

NC Local Government Debt Setoff Clearinghouse Program

Housing Authority Rider

This Housing Authority Rider is hereby made a part of, and incorporated into, that Memorandum of Understanding and Agreement (the "Agreement") regarding the NC Local Government Debt Setoff Clearinghouse Program ("Program") entered into between the CLAIMANT AGENCY and the CLEARINGHOUSE, both designated below.

1. All capitalized and defined terms as set forth in the Agreement shall apply to this Housing Authority Rider.

2. CLAIMANT AGENCY hereby acknowledges that:

(a) In order to participate in the Program, CLAIMANT AGENCY is required to open an account with Capital Management of the Carolinas, LLC ("CMC") where funds collected through the Program are disbursed. CLAIMANT AGENCY is subject to certain investment policy restrictions as specified under various federal laws, rules and regulations and because the investment policies of CMC do not conform to those federal requirements, CLAIMANT AGENCY must seek and obtain permission from the US Department of Housing and Urban Development ("HUD") in order to participate in the Program. Additionally, in connection therewith, CLAIMANT AGENCY must comply with specific requirements relative to the transfer of funds from a CMC account to other accounts of the CLAIMANT AGENCY.

(b) NCGS 105A-2(6) authorizes CLAIMANT AGENCY, as a local agency under the ACT, to submit debts owed to it for setoff, provided that such debt has been reduced to a final judgment in favor of the CLAIMANT AGENCY.

(c) HUD is interpreting the term "judgment" as referenced in NCGS 105A-2(6) as a court's final determination of the rights and obligations of the parties in a case and is further requiring CLAIMANT AGENCY to obtain a final decision from a court, entered by a judge, for any debt before it can be submitted pursuant to the Program.

3. For purposes of the Agreement, the term DELINQUENT DEBT shall refer to only those debts owed to CLAIMANT AGENCY that have been reduced to a final judgment in its favor as specified in NCGS 105A-2(6) and as required by HUD.

4. CLAIMANT AGENCY, prior to submitting any DELINQUENT DEBT to CLEARINGHOUSE for set off, shall seek and obtain permission from HUD to participate in the Program.

5. CLAIMANT AGENCY further warrants that it will comply with the requirements of HUD and those set forth in NCGS 105A-2(6) as described above.

6. This Housing Authority Rider shall be effective as of the date of the Agreement.

CLAIMANT AGENCY

CLEARINGHOUSE

(Local Agency)

North Carolina Local Government
Debt Setoff Clearinghouse

By: _____
(Authorized Official)

By: _____
Paul A. Meyer
NC League of Municipalities

Attest: _____
(Clerk)

By: _____
Kevin Leonard
NC Association of County
Commissioners