SUBRECIPIENT CONTRACT FOR
COMMUNITY DEVELOPMENT BLOCK GRANT FUNDING
ENTITLEMENT FUNDS CFDA# 14.218

SECTION I.
RECITALS

THIS SUBRECIPIENT CONTRACT FOR COMMUNITY DEVELOPMENT BLOCK GRANT FUNDING ENTITLEMENT FUNDS CFDA# 14.218, effective once both Parties' signatures are affixed to this Subrecipient Contract, by and between the City of Rapid City ("City/Grantee,") and Black Hills Community Loan Fund, Inc., ("Subrecipient,")) witnesseth:

WHEREAS, the City/Grantee has, under date of April 1, 2019 entered into a Funding Approval/Agreement, attached hereto and incorporated herein, with the U.S. Department of Housing & Urban Development (HUD) providing for financial aid to the City/Grantee under Title I of the Housing and Community Development Act of 1974, Public Law 93-383, as amended, for Community Development Block Grant (CDBG) entitlement funds CFDA# 14.218; and

WHEREAS, pursuant to such Approval/Agreement, the City/Grantee is undertaking certain activities necessary for the execution of a project situated in the project area described in the Scope of Service; and

WHEREAS, the Common Council finds it in the City/Grantee's best interest to disburse funds to the Subrecipient to execute certain projects in conjunction with such undertaking of the City/Grantee.

NOW, THEREFORE, in consideration of the mutual covenants, conditions contained herein, the City/Grantee and the Subrecipient hereby agree as follows:

SECTION II.
RESPONSIBILITY OF THE CITY/GRANTEE

City/Grantee shall designate representatives of the City/Grantee who will be authorized to make all necessary decisions required of the City/Grantee on behalf of the City/Grantee in connection with the execution of this Agreement and disbursing funds in connection with the program. Disbursements require prior City/Grantee Common Council approval.

SECTION III.
SCOPE OF SERVICE

A. Activities
The Subrecipient will be responsible for administering a CDBG Fiscal Year 2019
program in a manner satisfactory to the City/Grantee and consistent with any standards required as a condition of providing these funds, and consistent with all provisions of this Subrecipient Contract. Subrecipient hereby agrees to use all real and personal property, acquired or improved, in whole or in part, with CDBG funds, as set forth in this Scope of Service.

Program Delivery
Black Hills Community Loan Fund, Inc., shall use Forty Thousand Seven Hundred & 00/100 Dollars ($40,700.00) of CDBG funds to be used for down payment and/or closing costs for low-income households through Individual Development Accounts (IDA) for the purpose of purchasing homes. CDBG funds will be used as a required match for the IDAs and may range from $2000-$5000 per household, as submitted in the application for CDBG funds dated October 1, 2018. When a purchasing household/individual (“Purchaser”) has accumulated sufficient savings to purchase the real property, mobile home, or manufactured home to be used as the Purchaser’s primary residence (“Home”), CDBG funds will then be paid directly to Subrecipient through an IDA per CDBG requirements, see Exhibit D (HUD Notice CPD-17-07). Purchaser’s title company and/or Purchaser’s mortgage company will then supply those funds for down payment and/or closing costs for Purchaser. CDBG funds will not be paid directly to the Purchaser. CDBG may be used as matching funds at a match rate up to and including $4 for every $1 saved by Purchaser. Funding over $5,000 per Purchaser is not allowed without prior written approval from City/Grantee and is subject to the terms outlined in Subsection IX.E. Home must be used as the Purchaser’s primary residence. All Homes must be located within the corporate city limits of Rapid City, South Dakota.

General Administration
Toward administering matching funds (as described in Program Delivery) to be used for down payment and/or closing costs for the purchase of Homes, the major tasks that the Subrecipient will perform include, but are not necessarily limited to the following:

1. Accept applications and perform eligibility determinations for individuals and families. Ensure incomes do not exceed the low- and moderate-income limits of the CDBG program;
2. Offer services to approved eligible individuals/families;
3. Verify that Homes are located within corporate city limits of Rapid City, South Dakota;
4. Forward appraisals to City/Grantee;
5. Administer and monitor IDA accounts;
6. Maintain program and financial records documenting the eligibility and provisions of services;
7. Administer CDBG funds using approved methods;
8. Request environmental reviews;
9. Request draws and IDA matching funds;
10. Inform applicants of CDBG promissory note and mortgage requirements (found in Subsection IX.E.);
11. Secure an agreement from each Purchaser to enter into a Promissory Note and a Mortgage with City/Grantee (further details found in Subsection IX.E.) before the release of CDBG funds to Subrecipient for each Purchaser’s purchase of a Home in accordance with the Scope of Service in Section III;
12. Ensure that the Promissory Note and the Mortgage between City/Grantee and Purchaser are executed by Purchaser within 5 days of the closing date for Purchaser’s purchase of Home;
13. Ensure that an executed original Promissory Note and Mortgage between City/Grantee and Purchaser are delivered to City/Grantee within 15 days of the closing date for Purchaser’s purchase of Home; and
14. Ensure that an executed original Mortgage between City/Grantee and Purchaser is filed with the Pennington County Register of Deeds within 30 days of the closing date for Purchaser’s purchase of Home.

B. National Objective Compliance

All activities funded with CDBG funds must meet one of the HUD CDBG Program National Objectives: benefit low- and moderate-income persons; aid in the prevention or elimination of slums or blight; or meet community development needs having a particular urgency, as defined in 24 CFR 570.208.

The Subrecipient certifies that the activity(ies) carried out under this Subrecipient Contract will meet the following HUD National Objective:

- Benefit low- and/or moderate-income persons;
- Aid in the prevention or elimination of slums or blight;
- Meet a community development needs of particular urgency, as defined in 24 CFR 570.208

Failure by the Subrecipient to fulfill the national objective may result in grant funds being disallowed and required to be returned to the City/Grantee.

C. Level(s) of Performance & Accomplishment - Goals and Performance Measures

Black Hills Community Loan Fund, Inc. goal is to manage and administer IDAs for down payment and/or closing costs for low-income households through Individual Development Accounts (IDA) for the purpose of purchasing homes.

In addition to the normal administrative services required as part of this Subrecipient Contract, the Subrecipient agrees to provide monthly reports on achievements and program impact no less than from the beginning of the contract to the end of the program year in which activities were completed. See Exhibit B for required reports. Additional reporting may be required at the request of the City.
### D. Personnel Assigned to Scope of Work

**Personnel Assigned to Scope of Work**

<table>
<thead>
<tr>
<th>Staff Member</th>
<th>Job Title</th>
<th>General Program Duties</th>
<th>Est. Time Allocation Per Week</th>
</tr>
</thead>
<tbody>
<tr>
<td>Onna LeBeau</td>
<td>Executive Director</td>
<td>Oversight of the IDA Program including budget monitoring, drawdown requests, report writing, client account reviews</td>
<td>5 hours</td>
</tr>
<tr>
<td>Stephanie Davidson</td>
<td>Housing Specialist</td>
<td>Program outreach, relationship building, financial education training/coaching, client account creation, monitoring report writing, data gathering</td>
<td>15 hours</td>
</tr>
<tr>
<td>Vacant</td>
<td>Loan Assistant</td>
<td>Account Maintenance</td>
<td>.5 hours</td>
</tr>
</tbody>
</table>

Any changes to the program goals, scope of services, schedule or budget, unless otherwise noted, may only be made through a written amendment to this Agreement, executed by the Subrecipient and the City/Grantee. Changes to key Personnel assigned or their general responsibilities under this project are subject to notification and approval from the City/Grantee.

### E. Performance Monitoring

The City/Grantee reserves the right to monitor and evaluate the progress and performance of the Subrecipient to assure the terms of this Agreement are being satisfactorily met in accordance with HUD, City/Grantee and other applicable monitoring and evaluating criteria and standards. Subrecipient shall cooperate with the City/Grantee relating to such monitoring and evaluation.

The City/Grantee will monitor the performance of the Subrecipient against goals and performance standards as stated above. Substandard performance as determined by the City/Grantee will constitute noncompliance with this Subrecipient Contract. If action to correct such substandard performance is not taken by the Subrecipient within a reasonable period of time after being notified by the City/Grantee, Subrecipient Contract suspension or termination procedures will be initiated.

### F. Project Schedule/Milestones

The Subrecipient is required to provide the City/Grantee with a written project schedule as Exhibit C of this Agreement. The project schedule is an estimate of project completion, and the start date is contingent upon prompt return of signed contracts from the Subrecipient. **The Subrecipient agrees to expend all funds by the end of the CDBG program year.** Subrecipient will also submit request for proposals public notice ads, *prior to publication*, for review by the CDBG Program Division for compliance with Davis-Bacon and Related Acts and HUD guidelines, if applicable.
G. Time of Performance

Black Hills Community Loan Fund, Inc. shall perform the services set out above, and shall expend the CDBG funding provided for above between April 1, 2019 and March 31, 2020. CDBG Funds will not be provided for commitments or expenditures that agreed to or made prior to April 1, 2019.

The term of this Subrecipient Contract and the provisions herein will continue and be in effect until all obligations herein are fulfilled by Subrecipient.

H. Budget

Black Hills Community Loan Fund, Inc. shall use Forty Thousand Seven Hundred & 00/100 Dollars ($40,700.00) of CDBG funds provided for above as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program/Administrative Costs</td>
<td>$________</td>
</tr>
<tr>
<td>Salaries/Fringe</td>
<td>$5,542.00</td>
</tr>
<tr>
<td>Office Space (Program only)</td>
<td>$________</td>
</tr>
<tr>
<td>Utilities</td>
<td>$________</td>
</tr>
<tr>
<td>Communications</td>
<td>$________</td>
</tr>
<tr>
<td>Reproduction &amp; Printing</td>
<td>$________</td>
</tr>
<tr>
<td>Supplies &amp; Materials</td>
<td>$563.00</td>
</tr>
<tr>
<td>Mileage</td>
<td>$________</td>
</tr>
<tr>
<td>Construction/Equipment:</td>
<td>$________</td>
</tr>
<tr>
<td>Engineering Costs:</td>
<td>$________</td>
</tr>
<tr>
<td>Land Acquisition/</td>
<td>$________</td>
</tr>
<tr>
<td>Site Development</td>
<td>$________</td>
</tr>
<tr>
<td>Other (Specify below)</td>
<td>$34,595.00</td>
</tr>
<tr>
<td>Indirect Costs (Specify below)</td>
<td>$________</td>
</tr>
<tr>
<td><strong>Total Grant</strong></td>
<td><strong>$40,700.00</strong></td>
</tr>
</tbody>
</table>

Other/Indirect Costs: **Required matching Funds for Individual Development Accounts, may range $2000-$5000 per household.**

Any Indirect costs charged must be consistent with the conditions of this Subrecipient Contract. See Subsection IX.C.2. In addition, the City/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 City/Grantee.

Any amendments to this budget must be approved in writing by the City/Grantee and Subrecipient.

I. Compensation and Method of Payment

If Subrecipient is not in default hereunder, and subject to City/Grantee’s receipt of the U.S. Department of Housing & Urban Development CDBG funds, and provided the Subrecipient Contract and Scope of Service are eligible expenditures of CDBG funds,
the City/Grantee agrees to pay the Subrecipient an amount not to exceed **Forty Thousand Seven Hundred & 00/100 Dollars ($40,700.00)**. Of that amount, eligible program delivery costs will not exceed **Six Thousand One Hundred Five Dollars ($6,105.00)**. Payments may be contingent upon certification of the Subrecipient’s financial management system in accordance with the standards specified 2 CFR 200, as now in effect and as may be amended from time to time.

Draw-downs for the payment of eligible expenses and IDA matching funds shall be made against the line item budgets specified in Subsection III.H herein and in accordance with performance. Expenses for general administration shall also be paid against the line item budgets specified in Subsection III.H and in accordance with performance.

1. **Draw-Down Requests**
   Draw-down requests may be submitted to the City/Grantee on a monthly basis. Draw-down requests must be in writing and accompanied by acceptable documentation supporting the draw-down amount, per the Payment Procedures outlined in Subsection IX.C.3. Documentation should include, at a minimum, the following information:
   a. Invoice itemizing amounts requested;
   b. IDA account balances, when applicable;
   c. Supporting documentation for each item; and
   d. Payroll slips or time cards, if applicable.

   Additional documentation may be requested as needed for clarification. Payment requests require City/Grantee Council approval prior to disbursal.

2. **Special Conditions for Release of Funds**
   Funding in the amount stipulated in Section III of this Subrecipient Contract will not be released to the Subrecipient by the City/Grantee until the following special conditions for release of funds are met, and the City/Grantee reserves the right to terminate this Subrecipient Contract if these special conditions are not met within ninety (90) days of the Subrecipient Contract execution date:

   a. **Environmental Review**
      Environmental Reviews must be completed for each Home as it is identified prior to the Subrecipient committing or expending any CDBG funds. The Subrecipient is responsible for requesting Environmental Reviews. City/Grantee will conduct Environmental Reviews and provide documentation of the findings to the Subrecipient upon its completion. **Funding will not be released until acceptable Environmental Review findings are determined by the City/Grantee.** If an Environmental Review requires mitigation, no funds will be released until mitigation has been accomplished and certified as completed and meeting HUD minimum standards by a source acceptable to the City/Grantee. Documentation evidencing the Subrecipient’s completion of its responsibilities and compliance with the National
Environmental Policy Act of 1969 (NEPA), and other provisions of federal law as specified in 24 C.F.R. Part 58 which furthers the purposes of the NEPA.

b. Procurement Standards and Code of Conduct
Documentation evidencing adoption of Procurement Standards and Code of Conduct equivalent to those established in 2 CFR 200, as now in effect and as may be amended from time to time, and 24 C.F.R. Part 570.

c. Fair Housing
Documentation that the Subrecipient has specifically provided a description of the actions they will take during the course of the grant to fulfill the requirements to affirmatively further fair housing (Applicable to housing projects)

d. Implementation Schedule
CDBG Subrecipient to complete and submit to the City/Grantee the Implementation Schedule form.

e. Sources and Uses of Funds
Listing of funding sources being utilized for the funded project

f. Other Special Conditions
Davis-Bacon subrecipient and contractor’s meeting, Davis-Bacon regulations apply.

J. Notices
Notices required by this Subrecipient Contract shall be in writing and delivered via United States Postal Service mail (postage prepaid), commercial courier, or personal delivery or sent by facsimile or other electronic means. Any notice delivered or sent as aforesaid shall be effective on the date of delivery or sending. All notices and other written communications under this Subrecipient Contract shall be addressed to the individuals in the capacities indicated below, unless otherwise modified by subsequent written notice.

Communication and details concerning this Subrecipient Contract shall be directed to the following Subrecipient Contract representatives:

City/Grantee:
City of Rapid City
CDBG Program Division
Attn: Michelle Schuelke
300 Sixth Street (Mail)
333 Sixth Street (Office)
Rapid City, SD 57701
michelle.schuelke@rcgov.org
Tel. Number (605) 394-4181
Fax Number (605) 355-3520

Subrecipient:
Black Hills Community Loan Fund, Inc.
Attn: Onna LeBeau
607 ½ Mt. Rushmore Rd.
Rapid City, SD 57701
olebeau@bhlcf.org
Tel. Number (605) 519-5124
Fax Number (605) 519-5124

SECTION IV.
GENERAL CONDITIONS

A. General Compliance

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The Subrecipient hereby agrees to comply with the requirements of Title 24 of the Code of Federal Regulations, Part 570 (the U.S. Housing and Urban Development regulations concerning Community Development Block Grants (CDBG) including Subpart K of these regulations), except that (1) the Subrecipient does not assume the City/Grantee's environmental responsibilities described in 24 CFR 570.604 and (2) the Subrecipient does not assume the City/Grantee's responsibility for initiating the review process under the provisions of 24 CFR Part 52. The Subrecipient also agrees to comply with all other applicable Federal, state, and local laws, regulations, and policies governing the funds provided under this Agreement.

The Subrecipient further agrees to utilize funds available under this Subrecipient Contract to supplement rather than supplant funds otherwise available.

B. Independent Contractor
Nothing contained in this Subrecipient Contract 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 services to be performed under this Subrecipient Contract. The City/Grantee shall be exempt from payment of all Unemployment Compensation, FICA, retirement, life and/or medical insurance and Worker's Compensation Insurance, as the Subrecipient is an independent contractor. Subrecipient shall be solely and entirely responsible for its acts and the acts of its agents, employees and subcontractors.

C. Hold Harmless
Subrecipient further agrees to indemnify, defend and hold harmless the City/Grantee, its officers, agents and employees, from and against any and all claims, liabilities, costs, expenses, penalties or attorney fees, arising from such injuries to persons, or damages to property, or based upon or arising out of the performance or non-performance of this Subrecipient Contract by Subrecipient, or out of any violation of or by the Subrecipient of any local, state, or federal statute, ordinance, rule or regulation.

D. Worker's Compensation
The Subrecipient shall provide Workers' Compensation Insurance coverage in an amount required by law, for all of its employees involved in the performance of this Subrecipient Contract.

E. City/Grantee Recognition
The Subrecipient shall ensure recognition of the role of the City/Grantee in providing services through this Subrecipient Contract. All activities, facilities and items utilized pursuant to this Subrecipient Contract shall be prominently labeled as to the funding source. In addition, the Subrecipient will include a reference to the support provided herein in all publications.

F. Amendments
The City/Grantee or Subrecipient may amend this Subrecipient Contract at any time provided that such amendments make specific reference to this Subrecipient Contract,
and are executed in writing, signed by a duly authorized representative of each organization, and approved by the City/Grantee's governing body. Such amendments shall not invalidate this Subrecipient Contract, nor relieve or release the City/Grantee or Subrecipient from its obligations under this Subrecipient Contract.

The City/Grantee may, in its discretion, amend this Subrecipient Contract 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 funding, the scope of services, or schedule of the activities to be undertaken as part of this Subrecipient Contract, such modifications will be incorporated only by written amendment signed by both City/Grantee and Subrecipient.

SECTION V.
LIABILITY

Subrecipient agrees to assume the risk of all personal injuries, including death resulting therefrom, to persons, and damage to and destruction of property, including loss of use therefrom, caused by or sustained, in whole or in part, in connection with or arising out of the performance or non-performance of this Subrecipient Contract by Subrecipient, or by the conditions created thereby.

SECTION VI.
SUSPENSION OR TERMINATION FOR CAUSE

In accordance with 2 CFR 200, as now in effect and as may be amended from time to time, the City/Grantee may suspend or terminate this Subrecipient Contract if the Subrecipient materially fails to comply with any terms of this Subrecipient Contract, 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 Subrecipient Contract;

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

4. Submission by the Subrecipient to the City/Grantee of reports that are incorrect or incomplete in any material respect; or

5. Financial instability of the Subrecipient organization that will affect the abilities of the organization to carry out or complete the stated activities and scope of work.

In the event Subrecipient fails to comply, the City/Grantee may take the following actions:
A. Suspension for Cause
After notice to the Subrecipient, the City/Grantee may suspend the Subrecipient Contract and withhold any further payment or prohibit the Subrecipient from incurring additional obligations of grant funds, pending corrective action by the.

B. Termination for Cause
This Subrecipient Contract may be terminated, in accordance with 2 CFR 200, as now in effect and as may be amended from time to time, if the Subrecipient materially fails to comply with any term of the Subrecipient Contract or applicable federal regulations. The City/Grantee may terminate the Subrecipient Contract upon ten (10) days written notice, together with documentation of the reasons therefore, and after an opportunity for a hearing is afforded. The determination of the City/Grantee as to the cause of termination and the appropriateness thereof shall be final and binding upon both City/Grantee and Subrecipient. In the event projects are delayed, the Subrecipient shall notify the City/Grantee in writing, informing the City/Grantee of the issues surrounding the delay of the project. In cases where the project is not moving forward, the City/Grantee shall notify the Subrecipient of termination of the funding, as per Section VIII.

In the event of termination, all finished or unfinished documents, data, studies and reports prepared by the Subrecipient under this Agreement shall, at the option of the City/Grantee, become its property and the Subrecipient shall be entitled to receive just and equitable compensation for satisfactory work completed on such materials for which compensation has not previously been paid.

SECTION VII.
TERMINATION FOR CONVENIENCE

This Subrecipient Contract may be terminated for convenience in accordance with 2 CFR 200, as now in effect and as may be amended from time to time, by either the City/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 City/Grantee determines that the remaining portion of the award will not accomplish the purpose for which the award was made, the City/Grantee may terminate the award in its entirety.

SECTION VIII.
TERMINATION OF CITY/GRANTEE’S OBLIGATIONS

The City/Grantee's obligations under this Subrecipient Contract will terminate in the event of suspension or non-receipt or reduced receipt of CDBG funds from HUD.

SECTION IX.
ADMINISTRATIVE REQUIREMENTS

A. Financial Management
Records of the Subrecipient and reimbursable expenses and IDA account records pertaining to the Scope of Services and records of accounts between the City/Grantee and the Subrecipient shall be kept on a generally recognized accounting basis.

1. **Accounting Standards**
   The Subrecipient agrees to comply with 2 CFR 200, as now in effect and as may be amended from time to time, 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 2 CFR 200, as now in effect and as may be amended from time to time. These principles shall be applied for all costs incurred whether charged on a direct or indirect basis.

**B. Documentation & Record Keeping**

1. **Records to be Maintained**
   The Subrecipient shall maintain all records required by the federal regulations specified in 24 CFR Part 570.506 that are pertinent to the activities to be funded under this Subrecipient Contract. Such records shall include but are not limited to:

   a. Record(s) providing a full description of each activity undertaken;
   b. Record(s) demonstrating that each activity undertaken meets one of the National Objectives of the CDBG program;
   c. Record(s) required to determine the eligibility of activities;
   d. Record(s) required to document the acquisition, improvement, use or disposition of real property, mobile home, or manufactured home acquired or improved with CDBG assistance;
   e. Record(s) documenting compliance with the fair housing and equal opportunity components of the CDBG program;
   f. Financial records as required by 24 CFR Part 570.502 and 2 CFR 200, as now in effect and as may be amended from time to time;
   g. Other records as necessary to document compliance with Subpart K of 24 CFR 570; and
   h. Real and personal property inventory records which clearly identify properties purchased, improved or sold. Properties retained shall continue to meet eligibility criteria and shall conform to the “changes in use” restrictions specified in 24 CFR 570.505, as applicable.

2. **Retention**
   The Subrecipient shall retain all records pertinent to expenditures incurred under this Subrecipient Contract for a period of four (4) years. The retention period begins on the date of submission of the City/Grantee's Consolidated Annual Performance and Evaluation Report (CAPER) to HUD in which the activities assisted under the Subrecipient Contract are reported on for the final time.
Records for non-expendable property acquired with funds under this Subrecipient Contract shall be retained for four (4) years after final disposition of such property. Records for any displaced person must be kept for four (4) years after he/she has received final payment. 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 information shall be made available to City/Grantee monitors or their designees for review upon request. Such data shall include, but not be limited to:

   a. Client name;
   b. Client address;
   c. Client/Household income level or other basis for determining eligibility;
   d. Description of services provided;
   e. Dates services provided;
   f. Beneficiary information (ethnicity, income, sex, female head of household, elderly, disabled, etc.); and
   g. Household/Family size.

Such information shall be made available to City/Grantee monitors or their designees for review upon request.

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

5. Close-outs
The Subrecipient’s obligation to the City/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 City/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 funds, including program income. All
financial records pertaining to this Subrecipient Contract upon completion shall remain the property of the City/Grantee.

6. Audits & Inspections
All Subrecipient records with respect to any matters covered by this Subrecipient Contract shall be made available to the City/Grantee, grantor agency, and the Comptroller General of the United States or any of authorized representatives thereof, 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 Subrecipient Contract and may result in the withholding of future payments. The Subrecipient hereby agrees to have an annual agency audit conducted in accordance with current City/Grantee policy concerning Subrecipient audits and 2 CFR 200, as now in effect and as may be amended from time to time.

Upon completion of the aforementioned required annual financial audit, Subrecipient shall notify City/Grantee in writing of any audit findings within five (5) business days of Subrecipient receiving notification of such findings. Further, as soon thereafter as is practicable, Subrecipient shall notify City/Grantee in writing of all steps taken or to be taken to resolve such audit findings, and the final resolution of such findings.

C. Reporting and Payment Procedures
1. Program Income
The Subrecipient shall immediately report to the City/Grantee all program income (as defined at 24 CFR 570.500(a)) generated by activities carried out with CDBG funds made available under this Subrecipient Contract. Program income generally means gross income received by the Subrecipient, directly generated from the use of CDBG funds, with some exceptions which are detailed in 24 C.F.R. 570.500.

Program income received by the Subrecipient includes, but is not limited to:

a. Payments of principal and interest on loans made using CDBG funds;
b. Proceeds from the disposition by sale or long-term lease of real property, mobile home, or manufactured home purchased or improved with CDBG funds;
c. Proceeds from the disposition of equipment purchased with CDBG funds;
d. Interest earned on program income pending its disposition; and
e. Interest earned on CDBG funds held in a revolving loan fund’s cash balance interest bearing account.
The use of program income by the Subrecipient must be approved by the City/Grantee prior to such use and must comply with the requirements set forth at 24 CFR 570.504. The Subrecipient may retain and use program income funds only for the activity(ies) approved under this Subrecipient Contract. Program income funds should be held in a non-interest bearing account. If program income funds are held in an interest bearing account, any interest earned on the program income funds must be returned to the City/Grantee on a monthly basis. Receipt and expenditures of program income funds shall be reported, in writing, at the time of receipt and expenditure, along with supporting documentation. Program income must be expended prior to drawing any remaining grant funds. In the event the Subrecipient desires to use the program income for some other activity, it must request and receive permission from the City/Grantee before undertaking such a use. The City/Grantee will determine whether the proposed use meets the eligibility criteria of the regulations established by the CDBG funds, and notify the Subrecipient of either approval or disapproval. At conclusion of the Subrecipient Contract period, or in the case of disapproval, all program income will be returned to the City/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 City/Grantee for approval, in a form specified by the City/Grantee. In addition, the City/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 City/Grantee.

3. Payment Procedures
Draw-downs for the payment of eligible expenses, including general administration items and IDA matching funds requests, shall be made against the line item budgets specified in Subsection III.H. and in accordance with performance. Payments shall be made upon presentation of invoices and documentation that Subrecipient certifies are true and correct copies of payments due on behalf of the Subrecipient for an activity covered by this Subrecipient Contract and made in accordance and compliance with the Scope of Service. With the exception of certain advances, payments will be made for eligible expenses actually incurred by the Subrecipient, and not to exceed actual cash requirements. Payments will be adjusted by the City/Grantee in accordance with advance fund and program income balances available in the Subrecipient account. In addition, the City/Grantee reserves the right to liquidate funds available under this Subrecipient Contract for costs incurred by the City/Grantee on behalf of the Subrecipient. Subrecipient reports shall be submitted, as stated in Subsection XI.C.4. Payment may be suspended by the City/Grantee in the event of nonperformance by the Subrecipient.
Payments may be contingent upon certification of the Subrecipient's financial management system in accordance with the standards specified in 2 CFR 200, as now in effect and as may be amended from time to time.

4. Progress Reports
The Subrecipient shall submit monthly progress reports to the City/Grantee in the form and content as required by the City/Grantee. Monthly progress reports are due by the 5th of each month.

Progress reports should include, but are not limited to: progress on goals to be achieved by program; total number of people assisted for the month; total number of people assisted year-to-date; and demographic information of people assisted by the program. A brief narrative should also be included to cover any additional information about your program, progress, issues and accomplishments not addressed on the progress report form.

Reporting Form attached hereto as Exhibit B (Program Goals and Accomplishments and Monthly Reports) and incorporated herein shall be used in conjunction with the Logic Model form submitted with application. Reporting forms submitted must be complete or they will be returned for completion and draws suspended until receipt of a complete report.

Additional documentation may be requested as needed for clarification.

D. Procurement
1. Compliance
The Subrecipient shall comply with current City/Grantee policies concerning the purchase of equipment and shall maintain inventory records of all non-expendable property as defined by such policies as may be procured with funds provided herein. All program assets (unexplained program income, property, equipment, etc.) shall revert to the City/Grantee upon termination of this Subrecipient Contract.

2. OMB Standards
The Subrecipient shall procure all materials, property, or services and then shall subsequently follow all Property Standards as set out in and in accordance with the requirements of 2 CFR 200, as now in effect and as may be amended from time to time, including but not limited to the requirements covering utilization and disposal of property.

3. Travel expenses
Travel and related expenses for travel outside the city limits of the City of Rapid City, South Dakota shall not be paid with funds provided under this Subrecipient Contract without prior written approval from the City/Grantee.

E. Mortgage Requirement & Conditions
1. Any Home that was acquired through Subgrantee’s IDA program mentioned herein (where CDBG funds were used for down payment and/or closing costs for low-income households) will be subject to a Mortgage and conditions found in paragraph “2” below for the following period of time:
   a. If CDBG funds in any amount up to Five Thousand Dollars ($5,000) were used for Purchaser’s acquisition of the Home, the Home and Purchaser will be subject to the conditions for a period of five (5) years;
   b. If CDBG funds between Five Thousand Dollars and One Cent ($5,000.01) and Fifteen Thousand Dollars ($15,000) were used for Purchaser’s acquisition of the Home, the Home and Purchaser will be subject to the conditions for a period of ten (10) years; and
   c. If CDBG funds in an amount in excess of Fifteen Thousand dollars ($15,000) were used for Purchaser’s acquisition of the Home, the Home and Purchaser will be subject to the conditions for a period of thirty (30) years.

2. In order for City/Grantee to release any CDBG funds to Subrecipient for Purchaser’s purchase of a Home in accordance with the Scope of Service in Section III, Purchaser must agree to enter into a Promissory Note and a Mortgage with the City/Grantee for the applicable time period from paragraph “1.” Then, at the time Home is purchased, Purchaser must enter into a Promissory Note and a Mortgage with City/Grantee for the applicable time period from paragraph “1.” The conditions in the Promissory Note and the Mortgage shall be as stated in the templates for the Promissory Note and the Mortgage in Exhibit E. The Promissory Note and the Mortgage provide, in part, that City/Grantee is authorized to declare, at its option, within the applicable time period from paragraph “1,” all or any part of such indebtedness immediately due and payable. If the Mortgagee exercises its option to declare all or any part of such indebtedness immediately due and payable, Mortgagee shall give a written notice to Mortgagor declaring the Note and all or any part of such indebtedness secured by this Mortgage to be due and payable, because of such event of default, prior to the expiration of thirty (30) days after the giving of such notice.
   a. The Property or any part thereof is sold, leased, or transferred;
   b. The Property is refinanced for cash out;
   c. The Property ceases to be Purchaser’s primary residence; or
   d. Any other event of default as enumerated in the Mortgage occurs.
If no event of default occurs within the applicable time period from paragraph “1,” the CDBG funds will be fully forgiven.

3. City/Grantee will provide Subrecipient a mortgage that is to be entered into between City/Grantee and Purchaser. Subrecipient shall immediately reimburse City/Grantee for any CDBG funds that had been released to Subrecipient that Subrecipient used for a Purchaser’s purchase of a Home if Subrecipient fails to do any of the following:
   a. Ensure that the Promissory Note and the Mortgage between City/Grantee and Purchaser are executed by Purchaser within 5 days of the closing date for Purchaser’s purchase of Home;
   b. Ensure that an executed original Promissory Note and Mortgage between
City/Grantee and Purchaser are delivered to City/Grantee within 15 days of the closing date for Purchaser’s purchase of Home; or
c. Ensure that an executed original Mortgage between City/Grantee and Purchaser is filed with the Pennington County Register of Deeds within 30 days of the closing date for Purchaser’s purchase of Home.

4. The conditions found in paragraphs “1” and “2” above shall terminate on the date the Home is acquired by foreclosure or transferred by a deed or other instrument in lieu of foreclosure unless the City or the Secretary of the Treasury determines that such acquisition is part of an arrangement with Purchaser to terminate such conditions.

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

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 (42 USC4304 (d)); and

C. The requirements in 24 CFR 570.606(d) governing optional relocation policies. The City/Grantee may preempt the optional 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-assisted project. The Subrecipient also agrees to comply with applicable City/Grantee ordinances, resolutions, and policies concerning the displacement of persons from their residences.

SECTION XI.
ASSURANCES

The Subrecipient hereby agrees to use CDBG funds for the purposes authorized by the City/Grantee Council. The Subrecipient further hereby agrees to comply with the assurances in Section XII, XIII, and Exhibit A (Certifications) attached hereto and incorporated herein which are required by the U.S. Department of Housing & Urban Development for all CDBG projects. These include Federal Labor Standards requirements.

SECTION XII.
PERSONNEL & PARTICIPANT CONDITIONS

A. Civil Rights
1. Compliance
The Subrecipient hereby agrees to comply with all applicable state, local and civil rights laws 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 hereby 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 HCDA (42 USC 5309(a)) are still applicable. Subrecipient shall comply with state and local civil rights laws proscribing housing discrimination based on sexual orientation or gender identity.

3. Civil Rights Act and Fair Housing
This Subrecipient Contract is subject to the requirements of Title VI of the Civil Rights Act of 1964 (42 USC 2000d et seq.) and 24 CFR 570.601 and 570.602. The Subrecipient, in undertaking its obligation to carry out the program assisted hereunder, agrees that it will not so discriminate.

4. Section 504
The Subrecipient agrees to comply with all Federal regulations issued pursuant to compliance with 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 City/Grantee shall provide the Subrecipient with any guidelines necessary for compliance with that portion of the regulations in force during the term of this Subrecipient Contract.

B. Affirmative Action
1. Approved Plan
The Subrecipient hereby agrees that it shall be committed to carry out pursuant to the City/Grantee’s specifications an Affirmative Action Program in keeping with the principles as provided in Executive Order 11246 of September 24, 1966. The City/Grantee shall provide 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-Owners 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 Subrecipient Contract. As used in this Subrecipient Contract, 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. 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 City/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. Notifications
The Subrecipient shall send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer, advising the labor union or worker’s representative of the Subrecipient’s commitments hereunder, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

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.

The Subrecipient will include the provisions of Subsections XII.A. (titled Civil Rights) and XII.B. (titled 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 hereby agrees to comply with the requirements of the Secretary of Labor in accordance with the Davis-Bacon and Related Acts as amended (40 USC 3141 et seq.), the provisions of Contract Work Hours and Safety Standards Act (40 USC 3701 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 Subrecipient Contract. 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 City/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 $2,000,000 for construction, renovation or repair work financed in whole or in part with assistance provided under this Subrecipient Contract, shall comply with federal requirements adopted by the City/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 subsection.

3. "Section 3" Clause
   a. Compliance
      Compliance with the provisions of Section 3 of the HUD Act of 1968, as amended (12 USC 1701n), 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 Subrecipient Contract, shall be a condition of the federal financial assistance provided under this Subrecipient Contract and binding upon the City/Grantee, the Subrecipient and any of the Subrecipient's subrecipients and subcontractors, their successors and assigns, to those sanctions specified by the Subrecipient Contract through which federal assistance is provided. The Subrecipient certifies and hereby 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 Subrecipient Contract:

      "The work to be performed under this Subrecipient Contract 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 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 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 will send to each labor union 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 the grantor agency. 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
This Subrecipient Contract shall not be assigned or transferred by the Subrecipient without the prior written consent of the City/Grantee; provided however, that claims for money due or to become due to the Subrecipient from
the City/Grantee under this contract may be assigned to a bank, trust company, or other financial institution without such approval. Notice of any such assignment or transfer shall be promptly furnished in writing to the City/Grantee.

2. Subcontracts
   a. Approvals
      The Subrecipient shall not enter into any subcontracts with any agency or individual in the performance of this Subrecipient Contract without the prior written consent of the City/Grantee to the execution of the Subrecipient Contract.
   b. Monitoring
      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 Subrecipient Contract in its entirety to be included in and made a part of any subcontract executed in the performance of this Subrecipient Contract.
   d. Selection Process
      The Subrecipient shall undertake to insure that all subcontracts let in the performance of this Subrecipient Contract 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 City/Grantee along with documentation concerning the selection process.

3. Hatch Act
   The Subrecipient hereby agrees that no funds provided, nor personnel employed under this Subrecipient Contract, shall in any way or to any extent engage in the conduct of political activities in violation of 5 USC 1501 et seq.

4. Conflict of Interest
   The Subrecipient hereby 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-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-assisted activity, or with respect to the proceeds from
the CDBG-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 but is not limited to any person who is an employee, agent, consultant, officer, or elected or appointed official of the City/Grantee, the Subrecipient, or any designated public agency; and

d. The Subrecipient covenants that neither it nor any member of its Board of Directors, officers, or employees presently have any interest in any project to be financed under the Scope of Service, and shall not acquire any interest therein which would conflict with the performance of the Scope of Service required under this Subrecipient Contract or applicable statute, rule or regulation. Such a conflict would arise when: the employee, officer or agent; any member of their immediate family; their partner; or an organization which employs, or is about to employ, any of the above, has a financial or other interest in the firm/household selected for award. The Sub-grantee's officers, employees or agents will neither solicit nor accept gratuities, favors or anything of monetary value from contractors, potential contractors, or parties to sub-agreements during office tenure or for one year after the closeout of the grant. This stipulation must be included in all other contracts and subcontracts to this grant.

5. Lobbying
The Subrecipient certifies, to the best of its knowledge and belief, that:

a. No Federal appropriated funds have been paid or will be paid, by or on behalf of the Subrecipient, 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, or 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, the undersigned shall complete and submit standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

c. The Subrecipient shall require that the language of paragraph (d) of this certification be included in the award documents for all sub-awards at all tiers (including subcontracts, sub-grants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

d. 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 Subrecipient Contract results in any copyrightable material or inventions, the City/Grantee reserves the right to a 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 hereby agrees that funds provided under this Subrecipient Contract will not be utilized for inherently religious activities prohibited by 24 CFR 570.200(j), such as worship, religious instruction, or proselytization.

SECTION XIII.
ENVIRONMENTAL CONDITIONS

A. Air and Water
The Subrecipient hereby agrees to comply with the following requirements insofar as they apply to the performance of this Subrecipient Contract:

1. Clean Air Act, 42 U.S.C., 7401, et seq.;
2. 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 308, and all regulations and guidelines issued thereunder; and
3. 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 the 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 residential structures with assistance provided under this Subrecipient Contract shall be subject to HUD Lead-Based Paint Regulations at 24 CFR 570.608, and 24 CFR 35.100 et seq. 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

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.

SECTION XIV.
SEVERABILITY

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

SECTION XV.
SECTION HEADINGS AND SUBHEADINGS

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

SECTION XVI.
WAIVER

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

SECTION XVII.
REMEDIES

The City/Grantee may undertake any legal or equitable action available to enforce the provisions of this Subrecipient Contract. Subrecipient hereby agrees the City/Grantee may recover from it the City/Grantee's reasonable expenses, including attorney's fees.
incurred in respect to such actions.

SECTION XVIII.
CHOICE OF LAW AND VENUE

The parties hereby agree that the terms of this Subrecipient Contract shall be governed by the laws of the State of South Dakota. In the event of any conflict of law, the law of the State of South Dakota shall be controlling. Any legal action arising out of or relating to the Subrecipient contract shall be brought only in the Circuit Court of the State of South Dakota, Seventh Judicial Circuit, located in the City of Rapid City, Pennington County, South Dakota.

SECTION XIX.
ENTIRE SUBRECIPIENT CONTRACT

The provisions set forth in Item I-XIX, and all attachments of this Subrecipient Contract constitute, the entire Subrecipient contract between the parties hereto and no statement, promise, conditions, understanding, inducement or representation, oral or written, express or implied, which is not contained herein shall be binding or valid.
Dated this ____ day of ______________, 2019.

CITY OF RAPID CITY

____________________________________
Steve Allender, Mayor

ATTEST:

____________________________________
Pauline Sumption, Finance Officer
Federal I.D. #: 46-6000380

State of South Dakota  )
SS.  )
County of Pennington  )

On this the ______ day of ______________, 2019, before me, the
undersigned officer, personally appeared Steve Allender and Pauline Sumption, who
acknowledged themselves to be the Mayor and Finance Officer, respectively, of the City
of Rapid City, a municipal corporation, and that they as such Mayor and Finance
Officer, being authorized so to do, executed the foregoing instrument for the purposes
therein contained by signing the name of the City of Rapid City by themselves as Mayor
and Finance Officer.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

____________________________________
Notary Public, South Dakota

My Commission Expires:

(SEAL)

APPROVED AS TO FORM AND LEGAL SUFFICIENCY

____________________________________
By:
Its: City Attorney or Assistant City Attorney
Dated this 25th day of September, 2019.

BLACK HILLS COMMUNITY LOAN FUND, INC.

[Signature]
Onna LeBeau, Executive Director
[Signature]
Mike Hildebrand, chairman of the board

ATTEST:
[Signature]

By:
Federal I.D. # 26-2504959

State of South Dakota       SS.
County of Pennington       )

On this the 25th day of September, 2019, before me, the undersigned officer, personally appeared Mike Hildebrand, who acknowledged himself/herself to be the chairman of the board of Black Hills Community Loan Fund, Inc., a non-profit corporation, and that he/she as such chairman of the board, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself/herself as chairman of the board.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Michele K. Dillon
Notary Public, South Dakota

My Commission Expires: July 19, 2024

(SEAL)

MICHELE DILLON
NOTARY PUBLIC
SOUTH DAKOTA

AFFIRMATIVE ACTION APPROVAL

[Signature]
Contract Compliance Supervisor

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EXHIBIT A (CERTIFICATIONS)

In accordance with the applicable statutes and the regulations governing the consolidated plan regulations, Subrecipient certifies that:

**Affirmatively Further Fair Housing** – It will affirmatively further fair housing.

**Uniform Relocation Act and Anti-displacement and Relocation Plan** -- It will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, (42 U.S.C. 4601-4655) and implementing regulations at 49 CFR Part 24. It has in effect and is following a residential anti-displacement and relocation assistance plan required under 24 CFR Part 42 in connection with any activity assisted with funding under the Community Development Block Grant or HOME programs.

**Anti-Lobbying** -- To the best of the Subrecipient’s knowledge and belief:

1. 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;

2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of 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

3. It will require that the language of paragraph 1 and 2 of this anti-lobbying 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.

**Consistency with plan** -- The housing activities to be undertaken with Community Development Block Grant, HOME, Emergency Solutions Grant, and Housing Opportunities for Persons With AIDS funds are consistent with the strategic plan in the jurisdiction’s consolidated plan.

**Section 3** -- It will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) and implementing regulations at 24 CFR Part 135.

\[signature\]

Date: 9/25/19

Executive Director, Title: Chairman of the Board
Specific Community Development Block Grant Certifications

The City of Rapid City certifies that:

Citizen Participation -- It is in full compliance and following a detailed citizen participation plan that satisfies the requirements of 24 CFR 91.105.

Community Development Plan -- Its consolidated plan identifies community development and housing needs and specifies both short-term and long-term community development objectives that have been developed in accordance with the primary objective of the CDBG program (i.e., the development of viable urban communities, by providing decent housing and expanding economic opportunities, primarily for persons of low and moderate income) and requirements of 24 CFR Parts 91 and 570.

Following a Plan -- It is following a current consolidated plan that has been approved by HUD.

Use of Funds -- It has complied with the following criteria:

1. Maximum Feasible Priority. With respect to activities expected to be assisted with CDBG funds, it has developed its Action Plan so as to give maximum feasible priority to activities which benefit low- and moderate-income families or aid in the prevention or elimination of slums or blight. The Action Plan may also include CDBG-assisted activities which the grantee certifies are designed to meet other community development needs having particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community, and other financial resources are not available (see Optional CDBG Certification).

2. Overall Benefit. The aggregate use of CDBG funds, including Section 108 guaranteed loans, during program year(s) 2019 [a period specified by the grantee of one, two, or three specific consecutive program years], shall principally benefit persons of low and moderate income in a manner that ensures that at least 70 percent of the amount is expended for activities that benefit such persons during the designated period.

3. Special Assessments. It will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108 loan guaranteed funds, by assessing any amount against properties owned and occupied by persons of low and moderate income, including any fee charged or assessment made as a condition of obtaining access to such public improvements.

However, if CDBG funds are used to pay the proportion of a fee or assessment that relates to the capital costs of public improvements (assisted in part with CDBG funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds.

In addition, in the case of properties owned and occupied by moderate-income (not low-income) families, an assessment or charge may be made against the property for public improvements financed by a source other than CDBG funds if the jurisdiction certifies that it lacks CDBG funds to cover the assessment.
Specific Community Development Block Grant Certifications, (Cont.)

The City of Rapid City and Subrecipient certifies that:

**Excessive Force** -- It has adopted and is enforcing:

1. A policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and

2. A policy of enforcing applicable State and local laws against physically barring entrance to or exit from a facility or location which is the subject of such non-violent civil rights demonstrations within its jurisdiction.

**Compliance with Anti-discrimination laws** -- The grant will be conducted and administered in conformity with title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d) and the Fair Housing Act (42 U.S.C. 3601-3619) and implementing regulations.

**Lead-Based Paint** -- Its activities concerning lead-based paint will comply with the requirements of 24 CFR Part 35, Subparts A, B, J, K and R.

**Compliance with Laws** -- It will comply with applicable laws.

---

Onna LeBeau  
**Executive Director**  
**Title**  
9/25/19  
**Date**
APPENDIX TO CERTIFICATIONS

INSTRUCTIONS CONCERNING LOBBYING CERTIFICATION:

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. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.
# Monthly Reports for CDBG Grant FY 2019

**Agency:** Black Hills Community Loan Fund

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<tr>
<th>Category</th>
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<th>June 2019</th>
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### Beneficiaries by Income (% of HUD Median Income for Household Size)

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### Monthly Reports for CDBG Grant

**FY 2019**

**Agency:** Black Hills Community Loan Fund  
**Contact:** 0  
**Phone #:** 521  
**Activity #:** 521

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**Beneficiaries by Income (% of HUD Median Income for Household Size)**

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## MONTHLY REPORTS FOR CDBG GRANT
### FY 2019

**AGENCY:** Black Hills Community Loan Fund  
**CONTACT:**  
**PHONE #:** 0  
**Activity #** 521

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### RACE

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### Beneficiaries by Income (% of HUD Median Income for Household Size)

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**MONTHLY REPORTS FOR CDBG GRANT**

**FY 2019**

**AGENCY:** Black Hills Community Loan Fund  
**CONTACT:** 0  
**PHONE #:** 0  
**Activity #** 521

### TOTAL PEOPLE ASSISTED

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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-Low/Moderate Income (greater than 80%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL ALL INCOMES</strong></td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

### HUD INCOMES EFFECTIVE 2019

<table>
<thead>
<tr>
<th>HOUSEHOLD SIZE</th>
<th>30% MEDIAN</th>
<th>50% MEDIAN</th>
<th>80% MEDIAN</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>14,850</td>
<td>24,750</td>
<td>39,550</td>
</tr>
<tr>
<td>2</td>
<td>17,000</td>
<td>28,250</td>
<td>45,200</td>
</tr>
<tr>
<td>3</td>
<td>21,330</td>
<td>31,800</td>
<td>50,850</td>
</tr>
<tr>
<td>4</td>
<td>25,750</td>
<td>35,300</td>
<td>56,500</td>
</tr>
<tr>
<td>5</td>
<td>30,170</td>
<td>38,150</td>
<td>61,050</td>
</tr>
<tr>
<td>6</td>
<td>34,590</td>
<td>40,950</td>
<td>65,500</td>
</tr>
<tr>
<td>7</td>
<td>39,010</td>
<td>43,800</td>
<td>70,100</td>
</tr>
<tr>
<td>8</td>
<td>43,430</td>
<td>46,600</td>
<td>74,600</td>
</tr>
</tbody>
</table>

**NOTE:** Orange shaded box totals must match  
**NOTE:** Yellow shaded box totals must match
Exhibit B

PROGRAM GOALS AND ACCOMPLISHMENTS  
FY2019

Agency: Black Hills Community Loan Fund  
Date:

Submit Exhibit B to the CDBG Program Division office no later than the 5th of each month, every month.

<table>
<thead>
<tr>
<th>Activity</th>
<th># of Households This Month</th>
<th># People This Month (people within household)</th>
<th>TOTAL # Households To Date</th>
<th>TOTAL # People To Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Individual Development Accounts (IDAs) applications received.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number qualified for IDA assistance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number assisted with down payment/closing costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Impact Results**

<table>
<thead>
<tr>
<th>Activity</th>
<th># of Households This Month</th>
<th># People This Month (people within household)</th>
<th>TOTAL # Households To Date</th>
<th>TOTAL # People To Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number receiving IDAs for the first time</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of repeat and/or continuing assistance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

TOTAL Number (First Time & Repeat)

0 0 0 0

NARRATIVE:

________________________________________________________________________

________________________________________________________________________
<table>
<thead>
<tr>
<th>Date Closed</th>
<th>Last Name</th>
<th>Property Address</th>
<th>Ref No.</th>
<th>Start Date</th>
<th>End Date</th>
<th>Total Costs</th>
<th>Amount $</th>
</tr>
</thead>
<tbody>
<tr>
<td>5/25/2010</td>
<td>Smith</td>
<td>1234 Main St.</td>
<td>001</td>
<td>5/25/2010</td>
<td>6/25/2010</td>
<td>$10,000</td>
<td>5000.00</td>
</tr>
</tbody>
</table>

**Programs/Events Completed**

<table>
<thead>
<tr>
<th>Date Closed</th>
<th>Last Name</th>
<th>Event Description</th>
<th>Type</th>
<th>Program Code</th>
<th>Cost Amount $</th>
</tr>
</thead>
<tbody>
<tr>
<td>5/25/2010</td>
<td>Smith</td>
<td>Workshop</td>
<td>M</td>
<td>5500000000</td>
<td>$10,000</td>
</tr>
</tbody>
</table>

**Household Size**

<table>
<thead>
<tr>
<th>Household Size</th>
<th>Median Income</th>
<th>Minimum</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$40,000</td>
<td>30,000</td>
<td>50,000</td>
</tr>
<tr>
<td>2</td>
<td>$70,000</td>
<td>50,000</td>
<td>100,000</td>
</tr>
<tr>
<td>3</td>
<td>$90,000</td>
<td>60,000</td>
<td>120,000</td>
</tr>
<tr>
<td>4</td>
<td>$100,000</td>
<td>80,000</td>
<td>200,000</td>
</tr>
<tr>
<td>5</td>
<td>$120,000</td>
<td>100,000</td>
<td>300,000</td>
</tr>
</tbody>
</table>

**Narrative**

Please provide explanations of any special circumstances affecting results, challenges faced, achievements of program(s), other organizational results, etc.
Exhibit C

The Subrecipient is required to provide the City/Grantee with a written project schedule as Exhibit C of this Agreement.
Exhibit D

Special Attention of:

All CDBG Grantees
All CPD Field Office Directors

Notice CPD-17-07
Issued: August 15, 2017
Supersedes: CPD-01-12
Expires: This Notice remains in effect until amended, superseded, or rescinded.

SUBJECT: Use of Community Development Block Grant (CDBG) Funds to Assist Individual Development Accounts

PURPOSE

This Notice describes how grantees can use CDBG to fund Individual Development Accounts (IDA) that will be used to pay for CDBG-eligible activities.

BACKGROUND

An Individual Development Account (IDA) is a dedicated savings account an income eligible individual or household uses to purchase a home, pay for education or job training expenses, or start a small business. Contributions to an IDA are made by individual participants over a designated time period and are matched using public and private resources. An IDA can be an asset building tool designed to move low-income individuals and families toward greater self-sufficiency by helping them accumulate savings to purchase long term assets. Asset building is considered to be an effective anti-poverty strategy. Anti-poverty strategies are designed to help a low income individual acquire long term assets and build stability that may allow them to permanently escape the cycle of poverty.

Various IDA programs can differ in their initial funding source and targeted population. However, the majority are implemented with either federal or state funding and require a match of non-federal funds. The U.S. Department of Health and Human Service’s (HHS) Office of Community Services (OCS) currently funds the majority of IDAs through the Assets for Independence (AFI) competitive grant program. OCS awards grants to non-profits as well as state and local governments. Grant recipients of AFI funding are required to raise an equal contribution of non-federal funds to match the grant award. States and Public Housing Agencies may also have IDA programs focusing on their own constituent base. IDA accounts are typically matched at a rate ranging from 1:1 to 3:1. Match dollars for IDAs may come from a variety of public and private sources. Participants generally make monthly contributions to an account, usually over a period of one to four years.
ELIGIBLE ACTIVITIES

Pursuant to section 105(a)(9) of the Housing and Community Development Act of 1974 (HCDA), as amended, and the Entitlement CDBG program regulations at 24 CFR 570.201(g), CDBG funds may be used to pay the non-Federal share required in connection with a Federal grant-in-aid program, such as an IDA program. In other words, CDBG funds may be used to pay a non-Federal or local matching requirement provided the activity is carried out in accordance with all CDBG program requirements, and providing that the other Federal program recognizes CDBG as non-federal funds. Accordingly, a CDBG grantee may use its grant funds to pay for the required match for an IDA on behalf of an individual when the family or household of the individual for whom the IDA is established is low- or moderate-income before assistance is provided.

Grantees should note that the use of CDBG funds to pay for contributions to IDAs is not in itself a CDBG-eligible activity. Rather, the purposes for which IDA funds are ultimately used for – to purchase a home, pay for education or job training expenses, or to start a small business – are CDBG eligible activities. Therefore, in order for CDBG funds to be eligible to assist an IDA, the IDA must ultimately be used to pay for one of these CDBG-eligible activities. Use of IDAs for general household savings or investment purposes is not an eligible activity under Section 105(a) of the HCDA. Income payments are expressly ineligible under 24 CFR 570.207(b)(4) of the Entitlement CDBG regulations.

CDBG-funded assistance to IDAs may fall under one of the following categories of eligible activities:

- **Homeownership Assistance (Section 105(a)(24) and Section 105(a)(8) of the HCDA and 24 CFR 570.201(n), 24 CFR 570.201(e))**: CDBG funds may be used to provide direct homeownership assistance to low-or moderate-income households to purchase a home.

- **Job training (Section 105(a)(8) of the HCDA and 24 CFR 570.201(e))**: CDBG funds may be used to pay for job training or educational expenses. If CDBG funds are used to assist IDAs for this purpose, the CDBG funds are used to pay for an eligible public service, and are subject to the public services cap under the program. If CDBG is being used as a match to an existing IDA program, the activity must be either a new service or a quantifiable increase in the level of a service above that which has been provided by or on behalf of the unit of general local government. If the activity is carried out by a Community Based Development Organization (CBDO) within a HUD-approved Neighborhood Revitalization Strategy Area (NRSA), the activity would not be subject to the public services cap. (See CPD Notice 16-16).

- **Microenterprise Assistance (Section 105(a)(22) of the HCDA and 24 CFR 570.201(o))**: Owners of or persons developing a microenterprise may receive CDBG-funded financial support under §570.201(o) to establish, stabilize or expand a microenterprise business. This assistance is not subject to the public services cap. The regulation defines “persons developing microenterprises” to mean such persons who have expressed interest and who are, or after an initial screening process are expected to be,
actively working toward developing businesses, each of which is expected to be a microenterprise at the time it is formed.

NATIONAL OBJECTIVE COMPLIANCE

In addition to being used to pay for a CDBG-eligible activity, a CDBG-funded IDA must also meet a national objective. If CDBG funds are used to fund an IDA that is used to purchase a home, this activity must meet the low- and moderate-income housing (LMH) national objective. If CDBG funds are used to pay for education or job training, or to start a small business, these activities must meet the limited clientele (LMC) national objective.

A national objective will not be met until the eligible activity occurs. This means the LMH national objective is not met until the IDA participant purchases a home. The LMC national objective is not met until the IDA participant pursues a post-secondary education, receives job training or starts or expands a small business.

If a participant does not complete the requirements of the IDA program and does not use the funds in the account for an eligible activity, a national objective has not been met. CDBG funds must then be returned to the grantee's CDBG program.

RESERVE ACCOUNTS AND TREATMENT OF INTEREST

Normally CDBG funds may not be drawn in advance of case needs. However for an IDA program, CDBG funds may be drawn and deposited into a reserve account prior to being applied to an individual IDA if the participating Federal program has a statutory requirement that matching funds must be available for deposits to individual IDAs. Upon completion of the IDA program, any unused CDBG funds from the reserve fund must be returned to the grantee’s CDBG program account.

Interest earned on CDBG funds deposited in the individual IDA may be retained as a part of the account and used for the intended purpose, such as to purchase a home. If an individual does not complete the requirements of the IDA program and use the funds in the account for the intended purposes, the CDBG funds must be returned to the reserve fund. If the CDBG funds were not originally deposited in a reserve fund, then the funds must be returned to the grantee's CDBG program. The interest earned that is attributable to the CDBG funds deposited in the participant’s IDA account must be returned to Treasury when there are no results.

DEPOSITING CDBG FUNDS IN AN INDIVIDUAL IDA

CDBG funds may be deposited as required by the terms of the agency providing the funds to capitalize a participant’s IDA account. However, the CDBG funds should not be drawn before an individual IDA is set up unless it is for the purpose of setting up a project-level reserve account as discussed in the prior section.
Individual contributions and matching funds should not be commingled; all matching funds must be kept in a separate account. When the IDA participant has accumulated enough savings and matching funds to purchase the asset, payment for the item should come directly from the IDA. CDBG matching funds should never be provided directly to the IDA participant. Under 24 CFR 570.207(b)(4), this would be considered an income payment which is an ineligible activity under the CDBG program.

**IDIS REPORTING**

An IDA program would be identified at the project level by the type of eligible activity in IDIS. Each individual IDA activity would be set up under one of the three project level categories: job training, homeownership and microenterprise assistance, as appropriate. An activity should be set up in IDIS by the time the grantee is ready to draw funds. Actual individual or household accomplishment data should not be reported in IDIS until funds in the account have been used for the intended purpose and a national objective has been achieved.

**CDBG TIMELINESS CONSIDERATIONS**

Section 104(e) of the Housing and Community Development Act requires HUD to review, on an annual basis, each CDBG grantee to determine whether the grantee has carried out its activities in a timely manner. Under 24 CFR 570.902(a)(1)(i), a CDBG entitlement grantee is considered to be untimely if, 60 days prior to the end of the grantee’s program year, the balance of unexpended funds in its line-of-credit exceeds one and one-half (1.5) times its most recent annual grant.

Participants of an IDA program generally make monthly contributions to an account over a period of one to four years. A grantee should keep this length of time in mind and work closely with all potential subrecipients and grantee agencies in the design of the IDA program. It is recommended that a grantee avoid prematurely funding an IDA program not ready to move forward quickly. The goal would be to minimize the amount of CDBG funds that will sit idle for a long period of time and place the grantee at-risk of being untimely in its expenditure of CDBG funds.

**ADDITIONAL RESOURCES**

Additional information on Federally funded IDA programs discussed in this Notice may be found at U.S. Department of Health and Human Service’s (HHS) Office of Community Services (OCS), Assets for Independence (AFI) program (https://www.acf.hhs.gov/ocs/grants).

**CONTACT INFORMATION**

Grantees that have questions on this Notice should contact their HUD CPD Field Office Representative. Field Offices should direct inquiries and comments to the Entitlement Communities Division at 202-708-1577 or the State and Small Cities Division at 202-708-1322.
YEAR FORGIVABLE MORTGAGE PURCHASE MONEY
ONE HUNDRED EIGHTY DAY REDEMPTION MORTGAGE

THIS MORTGAGE, made this ______ day of _____________, in the year 20__
by ________________________________, Rapid City, SD, hereinafter called "Mortgagor,"
and if more than one (1) party jointly and severally, hereinafter called "Mortgagor," and the City of Rapid City, 300
Sixth Street, Rapid City, County of Pennington, State of South Dakota, a municipal corporation organized under the
laws of the State of South Dakota, hereinafter called "Mortgagee":

WITNESSETH, that said Mortgagor, hereby mortgages to said Mortgagee property commonly known as

__________________________________________________________________________________________

and legally
described as follows (hereafter referred to as the “Property”):

__________________________________________________________________________________________

Rapid City, Pennington County, South Dakota

as security for the payment to said Mortgagee at the City Finance Office, 300 Sixth Street, Rapid City, South Dakota,
its esrow agent for Community Development Block Grant loans, of the principal sum of
_____________ ($_______) and interest thereon at zero (0%) per annum from date,
according to a certain promissory note bearing even date herewith, a true and correct copy of which is attached
hereeto and made a part hereof, due on the ______________ day of ______________, 20__.

The Mortgagor further covenants and agrees with Mortgagee, as follows:

1. The Mortgagor will promptly pay the principal indebtedness evidenced by the Note, and all other charges
and indebtedness provided therein and in this Mortgage, at the times and in the manner provided in the Note
and in this Mortgage.

2. The Mortgagor will pay when due, as hereinafter provided, all taxes, assessments, water rates and other
governmental charges, fines and impositions, of every kind and nature whatsoever, now or hereafter
imposed on the mortgaged property, or any part thereof, and will pay when due every amount of
indebtedness secured by any line to which the lien of this Mortgage is expressly subject.

3. This Mortgage and the Note were executed and delivered to secure monies advanced, or to be advanced, by
the Mortgagee as or on account of a loan evidenced by the Note, for the purpose of a down payment and/or
closing costs for the purchase of the Property.

4. No building or other structure or improvement mortgaged hereby shall be removed or demolished without
prior written consent of the Mortgagee. The Mortgagor will maintain the mortgaged property in good
condition and state of repair and will not suffer or permit any waste to any part thereof, and will promptly
comply with all the requirements of federal, state, and local governments, or any departments, divisions or bureaus thereof, pertaining to such property or any part thereof.

If Mortgagor has abandoned the Property, then Mortgagee may do and pay for whatever is reasonable or appropriate to protect Mortgagee’s interest in the Property and rights under this Mortgage, including securing and/or repairing the Property. Securing the Property includes, but is not limited to, entering the Property to make repairs, change locks, replace or board up doors and windows, drain water from pipes, eliminate building or other code violations or dangerous conditions, and have utilities turned on or off. Although Mortgagee may take action under this section, Mortgagee does not have to do so and is not under any duty or obligation to do so. It is agreed that Mortgagee incurs no liability for not taking any or all actions authorized under this section. Any amounts disbursed by Mortgagee under this section shall become additional debt of Mortgagor secured by this Mortgage. These amounts shall bear interest at the rate of six percent (6%) per annum from the date of disbursement and shall be payable, with such interest, upon notice from Mortgagee to Mortgagor requesting payment.

5. The Mortgagor will not voluntarily create, permit or suffer to be created or to exist, on or against the mortgaged property, or any part thereof, any lien superior to the lien of this Mortgage, exclusive of the lien or liens, if any, to which this Mortgage is expressly subject, as set forth here:

6. The Mortgagor will keep the Property, including all structures on the Property, now existing or which may hereafter be erected or installed on the land mortgaged hereby, insured against loss by fire and other hazards, casualties and contingencies, for at least the fair market value of the Property (including the value of all structures on the Property) for the duration of this mortgage period. In the event of loss or damage to the mortgaged property, the Mortgagor will give to the Mortgagee immediate notice thereof by registered or certified mail.

7. The Mortgagor will give immediate notice by registered or certified mail of any conveyance, transfer, or change in ownership of such property, or any part thereof.

8. The Mortgagor will not assign the rents, if any, in whole or in part, from the mortgaged property, or any part thereof, without the prior written consent of the Mortgagee.

9. Upon any failure by the Mortgagor to comply with or perform any of the terms, covenants or conditions of this Mortgage requiring the payment of any amount of money by the Mortgagor, other than the principal amount of the loan evidenced by the Note, interest and other charges, as provided in the Note, the Mortgagee may at its option make such payment. Every payment so made by the Mortgagee (including reasonable attorney's fees incurred thereby), with interest thereon from the date of such payment, at the rate of six percent (6%) per annum except any payment for which a different rate of interest is specified herein, shall be payable by the Mortgagor to the Mortgagee on demand and shall be secured by this Mortgage. This Mortgage with respect to any such amount and the interest thereon shall constitute a lien on the mortgaged property prior to any other lien attaching or occurring subsequent to the lien of this Mortgage.

10. If any of the following events happen within ____________ years of the date of execution of this instrument, it is considered an “event of default”:

(a) The acquisition of the property by foreclosure or transfer by deed or other instrument in lieu of foreclosure if the Mortgagee or the Secretary of Treasury determines that such acquisition is part of an arrangement with Mortgagor to terminate the Mortgage;

(b) Nonperformance by the Mortgagor of any covenant, agreement, term or condition of this Mortgage, or of the Note or of any other agreement heretofore, herewith or hereafter made by the Mortgagor with the Mortgagee in connection with such indebtedness;
(c) Failure of the Mortgagor to perform any covenant, agreement, term or condition in any instrument creating a lien upon the mortgaged property, or any part thereof, which shall have priority over the lien of this Mortgage;

(d) The Mortgagor's discovery of the Mortgagor's failure in any application of the Mortgagor to the Mortgagor to disclose any fact deemed by the Mortgagor to be material or of the making therein or in any other agreements entered into by the Mortgagor with the Mortgagor (including, but not limited to, the Note and this Mortgage) of any misrepresentation by, on behalf of, or for the benefit of, the Mortgagor;

(e) The sale, lease, or other transfer of any kind or nature of the Mortgage property, or any part thereof;

(f) The refinancing of the property for cash out;

(g) The property ceases to be Mortgagor's primary residence;

(h) The first mortgage and note on the property reaches its maturity date;

(i) The enactment after the day of this Mortgage of any law of the State of South Dakota deducting from the value of the mortgaged property (or any part thereof), for the purpose of taxation, any lien thereon, or changing in any way its laws for the taxation of mortgages or debts secured by mortgage for state or local purposes, or the manner of collection of any such tax, so as to affect this Mortgage, and if after such enactment or change the holder of the Note on the Mortgage gives written notice to the Mortgagor declaring the Note and all other indebtedness secured by this Mortgage to be due and payable, because of any such enactment or change, immediately upon the expiration of thirty (30) days after the giving of such notice.

If any event of default occurs, the Mortgagor is authorized to declare, at its option, all or any part of such indebtedness immediately due and payable. If the Mortgagor exercises its option to declare all or any part of such indebtedness immediately due and payable, Mortgagor shall give a written notice to Mortgagor declaring the Note and all or any part of such indebtedness secured by this Mortgage to be due and payable, because of such event of default, prior to the expiration of thirty (30) days after the giving of such notice. If Mortgagor fails to pay these sums prior to the expiration of this period, this Mortgage may be foreclosed by action or by advertisement as provided by statute or the rules of practice relating thereto, and this paragraph shall be deemed as authorizing and constituting the power of sale as mentioned in such statutes or rules and any amendatory thereto.

The Mortgagor's failure to exercise any of its rights hereunder shall not constitute a waiver thereof.

11. In case of a foreclosure by action, the holder of the certificate of sale may apply to the court for reduction of the redemption period, if the Property has been abandoned by the Mortgagor. If, after notice to the party(ies) as the court directs, the court finds the Property has been abandoned, the redemption period may be reduced. The redemption period may not be reduced to less than 60 days from the date of the recording of the certificate of sale.

12. In case of a foreclosure of the mortgaged property it may be sold in one parcel.


15. Any notice, demand, or request by Mortgagee or Mortgagor in connection with this Mortgage must be in writing. Any notice that must be given to Mortgagor under this Mortgage must be given by: first class mail (or certified or registered mail) to Mortgagor at the Property’s address listed herein or at a different address if Mortgagor gives the Mortgagee a written notice of Mortgagor’s different address; delivering it to Mortgagor, to the Property’s address listed herein, or to a different address if Mortgagor gives the Mortgagee a written notice of Mortgagor’s different address; or posting it at the Property’s address listed herein. Unless another requirement is specifically imposed, any notice that must be given to the Mortgagee under this Mortgage must be given by delivering it or by mailing it by first class mail (or certified or registered mail) to the Mortgagee at the following address or at a different address if Mortgagor is given a notice of that different address: City of Rapid City, Attention: Finance Department & CDBG Division, 300 Sixth Street, Rapid City, SD 57701. Any notice to Mortgagor or Mortgagee in connection with this Mortgage shall be deemed to have been given when mailed, when actually delivered to the relevant address or to Mortgagor/Mortgagee, or when actually posted at the Property.

16. This Mortgage and all covenants, agreements, terms and conditions herein contained shall be binding upon and inure to the benefit of the Mortgagor and the heirs, legal representatives and assigns of the Mortgagor, and, to the extent permitted by law, every subsequent owner of the mortgaged property; and shall be binding upon and inure to the benefit of the Mortgagee and its assigns.

17. This Mortgage shall be governed by South Dakota law. All rights and obligations contained in this Mortgage are subject to any requirements and limitations of South Dakota law. In the event that any provision or clause of this Mortgage or the Note conflicts with South Dakota law, such conflict shall not affect other provisions of this Mortgage or the Note which can be given effect without the conflicting provision.

Mortgagor Signature(s)

Mortgagor Printed Name(s)

State of South Dakota}
} ss.
County of Pennington}

On this ______ day of ______________________, 20___, before me, the undersigned officer, personally appeared ____________________________, known to me or satisfactorily proven to me to be the person(s) whose name(s) is(are) subscribed to the within instrument and acknowledged that s/he(they) executed the same for the purposes therein contained.

In witness whereof I hereunto set my hand and official seal.

(Seal)

Notary Public

My Commission Expires: ______________________

Attachment: Promissory Note
EXHIBIT E - PROMISSORY NOTE
Rapid City, South Dakota

1. BORROWER’S PROMISE TO PAY
In return for a loan that I have received, I promise to pay
($__________) (this amount is called “Principal”) to the order of the Lender. The Lender is the City of
Rapid City. I will make a lump sum payment under this Note in the form of cash, check or money order
in accordance with the terms of this Note and the Security Instrument. There is no interest on this loan.

2. PAYMENTS & DEFAULT
There are no monthly payments on this loan. Rather, this is a loan that becomes fully due and payable if
certain events or actions occur prior to the date that this loan matures.

The property that serves as security for this Note is commonly known as
and legally described as follows (hereafter referred to as the Property”):

__________________________________________, Rapid City, Pennington County, South Dakota.

In addition to the protections given to the Note Holder under this Note, a Mortgage, Deed of Trust, or
Security Deed (the “Security Instrument”), dated the same date as this Note, protects the Note Holder
from possible losses which might result if I do not keep the promises which I make in this Note. That
Security Instrument describes how and under what conditions I may be required to make immediate
payment of all or any part of the amounts I owe under this Note. If the Lender exercises its option to
declare all or any part of such indebtedness immediately due and payable, Lender shall give a written
notice to Borrower declaring this Note and all or any part of such indebtedness to be due and payable,
because of such event of default, prior to the expiration of thirty (30) days after the giving of such notice.
If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies
permitted by this Security Instrument or by law without further notice or demand on Borrower. The
Lender’s failure to exercise any of its rights hereunder shall not constitute a waiver thereof.

The Lender is authorized to declare, at its option, all or any part of the indebtedness evidenced by
this Note immediately due and payable if any of the following events happen within
__________ years of the date of execution of this Note:

1. The Property or any part thereof is sold, leased, or transferred;
2. The Property is refinanced for cash out;
3. The Property ceases to be Borrower’s primary residence; or
4. The first mortgage and note on the Property reaches its maturity date; or
5. Any other event of default as enumerated in the Security Instrument occurs.

I will make my payment at: City of Rapid City (City Finance Department), 300 Sixth Street, Rapid City,
SD 57701.

If none of the above events has occurred prior to _________, the “Maturity Date,” my
loan will be fully forgiven.

If the Note Holder has required me to pay immediately as described above, the Note Holder will have the
right to be paid back by me for all of its costs and expenses in enforcing this Note to the extent not
prohibited by applicable law. Those expenses include, for example, reasonable attorneys’ fees.
3. GIVING OF NOTICES
Any notice by Lender or Borrower in connection with this Note must be in writing. Any notice that must be given to Borrower under this Note must be given by: first class mail (or certified or registered mail) to Borrower at the Property’s address listed herein or at a different address if Borrower gives the Lender a written notice of Borrower’s different address; delivering it to Borrower, to the Property’s address listed herein, or to a different address if Borrower gives the Lender a written notice of Borrower’s different address; or posting it at the Property’s address listed herein. Unless another requirement is specifically imposed, any notice that must be given to the Lender under this Mortgage must be given by delivering it or by mailing it by first class mail (or certified or registered mail) to the Lender at the following address or at a different address if Borrower is given a notice of that different address: City of Rapid City, Attention: Finance Department & CDBG Division, 300 Sixth Street, Rapid City, SD 57701. Any notice to Borrower or Lender in connection with this Mortgage shall be deemed to have been given when mailed, when actually delivered to the relevant address or to Borrower/Lender, or when actually posted at the Property.

4. OBLIGATIONS OF PERSONS UNDER THIS NOTE
If more than one person signs this Note, each person is fully and personally obligated to keep all of the promises made in this Note, including the promise to pay the full amount owed. Any person who is a guarantor, surety or endorser of this Note is also obligated to do these things. Any person who takes over these obligations, including the obligations of a guarantor, surety or endorser of this Note, is also obligated to keep all of the promises made in this Note. The Note Holder may enforce its rights under this Note against each person individually or against all of us together. This means that any one of us may be required to pay all of the amounts owed under this Note.

5. WAIVERS
I and any other person who has obligations under this Note waive the rights of Presentment and Notice of Dishonor. “Presentment” means the right to require the Note Holder to demand payment of amounts due. “Notice of Dishonor” means the right to require the Note Holder to give notice to other persons that amounts due have not been paid.

Borrower Signature(s)

Borrower Printed Name(s) Date

State of South Dakota )

)ss.

County of Pennington )

On this _______ day of ______________________, 20___, before me, the undersigned officer, personally appeared __________________________, known to me or satisfactorily proven to me to be the person(s) whose name(s) is(are) subscribed to the within instrument and acknowledged that s/he(they) executed the same for the purposes therein contained.

In witness whereof I hereunto set my hand and official seal.

(Seal) Notary Public
My Commission Expires: __________________________