

COMMUNITY DEVELOPMENT BLOCK GRANT
DISASTER RECOVERY
SUBRECIPIENT AGREEMENT

THIS AGREEMENT, made effective as of the 22nd day of May, 2013, by and between the Housing Trust Fund Corporation ("Grantee") and the ~~New York Business Development Corporation~~ NYBDI Local Development Corporation ("Subrecipient").

WHEREAS, pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1974 (42 U.S.C. 5121 et seq.), portions of the State of New York ("State") received major disaster declarations as a result of Hurricane Sandy, Hurricane Irene, Tropical Storm Lee and other eligible events in calendar years 2011, 2012, and 2013; and

WHEREAS, pursuant to the Disaster Relief Appropriations Act, 2013 (Public Law 113-2, approved January 29, 2013), as amended ("Act"), Congress appropriated \$16,000,000,000 for the Community Development Block Grant Disaster Recovery ("CDBG-DR") program; and

WHEREAS, the State has received an allocation of CDBG-DR funds from the Department of Housing and Urban Development ("HUD") in the amount of \$1,713,960,000; and

WHEREAS, pursuant to title I of the Housing and Community Development Act of 1974 (42 U.S.C. 5301 et seq.) ("HCD Act"), as amended, the Grantee is authorized to administer and distribute CDBG funds in the State; and

WHEREAS, the Grantee wishes to engage the services of the Subrecipient to assist the Grantee in administering a loan and grant program for small businesses adversely affected by Hurricane Sandy, Hurricane Irene, Tropical Storm Lee and other eligible events ("Program");

WHEREAS, the Subrecipient has agreed to underwrite, process, service, and manage a portfolio of CDBG loans and grants for the Program, among other responsibilities; and

WHEREAS, the Subrecipient will work cooperatively with the New York State Small Business Development Center Network ("SBDC"), another subrecipient of the Grantee, who shall provide the Subrecipient with loan applications for eligible applicants; and

WHEREAS, the Subrecipient agrees to submit requisitions and documents in a form agreed to by the Grantee for payment on a per loan or a per grant basis, inclusive of administrative fees; and

WHEREAS, such requisitions, approved by the Grantee, will be funded by the CDBG-DR funds;

NOW, THEREFORE, the parties agree to the following terms and conditions:

I. SCOPE OF WORK

The Subrecipient will be responsible for performing the activities detailed in the scope of work attached hereto as Schedule A and incorporated herein ("Scope of Work"), in a manner satisfactory to the Grantee and consistent with any standards required as a condition of providing CDBG-DR funds hereunder. The Grantee will monitor the performance of the Subrecipient against goals and performance standards as stated in the Scope of Work. Substandard performance as determined by the Grantee will constitute noncompliance with this Agreement. If action to correct such substandard performance is not taken by the Subrecipient within a reasonable period of time (as determined by the Grantee) after being notified by the Grantee, the Grantee may initiate contract suspension or termination procedures.

II. TERM

The period of performance for all activities (with the exception of those activities required for the close out and final audit) assisted pursuant to this Agreement shall commence as of the effective date of this Agreement, and shall end two (2) years from the date that HUD has executed the Grantee's CDBG-DR grant agreement. The term of this Agreement and the provisions herein shall be extended to cover any additional time period during which the Subrecipient remains in control of any CDBG-DR funds or other CDBG-DR assets, including loan repayments.

III. BUDGET

The Subrecipient's approved budget is attached hereto as Schedule B and incorporated herein ("Budget"). Any indirect costs charged must be consistent with the conditions of Paragraph VIII (C)(2) of this Agreement. In addition, the Grantee may require a more detailed budget breakdown than the one contained herein, and the Subrecipient shall provide such supplementary budget information in a timely fashion in the form and content prescribed by the Grantee. Any amendments to the Budget must be approved in writing by both the Grantee and the Subrecipient.

IV. GRANT FUNDS

It is expressly agreed and understood that the total amount to be paid by the Grantee under this Agreement (inclusive of the amount of CDBG-DR Funds to be advanced by

Grantee to Subrecipient for the funding of the loans and grants and Subrecipient's budgeted costs), shall not exceed \$178,871,810 ("Grant Funds"). The amount of Grant Funds that the Grantee has agreed to provide the Subrecipient under this Agreement is expressly conditioned upon the Grantee's receipt of such funds from HUD pursuant to the Act. The Grantee reserves the right to reduce the Grant Funds if the actual costs, as determined by a duplication of benefits analysis or otherwise, for the approved activities are less than those set forth in the Budget.

V. DISBURSEMENT OF GRANT FUNDS

- a) The Subrecipient is authorized to request Grant Funds only in accordance with the provisions of this Agreement and the procedures established by the Grantee. No payment by the Grantee of an improper or unauthorized request shall constitute a waiver of the Grantee's right to: (i) challenge the validity of such payment; (ii) enforce all rights and remedies set forth in this Agreement; or (iii) take corrective or remedial administrative action including, without limitation, suspension or termination of the Subrecipient's funding under this Agreement.
- b) The Subrecipient shall certify with each request for Grant Funds that: (i) all statements and representations previously made regarding this Agreement are correct and complete; and (ii) the funds do not duplicate reimbursement of costs and services from any other source.
- c) The use of Grant Funds is conditioned upon the Subrecipient incurring costs permitted under the terms of this Agreement or as otherwise pre-approved, in writing, by the Grantee. The Subrecipient shall not incur costs to be charged against Grant Funds until all Environmental Conditions of 24 CFR Part 58 have been fully satisfied and the Grantee has issued the environmental clearance required thereunder, unless the activity is exempt under section 58.34 or falls under a categorical exclusion listed in section 58.35(b).
- d) In the event costs are disallowed by any monitoring, audit or oversight of either the State or Federal Government, the Subrecipient shall be responsible for remitting those funds to the Grantee. Failure to complete the Program described in the Statement of Work may constitute a basis for disallowance of costs.

VI. NOTICES

All notices, requests, approvals and consents of any kind made pursuant to this Agreement shall be in writing and shall be deemed to be effective as of the date it is sent by certified mail, return receipt requested. All notices and other written communications under this Agreement shall be addressed to the individuals in the capacities indicated

below, unless otherwise modified by subsequent written notice. Communication and details concerning this contract shall be directed to the following contract representatives:

Grantee: Housing Trust Fund Corporation
Office of Community Renewal
38-40 State Street
Albany, New York 12207
Attn.: Matthew Nelson, President

Subrecipient: New York Business Development Corporation Local Development Corporation
50 Beaver Street, Suite 600
Albany, NY 12207
Attn: Patrick J. MacKrell, President & Chief Executive Officer

with a copy to:

Empire State Development ("ESD");
New York State Urban Development Corporation d/b/a
Empire State Development
633 Third Avenue
New York, NY 10017
Attention: [REDACTED], Deputy Commissioner and Senior Vice President,
Community Economic Development

Notwithstanding any other provision herein, the above requirement to provide ESD with a copy of any notice or other written communication under this Agreement shall have no effect on any obligation of either Grantee or Subrecipient under this Agreement, including, without limitation, any time period or deadline triggered by delivery of any such notice or written communication.

VII. GENERAL CONDITIONS

A. Compliance

The Subrecipient agrees to comply with the requirements of Title 24 of the Code of Federal Regulations, Part 570 (HUD's regulations concerning Community Development Block Grants (CDBG)) including subpart K of these regulations, except (1) the Subrecipient does not assume the Grantee's environmental responsibilities described in 24 CFR 570.604 and (2) the Subrecipient does not assume the Grantee's responsibility for initiating the review process under the provisions of 24 CFR Part 52 and (3) where waivers or alternative requirements are provided for in the Federal Register Notice published by HUD on March 5, 2013, entitled "Allocations, Common

Application, Waivers, and Alternative Requirements for Grantees Receiving Community Development Block Grant (CDBG) Disaster Recovery Funds in Response to Hurricane Sandy”, FR-5696-N-01 (“Notice”). The Subrecipient also agrees to comply with all other applicable Federal, state and local laws, regulations, policies and Grantee guidelines, whether existing or to be established, governing the Grant Funds provided under this Agreement. In the event a conflict arises between the provisions of this Agreement and the Notice, the Notice shall control. The Subrecipient further agrees to utilize Grant Funds available under this Agreement to supplement rather than supplant funds otherwise available.

B. 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 Subrecipient shall at all times remain an “independent contractor” with respect to the services to be performed under this Agreement. The Grantee shall be exempt from payment of all Unemployment Compensation, FICA, retirement, life and/or medical insurance and Workers’ Compensation Insurance, as the Subrecipient is an independent contractor.

C. Hold Harmless

The Subrecipient shall hold harmless, defend and indemnify the Grantee from any and all claims, actions, suits, charges and judgments whatsoever that arise out of the Subrecipient’s performance or nonperformance of the services or subject matter called for in this Agreement.

D. Workers’ Compensation

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

E. Insurance & Bonding

The Subrecipient shall carry sufficient insurance coverage to protect contract assets 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 Grantee.

The Subrecipient shall comply with the bonding and insurance requirements of 24 CFR 84.31 and 84.48, Bonding and Insurance.

F. Grantee Recognition

The Subrecipient shall insure recognition of the role of the Grantee 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 Subrecipient will include a reference to the support provided herein in all publications made possible with funds made available under this Agreement.

G. Amendments

This Agreement may be amended at any time provided that such amendments make specific reference to this Agreement, and are executed in writing, signed by a duly authorized representative of each organization, and approved by the Grantee's governing body. Such amendments shall not invalidate this Agreement, nor relieve or release the Grantee or the Subrecipient from its obligations under this Agreement. The Grantee may, in its sole discretion, amend this Agreement to conform with Federal, state or local governmental guidelines, policies and available funding amounts, or for other reasons. If such amendments result in a change in the Grant Funds or the Scope of Work, such modifications will be incorporated only by written amendment signed by both the Grantee and the Subrecipient.

H. Suspension or Termination

In accordance with 24 CFR 85.43, the Grantee may suspend or terminate this Agreement if the Subrecipient materially fails to comply with any terms of this Agreement, which include (but are not limited to) the following:

1. Failure to comply with any of the rules, regulations or provisions referred to herein, or such statutes, regulations, executive orders, and HUD guidelines, policies or directives as may become applicable at any time;
2. Failure, for any reason, of the Subrecipient to fulfill in a timely and proper manner its obligations under this Agreement;
3. Ineffective or improper use of funds provided under this Agreement; or
4. Submission by the Subrecipient to the Grantee of reports that are incorrect or incomplete in any material respect.

In accordance with 24 CFR 85.44, this Agreement may also be terminated for convenience by either the Grantee or the Subrecipient, in whole or in part, by setting forth the reasons for such termination, the effective date, and, in the case of partial termination, the portion to be terminated. However, if in the case of a partial termination the Grantee determines that the remaining portion of the award will not accomplish the purpose for which the award was made, the Grantee may terminate the award in its entirety.

VIII. ADMINISTRATIVE REQUIREMENTS

A. Financial Management

1. Accounting Standards

The Subrecipient agrees to comply with 24 CFR 84.21–28 and agrees to adhere to the accounting principles and procedures required therein, utilize adequate internal controls, and maintain necessary source documentation for all costs incurred.

2. Cost Principles

The Subrecipient shall administer its program in conformance with OMB Circular A-122, “Cost Principles for Non-Profit Organizations”. These principles shall be applied for all costs incurred whether charged on a direct or indirect basis.

B. Documentation and Record Keeping

1. Records to be Maintained

The Subrecipient shall maintain all records required by the Federal regulations specified in 24 CFR 570.506, that are pertinent to the activities to be funded under this Agreement, as well as any additional records required by the Grantee. Such records shall include but not be limited to:

- a. Records providing a full description of each activity undertaken;
- b. Records demonstrating that each activity undertaken meets one or more, as applicable, of the National Objectives of the CDBG program, as modified by the Notice;
- c. Records required to determine the eligibility of activities;
- d. Records required to document the acquisition, improvement, use or disposition of real property acquired or improved with CDBG-DR funds;
- e. Records documenting compliance with the fair housing and equal opportunity components of the CDBG program;
- f. Financial records as required by 24 CFR 570.502, and 24 CFR 84.21–28; and
- g. Other records necessary to document compliance with Subpart K of 24 CFR Part 570.

2. Retention

The Subrecipient shall retain all financial records, supporting documents, statistical records, and all other records pertinent to the Agreement for a period of four (4) years. The retention period begins on the date of the submission of the Grantee's annual performance and evaluation report to HUD in which the activities assisted under the Agreement are reported on for the final time. Notwithstanding the above, if there is litigation, claims, audits, negotiations or other actions that involve any of the records cited and that have started before the expiration of the four-year period, then such records must be retained until completion of the actions and resolution of all issues, or the expiration of the four-year period, whichever occurs later.

3. Client Data

The Subrecipient shall maintain client data demonstrating client eligibility for services provided. Such data shall include, but not be limited to, client name, address, income level or other basis for determining eligibility, and description of service provided. Such information shall be made available to Grantee monitors or their designees for review upon request.

4. Disclosure

The Subrecipient 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 Grantee's or Subrecipient's responsibilities with respect to services provided under this Agreement, is subject to the provisions of Article 6-A, "Personal Privacy Protection Law", of the New York State Public Officers Law, as well as all other applicable State and Federal privacy laws.

5. Close-outs

The Subrecipient's obligation to the Grantee 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 (including the return of all unused materials, equipment, unspent cash advances, program income balances, and accounts receivable to the Grantee), and determining the custodianship of records. Notwithstanding the foregoing, the terms of this Agreement shall remain in effect during any period that the Subrecipient has control over CDBG-DR funds, including program income.

6. Audits & Inspections

All Subrecipient records with respect to any matters covered by this Agreement shall be made available to the Grantee, HUD, and the Comptroller General of the

United States or any of their authorized representatives, at any time during normal business hours, as often as deemed 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 Subrecipient within 30 days after receipt by the Subrecipient. Failure of the Subrecipient to comply with the above audit requirements will constitute a violation of this Agreement and may result in the withholding of future payments. The Subrecipient hereby agrees to have an annual agency audit conducted in accordance with current Grantee policy concerning subrecipient audits and OMB Circular A-133.

C. Reporting and Payment Procedures

1. Program Income

The Subrecipient shall report monthly all program income, as defined in section VI(A)(17)(a) of the Notice, generated by activities carried out with CDBG-DR funds made available under this Agreement. All program income shall be returned to the Grantee, absent written authorization from the Grantee to the contrary, in accordance with any procedures established by HUD and the Grantee. Any interest earned on cash advances from the U.S. Treasury and from funds held in a revolving fund account is not program income and shall be remitted promptly to the Grantee.

2. Indirect Costs

If indirect costs are charged, the Subrecipient will develop an indirect cost allocation plan for determining the appropriate Subrecipient's share of administrative costs and shall submit such plan to the Grantee for approval, in a form specified by the Grantee.

3. Progress Reports

The Subrecipient shall submit regular Progress Reports to the Grantee in the form, content, and frequency as required by the Grantee.

D. Procurement

1. Compliance

The Subrecipient shall comply with current Grantee policy concerning the purchase of equipment and shall maintain inventory records of all non-expendable personal property as defined by such policy as may be procured with funds provided herein. All Program assets (unexpended program income, property, equipment, etc.) shall revert to the Grantee upon termination of this Agreement.

2. OMB Standards

Unless specified otherwise within this agreement, the Subrecipient shall procure all materials, property, or services in accordance with the requirements of 24 CFR 84.40-48.

3. Travel

The Subrecipient shall comply with all applicable State regulations and guidelines regarding reimbursement of travel expenses to be paid for with CDBG-DR funds provided under this Agreement. The Subrecipient shall obtain prior written approval from the Grantee for any travel to out of service area assignments.

E. Use and Reversion of Assets

The use and disposition of real property and equipment under this Agreement shall be in compliance with the requirements of 24 CFR Part 84 and 24 CFR 570.502, 570.503, and 570.504, as applicable, which include but are not limited to the following:

1. The Subrecipient shall transfer to the Grantee any CDBG-DR funds on hand and any accounts receivable attributable to the use of funds under this Agreement at the time of expiration, cancellation, or termination.
2. Real property under the Subrecipient's control that was acquired or improved, in whole or in part, with funds under this Agreement in excess of \$25,000 shall be used to meet one of the CDBG National Objectives pursuant to 24 CFR 570.208 until five (5) years after expiration of this Agreement or such longer period of time as the Grantee deems appropriate. If the Subrecipient fails to use CDBG-assisted real property in a manner that meets a CDBG National Objective for the prescribed period of time, the Subrecipient shall pay the Grantee an amount equal to the current fair market value of the property less any portion of the value attributable to expenditures of non-CDBG funds for acquisition of, or improvement to, the property. Such payment shall constitute program income to the Grantee. The Subrecipient may retain real property acquired or improved under this Agreement after the expiration of the five-year period or such longer period of time as the Grantee deems appropriate.
3. In all cases in which equipment acquired, in whole or in part, with funds under this Agreement is sold, the proceeds shall be program income (prorated to reflect the extent to that funds received under this Agreement were used to acquire the equipment). Equipment not needed by the Subrecipient for activities under this Agreement shall be (a) transferred to the Grantee for the CDBG program or (b) retained after compensating the Grantee an amount equal to the current fair market value of the equipment less the percentage of non-CDBG-DR funds used to acquire the equipment.

F. Use of Grant Funds to Make Loans

If the Subrecipient utilizes Grant Funds to make loans (a "CDBG Loan") and this Agreement is terminated, or if there is a finding by the Grantee of deficient performance or inadequate management capacity by the Subrecipient (any such instance, a "Subrecipient Default"), the Grantee shall have the right to require that all payments due under any or all CDBG Loans be made directly to the Grantee and the Grantee shall be entitled to all rights and remedies under any loan documents between the Subrecipient and the borrower. In addition, upon the occurrence of any Subrecipient Default, the Subrecipient shall promptly assign all Promissory Notes or other document evidencing a CDBG Loan ("CDBG Promissory Note") and any instrument securing any collateral for a CDBG Loan (a "CDBG Security Instrument"), to any successor subrecipient designated by HTFC. The following language must be inserted into every CDBG Promissory Note and CDBG Security Instrument t:

"The Lender, in consideration of the Community Development Block Grant disaster recovery ("CDBG-DR") funds awarded to it by the New York State Housing Trust Fund Corporation ("HTFC"), assigns all of its rights and remedies under this Promissory Note to HTFC. In the event (i) the Subrecipient Agreement entered into between the Lender and HTFC is terminated for any reason, or (ii) HTFC, in its sole and absolute discretion, finds deficient performance or inadequate management capacity on the part of the Lender, HTFC shall have the right to notify the Debtor under this Promissory Note to make payment directly to HTFC, and to enforce any and all obligations of the Debtor under this Promissory Note or any other loan instrument executed in connection herewith. Until such time as HTFC elects to exercise such rights by mailing to Lender and Debtor written notice thereof, Lender is authorized to collect payments and enforce all rights under this Promissory Note."

IX. RELOCATION, REAL PROPERTY ACQUISITION AND ONE-FOR-ONE HOUSING REPLACEMENT

To the extent applicable to its performance under this Agreement, and as modified by the Notice, the Subrecipient agrees to comply with (a) the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (URA), and implementing regulations at 49 CFR Part 24 and 24 CFR 570.606(b); (b) the requirements of 24 CFR 570.606(c) governing the Residential Anti-displacement and Relocation Assistance Plan under section 104(d) of the HCD Act; and (c) the requirements in 24 CFR 570.606(d) governing optional relocation policies. The Subrecipient shall provide relocation assistance to displaced persons as defined by 24 CFR 570.606(b)(2) that are displaced as a direct result of acquisition, rehabilitation, demolition or conversion for a CDBG-DR assisted project. The Subrecipient also agrees to comply with applicable Grantee ordinances, resolutions and policies concerning the displacement of persons from their residences.

X. PERSONNEL & PARTICIPANT CONDITIONS

A. Civil Rights

1. Compliance

The Subrecipient agrees to comply with the New York State Civil Rights Law and with Title VI of the Civil Rights Act of 1964, as amended, Title VIII of the Civil Rights Act of 1968 as amended, Section 104(b) and Section 109 of Title I of the Housing and Community Development Act of 1974 as amended, Section 504 of the Rehabilitation Act of 1973, the Americans with Disabilities Act of 1990, the Age Discrimination Act of 1975, Executive Order 11063, and Executive Order 11246 as amended by Executive Orders 11375, 11478, 12107 and 12086.

2. Nondiscrimination

The Subrecipient agrees to comply with the non-discrimination in employment and contracting opportunities laws, regulations, and executive orders referenced in 24 CFR 570.607, as revised by Executive Order 13279. The applicable non-discrimination provisions in Section 109 of the HCD Act are still applicable.

3. Land Covenants

This Agreement is subject to the requirements of Title VI of the Civil Rights Act of 1964 (P. L. 88-352) and 24 CFR 570.601 and 570.602. In regard to the sale, lease, or other transfer of land acquired, cleared or improved with assistance provided under this Agreement, the Subrecipient shall cause or require a covenant running with the land to be inserted in the deed or lease for such transfer, prohibiting discrimination as herein defined, in the sale, lease or rental, or in the use or occupancy of such land, or in any improvements erected or to be erected thereon, providing that the Grantee and the United States are beneficiaries of, and entitled to enforce, such covenants. To the extent any such sale, lease or other transfer of land shall occur, the Subrecipient, in undertaking its obligation to carry out the Program assisted hereunder, agrees to take such measures as are necessary to enforce such covenant, and will not itself so discriminate.

4. Section 504

The Subrecipient agrees to comply with all Federal regulations issued pursuant to Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), which prohibits discrimination against individuals with disabilities or handicaps in any Federally assisted program. The Grantee shall provide the Subrecipient with certain guidelines for compliance with that portion of the regulations in force during the term of this Agreement.

B. Affirmative Action

1. Approved Plan

The Subrecipient agrees that it shall be committed to carry out, pursuant to the Grantee's specifications, an Affirmative Action Program in keeping with the principles as provided in President's Executive Order 11246 of September 24, 1966. The Grantee shall provide certain Affirmative Action guidelines to the Subrecipient to assist in the formulation of such program. The Subrecipient shall submit a plan for an Affirmative Action Program for approval prior to the award of funds.

2. Women- and Minority-Owned Businesses (W/MBE)

The Subrecipient will use its 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 Agreement, 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 U.S.C. 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. For the purpose of this definition, "minority group members" are Afro-Americans, Spanish-speaking, Spanish surnamed or Spanish-heritage Americans, Asian-Americans, and American Indians. The Subrecipient may rely on written representations by businesses regarding their status as minority and female business enterprises in lieu of an independent investigation.

3. Access to Records

The Subrecipient shall furnish and cause each of its own subrecipients or subcontractors to furnish all information and reports required hereunder and will permit access to its books, records and accounts by the Grantee, HUD or its agent, or other authorized Federal officials for purposes of investigation to ascertain compliance with the rules, regulations and provisions stated herein.

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

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

5. Subcontract Provisions

The Subrecipient will include the provisions of Paragraphs X.A, Civil Rights, and B, Affirmative Action, in every subcontract or purchase order, specifically or by

reference, so that such provisions will be binding upon each of its own subrecipients or subcontractors.

C. Employment Restrictions

1. Prohibited Activity

The Subrecipient is prohibited from using funds provided herein or personnel employed in the administration of the program for: political activities; inherently religious activities; lobbying; political patronage; and nepotism activities.

2. Labor Standards

The Subrecipient agrees to comply with the requirements of the Secretary of Labor in accordance with the Davis-Bacon Act as amended, the provisions of Contract Work Hours and Safety Standards Act (40 U.S.C. 327 et seq.) and all other applicable Federal, state and local laws and regulations pertaining to labor standards insofar as those acts apply to the performance of this Agreement. The Subrecipient agrees to comply with the Copeland Anti-Kick Back Act (18 U.S.C. 874 et seq.) and its implementing regulations of the U.S. Department of Labor at 29 CFR Part 5. The Subrecipient shall maintain documentation that demonstrates compliance with hour and wage requirements of this part. Such documentation shall be made available to the Grantee for review upon request. The Subrecipient agrees that, except with respect to the rehabilitation or construction of residential property containing less than eight (8) units, all contractors engaged under contracts in excess of \$2,000.00 for construction, renovation or repair work financed in whole or in part with assistance provided under this Agreement, shall comply with Federal requirements adopted by the Grantee pertaining to such contracts and with the applicable requirements of the regulations of the Department of Labor, under 29 CFR Parts 1, 3, 5 and 7 governing the payment of wages and ratio of apprentices and trainees to journey workers; provided that, if wage rates higher than those required under the regulations are imposed by state or local law, nothing hereunder is intended to relieve the Subrecipient of its obligation, if any, to require payment of the higher wage. The Subrecipient shall cause or require to be inserted in full, in all such contracts subject to such regulations, provisions meeting the requirements of this paragraph.

3. "Section 3" Clause

a. Compliance

Compliance with the provisions of Section 3 of the HUD Act of 1968, as amended, and as implemented by the regulations set forth in 24 CFR 135, and all applicable rules and orders issued hereunder prior to the execution of this Agreement, shall be a condition of the Federal financial assistance provided under this Agreement and binding upon the Grantee, the Subrecipient and

any of the Subrecipient's subrecipients and subcontractors. Failure to fulfill these requirements shall subject the Grantee, the Subrecipient and any of the Subrecipient's subrecipients and subcontractors, their successors and assigns, to those sanctions specified by the agreement through which Federal assistance is provided. The Subrecipient certifies and agrees that no contractual or other disability exists that would prevent compliance with these requirements.

The Subrecipient further agrees to comply with these "Section 3" requirements and to include the following language in all subcontracts executed under this Agreement:

"The work to be performed under this Agreement is a project assisted under a program providing direct Federal financial assistance from HUD and is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701). Section 3 requires that to the greatest extent feasible opportunities for training and employment be given to low- and very low-income residents of the project area, and that contracts for work in connection with the project be awarded to business concerns that provide economic opportunities for low- and very low-income persons residing in the metropolitan area in which the project is located."

The Subrecipient further agrees to ensure that opportunities for training and employment arising in connection with a housing rehabilitation (including reduction and abatement of lead-based paint hazards), housing construction, or other public construction project are given to low- and very low-income persons residing within the metropolitan area in which the CDBG-DR funded project is located; where feasible, priority should be given to low- and very low-income persons within the service area of the project or the neighborhood in which the project is located, and to low- and very low-income participants in other HUD programs; and award contracts for work undertaken in connection with a housing rehabilitation (including reduction and abatement of lead-based paint hazards), housing construction, or other public construction project to business concerns that provide economic opportunities for low- and very low-income persons residing within the metropolitan area in which the CDBG-DR funded project is located; where feasible, priority should be given to business concerns that provide economic opportunities to low- and very low-income residents within the service area or the neighborhood in which the project is located, and to low- and very low-income participants in other HUD programs.

The Subrecipient certifies and agrees that no contractual or other legal incapacity exists that would prevent compliance with these requirements.

b. Notifications

The Subrecipient agrees to send to each labor organization or representative of workers with which it has a collective bargaining agreement or other contract or understanding, if any, a notice advising said labor organization or worker's representative of its commitments under this Section 3 clause and shall post copies of the notice in conspicuous places available to employees and applicants for employment or training.

c. Subcontracts

The Subrecipient will include this Section 3 clause in every subcontract and will take appropriate action pursuant to the subcontract upon a finding that the subcontractor is in violation of regulations issued by HUD. The Subrecipient will not subcontract with any entity where it has notice or knowledge that the latter has been found in violation of regulations under 24 CFR Part 135 and will not let any subcontract unless the entity has first provided it with a preliminary statement of ability to comply with the requirements of these regulations.

D. Conduct

1. Assignability

The Subrecipient shall not assign or transfer any interest in this Agreement without the prior written consent of the Grantee thereto.

2. Subcontracts

a. Approvals

The Subrecipient shall not enter into any subcontracts with any agency or individual to assist with the performance of this Agreement without the written consent of the Grantee prior to the execution of such agreement.

b. Monitoring

In accordance with guidelines to be issued by the Grantee, the Subrecipient 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.

c. Content

The Subrecipient 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.

d. Selection Process

The Subrecipient shall undertake to insure that all subcontracts let in the performance of this Agreement shall be awarded on a fair and open competition basis in accordance with applicable procurement requirements. Executed copies of all subcontracts shall be forwarded to the Grantee along with documentation concerning the selection process.

3. Hatch Act

The Subrecipient agrees that no funds provided, nor personnel employed under this Agreement, shall be in any way or to any extent engaged in the conduct of political activities in violation of Chapter 15 of Title V of the U.S.C.

4. Conflict of Interest

The Subrecipient agrees to abide by the provisions of 24 CFR 84.42 and 570.611, which include (but are not limited to) the following:

a. The Subrecipient shall maintain a written code or standards of conduct that shall govern the performance of its officers, employees or agents engaged in the award and administration of contracts supported by Federal funds.

b. No employee, officer or agent of the Subrecipient shall participate in the selection, or in the award, or administration of, a contract supported by Federal funds if a conflict of interest, real or apparent, would be involved.

c. No covered persons who exercise or have exercised any functions or responsibilities with respect to CDBG-DR assisted activities, 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 in any contract, or have a financial interest in any contract, subcontract, or agreement with respect to the CDBG-DR assisted activity, or with respect to the proceeds from the CDBG-DR assisted activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for a period of one (1) year thereafter. For purposes of this paragraph, a "covered person" includes any person who is an employee, agent, consultant, officer, or elected or appointed official of the Grantee, the Subrecipient, or any designated public agency.

5. Lobbying

The Subrecipient hereby certifies that:

a. No Federal appropriated funds have been paid or will be paid, by or on behalf of it, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement;

b. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, it will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions; and

c. It will require that the language of paragraph (d) of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all Subrecipients shall certify and disclose accordingly:

d. Lobbying Certification

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

6. Copyright

If this Agreement results in any copyrightable material or inventions, the Grantee and/or HUD 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 or materials for governmental purposes.

7. Religious Activities

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

XI. ENVIRONMENTAL CONDITIONS

A. Air and Water

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

- Clean Air Act, 42 U.S.C., 7401, et seq.;
- Federal Water Pollution Control Act, as amended, 33 U.S.C., 1251, et seq., as amended, 1318 relating to inspection, monitoring, entry, reports, and information, as well as other requirements specified in said Section 114 and Section 308, and all regulations and guidelines issued thereunder;
- Environmental Protection Agency (EPA) regulations pursuant to 40 CFR Part 50, as amended.

B. Flood Disaster Protection

In accordance with the requirements of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4001), the Subrecipient shall assure that for activities located in an area identified by the Federal Emergency Management Agency (FEMA) as having special flood hazards, flood insurance under the National Flood Insurance Program is obtained and maintained as a condition of financial assistance for acquisition or construction purposes (including rehabilitation).

C. Lead-Based Paint

The Subrecipient agrees that any construction or rehabilitation of structures containing residential units with assistance provided under this Agreement shall be subject to HUD Lead-Based Paint Regulations at 24 CFR 570.608, and 24 CFR Part 35, Subpart B. Such regulations pertain to all CDBG-assisted housing and require that all owners, prospective owners, and tenants of properties constructed prior to 1978 be properly notified that such properties may include lead-based paint. Such notification shall point out the hazards of lead-based paint and explain the symptoms, treatment and precautions that should be taken when dealing with lead-based paint poisoning and the advisability and availability of blood lead level screening for children under seven. The notice should also point out that if lead-based paint is found on the property, abatement measures may be undertaken. The regulations further require

that, depending on the amount of Federal funds applied to a property, paint testing, risk assessment, treatment and/or abatement may be conducted.

D. Historic Preservation

The Subrecipient agrees to comply with the Historic Preservation requirements set forth in the National Historic Preservation Act of 1966, as amended (16 U.S.C. 470) 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 performance of this agreement.

In general, this requires concurrence from the State Historic Preservation Officer for all rehabilitation and demolition of historic properties that are fifty years old or older or that are included on a Federal, state, or local historic property list.

XII. SPECIAL PROVISIONS

Special provisions are attached hereto as Schedule C and incorporated herein.

XIII. SEVERABILITY

If any provision of this Agreement is held invalid, the remainder of the Agreement shall not be affected thereby and all other parts of this Agreement shall nevertheless be in full force and effect.

XIV. SECTION HEADINGS AND SUBHEADINGS

The section headings and subheadings contained in this Agreement are included for convenience only and shall not limit or otherwise affect the terms of this Agreement.

XV. WAIVER

The Grantee's failure to act with respect to a breach by the Subrecipient does not waive its right to act with respect to subsequent or similar breaches. The failure of the Grantee to exercise or enforce any right or provision shall not constitute a waiver of such right or provision.

XVI. ENTIRE AGREEMENT

This agreement constitutes the entire agreement between the Grantee and the Subrecipient for the use of funds received under this Agreement and it supersedes all

prior or contemporaneous communications and proposals, whether electronic, oral, or written between the Grantee and the Subrecipient with respect to this Agreement.

IN WITNESS WHEREOF, this Agreement has been executed by a duly authorized representative of the parties.

Housing Trust Fund Corporation

By: 
Name: Matthew L. Nelson
Title: President

NYBDC
~~New York Business Development Corporation~~ Local Development Corporation


By: _____
Name: Patrick J. MacKrell
Title: President & Chief Executive Officer

This contract has been approved by the Corporation's Counsel as to form and its Treasurer as to fiscal sufficiency.

SCHEDULE A SCOPE OF WORK

Section 1.01. Definitions: Capitalized terms used in this Schedule but not defined shall have the meaning given such terms in the body of the Subrecipient Agreement.

Section 1.02 General Scope. Subject to the terms, covenants and conditions of this agreement, Subrecipient's obligations under the Agreement will include, but are not limited to, the following:

1. Subrecipient shall verify the legal authority to do business in New York State of each CDBG grant recipient and each CDBG Loan recipient.
2. Subrecipient shall develop forms of loan and grant documents, satisfactory to the Grantee.
3. Subrecipient shall process Program applications received from SBDC and perform the following due diligence with respect to each applicant, including but not limited to:
 - a. perform an evaluation of compliance with the eligibility criteria hereinafter set forth;
 - b. verification of a business address through available public records;
 - c. verification of a business' existence before the occurrence of Hurricane Sandy, Hurricane Irene, Tropical Storm Lee and other eligible events in calendar years 2011, 2012 and 2013;
 - d. evaluate working capital needs to restart or continue business operations;
 - e. assess direct losses and needed repair estimates based on information provided by the applicant and needs assessments provided by third parties if available;
 - f. in the case of an application for a CDBG Loan, conduct financial analysis of each applicant's ability to repay a CDBG Loan, including credit score review and an evaluation of debt service coverage ratio and overall profitability and cash flow projections for the term of the CDBG Loan;
 - g. in the case of an application for a grant, conduct financial analysis of each applicant's ability to continue operations as a viable business in accordance with the projected activity set forth in the application, including credit score review, small business score review and an evaluation of the applicant's debt service coverage ratio ; and

- h. all other information as the Grantee may require to complete their due diligence.
4. Subrecipient shall underwrite, close, disburse, service, and manage a portfolio of loans (together with the grants, the "CDBG Portfolio") in accordance with eligibility and loan requirements to be agreed upon by the Grantee and the Subrecipient.
 5. Subrecipient shall fund 100% of each CDBG Loan from CDBG-DR Funds advanced by Grantee.
 6. Subrecipient shall close, disburse, service and manage the grants in accordance with eligibility and grant requirements to be agreed upon by the Grantee and the Subrecipient.
 7. Subrecipient shall actively manage the CDBG Portfolio .
 8. Subrecipient shall provide monthly reporting to the Grantee with respect to the activity, pipeline, approval, disbursement and collections for the CDBG Portfolio, as further referenced in Schedule C.
 9. Subrecipient shall develop post closing procedures and a process for identifying fraudulent or ineligible CDBG loans and/or grants and for clawing back the CDBG-DR Funds that have been advanced for such CDBG loans and/or grants. In the event that any CDBG loan and/or grant is not promptly repaid subsequent to a demand by the Subrecipient following a determination that an ineligible loan and/or grant has been made, the Subrecipient shall propose a collection/liquidation plan to HTFC (including claw-back procedures and a proposed budget for payment to third parties necessary to implement the plan). Upon approval of the plan by HTFC, the Subrecipient shall work in concert with HTFC to implement the collection/liquidation plan. In the event that the implementation of the collection/liquidation plan does not result in the repayment of the loan and/or grant, the Subrecipient shall consult with HTFC to seek further guidance regarding disposition of the Loan and further efforts to collect the amount due.
 10. Subrecipient shall provide such services as the Grantee may reasonably require to fulfill this scope of work (collectively, 1-9 shall be the "**Scope of Work**") and shall provide adequate staffing at all times to perform the Scope of Work.

NYBDC SCHEDULE B- Annual Totals and Summary
 Project # 1298DR2-13

Direct Costs -

\$ 775,899	Year One
\$ 750,151	Year Two
\$ 475,279	Year Three
\$ 441,994	Year Four
\$ 222,513	Year Five
\$ 201,088	Year Six
\$ 201,088	Year Seven
\$ 3,068,012	Total Direct Costs

Indirect Costs -

\$ 156,804	Year One
\$ 156,804	Year Two
\$ 120,815	Year Three
\$ 78,360	Year Four
\$ 78,360	Year Five
\$ 78,360	Year Six
\$ 78,360	Year Seven
\$ 747,863	Total Indirect Costs

Travel -

\$ 7,500	Year One
\$ 7,500	Year Two
\$ 7,500	Year Three
\$ 7,500	Year Four
\$ 4,500	Year Five
\$ 4,500	Year Six
\$ 4,500	Year Seven
\$ 43,500	Total Travel (Reimbursed at Federal Mileage Rate)

Total Costs

Direct Costs	Indirect Cost	Travel	Insurance	Total	Indirect / Direct
\$ 775,899	\$ 156,804	\$ 7,500	\$ 4,000	\$ 944,203	16.61%
\$ 750,151	\$ 156,804	\$ 7,500	\$ 4,000	\$ 918,455	17.07%
\$ 475,279	\$ 120,815	\$ 7,500	\$ 4,000	\$ 607,594	19.88%
\$ 441,994	\$ 78,360	\$ 7,500	\$ 4,000	\$ 531,854	14.73%
\$ 222,513	\$ 78,360	\$ 4,500	\$ 4,000	\$ 305,373	25.66%
\$ 201,088	\$ 78,360	\$ 4,500	\$ 4,000	\$ 287,948	27.21%
\$ 201,088	\$ 78,360	\$ 4,500	\$ 4,000	\$ 287,948	27.21%
\$ 3,068,012	\$ 747,863	\$ 43,500	\$ 28,000	\$ 3,883,375	19.26%

SCHEDULE B - Year One - NYBDC Local Development Corporation
 Project # 1298DR2-13
 Indirect Cost Rate: 19.8671%

Direct Rates	Title / Position	Base Salary	Hours	Rate	Fringe	Total	Indirect Rate
	President		180				
	Compliance Manager		430				
	Senior Lender		240				
	Chief Administrative		240				
	Chief Financial		195				
	Accounting Manager		480				
	Accounting Staff		480				
	Accounting Staff		480				
	Servicing Manager		980				
	Servicing Admin		980				
	Servicing Admin		245				
	General Counsel		600				
	Paralegal Staff		960				
	Processing Manager		980				
	Loan / Grant Officer		1950				
	Loan / Grant Officer		1950				
	Loan / Grant Officer		1950				
	Loan / Grant Officer		720				
	Loan / Grant Processor		1950				
	Loan / Grant Processor		980				
	Loan / Grant Processor		980				
						\$775,869	\$156,804

Travel \$7,500

Insurance (Theft) - Est \$4,000

Indirect Costs for Allocation - Five Months Ended February 28, 2013

\$	20,902	Public Relations
\$	153,166	Professional Fees
\$	9,103	Offsite Storage
\$	32,264	Software License & Maintenance
\$	227,417	Rent & Occupancy
\$	55,891	Office Supplies and Postage
\$	67,932	Telephone
\$	35,794	Corporate Insurance
\$	83,335	Depreciation
\$	17,422	Machine Rental
\$	22,368	Training

\$ 725,594 Total - Five Months

\$145,119 Monthly Indirect Costs for Allocation

Basis for Allocation - Loan Approvals and Loan Closings

NYBDC Loan Fundings - Five Months Ended February 28, 2013 \$14,818,357

\$2,963,671 Average Monthly Loan Fundings - NYBDC

\$7,500,000 Average Anticipated Monthly Fundings - Sandy

NYBDC Loan Approvals - Five Months Ended February 28, 2013 \$25,356,911

\$5,071,382 Average Monthly Loan Approvals - NYBDC

\$7,500,000

Average Anticipated Monthly Approvals - Sandy

Proposed Indirect Cost Allocation

Proposed Indirect Cost Allocation = \$13,067 / month or 9% for Years One and Two

Proposed Indirect Cost Allocation = \$10,068 / month or 6.75% for Year Three

Proposed Indirect Cost Allocation = \$6,530 / month or 4.5% for Years Four Through Seven.

\$5,071,382	Average Monthly Loan Approvals - NYBDC
\$7,500,000	Average Anticipated Monthly Approvals - Sandy

Proposed Indirect Cost Allocation

Proposed Indirect Cost Allocation = \$13,067 / month or 9% for Years One and Two
 Proposed Indirect Cost Allocation = \$10,068 / month or 6.75% for Year Three
 Proposed Indirect Cost Allocation = \$6,530 / month or 4.5% for Years Four Through Seven.

SCHEDULE B - Year Two - NYBDC Local Development Corporation
 Project# 1298DR2-13
 Indirect Cost Rate: 20.9%

Direct Rates	Base Salary	Hours	Rate	Fringe	Total	Indirect Rate
Title						
President		180				
Compliance Manager		180				
Senior Lender		240				
Chief Administrative		240				
Chief Financial		180				
Accounting Manager		480				
Accounting Staff		480				
Accounting Staff		480				
Servicing Manager		980				
Servicing Admin		980				
Servicing Admin		980				
General Counsel		240				
Paralegal Staff		960				
Processing Manager		980				
Loan / Grant Officer		1950				
Loan / Grant Officer		1950				
Loan / Grant Officer		1950				
Loan / Grant Officer		720				
Loan / Grant Processor		1950				
Loan / Grant Processor		980				
Loan / Grant Processor		980				
					\$750,151	\$156,804

Travel \$7,500
 Insurance (Theft) \$4,000

Indirect Costs for Allocation - Five Months Ended February 28, 2013

\$	20,902	Public Relations
\$	153,166	Professional Fees
\$	9,103	Offsite Storage
\$	32,264	Software License & Maintenance
\$	227,417	Rent & Occupancy
\$	55,891	Office Supplies and Postage
\$	67,932	Telephone
\$	35,794	Corporate Insurance
\$	83,335	Depreciation
\$	17,422	Machine Rental
\$	22,368	Training
\$	725,594	Total - Five Months

\$145,119 Monthly Indirect Costs for Allocation

Basis for Allocation - Loan Approvals and Loan Closings

NYBDC Loan Fundings -	Five Months Ended February 28, 2013	\$14,818,357
	Average Monthly Loan Fundings - NYBDC	\$2,963,671
	Average Anticipated Monthly Fundings - Sandy	\$7,500,000

NYBDC Loan Approvals - Five Months Ended February 28, 2013

\$25,356,911

SCHEDULE B - Year Three Budget - NYBDC Local Development Corporation
 Project# 1298DR2-13
 Indirect Cost Rate: 21.0629%

Direct Rates Title	Base Salary	Hours	Rate	Fringe	Total	Indirect Rate
President			180			
Compliance Manager			120			
Senior Lender			90			
Chief Administrative			225			
Chief Financial			165			
Accounting Manager			480			
Accounting Staff			480			
Accounting Staff			480			
Servicing Manager			980			
Servicing Admin			980			
Servicing Admin			980			
Servicing Admin			735			
General Counsel			120			
Paralegal Staff			480			
Processing Manager			300			
Loan / Grant Officer			975			
Loan / Grant Officer			975			
Loan / Grant Processor			360			
Loan / Grant Processor			975			
Loan / Grant Processor			980			
Loan/Grant Processor			490			
Loan/Grant Processor			490			

NYBDC Loan Approvals - Five Months Ended February 28, 2013

\$25,356,911

\$5,071,382

Average Monthly Loan Approvals - NYBDC

\$7,500,000

Average Anticipated Monthly Approvals - Sandy

Proposed Indirect Cost Allocation

Proposed Indirect Cost Allocation = \$13,067 / month or 9% for Years One and Two

Proposed Indirect Cost Allocation = \$10,068 / month or 6.75% for Year Three

Proposed Indirect Cost Allocation = \$6,530 / month or 4.5% for Years Four Through Seven.

SCHEDULE B - Year Four Budget - NYBDC Local Development Corporation
 Project# 1298DR2-13
 Indirect Cost Rate: 17.7287%

Direct Rates	Base Salary	Hours	Rate	Fringe	Total	Indirect Rate
Title						
President		120				
Compliance Manager		60				
Chief Administrative		180				
Chief Financial		120				
Accounting Manager		480				
Accounting Staff		480				
Accounting Staff		480				
Servicing Manager		980				
Servicing Admin		980				
Servicing Admin		980				
Servicing Admin		735				
General Counsel		120				
Paralegal Staff		480				
Processing Manager		300				
Loan / Grant Officer		975				
Loan / Grant Officer		975				
Loan / Grant Processor		360				
Loan / Grant Processor		975				
Loan / Grant Processor		980				
Loan / Grant Processor		490				
Loan / Grant Processor		490				
					\$441,994	\$78,360

Travel \$7,500

Insurance (Theft) \$4,000

Indirect Costs for Allocation - Five Months Ended February 28, 2013

\$	20,902	Public Relations
\$	153,166	Professional Fees
\$	9,103	Offsite Storage
\$	32,264	Software License & Maintenance
\$	227,417	Rent & Occupancy
\$	55,891	Office Supplies and Postage
\$	67,932	Telephone
\$	35,794	Corporate Insurance
\$	83,335	Depreciation
\$	17,422	Machine Rental
\$	22,368	Training

\$ 725,594 Total - Five Months

\$145,119 Monthly Indirect Costs for Allocation

Basis for Allocation - Loan Approvals and Loan Closings

NYBDC Loan Fundings - Five Months Ended February 28, 2013 \$14,818,357

\$2,963,671 Average Monthly Loan Fundings - NYBDC

\$7,500,000 Average Anticipated Monthly Fundings - Sandy

NYBDC Loan Approvals - Five Months Ended February 28, 2013 \$25,356,911

\$5,071,382	Average Monthly Loan Approvals - NYBDC
\$7,500,000	Average Anticipated Monthly Approvals - Sandy

Proposed Indirect Cost Allocation

Proposed Indirect Cost Allocation = \$13,067 / month or 9% for Years One and Two
 Proposed Indirect Cost Allocation = \$10,068 / month or 6.75% for Year Three
 Proposed Indirect Cost Allocation = \$6,530 / month or 4.5% for Years Four Through Seven.

SCHEDULE B - Year Five Budget - NYBDC Local Development Corporation
 Project# 1298DR2-13
 Indirect Cost Rate: 35.2159%

Direct Rates Title	Base Salary	Hours	Rate	Fringe	Total	Indirect Rate
President		120				
Compliance Manager		60				
Chief Administrative		180				
Chief Financial		120				
Accounting Manager		480				
Accounting Staff		480				
Accounting Staff		480				
Servicing Manager		980				
Servicing Admin		980				
Servicing Admin		980				
Servicing Admin		735				

Travel \$4,500
 Insurance (Theft) \$4,000
 Indirect Costs for Allocation - Five Months Ended February 28, 2013

\$	20,902	Public Relations
\$	153,166	Professional Fees
\$	9,103	Offsite Storage

Travel \$4,500
 Insurance (Theft) \$4,000
 Indirect Costs for Allocation - Five Months Ended February 28, 2013

\$ 32,264
 \$ 227,417
 \$ 55,891
 \$ 67,932
 \$ 35,794
 \$ 83,335
 \$ 17,422
 \$ 22,368

Software License & Maintenance
 Rent & Occupancy
 Office Supplies and Postage
 Telephone
 Corporate Insurance
 Depreciation
 Machine Rental
 Training

\$ 725,594
 Total - Five Months

\$145,119
 Monthly Indirect Costs for Allocation

Basis for Allocation - Loan Approvals and Loan Closings

NYBDC Loan Fundings -

Five Months Ended February 28, 2013
 \$14,818,357

\$2,963,671
 Average Monthly Loan Fundings - NYBDC

\$7,500,000
 Average Anticipated Monthly Fundings - Sandy

NYBDC Loan Approvals - Five Months Ended February 28, 2013
 \$25,356,911

\$5,071,382
 Average Monthly Loan Approvals - NYBDC

\$7,500,000
 Average Anticipated Monthly Approvals - Sandy

Proposed Indirect Cost Allocation

Proposed Indirect Cost Allocation = \$13,067 / month or 9% for Years One and Two

Proposed Indirect Cost Allocation = \$10,068 / month or 6.75% for Year Three

Proposed Indirect Cost Allocation = \$6,530 / month or 4.5% for Years Four Through Seven.

\$	227,417	Rent & Occupancy
\$	55,891	Office Supplies and Postage
\$	67,932	Telephone
\$	35,794	Corporate Insurance
\$	83,335	Depreciation
\$	17,422	Machine Rental
\$	22,368	Training

\$ 725,594 Total - Five Months

\$145,119 Monthly Indirect Costs for Allocation

Basis for Allocation - Loan Approvals and Loan Closings

NYBDC Loan Fundings - Five Months Ended February 28, 2013 \$14,818,357

\$2,963,671 Average Monthly Loan Fundings - NYBDC

\$7,500,000 Average Anticipated Monthly Fundings - Sandy

NYBDC Loan Approvals - Five Months Ended February 28, 2013 \$25,356,911

\$5,071,382 Average Monthly Loan Approvals - NYBDC

\$7,500,000 Average Anticipated Monthly Approvals - Sandy

Proposed Indirect Cost Allocation

Proposed Indirect Cost Allocation = \$13,067 / month or 9% for Years One and Two

Proposed Indirect Cost Allocation = \$10,068 / month or 6.75% for Year Three

Proposed Indirect Cost Allocation = \$6,530 / month or 4.5% for Years Four Through Seven.

\$ 227,417
 \$ 55,891
 \$ 67,932
 \$ 35,794
 \$ 83,335
 \$ 17,422
 \$ 22,368

Rent & Occupancy
 Office Supplies and Postage
 Telephone
 Corporate Insurance
 Depreciation
 Machine Rental
 Training

\$ 725,594
 Total - Five Months

\$145,119
 Monthly Indirect Costs for Allocation

Basis for Allocation - Loan Approvals and Loan Closings

NYBDC Loan Fundings -
 Five Months Ended February 28, 2013 \$14,818,357

\$2,963,671
Average Monthly Loan Fundings - NYBDC

\$7,500,000
Average Anticipated Monthly Fundings - Sandy

NYBDC Loan Approvals - Five Months Ended February 28, 2013
 \$5,071,382
 Average Monthly Loan Approvals - NYBDC
 \$7,500,000
 Average Anticipated Monthly Approvals - Sandy
 \$25,356,911

Proposed Indirect Cost Allocation

Proposed Indirect Cost Allocation = \$13,067 / month or 9% for Years One and Two
 Proposed Indirect Cost Allocation = \$10,068 / month or 6.75% for Year Three
 Proposed Indirect Cost Allocation = \$6,530 / month or 4.5% for Years Four Through Seven.

SCHEDULE B
NYBDC Fee Structure
Project# 1298DR2-13

The maximum chargeable amount will be based on the following formula:

- \$4,250 per closed loan
- \$2,000 servicing fee per closed loan
- \$400 per grant with companion loan
- \$1,870 per grant without companion loan
- \$50,000 maximum for marketing, outreach, and program development

SCHEDULE C SPECIAL PROVISIONS

Subject to the terms, covenants and conditions in this Agreement, the following special provisions shall apply:

A. LOAN REQUIREMENTS

1. The Loan. As described in Schedule A, Subrecipient will fund 100% of each loan from CDBG-DR Funds advanced by the Grantee (a "CDBG Loan"), in accordance with all terms, covenants and conditions in the Agreement. Grantee will make CDBG -DR Funds available at a 0% interest rate to Subrecipient. Subrecipient shall charge an interest rate on each CDBG loan of 0% for the first two years and 1% on any outstanding debt thereafter.
2. Deployment of Loan Proceeds. The "**Deployment Period**" for the aggregate of the CDBG-DR Funds for loans is expected to be no longer than twenty-four (24) months from the date of this Agreement. Subrecipient shall deploy CDBG-DR Funds within five (5) days of receipt. In the event that Subrecipient fails to deploy the CDBG-DR Funds within five (5) days of receipt, Grantee may recapture such monies and be afforded all the remedies in this Agreement. In its sole discretion, upon prior written notice to Subrecipient, Grantee has the right not to advance certain CDBG-DR Funds.
3. Loan Terms. Each CDBG Loan will be due and payable in full within seven (7) years of the initial draw date.
4. State Loan Fund Account. Subrecipient shall deposit all CDBG-DR Funds that it receives from HTFC into a segregated, FDIC insured account with a State or federally chartered banking institution, acceptable to Grantee (the "**State Loan Fund Account**").
5. Repayment Obligation.
 - (a) Subrecipient has an ongoing obligation to use best commercial efforts to manage, administer and seek recoveries of principal and interest on each CDBG Loan pursuant to the terms of the documents that evidence such Loan and any applicable provisions of this Agreement. In the event that any CDBG Loan is delinquent beyond any applicable grace period, the Subrecipient shall undertake efforts to restore such CDBG Loan to a performing status including, but not limited to direct contact with the borrower and a site visit. In the event that any CDBG Loan shall become past due 90 days or more (the "Outside Date"), such CDBG Loan shall be transferred to intensive servicing. For all CDBG Loans in intensive servicing, the Subrecipient shall present a collection/liquidation plan to HTFC (including a proposed budget for payment to third parties necessary to

implement the plan) within 10 business days of the Outside Date. Upon approval of the plan by HTFC, the Subrecipient shall work in concert with HTFC to implement the collection/liquidation. In the event that the implementation of the collection/liquidation plan does not result in the restoration of the Loan to a performing status or full re-payment of the Loan, the Subrecipient shall take all necessary steps to perfect and, at HTFC's direction, enforce any applicable lien or security interest in borrower's real or personal property, as well as any guarantee provided to secure such repayment, and shall otherwise consult with HTFC to seek further guidance regarding disposition of the Loan and further efforts to collect the amount due.

(b) Each month during the term of the Agreement, Subrecipient shall transfer to Grantee the aggregate amount of all debt service payments (including amortized principal and any earned interest) it receives for any CDBG Loan, plus any recovery of funds for any defaulted or non-performing CDBG Loan, no later than the 5th day of the following month, and as otherwise required by Grantee.

6. Subrecipient's Capital Contribution.

Grantee and Subrecipient agree that in the event that it becomes necessary and/or desirable for Subrecipient to contribute its private capital in order to leverage the CDBG-DR Funds, the parties will work cooperatively to accomplish this purpose based upon mutually agreed upon terms and conditions. Notwithstanding the foregoing the Subrecipient shall have no obligation to contribute its own capital to leverage the CDBG-DR Funds, absent further written agreement between the parties.

B. GRANT REQUIREMENTS

1. The Grant. Subrecipient will fund 100% of each Grant from CDBG-DR Fund advanced by the Grantee subject to the terms, covenants and conditions in the Agreement.

2. Deployment of Grant Proceeds. The "Deployment Period" for the aggregate of the CDGB-DR Funds for Grants is expected to be no later than twenty-four (24) months. Subrecipient shall deploy CDBG-DR Funds within five (5) days of receipt. In the event that Subrecipient fails to deploy the CDBG-DR Funds within five (5) days of receipt, Grantee may recapture such monies and be afforded all the remedies in this Agreement. In its sole discretion, upon prior written notice to Subrecipient, Grantee has the right to advise Subrecipient not to advance certain CDBG-DR Funds.

3. State Grant Fund Account. Subrecipient shall deposit all CDBG-DR Funds that it receives from Grantee into a segregated, FDIC insured account with a State or federally chartered banking institution, acceptable to Grantee (the “**State Grant Fund Account**”).

4. Recapture Obligation. Subrecipient shall return all recaptured Grant funds to Grantee within 30 days of receiving such funds.

C. REPORTING REQUIREMENTS

1. Reporting Requirements. Subrecipient shall furnish to Grantee the following information in the specified timeframes:

(a) Annual Financial Statements - as soon as available and in any event within 60 days after the end of the second quarter and fourth quarter of each calendar year of Subrecipient, interim financial statements of Subrecipient, reasonably detailed and stating in comparative form the respective figures for the corresponding date and period in the prior fiscal year and prepared in accordance with GAAP, and within 180 days after the end of each fiscal year of Subrecipient, financial statements prepared in accordance with GAAP and reviewed by an independent certified public accountant acceptable to Grantee;

(b) Management Letters - promptly upon receipt thereof, copies of any reports submitted to Subrecipient by independent certified public accountants in connection with examination of the financial statements made by such accountants;

(c) Notice of Litigation - promptly after the commencement thereof, notice of all actions, suits, and proceedings before any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, affecting Subrecipient which, if determined adversely to Subrecipient could have a material adverse effect on the financial condition, properties, or operations of either;

(d) Notice of Management Changes – promptly and the occurrence thereof, notice of each change in key management personnel;

(e) Notice of Defaults and Events of Default - as soon as possible and in any event within 10 days after the occurrence of each Default or Event of Default a written notice setting forth the details of such Default or Event of Default and the action which is proposed to be taken by Subrecipient with respect thereto;

(f) Program Activity Reports – Monthly on the 1st of each month, a report on the pipeline, loan and grant activity, including but not limited to commitments,

underwriting, approvals, closings and disbursements, loan portfolio, grant portfolio, and other program related activity in a form provided by, or agreed to by, Grantee;

(g) Semi-Annual Program Reports – semi-annual reports on amounts drawn, program funds deployed and returned, and detail on the cumulative and semi-annual program performance, pipeline, loan and grant activity, including commitments, closings and disbursements, loan portfolio and other program related activity in a form provided by, or agreed to by, Grantee. These reports may also include information on Subrecipient's financial health and such other items as Grantee may require; and

(h) General Information - such other information respecting the condition or operations, financial or otherwise, of Subrecipient as Grantee may from time to time reasonably request.

D. FINANCIAL COVENANTS

Subrecipient agrees to maintain the following financial covenants for the term of this Agreement:

(a) Capital Ratio. At all times during the term of this Agreement, Subrecipient shall maintain a ratio of unrestricted net assets to total assets of tenpercent (10%) exclusive of the assets and liabilities resulting from the Subrecipient's financial activity pursuant to this Agreement and all other agreements in connection with the administration of disaster loan funds or programs where the assets are restricted and the repayment of indebtedness related to said assets is non-recourse to the Subrecipient. For information purposes the capital ratio as of March 31, 2013 after application of these limiting principles is 12.94%

(b) Liquidity. At all times during the term of this Agreement, (i) the sum of Subrecipient's cash and liquid investments must equal or exceed twenty-five percent (25%) of Subrecipient's yearly operating expenses exclusive of anticipated expenses incident to the administration of Subrecipient's obligations under this Agreement; (ii) the ratio of Subrecipient's current assets to current liabilities must equal or exceed one hundred five percent (105%) exclusive of the assets and liabilities resulting from the Subrecipient's financial activity pursuant to this Agreement and all other agreements in connection with the administration of disaster loan funds or programs where the assets are restricted and the repayment of indebtedness related to said assets is non-recourse to the Subrecipient. For information purposes the current ratio as of March 31, 2013 after application of these limiting principles is 105.86%.

(c) Net Income. At all times during the term of this Agreement, Subrecipient's net income shall be at no less than a breakeven point.

E. ADDITIONAL REMEDIES

If Subrecipient is in default or in violation of any of the conditions or requirements of this Agreement, additional remedies available to Grantee shall include the following, in the Grantee's sole discretion:

- (a) Grantee may declare all principal and interest received by Subrecipient for the repayment of CDBG Loans due and payable immediately;
- (b) Grantee may freeze the withdrawal of all funds from the State Loan Funds Account and the State Grant Funds Account by Subrecipient; and/or
- (c) Grantee may immediately suspend payment to Subrecipient.

The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

F. CONFLICTS

In the event that a conflict arises between these provisions in this Schedule C and the Agreement, the Agreement shall control. In the event that a conflict arises between these provisions and the Notice, the Notice shall control.