EXHIBIT 15

CDBG Program
General Conditions For Operating Agencies and Third Party Contractors

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I. **Definitions**: Terms used in the CDBG Program

Beneficiaries, or eligible beneficiaries, are persons eligible to receive assistance or services.

County, is Prince George's County as the federal grantee and the Department of Housing and Community Development (HCD) which has the responsibility for administering the Community Development Block Grant (CDBG) program.

Elderly Household, is a family whose head, spouse or sole member is 62 years of age or older, suffers a handicap, or is disabled. Elderly families also include two or more elderly, handicapped or disabled persons living together or one or more such persons living with another person who is essential to the elderly, handicapped, or disabled person's care and well being.

Head of Household, is the family member actually looked to and held accountable for the family needs.

HUD, means the Secretary of the U.S. Department of Housing and Urban Development or a person authorized to act on his behalf.

Low-Moderate Income Household, is a household whose income does not exceed the applicable income limit for lower income families established by HUD for Section 8 rental subsidy eligibility purposes.

Operating Agency (O/A), is an entity which has an Agreement with or an Administrative Order from the County for the performance of work on a Community Development Block Grant Program (CDBG) project.

Persons with Disabilities (Handicapped), is a person having a physical or mental impairment which (1) is expected to be of long or indefinite duration; (2) substantially impedes his/ her ability to live independently; and (3) is of such a nature that such ability could be improved by barrier-free or more suitable housing conditions.

Private nonprofit organization, means a secular or religious organization described in section 501(c) of the Internal Revenue Code of 1986 that:

a. Is exempt from taxation under subtitle A of the Code;
b. Has an accounting system and a voluntary board;
c. Practices nondiscrimination in the provision of assistance.

Program, is the Federally funded CDBG program.

Project, is an activity undertaken in the program by an O/A.

Third Party Contractor, is an entity, other than the O/A, which furnishes services or supplies to the O/A.

II. National Primary Objective Requirements:

Each individual project carried out with CDBG funds must meet one of the three national objectives as defined in the CDBG regulations and described herein:

A. *Benefit to Persons of Low Moderate Income:* At least fifty-one percent of the project beneficiaries must be of low and moderate income in accordance with the income guidelines. The number of beneficiaries shall be categorized by race, age, gender, head of household and disability status.

1. *Area Benefit Activity:* Benefits are available to all the residents in a particular area, where at least 51 percent of the residents are low and moderate income persons.

2. *Limited Clientele Activity*: Benefit a clientele who are generally presumed to be principally low and moderate income persons. The following groups are presumed by HUD to meet this criterion: abused children, battered spouses, elderly persons, handicapped persons, homeless persons, illiterate persons and migrant farm workers.

3. *Housing Activity*: Provide or improve permanent residential structures which, upon completion, will be occupied by low and moderate income households. This would include, but necessarily be limited to, the acquisition or rehabilitation of property, conversion of nonresidential structures, and new housing construction.

4. *Job Creation/Retention Activity*:

a. Creates jobs. The O/A must document that at least 51 percent of the jobs will be held by, or will be available to, low and moderate income persons.

b. Retains jobs. The O/A must document that the jobs would actually be lost without the CDBG assistance and that either or both of the following conditions apply with respect to at least 51 percent of the jobs at the time the CDBG assistance is provided: the job is known to be held by a low or moderate income person; or the job can reasonably be expected to turn over within the following two years and steps will be taken to ensure it will be filled by, or made available to, a low or moderate income person upon turnover.

c. The work to be performed in this Agreement is subject to the requirements of Section 3 of the HUD Act of 1968, as amended, 12 USC 170lu. It requires that, to the greatest extent feasible, opportunities for training and employment be given to lower-income residents of the project, and contracts for work in connection with the project be awarded to business concerns which

are located in, or owned in substantial part by persons residing in the area of the project.

B. *Elimination of Slum and Blight*: The area delineated by the O/A must meet a definition of slum, blighted, deteriorated or deteriorating area under State or local laws. Documentation must be maintained on the boundaries of the area and the condition which qualified the area at the time of designation.

C. *Urgent Need Activities*: The project must be designed to alleviate existing conditions which pose a serious and immediate threat to the health or welfare of the community which are of recent origin or which recently became urgent; the O/A must be unable to finance the activity on its own; and other sources of funding cannot be available.

III. Financial Management:

A. *Restrictions on Disbursements*: No funds under this Agreement shall be disbursed by the O/A to any contractor except pursuant to a written contract which incorporates these "General Conditions for Operating Agencies and Third Party Contractors." Requests for reimbursement of allowable program expenses must be submitted on the approved HCD form.

B. *Cost control*: The O/A shall maintain cost control, that is, monitor expenses to ensure disbursements are within the budget cost category allocation. Whenever the O/A foresees the possibility of exceeding the budget, the O/A shall promptly report this to HCD requesting that appropriate adjustments be made.

C. *Documentation of Costs*: The O/A upon request shall provide the County with unit cost or productivity expense data. All costs shall be supported by properly executed payrolls, time records, invoices, contracts, and vouchers, or other official documentation evidencing in proper detail the nature and propriety of the charges and disbursements. All checks, payrolls, invoices, contracts, vouchers, orders, or other accounting documents pertaining in whole or in part to this Agreement shall be clearly identified and readily accessible for audit and inspection.

D. *Legal Expenses*: Legal expenses which may be incurred by the O/A or third party contractor for the prosecution of claims against the federal government or the County are not eligible under this Agreement.

E. *Consultant Compensation*: No person employed as a consultant, or by a firm providing consultant services, shall receive more than a reasonable rate of compensation for personal services paid with CDBG funds. On a daily basis, the

rate of compensation shall not exceed the maximum daily rate compensation for a Senior-Level position as established by Federal law.

F. *Cash Depositories*: CDBG funds are considered public money; therefore, the O/A shall not deposit County checks for advances or reimbursement of eligible expenses in other than a FDIC member bank. Deposits in excess of the FDIC insurance maximum must be appropriately secured by the bank.

G. *Project Budget Adjustments*: The O/A may unilaterally shift funds among budget categories up to ten percent (10%) of the project budget as long as the total budget is not exceeded and the scope of the project is not altered. Such budget adjustments shall not be deemed to be effective until the O/A provides the County with a revised budget document reflecting such changes, signed by an authorized representative of the O/A, containing a narrative statement describing the purpose of such adjustments.

H. *Project Income*: Project income of any kind received by the O/A such as user charges, fees, third-party reimbursement, rents or the sale proceeds from real or personal property acquired in whole or in part with CDBG funds, shall be remitted to Prince George's County and credited to the County's CDBG Program Income Account within thirty (30) days of receipt. The O/A shall be required to properly account for project income and comply with the standards set forth in the OMB Circulars. For government agencies these are OMB Circular A-87 "Cost Principles for State, Local and Indian Tribal Governments" and A-102 "Grants and Cooperative Agreements With State and Local Governments." For nonprofit organizations these are OMB Circular A-110 "Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals and Other Non-Profit Organizations" and OMB Circular A-122 "Cost Principles for Nonprofit Organizations."

IV. **Procurement Standards**: The O/A or other contracting parties, in the use of project funds, shall comply with all applicable laws and procedures of OMB Circulars. For government agencies these are OMB Circular A-87 "Cost Principles for State, Local and Indian Tribal Governments" and A-102 "Grants and Cooperative Agreements With State and Local Governments." For nonprofit organizations these are OMB Circular A-110 "Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals and Other Non-Profit Organizations" and OMB Circular A-122 "Cost Principles for Nonprofit Organizations."

V. **Property Management**: The O/A is required to comply with the standards prescribed for the acquisition and disposal of real and personal property which are set forth in OMB Circulars. For government agencies these are OMB Circular A-87 "Cost Principles for State, Local and Indian Tribal Governments" and A-102 "Grants and Cooperative Agreements With State and Local Governments." For nonprofit organizations these are

OMB Circular A-110 "Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals and Other Non-Profit Organizations" and OMB Circular A-122 "Cost Principles for Nonprofit Organizations."

A. *Definitions*:

Expendable Personal Property: Expendable personal property refers to all tangible property other than nonexpendable property.

Nonexpendable Personal Property: Nonexpendable personal property means tangible personal property having a useful life of more than one year and an acquisition cost of $500.00 or more per unit.

Personal Property: Personal property means property of any kind except real property. It may be tangible, having physical existence, or intangible, having no physical existence, such as patents, inventions, and copyrights.

Real Property: Real property means land, land improvements, structures and appurtenances thereto, excluding movable machinery and equipment.

