

**Request for Proposals for Escrow and Real Estate Services
To support Community Development Block Grant Activities
Within the State of Texas**

CDM is requesting proposals from interested firms with the ability to provide the following escrow real estate related services in the State of Texas. Proposals will be evaluated on the basis of written materials. Proposers should submit one original and four (4) copies of the proposal along with a CD containing an electronic copy of the proposal. Proposals should be received at our offices by 3:00 p.m. on Thursday, February 25, 2010. Attention of bidders is particularly called to the requirements as to conditions of employment to be observed under the contract, Section 3, Segregated Facility, Section 109, Title VI and EO 11246. Proposals should be addressed to:

Steven Green
CDM
3050 Post Oak Boulevard, Suite 300
Houston Texas 77056

CDM reserves the right to reject any or all proposals. All proposals should be sealed and marked on the outside, "Escrow and Real Estate Services".

Written questions concerning the RFP should be addressed to Steve Green at greenesc@cdm.com.

CDM expects to select a firm to perform these services by Thursday, March 11 2010.

Proposer Qualifications

1. Proposer must be authorized in the State of Texas to perform the services proposed in this RFP
2. Proposer must provide documentation of financial responsibility and stability, including:
 - a. A current written bank reference, in the form of a standard signed and dated business letter, indicating that the proposer's business relationship with the financial institution is in positive standing; and
 - b. Evidence that proposer is licensed by the Texas Department of Insurance to provide the services described in this RFP. Vendor may be either title insurance agents or title insurance companies.

Required Services

The services that the selected firm will be asked to provide are generally described as follows:

- A. **Title Search and Examination** - Title Search in the county of the applicant's subject property, researching the status of title as to vesting ownership, open mortgages of record, open and applicable federal and state tax liens and payment of current and previous ad valorem taxes. Based on the Title Search results, the firm will render its title opinion on the insurability of the transaction. The title opinion will be delivered to CDM or its designated representative via electronic transmission. The title

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opinion will state if the particular transaction is “OK to Insure” or, if there is an impediment determined preventing insuring the transaction. The title opinion will state the reason(s) the transaction is not yet possible to insure. The firm will obtain tax certificates sufficient to enable a title company to issue an owner’s title policy of title insurance to insure that taxes have been paid for the prior year. The firm will issue a title commitment in accordance with rules and regulations of the Texas Department of Insurance

- B. **CREDCO** - Perform complete SSN investigations on all applicants (primary and joint) determining discrepancies that exist between each applicant’s name, Social Security number, date of birth (DOB) and commonly used addresses (based on credit reporting header records). In checking the names to SSN, checks will be made against data regarding previous identity fraud victims, deceased SSN persons, and SSN guidelines for if and when the numbers were issued. The firm will then issue its opinion on the insurability of the transaction as it pertains to the anti-fraud determination based on the results of the CREDCO transmission. The anti-fraud opinion will state if the particular transaction is “OK to Insure” or, if there is an impediment determined preventing the firm from insuring the transaction, the anti-fraud opinion will state the reason(s) the transaction is not yet possible to insure. If the anti-fraud opinion is that the transaction is not “OK to Insure”, then the firm will refer the issue to CDM or its designated representative for resolution. CDM will notify the firm via electronic transmission when the resolution has been completed.
- C. **Closings** - Once the firm has received authorization from CDM or its designated representative that a transaction is approved for closing and funding. The firm will coordinate the closing process based on written closing instructions from CDM or its designated representative. The firm will obtain payoff information on all open or existing mortgages or liens. After receipt of all mortgage and lien information described above, the firm will schedule the closing with all appropriate parties. The firm will prepare closing documents and will provide copies to the Homeowners prior to the scheduled closing for review by the Homeowners. The firm will request the funds necessary to close the transaction from CDM or its designated representative. The firm will provide Notary services at the closing locations and will oversee closing transaction. The firm will provide identity verification services at the signing, including reviewing on or more government photo IDs and obtaining the social security number, and date of birth of all required signatories. The firm will ensure that all appropriate parties are at the signing, that they have the proper authority to sign and that they sign all required documents. Throughout the closing process, the firm will make all reasonable accommodations for individuals with special needs pursuant to policies and requirements established by the program. The firm will provide CDM or its designated representative with copies of all executed documents,

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including the disbursement statement. The firm will record all required documents and will certify to the accuracy of the copies of the documents that are submitted to the county for recordation. The firm will deliver the required executed original documents to CDM or its designated representative and to the Disbursement Agent of Seller

- D. **Title Insurance** – The firm will issue a title policy insuring the appropriate client for each property that will be purchased. The firm may also offer title policies for a fee to individual applicants/property owners who would like to obtain such policies. The original policy insuring the client will be delivered to CDM or its designated representative following the recordation of executed documents. For the buyer’s policy, issuance of the insurance will be without defects as to marketability or the existence of any encumbrances. The policy shall be issued in the amount that represents the total sum paid for the acquisition of property. One (1) original and one (1) copy of the Title Policy are to be delivered to CDM with the recorded instrument of conveyance

- E. **Escrow Services** – The firm will receive funds from applicants to be used to pay contractors for program related activities. The funds are to be held in escrow until release of the funds is jointly authorized by CDM and the applicant. Released funds will be paid directly to construction contractors. The firm will maintain documentation as to all funds received and paid. The firm will provide a report on a monthly basis, all transactions and account balances and provide a reconciliation of payments and disbursements to the clearing account.

- F. **Consultation** – The firm will make available personnel with expert knowledge in Texas real estate law and regulations for consultation with CDM in the design and implementation of the program policies, procedures, documents, forms, and processes.

Pricing

Proposers must complete the following table showing their proposed per unit cost for each service above with the exception of Consultation which must be provided on an hourly basis. The proposers must then multiply the unit or hourly cost by the number of estimated units to come up with cost for that service. Each cost of service will then be added together to compute a total cost. The total cost will then be used as the basis for awarding points as described in the Scoring section below. The number of units estimated below is based on expected volume but CDM does not guarantee this volume.

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| Description | Proposed Unit Cost | Estimated Units | Cost of Service |
|------------------------------|--------------------|-----------------|-----------------|
| Title Search and Examination | | 75 | |
| CREDCO | | 2,500 | |
| Closing | | 75 | |
| Title Insurance | | 75 | |
| Escrow Services | | 1,200 | |
| Consultation | \$ Per Hour | 250 | |
| | | Total | |

Scoring

Proposals will be evaluated and ranked on the basis of the following considerations:

| | |
|---|------------|
| Experience with Disaster Recovery and CDBG projects | 20 |
| Experience on Similar Projects | 20 |
| Experience of Proposed Personnel | 20 |
| Familiarity with Local Context | 10 |
| Cost | <u>30</u> |
| | 100 points |

Points for Cost will be awarded using the following computation

$$b/a * 30 \text{ points} = \text{points awarded this proposal}$$

a – Proposers Total Cost of Services

b – Lowest Proposed Cost of Service

METHOD OF CONTRACT

CDM intends to select a single firm to fulfill this role. The method of contract will be an indefinite quantity, indefinite delivery (IDIQ) task order contract. Specific assignments will be issued by written task orders issued against the contract at a level of effort mutually agreed between the parties.

DESIRED QUALIFICATIONS

A. Substantial knowledge and experience in the interpretation of laws as they relate to real-estate in the state of Texas State.

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- B. Substantial knowledge and experience in the interpretation of state and federal laws as they relate to the housing development, Federal grant programs in particular CDBG and HUD .
- C. Substantial experience in working with Title Search and Examination.
- D. Experience in Title and closing issues related to disaster recovery.

PROPOSAL REQUIREMENTS

Firms interested in responding to this solicitation shall submit qualifications and experience of the firm providing the required services, and the resumes of the proposed staff. Experience with CDBG requirements must be demonstrated in the proposal. Proposals must contain a separate section for each scoring area (except for Cost) which must contain a description of their qualifications in that area with a listing of specific projects completed or on-going, dates of services, and a description of the service provided.

The Selected firm will be required to comply with all federal requirements as identified in Exhibit B which includes the following requirements:

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THIS IS AN AGREEMENT made as of _____, 2010, between Camp Dresser and McKee, Inc. (PROGRAM ADMINISTRATOR) and _____ (SUBCONTRACTOR).

PROGRAM ADMINISTRATOR has made an agreement dated _____, with _____ (OWNER), which is herein referred to as the Prime Agreement and which provides for PROGRAM ADMINISTRATOR's performing professional services in connection with the Project described therein. PROGRAM ADMINISTRATOR hereby engages SUBCONTRACTOR to perform for PROGRAM ADMINISTRATOR certain of those services in connection with said Project in accordance with the terms and conditions of this Agreement between PROGRAM ADMINISTRATOR and SUBCONTRACTOR hereinafter referred to as "this Agreement." A copy of all necessary portions of the Prime Agreement pertinent to SUBCONTRACTOR's responsibilities, compensation and timing of services hereunder will be made available. The Project is described in the Prime Agreement as follows:

The part of the Project for which SUBCONTRACTOR is to perform services is hereinafter called "This Part of the Project" and is generally described as follows:

PROGRAM ADMINISTRATOR is the prime professional with respect to SUBCONTRACTOR's services to be performed under this Agreement and is responsible for coordinating SUBCONTRACTOR's services with the services of others involved in the Project. SUBCONTRACTOR is PROGRAM ADMINISTRATOR's independent subcontractor for This Part of the Project, and shall be responsible for the means and methods used in performing subcontractor services under this Agreement, and is not a joint-venture with PROGRAM ADMINISTRATOR. PROGRAM ADMINISTRATOR shall be the general administrator and coordinator of the professional services for the Project, and shall facilitate the exchange of information among the independent professional associates and subcontractors retained by PROGRAM ADMINISTRATOR for the Project as necessary for the coordination of their services.

PROGRAM ADMINISTRATOR and SUBCONTRACTOR agree as set forth below:

ARTICLE 1 - BASIC SERVICES OF SUBCONTRACTOR

SUBCONTRACTOR shall provide for PROGRAM ADMINISTRATOR the basic subcontracting services described in detail in paragraph 1, Basic Services of Exhibit A "Description of Basic Subcontractor Services and Related Matters" within the time periods stipulated therein. The SUBCONTRACTOR shall at SUBCONTRACTOR's own

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expense obtain all data and information other than that referred to in paragraphs 3.1, 3.2 and 3.6 necessary for the performance of SUBCONTRACTOR's services. SUBCONTRACTOR is responsible to see that the documents prepared by SUBCONTRACTOR and the services SUBCONTRACTOR renders hereunder conform to the applicable laws, rules, regulations, ordinances, codes, orders and special requirements of the place where the Project is located. All of SUBCONTRACTOR's communications to or with OWNER or PROGRAM ADMINISTRATOR's other independent professional associates and subcontractors will be through or with the knowledge of PROGRAM ADMINISTRATOR.

ARTICLE 2 - SPECIAL SERVICES OF SUBCONTRACTOR

If authorized in writing by PROGRAM ADMINISTRATOR, SUBCONTRACTOR shall provide Special Services which are in addition to Basic Services. To the extent that the Special Services have been identified at the time of signing this Agreement, they are itemized in paragraph 1 of Exhibit A "Description of Basic Subcontractor Services and Related Matters." Special Services will be paid for by PROGRAM ADMINISTRATOR as indicated in paragraph 3 thereof. As further Special Services are requested by PROGRAM ADMINISTRATOR, this Agreement will be supplemented to describe them and indicate the method of compensation therefore.

ARTICLE 3 - PROGRAM ADMINISTRATOR'S RESPONSIBILITIES

PROGRAM ADMINISTRATOR shall do the following in a timely manner so as not to delay the services of SUBCONTRACTOR:

- 3.1. Provide all criteria and full information as to OWNER's and PROGRAM ADMINISTRATOR's requirements for This Part of the Project, including design, policy and procedure objectives and constraints, space, capacity and performance requirements, flexibility and expandability, and any budgetary limitations.
- 3.2. Make available to SUBCONTRACTOR schedules, program design, policies, procedures, and other information, interpretations and data which were prepared by PROGRAM ADMINISTRATOR, or by others which are available to PROGRAM ADMINISTRATOR, and which PROGRAM ADMINISTRATOR and SUBCONTRACTOR consider pertinent to SUBCONTRACTOR's responsibilities hereunder, on all of which SUBCONTRACTOR may rely in performing services hereunder except as may be specifically noted otherwise in writing.
- 3.3. Request OWNER to arrange for access to and make all provisions for SUBCONTRACTOR to enter upon public and private property as required for SUBCONTRACTOR to perform services under this Agreement.

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- 3.4. Advise SUBCONTRACTOR of the identity of other independent professional associates or subcontractors participating in the design or administration of the Project and the scope of their services.
- 3.5. The information and services to be provided by PROGRAM ADMINISTRATOR under this Article 3 will be without cost to SUBCONTRACTOR.

ARTICLE 4 - PERIOD OF SERVICE

SUBCONTRACTOR recognizes that the services of PROGRAM ADMINISTRATOR and others involved in the Project are dependent upon the timely performance of SUBCONTRACTOR's services. Unless otherwise provided in Exhibit A, "Description of Basic Subcontractor Services and Related Matters," or elsewhere in this Agreement, SUBCONTRACTOR shall perform such services in the same character, timing and sequence as PROGRAM ADMINISTRATOR is required to perform services under the Prime Agreement. Specific periods of time for rendering services or specific dates by which services are to be completed are set forth in paragraph 2 of Exhibit A, "Description of Basic Subcontractor Services and Related Matters."

ARTICLE 5 - PAYMENTS TO SUBCONTRACTOR

5.1. Method of Payment

PROGRAM ADMINISTRATOR shall pay SUBCONTRACTOR for Basic Services rendered under Article 1 as more particularly described in paragraph 1 of Exhibit A "Description of Basic Subcontractor Services and Related Matters" with compensation computed as indicated in paragraph 3 of said Exhibit A; and shall pay SUBCONTRACTOR for Special Services rendered under Article 2 on the basis indicated in paragraph 3 of said Exhibit A.

5.2. Future Adjustment

If the general scope, extent or character of This Part of the Project is changed materially through no fault of SUBCONTRACTOR, the amount of compensation provided for herein shall be subject to equitable adjustment.

5.3. Times of Payment

Payments to SUBCONTRACTOR shall be made in accordance with this paragraph 5.3.

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- 5.3.1. SUBCONTRACTOR shall submit monthly statements for services rendered. If PROGRAM ADMINISTRATOR objects to any statement submitted by SUBCONTRACTOR, PROGRAM ADMINISTRATOR shall so advise SUBCONTRACTOR giving reasons therefore. "Payment of any invoice by PROGRAM ADMINISTRATOR, or submittal of invoice to OWNER by PROGRAM ADMINISTRATOR, shall not imply approval or acceptance of the services by the PROGRAM ADMINISTRATOR."
- 5.3.2. PROGRAM ADMINISTRATOR shall bill OWNER monthly on account of SUBCONTRACTOR's services and expenses and shall pay SUBCONTRACTOR within twenty-one (21) days of the time PROGRAM ADMINISTRATOR receives payment from OWNER on account thereof. It is intended that payments to SUBCONTRACTOR will be made as PROGRAM ADMINISTRATOR is paid by OWNER under the Prime Agreement and that PROGRAM ADMINISTRATOR shall exert reasonable and diligent efforts to collect prompt payment from OWNER.

ARTICLE 6 - GENERAL CONSIDERATIONS

6.1. Termination

- 6.1.1. The obligation to provide further services under this Agreement may be terminated by SUBCONTRACTOR upon thirty (30) days' written notice to PROGRAM ADMINISTRATOR in the event of substantial failure by PROGRAM ADMINISTRATOR to perform in accordance with the terms hereof through no fault of SUBCONTRACTOR. It may also be terminated by PROGRAM ADMINISTRATOR without cause or for PROGRAM ADMINISTRATOR's convenience upon seven (7) days' written notice certified return receipt to SUBCONTRACTOR.
- 6.1.2. This Agreement will terminate automatically upon termination of the Prime Agreement.
- 6.1.3. In the event of any termination per Section 6.1.1 or 6.1.2, and if PROGRAM ADMINISTRATOR has received an acceptable statement from SUBCONTRACTOR, SUBCONTRACTOR will be paid on the basis shown in Exhibit A, "Description of Basic Subcontractor Services and Related Matters" for all unpaid services performed to the date of termination. PROGRAM ADMINISTRATOR shall not be obligated to pay SUBCONTRACTOR any other termination expenses. PROGRAM ADMINISTRATOR releases SUBCONTRACTOR from liability for work not completed due to a termination per Section 6.1.1 or 6.1.2.

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6.1.4 This Agreement may also be terminated by PROGRAM ADMINISTRATOR for cause, including, but not limited to, SUBCONTRACTOR's failure to perform the services required for reasons that are not beyond SUBCONTRACTOR's control or SUBCONTRACTOR's breach of any of the terms or conditions of this Agreement, provided that PROGRAM ADMINISTRATOR has given SUBCONTRACTOR written notice of its failure of performance or breach and SUBCONTRACTOR has failed to cure the identified deficiencies within fourteen (14) days of its receipt of such notice. In such event, the SUBCONTRACTOR shall be deemed in default. In the event of such default, PROGRAM ADMINISTRATOR may terminate this Agreement immediately and shall have no obligation to make any further payment to SUBCONTRACTOR.

6.1.5 Either party may terminate this Agreement upon the written notification to the other party of an organizational conflict of interest ("OCI") applicable to PROGRAM ADMINISTRATOR or to SUBCONTRACTOR, or in the case of SUBCONTRACTOR, an impairment of its independence. Prior to the termination of this Agreement, the parties shall meet to discuss and make a good faith effort to resolve any OCI or impairment of independence; provided that the party with the OCI or impairment of independence is not required to disclose information the disclosure of which is prohibited by law or contract.

6.2. Records

6.2.1. Fiscal record of SUBCONTRACTOR pertinent to SUBCONTRACTOR's compensation and payments under this Agreement will be kept in accordance with Exhibit C, Section B and will not be disposed of by SUBCONTRACTOR for five (5) years after project closeout.

6.2.2. SUBCONTRACTOR shall maintain all records (fiscal and other) on file in legible form. A copy of these shall be available to PROGRAM ADMINISTRATOR at SUBCONTRACTOR's reasonable expense and the originals shall not be disposed of by SUBCONTRACTOR for a minimum of five (5) years after project closeout.

6.2.3. SUBCONTRACTOR's records will be available for examination and audit during normal business hours with five (5) days prior written notice.

6.3. Insurance and Indemnification

6.3.1. SUBCONTRACTOR agrees and shall submit evidence to the PROGRAM ADMINISTRATOR before beginning work on This Part of the Project that SUBCONTRACTOR has procured and will maintain Workers Compensation, Commercial General and Contractual Liability, Commercial Automobile

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Liability, and Professional Liability insurance coverage, with limits at or above those described below or those described in the Prime Agreement, whichever is greater. Any insurance on a "claims made" basis shall be maintained for at least two (2) years after completion of the Work or any time period required by the Prime Contract, whichever is longer.

Prior to the commencement of This Part of the Project, SUBCONTRACTOR shall provide PROGRAM ADMINISTRATOR with certificates of insurance evidencing the required insurance. Such certificates shall be issued by an insurance carrier(s) acceptable to PROGRAM ADMINISTRATOR and shall be endorsed to include: (1) PROGRAM ADMINISTRATOR and OWNER as additional insureds on the Commercial General Liability Policies Policy; and (2) thirty (30) days prior written notice of cancellation in any of the coverages; (3) a waiver of subrogation on the Commercial General Liability, Commercial Automobile Liability and Workers Compensation Policies and (4) be attached as Exhibit B to this Agreement.

MINIMUM REQUIRED INSURANCE

- | | | |
|---|---|-------------------------------|
| 1. Workers Compensation | - | Statutory |
| Employer's Liability | - | \$1,000,000 per occurrence |
| 2. Commercial General & Contractual Liability* | | |
| Bodily Injury | - | \$1,000,000 per occurrence |
| | | -\$1,000,000 in the aggregate |
| Property Damage- | | \$1,000,000 per occurrence |
| - | | \$1,000,000 in the aggregate |
| Personal Injury- | | \$1,000,000 in the aggregate |
| 3. Commercial Automobile Liability Coverage for all hired and non-owned vehicles; | | |
| