

**Housing Development
Grant Settlement Agreement**
Housing Development Grant Program

**U.S. Department of Housing
and Urban Development**
Office of Housing
Federal Housing Commissioner

AUTHORITY: The Department of Housing and Urban Development (HUD) is authorized to collect this information by provisions set forth in Regulation 24 CFR Part 850.79. This section of the Regulation requires, upon construction completion, that the project owners account for funds expended. This information is used by HUD to determine that only the amount of funds necessary were awarded to the project and will also permit HUD to determine that the owner's minimum equity requirements have been met. The information is considered non-sensitive and no assurance of confidentiality is provided. Furnishing of this information is mandatory, and failure to provide it may result in your not receiving your benefits.

Public Reporting Burden for this collection is estimated to average .50 hours per response, including the time for reviewing, searching existing data sources, gathering and maintaining the data needed, and compiling and reviewing the collection of information.

Grantee	Project Name	Project Number
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This Agreement, entered into by and between the _____ (hereinafter referred to as the "Grantee") and the Department of Housing and Urban Development (hereinafter referred to as "HUD").

Witnesseth

1. Whereas, the expiration date of this Agreement is determined as _____ years after _____, the date on which the Project reached 50 percent occupancy, and;

2. Whereas, the grantee undertook Housing Development Grant (HDG) Project (hereinafter referred to as the "Project"), with financial assistance from HUD pursuant to Section 17(d) of the U.S. Housing Act of 1937, as amended, and;

3. Whereas, the Grantee and HUD entered into a Grant Agreement, dated _____, (as revised by _____ amendment(s)), hereinafter referred to as the Grant Agreement) and;

4. Whereas, the Grantee entered into legally binding commitments with the participating parties identified in Section 1.02 of the Grant Agreement, and;

5. Whereas, the authorized development activities which comprise the Project, have been completed by the Grantee, Owner and/or other participating parties, as required by the Grant Agreement, and;

6. Whereas, the Grant Agreement and other legally binding commitments, including the Owner/Grantee Agreement and recorded HDG Covenants, require the percentage, number and type of units specified in Section 1.01 of the Grant Agreement be maintained, occupied or available for occupancy by lower income households at HDG rents for the Project Term, and;

7. Whereas, the parties hereto desire to enter final financial settlement of development costs for the Project; in reliance upon (1) the Grantee Certification of Readiness to Initiate Project Settlement (Exhibit 1, dated _____), (2) the Grantee's Determination of Project Costs and Sources of Financing as may be amended by HUD (Exhibit 2), (3) the Grantee's Determination of Equity Investment and Grant Amount as may be amended by HUD (Exhibit 3), and (4) the Grantee's Certification of Settlement Findings (Exhibit 4) as may be amended by HUD, dated _____, all of which are attached hereto and made a part hereof.

Now therefore, in consideration of the mutual covenants, promises and representations contained herein, the parties hereto agree as follows:

Section A: For the remainder of the Project Term, the Grantee shall comply with all governing regulations and shall take appropriate legal action to enforce the HDG program requirements, as specified in the Grant Agreement and other legally binding commitments approved by HUD, including, but not limited to the Owner/Grantee Agreement and recorded HDG covenants.

Section B: For the remainder of the Project Term, HUD shall monitor the Grantee's performance to assure compliance with this Agreement and the Grant Agreement.

Section C: The Grantee agrees to the Total Grant Amount for the Project, including any reduction in the grant amount caused by a decrease in cost, as indicated on the Certification of Final Costs and Settlement Requirements attached hereto and made a part hereof.

Section D: If necessary to satisfy a shortfall in Owner’s equity obligation in the amount specified in Exhibit 3, the Grantee has either collected cash from the Owner, received evidence from the Owner that a mortgage loan on the project other than the HDG loan has been prepaid in part, and/or has executed an agreement with the Owner committing the Owner to pay cash to the Grantee at the end of the specified rent-up period to the extent that expenditures for initial operating deficits have not been sufficient to cover the outstanding equity requirement.

Section E: Excess grant funds drawn by the Grantee, in the amount specified in Exhibit 2 to this Agreement (Appendix 2, Item C.2.h.) shall have been or shall be immediately returned to HUD under the following repayment schedule:

Section F: Any grant funds remaining in the Grantee’s Letter of Credit for the referenced Project have been reduced to zero.

Section G: The requirements of the Grant Agreement governing resources to be provided after settlement by participating parties shall be considered amended as follows: **Indicate any change in the terms or amount of project operating period subsidies and accounts to cover shortfalls agreed to by HUD and the Grantee.**

Section H: Program Income received after completion of HDG funded activities shall be deemed miscellaneous revenues, the use of which is governed by 24 CFR 850.71. Amounts recovered by the Grantee due to breach of owner’s obligations under 24 CFR 850.155 must be used in accordance with the HDG or Rental Rehabilitation Program at Grantee’s option.

Section I: Execution of this Agreement shall constitute completion of development activities for the Project and financial settlement of development costs. Financial requirements with respect to the obligation to maintain the Project in accordance with HDG program requirements shall continue in effect for the remainder of the Project Term, as required by the Grant Agreement.

Section J: This Agreement shall be executed in three parts, each of which shall be considered to be an original, and each such counterpart shall constitute one and the same agreement.

Section K: If any provision of this Agreement is held invalid, such holding shall not affect the validity of the remainder of this Agreement.

Section L: If a default occurs under this agreement or the Grant Agreement, or if the Grantee fails to comply with any provision of 24 CFR Part 850, HUD may at any time or from time to time proceed to protect all rights available to HUD under this Agreement, the Grant Agreement and 24 CFR Part 850.

Section M: Special Conditions required by this Agreement are attached as Exhibit 5.

This HDG Settlement Agreement is hereby executed and delivered by the parties on the date set forth below their representative signatures and effective as of the date executed by HUD.

The _____
(Name of Grantee)

By: _____
(Signature)

Date: _____

The Secretary of the Department of Housing and Urban Development

By: _____
Deputy Assistant Secretary for Multifamily Housing Programs

Date: _____