B. The O/A may use property acquired under this Agreement, regardless of specific kind, only for those purposes indicated in the Agreement unless another use has been specifically approved by the County.

C. *Records and Inventory for Nonexpendable Personal Property*:

1. An inventory of nonexpendable property is to be provided to HCD within thirty (30) days of the expiration or termination of the Agreement using HCD's Nonexpendable Personal Property Inventory Report Form.

2. The O/A shall maintain accurate and current nonexpendable personal property records including as a minimum: identification, manufacture and model numbers; purchase date; purchase cost; percentage of cost provided with Federal grant funds; current location; use; property condition.

3. Losses of property acquired with project funds are to be reported to the appropriate authorities for investigation and a record of the loss and any investigative reports are to be retained on file by the O/A.

4. All nonexpendable personal property shall revert to the County upon the expiration of this Agreement unless otherwise determined by the County.

D. *Records and Inventory for Real Property*: The O/A shall maintain accurate and current real property records including as a minimum:

1. The seller's name, address, and telephone number, appraisal report, sales contract, and settlement statement. Street address and legal description,

i.e., lot, block, subdivision, tax map, grid, property tax account number and election district. Type of purchase, e.g., land only or land and improvement. Purchase price including settlement cost. Current property condition and use, i.e., renovated, leased, demolished, sold, etc.

2. If sold, name, address, telephone number of purchaser, sale price, value determination, sales contract and settlement document, intended use of purchaser, net proceeds to seller.

3. If demolished, name, address and telephone number of the demolition contractor, amount paid to contractor, procurement process used to obtain demolition service, and copy of County authorization statement.

4. If renovated, name, address and telephone number of the contractor, copy of work write up, procurement process used to obtain contractor, amount paid for renovation service and copy of County authorization statement.

5. An inventory of real property is to be provided to HCD within thirty (30) days of the settlement of each property acquisition using HCD's Subrecipient Real Property Inventory Report form.

6. All acquisitions are subject to the project income requirements.

VI. Real Property Acquisition and Relocation: All acquisitions of real property, or interests in real property (such as easements and rights of way), and all cases involving relocation, shall be conducted in conformity with the provisions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1979 as amended and HUD Handbook 1378, Tenant Assistance Relocation and Real Property Acquisition, dated September 1990.

VII. Reporting and Monitoring Requirements:

A. *Reports*: At such times and in such form as the County may determine, the O/A shall furnish records, reports and data pertaining to this Agreement.

B. *Project Monitoring*: The O/A shall ensure that representatives of the County are provided access to information and records for the purpose of project monitoring and evaluation. The O/A shall further ensure the County's access to its contractors and subcontractors for this purpose.

VIII. Record Retention, Audits and Inspections:

A. All financial and programmatic records resulting from this Agreement shall be retained by the O/A for a period of three (3) years from the issuance date of the last project payment.

B. The County, HUD and the U.S. Comptroller General shall be given access to any and all O/A records including all subcontracts covered by this Agreement for the purpose of making audits, examinations, reproductions, excerpts and transcripts. Access shall be available at any time during normal business hours and as often as deemed necessary by the County, HUD or the U.S. Comptroller General.

C. The O/A shall retain independent auditors to audit the project which is the subject of this Agreement on an annual basis or at such time as HUD or the County shall determine in accordance with OMB Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations."

D. The O/A shall abide by HCD's Operating Agency Audit Corrective Action Plan.

E. The O/A shall respond, indicating appropriate corrective action on any formally issued audit report deficiencies within thirty (30) days of receipt of such report, and persevere in resolving such issues until the County and HUD approve disposition of audit findings.

F. All records related to unsettled audit findings shall be retained securely by the O/A until Federal and local action is taken to resolve the questioned deficiencies.

IX. Indemnification: The O/A hereby agrees to indemnify and hold harmless the County from any loss, cost, damages, or expenses suffered, obligated or incurred by the County by reason of the O/A's negligence or failure to perform any of the obligations hereunder, including but not limited to audit disallowances by HUD or the Office of the Comptroller General of the United States, or both. In connection herewith, the O/A, in addition, hereby assents to the County withholding any funds otherwise due to the O/A in satisfaction, in whole or in part, of any deficiency; and to the County exercising its rights of set-off in any such situation.

X. Nondiscrimination: No person in the United States shall on the grounds of race, color, religion, national origin, sex, age, disability or familial status be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with community development funds made available through this Agreement. For purposes of this section "program or activity" is defined as any function conducted by an identifiable administrative unit of the County, or

by any unit of government or private contractor receiving community development funds or loans from the County. "Funded in whole or in part with community development funds" means that community development funds in any amount in the form of grants or proceeds from HUD-guaranteed loans have been transferred by the County to an identifiable administrative unit and disbursed in a program or activity or project.

XI. **Use of Excessive Force Prohibited**: In accordance with Section 519 of Public Law 101-144, the 1990 HUD Appropriations Act, the O/A certifies that it has adopted and is enforcing a policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in nonviolent civil rights demonstrations.

XII. **Equal Employment Opportunity**: The O/A will not discriminate against any employee or applicant for employment because of race, color, religion, national origin, sex, age, disability or familial status. The O/A will take affirmative action to ensure that minority applicants are employed and that employees are treated during employment without regard to their race, color, religion, national origin, sex, age, disability or familial status. Such action shall include, but is not limited to, the following: employment, upgrading, demotion, or transfer; recruitment or advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The O/A agrees to post in conspicuous places, available to employees and applicants for employment, notices that are provided by the County setting forth the provisions of this Equal Opportunity clause.

The O/A will, in all solicitations or advertisements for employees placed by or on behalf of the O/A, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, national origin, sex, age, disability or familial status.

In the event of the O/A's noncompliance with the Equal Opportunity clause of this Agreement or with any of the said rules, regulations, or orders, this Agreement may be cancelled, terminated, or suspended, in whole or in part.

XIII. **Handicapped Accessibility**: The Community Development Block Grant program is federally funded. All recipients of CDBG funds MUST comply with the following:

A. Section 504 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act of 1990 apply to all CDBG subgrantees and their contractors.

B. Persons with disabilities, including persons with hearing and vision impairments and persons with physical disabilities, must be able to participate in the O/A's activities.

C. All construction and renovation work must be carried out in accordance with Uniform Federal Accessibility Standards (UFAS) and American National Standards (ANS).

D. Auxiliary aids must be used when necessary to ensure that individuals with disabilities have an equal opportunity to participate in and enjoy the benefits offered by the O/A.

E. Designated parking spaces must be available for disabled persons.

F. Entryways, bathrooms, drinking fountains and meeting rooms must be accessible to persons in wheel chairs.

XIV. Section 3 Requirement: The work to be performed under this Agreement is assisted under a program providing direct Federal financial assistance from HUD and is subject to the requirements of Section 3 of the HUD Act of 1968, as amended. Section 3 requires that to the greatest extent feasible, opportunities for training and employment be given to lower income residents of the project, and agreements for work in connection with the project be awarded to business concerns which are located in or owned in substantial part by persons residing in the area of the project.

The O/A must comply with the provisions of Section 3 and the regulations issued pursuant thereto by the Secretary of HUD set forth in 24 CFR Part 135, and all applicable rules and orders of the Department issued thereunder, prior to the execution of this Agreement. The O/A certifies and agrees that it is under no contractual or other disability which would prevent it from complying with these requirements.

XV. Environmental Review Requirements: This Agreement is subject to the requirements established by HUD regulations 24 CFR Part 58, "Environmental Review Procedures for Title I Community Development Block Grant Program." The following federal laws and regulations are applicable for each of the impact categories:

Historic Preservation: National Historic Preservation Act, 16 U.S.C. 470(f), Section 106; *Floodplain*: Executive Order 11988, Floodplain Management; *Wetlands*: Executive Order 11990, Protection of Wetlands; *Noise*: Noise Control Act, 42 U.S.C. 4903, as amended by the Quite Communities Act; *Air Quality*: Clean Air Act 42 U.S.C., 7400, et seq., Section 176 and Section 117, as amended; *Hazards*: HUD Notice 79-33, 24 CFR Part 51, Subpart C and D; *Water Quality*: Clean Water Act, 33 U.S.C. 1251-1376, et seq., Section 404, and Safe Drinking Water Act, 42 U.S.C. 300; *Solid Waste Disposal*: Resources Conservation and Recovery Act 42 U.S.C. 6901-6987; *Coastal Areas*: Coastal Zone Management Act, 16 U.S.C. 1451-1464 and Coastal Barrier Resource Act 1982, 16 U.S.C. 3501, et seq.; *Endangered Species*: Endangered Species Act, 16 U.S.C. 1531, Section 7; *Farmland Protection*: Farmland Protection Policy Act of 1981, 7 U.S.C. 4201, et seq.; *Wild and Scenic Rivers*: Wild and Scenic Rivers Act, 16 U.S.C. 1271-1257.

Lead Based Paint Hazard Notification, Evaluation and Reduction: For all projects involving rehabilitation, acquisition, disposition, homebuyer assistance, leasing, support services, operations or tenant-based rental assistance in federally owned residential property and other housing receiving Federal assistance, the Operating Agency agrees to follow all requirements of the Federal regulation at 24 CFR Part 35, Requirements for

Notification, Evaluation and Reduction of Lead-Based Paint Hazards. “Receiving Federal assistance” means receiving funds under any of the following Federal programs: Community Development Block Grant (CDBG), HOME Investment Partnership Program (HOME), Emergency Shelter Grants (ESG), Housing Opportunities for Persons with AIDS (HOPWA), Shelter Plus Care (S+C), Supportive Housing Program (SHP) and Youthbuild.

Exemptions from these requirements may include: residential structures built after January 1, 1978; unoccupied units that will be demolished; property not used for human residential habitation; rehabilitation that does not disturb paint; zero-bedroom dwelling units, including single room occupancy (SRO) units; and housing specifically designated for the elderly and disabled unless a child under age six resides in the unit.

XVI. Federal Labor Standards Provisions (for construction projects only): The O/A shall comply with the Davis Bacon Act and all Federal labor laws and regulations specifically including HUD-4010 (2-84) governing construction contracts and the use of federal funds.

XVII. Political Activity Prohibited: None of the funds, materials, or services provided directly or indirectly under this Agreement shall be used in the performance of this Agreement for any partisan political activity, or to further the election or defeat of any candidate for public office.

XVIII. Lobbying Prohibited (Required certification language, for O/A's and third party contractors with Federal funds over $100,000): No Federal appropriated funds have been paid or will be paid, by or on behalf of the signatory of this agreement, to any person for influencing or attempting to influence an officer or employee of any Federal 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.

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 Federal agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this agreement, the agreement signatory shall complete and submit Standard Form-LLL, "Disclosure of Lobbying Activities," at the initiation or receipt of the agreement. The form is available from HCD.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. It is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Failure to certify shall subject the agreement signatory to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

XIX. Publicity: The O/A shall, when publicizing this project, fully inform the public of the financial support given to the project by the County. In all publications prepared by the O/A the term "Prince George's County Community Development Block Grant Program" shall be conspicuously identified. The O/A shall display a sign at its project office or service outlet clearly identifying the project being operated.

The O/A shall make its materials and publications available to visually or hearing impaired individuals to ensure their participation in the project.

XX. Copyright: If this Agreement results in a book or other copyrightable material, the author is free to copyright work, but HUD reserves the royalty-free, nonexclusive, and irrevocable licenses to reproduce, publish, or otherwise use, and to authorize others to use, all copyrighted material and material which can be copyrighted.

XXI. Patents: Any discovery or invention arising out of or developed in the course of work aided by this Agreement shall be promptly and fully reported to HUD for determination by HUD as to whether patent protection on such invention or discovery shall be sought and how the rights in the invention or discovery, including rights under any patent issued thereon, shall be disposed of and administered, in order to protect the public interest.

XXII. Drug-Free Workplace: The O/A shall make a good faith effort to provide a drug-free workplace.

A. *Notification*: The O/A shall inform project employees by published notification that "the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the workplace." The O/A shall further inform project employees that "conviction for a violation of a criminal drug statute occurring in the workplace must be reported to the O/A no later than five calendar days after such conviction." The notice should specify the actions the O/A will take against employees for violations of the drug-free workplace prohibition. The notice should also state that abiding by the terms of the notice is a condition of employment under the grant. Each project employee should be given a copy of the notice.

B. *Education*: The O/A should establish an ongoing drug-free awareness program to inform employees about:

1. The dangers of drug abuse in the workplace;

2. The O/A's policy of maintaining a drug-free workplace;

3. Available drug counseling, rehabilitation, and employee assistance programs; and

4. The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;

C. *Action*: The O/A will take at least one of the following actions within 30 calendar days of receiving notice of an employee conviction:

1. Appropriate personnel action against the convicted employee, up to and including termination; or

2. Requiring the convicted employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency.