

SPONSOR'S CONFLICT OF INTEREST RESOLUTION

TO: The Secretary of Housing and Urban Development

SUBJECT: Section 811 Program - Application for Fund Reservation

Sponsor:

Project Location:

WHEREAS, Section 811 of the National Affordable Housing Act of 1990, as amended, authorizes the making of capital advances for housing for persons with disabilities to private, nonprofit corporations, no part of the net earnings of which inure to the benefit of any member, founder, contributor or individual;

WHEREAS, HUD has implemented this statutory requirement by promulgating a regulation providing that the Sponsor may not be controlled by or under the direction of persons or firms seeking to derive profit or gain therefrom. The regulation also prohibits any officer or director of the Sponsor from having any financial interest in any contract in connection with the rendition of services, the provision of goods or supplies, procurement of furnishings or equipment, construction of the project, procurement of the site or any other matters whatsoever, except with respect to management contracts entered into by the Owner with the Sponsor or its nonprofit affiliate.

WHEREAS, HUD has determined that assurance of compliance with this prohibition can best be obtained by requiring that all officers and directors of the Sponsor certify that they do not have and will not have during their term of office, any prohibited financial interest.

WHEREAS, because of the time constraints imposed under the application process and difficulties in meeting these deadlines caused by such factors as large boards and unavailability of officers and directors of the board, some prospective Sponsors have been unable or experienced hardship in obtaining all of the required certifications for submission with the applications for fund reservation.

WHEREAS, HUD is willing to defer submission of the required Sponsors' Conflict of Interest and Disclosure Certifications until the submission of the conditional commitment applications by those Owners for which fund reservations were approved, if

such certifications are provided by all officers and directors of the Sponsor duly qualified and serving in these capacities from the date of the Sponsor's fund reservation application to the date on which the certifications are submitted.

NOW, THEREFORE, in order to induce HUD to forego requiring submission of the Conflict of Interest and Disclosure Certifications until after projects have been selected and fund reservations granted, it is hereby resolved and agreed by the Board of Directors of the Sponsor:

1. That it will submit an Incumbency Certificate, in a form prescribed by HUD, listing all officers and directors of the Sponsor duly qualified and sitting as of the date of submission of its application, together with the dates of commencement of their respective terms of office and the length of such terms of office. Additionally, it will provide an updated Incumbency Certificate showing all changes in incumbency for submission with the Owner's Conditional Commitment Application, initial closing and final closing.

2. That no officer or director of the Sponsor has or will be permitted to have any prohibited interest which would prevent him or her from signing the required Conflict of Interest and Disclosure Certification.

3. That the fund reservation will be subject to cancellation by HUD if the officers or directors of either the Sponsor or the Owner fail to submit Conflict of Interest and Disclosure Certifications duly executed by each and all of their respective officers and directors.

4. That no HUD capital advance funds or project rental assistance funds will be expended on account of any contract or arrangement where a conflict of interest is determined to exist, and the Sponsor shall be responsible for the payment of any and all obligations involving its officers and directors.

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5. That should any contract or arrangement entered into by the Owner be determined by HUD to involve a conflict of interest, involving either the Sponsor's or Owner's officers or directors, the Sponsor will exercise its best efforts to cause the Owner to promptly cancel or terminate such contract or arrangement at HUD's request.

Adopted and approved by \_\_\_\_\_ of the Sponsor on the \_\_\_\_\_ date of \_\_\_\_\_, \_\_\_\_\_.

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