

Consolidated Annual Contributions Contract - Part One

Project NO. MICH. 103-1

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This Agreement, entered into as of the 24th day of April, 1975, (herein called the "Date of This Contract"), by and between the United States of America (herein called the "Government"), Pursuant to the United States Housing Act of 1937 (42 U.S.C. 1401, et seq., which Act as amended to the Date of This Contract is herein called the "Act") and the Department of Housing and Urban Development Act (5 U.S.C. 624), and the City of Hillsdale, acting by and through the Hillsdale Housing Commission (herein called the Local Authority), which is a body corporate and politic organized and existing under the laws of the State of Michigan (herein called the "State") and a "Public Housing Agency" as defined in the Act, Witnesseth:

In consideration of the mutual covenants hereinafter set forth, the parties hereto do agree, as follows:

Sec. 1. Project, Cooperation Agreement, and Maximum Limitations

(A) The Local Authority is undertaking the development or acquisition and operation of low-rent housing as defined in the Act, as follows:

Project No.	Estimated Number of Dwelling Units	Estimated Total Development Cost	Initial Loan Commitment
MICH. 103-01	60*	\$1,529,519	\$153,000

* Designed specifically for the elderly

(B) With respect to such low-rent housing in compliance with Sec. 10(a), Sec. 10(h), and Sec. 15(7)(b) of the Act the Local Authority has entered into, and the Government has approved, an agreement or agreements

with the governing body or bodies of the locality or localities in which such housing is or will be situated, as follows:

<u>Project No.</u>	<u>Governing Body of:</u>	<u>Date of Agreement</u>
MICH. 103-01	City of Hillsdale	April 13, 1970

Such agreement or agreements collectively are herein called the "Cooperation Agreement."

- (C) The Local Authority shall proceed with the timely development of the Projects identified in this Sec. 1 in conformity with such dates for the completion of various stages of development as are established for the Projects by the Government and transmitted to the Local Authority by letter
- (D) If the Local Authority shall fail to prosecute diligently the development of any Project as required by subsection (B) of Sec. 102 or to proceed with the timely development, as described in subsection (C) of this Sec. 1, of any Project, and the Government has notified the Local Authority of such failure, the Local Authority shall suspend the development of the Project and shall take whatever action is necessary to conserve monies and assets and to stop overhead expenses and losses with respect to such Project. Upon the award of the Main Construction Contract (as defined in Sec. 107) for any Project comprising a number of units less than the number of units specified for such Project in subsection (A) of this Sec. 1, the Local Authority shall suspend the development of the remaining number of units and shall take whatever action is necessary to conserve monies and assets and to stop overhead expenses and losses with respect to the remaining number of units unless (1) a Development Program for the remaining number of the units has been submitted by the Local Authority and approved by the Government and (2) this Contract has been amended to (a) specify the reduced number of units and Development Cost of such Project, and (b) identify the remaining number of units by separate project number and specify the Development Cost, therefor. Any monies in the General Fund for the development of a Project, suspended in whole or part, in excess of the monies needed therefor under the aforesaid limitations shall be promptly applied to the payment of any Advance or Temporary Notes outstanding in connection with such Project.
- (E) The Government shall not be obligated to make any further advances (except such advances which the Government determines to make to the Local Authority for its payment of approvable incurred prior to the notice by the Government to the Local Authority or award of the Main Construction Contract referred to in subsection (D) above) or any annual contributions on respect to any suspended low-rent housing unless and until Local Authority demonstrates to the satisfaction of the Government that it is willing and able to proceed expeditiously with the development of such suspended low-rent housing and the Government, in its sole discretion, determines at that time that it shall render financial assistance to the Local Authority with respect to such housing.
- (F) The amount of the advances made by the Government on account of the loan for any suspended low-rent housing together thereon at the application Loan Interest Rate to the date of repayment, shall be paid from any funds of the Local Authority available therefor, including the annual payment of all receipts in excess of expenditures necessary for management, operation, maintenance, and reasonable reserves in connection with each low-rent project (under this Contract or any other contract between the Local Authority and the Government under the authority of the Act) presently or hereafter developed or operated with the financial assistance of the Government or conveyed to the Local Authority by the Government, after (1) the payment of all obligations in connection with such project for which annual contributions are pledged or (2) the Administration Period for such project, as the case may be
- (G) The provisions of subsection (D) and (F) of this Sec.1 shall not be in lieu of any rights or remedies, which may accrue to the Government by law or under this Contract but shall be in addition to all such rights and remedies.
- (H) The "Minimum Loan Interest Rate" shall be 6.875% per annum. The "Maximum Contribution Percentage" shall be 7.393% annum.
- (I) The making of this Contract and the undertaking of the loan and annual contributions as herein provided, were approved on List No. C-75-146.

- (J) Each Project identified in this Sec. 1 is herein called a "Project" and, if more than one Project is so identified, as herein collectively called the "Projects".

Sec. 2. Development Program

Each Project is more fully described in a statement (herein called a "Development Program"), which has been adopted by the Local Authority. The Local Authority shall develop each Project being or to be developed and shall operate all Projects covered by this Contract in compliance with all provisions of this Contract and the Act, all regulations issued by the Government pursuant thereto, and applicable provisions of state and local law.

Sec. 3. Development Cost of Project

The Local Authority estimates that the Development Cost of each Project will not exceed the Estimated Total Development Cost therefor as specified in Sec. 1, which estimate is approved by the Government. The respective amounts of such Estimated Total Development Cost, or the latest revisions thereof pursuant to the provisions of Part Two hereof, are herein called the "Maximum Development Cost" of the respective Projects or of all the Projects in the aggregate as the context indicates. The Local Authority, however, shall complete the development of the Projects at the lowest possible cost, and in no event at a cost in excess of the aggregate amount of the aforesaid Estimated Total Development Costs.

Sec. 4. Cost Limits

- (A) The Development Cost for construction and equipment of each Project (excluding land, demolition, and Non-dwelling Facilities) shall not exceed by more than 10 per centum the appropriate prototype cost for the area in which such Project is situated as determined by the Government pursuant to Section 15(5) of the Act and which is in effect on the date of the Government's approval of the award of the Main Construction Contract. Provided, however, that as to any Project for which the award of (i) the Main Construction Contract, or (ii) a turnkey Preliminary Contract of Sale is approved by the Government on or after April 30, 1971, the Development Cost for construction and equipment of such Project (excluding land, demolition, and Non-dwelling Facilities) shall not exceed by more than 10 per centum the appropriate prototype cost for the area in which such Project is situated as determined by the Government pursuant to Section 15(5) of the Act and which is in effect on the date of the Government's approval of the award of such Contract is lieu of the specified Development Cost per room.
- (B) The term "Non-dwelling Facilities" as used in this Contract includes non-dwelling structures, spaces, and equipment, and site development, improvements and facilities located outside building walls (including streets, sidewalks, and sanitary utility, and other facilities, but excluding separate heating plant structures, equipment, and distribution lines.)

Sec. 5. Justification for Project and Financial Assistance

The Local Authority has demonstrated to the satisfaction of the Government that there is a need for such low-rent housing, which is not being met by private enterprise. The development and operation of each Project in accordance with this Contract will provide decent, safe, and sanitary dwellings within the financial reach of families who are in the lowest income group and who cannot afford to pay enough to cause private enterprise in their locality or metropolitan area to build an adequate supply of decent, safe, and sanitary dwellings for their use (which families are herein called "Families of Low Income"), and the provisions of this Contract are adequate to assure that each such Project will be developed and operated in compliance with all the requirements of the Act. The loan herein provided is necessary to assist the development of each Project, and the annual contributions payable by the Government in the amounts, for the period, and in the manner herein provided are necessary to achieve, maintain, and assure the low-rent character of each such Project.

Sec. 6. Tax Exemption of Project

Under the Constitution and Statutes of the State, each Project is exempt from all real and personal property taxes, which may be levied or imposed by the State, City, County, or other political subdivision.

Sec. 7. Loan by Government

Subject to and in accordance with all the provisions of Part Two hereof, and in order to assist the development of each Project, the Government shall lend to the Local Authority amounts (the total of which is herein called the "Maximum Loan Commitment") as determined pursuant to Sec. 410. Each advance on account of the loan for any Project shall bear interest on the unrepaid principal amount thereof from the date the advance is made to the date of repayment at the rate (herein called "Loan Interest Rate") as the Government determines on the date such advance is made and re-determines on each anniversary of such date pursuant to Sec. 20 of the Act: Provided, that the Loan Interest Rate for each advance, which shall be adjusted annually as provided herein, shall not be less than the "Minimum Loan Interest Rate".

Sec. 8. Annual Contributions by Government

Subject to and in accordance with all the provisions of Part Two hereof, and in order to assist in achieving and maintaining the low-rent character of each Project, the Government shall make annual contributions to the Local Authority in respect to each Project in the amounts as determined pursuant to Part Two and for not to exceed the period (herein called "Maximum Contribution Period") commencing on the date the first annual contribution with respect to such Project is paid and ending forty years from such date. Not more than forty annual contributions shall be made with respect to any Project.

Sec. 9. Bonds and Additional Projects

The Local Authority shall authorize, issue, and sell to others than the Government, obligations of the type prescribed in Sec. 411 (Herein called the "Bonds"), all as prescribed in Part Two of this Contract, with respect to the Projects and to any other low-rent housing project or projects undertaken by the Local Authority with financial assistance of the Government which, pursuant to mutual agreement of the Local Authority and the Government may be incorporated under the terms of this Contract.

Sec. 10. National Emergency

- (A) The Local Authority shall, (1) during any period of national emergency in connection with national defense as declared by the President of the United States or any period during which a state of war between the United States and any foreign power exists, and (2) upon either a determination by the President of the United States that there is an acute shortage of housing in the locality of any Project which impedes the national defense and that the necessary housing would not otherwise be provided when needed for persons engaged in national defense activities, or a determination by the President of the United States that there is an acute need for housing in the locality of any Project to assure the availability of dwellings for persons engaged in national defense activities, to the maximum extent authorized or permitted under applicable Federal and State laws then in effect, operate such Project to provide housing for persons engaged in national defense activities.
- (B) If, by reason of any such emergency or state of war, the construction of any Project is either prohibited or stopped prior to the delivery of Bonds and it appears that such prohibition or stoppage of construction will continue for an extended period, the Local Authority shall refrain from the award of any further Construction or Equipment Contracts, shall take in respect to Construction or Equipment Contracts already let whatever action is reasonably necessary to conserve monies and assets (including termination or settlement of any outstanding Construction or Equipment Contracts), and shall take all other reasonable actions necessary to minimize overhead expenses and losses. Any monies in the General Fund for the development of such Project in excess of the amounts needed therefor and under the aforesaid limitations shall, upon request of the Government, be applied to the payment of any Advance Notes or Temporary Notes issued in connection with such Project, and the Government shall not be obligated to make any further advances with respect to work under Construction or Equipment Contracts until such prohibition or stoppage is ended. Nothing in this subsection (B) shall be construed as prohibiting the Local Authority from proceeding with site acquisition and the completion of plans, drawings, specifications, and related documents.

Sec.11. Incorporation of Part Two in this Contract

For convenience, various provisions of this annual contributions contract are embodied in a separate document designed "Terms and Conditions" being Form HUD-53011, November 1969, which (as modified by Sec. 12) constitutes Part Two of this Contract. The provisions, terms, covenants, and conditions embodied in Part Two are binding upon the parties hereto, with the same effect as if set forth in full in this Part One of this Contract. The term "Contract" as used herein shall mean the annual contributions contract, consisting of this Part One thereof and the Terms and Conditions constituting Part Two thereof.

Sec. 12. Additional Provisions and Modifications

The following additional provisions, and modifications of either Part One or Part Two, as hereafter set forth constitute the only modifications to this Contract:

(A) *Nondiscrimination in Housing*

- (1) In connection with the development and operation of any program or activity of the Local Authority receiving Federal financial assistance under the United States Housing Act of 1937, regardless of when such program or activity, or any portion thereof, was initially covered by any contract for such assistance, and for as the real property or structures thereon in such program or activity, or any portion thereof. is used for a purpose for which the Federal financial assistance was extended or for another purpose involving the provision of similar benefits, the Local Authority will comply with all requirements imposed by title VI of the Civil Rights Act of 1964, Public Law 88-352, 78 Stat. 241; the regulations of the Department of Housing and Urban Development issued thereunder, 24 CFR, Subtitle A, Part 1, section 1.1 et seq.; and the requirements of said Department pursuant to said regulations; to the end that, in accordance with that Act and regulations and requirements of said Department thereunder, no person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subject to discrimination under such program or activity. The local Authority will, by contractual requirement, covenant, or other binding commitment, assure the same compliance on the part of any subgrantee, contractor, subcontractor, transferee, successor in interest, or other participant in the program or activity, such commitment to include the following clause:

"This provision is included pursuant to the regulations of the Department of Housing and Urban Development, 24 CFR, Subtitle A, Part 1, section 1.1 et. Seq., issued under title VI of the said Civil Rights Act of 1964, and the requirements of the said Department pursuant to said regulations; and the obligation of the (contractor or other) to comply therewith inures to the benefit of the United States, the said Department, and the Local Authority, any of which shall be entitles to invoke any remedies available by law to redress any breach thereof or to compliance therewith by the (contractor or other)."

- (2) The Local Authority shall not, on account of creed, discriminate in the sale, leasing, rental, or other disposition of housing related facilities (including land) included in any Project or in the use or occupancy thereof, nor deny to any family the opportunity to apply for such housing, nor deny to any eligible applicant the opportunity to lease or rent any dwelling in any such housing suitable to its needs.
- (3) Failure of the Local Authority to comply with the requirements of (1) or (2) above shall constitute a Substantial Default under any contract between the Government and the Local Authority covering Federal financial assistance under the United States Housing Act of 1937, and this Section shall be construed to apply so long as any such contract is in force or effect.

(B) *Site Acquisition and Relocation of Site Occupants*

The Local Authority understands and agrees that, anything in this Contract to the contrary notwithstanding, acquisition of Project sites and relocation of, and payments to, site occupants will be carries out in accordance with all regulations and requirements of the Government and in compliance with the

requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (Public Law 91-646, approved January 2, 1971). The Local Authority further warrants and agrees that it is able to comply with such requirements and the assurances required by Sections 210 and 305 of Public Law 91-646 are hereby given. Costs and expenses, as approved by the Government, of compliance with said requirements will be included in the Development Cost of the Projects.

(C) Special Provisions for Turnkey Project No. MICH. 103-1

The Local Authority will acquire Project No. MICH. 103-1 pursuant to a Contract of Sale to be entered into between the seller and the Local Authority. Prior to the execution of such Contract of Sale, the Local Authority may enter into a Preliminary Contract of Sale with the seller to enter into such Contract. Such Preliminary Contract and such Contract shall bear the written approval of the Government. Failure of the Local Authority to expeditiously continue the undertaking of the Project or to comply with the Preliminary Contract or Contract, or if the Preliminary Contract or Contract is held to void, voidable or ultra vires, if the power or right of the Local Authority to enter into the Preliminary Contract of Sale or the Contract of Sale is drawn into question in any legal proceeding, or if the Local Authority asserts or claims that the Preliminary Contract or Contract is not binding upon the Local Authority for any such reason, the occurrence of any such event, if the seller is not in default, shall constitute a Substantial Default for the purpose of Article V hereof and, in such case, the Government will take delivery of such right, title or interest in the Project as the Local Authority may have and perform such Preliminary Contract of Sale, as the case may be. The Provisions of this paragraph are made with, and for the benefit of, the seller and his assignees who will have been specifically approved by the Government prior to such assignment. To enforce the performance of this provision, the seller and such assignees, as well as the Local Authority, shall have the right to proceed against the Government by action at law or suit in equity. In order to assist in financing the acquisition cost (herein called Development Cost) of the Project, the Government shall lend to the Local Authority an amount equal to the Maximum Development Cost of the Project.

(D) Terms Redefined

The terms "Advance Note" and "Temporary Note" as used in either Part One or Part Two of this Contract shall be construed to mean "Project Loan Note" and "Project Note", respectively.

(E) Amendments to Terms and Conditions of Part Two Hereof:

(1) Section 203 is amended by adding a new subsection (C) as follows:

"(C) The Local Authority shall promptly notify (1) any applicant determined to be ineligible for admission to any Project of the basis for such determination and provide the applicant upon request, within a reasonable time after the determination is made, with an opportunity for an informal hearing on such determination and (2) any applicant determined to be eligible for admission to any Project of the approximate date of occupancy, insofar as such date can be reasonably determined,"

(2) Section 204(E) is amended by changing the period at the end thereof to a colon and adding:

"Provided, that no tenant's rent may exceed one-fourth of the tenant's family income as defined by the Secretary of Housing and Urban Development; Provided further, that this requirement shall not apply in any case which the Secretary of Housing and Urban Development determines that so limiting the rent of any tenant or class of tenants will result in a reduction in the amount of welfare assistance which would otherwise be provided to such tenant or class of tenants by a public agency"

(3) Section 308 (D) is amended by changing the reference to "Sec. 415(C)(3)" to Sec. 415 (C)(1)(d)."

(4) Add a new Section 314 and a new Section 315 as follows:

Sec. 314. Employment of Project Area Residents and Contractors

“The Local Authority shall comply and shall require each of its contractors and subcontractors employed in the development or operation of each Project to comply with Section 3 of the Housing and Urban Act of 1968 (12 U.S.C. 1701u) and the regulations and requirements of the Government thereunder, requiring that to the greatest extent feasible opportunities for training and employment be given lower income residents of the Project area and that contracts for work in connection with the Projects be awarded to business concerns which are located in or owned in substantial part by persons residing in the area of the Project.”

Sec. 315. Contracts for Personal Services

“The Local Authority shall not enter into, execute, or approve, any agreement or contract for personal, management, legal or other services with any person or firm where the initial period or term of the contract is in excess of two (2) years, or where the contract contains a renewal provision for any period of time, without the prior written consent of the Government. Where an existing contract contains a renewal provision, automatic or otherwise, which extends the term of the contract for any period, the Local Authority shall not act to renew or extend such contract, or fail to take any necessary action to forestall automatic renewal or extension, without the prior written approval of the Government.”

(5) Section 407 (D) is amended as follows:

(D) With each submission of Operating Budgets, the Local Authority shall submit estimates of the Accruing Annual Contribution and the Additional Annual Contribution required for the period covered by such Budgets.”

(6) Section 407 (F) is amended by inserting the phrase “and Additional Annual Contribution” after the term “Accruing Annual Contribution” and by changing the period at the end of the last sentence to a comma and adding the phrase “or to the amount of the Additional Annual Contribution.”

(7) Section 408(B)(2) is amended by substituting the term “Debt Service Annual Contribution” for the term “Fixed Annual Contribution”.

(8) Section 410 is amended by deleting the phrase “90 percent of the sum of”.

(9) Section 413 (A)(5) is amended by substituting the term “Debt Service Annual Contribution” for the term “annual contributions”.

(10) Section 415 is amended by deleting the present Sec. 415 and substituting the following therefor:

Sec. 415. Annual Contributions

(A) The Government shall make annual contributions to the Local Authority for each Project. Such annual contributions shall include Debt Service Annual Contributions (or Basic Annual Contributions in respect to Leased Housing Projects) and Additional Annual Contributions. The Government (1) shall make Debt Service Annual Contributions to the Local Authority for each Permanently Financed Project and (2) may, in its determination, make Debt Service Annual Contributions to the Local Authority for each Project, which is not Permanently Financed. The date upon which each Debt Service Annual Contribution is payable (except the first Debt Service Annual Contribution with respect to a Project not Permanently Financed which may be made available as of the Date of Full Availability of such Project) shall be known as the “Annual Contribution Date”. If the Annual Contribution Date is not specifically set forth in Part One of this Contract such Date shall be the fifteenth day of the fourth, fifth, or sixth month of the Fiscal Year as determined by the Government.

(B) The first Debt Service Annual Contribution with respect to each Permanently Financed Project shall be due and payable on the Annual Contribution Date, which is seventeen months and fourteen days after the Bond Date of the First issue of Bonds Issued to finance any part of the Development Cost of such Project. The first Debt Service Annual Contribution with respect to each Project, which is not Permanently Financed, may be made available as of the Date of Full Availability of such Project and shall be determined in

accordance with subsection (C)(1)(d) of this Sec. 415. If the first Debt Service Annual Contribution with respect to a project is made available as of the Date of Full Availability of such Project, the second Debt Service Annual Contribution with respect to such Project may be made on the Annual Contribution Date which occurs not less than twelve months subsequent to the Date of full Availability of such Project, subsequently Debt Service Annual Contributions shall be payable on each Annual Contribution Date thereafter.

- (C) On each Annual Contribution Date the Government shall pay (subject to reduction as hereinafter in this Sec. 415 provided) Debt Service Annual Contributions for each Project, with respect to which any Debt Service Annual Contributions are then payable.
- (1) The amount of the Debt Service Annual Contribution shall be equal to the sum of the Level Debt Services of all unmatured issues of Bonds, bearing a Bond Date not later than seventeen months and fourteen days prior to such Annual Contribution Date, as specified in the application Bond Resolution, plus an amount or amounts allocable to Permanent, Project Loan, or Project Notes, as follows:
- (a) With respect to each Project Permanently Financed by an issue of Bonds equal to the Minimum Development Cost first established for such Project, and amount, as determined by the Government, which if applied annually at the interest rate (adjusted to the nearest one-eighth of one percent) charged the Local Authority during the next preceding Fiscal Year with respect to the unamortized portion if the Minimum Development Cost of such Project which exceeded as of the last day of such Fiscal Year the principal amount of such issue of Bonds would fully amortize such portion not later than the first day of the month following the last Annual Contribution Date for such Project;
- (b) With respect to each Project Permanently Financed by an issue of Bonds in an amount less than the amount of the Minimum Development Cost first established for such Project, an amount equal to (i) the applicable Minimum Loan Interest Rate times the amount by which the Minimum Development Cost as first established for such Project exceeds the principal amount of such issue of Bonds, plus (ii) an amount, as determined by the Government, which if applied annually at the interest rate (adjusted to the nearest one-eighth of one percent) charged the Local Authority during the next preceding Fiscal Year in respect to the portion of the Minimum Development Cost of such Project which exceeds as of the last day of such Fiscal Year the Minimum Development Cost as first established for such Project would fully amortize such portion not later than the first day of the month following the last Annual Contribution Date for such Project” and (iii) commencing on the Annual Contribution Date next following the last maturity date of such issue of Bonds, the amount of the Level Debt Service of such issue of bonds; and
- (c) With respect to each Project financed by a Permanent Note in lieu of Bonds, an amount, as determined by the Government, which if applied annually at the interest rate (adjusted to the nearest one-eighth of one percent) charged the Local Authority during the next preceding Fiscal Year in respect to the unamortized portion of the Minimum Development Cost of such Project which exceeded as of the last day of such Fiscal Year the Minimum Development Cost as first established for such Project would fully amortize such portion not later than the first day of the month following the last Annual Contribution Date for such Project; and
- (d) With respect to each Project which is not Permanently Financed, an amount, as determined by the Government, which if applied annually at the interest rate (adjusted to the nearest one-eighth of one percent) charged the

Local Authority during the next preceding Fiscal Year in respect to the unamortized portion of that figure determined by the Government to be that below which the Development Cost of such Project will in no event fall would fully amortize such portion not later than the first day of the month following the last Annual Contribution Date for such Project.

“Upon delivery of any issue of Bonds to refund Permanent, Project Notes, the amount of the Level Debt Service of such issue of Bonds shall be in lieu of the portion of the Debt Service Annual Contribution allocable to such Notes whether pursuant to clause (a), (b), (c), or (d) above.

- (2) On each Annual Contribution Date the actual amount of the Debt Service Annual Contribution to be paid (herein called the “Accruing Annual Contribution”) shall be an amount equal to the Debt Service Annual Contribution less (1) the amount on deposit in the Debt Service Fund for the reduction of annual contributions pursuant to subsection (C) of Sec. 416, and (2) any amount then on deposit in the Debt Service Fund, pursuant to subsection (B) of Sec. 414, on account of interest accrued on any issue of Bonds after a date which is six months after the Bond Date of such issue.
- (3) The Government, notwithstanding any other provision of this Contract, may make payment of any Accruing Annual Contribution in semiannual installments as follows:
 - (a) The first installment shall be paid on the Annual Contribution Date in the amount, if any, by which (i) the Accruing Annual Contribution exceeds (ii) the amount of principal and interest which will become due and payable on the next following anniversary of the Bond Date on all Bonds outstanding at the end of the preceding Fiscal Year and which bear a Bond Date not later than seventeen months and fourteen days prior to such Annual Contribution Date;
 - (b) The balance of such Accruing Annual Contribution shall be paid on the date six months after such Annual Contribution Date.
- (4) At least thirty days prior to each Annual Contribution Date, the Fiscal Agent shall file with the Government a report showing the amount of each deposit made into the Debt Service Fund since the next preceding Annual Contribution Date and the balance in the Debt Service Fund as of the date of such report.
- (5) At least fifteen days prior to each Annual Contribution Date, the Local Authority shall file with the Government a requisition and voucher for the payment of the current Accruing Annual Contribution.
- (6) Except as otherwise provided in subparagraphs (7) and (8) of this Sec. 415(C), the Government shall pay each Accruing Annual Contribution, or installment thereof, to the Fiscal Agent for deposit in the Debt Service Fund. The Government, at the time of such payment, shall furnish to the Local Authority and to the Fiscal Agent a statement showing (in detail and with appropriate explanations) the amount of the Accruing Annual Contribution, and the method by which the Accruing Annual Contributions will be paid. Each such statement shall include a schedule showing in the basis of information available to the Government, the distribution to be made of the funds in the Debt Service Fund pursuant to Sec. 416.
- (7) On each Annual Contribution Date on which any Permanent, Project Loan or Project Notes issued in connection with any Project with respect to which an annual contribution is then payable remaining outstanding and until full repayment, with interest at the applicable Loan Interest Rate, of all expenditures, if any, made by the Government in connection with any such Project pursuant to Sec. 505 hereof, such portion of the Accruing Annual Contribution, which if deposited in the Debt Service

Fund would (together with the monies then on deposit in said Fund for the reduction of annual contributions pursuant to this Contract plus the amount of the second installment, if any, of such Accruing Annual Contribution) exceed the sum of:

- (a) an amount equal to the principal and interest becoming due and payable during the twelve-months period following such Annual Contribution Date on each issue of Bonds bearing a Bond Date not later than seventeen months and fourteen days prior to such Annual Contribution Date, plus,
 - (b) an amount equal to the aggregate Bond Service Carry-Over required to be on deposit in the Debt Service Fund in the next succeeding Annual Contribution Date, may be withheld by the Government, and applied to the full extent thereof:
 - (i) First, to reimbursement of the Local Authority for any advance (not theretofore reimbursed) made pursuant to Sec. 414(D);
 - (ii) Second, to the payment of interest and principal of such Notes and repayment of such expenditures in proportion, with respect to each such Project, to the applicable portion of the Debt Service Annual Contribution determined pursuant to clauses (a), (b), (c), or (d) as the case may be, of Sec. 415(C) (1): Provided, that any amounts which would otherwise be applied to the principal under the aforesaid Second order of preference may be withheld (for not more than twelve months) and to be used for the payment of interest on any Bonds which may be subsequently issued to refund such Notes and expenditures.
- (8) When monies sufficient for the payment and discharge of all Bonds have been deposited with the Fiscal Agent in trust for such purpose, Accruing Annual Contributions, Residual Receipts, and monies otherwise payable to the Debt Service Fund shall be applied, as approved by the Government, to the payment of the Notes and expenditures and in the proportion as prescribed in subparagraph (7) of this Sec. 415(C). Monies so applied by the Local Authority during the twelve-months period preceding each Annual Contribution Date which, except for the provisions of this subparagraph (8), would have been on deposit on such Annual Contribution Date in the Debt Service Fund for the reduction of annual contributions, shall be deemed to have been on deposit in the Debt Service Fund on such Annual Contribution Date for the purpose of subparagraph 2 of this Sec. 415 (C).
- (9) No Accruing Annual Contribution shall be paid or made available by the Government pursuant to this Contract in an amount in excess of an amount which together with all monies then on deposit in the Debt Service Fund will be sufficient to fully pay and retire the outstanding Bonds, Permanent Notes, Project Loan Notes, and Project Notes issued in connection with all Projects with respect to which annual contributions become payable and to repay, with interest at the applicable Loan Interest Rate, all expenditures made by the Government in connection with the development of such Projects pursuant to Sec.505 hereof. The obligation of the Government to pay or make available Debt Service Annual Contributions pursuant to this Contract with respect to any such Project shall terminate when:
- (a) All such Bonds and Notes issued in connection with such Project have been fully paid and retired, or when monies sufficient for the payment and retirement thereof have been deposited in trust for such purpose in accordance with the terms of such Bonds and Notes, and,
 - (b) All such expenditures, with interest thereon, by the Government in connection with such Project have been fully repaid.

- (D) The Government shall also make Additional Annual Contributions to the Local Authority
- (a) For each Fiscal Year in an amount which together with all other Operating Receipts of the Projects will be sufficient to pay the Operating Expenditures of such Projects in accordance with the Operating Budgets for such Projects as approved by the Government, and
 - (b) With respect to a Project for which payments of Debt Service or Basic Annual Contributions will be made for a period of less than forty years, in an amount and for purposes as approved by the Government, to provide for necessary initial expenses not charged to the Development Cost of the Project.
- (1) The Local Authority shall submit to the Government, together with the Operating and Development Budgets for the Projects, an estimate of the amount of Additional Annual Contributions, which will be required for the period covered by such Budget. The Government may approve such estimate or revision thereof in full or in a reduced amount and the amount so approved pursuant to such estimate or any revision thereof shall be the maximum amount of Additional Annual Contributions payable in respect to the Projects for the period covered by such Budget. The Government shall not in any Federal Fiscal Year approve any estimate or revision thereof in an amount which, together with the amount of all Additional Annual Contributions then contracted for by the Government, would exceed the amount as determined by the Government of Additional Annual Contributions contracting authorization pursuant to the Act.
 - (2) The Government shall not be obligated to make any payments on account of the Additional Annual Contributions in an amount in excess of the amount specifically approved by the Government.
- (E) Anything in this Contract to the contrary notwithstanding, the maximum annual contribution payable hereunder with respect to any twelve-month period shall not exceed the aggregate of:
- (a) The applicable Maximum Contribution Percentage of the latest established Minimum Development Cost for each Permanently Financed Project plus
 - (b) The applicable Maximum Contribution Percentage of (i) the amount determined by the Government to:
 - (i) the amount determined by the Government to be that below which the Development Cost will in no event fall, or
 - (ii) the Actual Development Cost, as the case may be, of each Project which is not Permanently Financed, plus an amount not to exceed \$120 per annum per dwelling unit occupied by families as described in Sec. 10(a) of the Act. For the purpose of determining such maximum annual contribution, the term "Maximum Contribution Percentage" with respect to each Project shall mean the going Federal rate (as defined in Sec. 2(10) of the Act) applicable at the
 - (1) Date of approval of the Annual Contributions Contract covering such project, or
 - (2) The date of determination of such maximum annual contributions, whichever is the higher plus
 - (a) Two percent in the case of Projects having a Maximum Contribution Period of forty years, or

- (b) One percent in the case of Projects having a Maximum Contribution Period of sixty years.
- (11) Section 417 (C) is amended by substituting the term “Debt Service Annual Contribution” for the term “Fixed Annual Contribution”.
- (12) Section 418 (B) is deleted.
- (13) Section 419 (B) (3) is amended substituting the phrase “Debt Service Annual Contribution as determined pursuant to clauses (a), (b), (c), and (d) of Sec. 415 (c) (1)” for the phrase “Fixed Annual Contribution as determined pursuant to clauses (1), (2), (3), and (4) of Sec. 415 (C).”
- (14) The Terms and Conditions embodied in Form HUD-53011, November 1969, are incorporated herein by reference and constitutes Part Two of the Annual Contributions Contract as amended to the date hereof, and shall supersede all earlier issuances of such Terms and Conditions referred to in such Contract.

Sec. 13 Performance of Conditions Precedent to Validity of the Contract

The Local Authority certifies that all conditions precedent to the valid execution and delivery of this Contract on its part have been complied with, that all things necessary to constitute its valid, binding, and legal agreement on the terms and conditions and for the purposes herein set forth have been done and have occurred, and that the execution and delivery of this Contract on its part have been and are in all respects duly authorized in accordance with law. The Government similarly certifies with reference to its own execution and delivery of this Contract.

In witness whereof, the Local Authority and the Government have caused this contract to be executed in their respective names and the Local Authority has caused its seal to be hereunto affixed and attested as of the Date of This Contract first above written.