IEDA will withhold all final claims until vendors are shown to be paid in full and compliance documents and reports are provided. As such, the subrecipient shall retain 10% of all contract values as retainage until 100% of all Work defined in contractors' scope is completed and the Grant Administrator has acquired all compliance documents, reports, releases of liens from the participating contractors. Once the Grant Administrator and IEDA have affirmed the vendor contracts are satisfied, proof of payment is provided, compliance elements are resolved and the National Objective is met, IEDA will process the final claims.

### *Recapture of Funds*

Subrecipients must be aware that CDBG-DR funds may need to be recaptured—or redirected—when issues arise such as duplication of benefits, ineligible costs, or noncompliance with HUD regulations. Under HUD

policy and regulations at [24 CFR § 570.200\(k\)](#) and [§ 570.480\(h\)](#), unused or misspent funds must be returned to the state or federal line of credit rather than used for other activities. HUD's CPD memorandum "Methods for Returning Community Development Block Grant Funds" clarifies that these recapture actions ensure federal dollars remain properly allocated and safeguarded. For example, if a project receives overlapping federal assistance—resulting in a duplication of benefits—or if a subrecipient spends CDBG-DR funds on unapproved costs, IEDA is required to reduce or recapture funding. In such cases, IEDA staff will work with the subrecipient to reconcile any overpayment or eligibility issues before formally requesting repayment. No project may be closed out until all recaptured funds have been fully returned. Recapture also occurs for violations to the affordability period and other violations.

### **Program Income**

Program income is the gross income received by IEDA or *any of its subrecipients* that is directly generated from the use of CDBG-DR funds. Information regarding how program income may be generated and used is available at [24 CFR 570.489](#) and [24 CFR 570.504](#), as well as on HUD's website. Proceeds generated from the use of CDBG-DR funds are considered program income when the total amount of any CDBG-DR program income received by the Subrecipient in a fiscal year exceeds \$35,000, at which time the entire \$35,000 and the excess are considered program income. Program income received by the Subrecipient shall be returned to IEDA. Developers are not subject to Program Income.

IEDA does not anticipate generating program income.

### **Building Codes**

All units shall be designed and constructed in accordance with all locally adopted and enforced building codes and standards. In the absence of locally adopted or enforced building codes and standards, the requirements of the current Iowa State Building Code shall apply. The designated Housing Inspector in conjunction with the architect will oversee compliance with building codes.

### **Green Building Standard**

IEDA requires at a minimum the National Green Building Standard (NGBS) Silver rating for all new construction. Additional points will be awarded for applications that demonstrate a higher certification of the NGBS. The NGBS includes universal design, which ensures access to the units for persons with mobility, hearing, or vision impairments. Any exceptions to universal design granted under this program will not reduce the total number of universally-design multifamily units below the federal requirements.

### **Radon Testing Requirements**

*According to CPD Notice: 23-103, the U.S Housing and Urban Development (HUD) clarified that under 24 CFR 58.5(i)(2)(i) and (ii), all properties proposed for use in HUD programs must be free of hazardous materials such as radon gas, contamination, toxic chemicals and gases, and radioactive substances that could pose a hazard to the health and safety of occupants or interfere with the intended use of the property. The environmental review process, whether falling under Categorically Excluded Subject to 58.5 ("CEST"), Environmental Assessment ("EA"), or Environmental Impact Statements ("EIS"), may not be considered complete until radon evaluation is performed as part of the site contamination analysis. The environmental review process is concluded only when a determination of whether the project site is impacted by radon, and where applicable, mitigation of radon or application of an exemption is documented in the Environmental Review Report (ERR).*

*Radon testing and mitigation are required for those -projects that meet the following criteria:*

- a. *those with a confirmed environmental review level of Categorically Excluded Subject to 58.5 ("CEST"), Environmental Assessment ("EA"), or Environmental Impact Statements ("EIS"),*

and

- b. for CDBG projects involving a structure that is occupied or intended to be occupied for at least four (4) continuous hours a day.

*This requires that all Housing projects are required to conduct a Section 106 Review. A complete Section 106 form is required when the radon level is found to exceed the 4 pCi/L (picocuries) limit. If the radon level were below the required limit for mitigation, a Section 106 form is still required; however, you are only required to complete the PA form as "Exempt". The cost of testing (admin) and mitigation (part of the overall construction expense) are eligible program costs*

## Prior to Lease Signings

Prior to signing unit leases, the following must be in order:

- All infrastructure will be completed and operational.
- All units will be inspected and unit quality cleared.
- All site work will be completed.
- Lease documentation must be reviewed by IEDA.
- All relevant requirements like URA must be completed.
- Income verification of tenants will be validated by the GA and IEDA prior to execution of lease agreements or tenant move-in.

## Mitigation Measures & Mitigation Construction Incentive

### Mitigation Measures

This program will provide high-quality, durable, resilient, mold-resistant, energy-efficient, decent, safe, sanitary housing. Mitigation measures may include, but are not restricted to:

- Using flood resistant nonporous flooring materials
- Adding waterproof veneer to foundation, exterior walls, windows and doorways
- Elevating the home foundation and sealing cracks
- Enhancing drainage systems (e.g., installing backflow valves)
- Installing flood barriers (e.g., floodgates or flood panels)
- Incorporating new wind resistant features
- Using mold-resistant products

All new construction work will be designed to incorporate mitigation measures to withstand damage against the impact of future disasters.

Certain projects may be funded with the Mitigation Set-Aside allocation. These projects will address a mitigation need, like flooding and wind, identified in the mitigation needs assessment for the MID areas. In order for a project to meet the requirements to be funded with mitigation set-aside funding the project must:

- Meet the definition of mitigation activities - activities that increase resilience to disasters and reduce or eliminate the long-term risk of loss of life, injury, damage to and loss of property, and suffering and hardship, by lessening the impact of future disasters.
- Address the current and future risks as identified in the mitigation needs assessment in the Action

Plan.

- Be an eligible activity as listed in this policy
- Align with existing hazard mitigation plans submitted to the Federal Emergency Management Agency (FEMA) or other state, local, or tribal hazard mitigation or long-term recovery plans.

### **Mitigation Incentive**

In addition to the developer incentive a mitigation incentive is also available. The amount of subsidies is listed in the Maximum Award section of this document. The incentive is to increase the housing units' resilience to future natural disasters, lessen the impact of future natural disasters, and reduce LMI households' suffering and hardship after a natural disaster has destroyed or damaged their home. Funding will only be available to mitigate against disasters identified in the applicant county's Hazard Mitigation Plan.

IEDA requires at a minimum the NGBS Silver rating for all new construction. Additional points will be awarded for applications that demonstrate a higher certification of the NGBS.

### **Infrastructure in Support of Housing Incentive**

'Infrastructure in Support of Housing' incentives can only be claimed when used in support of public infrastructure to support the specific rental construction. The public infrastructure must be owned and maintained by the city/county/tribe through either the transfer of ownership or another legal agreement. Additionally, the incentive cannot be used to increase the communities' treatment works capacity; it can only be used to extend the water, sewer or other utilities piping and appurtenances to the development site. Regardless of whether grant funds are used to support infrastructure for the housing units, all water and sewer infrastructure must be in place before housing unit construction can begin.

Public infrastructure must be accessible to the general public and serve a delineated service area. No utilities on private property will be considered public infrastructure (e.g., service lines from the right-of-way into the housing unit). Examples of public infrastructure include but are not limited to:

- Streets
- Street curbs and gutters
- Street trees
- Access roads
- Bridges
- Sidewalks
- Multi-use paths/trails
- Water lines and supporting infrastructure
- Sewer lines and supporting Infrastructure
- Stormwater lines and supporting infrastructure
- Electric, gas, and broadband lines

In addition to publicly owned utilities, assistance to non-profit or for-profit privately owned utilities is allowable. If assisted, the privately owned utilities must comply with the following:

1. The funded activity must comply with applicable CDBG-DR requirements.
2. That the activity prioritizes activities that will benefit areas where at least 51% of the residents are LMI persons and demonstrate how assisting the private, for-profit utility will benefit those areas.
3. The level of assistance provided to a private, for-profit utility addresses only the actual identified

- needs of the utility.
4. The level of assistance to a private, for-profit utility, based on the business’s financial capacity, in order to ensure that assistance is based on actual identified need.

For all applications that require the construction of infrastructure in support of housing, the applicant will provide a line-item request for each infrastructure item based on anticipated costs of construction, provide support documentation for these costs, and demonstrate that funding is not available through other existing federal, state, or local programs (e.g. TIF, DOT, general fund, etc.). All infrastructure in support of housing is subject to federal labor standards, Davis Bacon prevailing wage compliance and any other applicable state and local public works requirements. Infrastructure contracts must be separate from housing contracts.

Infrastructure in support of housing is available to both the owner-occupied and rental new housing construction programs. Higher scoring applications in both programs will receive the first opportunity to access these funds based on a demonstration of need.

The amount of subsidies available can be found in the Maximum Award section.

Higher scoring applications in both programs will receive the first opportunity to access these funds based on a demonstration of need. All infrastructure in support of housing construction is subject to Davis Bacon if it exceeds \$2,000 in funds. Infrastructure in support of housing that is constructed by a developer is exempt from procurement. Infrastructure in support of housing that is constructed by the subrecipient is subject to procurement. Any construction contracts procured through awarded projects must comply with the Bonding Requirements.

### Period of Affordability

The affordability period will be 15 years for single-family housing units (1-4 rental units on a site) in a project awarded 4 or fewer units, and 20 years for multi-family housing units (5+ rental units on a site) or in a project awarded 5 or more rental units. The affordability period restrictions will be recorded as a covenant running with the land. Incentive amounts per unit will be recorded as a forgivable mortgage on a non-receding basis and subject to recapture if the terms of the affordability period are violated.

At least 51% of units must be leased to LMI persons with household income at or below 80% of the area median income. In the instance of single unit constructed, this will be only rented to LMI persons during the affordability period.

During the lease application period, income verification must be completed by the GA prior to tenant move-in that occurs in a 2-phase process:

- 1) Draft submission to assess for LMI and other eligibility concerns and then
- 2) A final submission with fully executed documents to retain in the project file.

The maximum rental price of the housing units cannot exceed the 65% HOME rent limits for the county in which the rental unit is located, minus the utility allowance as calculated annually by the local housing authority. This figure affords the widest available opportunities for LMI households to rent the housing units while, coupled with program incentives, still allow for the construction of high-quality housing exceeding the sale price in value.

### Tracking the Affordability Period

Each project will be required to annually submit an affordability period compliance spreadsheet to IEDA. This report will be due for the prior calendar year (January 1-December 31) and submitted to IEDA by January 15th. It may be submitted to the IEDA Disaster Recovery Team or otherwise designated contact via email.

All tenants for initial occupancy will be required to complete income verification ahead of lease signing. When calculating income for tenants, verifications must be completed in accordance with 24 CFR 5.609 (“Part 5”) and submitted in IowaGrants. For more detail on the “Part 5” process, please see the resources in Appendix. Unless otherwise changed by HUD for the HOME program, tenants will be expected to provide two months of supporting documentation of pay stubs, employer verification coming directly from the employer and not the tenant, employment offer letter when moving into a unit. Full-time, undergraduate students under the age of 24 are not generally allowed. Income verifications are valid for twelve (12) months from the date verification was completed.

For the following Period of Affordability, the developer will recertify the tenants’ income annually and provide completed certification forms to IEDA (see Period of Affordability Documents in Appendix). The original LMI to Market-rate ratio of units must be maintained during this entire period. Self-certifications of income will be allowed for up to three renewals (years 1-4). Before the tenant renews for their fifth year in the rental community, they will be required to undergo a full income verification.

The annual compliance spreadsheet will include the following:

**Tab 1**

Required Row	Details
Subrecipient	City/County/Tribe originally awarded CDBG-DR funds
Contract number	Original contract number between IEDA and the subrecipient
Rental project name	Name of the rental project
Rental project owner	Owner of the rental project
Rental project owner contact information	Email and phone number
Rental community address	Address, including city, for the rental community
Review date	Should be as of December 31

**Tab 2**

Required Column	Unit Type
Unit number	All units
LMI/Market Rate indication for the unit	All units

Number of bedrooms	All units
Rent amount	All units
Tenant last name	Income restricted
Date of most recent income verification	Income restricted
Date of most recent income self-certification	Income restricted
Tenant income	Income restricted
Number of persons in the household	Income restricted
80% Area Median Income for household size	Income restricted
Self-reported female head of household	Income restricted
Self-reported Hispanic/Latino ethnicity	Income restricted
Self-reported race	Income restricted

IEDA reserves the right to monitor projects at any point during the affordability period and review supporting documentation for information submitted on annual compliance spreadsheets.

**Connection to Publicly Owned Infrastructure**

All housing units must be connected to utilities at the time of completion, including to municipal water, sewer, and broadband. No applications proposing connections to wells or septic tanks will be accepted. All housing units must be connected to publicly owned streets.

**General Program Requirements**

**Floodplain Requirement**

All Activities must occur outside of the HUD-defined Federal Flood Risk Management Standard (FFRMS) Floodplain. Under HUD’s 2024 Final Rule, the FFRMS floodplain may extend beyond the FEMA mapped 100-year and 500-year floodplains through the Climate Informed Science Approach (CISA), the 500-year floodplain approach, or the Freeboard Value Approach. No exceptions are permitted for new construction within the FFRMS floodplain. In limited circumstances where rehabilitation or other nonconstruction activities occur within the FFRMS floodplain, the applicant must provide documentation demonstrating compliance with all applicable elevation, floodproofing, mitigation, and environmental review requirements under 24 CFR Part 55, including justification of how the activity will preserve or enhance safe access for LMI households and how any flood risk reduction measures—existing or planned—adequately address future flood hazards.

## Procurement and Contracting

Subrecipients shall follow the state of Iowa procurement requirements in [Iowa Code 26.3](#) and [362.3](#), federal procurement requirements in [2 CFR Part 200.318-326](#) and bonding requirements as found in the CDBG Management Guide. All projects must be cost reasonable. IEDA will determine project cost reasonableness through the competitive application comparison, review, and selection processes and may obtain third-party verification on a case-by-case basis. As such, application budgets must be thorough and accurate for evaluation.

Developers are not required to procure their contractors or subcontractors.

All contractors and contract data must be submitted for Contractor Clearance in IowaGrants. All work for construction must be recorded in a written, executed contract, and Federal and State language must be included, per the [Contract Requirements for CDBG Projects](#). All contractors must be registered to work in the State of Iowa with the [Iowa Workforce Development](#).

CDBG-DR funds are not required to follow the Build America, Buy America Act (BABA). It requires that all iron, steel, manufactured products, and construction materials used for federally funded infrastructure projects are produced in the United States, unless otherwise exempt or subject to an approved waiver.

Any construction contracts procured through awarded projects must comply with the Bonding Requirements.

## Violence Against Women Act (VAWA)

UGLG & Subrecipients of HUD funded programs must fully comply with the Violence Against Women Act (VAWA) and its housing protections, which safeguard applicants and program participants who are survivors of domestic violence, dating violence, sexual assault, or stalking. Under VAWA and HUD's implementing regulations, subrecipients are prohibited from denying admission, terminating assistance, or evicting any individual solely because they are a survivor of violence, and must provide required notices of VAWA rights, certification forms, and access to emergency transfer protections. Subrecipients must maintain strict confidentiality of survivor information, refrain from discrimination or retaliation, and support an individual's right to seek law enforcement or emergency assistance without penalty as required under the 2022 VAWA Reauthorization. These obligations ensure that survivors can safely access HUD assisted housing and services without further jeopardizing their safety or housing stability.

[Fact Sheet - VAWA Right to Report from Home for CDBG Recipients](#).

## Section 3

All projects receiving more than \$200,000 in HUD assistance at a project site are required to comply with the Section 3 rule, as detailed in [24 CFR Part 75](#). This includes tracking of all labor hours on the project sites, including projects not subject to Davis Bacon, and qualitative efforts undertaken to demonstrate compliance.

Subrecipients are required to follow the requirements listed in the CDBG Management Guide.

## Davis Bacon

Projects of eight or more housing units are subject to Davis Bacon prevailing wage requirements.

All infrastructure in support of housing is subject to Davis Bacon.

If applicable, Contractors must comply with the Davis-Bacon Act, the Contract Work Hours and Safety Standards Act (CWHSSA), and the Copeland Anti-Kickback Act (the Copeland Act) commonly referred to as the Davis-Bacon and Related Acts (DBRA).

Subrecipients are required to follow the requirements listed in the CDBG Management Guide.

## Uniform Relocation Act

The Uniform Relocation Assistance and Real Property Acquisition Act of 1970, as amended (the URA) and its implementing regulations at [49 CFR 24](#), establish minimum standards for federally funded programs and projects requiring the acquisition of real property or displaced persons from their homes or businesses. The URA applies broadly to all planned or intended federally funded projects, funded in part or in-whole where acquisition, rehabilitation or demolition occurs in any phase.

At the time of application, the developer must own the project site or be able to demonstrate site control. The application must indicate any impacted properties, and whether the property is owner-occupied or tenant occupied. The project must consider potential impacts to tenants<sup>1</sup>. If an identified project results in tenants leaving their homes involuntarily (being displaced), the tenants may be eligible for Tenant Relocation Assistance under the URA. These requirements apply to the relocation of any displaced person as defined at 49 CFR § 24.2(a)(9). Displaced persons under this definition must be fully informed of their rights and entitlements to relocation assistance and payments provided by the URA and its implementing regulations.

Subrecipients must budget and plan if relocation occurs. The budget should include discovering the needs of displaced persons such as site visits, interviews, and orientations as well as housing market conditions, acquisition costs, relocation payments, and other costs.

Subrecipients are required to follow the requirements listed in the CDBG Management Guide.

## Minimize Displacement

IEDA will require Subrecipients to minimize displacement associated with funded activities. Subrecipients will be required to submit a Residential Anti-displacement and Relocation Assistance Plan (RARAP) with their applications. The type of infrastructure activities planned should not result in displacement. However, if displacement does occur, Subrecipients will follow their RARAP by assisting displaced entities and persons and ensure the accessibility needs of displaced persons with disabilities.

## Long-term Sustainability

All newly constructed infrastructure that is assisted with grant funds must be designed and constructed to support the communities' needs for the lifecycle of the constructed infrastructure and withstand extreme weather events. Applicants should provide narratives that cite strong financial plans to support the infrastructure for the life of the infrastructure and cite designs that directly address resiliency.

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<sup>1</sup> HUD's [Tenant Assistance, Relocation and Real Property Acquisition Handbook](#) (1378.0)

Additionally, IEDA must identify and implement resilience performance metrics that will protect the public from any risks identified in the Action Plan. IEDA will review projects to determine which metrics are suitable for reporting to HUD through the IDIS / DRGR systems. Examples of resilience performance metrics include:

- Number of non-residential buildings constructed
- Number of public facilities
- Number of fewer outages of critical facilities and utilities
- Number of linear feet of public improvement
- Number of properties with access above 100 year or 500-year flood level
- Number of residents protected from future flooding

For purposes of this requirement, an infrastructure activity includes any activity or group of activities (including acquisition or site or other improvements), whether carried out on public or private land, that assists the development of the physical assets that are designed to provide or support services to the general public in the following sectors:

- Surface transportation, including roadways, bridges, railroads, and transit; aviation; ports, including navigational channels;
- Water resources projects;
- Energy production and generation, including renewable, nuclear, and hydro sources;
- Electricity transmission;
- Broadband;
- Pipelines;
- Stormwater and sewer infrastructure;
- Drinking water infrastructure;
- Schools, hospitals, and housing shelters; and
- Other sectors as may be determined by the [Federal Permitting Improvement Steering Council](#).

For purposes of this requirement, an activity that falls within this definition is an infrastructure activity regardless of whether it is carried out under sections 105(a)(2), 105(a)(4), 105(a)(14), another section of the HCDA, or a waiver or alternative requirement established by HUD.

## Fair Housing and Civil Rights

IEDA, Subrecipients, and developers must ensure that all program activities comply with applicable federal fair housing and civil rights laws. No person may be denied access to the Single-Family New Construction Program based on race, color, national origin, religion, sex, gender identity, sexual orientation, age, familial status, disability, or any other protected characteristic. Program partners must incorporate equal opportunity standards into marketing, outreach, eligibility review, sales practices, and all interactions with applicants.

Subrecipients and developers must include required fair housing language in program materials, provide reasonable accommodations to applicants with disabilities, and ensure effective communication for individuals with limited English proficiency. Any fair housing concerns, complaints, or allegations of discrimination must be documented and referred to IEDA for review and resolution in accordance with state and federal requirements.

## Internal Controls

Internal controls refer to the combination of policies, procedures, defined job responsibilities, personnel, and records that allow an organization (or an agency) to maintain adequate oversight and control of its cash, property, and other assets.

The soundness of any Subrecipient's financial management structure is determined by its system of internal controls. Specifically, internal controls refer to the following:

- Effectiveness and efficiency of operations
- Reliability of financial reporting
- Compliance with applicable laws and regulations

With a sound internal control system, a Subrecipient can ensure that:

- Resources are used for authorized purposes and in a manner consistent with applicable laws, regulations, and policies.
- Resources are protected against waste, mismanagement, or loss.
- Information on the source, amount, and use of funds is reliable, secured, and up-to-date, and this information is disclosed in the appropriate reports and records.

As part of an effective internal control system, one person should be designated as the primary person at the Subrecipient organization, responsible for the financial management of a project. This person should be familiar with their organization's accounting system and how the accounting of grant funds is integrated into the Subrecipient's existing system. Refer to [2 CFR 200.303](#) for more information.

Subrecipients are required to follow the requirements listed in the CDBG Management Guide.

## Prevention of Fraud, Waste, and Abuse

IEDA has zero tolerance for the commission or concealment of acts of fraud, waste, or abuse. Subrecipient and grant Administrator staff will attend HUD OIG fraud training when provided. Any instances of fraud, waste, or abuse should be reported to the HUD OIG at 1-800-347-3735 or [hotline@hudoig.gov](mailto:hotline@hudoig.gov). All instances of fraud, waste, and abuse discovered by IEDA will be reported to the HUD OIG.

## Financial Management

Subrecipients must ensure that they have policies and procedures for expending and accounting for all CDBG-DR funds received and to maintain adequate source documentation to demonstrate that CDBG-DR funds are used in compliance with all the terms and conditions of the CDBG-DR award, only spent for reasonable and necessary costs, and not used for general expenses to carry out other responsibilities of State and local governments. More information on the minimum requirements can be found in the CDBG Management Guide. The financial policies will also ensure the following are met:

1. The Subrecipient will charge the CDBG-DR award only allowable costs incurred during the period of performance and any authorized pre-award costs.
2. When grant funds are transferred to Subrecipients, the Subrecipient will minimize the time elapsing between the receipt of funds from the state and the transfer of funds to contractors.
3. If applicable, Subrecipients will disburse funds available from program income or send it to the state, before requesting additional grant funding.

4. For any changes made to the approved budget, scope, or objectives, subrecipients will notify IEDA of the changes and any substantial changes will be approved by IEDA.
5. Subrecipients will submit to HUD mandatory quarterly progress reports for IEDA's review of program progress.

Subrecipients are required to follow the requirements listed in the CDBG Management Guide.

## Duplication of Benefits Review and Subrogation

Section 312 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act prohibits any person, business, or other entity from receiving duplicative financial assistance for the same disaster recovery purpose from multiple sources of federal and other support (42 United States Code [U.S.C.] 5155(a) and (c)). Duplication occurs when a beneficiary receives assistance from multiple sources for a cumulative amount that exceeds the total need for a particular disaster recovery purpose. The amount of the duplication is the amount of assistance provided in excess of need.

Per CDBG-DR regulations, the program's Subrecipients are required to disclose all other benefits (e.g., cash, in-kind, grants, loans) received, or which will be received for the proposed project to ensure that federal funds do not duplicate funds received from other sources.

Typical sources of duplication of benefits include, but are not limited to, the following:

- Federal Emergency Management Agency (FEMA) Public Assistance
- FEMA Hazard Mitigation Grant Program
- FEMA National Flood Insurance Program
- FEMA Increased Cost of Compliance Benefits
- U.S. Army Corps of Engineers
- Commercial insurance
- Insurance and personal property replacement
- Forced mortgage payoffs
- Philanthropic cash assistance
- Subsidized loans

IEDA will perform a duplication of benefits analysis for each project that includes:

1. Assessment of applicant's total need
2. Identify total assistance
3. Exclude non-duplicative amounts
4. Exclude funds for a different purpose
5. Exclude funds for the same purpose, different allowable use
6. Identify a final DOB amount (if any) and calculate the award, and
7. Reassess unmet need when necessary.

IEDA will verify that Subrecipients did not have other local or state funds designated or planned for the activity in any capital improvement plan or budget.

Applicants must agree to subrogate (commit to the State) any future payments they may receive after the award amount is determined from sources that represent a potential DOB. The subrogation agreement

requires the entity to notify the State if additional funds are received and to assist the State in collecting any amounts owed to the entity from these sources.

## Conflict of Interest

No persons who is an employee, agent, consultant, officer, or elected official or appointed official of the recipient, or of any designated public agencies, or of Subrecipients that are receiving funds under this part who exercise or have exercised any functions or responsibilities with respect to grant-funded activities assisted under this part, or who are in a position to participate in a decision making process or gain inside information with regard to such activities, may obtain a financial interest or benefit from a grant assisted activity, or have a financial interest in any contract, subcontract, or agreement with respect to a grant assisted activity, or with respect to the proceeds of the grant-assisted activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for one year thereafter.

## Monitoring

Monitoring will be conducted via multiple methodologies throughout the project. One method is the Risk Assessment that IEDA will conduct annually per grant agreement. Each activity will have either a virtual desktop or on-site visit (“site visits”) at least once during the life of the grant, per the CDBG Management Guide. The Risk Assessment will assist project managers in determining the timing and frequency of documented site visits. The Risk Assessment will be conducted through IowaGrants once per year by the project manager, and based on the outcome score, the project manager will determine if or when a Subsequent site visit is required. Per 200.331(b), IEDA will evaluate each Subrecipient’s risk of noncompliance with Federal statutes, regulations, and terms and conditions of the subaward for the purposes of determining the appropriate level of monitoring. The risk-based assessment will include:

- Financial Risk: How large is the grant?
- Submitted Draws: Are claims on schedule as outlined in contract?
- Program Management/Capacity: Is the administrator familiar with CDBG-DR and have they attended mandatory IEDA trainings?
- Project Compliance: Are there outstanding compliance or reporting concerns?
- Program Income: Has the contract generated program income?
- QPR Tracking: Is the program reasonably on track?

IEDA will schedule a Site Visit with the Subrecipient upon the expenditure of at least 50% of the award by a subrecipient, or upon 50% construction. The project manager will email the Subrecipient and Grant Administrator to schedule the visit. Site Visit information and forms will be made available and completed in IowaGrants. The project manager will instruct grant administrators to provide any additional information identified as needed during a Site Visit. After the Site Visit, a report will be uploaded to IowaGrants and sent to both the subrecipient and grant administrator; any identified findings or concerns will also be communicated along with deadlines for submission of corrective actions. IEDA reserves the right to perform monitoring assessments the project at any point in time based on its assessment of project risk or other considerations.

Subrecipients are required to follow the requirements listed in the CDBG Management Guide.

## Closeout

The IEDA grant agreement specifies that all closeout deliverables are due to be completed, along with final claims, 60 days prior to the contract expiration to provide time to resolve any document errors or missing items among all project stakeholders. To close out the project, IEDA staff will verify the following:

To close out the project, IEDA staff will verify the following:

- o Projects:
  - o Confirm that all program activities are complete.
  - o Confirm final beneficiary numbers.
  - o Confirm compliance with all contracts funded through the program.
  - o Confirm national objective met.
  - o **Project Photos acquired for before & post project completion.**
  - o NGBS and IDALS Stormwater elements are completed and signed off / certified.
  - o **Confirm final compliance reporting is complete:**
    - **Subrecipient Section 3 Reports, IEDA Semi-Annual Labor Standards Reports;**
- o Financials:
  - o Confirm that the total reimbursement through the program and verify that the accounting is accurate.
  - o Confirm that the final reimbursement request has been made.
  - o Confirm that the program is not overspent against the Action Plan budget.
  - o **Confirm Single Audits, as applicable, have been submitted to the Federal Audits Clearinghouse.**
- o Administrative
  - o Risk Assessments and Site Visits are complete.
  - o All Monitoring issues have been resolved and documented in the project file.
  - o Assignment of Leases & Rents documents on file.
  - o Executed Rental Covenants & UCC / Addendum on file.
  - o Confirm documentation is retained for any critical decisions made or policies developed (for future audits).
  - o Closeout applicant files and make sure files are consistently organized.
    - Closeout individual activities.

The program will be ready for closeout when the conditions are met:

- A final public hearing has been held.
- All eligible activities are completed.
- All funds are expended in full or remaining funds are planned to be returned to IEDA.
- All reporting requirements were completed.
- Any specials conditions of the program were met.
- All audit and monitoring issues were resolved.

## Audit Requirements

As per the provisions of [2 CFR 200, Subpart F](#), Audit Requirements, grantees that expend \$1 million or more during their fiscal year in Federal awards must have a single or program-specific audit conducted for that year. Subrecipients must also have a single or program-specific audit if they meet the \$1 million expenditure threshold.

If IEDA is disbursing grant funds to Subrecipients, IEDA is required by [2 CFR 200.331](#) to ensure that subrecipients comply with Subpart F. IEDA will verify that Subrecipients, if applicable, have prepared financial statements (including the schedule of expenditures of Federal awards), that there are no significant findings in the Single Audit that impact the use of CDBG-DR funding, and if there are findings that the Subrecipient has taken corrective action.

Subrecipients are required to follow the requirements listed in the CDBG Management Guide.

## Records Management

IowaGrants.gov is intended to serve as the primary medium for administering grant funds and tracking the various compliance requirements stated in the grant agreement, the CDBG Management Guide and this Program Guide. However, the Subrecipient must maintain complete and accurate records that fully document compliance with all program requirements. This includes maintaining financial, programmatic, procurement, environmental, civil rights, labor standards, and contract records in a manner that provides a clear audit trail and supports IEDA's oversight responsibilities.

- Records must demonstrate:
- Activity eligibility and National Objective compliance
- Proper procurement and contractor selection
- Compliance with labor standards and other cross-cutting requirements
- Accurate financial management and documentation of costs
- Performance outcomes and beneficiary data
- Resolution of monitoring or audit findings

Records must be retained for the required federal retention period and must be made available to IEDA, HUD, or other authorized oversight entities upon request.

## Document Retention

The Subrecipient must retain all documentation of this project for three years after the entire grant between IEDA and HUD is closed. IEDA grant closeout with HUD is anticipated in 2031. IEDA will notify all Subrecipients when documentation retention is no longer required. Subrecipients may also contact IEDA to inquire about document retention times for the grant.

## Appendix

1. Developer Agreement Template
2. Construction Lien / Mortgage
3. Promissory Note
4. Recorded Covenants & Restrictions
5. Assignment of Leases and Rents
6. IEDA's Lease Addendum template
7. Marketing Plan Checklist
8. Income Verification Guidance for Tenants (Part 5 Process)
9. Housing Unit Verification Form

# Developer Agreement Template

## COMMUNITY DEVELOPMENT BLOCK GRANT DEVELOPMENT AGREEMENT

THIS AGREEMENT (the “Agreement”) is by and between the **City of \_\_\_\_\_**, Iowa (herein called the "City") and **Developers Name/Company**. (herein called the "Developer").

WITNESSETH THAT:

WHEREAS, the effective date of this Agreement is \_\_\_\_\_, 2025; and

WHEREAS, the City received Community Development Block Grant **Disaster Recovery** (CDBG-DR) funds from the Iowa Economic Development Authority (IEDA) under Disaster Relief Supplemental Appropriations Act, 2025 **Signed into law: Public Law 118-158**, allocating CDBG funding to HUD; and

WHEREAS, the Developer was the applicant for said funds; and

WHEREAS, Developer will own, develop and manage the Project; and

WHEREAS, these funds will be used to assist the construction of \_\_\_\_\_ **(number)** affordable **(Multi-Family Rental)** housing units at **(address)** as depicted in Exhibit A; and

WHEREAS, the City has been designated as the recipient of these funds by IEDA and will receive, administer, and disburse these funds; and

WHEREAS, the City has relied upon the representations of the proposed activities by the Developer who will undertake the community development activities in accordance with the original funding application submitted to the IEDA; and

WHEREAS, this project shall be subject to all the terms and conditions specified in the contract by and between the IEDA and the City for the implementation of the CDBG or CDBG-DR Funds (herein referred to as “CDBG Funds”), in the attached Exhibit A, and all governing regulations set by City ordinances and codes; and

NOW, THEREFORE, it is agreed between the parties hereto that:

**I. SCOPE OF SERVICE**

**A. Activities**

1. As a condition of providing up to \$ \_\_\_\_\_, the Developer will be responsible for developing, in a manner satisfactory to the City and IEDA and consistent with any standards required by this Agreement or federal or state laws and regulations, the construction of a **Multi-Family Rental Home** project located at **(address)** containing \_\_\_\_\_ units (the “Project”).
2. Additionally, all single-family homes sold to persons and/or households at or below 80% of the area median family income, as determined by the U.S. Department of Housing and Urban Development.

B. Funding

1. The City agrees to lend the project an amount not to exceed \$ [REDACTED] in CDBG-DR funds, as more specifically set out in Exhibit B: Mortgage, Exhibit C: Promissory Note, Exhibit D: Assignment of Leases and Rents (as applicable), and Exhibit E: Agreement for Covenants and Restrictions (this Agreement, the Mortgage, the Promissory Note, the Assignment of Leases and Rents, and the Covenants and Restrictions shall collectively be known as the “Loan Documents”), which are attached hereto and by this reference made a part hereof as if set out in full in this section.
2. The Mortgage and the Assignment of Leases and Rents securing the CDBG funds forgivable loan (non-receding) may be recorded in junior position to the principal conventional loan but must be recorded in senior position to any and all other funding in the project. The Agreement for Covenants and Restrictions should be filed prior to any mortgages being filed.
3. The Developer shall receive the CDBG-DR Funds and use the proceeds thereof to pay eligible costs incurred by the Developer in connection with the construction and acquisition of the Project. The funding of the CDBG Funds and any portion thereof is expressly conditioned upon the Developer complying with all of the program requirements and the terms of this Contract. Proceeds of the CDBG Funds may only be applied to eligible uses. **No costs incurred prior to the Effective Date of this Agreement may be included under this Agreement without prior written approval.**
4. No CDBG-DR funds or non-CDBG-DR funds may be committed to the project until the City and the Developer have secured environmental approval from the IEDA, as provided in HUD regulation 24 CFR Part 58. In addition, pending environmental approval and pursuant to 24 CFR Part 58.22(a), no activities may be undertaken that may limit the choice of reasonable alternatives.
5. The award proceeds will be paid to Developer to be applied against the approved project expenses. Developer will have no authority to direct any of the funds elsewhere or to withdraw any of the funds without the express written permission of the City.

C. Closing

1. Prior to or at the time of closing on/filing the CDBG-DR Loan, the Developer shall:
  - (i) Execute and deliver this Agreement and the Exhibits, including the note, mortgage, assignment of leases and rents, and covenants and restrictions, to the City.
  - (ii) Have submitted a firm written commitment from each source of funds to the Project identified in Exhibit A. Each commitment shall include the amount, terms, estimated time of contribution, and conditions of the financial commitment, as well as any schedules. These commitments must be in a form and amount acceptable to the City. The Developer shall report any changes in these contributions to the City immediately, whether the change is made by the Developer or any other party.
  - (iii) Provide an attorney’s title opinion regarding the land.
  - (iv) Provide a budget for the Project acceptable to the City.
  - (v) Provide the City with the due diligence materials requested by the City, all in form and substance reasonably satisfactory to the City.
  - (vi) Provide a construction schedule.

D. Disbursements

1. **Prior to commencement of construction,** IEDA must be provided the following documents:
  - (i) Environmental Review process must be complete, including the signed Release of Funds letter from IEDA’s Environmental Review Specialist;
  - (ii) Final Designs submitted to IEDA and approved for all green building standards and/or Mitigation designs (as applicable);
  - (iii) Documentation for recorded private financing uploaded to IowaGrants;
  - (iv) **Preliminary Home Energy Rating System (HERS) report to IowaGrants;**
  - (v) Acquire IEDA approval of applicable DBRA wage rates if more than seven (7) units constructed;
  - (vi) Acquire IEDA approval of construction contracts prior to execution for concurrence of all State and Federal Clauses present;
  - (vii) Provide approval of building plan from local codes authority
  - (viii) *If no local codes enforcement:*
    1. Provide evidence of ImageTrend submission via screenshot to IowaGrants;
    2. Provide evidence of Iowa Department of Public Safety Submission via screenshot to IowaGrants;
    3. Provide signed agreement for a Building Inspector to perform inspections at the Footing, Framing and Final completion intervals for State Building Code and State Energy Code compliance;
  - (ix) *For New Housing:*
    4. CDBG-DR Mortgage recorded in second place to County for which project resides uploaded to IowaGrants;
    5. **Promissory Note signed and uploaded to IowaGrants (for CDBG-DR);**
  - (x) *If Disturbing > 1 Acre:*
    6. Iowa DNR Water Quality Permit uploaded to IowaGrants;
    7. Stormwater Management Milestone Checklist;
2. The City shall use the CDBG-DR Funds it receives from IEDA and HUD with respect to the Project to reimburse the Developer for eligible costs incurred in connection with the development of the Project to the extent such costs are properly submitted to the City in accordance with the procedures set forth in this Agreement and all other terms and conditions of this Agreement. The Developer may not request a disbursement of CDBG Funds from the City until such funds are needed to pay eligible costs of the Project.
3. Accordingly, the amount of each draw request must be limited to the amount of money needed to pay eligible costs actually incurred by the Developer at the time of the draw request, may not include amounts for prospective or future needs, and may not be placed into escrow accounts or advanced in lump sums to the Developer.
4. All claims for disbursement must be processed in accordance with IEDA’s Policies and Procedures manual for this grant program.

5. The Developer shall provide a draw request for CDBG-DR Funds to the City using the procedures and forms specified by the City in coordination with IEDA. All eligible costs to be reimbursed must have adequate and itemized supporting documentation, including copies of receipts. The eligibility of any cost shall be determined by the City, in its sole discretion. A draw request must show expenses in whole dollar amounts. The Developer shall round down for any expense not in a whole dollar amount. A draw request must be equal to or greater than five hundred dollars (\$500.00), except for a final draw request.
6. Further, a final draw request shall not be paid by the City until at least one monitoring visit of the Project has been conducted and any required or requested project reports and documents have been reviewed and approved by the City.
7. The Developer shall not charge or allow CDBG-DR Funds to pay any flat rate or estimate for service, meaning that any expense must be the actual cost for providing such good or service.
8. Ten percent of the CDBG Funds will be withheld as retainage until:
  - (i) the Project has been constructed or rehabilitated;
  - (ii) the CDBG-DR Funded Units have been sold to qualified buyers;
  - (iii) a monitoring visit has been satisfactorily completed by the City and/or IEDA;
  - (iv) all other regulatory or funding requirements are completed in full.
9. The CDBG-DR Funds must be used to pay eligible costs. The City shall determine the Developer's compliance with this requirement at the time each draw request of CDBG-DR Funds is made based upon a review of the draw request. The City may request lien waivers as necessary and establish such additional limitations on the expenditure of CDBG-DR Funds as it determines are appropriate to ensure compliance with program requirements.
10. In the event that the City shall determine that the CDBG-DR Funds Grant have been used to pay ineligible costs, whether such costs are ineligible costs because they are not approved as eligible costs in accordance with this Agreement or because they violate program requirements, the City shall provide the Developer with written notice thereof and the Developer shall pay to the City, in immediately available funds within ten Business Days from the date of said notice, an amount equal to that portion of the CDBG-DR Funds used to pay ineligible costs to the City.
11. In the event that the City makes a determination that the Developer has failed to expend (or is unlikely to expend) sufficient CDBG-DR Funds on eligible costs within the prescribed expenditure deadlines, the City shall have no obligation to disburse any funds to the Developer under this Agreement and may, at the election of the City, recover or offset any CDBG Funds actually paid to the Developer with respect to the Project.
12. The City reserves the right to withhold funds until the City has received, reviewed, and approved all items, such as permits or licenses from other local, state or federal agencies, which may be required prior to Project commencement.
13. If the total amount of funding for a Project has not been requested by the Developer within 60 Days after its estimated construction completion date, then the City shall be

under no obligation for further disbursement. Upon the submission and disbursement of a final Draw Request, any remaining CDBG-DR Funds shall not be available.

14. Upon the expiration of this Agreement, any remaining CDBG-DR Funds and accounts receivable attributable to the use of CDBG-DR Funds must be transferred to the City.
15. The Developer shall cooperate with the City in obtaining and providing any additional documentation that may be required by the City to approve the request for CDBG-DR Funds.
12. The City will not make any payments to the Developer for costs that:
  - (i) are Ineligible Costs or otherwise prohibited under Program Requirements;
  - (ii) are not strictly in accordance with the terms of this Agreement;
  - (iii) were requested and/or incurred before the signing of this Agreement without prior City approval;
  - (iv) were requested and/or incurred after termination of this Agreement; or
  - (v) were requested during the occurrence and continuation of an uncured Event of Default.
16. The City is authorized to make modifications to the Draw Request procedure and to establish additional requirements for payment of the CDBG-DR Funds to the Developer as may be necessary or advisable for compliance with all Program Requirements.

E. Repayments

1. There will be no repayments required on the \$ [redacted] of CDBG-DR Funds if all affordability and long-term monitoring conditions are fulfilled. Terms and conditions are further set forth in the Loan Documents. If the assisted rental project is sold or transferred to an alternate use during the compliance period following completion and acceptance, the entire amount of the CDBG-Funded forgivable loan shall be repaid.

F. Default

1. Any of the following events shall constitute an “Event of Default” under this Agreement:
  - (i) a breach by the Developer of any of its representations, covenants, or warranties contained in this Agreement or the Loan Documents or in the performance of any of its obligations under this Agreement, in either event that (a) has or might reasonably be expected to have a material adverse impact on the operation of the Project, and (b) is not cured within ten Business Days in the case of a monetary default or 20 Business Days in the case of a non-monetary default following notice of such breach or default from the City to the Developer, provided, however, that if a non-monetary default cannot reasonably be cured within 20 Business Days and the Developer commences a cure within 20 Business Days and proceeds in good faith to effect such cure thereafter, the cure period with respect to such breach or default shall be extended for up to an additional 30 Business Days;
  - (ii) a representation, warranty or statement made or furnished to the City

- by, or on behalf of the Developer in connection with the Application or this Agreement to induce the City to make an award to the Developer shall be determined by the City to be incorrect, false, misleading or erroneous in any material respect when made or furnished and shall not have been remedied to the City's satisfaction within 30 Days after written notice by the City is given to the Developer; or
- (iii) the Developer fails to make a payment when due under the terms of this Agreement within ten days following written notice of such overdue payment is given to the Developer by the City; or
- (iv) the Developer demonstrates a lack of capacity to carry out the approved Project in a timely manner, in the sole discretion of the City; or
- (v) the commencement of foreclosure proceedings with respect to any mortgage, which have not been withdrawn or dismissed within 30 Days after the date of such commencement; or
- (vi) a violation of any law, regulation or order applicable to the Developer or the Project that has or might reasonably be expected to have a material adverse impact on the operation of the Project and is not cured within the applicable cure period, if any, provided in such law, regulation, or order; or
- (vii) gross negligence, fraud, willful misconduct, misappropriation of funds, or criminal activity other than a simple misdemeanor by the Developer or any Affiliate of the Developer providing services to or in connection with the Developer or the Project; or
- (viii) the estimated construction completion date as set forth in the Construction Schedule has been delayed by more than 30 Days and (a) the Developer has failed to submit an acceptable Action Plan to the City or (b) the City determines such delay will prevent the Developer, the Project or the City from complying with the Program Requirements; or
- (ix) the Developer is debarred, suspended, proposed for debarment, or placed on ineligibility status by HUD; or
- (x) repeated or prolonged failure to provide any required reports; or
- (xi) the Project fails to maintain the Program Requirements for the Affordability Period(s) of the CDBG-DR Funded Units for the entire affordability period; or
- (xii) Developer fails to satisfy or appeal any judgment against Developer.

2. In the event of a default, the City shall follow 2 CFR part 200 for suspension or termination of this Agreement. This includes temporarily withholding cash payments, disallowing all or part of the costs of the Project, wholly or partly suspending or terminating this Agreement, withholding further awards from CDBG-DR, requiring the immediate repayment of the full amount of CDBG-DR Funds disbursed, or taking any other remedies that may be legally available. Costs incurred by the Developer during a suspension or after termination of this Agreement are not allowable for reimbursement unless the City, in its sole discretion, expressly authorizes reimbursement.

3. The City shall have the right to exercise any of the following remedies upon an Event of Default:

- (i) temporarily suspend making disbursements of CDBG-DR Funds under this Agreement pending correction of the deficiency or default by the Developer;
- (ii) require the repayment of the CDBG-DR Loan;

- (iii) declare the Developer and its principals “not in good standing” with respect to the City;
  - (iv) cease making any further payments of CDBG-DR Funds under this Agreement;
  - (v) terminate this Agreement;
  - (vi) require the immediate repayment of CDBG-DR Funds advanced pursuant to this Agreement;
  - (vii) require that the Developer, the property manager, the Contractor or any other party providing services to the Developer to be replaced;
  - (viii) “Reserved”
  - (ix) draw upon and apply any escrows and/or reserve accounts in accordance with their terms;
  - (x) exercise any rights it may have under the CDBG-DR Loan Documents, including, but not limited to, foreclosure of the Note and Mortgage thereunder, in order to assure for repayment of the CDBG-DR Funds; and
  - (xi) exercise any other rights and remedies that may be available under law or in equity.
4. In addition to the remedies described, the Developer shall, upon demand by the City following an Event of Default, repay any amount of CDBG-DR Funds previously disbursed to the Developer under the terms of this Agreement.
  5. The City may defer the enforcement of remedies upon the occurrence of an Event of Default for such period as it determines appropriate, if it determines that any Lender is taking appropriate measures to correct the circumstances giving rise to the Event of Default.
  6. The City may consult with and advise the Lender as to its intention to exercise remedies hereunder.
  7. Each right and remedy provided in this Agreement is distinct from all other rights or remedies under this Agreement, the Loan Documents, or otherwise afforded by applicable law, and each shall be cumulative and may be exercised concurrently, independently, or successively, in any order.
  8. The City may provide a Lender with a copy of any written notice of default provided to the Developer pursuant to the terms of this Article. The City hereby agrees that any cure of any default made or tendered by any Lender shall be deemed to be a cure by the Developer and shall be accepted or rejected on the same basis as if such cure were made or tendered by the Developer.
  9. The Developer acknowledges that the primary purpose for requiring compliance by the Developer with the restrictions provided in this Agreement is to assure compliance of the Project and the Developer with the Program Requirements, AND BY REASON THEREOF, THE DEVELOPER IN CONSIDERATION FOR RECEIVING THE CDBG-FUNDED LOAN / GRANT FOR THIS PROJECT HEREBY AGREES AND CONSENTS THAT THE CITY, HUD AND/OR THE RESIDENTS OF THE PROJECT SHALL BE ENTITLED, FOR ANY BREACH OF THE PROVISIONS HEREOF, AND IN ADDITION TO ALL OTHER REMEDIES PROVIDED ABOVE OR BY LAW OR IN EQUITY, TO ENFORCE SPECIFIC PERFORMANCE BY THE DEVELOPER AND ITS SUCCESSORS AND ASSIGNS

OF ITS OBLIGATIONS UNDER THIS AGREEMENT IN ANY STATE COURT OF COMPETENT JURISDICTION FOR ANY AND ALL BREACH OF THE CONDITIONS AND RESTRICTIONS HEREOF. The Developer hereby further specifically acknowledges that the beneficiaries of the Developer's obligations hereunder cannot be adequately compensated by monetary damages in the event of any default hereunder.

10. If the City determines at any time that the Developer has expended funds for Ineligible Costs, the Developer will be notified of the questioned costs and given an opportunity to justify questioned costs prior to the City's final determination of the disallowance of costs. Refer to Section 7.4(B) for repayment. If it is the City's final determination that costs previously paid by the City are Ineligible Costs under the terms of this Agreement, the expenditures will be disallowed and the Developer shall repay to the City all Ineligible Costs.

G. Period of Affordability

1. Affordability duration terms:
  - a. 2024 Disaster Series:
    - i. New Multi-Family Rental Homes: 20 years - Deed restriction or covenant recorded at closing; forgiveness prorated over 240 months;
2. All units constructed for sale will be sold to households at or below 80% of the area median income. Upon completion of a single-family unit, and the closing on that sale, the affordability requirements of this agreement will be removed, and a new lien (fifteen year receding) will be filed with the new property owner.

H. Inspections

1. The City or its agents may perform periodic inspections at any reasonable time to ensure compliance with this agreement and the Loan Documents. The City or its agents shall perform a final inspection to certify project completion prior to final disbursement of the loan proceeds. The Developer agrees to keep this project in good repair and working order, ordinary wear and tear excepted, and from time to time will make all necessary repairs, replacements, renewals and additions in a timely manner.
2. Prior to disbursement of loan proceeds or for any other purpose in connection with the completion of the improvements, the City or its agents shall have free access and right of entry at any reasonable time of the day to inspect all or any portion of the property and the improvements. These inspections are for the benefit of the City as lender, to assure that the loan proceeds are being expended on the property in accordance with the approved loan application and the construction contract and for the benefit of the local government to assure that local law is being complied with in the project. In the event of any such inspection, the City may inform the Developer of any noncompliance with respect to the construction contract, but the City shall not issue direct orders or instructions to the contractor or subcontractor performing the work, except as authorized by the Developer. The Developer shall take all steps necessary to assure that the City or its agents are permitted to examine and inspect such work, and all contracts, materials, equipment, fixtures, payrolls and conditions of employment pertaining to the work, and all relevant data, books, and records of the Developer.

I. Period of Performance

1. The Developer agrees to use their good faith efforts to obtain a building permit for the project and begin construction by \_\_\_\_\_. They also agree to use their good faith efforts to complete the project on or before the end date of the City’s Contract with IEDA.

II. REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE DEVELOPER

The Developer hereby represents, warrants and covenants to the City that the following are true as of Execution and will be true on the due date of each disbursement of CDBG Funds, and as applicable, throughout the term of this Agreement:

- A. The Developer is a duly organized \_\_\_\_\_ validly existing under the laws of the state of its organization and has full power and authority to perform its obligations under this Agreement.
- B. No litigation, demand, investigation, claim or proceeding against the Developer or any other litigation or proceeding directly affecting the Project is pending or, to the best knowledge of the Developer, threatened, before any court, administrative agency or other Governmental Authority that would, if adversely determined, have a material adverse effect on the Developer or the construction, use and operation of the Project. The Developer and its Project Team shall promptly notify the City of the initiation of any claims, lawsuits or proceedings brought against the Developer.
- C. No default by the Developer or any Affiliate thereof having any relationship with the Project has occurred or is continuing (nor has there occurred any continuing event which, with the giving of notice or the passage of time or both, would constitute such a default in any material respect) under any of the financing documents for the Project or other documents or instruments governing the development, use, occupancy and operation of the Project.
- D. The Developer has not entered into any verbal or written contracts, agreements or arrangements of any kind which are inconsistent with this Agreement.
- E. All material building, zoning, health, safety, business and other applicable certificates, permits and licenses necessary to permit the construction, use, occupancy and operation of the Project have been or will, at the time required, be obtained and maintained (other than, prior to completion of construction of the Project or a specified portion thereof, such as are issuable only upon completion of construction or such specified portion thereof); and the Developer has not received any notice nor has any knowledge of any violation with respect to the Project of any law, rule, regulation, order or decree of any Governmental Authority having jurisdiction which would have a material adverse effect on the Project or the construction, use or occupancy thereof, except for violations which have been cured or can be cured within any applicable cure period, and are in the process of being cured, and notices or citations which have been withdrawn or set aside by the issuing agency or by an order of a court of competent jurisdiction.
- F. Before disbursement of CDBG-DR Funds, the Developer will have a fee simple interest in the Project and good and marketable title thereto, free and clear of any liens, charges or encumbrances other than the encumbrances the Developer is permitted to create under the terms of this Agreement, matters of title as of the effective date of the City’s title opinion, and mechanics’ or other liens that have been bonded against (or as to which other cash equivalent

security has been provided) in such a manner as to preclude the holder of such lien from having any recourse to the Project or the Developer for payment of any debt secured thereby.

- G. No Event of Default has occurred and is continuing.
- H. No Event of Bankruptcy has occurred as to the Developer.
- I. As of the date of Execution, all reserves and accounts required to be maintained by the Developer under the terms of this Agreement are currently funded (or will be funded at the time(s) required) up to the specified levels.
- J. The Developer will complete the Project.
- K. All utilities are, or will be, available to the Project, including sanitary and storm sewers, water, gas (if applicable) and electricity.
- L. The sources of funds available to the Developer are sufficient to enable the Developer to complete construction of the Project in accordance with the Plans and Specifications.
- M. All financial statements and related materials concerning the Project provided to the City are true and correct in all material respects and completely and accurately represent the subject matter thereof as of the effective date of the statements and related materials, and no material adverse change has occurred since that date.
- N. Unless the City consents to a transfer of the Project by Developer, the Project will continue to be owned and operated by the Developer through the expiration of this Agreement or, if later, the date, (if any), through which the Developer is required to own and operate the Project pursuant to any of the documents governing the use and operation of the Project.
- O. Tenants for the residential units in the Project will be screened and selected from a pool of eligible tenants based on uniformly applied tenant selection criteria that are commonly employed by other property owners in determining tenant eligibility in similar projects to the Project throughout the Affordability Period(s), and :
- P. No preferences or discrimination will be employed in selecting tenants (i.e., no discrimination based on religion, race, color, creed, national origin, ancestry, legal residency, sex, sexual preference or orientation, gender identity, age, physical handicap, medical condition, blindness or other physical disability, acquired immune deficiency syndrome (AIDS), family status, marital status, pregnancy, childbirth or related medical condition, or membership in the sponsoring organization) as will be consistent with federal housing policy governing nondiscrimination as determined under HUD rules and regulations.
- Q. Each of the representations and disclosures made by the Developer to the City in any application for CDBG-DR Funds is true and correct as of the date hereof. Each of the covenants, agreements and conditions contained in the such applications have been duly performed or satisfied by the Developer to the extent that performance or satisfaction is required on or prior to the date of Execution, and the Developer has no reason to believe that the covenants, agreements, and conditions required to be performed or satisfied after the date hereof will not be performed or satisfied in a timely manner.
- R. The Project is not located in a special flood hazard area identified by the Federal Emergency Management Agency (FEMA).

- S. The Developer shall not employ, award a contract to, or fund any person that has been debarred, suspended, proposed for debarment, or placed on ineligibility status by HUD.
- T. No federal appropriated funds have been paid or will be paid, by or on behalf of the Developer, to any Person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and/or the extension, continuation, renewal, amendment or modification of any federal contract, grant, loan or cooperative agreement.
- U. No funds have been paid for influencing or attempting to influence an officer or employee of a Member of Congress in connection with a federal contract, grant, loan and/or cooperative agreement benefiting the Developer. To the best knowledge of the Developer, the Developer has complied with all restrictions, certifications and disclosure requirements contained in the Byrd amendment to the fiscal 1990 appropriations measures for the United States Department of the Interior (P.L. 101-121) and with any guidelines and rules issued by any federal entity in connection therewith, if applicable.
- V. Neither the Developer nor any of its partners, members, managers, officers, directors, or employees, nor, to the best knowledge of the Developer, any of the Developer Parties has been debarred, suspended, proposed for debarment, or placed on ineligibility status by HUD.
- W. To the best knowledge of the Developer, no Developer or Developer Parties, nor any of the Developer’s property is or has ever been subject to or a party to or bound by any agreement or other arrangement with any person who has been debarred, suspended, proposed for debarment, or placed on ineligibility status by HUD.
- X. The Developer will prevent, and has instituted or will institute, (and will update from time to time to correspond to changes in circumstances and changes in applicable laws and regulations) policies and procedures to prevent, any circumstance or event described in subclauses T. and V. above.
- Y. The Developer and all other applicable Developer Parties have not engaged and shall not engage in any act or omission that would violate anti-money-laundering laws, including but not limited to 18 USC § 1956; have complied or will comply with requirements for instituting an anti-money laundering compliance program required under 31 USC § 5318(h) and applicable to all “financial institutions” as defined in 31 USC § 5312(a)(2); and have instituted or will institute policies and procedures and use commercially reasonable due diligence to identify and report Suspicious Transactions to relevant U.S. Government officials. “Suspicious Transactions” that may require reporting include, but are not limited to, (i) individual or related transactions in which a third-party provides payment in U.S. or foreign currency in excess of \$10,000 that may require reporting under 31 USC § 5331 and 26 USC § 6050I; (ii) any transaction where the Developer or any Developer Party knows, suspects, or has reason to know that the transaction (A) is for an illegal purpose, including but not limited to money laundering; (B) is otherwise an attempt to disguise funds derived from illegal activity or evade reporting requirements under U.S. law; or (C) is suspicious because the transaction appears to serve no business or lawful purpose.

III. NOTICES

1. Communication and details concerning this Agreement shall be directed to the City Clerk at  
(full address)

and directed to the Developer at  
(full address).

IV. SPECIAL CONDITIONS

A. Compliance

The Developer agrees to comply with all applicable federal, state, and local laws and regulations governing the funds provided under this agreement.

B. Governing Law

The Developer agrees to comply with the requirements of the Housing and Community Development Act of 1974, Title 24 Code of Federal Regulations, Part 570 of the Housing and Urban Development regulations concerning the CDBG Program, all federal regulations and policies issued pursuant to these regulations, and/or all notices issued in the Federal Register pertaining to these CDBG / CDBG-DR funds. The Developer further agrees to utilize funds available under this agreement to supplement rather than supplant funds otherwise available.

C. IEDA

The project shall be subject to all the terms and conditions specified in the contract by and between the IEDA and the City for the implementation of the CDBG-DR **Multi-Family Rental** New Construction Program, and all governing regulations set by City ordinances and codes.

V. GENERAL CONDITIONS

A. Independent Contractor

Nothing contained in this agreement is intended to, or shall be construed in any manner, as creating or establishing the relationship of employer/employee between the parties. The Developer shall at all times remain an independent contractor with respect to the services to be performed under this agreement. The City shall not be responsible for payment of Unemployment Compensation, FICA, retirement, life and/or medical insurance, and Workers Compensation Insurance for the employees of the Developer.

B. Hold Harmless

The Developer shall hold harmless, defend and indemnify the City, the State of Iowa and the Iowa Economic Development Authority, and their respective Board members, employees, agents, elected and appointed officials, harmless against all obligations, claims, losses, costs, damages, expenses (including the costs of the investigation), deficiencies, demands, and liabilities of whatsoever nature or kind including, but not limited to, attorney fees, including the reasonable value of time of the Attorney General’s office, litigation and court costs, amounts paid in settlement, and amounts paid to discharge judgment and, any loss from a judgment directly or indirectly resulting from, arising out of, or related to the subject matter of this agreement.

C. Workers' Compensation

The Developer shall provide Workers' Compensation Insurance coverage for all employees involved in the performance of this agreement.

D. Insurance and Bonding

The Developer shall carry sufficient insurance coverage to protect real estate and or personal property related to the Project from loss due to theft, fraud and/or undue physical damage, and as a minimum shall purchase a blanket fidelity bond covering all employees in an amount equal to cash advances from the City. The Developer shall comply with the bonding and insurance requirements in Subpart C of OMB Circular A-110. The Developer shall have the City and the IEDA identified as additional insureds on any insurance policy it takes out related to the Project during construction and throughout the affordability period.

E. Grantor Recognition

The Developer shall insure recognition of the role of the grantor agency in providing services through this agreement. All activities, facilities and items utilized pursuant to this Agreement shall be prominently labeled as to funding source. In addition, the Developer will include a reference to the support provided herein in all publications made possible with funds made available under this Agreement. Specifically, the Developer must comply with the grantor recognition requirements as determined by the IEDA.

F. Amendments

The City or the Developer may amend this agreement at any time provided that such amendments make specific reference to this agreement, and are executed in writing, and signed by a duly authorized representative of both organizations. Such amendments shall not invalidate this agreement, nor relieve or release the City or Developer from their obligations under this agreement.

The City may, in its discretion, amend this agreement to conform with federal, state, or local governmental guidelines, policies and available funding amounts, or for other valid reasons. If such amendments result in a change in the funding, the scope of services, or the schedule of activities to be undertaken as part of this agreement, such modifications will be incorporated only by written amendment signed by both the City and the Developer.

G. Suspension or Termination

Either party may terminate this agreement at any time by giving written notice to the other party of such termination and specifying the effective date thereof at least 30 days before the effective date of such termination. In the event of any termination for convenience, all finished or unfinished documents, data, studies, surveys, maps, models, photographs, reports or other materials prepared by the Developer under this agreement shall, at the option of the City, become the property of the City, and the Developer shall be entitled to receive just and suitable compensation for any satisfactory work completed on such documents or materials prior to the termination.

The City may also suspend or terminate this agreement, in whole or in part, if the Developer materially fails to comply with any term of this agreement, or with any of the rules, regulations or provisions referred to herein; and the City may declare the Developer ineligible for any further participation in city contracts, in addition to other remedies as provided by law. In the event there is probable cause to believe the Developer is in noncompliance with any applicable rules or regulations, the City may withhold up to fifteen (15) percent of said funds until such time as the Developer is found to be in compliance by the City or is otherwise adjudicated to be in compliance.

H. Retention

The Developer shall retain all records pertinent to expenditures incurred under this agreement for a period of five (5) years after the termination of all activities funded under this agreement, or after the resolution of all Federal audit findings, whichever occurs later. Records for non-expendable property acquired with funds under this agreement shall be retained for five (5) years after final disposition of

such property. Additional information on retention is contained in Article 9 of the original IEDA agreement.

I. Disclosure

The Developer understands that client information collected under this agreement is private and the use or disclosure of such information, when not directly connected with the administration of the City's or Developer's responsibilities with respect to services provided under this agreement, is prohibited unless written consent is obtained from such person receiving the service or, in the case of a minor, that of a responsible parent/guardian.

J. Property Records

The Developer shall maintain real property inventory records which clearly identify properties purchased, improved or sold. Properties retained shall continue to meet eligibility criteria and shall conform with the "changes in use" restrictions specified in 24 CFR Parts 570.503(b)(7) and 570.505.

K. National Objectives

The Developer agrees to maintain documentation that demonstrates that the activities carried out with funds provided under this agreement meet one or more of the CDBG program's national objectives (as defined in 24 CFR Part 570.208): 1) benefit low/moderate income persons; 2) aid in the prevention or elimination of slums or blight; or 3) meet community development needs having a particular urgency.

L. Close-Outs

Developer obligation to the City shall not end until all close-out requirements are completed. Activities during this close-out period shall include, but are not limited to: making final payments, disposing of program assets, and determining the custodianship of records.

M. Reversion of Assets

Upon the expiration of this agreement, the Developer shall transfer to the City any CDBG Funds on hand at the time of expiration and any accounts receivable attributable to the use of CDBG funds, as well as ensure that any real property acquired or improved with CDBG Funds in excess of \$25,000 meets all requirements specified in 24 CFR 570.503(b)(7).

N. Building Standards

The Developer shall meet all applicable local codes, ordinances, zoning, and Section 504 of the Rehabilitation Act of 1973 as amended (29 U.S.C. 794) at the time of completion and for the duration of the Affordability Period. The Developer agrees to follow the state building code if no local codes are in place. The Developer agrees to meet the industry-recognized green building standard as outlined in IEDA's baseline Green Streets Criteria.

O. Audits and Inspections

All Developer records with respect to any matters covered by this agreement shall be made available to the City, grantor agency, the Iowa Economic Development Authority, the Federal Government, or any of their designees at any time during normal business hours, as often as the City or grantor agency deems necessary, to audit, examine, and make excerpts or transcripts of all relevant data. Any deficiencies noted in audit reports must be fully cleared by the Developer within 30 days after receipt by the Developer. Failure of the Developer to comply with the above audit requirements will constitute a violation of this agreement and may result in the withholding of future payments. The Developer hereby agrees to have agency audit(s) conducted in accordance with OMB Circular A-133.

P. Procurement

1. The Developer shall comply with 24 CFR 85 ("Common Rule") and the current City policy concerning the purchase of equipment and shall maintain an inventory record of

all non-expendable personal property as defined by such policy as may be procured with funds provided herein.

Q. Conflict of Interest

1. The Developer shall comply with the conflict of interest policy found at 24 CFR 570.611. Specifically, the employee, agent, consultant, officer, or elected official or appointed official of the recipient, or of any designated public agencies, or of Developers who exercise or have exercised any functions or responsibilities with respect to CDBG activities assisted under this part, or who are in a position to participate in a decision making process or gain inside information with regard to such activities, may obtain a financial interest or benefit from a CDBG-assisted activity, or have a financial interest in any contract, subcontract, or agreement with respect to a CDBG-assisted activity, or with respect to the proceeds of the CDBG-assisted activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for one year thereafter.

VI. ADMINISTRATIVE REQUIREMENTS

A. Applicable Laws

The Developer certifies and assures that the project will be conducted and administered in compliance with all applicable Federal and State laws, regulations and orders. Certain statutes are expressly made applicable to activities assisted under the Act by the Act itself, while other laws not referred to in the Act may be applicable to such activities by their own terms. The Recipient certifies and assures compliance with the applicable orders, laws and implementing regulations, including but not limited to:

1. Financial Management guidelines issued by the U.S. Office of Management and Budget, OMB Circular A-133 (“Single Audit Act Amendment of 1996”), OMB Circular A-122 (“Cost Principles for Nonprofit Organizations”), OMB Circular A-87 (“Principles for Determining Cost Applicable to Grants and Contracts with State, Local and Federally recognized Indian Tribal Governments”).
2. Title I of the Housing and Community Development Act of 1974 as amended (42 U.S.C. 5301 et seq.); and regulations which implement these laws,
3. Title VI of the Civil Rights Act of 1964 as amended (Public Law 88-352; 42 U.S.C. 2000d et seq.); Title VIII of the Civil Rights Act of 1968 as amended (Public Law 90-284; 42 U.S.C. 3601 et seq.); the Iowa Civil Rights Act of 1965; Iowa Code Section 19B.7, and Executive Order #34, dated July 22, 1988; Iowa Code Chapter 216, Presidential Executive Order 11063, as amended by Executive Order 12259; Presidential Executive Order 11246, as amended; Section 504 of the Rehabilitation Act of 1973 as amended (29 U.S.C. 794); the Age Discrimination Act of 1975 as amended (42 U.S.C. 6101 et seq.); the Americans with Disabilities Act, as applicable, (P.L. 101-336, 42 U.S.C. 12101-12213); and related Civil Rights and Equal Opportunity statutes; and regulations which implement these laws.
4. Fair Housing Act, Public Law 90-284. The Fair Housing Act is part of Title VIII of the Civil Rights Act of 1968 as amended (42 U.S.C. 3601 et seq.); Section 109 of the Title I of the Housing and Community Development Act of 1974, as amended; Section 3 of the Housing and Urban Development Act of 1968 as amended (12 U.S.C. 1701u); and regulations which implement these laws.

5. Department of Housing and Urban Development regulations governing the CDBG program, 24 Code of Federal Regulations, Part 570. Section 102 of the Department of Housing and Urban Development Reform Act of 1989 (P.L. 101-235), and implementing regulations.
6. Requirements for the Notification, Evaluation, and Reduction of Lead-Based Paint Hazards in Federally Owned Residential Property and Housing Receiving Federal Assistance; Final Rule (24 CFR Part 35, et al.), including the identification and evaluation of lead-based paint hazards and implementation of lead-based paint hazard control measures. To the extent that lead-based paint is located in any existing building at the project, the Developer shall provide the City with a plan for handling such lead-based paint in a safe manner and in accordance with the foregoing regulations and comply with the plan during any construction at the project.
7. Davis-Bacon Act, as amended (40 U.S.C. 276a – 276a-5) under Section 110 of the Housing and Community Development Act of 1974, as amended; Contract Work Hours and Safety Standards Act (40 U.S.C. 327 et seq.); the Copeland Anti-Kickback Act (18 U.S.C. 874); the Department of Defense Reauthorization Act of 1986; and regulations which implement these laws. The Davis Bacon Act and the Contract Work Hours and Safety Standards Act only apply to residential projects if the project is for 8 or more units.
8. National Environmental Policy Act of 1969 and implementing regulations.
9. National Historic Preservation Act of 1966, as amended (16 USC 70) and the procedures set forth in 36 CFR Part 800, Advisory Council on Historic Preservation Procedures for Protection of Historic Properties, insofar as they apply to the PROJECT.
10. Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, (URA)(42 U.S.C. 4601 – 4655) and implementing regulations; Section 104(d) of the Housing and Community Development Act of 1974, as amended, governing the residential anti-displacement and relocation assistance plan; and Section 105(a)(11) of the Housing and Community Development Act of 1974, as amended, governing optional relocation assistance.
11. Iowa CDBG Program Administrative rules adopted by the Iowa Department of Economic Development, 261 Iowa Administrative Code, Chapter 23, to the extent applicable to the Program and not in conflict with the Program rules.
12. Financial and Program Management guidelines issued by the Iowa Department of Economic Development; the Iowa Housing Fund Management Guide.
13. Government-wide Restriction on Lobbying Certification [Section 319 of Public Law 101-121] and implementing regulations.
14. Fair Labor Standards Act and implementing regulations
15. Hatch Act (regarding political partisan activity and federally funded activities) and implementing regulations.
16. Citizen participation, hearing and access to information requirements found under sections 104(a)(2) and 104(a)(3) of Title I of the Housing and Community Development

Act of 1974, as amended and as modified by the waivers and / or alternative requirements published in the Federal Register on September 11, 2008.

17. Subsection 104(I) of Title I of the Housing and Community Development Act of 1974, as amended, regarding the prohibition of the use of excessive force in nonviolent civil rights demonstrations and the enforcement of state and local laws on barring entrance to or exit from facilities subject to such demonstrations.
18. Drug-Free Workplace Act.
19. All Federal law and regulations described in 24 CFR subpart K.

VII. PERSONNEL AND PARTICIPANT CONDITIONS

A. Reporting and Monitoring: Hiring Practices during Construction

1. The Developer and their contractors must comply with the Equal Employment Opportunity, Executive Order 11246, as amended (41 CFR Part 60) prohibiting discrimination against any employee or applicant for employment because of race, color, religion, sex familial status or national origin and Section 3 of the Housing and Urban Development Act of 1968 as amended (12 USC 1711u) that requires to the greatest extent feasible, opportunities for training and employment arising from the funding provided to be offered low-income persons residing in the program service area. Also to the greatest extent feasible, contracts for work to be performed will be awarded to Certified Section 3 business concerns.
2. The Developer agrees to comply with the Section 3 requirements as applicable. Section 3 requirements provide that to the greatest extent feasible, opportunities for training and employment be given to lower income residents of the project area and contracts for work in connection with the project be awarded to business concerns which are located in or owned in substantial part by persons residing in the areas of the project. The Developer or their contractors will be required to provide information related to labor hours worked on the project, and the income certification of labors in order to establish a percentage of Section 3 labor hours worked on the project. Additionally, the developer may need to report on marketing to Section 3 certified business concerns and residents. The Developer agrees that they will use their best efforts to afford small businesses, minority business enterprises, and women’s business enterprises the maximum practicable opportunity to participate in the performance of this agreement. As used in this context, the terms “small business” means a business that meets the criteria set forth in Section 3(a) of the Small Business Act, as amended (15 USC 632) and “minority and women’s business enterprise” means a business at least fifty-one (51) percent owned and controlled by minority group members or women. The Developer may rely on written representations by businesses regarding their status as minority and women-owned business enterprises in lieu of an independent investigation. The Developer or their contractor will be required to complete forms on Minority and Women Contractors and Section 3 hiring during the construction period on forms provided by the City before City releases final payments. The City will review these reports in conjunction with the Minority and Women Owned Business Plan submitted by the Developer.
3. Federal Davis-Bacon wage requirements are applicable to this Agreement if the number of units in the Project is 8 or more and/or the installation of Public Infrastructure is incorporated into this Project. The Developer agrees to comply with 24 CFR Section 570.603 and the requirements of the Secretary of Labor in

accordance with the Davis-Bacon Act (40 USC 276(a) to (1-7) as it applies to any construction work financed in whole or in part with CDBG funds. All contracts and subcontracts for construction shall include a provision for compliance with the Davis-Bacon Act and supporting Department of Labor regulations. The Developer shall maintain documentation and records which demonstrate compliance with wage and hour requirements, including contract provisions and payroll records.

3. The Developer also agrees to comply with the Contract Work Hours and Safety Standards Act (40 USC 327-333), as supplemented by the Department of Labor regulations contained in 29 CFR Part 5 if the Project is 8 units or more.
4. The Developer agrees to comply with the Copeland “Anti-Kickback” Act (18 USC 874) as supplemented by the Department of Labor regulations contained in 24 CFR Part 3.
6. Contractor and Subcontractor Review. The Developer shall obtain information on each contractor and subcontractor to prior to start of construction to determine if any contractor has been debarred or disqualified by HUD (24 CFR Part 5 and 24 CFR Part 24). The Developer shall not enter into a contract with any person, agency, or entity that is debarred, suspended or otherwise excluded from or ineligible for participation in federal assistance programs under Executive Order 12549 or 12689. In the event that the Developer has entered into a contract or subcontract with a debarred or suspended party, no CDBG Funds will be provided as reimbursement for the work done by that debarred or suspended contractor or subcontractor.

B. Civil Rights

1. Nondiscrimination

The Developer will not discriminate against any employee or applicant for employment because of race, color, creed, religion, ancestry, national origin, sex, disability or other handicap, age, marital status, or status with regard to public assistance. The Developer will take affirmative action to insure that all employment practices are free from such discrimination. Such employment practices include but are not limited to the following: hiring, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff, termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. The Developer agrees to post or otherwise make available equal opportunity and nondiscrimination information for employees and applicants for employment.

2. Section 504

The Developer agrees to comply with any federal regulations issued pursuant to compliance with Section 504 of the Rehabilitation Act of 1973, (29 U.S.C. 706) which prohibits discrimination against the handicapped in any federally assisted program. The City shall provide the Developer with any guidelines necessary for compliance with that portion of the regulations in force during the term of this agreement.

The Developer shall ensure, to the maximum extent feasible that five percent of the total dwelling units, or \_\_\_\_\_ units, shall be readily accessible to and usable by individuals with mobility impairments. An additional two percent, or \_\_\_\_\_ units, shall be accessible for persons with sensory impairments. The total number of units in this assisted project, regardless of whether they are all CDBG-DRassisted, is used as the basis for determining the minimum number of accessible units.

C. Affirmative Action

1. Approved Plan

The Developer agrees that it shall comply with the City's Affirmative Action Program, in keeping with the principles as provided in Executive Order 11246.

2. WBE/MBE

The Developer will use its best efforts to afford minority and women-owned business enterprises the maximum practicable opportunity to participate in the performance of this agreement. As used in this Agreement, the term "minority and female business enterprise" means a business at least fifty-one (51) percent owned and controlled by minority group members or women.

3. Access to Records

The Developer shall furnish and cause each of its sub-Developers to furnish all information and reports required hereunder and will permit access to its books, records and accounts by the City, IEDA, HUD and/or their agents, or other authorized federal officials for purposes of investigation to ascertain compliance with the rules, regulations and provisions stated herein.

4. EEO/AA Statement

The Developer will, in all solicitations or advertisements for employees placed by or on behalf of the Developer, state that it is an equal opportunity or affirmative action employer.

5. Subcontract Provisions

The Developer will include the Civil Rights and Affirmative Action provisions of this Agreement in every subcontract or purchase order, specifically or by reference, so that such provisions will be binding upon each sub-Developer or vendor.

D. Conduct

1. Assignability

The Developer shall not assign or transfer any interest in this agreement without the prior written consent of the City thereto; provided, however, that claims for money due or to become due to the Developer from the City under this agreement may be assigned to a bank, trust company, or other financial institution without such approval. Notice of any such assignment or transfer shall be furnished promptly to the City.

2. Subcontracts

(i) Approvals

The Developer shall not enter into any subcontracts with any agency or individual in the performance of this agreement without the written consent of the City prior to the execution of such agreement.

(ii) Monitoring

The Developer will monitor all subcontracted services on a regular basis to assure contract compliance. Results of monitoring efforts shall be summarized in written reports and supported with documented evidence of follow-up actions taken to correct areas of noncompliance.

(iii) Content

The Developer shall cause all of the provisions of this agreement in its entirety to be included in and made a part of any subcontract executed in the performance of this agreement.

(iv) Selection Process

The Developer shall undertake to ensure that all subcontracts let in the performance of this agreement shall be awarded on a fair and open competition basis. Executed copies of all subcontracts shall be forwarded to the City along with documentation concerning the selection process.

3. Copyright

If this Agreement results in any copyrightable material, the City and/or grantor agency reserves the right to royalty-free, non-exclusive and irrevocable license to reproduce, publish or otherwise use and to authorize others to use, the work for government purposes.

4. Religious Organization

The Developer agrees that funds provided under this Agreement will not be utilized for religious activities, to promote religious interests, or for the benefit of a religious organization in accordance with regulations specified in 24 CFR 570.200(j).

F. Eligibility Restrictions for Certain Resident Aliens (570.613)

1. Restriction

The Developer agrees to comply with 24 CFR 570.613, which states that certain newly legalized aliens, as described in 24 CFR Part 5 Subpart E are not eligible to apply for benefits under covered activities funded by CDBG programs. "Benefits" under this section means financial assistance, public services, jobs and access to new or rehabilitated housing and other facilities funded through CDBG programs. "Benefits" do not include relocation services and payments to which displacees are entitled by law.

2. Covered Activities

"Covered activities" under this section means activities meeting the requirements of Section 570.208(a) that either:

- (i) Have income eligibility requirements limiting the benefits exclusively to low and moderate income persons; or
- (ii) Are targeted geographically or otherwise to primarily benefit low and moderate income persons (excluding activities serving the public at large, such as sewers, roads, sidewalks, and parks), and that provide benefits to persons on the basis of an application.

3. Limitation on Coverage

The restrictions under this section apply only to applicants for new benefits not being received by covered resident aliens as of the effective date of this agreement.

4. Compliance

Compliance can be accomplished by the Developer obtaining certification as provided in 24 CFR Part 5 Subpart E, Section 5.508 evidencing citizenship or Section 5.510 eligible immigration status.

### VIII. Final Disbursement

- A. After completion of the improvements, the Developer will furnish the City a Disposition of Funds Statement, showing in detail how the loan proceeds have been disbursed. The City shall then provide a statement on the amount of retainage being held until the City approves the beginning date of affordability. By executing such statement, the Developer agrees that the improvements have been completed in accordance with the construction contract, except for any warranty items (which the Developer are responsible to have the warrantor correct). By such execution, the Developer further agree to assess no claim against the City, or any defense against collection of the loan, with respect to any defect or inadequacy in the construction, whether or not the Developer is aware of such defect or inadequacy. The following documents shall be provided upon construction completion:
1. A certificate of occupancy;
  2. A certificate from the Developer stating the total construction cost;
  3. A certificate from a third party professional (architect or engineering firm) stating that the project has been completed in accordance with the plans and specifications, in a good and workmanlike manner and in accordance with all laws, ordinances, rules and regulations or all governmental authorities having or purporting to have jurisdiction over the project. This certification shall also include compliance with the Architectural Barriers Act of 1968 (42 USC 4151-4157); the Uniform Federal Accessibility Standards, as set forth in 24 CFR Section 570.614; the Americans with Disabilities Act of 1990; the Lead Based Paint Poisoning Prevention Act (42 USC 4831(b) and the Residential Lead Based Paint Hazard Reduction Act of 1992 (42 USC 4851-4856) and implementing regulations at 24 CFR Part 35; and Section 504 of the Rehabilitation Act of 1973; and
  4. Evidence that the project has been completed lien-free (which evidence shall include without limitation, final lien waivers from the general contractor and all major subcontractors and expiration of the lien periods provided by applicable State law) in form and substance reasonably satisfactory to the City.

### VIII. Miscellaneous

#### A. Rules of Construction

1. Unless the context clearly indicates to the contrary, the following rules apply to the construction of this Agreement:
2. Words importing the singular number include the plural number and words importing the plural number include the singular number;
3. Words of the masculine gender include correlative words of the feminine and neuter genders, and vice-versa;
4. The table of contents and the headings or captions used in this Agreement are for convenience of reference and do not constitute a part of this Agreement, nor affect its meaning, construction, or effect;

5. Words importing persons include any individual, corporation, partnership, limited liability company, joint venture, association, joint stock company, trust, unincorporated organization, or government or agency or political subdivision thereof;
  6. Any reference in this Agreement to a particular “Article,” “Section,” or other subdivision shall be to such Article, Section, or subdivision of this Agreement unless the context shall otherwise require;
  7. Each reference in this Agreement to an agreement or contract shall include all amendments, modifications, and supplements to such agreement or contract unless the context shall otherwise require; and
  8. When any reference is made in this document or any of the schedules or exhibits attached hereto to the Agreement, it shall mean this Agreement, together with all other schedules and exhibits attached hereto, as though one document.
- B. The covenants and agreements contained herein shall be binding upon, and inure to the benefit of, the heirs, legal representatives, successors and assignees of the respective parties hereto, except in each case as expressly provided to the contrary in this Agreement.
- C. No waiver by the City of any Event of Default hereunder shall operate as a waiver of any other Event of Default or of the same Event of Default on any future occasion. No delay on the part of the City in exercising any right or remedy hereunder shall operate as a waiver thereof. No single or partial exercise of any right or remedy by the City shall preclude future exercise thereof or the exercise of any other right or remedy.
- D. No provision of this Agreement shall be construed in any manner so as to create any rights in Persons or Entities that are not a party to this Agreement, except where specific rights in the IEDA are created herein.
- E. This Agreement shall be interpreted in accordance with the laws of the State of Iowa, and any action relating to this Agreement shall only be commenced in the Iowa District Court for Polk County or in the United States District for the Southern District of Iowa. This provision shall not be construed as waiving any immunity to suit or liability, including without limitation sovereign immunity in state or federal court, which may be available to the City or the State. By signing this Agreement, the Developer waives the right to jury trial in the event of any legal proceedings.
- F. The Developer shall pay upon demand any and all reasonable fees and expenses of the City, including the fees and expenses of their attorneys, experts and agents, in connection with the exercise or enforcement of any of the rights of the City under this Agreement.
- G. This Agreement may be executed in several counterparts, and all so executed shall constitute one agreement, binding on all the parties hereto. Any counterpart of this Agreement, which has attached to it separate signature pages which together contain the signatures of all the parties hereto or is executed by an attorney in fact on behalf of some or all of the parties, shall for all purposes be deemed a fully executed instrument.
- H. All representations, warranties, and indemnifications contained herein shall survive the termination of this Agreement.

I. Separability of Provisions; Rights and Remedies; Arbitration; Consistency with Program Requirements

1. Each provision of this Agreement shall be considered separable and if for any reason any provision or provisions herein are determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those portions of this Agreement which are valid.
2. Unless otherwise specifically provided herein, the rights and remedies of any of the parties hereunder shall not be mutually exclusive, and the exercise of one or more of the provisions hereof shall not preclude the exercise of any other provisions hereof. Each of the parties confirms that damages at law may be an inadequate remedy for breach or threat of breach of any provisions hereof. The respective rights and obligations hereunder shall be enforceable by specific performance, injunction, or other equitable remedy, but nothing herein contained is intended to limit or affect any rights at law or by statute or otherwise of any party aggrieved as against the other parties for a breach or threat of breach of any provision hereof, it being the intention by this paragraph to make clear that under this Agreement the respective rights and obligations of the parties shall be enforceable in equity as well as at law or otherwise.
3. The provisions of this Agreement are intended to implement CDBG in accordance with Program Requirements and shall be interpreted consistently therewith. In the event of any conflict between the provisions of this Agreement and the Program Requirements, the Program Requirements shall govern and, to the extent necessary, the inconsistent provisions of this Agreement shall be without effect.

J. This Agreement contains the entire understanding between the Developer and the City and any representations that may have been made before or after the signing of this Agreement, which are not contained therein, are nonbinding, void and of no effect. None of the parties have relied on any such prior representation in entering into this Agreement.

K. **Time is of the essence** in the performance of this Agreement. The Developer acknowledges that the timely completion of the Project is a material term of this Agreement and that delays in the completion of the Project will result in substantial damages to the Owner, including but not limited to potential loss of CDBG funds, delays in project utilization, and additional administrative costs

The parties agree that actual damages for delay would be difficult to determine with certainty and that the amount set forth herein represents a reasonable estimate of such damages and is not intended as a penalty.

Therefore, if the Developer fails to complete the work required under this Agreement by the Completion Date specified at paragraph I. Period of Performance or any extension thereof approved in writing by the Owner, **liquidated damages shall be assessed at a rate of dollars (\$XXX.00) for each calendar day beyond the Completion Date** that the work remains incomplete.

These liquidated damages shall be deducted from any payments due or to become due to the Developer, or, if such payments are insufficient, shall be immediately due and payable by the Developer to the Owner upon demand. Nothing in this provision shall be construed to limit any other rights or remedies available to the Owner under this Agreement, at law, or in equity.

IN WITNESS WHEREOF, the Parties have executed this Agreement.

City:

By: \_\_\_\_\_  
Name of City Elected Official  
City of \_\_\_\_\_

Developer – Developer Name / Company / City Department

By: \_\_\_\_\_  
Developer Representative Name  
Developer Name/Company

**Exhibits:**

- Exhibit A – Project Scope and Schedule Outline (application, grant agreement excerpts)
- Exhibit B - Mortgage
- Exhibit C - Promissory Note
- Exhibit D – Assignment of Leases and Rents
- Exhibit E – Agreement for Covenants and Restrictions

# Construction Lien/Mortgage

RECORDED:  
RECORDING FEE: \$  
REVENUE TAX: \$  
COMBINED FEE: \$  
RECORDER:  
COUNTY:

MORTGAGE

SPACE ABOVE THIS LINE FOR RECORDER

PREPARED BY:

AFTER RECORDING RETURN TO:

GRANTOR AND TAXPAYER: \_\_\_\_ (Developer) \_\_\_\_\_

GRANTEE: City of \_\_ (UGLG Subrecipient) \_\_\_\_\_

LEGAL DESCRIPTION:  
\_\_\_\_\_  
\_\_\_\_\_

Grant Agreement Contract Owner: \_\_\_\_ (UGLG Subrecipient) \_\_\_\_\_

Grant Agreement Contract Number: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

MORTGAGE

THIS MORTGAGE IS A CONSTRUCTION MORTGAGE LIEN AS DEFINED IN THE IOWA CODE.

NOTICE: This mortgage secures credit in the amount of \$\_\_\_\_\_. Loans and advances up to this amount, together with interest, are senior to indebtedness to other creditors under subsequently recorded or filed mortgages and liens.

THIS MORTGAGE ("Mortgage"), dated \_\_\_\_\_, by and between the City of \_\_\_\_\_, Iowa, an Iowa City ("Lender"), and \_\_\_\_\_, an Iowa Developer ("Borrower"), secures payment of the loan made by Lender to Borrower evidenced by a promissory note dated \_\_\_\_\_, as revised, in the principal amount of \$\_\_\_\_\_ ("Note") which provides for the full debt due and payable on \_\_\_\_\_.

This Mortgage secures to Lender: (a) the repayment of the debt as evidenced by the Note, and all renewals, extensions, modifications or refinancing thereof and any Promissory Note issued in substitution therefore; (b) all other obligations of Borrower to Lender, now existing or hereafter arising, whether direct or indirect, contingent or absolute and whether as maker or surety, including, but not limited to, future advances and amounts advanced and expenses incurred by Borrower pursuant to this Mortgage; and (c) the performance of Borrower's covenants and agreements under this Mortgage, the Note, the Community Development Block Grant-Disaster Recovery Contract delivered to Lender by Borrower and dated \_\_\_\_\_.

(the "Contract"), and the Agreement for Covenants and Restrictions delivered by Borrower to Lender and dated \_\_\_\_\_ (the "Covenants") (this Mortgage, the Note, the Contract, and the Covenants are hereinafter referred to as the "Loan Documents"), as applicable. For this purpose, Borrower does hereby mortgage, grant and convey the Lender a security interest in and to the following described property including any after acquired title or reversion thereto (the "Land") located in \_\_\_\_\_ County, Iowa:

(Legal description inserted here)

TOGETHER WITH:

- (a) Buildings. All buildings, structures and improvements now standing or hereafter constructed or placed on the Land (the "Buildings"), and all easements, appurtenances, riparian rights, mineral rights, water rights, rights in and to the lands lying in streets, alleys and roads adjoining the land, estates and other rights and interests now or hereafter belonging to or in any way pertaining to the land.
- (b) Personal Property. All fixtures and other personal property integrally belonging to, or hereafter becoming an integral part of the Land or Buildings, whether attached or detached, including but not limited to, light fixtures, shades, rods, blinds, venetian blinds, awnings, storm windows, screens, linoleum, water softeners, automatic heating and air conditioning equipment and all proceeds, products, increase, issue, accessions, attachments, accessories, parts, additions, repairs, replacements and substitutes of, to, and for the foregoing (the "Personal Property").
- (c) Revenues and Income. All rents, issues, profits, leases, condemnation awards and insurance proceeds now or hereafter arising from the ownership, occupancy or use of the Land, Buildings and Personal Property, or any part thereof (the "Revenues and Income").

TO HAVE AND TO HOLD the Land, Buildings, Personal Property and Revenues and Income (collectively called the "Mortgaged Property"), together with all privileges, hereditaments thereunto now or hereafter belonging, or in any way appertaining, and the products and proceeds thereof, unto Lender, its successors and assigns.

Borrower and Lender covenant and agree as follows:

1. **Representations and Warranties of Borrowers.** Borrowers represent, warrant, and covenant to Lender that (1) Borrowers hold clear title to the Mortgaged Property; (2) Borrowers have the right, power, and authority to execute this Mortgage and grant a security interest in the Mortgaged Property; (3) the Mortgaged Property is free and clear of all liens and encumbrances, except for real estate taxes not yet delinquent, as otherwise stated herein, or encumbrances of record disclosed in the Lender's Title Guaranty Division Certificate issued in favor of the Lender; (4) Borrowers will warrant and defend title to the Mortgaged Property and the lien and priority of this Mortgage against all claims and demands of all persons, whether now existing or hereafter arising; and (5) all buildings and improvements now or hereafter located on the Land are, or will be, located entirely within the boundaries of the Land.
  
2. **Payment.** Borrower shall promptly repay principal and interest of the debt and any prepayment thereunder as evidenced by the Note, and timely perform all other obligations of Borrower under the Loan Documents. The provisions of the Loan Documents are hereby incorporated by reference into this Mortgage as if fully set forth herein.
  
3. **Taxes.** Borrower shall pay each installment of property taxes and special assessments of every kind, now or hereafter levied against the Mortgaged Property before the same become delinquent, without notice or demand.
  
4. **Liens.** Borrower shall pay in a timely manner all taxes, assessments, charges, fines and impositions attributable to the Mortgaged Property which may attain priority over this Mortgage, and leasehold payments or ground rents, if any. Borrower shall promptly furnish to Lender receipts evidencing the payment.

Unless Borrower obtains Lender's prior written approval, Borrower shall not create, incur or suffer to exist any lien, encumbrance, security interest or charge on the Mortgaged Property or any part thereof which might or could be held to be equal or prior to the lien of this Mortgage, other than the lien of current real estate taxes and installments of special assessments with respect to which no penalty is yet payable. Borrower shall pay, when due, the claims of all persons supplying labor or materials in connection with the Mortgaged Property.

Borrower shall promptly discharge any lien which has, or may attain, priority over this Mortgage unless Borrower: (1) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (2) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien; or (3) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Mortgage. If Lender determines that any part of the Mortgaged Property is subject to a lien which may attain priority over this Mortgage, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take one or more of the actions set forth above within ten business days of the giving of notice.

5. **Fixture Filing.** From the date of its recording, this Mortgage shall be effective as a financing statement filed as a fixture filing with respect to Personal Property and for this purpose the name and address of debtor

is the name and address of Borrower as set forth in Paragraph 23 herein and the name and address of the secured party is the name and address of the Lender as set forth in Paragraph 23 herein.

6. Compliance with Laws. Borrowers shall comply with all present and future statutes, laws, rules, orders, regulations, and ordinances affecting the Mortgaged Property, any part thereof, or the use thereof.

7. Care of Property. Borrower shall take good care of the Mortgaged Property; shall keep the Buildings and the Personal Property now or later placed upon the Mortgaged Property in good and reasonable repair and shall not injure, destroy or remove either the Buildings or Personal Property during the term of this Mortgage. Borrower shall not make any material alteration in the Mortgaged Property without the prior written consent of Lender.

8. Insurance.

a. Risks to be Insured. Borrower, at its sole cost and expense, shall maintain insurance on the Buildings and other improvements now existing or hereafter erected on the Land and on the Personal Property included in the Mortgaged Property against loss by fire, extended coverage perils and such other hazards as Lender may from time to time require. Lender requires such insurance to have a "Replacement Cost" endorsement attached thereto, with the amount of the insurance at least equal to the balance of amount owed under the Note. Borrower will at its sole cost and expense, from time to time, and at any time at the request of Lender, provide Lender with evidence satisfactory to Lender of the replacement cost of the Mortgaged Property. Borrower will maintain such other insurance as Lender may reasonably require.

b. Policy Provisions. All insurance policies and renewals thereof maintained by Borrower pursuant to this Mortgage shall be written by an insurance carrier satisfactory to Lender, contain a Lender clause in favor of Lender and in form acceptable to Lender, contain an agreement of the insurer that it will not amend, modify or cancel the policy except after 30 calendar days prior written notice to Lender, and be reasonably satisfactory to Lender in all other respects.

c. Delivery of Policy or Certificate. If requested by Lender, Borrower will deliver to Lender original policies satisfactory to Lender evidencing the insurance which is required under this Mortgage, and Borrower shall promptly furnish to Lender all renewal notices and, upon request of Lender, evidence of payment thereof. At least ten calendar days prior to the expiration date of a required policy, Borrower shall deliver to Lender a renewal policy in form satisfactory to Lender.

d. Assignment. If the Mortgaged Property is sold at a foreclosure sale or if Lender shall acquire title to the Mortgaged Property, Lender shall have all of the right, title and interest of Borrower in and to any insurance policies required hereunder, and the unearned premiums thereon, and in and to the proceeds thereof resulting from any damage to the Mortgaged Property prior to sale or acquisition.

e. Notice of Damage or Destruction; Loss Adjustment. If the Mortgaged Property or any part thereof is damaged or destroyed by fire or other casualty, Borrower will, within five calendar days after the occurrence of the damage or destruction, give written notice thereof to the insurance carrier and to Lender and will not adjust any damage or loss which is estimated by Borrower in good faith to exceed Twenty-five Thousand Dollars (\$25,000) unless Lender joins in or concurs with such adjustment; but if there has been no adjustment of any such damage or loss within four months from the date of occurrence thereof and if an Event of Default shall exist at the end of such four month period or at any time thereafter, Lender may alone make proof of loss, adjust and compromise any claim under the policies, and appear in and prosecute any action arising from such policies. In connection therewith, Borrower does hereby irrevocably authorize, empower and appoint Lender as attorney-in-fact for Borrower (which appointment is coupled with an interest) to do any and all of the foregoing in the name and on behalf of Borrower.

f. Application of Insurance Proceeds. All sums paid under any insurance policy required by this Mortgage shall be paid to Lender. Lender agrees to apply all insurance proceeds from casualty or damage of

the Project (after first deducting therefrom Lender's expenses incurred in collecting the same including but not limited to reasonable attorneys' fees) in the following order: (1) to bring loan current if it is in default due to delinquent payments; (2) to repayment of the indebtedness secured by this Mortgage and the Note if any other Event of Default has occurred prior to the casualty, and is continuing thereunder; (3) if no Event of Default exists, to the payment of the restoration, repair, replacement or rebuilding of Mortgaged Property that is damaged or destroyed and to Borrower's Replacement Reserve or Operating Reserve, in such manner as Lender shall determine, and (4) any remainder to be applied to the payment of the indebtedness.. Restoration will not remove or alter any existing obligations associated with the Loan Documents.

g. Expense Reimbursement. Borrower shall promptly reimburse Lender upon demand for all of Lender's expenses incurred in connection with the collection of the insurance proceeds, including but not limited to reasonable attorneys' fees, and all such expenses shall be additional amounts secured by this Mortgage.

9. Protection of Lender's Rights in the Property. If Borrower fails to perform the covenants and agreements contained in this Mortgage, or there is a legal proceeding that may significantly affect Lender's rights in the Mortgaged Property (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture or to enforce laws or regulations), then Lender may do and pay for whatever is necessary to protect the value of the Mortgaged Property and Lender's rights in the Mortgaged Property. Lender's actions may include paying any sums secured by a lien which has priority over this Mortgage, appearing in court, paying reasonable attorneys' fees and entering on the Mortgaged Property to make repairs. Although Lender may take actions under this paragraph, Lender does not have to do so.

Any amounts disbursed or incurred by Lender under this paragraph shall become additional debt of Borrower secured by this Mortgage. Unless Borrower and Lender agree to the other terms of payment, these amounts shall bear interest from the date of disbursement at the Note rate and shall be immediately due and payable, with interest, upon notice from Lender to Borrower requesting payment.

10. Inspection. Lender or its agents shall have the right at reasonable times to enter upon the Mortgaged Property for the purpose of inspecting the Mortgaged Property. Lender shall have no duty to make such inspection. Nothing contained in this paragraph shall require Lender to incur any expense or do any act hereunder, and Lender shall not be liable to Borrower for any damage or claims arising out of action taken by Lender pursuant to this paragraph.

11. Condemnation.

a. Notice, Assignment and Loss Adjustment. Borrower shall give Lender prompt notice of any action, actual or threatened, in condemnation or eminent domain and hereby assign, transfer and set over to Lender the entire proceeds of any award or claim for damages for all or any part of the Mortgaged Property taken or damaged under the power of eminent domain or condemnation. Lender is hereby authorized to intervene in any such action in the name of Borrower, to compromise and settle any such action or claim, and to collect and receive from the condemning authorities and give proper receipts and acquittances for such proceeds.

b. Application of Proceeds. Lender agrees to apply all proceeds resulting from its intervention in any condemnation or eminent domain action or the compromise and settlement of such action or claim, or its collection of such proceeds (after first deducting therefrom Lender's expenses incurred including but not limited to reasonable attorneys' fees), in the following order: (1) to bring loan current if it is in default due to delinquent payments; (2) to repayment of the indebtedness secured by this Mortgage and the Note if any other Event of Default has occurred prior to the casualty, and is continuing thereunder; (3) if no Event of Default exists, to the payment of the restoration, repair, replacement or rebuilding of Mortgaged Property that is damaged or destroyed and to Borrower's Replacement Reserve or Operating Reserve, in such manner as Lender shall determine, and (4) any remainder to be applied to the payment of the indebtedness. Restoration will not remove or alter any existing obligations associated with the Loan Documents.

12. Events of Default. Each of the following occurrences shall constitute an event of default ("Event of Default"):
- a. Borrower fails to make payment as required by the Note or breaches its agreements contained in paragraph 2 hereof or defaults in the due observance or performance of or breaches any other covenant, condition or agreement on its part to be observed or performed pursuant to the terms of the Loan Documents or any document related thereto.
  - b. Borrower sells, leases (other than by residential leases in the ordinary course of business), transfers or otherwise disposes the Mortgaged Property without the prior written consent of the Lender.
  - c. Borrower, without the prior written consent of the Lender, permits any change in the ownership interests in the Borrower that, when added to any prior changes in the ownership interest in such entity, exceeds ten percent of the total aggregate ownership interest in Borrower.
  - d. Borrower makes an assignment for the benefit of its creditors, or a petition is filed by or against Borrower under the United States Bankruptcy Code or Borrower seeks or consents to or acquiesces in the appointment of any trustee, receiver or liquidator of a material part of its properties or of the Mortgaged Property or does not, within 20 business days after the appointment of a trustee, receiver or liquidator of any material part of its properties or of the Mortgaged Property, have such appointment vacated.
  - e. A judgment, writ or warrant of attachment or execution, or similar process is entered and becomes a lien on or be issued or levied against the Mortgaged Property or any part thereof which is not released, vacated or fully bonded within 20 business days after its entry, issue or levy.
  - f. An event of default, however defined, occurs under any other mortgage, assignment or other security document constituting a lien on the Mortgaged Property or any part thereof.

13. Acceleration; Foreclosure. Upon the occurrence of any Event of Default and at any time thereafter while such Event of Default exists, Lender may, at its option, exercise one or more of the following rights and remedies (and any other rights and remedies available to it):

- a. Lender may declare immediately due and payable all Notes secured by this Mortgage, and the entire balance of the same, including accrued interest, shall thereupon be immediately due and payable, without further notice of demand.
- b. Lender shall have and may exercise with respect to the Personal Property, all the rights and remedies accorded upon default of a secured party under the Iowa Uniform Commercial Code. If notice to Borrower of intended disposition of such property is required by law in a particular instance, such notice shall be deemed commercially reasonable if given to Borrower at least ten days prior to the date of intended disposition.
- c. Lender may (and is hereby authorized and empowered to) foreclose this Mortgage in accordance with the law of the State of Iowa, and at any time after the commencement of an action in foreclosure, or during the period of redemption, the court having jurisdiction of the case shall at the request of Lender appoint a receiver to take immediate possession of the Mortgaged Property and of the Revenues and Income accruing therefrom, and to rent or cultivate the same as the trustee may deem best for the interest of all parties concerned, and such receiver shall be liable to account to Borrower only for the net profits, after application of rents, issues and profits upon the costs and expenses of the receivership and foreclosure and upon the Note.

14. Redemption. It is agreed that if this Mortgage covers less than ten acres of land, and in the event of the foreclosure of this Mortgage and sale of the property by sheriff's sale in such foreclosure proceedings, the time of one year for redemption from said sale provided by the statutes of the State of Iowa shall be reduced to six months provided the Lender, in such action files an election to waive any deficiency judgment against Borrower which may arise out of the foreclosure proceedings; all to be consistent with the provisions of Chapter 628 of the Iowa Code. If the redemption period is so reduced, for the first three months after sale

such right of redemption shall be exclusive to the Borrower, and the time periods in Sections 628.5, 628.15 and 628.16 of the Iowa Code shall be reduced to four months.

It is agreed that the period of redemption after a foreclosure of this Mortgage shall be reduced to 60 days if all three of the following contingencies develop:

- (1) The real estate is less than ten acres in size;
- (2) the Court finds affirmatively that the real estate has been abandoned by the owners and those persons personally liable under this Mortgage at the time of foreclosure; and
- (3) Lender files an election to waive any deficiency judgment against Borrower or its successor in interest in such action.

If the redemption period is so reduced, Borrower or its successors in interest or the owner shall have the exclusive right to redeem for the first 30 days after such sale, and the time provided for redemption for creditors as provided in Sections 628.5, 628.15 and 628.16 of the Iowa Code shall be reduced to 40 days. Entry of appearance by pleading or docket entry by or on behalf of Borrower shall be presumption that the property is not abandoned. Any such redemption period shall be consistent with the provisions of Chapter 628 of the Iowa Code. This paragraph shall not be construed to limit or otherwise affect any redemption provisions contained in Chapter 628 of the Iowa Code.

15. **Attorney's Fees.** Borrowers shall pay, on demand, all costs and expenses incurred by Mortgagee in enforcing or protecting its rights and remedies hereunder, including, but not limited to, reasonable attorneys' fees and legal expenses.

16. **Additional Instruments.** At any time and from time to time until payment in full of the Note, Borrower, at Lender's request, will promptly execute and deliver to Lender such additional instruments as may be reasonably required to further evidence the lien of this Mortgage and to further protect the security interest of Lender in connection with the Mortgaged Property. Such instruments may include, but are not limited to, additional security agreements, financing statements, and continuation statements. Any expenses incurred by Lender in connection with the recordation of any such instruments shall become additional obligations of Borrowers secured by this Mortgage and shall be immediately due and payable by Borrowers to Lender

17. **Borrower Not Released; Forbearance By Lender Not a Waiver.** Extension of the time for payment or modification of amortization of the sums secured by this Mortgage granted by Lender to Borrower or any successor in interest of Borrower shall not operate to release the liability of the original Borrower or Borrower's successors in interest. Lender shall not be required to commence proceedings against Borrower or any successor in interest or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Mortgage by reason of any demand made by the original Borrower or Borrower's successors in interest. Any delay or forbearance by Lender in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy. No waiver by Lender of any particular provisions of this Mortgage shall be deemed effective unless such waiver is in writing signed by the Lender.

18. **Rights and Remedies Cumulative.** All rights and remedies provided for in this Mortgage or which Lender or holder of the Loan Documents may have otherwise, at law or in equity, shall be distinct, separate, and cumulative and may be exercised concurrently, independently, or successively in any order whatsoever, and as often as the occasion thereof arises.

19. **Successors and Assigns Bound; Joint and Several Liability; Co-signers.** The covenants and agreements of this Mortgage shall bind and benefit the successors and assigns of Lender and Borrower. Borrower's

covenants and agreements shall be joint and several. Any Borrower who co-signs this Mortgage but does not execute the Note: (a) is co-signing this Mortgage only to mortgage, grant and convey that Borrower's interest in the Mortgaged Property under the terms of this Mortgage; (b) is not personally obligated to pay the sums secured by this Mortgage; and (c) agrees that Lender and any other Borrower may agree to extend, modify, forbear or make any accommodations with regard to the terms of this Mortgage or the Note without the Borrower's consent.

20. Severability. In the event any portion of this Mortgage shall, for any reason, be held to be invalid, illegal or unenforceable in whole or in part, the remaining provisions shall not be affected thereby and shall continue to be valid and enforceable and if, for any reason, a court finds that any provision of this Mortgage is invalid, illegal, or unenforceable as written, but that by limiting such provision it would become valid, legal and enforceable then such provision shall be deemed to be written, construed and enforced as so limited.

21. Number and Gender. Words and phrases contained in this Mortgage, including acknowledgment hereof, shall be construed as in the singular or plural number and as masculine, feminine, or neuter gender according to the contexts.

22. Captions. The captions and headings of the paragraphs of this Mortgage are for convenience only and are not to be used to interpret or define the provisions hereof.

23. Notices. All notices required to be given hereunder shall be in writing and deemed given when personally delivered or deposited in the United States mail, postage prepaid, sent certified or registered, addressed as follows:

a. If to Lender, to: City of \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

Attention: City Clerk

b. If to Borrower, to: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

Attention: \_\_\_\_\_

24. Governing Law. This Mortgage shall be governed and construed in accordance with the laws of the State of Iowa.

25. WAIVER OF MARSHALLING. Borrower, any party who consents to this Mortgage, and any party who now or hereafter acquires a lien on the Mortgage Property and who has actual or constructive notice of this Mortgage hereby waives any and all right to require the marshalling of assets in connection with the exercise of any of the remedies permitted by applicable law or provided herein.

26. Acknowledgement of Receipt of Copies of Mortgage and Note. Borrower hereby acknowledges the receipt of a copy of this Mortgage together with a copy of each Promissory Note secured hereby.

27. Release. Upon compliance with the Contract and/or payment of all sums secured by this Mortgage, Lender shall release this Mortgage without charge to Borrower.



28. Waivers. Each of the undersigned relinquishes all rights of dower, waives all right of homestead and distributive share in and to the Mortgaged Property and waives any right to exemption as to the Mortgaged Property.

29. Additional Provisions: NONE

-END OF MORTGAGE - REFER TO FOLLOWING PAGE FOR SIGNATURES-

IN WITNESS WHEREOF, the parties have caused this mortgage to be duly executed by its duly authorized officers.

BORROWER:

\_\_\_\_\_

By:

Print Name: \_\_\_\_\_

Authority: \_\_\_\_\_

By: \_\_\_\_\_ Print Name: \_\_\_\_\_ Authority: \_\_\_\_\_

STATE OF IOWA)

)

COUNTY OF \_\_\_\_\_ )

On this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, in front of the undersigned notary public, in and for the State of Iowa, personally appeared \_\_\_\_\_, the \_\_\_\_\_ for \_\_\_\_\_, a \_\_\_\_\_ organized in the State of Iowa, and that \_\_\_\_\_, as such officer, acknowledged the execution of said instrument to be the voluntary act of him/her and \_\_\_\_\_.

Signature of Notary Public

STATE OF IOWA

COUNTY OF \_\_\_\_\_

On this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, in front of the undersigned notary public, in and for the State of Iowa, personally appeared \_\_\_\_\_, the \_\_\_\_\_ for \_\_\_\_\_, a \_\_\_\_\_ organized in the State of Iowa, and that \_\_\_\_\_, as such officer, acknowledged the execution of said instrument to be the voluntary act of him/her and \_\_\_\_\_.

Signature of Notary Public

LENDER:

City of \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Authority: \_\_\_\_\_

By: \_\_\_\_\_ Print Name: \_\_\_\_\_ Authority: \_\_\_\_\_

STATE OF IOWA

COUNTY OF \_\_\_\_\_

On this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, in front of the undersigned notary public, in and for the State of Iowa, personally appeared \_\_\_\_\_, the \_\_\_\_\_ for \_\_\_\_\_, a \_\_\_\_\_ organized in the State of Iowa, and that \_\_\_\_\_, as such officer, acknowledged the execution of said instrument to be the voluntary act of him/her and the **City of** \_\_\_\_\_

Signature of Notary Public

STATE OF IOWA

COUNTY OF \_\_\_\_\_

On this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, in front of the undersigned notary public, in and for the State of Iowa, personally appeared \_\_\_\_\_, the \_\_\_\_\_ for \_\_\_\_\_, a \_\_\_\_\_ organized in the State of Iowa, and that \_\_\_\_\_, as such officer, acknowledged the execution of said instrument to be the voluntary act of him/her and \_\_\_\_\_

Signature of Notary Public

# Template Promissory Note

## COMMUNITY DEVELOPMENT BLOCK GRANT - DISASTER RECOVERY PROMISSORY NOTE (THE "CDBG-DR NOTE")

CDBG-DR CONTRACT: Contract Number \_\_\_\_\_, dated as of the Contract Effective Date, by and between \_\_\_\_\_, an Iowa \_\_\_\_\_, and the City of \_\_\_\_\_ t (the "Lender")

PROJECT NAME: \_\_\_\_\_, located in \_\_\_\_\_, Iowa LOAN

AMOUNT: \$ \_\_\_\_\_

MATURITY DATE: \_\_\_\_\_

FOR VALUE RECEIVED, the undersigned (hereafter called the "Maker") promises as of the CDBG-DR Contract Effective Date (the date the contract is executed by the Lender) to pay to the order of the City of \_\_\_\_\_ (hereafter called the "Payee"), at its offices at \_\_\_\_\_ or upon notice to the Maker, at such other place as may be designated from time to time by the holder, the principal sum of \$\$ \_\_\_\_\_ Dollars (\$ \_\_\_\_\_), or, if less, the aggregate unpaid principal amount of such portion thereof as shall have been advanced by the Payee to the Maker pursuant to the CDBG-DR Contract between the Payee and the Maker (the "CDBG-DR Contract"). Repayment to be forgiven on \_\_\_\_\_ (the "Maturity Date), unless repayment is required due to an Event of Default described in the CDBG-DR Contract.

1. **Payments.** All payments under this CDBG-DR Note shall be applied in this order: (1) to interest, if applicable, and (2) to principal.

2. **CDBG-DR Contract; Acceleration Upon Default.** This CDBG-DR Note is issued by the Maker to evidence an obligation to repay a loan according to the terms of the CDBG-DR Contract and, at the election of the holder of this CDBG-DR Note, without notice to the Maker, shall become immediately due and payable in the event any payment is not made when due or upon the occurrence of any event of default under the terms of the CDBG-DR Contract, any security agreement securing repayment of this CDBG-DR Note, including the mortgage dated \_\_\_\_\_ (the "Mortgage") and the assignment of leases and rents dated \_\_\_\_\_ (the "Assignment of Rents"), or the Agreement for Covenants

and Restrictions delivered by Borrower to Lender and dated \_\_\_\_\_ (the "Covenants") (the Mortgage, the Assignment of Rents, this CDBG-DR Note, the CDBG-DR Contract, and the Covenants are hereinafter referred to as the "Loan Documents").

3. **Security.** Payment of this CDBG-DR Note will be secured before each disbursement of funds by recording a mortgage and an assignment of leases and rents issued pursuant to the CDBG-DR Contract. The holder of the CDBG-DR Note and any mortgage or assignment of leases and rents is entitled to the benefits of the security described therein.

In case of a decline in the market value of the collateral, or any part thereof, the Payee may demand that additional collateral of quality and value satisfactory to holder be delivered, pledged and transferred to holder.

4. **Waiver.** No delay or omission on the part of the Payee in exercising any right under this CDBG-DR Note shall operate as a waiver of that right or of any other right under this CDBG-DR Note. A Waiver on any one occasion shall not be construed as a bar to or waiver of any right and/or remedy on any future occasion.

5. **Waiver of Protest.** Each maker, surety, endorser, and guarantor of this CDBG-DR Note expressly waives presentment, protest, demand, notice of dishonor or default, and notice of any kind with respect to this CDBG-DR Note.

6. **Costs.** The Maker will pay on demand all costs incurred by holder or Payee, including, but not limited to costs of collection, costs for maintenance of collateral, legal expenses, and attorney fees incurred or paid by the holder in collecting and/or enforcing this CDBG-DR Note on default.

7. **Meaning of Terms.** As used in this CDBG-DR Note, "holder" shall mean the Payee or other endorsee of this CDBG-DR Note, who is in possession of it, or the bearer hereof, if this CDBG-DR Note is at the time payable to the bearer. The word "Maker" shall mean each of the undersigned. If this CDBG-DR Note is signed by more than one person or entity, it shall be the joint and several liabilities of such persons or entities.

8. **Captions.** The captions of the paragraphs in this CDBG-DR Note are for the convenience of reference only, shall not define or limit the provisions hereof and shall not have any legal or other significance whatsoever.

9. **Governing Law.** This CDBG-DR Note shall be governed and construed in accordance with the laws of the State of Iowa.

Remainder of This Page Intentionally Left Blank [Signature Page Follows]

---

By: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Telephone: \_\_\_\_\_

Attested to By:

---

By: \_\_\_\_\_

Date: \_\_\_\_\_

## Template Contract Covenants & Restrictions

RECORDED:  
RECORDING FEE: \$  
REVENUE TAX: \$  
COMBINED FEE: \$  
RECORDER:  
COUNTY:

### AGREEMENT FOR COVENANTS AND RESTRICTIONS

Prepared By and Return To:

\_\_\_\_\_  
\_\_\_\_\_

GRANTOR AND TAXPAYER: \_\_\_\_\_

GRANTEE: City of \_\_\_\_\_

LEGAL DESCRIPTION:

\_\_\_\_\_  
\_\_\_\_\_

CDBG-DR Contract Owner: \_\_\_\_\_

CDBG-DR Contract Number: \_\_\_\_\_

Address: \_\_\_\_\_

**AGREEMENT FOR COVENANTS AND RESTRICTIONS  
(COMMUNITY DEVELOPMENT BLOCK GRANT- DISASTER RECOVERY)**

THIS AGREEMENT FOR COVENANTS AND RESTRICTIONS ("Agreement"), effective as of \_\_\_\_\_, is between the City of \_\_\_\_\_, (the "City" and \_\_\_\_\_ (the "Owner"),

WITNESSETH:

WHEREAS, the City received Community Development Block Grant Disaster Recovery (CDBG-DR) funds from the Iowa Economic Development Authority (IEDA) under Extending Government Funding and Delivering Emergency Assistance Act, 2021 Signed into law: Public Law 117A3, allocating CDBG funding to HUD; and

WHEREAS, the Owner has applied for and received approval for funding from the City, and the Owner and the City have entered into a Community Development Block Grant Disaster Recovery Multi-Family Unit Rental or Single Family and Down Payment Assistance Contract (the "CDBG-DR Contract"), dated \_\_\_\_\_, and a Promissory Note (the "Note"), dated \_\_\_\_\_ (the CDBG-DR Contract and the Note shall be known collectively as the "Loan Documents"<sup>11</sup> and

WHEREAS, the agreements, obligations, and covenants of the Owner pursuant to the Loan Documents are secured by a Mortgage, dated \_\_\_\_\_ (the Mortgage) and an Assignment of Leases and Rents, dated \_\_\_\_\_, both granted to the City by the Owner, and

WHEREAS, pursuant to the Loan Documents, the City made an award in the amount of \$ \_\_\_\_\_ ("CDBG-DR Funds") to the Owner for the purpose of financing a portion of the costs of the project described in the Exhibits to the Loan Documents (the "Project") to be located on the real estate described in Exhibit A hereto (the "Property"); and

WHEREAS, in accordance with the Loan Documents, the Owner is required to provide certain housing benefits for low-and- moderate income families as set forth therein, and is further required to comply throughout the term of the Loan Documents with the requirements and covenants set forth therein;

NOW, THEREFORE, in consideration of the premises and for other valuable consideration the receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. DEFINITIONS. As used in this Agreement, the following words and phrases shall have the following meanings unless the context otherwise requires:

“Affordable Rental Units” means those units contained on the Property that are occupied by Low-and-Moderate Income Families at any given time. The Grantor is not required to designate

specific units as Affordable Rental Units but must meet the requirements of Section 2 hereof at all times during the Term of Affordability.

"Community Development Block Program-Disaster Recovery" or "CDBG-DR" means the grant program authorized under Title I of the Housing, and Community Development Act of 1974, as amended, 24 CFR 570, as amended, 89 FR 76490) and all other notices published by HUD in the Federal Register and related to 89 FR 76490 in response to the federally declared disaster, which occurred in 2024, as defined by the FEMA Declaration FEMA 4756-DR dated June 24, 2024.

"IEDA" means the Iowa Economic Development Authority.

"Low-and-Moderate Income Families" means those families earning no more than 80% of area median income as determined by the latest U.S. Department of Housing and Urban Development) Section 8 income guidelines. Unrelated individuals shall be considered as one-person families for this purpose.

2. As a condition to receipt of CDBG-DR Funds, and in order to help ensure compliance by the Owner and any future owner of the Project with the requirements and covenants set forth in the Loan Documents throughout the required period of time ("Affordability Period") as set forth in the CDBG-DR Contract and Exhibits thereto, so as to maintain the housing benefits for which assistance has been provided through CDBG-DR and therefore protect the investment of the City and IEDA in the Project, and in order to give the City and IEDA the ability to fulfill its obligations under CDBG-DR to ensure such compliance) certain covenants and restrictions enforceable by the City must be placed on the real estate described in Exhibit A hereto governing the use of the Project, which covenants and restrictions shall run with the land and be binding on the Owner and its successors or assigns. The Owner, for itself and for its successors or assigns, makes the following covenants as to the use of the Project and the real estate described in Exhibit A:

(a) All of the CDBG-DR Funds shall be spent on Eligible Costs of the Project, in accordance with the Project described in Exhibit A to the CDBG-DR Contract;

(b) The Project shall be completed so as to provide the project benefits as required by and specified in the regulations and as referenced in the Loan Documents;

(c) The Project shall constitute an eligible activity in compliance with CDBG-DR as described in the Loan Documents, and the Owner shall comply with all of the CDBG-DR requirements and shall own, operate and manage the Project as m1 eligible project throughout the Affordability Period ending \_\_\_\_\_ (number) years from when the City has determined the Project Activity has been completed and initial lease-up and demographic information entered into the HUD Disaster Recovery Grant Reporting system;

(d) Throughout the Affordability Period, the Owner shall rent 51% of the units in the Project assisted units to households at or below 80% of the area median income (the "CDBG-DR Units) and the maximum (gross) rent limits allowed on the CDBG-DR Units shall not exceed the most current .HOME Program 65% rent limits in accordance with 24 CFR 92.252(a);

(e) Throughout the Affordability Period, the Owner shall allow inspections of the Project to ensure continued compliance with all locally adopted and enforced building codes and standards) or, in the absence of any locally adopted and enforced building codes and standards, the requirements of the current Iowa State Building Code;

- (f) Throughout the Affordability Period) the owner shall comply with all of the statutes, regulations, and notices in the Federal Register that govern CDBG-DR, including, but not limited to, Title I of the Housing) and Community Development Act of 1974, as amended, 24 CFR 570, as amended, 89 FR 76490, and all other notices published by HUD in the Federal Register and related to 89 FR 76490;
- (g) All units constructed for sale will be sold to households at or below 80% of the area median income for not more than \$\_\_\_\_\_. Upon completion of a single-family unit, and the closing on that sale, the affordability requirements of this agreement will be removed, and a new lien (\_\_\_\_\_ year) will be filed with the new properly owner requiring the unit can only be sold to households at or below 80% of the mean median income for not more than \$\_\_\_\_\_.
- (h) In order to ensure compliance with the covenants in subparagraphs (d), (e), (f), and (g) above, Owner shall submit to the City, as required by the Loan Documents, it<; certification of compliance with such covenant, together with documentation in form and substance satisfactory to the City evidencing compliance with such covenant; and
- (i) The Owner shall comply with all the covenants set forth in the Loan Documents.
3. All the covenants herein shall run with the real estate described in Exhibit A hereto and the Project thereon, and be binding upon the Owner and its successors or assigns, for the Affordability Period. Notwithstanding any other provisions of this Agreement, this entire Agreement, or any of the provisions or paragraphs hereof) may be terminated upon written agreement by the City and the Owner.
4. Notwithstanding the provisions of Section 3, such covenants shall cease to apply to the Mortgaged Property prior to the end of the Tenn of Affordability, in the event of involuntary noncompliance therewith caused by a fire, seizure, requisition, foreclosure, transfer of title by deed in lieu of foreclosure, change in a federal law or action of a federal agency after the date of making of the Loan which prevents the City or its successors or assigns from enforcing the covenants, or condemnation or similar event, but only if, within a reasonable period, amounts received by the Grantor as a consequence of such event are used to provide a project which meets the requirements of the CDBG-DR program.
5. Notwithstanding the provisions of Section 4, if once the Mortgaged Properly has been subject to foreclosure) transfer of title by deed in lieu of foreclosure or similar event, and at any time during the part of the Term of Affordability subsequent to such event, the Grantor or a related person to the Grantor obtains an ownership interest in the Project for tax purposes, the covenant<; herein shall once again run with the land described in Attachment A hereto and the Project thereon and be binding on the Grantor or such related person and their respective successors or assigns for the remainder of the Term of Affordability.
6. Performance by the Owner of its agreements, covenants) and obligations pursuant to this Agreement arc secured by the Mortgage against the real estate described in Exhibit A hereto, executed by the Owner and delivered to the City pursuant to the CDBG-DR Contract

7. The Owner shall cause this Agreement and all amendments and supplements hereto to be recorded and filed in such manner and in such places as the City may reasonably request) and shall pay all fees and charges incurred in connection therewith.
  
8. This Agreement may be amended only by an amendment in writing executed by the parties hereto and properly recorded in the County Recorder's office.
  
9. Except for the rental of units in the Project to tenants, the Owner hereby covenants and agrees not to sell, transfer or otherwise dispose of the Project or any interest therein without obtaining the prior written consent of the City, which shall be conditioned solely upon receipt of evidence satisfactory to the City that the Owner<sup>1</sup>'s purchaser or transferee (i) has assumed in writing and in full the Owner's duties and obligations under this Agreement, the Loan Documents and all related documents thereto; (ii) has the financial capability to carry out such obligations; and (iii) is knowledgeable in the operation and management of facilities similar to the Project facilities. It is hereby expressly stipulated and agreed that any sale, transfer or other disposition of the Project in violation of this paragraph may be ineffective to relieve the Owner of its obligations under this Agreement, the Loan Documents and all related documents thereto.
  
10. If the Owner defaults in the performance or observance of any covenant, agreement or obligation of the Owner set forth in this Agreement, and if such default remains uncured for a period of 30 days after notice thereof shall have been given by the City to the Owner (or for a period of 60 days after such notice if such default is curable but requires acts to be done or conditions to be remedied which, by their nature, cannot be done or remedied within such 30 day period, and if the Owner commences same within such 30 day period and thereafter diligently and continuously pursues the same to completion within such 60 day period), then the City may declare that the Owner is in default hereunder and may take any one or more of the following steps, at its option:
  - (a) by mandamus or other suit, action or proceeding at law or in equity, require the Owner to perform its obligations and covenants hereunder, or enjoin any acts or things which may be unlawful or in violation of the rights of the City hereunder, or obtain damages caused to the City by any such default;
  
  - (b) have access to and inspect, examine, and make copies of all the books and records of the Owner pertaining to the Project;
  
  - (c) declare a default under the Loan Documents and make no further disbursements of CDBG-DR Funds, and demand immediate repayment from Owner of some or all the CDBG-DR Funds previously disbursed to Owner; and
  
  - (d) take whatever other action at law or in equity may appear necessary or desirable to enforce the obligations, covenants and agreements of the Owner hereunder and under the Loan Documents, including, but not limited to, the recovery of CDBG- DR Funds and foreclosure of the Mortgage.

No delay in enforcing the provisions hereof as to any breach or violation shall impair, damage, or waive the right of the City to enforce the same or to obtain relief against or recover for the continuation or repetition of such breach or violation or any similar breach or violation thereof at any later time or times.

10. This Agreement shall be governed by the laws of the State of Iowa.

11. Any notice required to be given hereunder shall be given by registered or certified mail at the addresses specified below or at such other addresses as may be specified in writing by the parties hereto:

City: City of \_\_\_\_\_  
\_\_\_\_\_

Attention: \_\_\_\_\_

Owner: \_\_\_\_\_  
\_\_\_\_\_

Attention: \_\_\_\_\_

12. If any provision of this Agreement shall be invalid, illegal, or unenforceable, the validity, legality and enforceability of the remaining portions shall not in any way be affected or impaired.

13. This Agreement may be simultaneously executed in multiple counterparts, all of which shall constitute one and the same instrument and each of which shall be deemed to be an original.

14. All the rights and obligations set forth herein shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the parties have caused this agreement to be duly executed by its duly a undersigned officers.

**OWNER:**

By : \_\_\_\_\_

By : \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Authority \_\_\_\_\_

Authority \_\_\_\_\_

**STATE OF IOWA**

**COUNTY OF \_\_\_\_\_**

On this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ in front of the undersigned notary public, in and for the State of Iowa, personally appeared \_\_\_\_\_, and that \_\_\_\_\_, acknowledged the execution of this instrument to be his voluntary act and the voluntary act of him/her.

\_\_\_\_\_  
Notary Public

**STATE OF IOWA**

**COUNTY OF \_\_\_\_\_**

On this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ in front of the undersigned notary public, in and for the State of Iowa, personally appeared \_\_\_\_\_, and that \_\_\_\_\_, acknowledged the execution of this instrument to be his voluntary act and the voluntary act of him/her.

\_\_\_\_\_  
Notary Public

CITY:

\_\_\_\_\_

By : \_\_\_\_\_

By : \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Authority \_\_\_\_\_

Authority \_\_\_\_\_

STATE OF IOWA

COUNTY OF \_\_\_\_\_

On this \_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ in front of the undersigned notary public, in and for the State of Iowa, personally appeared \_\_\_\_\_, the \_\_\_\_\_ for \_\_\_\_\_, a \_\_\_\_\_ organized in the State of Iowa, and that \_\_\_\_\_, acknowledged the execution of this instrument to be his voluntary act and the voluntary act of him/her and \_\_\_\_\_.

\_\_\_\_\_  
Notary Public

STATE OF IOWA

COUNTY OF \_\_\_\_\_

On this \_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ in front of the undersigned notary public, in and for the State of Iowa, personally appeared \_\_\_\_\_, the \_\_\_\_\_ for \_\_\_\_\_, a \_\_\_\_\_ organized in the State of Iowa, and that \_\_\_\_\_, acknowledged the execution of this instrument to be his voluntary act and the voluntary act of him/her and \_\_\_\_\_.

\_\_\_\_\_  
Notary Public

*EXHIBIT A LEGAL DESCRIPTION*

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The following described real estate located in the City of \_\_\_\_\_,  
\_\_\_\_\_ County, Iowa:

# Assignment of Leases and Rents

RECORDED:  
RECORDING FEE: \$  
REVENUE TAX: \$  
COMBINED FEE: \$  
RECORDER:  
COUNTY:

## ASSIGNMENT OF LEASES AND RENTS

**Document prepared by, and  
after recording, please return to:**

Prepared By and Return To:

\_\_\_\_\_  
\_\_\_\_\_

GRANTOR AND TAXPAYER: \_\_\_\_\_

GRANTEE: City of \_\_\_\_\_, Iowa

LEGAL DESCRIPTION: \_\_\_\_\_

\_\_\_\_\_

CDBG-DR Contract Owner: \_\_\_\_\_

CDBG-DR Contract Number: \_\_\_\_\_

Developer: \_\_\_\_\_

Address: \_\_\_\_\_

## ASSIGNMENT OF LEASES AND RENTS

THIS ASSIGNMENT OF LEASES AND RENTS ("Assignment"), dated as of \_\_\_\_\_, is made by \_\_\_\_\_, an Iowa \_\_\_\_\_ ("Assignor"), whose address is \_\_\_\_\_, in favor of The \_\_\_\_ (City / County) \_\_\_\_\_ of \_\_\_\_\_, an Iowa \_\_\_\_\_ (City / County) \_\_\_\_\_, whose address is \_\_\_\_\_, (the "Assignee"), as the holder of the Promissory Note effective \_\_\_\_\_, as amended, in the aggregate principal amount of \$ \_\_\_\_\_ maturing on \_\_\_\_\_ (the "Note"), issued in connection with the loan to the Assignor pursuant to a Community Development Block Grant-Disaster Recovery Contract (the "Contract") effective as of \_\_\_\_\_, as amended, between the Assignor and the Assignee, and which loan is evidenced by the aforesaid Note.

This Assignment is executed with reference to the following facts:

To secure payment of the Note, Assignor has executed and delivered that certain Mortgage recorded simultaneously herewith, to Assignee, as lender, which Mortgage encumbers Assignor's interest in real property located in Linn County, Iowa, more particularly described in Exhibit A, made a part hereof (the "Property"). Capitalized terms used herein and not otherwise defined shall have the same meanings as set forth in the Contract and Mortgage referred to above.

Assignor desires to absolutely, irrevocably and unconditionally assign to Assignee, all of Assignor's right, title and interest, if any, in and to all present and future leases, subleases, underlettings, concession agreements, management agreements, licenses and other agreements relating to the use or occupancy of the Property or any part thereof, now existing or subsequently entered into by Assignor and whether written or oral and all guarantees of any of the foregoing (collectively, as any of the foregoing may be amended, restated, extended, renewed or modified from time to time, the "Leases").

For value received, the receipt and legal sufficiency of which is hereby acknowledged, Assignor hereby agrees as follows:

### **Assignment of Rents.**

Rents. Assignor hereby presently, absolutely and unconditionally grants, transfers and assigns to Assignee all right, title and interest of Assignor in and to any and all rents, subrents, issues and royalties of and from the Property ("Rents"). It is the intention of Assignor to establish a present, absolute and irrevocable transfer and assignment to Assignee of all Rents and to authorize and empower Assignee to collect and receive all Rents without the necessity of further action on the part of the Assignor. Promptly upon request by Assignee, Assignor agrees to execute and deliver such further assignments as Assignee may from time to time require. Assignor and Assignee intend this assignment of Rents to be immediately effective and to constitute an absolute present assignment and not an assignment for additional security only. For purposes of giving effect to this absolute assignment of rents, and for no other purpose, Rents shall not be deemed to be a part of the Property. However, if this present, absolute and unconditional assignment of Rents is not enforceable by its terms under the laws of the State of Iowa; then the Rents shall be included as part of the Property and Mortgaged Property and it is the intention of the Assignor that in this circumstance this Assignment create and perfect a lien on Rents in favor of Assignee, which lien shall be effective as of the date of this Assignment. Until the occurrence of an Event of Default, Assignee hereby grants Assignor a revocable license to collect and receive all such Rents which become

payable prior to an Event of Default, to hold all Rents in trust for the benefit of Assignee and to apply all Rents, subject, however, to the terms of the Loan Agreement and Mortgage. Upon the occurrence of an Event of Default and upon Assignee's election to collect the rents, subrents, issues, royalties, income and profits as hereinafter provided, Assignor's license to collect Rents shall automatically terminate and the right to collect and use any of such proceeds shall cease, and Assignee shall have the right, with or without taking possession of the Property, and either in person, by agent, or through a court-appointed receiver (Assignor hereby consents to the appointment of Assignee or Assignee's designee as such receiver), to sue for or otherwise collect all such rents, subrents, issues, royalties, income, and profits, including those past due and unpaid. Any sums so collected, after the deduction of all reasonable costs and expenses of operation and collection, including attorney fees (regardless of the particular nature thereof and whether incurred with or without suit or before or after judgment), shall be applied toward the payment of any and all amounts due under the Note, the Contract and the Mortgage (collectively, the "Obligations"). Such right of collection and use of such proceeds by Assignee shall exist both before and after the exercise of the power of sale provisions of the Mortgage, foreclosure of the Mortgage and throughout any period of redemption. The rights granted under this Section 1.1 shall in no way be dependent upon and shall apply without regard to whether all or a portion of the Property is in danger of being lost, removed, or materially injured, or whether the Property or any other security is adequate to discharge the Obligations. Assignee's failure or discontinuance at any time to collect any of such proceeds shall not in any manner affect the right, power, and authority of Assignee thereafter to collect the same. Neither any provision contained herein, nor Assignee's exercise of Assignee's right to collect such proceeds, shall be, or be construed to be, an affirmation by Assignee of any tenancy, lease, sublease, option, or other interest in the Property, or an assumption of liability under, or subordination of the lien or charge of the Mortgage to, any tenancy, lease, sublease, option, or other interest in the Property. At any time on or after the date of Assignee's demand for Rents in accordance with this Section 1.1, Assignee may give, and Assignor hereby irrevocably authorizes Assignee to give, notice to all tenants of the Property instructing them to pay all Rents to Assignee. No tenant shall be obligated to inquire further as to the occurrence or continuance of an Event of Default and no tenant shall be obligated to pay to Assignor any amounts which are actually paid to Assignee in response to such a notice. Any such notice by Assignee shall be delivered to each tenant personally, by mail or by delivering such demand to each rental unit. Assignor shall not interfere with and shall cooperate with Assignee's collection of such Rents. All tenants, lessees, sublessees and other persons which have any obligation to make any payment to Assignor in connection with the Property or any portion thereof are hereby authorized and directed to pay the rents, subrents, issues, royalties, income, and profits payable by them with respect to the Property, or any part thereof, directly to Assignee on the demand of Assignee, in accordance with this Section 1.1. Assignee's receipt of such rents, subrents, issues, royalties, income, and profits shall be a good and sufficient discharge of the obligation of the tenant, lessee, sublessee, or other person concerned to make the payment connected with the amount so received by Assignee. When all of the Obligations have been fully satisfied and such satisfaction is evidenced by a recorded release of the Mortgage, this assignment shall no longer be of effect and shall be void.

**Entry on Property.** If Assignee enters the Property, Assignee shall be liable to account only to Assignor and only for those Rents actually received. Assignee shall not be liable to Assignor, anyone claiming under or through Assignor or anyone having an interest in the Property, by reason of any act or omission of Assignee under this Assignment, and Assignor hereby releases and discharges Assignee from any such liability to the fullest extent permitted by law, except for any act or omission constituting fraud, gross negligence or willful misconduct by Assignee. If the Rents are not sufficient to meet the costs of taking control of and managing the Property and collecting the Rents, any funds extended by Assignee for such purposes shall become an additional part of the Obligations. The entering upon and taking possession of

the Property or any portion of the Property or the collection of rents, subrents, issues, royalties, income, profits, or the application or release thereof as aforesaid, shall not cure or waive any Event of Default or notice of default under the Loan Documents, shall not invalidate any act done pursuant to such notice of default, and shall not operate to postpone or suspend the obligation to make, or have the effect of altering the size of any scheduled installments provided for in any of the Obligations.

### **Assignment of Leases.**

Leases. Assignor hereby presently, absolutely and unconditionally grants, transfers and assigns to Assignee all right, title and interest of Assignor in and to the Leases including Assignor's right, power and authority to modify the terms of any such Lease, or extend or terminate any such Lease. It is the intention of Assignor to establish a present, absolute and irrevocable transfer and assignment to Assignee of all of Assignor's right, title and interest in, to and under the Leases. Assignor and Assignee intend this assignment of the Leases to be immediately effective and to constitute an absolute present assignment and not an assignment for additional security only. For purposes of giving effect to this absolute assignment of the Leases, and for no other purpose, the Leases shall not be deemed to be a part of the Property. However, if this present, absolute and unconditional assignment of the Leases is not enforceable by its terms under the laws of the State of Iowa, then the Leases shall be included as part of the Property and Mortgaged Property and it is the intention of Assignor that in this circumstance this Assignment create and perfect a lien on the Leases in favor of Assignee, which lien shall be effective as of the date of this Assignment. Until Assignee gives notice to Assignor of Assignee's exercise of its rights under this Section, Assignor shall have all rights, power and authority granted to Assignor under any Lease (except as otherwise limited by this Section or any other provision of this Assignment), including the right, power and authority to modify the terms of any Lease or extend or terminate any Lease. Upon the occurrence of an Event of Default, and during the continuation thereof, the permission given to Assignor pursuant to the preceding sentence to exercise all rights, power and authority under the Leases shall automatically terminate.

Assignor shall comply with and observe Assignor's obligations under all Leases, including Assignor's obligations pertaining to the maintenance and disposition of tenant security deposits.

Not Mortgagee in Possession. Assignor acknowledges and agrees that the exercise by Assignee, either directly or by a receiver, of any of the rights conferred under this Assignment shall not be construed to make Assignee a mortgagee-in-possession of the Property so long as Assignee has not itself entered into actual possession of the Land and the improvements located thereon. The acceptance by Assignee of the assignment of the Leases or Rents pursuant to this Assignment shall not at any time or in any event obligate Assignee to take any action under this Assignment or to expend any money or to incur any expenses. Assignee shall not be liable in any way for any injury or damage to person or property sustained by any person or persons, firm or corporation in or about the Property. Prior to Assignee's actual entry into and taking possession of the Property, Assignee shall not (i) be obligated to perform any of the terms, covenants and conditions contained in any Lease (or otherwise have any obligation with respect to any Lease); (ii) be obligated to appear in or defend any action or proceeding relating to any Lease or the Property; or (iii) be responsible for the operation, control, care, management or repair of the Property or any portion of the Property. The execution of this Assignment by Assignor shall constitute conclusive evidence that all responsibility for the operation, control, care, management and repair of the Property is and shall be that of Assignor, prior to such actual entry and taking of possession.

Exercise of Rights. Upon delivery of notice by Assignee to Assignor of Assignee's exercise of Assignee's rights under this Assignment at any time after the occurrence of an Event of Default (and during the

continuation thereof), and without the necessity of Assignee entering upon and taking and maintaining control of the Property directly, by a receiver, or by any other manner or proceeding permitted by the laws of the State of Iowa, Assignee immediately shall have all rights, powers and authority granted to Assignor under any Lease, including the right, power and authority to modify the terms of any such Lease, or extend or terminate any such Lease.

Delivery of Leases. Assignor shall, promptly upon Assignee's request, deliver to Assignee an executed copy of each Lease then in effect.

No Advance Payments of Rent. Assignor shall not receive or accept Rent under any Lease for more than two months in advance.

No Non-Residential Leases. Assignee shall not lease any portion of the Property for non-residential use.

Reimbursement. Assignor shall pay immediately and without demand all sums reasonably expended by Assignee pursuant to the provisions hereof, and all attorneys' fees incurred in connection with the enforcement of the terms hereof and/or the collection of the obligations secured hereby. All such amounts shall constitute obligations secured by the Mortgage and this Assignment.

Representations, Warranties and Covenants. As a material inducement to the execution and acceptance of this Assignment, Assignor represents, warrants and covenants to Assignee that:

No Prior Assignment. Assignor has not executed any prior assignment of the Leases or of its right, title and interest therein or in the rents to accrue thereunder.

No Limitations on Assignee. Assignor has not performed nor will perform any act or executed, nor will execute, any instrument which might prevent Assignee from operating under any of the terms and conditions hereof, or which would limit Assignee in such operation.

No Advance Rent Payments. Assignor has not accepted any payment of advance rent under any of the Leases presently in effect for any period subsequent to the next period for which rent shall become due and payable.

Assignor is Absolute Owner of the Leases. Assignor is the absolute owner of the Leases and the rents thereof, having full right and authority to assign the Leases and the rents due or to become due hereunder.

Events of Default. As used herein, the term "Event of Default" shall mean any "Event of Default" under the Note, the Mortgage or the Contract. Upon the occurrence and during the continuance of an Event of Default beyond any applicable cure period, Assignor's license shall automatically terminate and Assignee shall receive and collect any and all income, rents, issues, profits and proceeds pursuant to the Leases hereby assigned to Assignee, including any which may be past due and unpaid, and Assignee may at any time and without notice, either in person, by agent or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the obligations secured hereby, enter upon, take possession of, manage and operate the Property or any part thereof, together with any other real or personal property located thereon, make, enforce, cancel, terminate, modify and accept the surrender of Leases, or any of them, obtain or evict tenants, fix or modify rents, and do any acts which Assignee deems proper. In taking possession of the Property, Assignee shall be entitled to exercise all of the rights, remedies and powers of an owner thereof, may conduct the business of Assignor in its own name or in the name of Assignor, may use any and all of the properties and facilities of Assignor, and may deal with the creditors, debtors,

tenants, agents, employees and other persons and/or companies having any relationship whatsoever with Assignor and the Property, and alter or amend any contracts between them, in any manner Assignee in its sole discretion may determine. All rights, remedies and powers given to Assignee herein may be exercised by Assignee either in person, by agent or by a receiver to be appointed by a court, and such exercise shall not cure or waive any default or notice of default hereunder or under the Mortgage or invalidate any act done pursuant to any such notice.

**No Assumption of Leases.** Neither this Assignment nor any action or inaction on the part of Assignee shall constitute an assumption on the part of Assignee of any obligation or liability under any of the Leases. No action or inaction on the part of Assignor shall affect or limit in any way the rights of Assignee under this Assignment or, through this Assignment, under any of the Leases.

**Remedies Cumulative.** Each right, power and remedy of Assignee provided for in this Assignment or now or hereafter existing at law or in equity or by statute or otherwise shall be cumulative and concurrent and shall be in addition to every other right, power or remedy provided for in this Assignment or now or hereafter existing at law or in equity or by statute or otherwise, and the exercise or beginning of the exercise by Assignee of any one or more of such rights, powers or remedies shall not preclude the simultaneous or later exercise by Assignee of all such other rights, powers or remedies. No failure or delay on the part of Assignee to exercise any such right, power or remedy shall operate as a waiver thereof.

**Indemnification of Assignee.** Assignee shall not be obligated to perform or discharge, nor does it hereby undertake to perform or discharge, any obligation, duty or liability under the Leases, or any of them, or under or by reason of this Assignment. Assignor shall indemnify Assignee against and defend and hold Assignee harmless from any and all liability, loss or damage which Assignee may or might incur as Assignee under this Assignment under the Leases, or any of them, or under or by reason of this Assignment and from any and all claims and demands whatsoever which may be asserted against Assignee by reason of any alleged obligation or undertaking on Assignee's part to perform or discharge any of the terms, covenants or agreements contained in the Leases, except such claims. If Assignee incurs any such liability, loss or damage under the Leases or under or by reason of this Assignment, or in defense against any such claims or demands, the amount thereof, including costs, expenses and reasonable attorneys' fees, together with interest thereon at the rate provided in the Note, shall be secured by the Mortgage, and by this Assignment, and Assignor shall reimburse Assignee therefor immediately upon demand.

**Continued Leasing of the Property.** Until the payment of all indebtedness secured hereby, Assignor covenants and agrees, subject to the terms of the Contract and the Agreement for Covenants and Restrictions to exercise reasonable efforts to keep leased at good and sufficient rental all the Property and the improvements located thereon. Notwithstanding the foregoing, Assignor shall not enter into or execute any Lease of all or any portion of the Property, except in accordance with the terms and provisions of the Mortgage, this Assignment, the Contract and the Agreement for Covenants and Restrictions.

**Termination of Assignment.** Upon the payment in full of all indebtedness secured hereby, as evidenced by the recording of a satisfaction of the Mortgage, this Assignment shall become and be void and of no effect.

Notices. All notices given or served on any party hereto pursuant to the terms hereof shall be served by the means and to the addresses, and shall be deemed effective within the time periods, established pursuant to the Contract.

Successors and Assigns. This Assignment inures to the benefit of Assignee and its successors and assigns, and binds Assignor and Assignor's successors and assigns. Assignor may not assign its rights or obligations under this Assignment without the prior written consent of Assignee. All rights and remedies of Assignee hereunder and under any other agreement are cumulative and not exclusive, and are in addition to all other rights and remedies provided by law, agreement or otherwise. Notice of acceptance of this Assignment by Assignee is waived.

Waiver of Notice of Exercise of Assignment of Rents. Assignor hereby waives any right to notice and waives any right to any hearing, judicial or otherwise, prior to Assignee's exercise of its rights under this Assignment and/or the Mortgage with respect to the Assignment of Rents hereunder or under the Mortgage.

Governing Law: Venue. THIS ASSIGNMENT SHALL BE GOVERNED EXCLUSIVELY BY AND CONSTRUED IN ACCORDANCE WITH THE APPLICABLE LAWS OF THE STATE OF IOWA, WITHOUT GIVING EFFECT TO ITS CONFLICT OF LAWS PRINCIPLES.

Miscellaneous. This Assignment or any term hereof may be changed, waived, discharged or terminated only by an instrument in writing signed by the party against which enforcement of such change, waiver, discharge or termination is sought. All the terms of this Assignment shall be binding upon the successors and assigns of Assignor and shall inure to the benefit of and be enforceable by Assignee, any successor holder of the Note and any trustee appointed for the benefit of the holder of the Note. This Assignment shall be construed and enforced in accordance with and governed by the laws of the State of Iowa. The headings in this Assignment are for convenience of reference only and shall not limit or otherwise affect the meaning hereof. This Assignment may be executed in several counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument.

-END OF ASSIGNMENT OF LEASES AND RENTS--REFER TO FOLLOWING PAGE FOR SIGNATURES-

**IN WITNESS WHEREOF, the parties have caused this agreement to be duly executed by its duly authorized officers.**

**ASSIGNOR:**

By : \_\_\_\_\_ By : \_\_\_\_\_

Print Name: \_\_\_\_\_ Print Name: \_\_\_\_\_

Authority \_\_\_\_\_ Authority \_\_\_\_\_

**STATE OF IOWA**  
**COUNTY OF \_\_\_\_\_**

On this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ in front of the undersigned notary public, in and for the State of Iowa, personally appeared \_\_\_\_\_, and that \_\_\_\_\_, acknowledged the execution of this instrument to be his voluntary act and the voluntary act of him/her.

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**Program Guidelines**

**ASSIGNEE:** \_\_\_\_\_

The City of \_\_\_\_

By: \_\_\_\_\_ By: \_\_\_\_\_

Print Name: \_\_\_\_\_ Print Name: \_\_\_\_\_

Authority \_\_\_\_\_ Authority \_\_\_\_\_

**STATE OF IOWA**  
**COUNTY OF \_\_\_\_\_**

On this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ in front of the undersigned notary public, in and for the State of Iowa, personally appeared \_\_\_\_\_, and that \_\_\_\_\_, acknowledged the execution of this instrument to be his voluntary act and the voluntary act of him/her.

\_\_\_\_\_  
Notary Public

**STATE OF IOWA**  
**COUNTY OF \_\_\_\_\_**

On this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ in front of the undersigned notary public, in and for the State of Iowa, personally appeared \_\_\_\_\_, and that \_\_\_\_\_, acknowledged the execution of this instrument to be his voluntary act and the voluntary act of him/her.

\_\_\_\_\_  
Notary Public

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**EXHIBIT A LEGAL DESCRIPTION**

The following described real estate located in the City of \_\_\_\_\_,  
\_\_\_\_\_ County, Iowa:



# Template Lease Addendum

## CDBG-DR Addendum

This ADDENDUM is made between the Owner/Landlord and Tenant, jointly, who have agreed to modify the Lease for the unit located at \_\_\_\_\_

The Owner/Landlord has advised, and the Tenant acknowledges their understanding, that said building received Community Development Block Grant-Disaster Recovery (CDBG-DR) funding through the Iowa Economic Development Authority to construct the rental units. At least 51% of units on the property must be leased to persons of low to moderate income (LMI) at 80% of the area median income for the county in which the rental unit is located in.

As part of the program requirements, the Tenant must consent to the verification of their entire household income to determine eligibility; a) at the time of lease up, AND b) annually during the following four years for a Period of Affordability lasting no longer than five years total.

The Tenant has also been informed that if upon initial lease-up,

- a) they were determined to meet the definition of Low-to-Moderate Income, AND
- b) at any time thereafter, were the Tenant’s income to change, Tenant must report that change in income on the next annual income certification requested by the Owner/Landlord. Tenant may not be removed from the leased unit prior to the conclusion of their current lease due to increase in income above LMI threshold.

By signing below, we are both acknowledging our understanding and agreement to the requirements in accordance with the CDBG regulations governing these units for the duration of the affordability period, which concludes in \_\_\_\_\_.

By signing below, you acknowledge and agree to the terms in Section 3.

X \_\_\_\_\_  
Lessee



## Marketing Plan Checklist

*This checklist is provided as a planning and compliance aid. Developers remain responsible for complying with all applicable federal and state requirements, including Fair Housing laws, CDBG-DR program rules, and local ordinances. Adaptation of this checklist must not result in discriminatory practices or preferential treatment inconsistent with program requirements.*

### Example Marketing Plan Checklist

#### Phase 1: Post-Award / Pre-Construction (0–90 Days After Grant Award)

Objective: Establish compliant marketing infrastructure early.

- Designate a Marketing & Lease-Up Lead (developer, property manager, or third-party consultant)
- Develop a written Marketing & Outreach Plan aligned with Fair Housing and AFFH requirements
- Confirm target LMI income bands, anticipated rents, bedroom mix, and accessibility features
- Coordinate with the Grant Administrator to confirm income verification standards and timing
- Create preliminary project branding (project name, description, expected availability window)
- Prepare compliant marketing templates:
  - Equal Housing Opportunity logo and statement
  - Non-discriminatory language review
- Identify priority outreach partners (housing authorities, service providers, workforce agencies)

#### Phase 2: Early Construction (10–40% Construction Complete)

Objective: Begin awareness-building without accepting applications prematurely.

- Launch a project information webpage or landing page
- Establish a no-commitment interest list (email / phone capture only)
- Distribute informational flyers to:
  - Local employers
  - Community action agencies
  - Disaster recovery case managers
- Conduct informational briefings with:
  - Local housing counselors
  - Nonprofit service providers
- Coordinate with local governments to post information on:
  - City / county websites
  - Community bulletin boards
- Track all outreach activities in a Marketing Log (date, method, audience)

#### Phase 3: Mid-Construction (40–70% Construction Complete)



Objective: Build a qualified prospective tenant pool.

- Refine projected rent ranges and unit availability dates
- Begin targeted outreach to income-eligible populations, including:
  - Disaster-impacted households
  - Workforce households
  - Seniors or persons with disabilities (if units are designated)
- Coordinate with housing authorities regarding:
  - Housing Choice Voucher compatibility (if applicable)
  - Referral pipelines
- Release anticipated application timeline (without collecting full applications yet)
- Provide pre-screening checklists to interested households (income ranges, household size)
- Conduct informational sessions (virtual or in-person) explaining:
  - Expected rents
  - Income eligibility basics
  - Accessibility and reasonable accommodation processes

**Phase 4: Late Construction / Pre-Lease-Up (70–90% Construction Complete)**

Objective: Transition from outreach to formal application readiness.

- Publish formal leasing notices with anticipated move-in dates
- Open application intake window (as permitted by program policy)
- Implement standardized application intake procedures
- Coordinate income verification workflow with the Grant Administrator
- Schedule unit tours or open houses (as construction allows)
- Maintain waitlist management procedures consistent with Fair Housing requirements

**Phase 5: Lease-Up and Initial Occupancy**

Objective: Complete compliant occupancy of LMI-designated units.

- Verify income eligibility for each assisted unit prior to lease execution
- Execute leases consistent with rent limits and affordability requirements
- Document unit designation (LMI vs. non-LMI) in project files
- Update Housing Unit Verification Forms (HUVF), as applicable
- Retain all marketing, outreach, and tenant selection documentation

**Ongoing Compliance and Recordkeeping (Affordability Period)**

Objective: Maintain defensible records demonstrating ongoing compliance.

- Retain marketing logs and outreach materials
- Maintain tenant files for LMI-designated units
- Document tenant turnover and re-verification events
- Submit required reports to the Grant Administrator / IEDA

**Best-Practice Notes (Non-Mandatory)**

- Early outreach does not constitute tenant selection and should avoid promises or guarantees
- Interest lists should clearly state that placement is not guaranteed
- Outreach should be geographically and demographically broad to support AFFH
- Coordination with service providers can significantly reduce lease-up delays



## Income Verification Guidance for Subrecipients

Under the Federal CDBG/ CDBG-DR regulations, Subrecipients must select and use one of three methods for calculating income to determine if households are eligible to participate in a CDBG program.

IEDA has made the determination that communities receiving CDBG/CDBG-DR funding should use the Part 5 definition of income when collecting information and verifying income for potential homeowners.

The Part 5 definition of income is the gross amount of income of all adult household members that is anticipated to be received during the coming 12-month period. A detailed list of income and asset sources can be found in federal regulation 24 CFR 5.609 (regulation attached).

To verify income, the following documents must be collected from homeowners:

- IRS form 1040/ tax return from the most recent year
- Disclosure of all anticipated income for the next 12 months with documentation (sample income verification form attached)

### Notes

- Documentation used for CDBG income verification is valid for 12 months.
- 3rd party verification of income is allowed under the CDBG program and is considered a best practice when verifying documentation provided by a homeowner/homebuyer/tenant. However, 3rd party verification is not required.

### Additional resources:

HUD has an on-line income calculator that can be used to help determine a household's annual gross income for establishing eligibility for assistance. Communities and grant administrators may reference the CPD Income Eligibility Calculator at <https://www.hudexchange.info/incomecalculator/>.

HUD's "*Technical Guide on Determining Income and Allowances under the HOME Program*," is a very thorough and detailed guide. This guide may be helpful when assessing how to handle particular assets. The guide can be found at:

<https://www.hudexchange.info/resources/documents/HOMEGuideForIncomeAndAllowances.pdf>.

### Income Verification Form Links:

- Sample Income Verification Form (Initial Lease-Up):  
[https://www.iowaeda.com/UserDocs/initial\\_period\\_of\\_affordability\\_certification\\_sample\\_income\\_verification.pdf](https://www.iowaeda.com/UserDocs/initial_period_of_affordability_certification_sample_income_verification.pdf)
- Period of Affordability Self-Certification of Income (Year 2-3):  
[https://www.iowaeda.com/UserDocs/year\\_2-3\\_period\\_of\\_affordability\\_self-certification.pdf](https://www.iowaeda.com/UserDocs/year_2-3_period_of_affordability_self-certification.pdf)

# Housing Unit Verification Form

📄 **Housing Unit Verification** - Current Version

☰

**Project Address:**



City Zip Code

**Total Units In Project:**

**Construction End Date:**

**Certificate of Occupancy (if available):**

 Select file

**Home Inspection (if available):**

 Select file

**Period of Affordability End Date:**

This field will be completed by your EDA Project Manager upon approval.

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**Property Owner Information**  
Contact information listed here will be used to collect affordability information in years 2 - 5.

**Property Owner/Management Company Name:**

**Address:**

**City/ State/Zip:**

▼

**Phone:**

**E-mail:**

**Additional Property Owner/Management Company Name (if applicable):**

**Address:**

**City/ State/Zip:**

▼

**Phone:**

**E-mail:**

**Support documentation:**

 Select file

6
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