

SECOND AMENDMENT TO MEMORANDUM OF UNDERSTANDING

THIS SECOND AMENDMENT TO MEMORANDUM OF UNDERSTANDING (the "Second Amendment"), is made and entered into effective the 1st day of July, 2002, by and between THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY (hereinafter referred to as the "Metropolitan Government"), the METROPOLITAN DEVELOPMENT AND HOUSING AGENCY, created and existing pursuant to the Tennessee Housing Authorities Law, Tenn. Code Ann. §§ 13-20-101, *et seq.*, and designated as the housing authority of the Metropolitan Government pursuant to Section 18.04 of the Charter of the Metropolitan Government (hereinafter referred to as "MDHA") and THE NASHVILLE HOUSING FUND, INC., a Tennessee not for profit corporation (hereinafter referred to as "NHF").

WITNESSETH

Whereas, the Metropolitan Council has adopted Bill No. BL2000-518, approving a Memorandum of Understanding (the "MOU") by and among the Metropolitan Government, the Metropolitan Development and Housing Agency ("MDHA") and the Nashville Housing Fund ("NHF"), setting forth the terms and conditions for the use of the certain funds appropriated by the Metropolitan Council for the 2000-2001 fiscal year; and

Whereas, Section 2 of Bill No. BL2000-518 provided that any amendment, renewal or extension of the terms of the MOU would be approved by Resolution of the Metropolitan Council; and

Whereas, the Metropolitan Council has adopted Resolution No. R2001-856, approving the First Amendment to the MOU (the "First Amendment"); and

Whereas, in the Fiscal Year 2002-2003 budget approved by Substitute Bill No. BL2002-1073, the Metropolitan Government appropriated \$183,200.00 to MDHA (the "2003 Budget Funds"), \$45,000.00 of which is to be used by NHF to support the Urban Homestead Program and \$138,200.00 of which is to be used by NHF to provide administrative support for the Front Door, Downpayment Assistance and Development Loan programs of NHF.

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged and the mutual promises contained herein, the parties agree to amend the MOU as follows:

1. Agreements of Metropolitan Government.

A. The Metropolitan Government shall pay the 2003 Budget Funds to MDHA only after the receipt of invoice(s) and any supporting information as may be requested by the Finance Department of the Metropolitan Government to demonstrate that the Budget Funds are used by NHF in accordance with Section 3A of this Second Amendment. All invoices shall be sent to Division of Accounts, Department of Finance, Metropolitan Courthouse, Nashville, TN 37201.

B. The payment of an invoice by the Finance Department of the Metropolitan Government shall not prejudice its right to object to or question any matter in relation thereto, and such payment by the Finance Department of the Metropolitan Government shall not be construed as approval of the expenditures covered therein. MDHA's invoice shall be subject to reduction or repayment of amounts therefore made which are determined by Metropolitan Government on the basis of audits not to constitute allowable expenditures.

2. Agreements of MDHA.

MDHA shall pay the 2003 Budget Funds to NHF only after the receipt of invoice(s) and any supporting information as may be requested by the Finance Department of the Metropolitan Government to demonstrate that the Budget Funds are used by NHF in accordance with Section 3A of this Second Amendment, and the receipt of the payment of the invoice from the Metropolitan Government. All invoices shall be sent to MDHA at 701 South Sixth Street, Nashville, Tennessee 37206. The payment of an invoice by MDHA shall not prejudice its right to object to or question any matter in relation thereto, and such payment by MDHA shall not be construed as approval of the expenditures covered therein. NHF's invoices shall be subject to reduction or repayment of amounts therefore made which are determined by MDHA on the basis of audits not to constitute allowable expenditures.

3. Agreements of NHF.

A. The 2003 Budget Funds shall be utilized by NHF as follows:

(i) \$45,000.00 to provide administrative support to the Nashville Homestead Corporation in awarding lots through the Urban Homestead Program (NHC), including staff salaries and fringe benefits, printing and postage, land transfer costs, sundry expenses and lot maintenance.

(ii) \$138,200.00 to provide administrative support the Front Door, a one-stop information, screening and evaluation service for approximately 1,200 low and moderate income persons who want to become home owners; the Downpayment Assistance Program for low and moderate income families purchasing a home in Davidson County; and the Development Loan Program, which provides low interest gap financing for affordable housing developers.

B. NHF shall provide MDHA with any invoices and any supporting information as may be requested by the Finance Department of the Metropolitan Government to demonstrate that the 2003 Budget Funds are used by NHF in accordance with Section 3A of this Second Amendment.

4. Term. The term of the MOU shall be for a period of thirty-six (36) months, commencing on July 1, 2000, and ending on June 30, 2003.

5. Miscellaneous Provisions.

A. The MOU, as amended by the First Amendment and by this Second Amendment, contains the entire agreement between the Metropolitan Government, MDHA and NHF. The MOU may be further modified only by written amendment that has been executed and approved by the appropriate parties as indicated on the signature page of this MOU.

B. Except as modified herein, all of the provisions of the MOU shall continue in full force and effect and are hereby ratified and affirmed.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, the said parties have hereunto set their signatures effective on the day and date set forth above.

THE METROPOLITAN GOVERNMENT
OF NASHVILLE AND DAVIDSON
COUNTY




Bill Purcell
Metropolitan County Mayor

METROPOLITAN DEVELOPMENT
AND HOUSING AGENCY



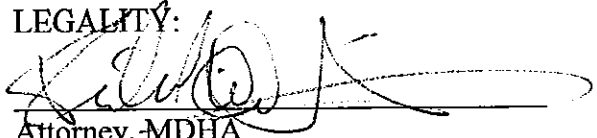
Phil Ryan, Executive Director

APPROVED AS TO AVAILABILITY OF
FUNDS:



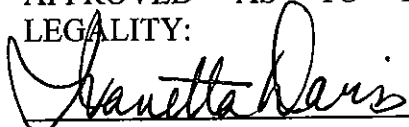
David Manning, Director of Finance

APPROVED AS TO FORM AND
LEGALITY:



Attorney, MDHA

APPROVED AS TO FORM AND
LEGALITY:



Janetta Davis
Metropolitan Attorney

NASHVILLE HOUSING FUND



Loretta Owens, Executive Director

FILED WITH THE METROPOLITAN
CLERK



Marilyn S. Swing, Metropolitan Clerk

ATTEST:



Freda H. Demme

DATE:

02/06/03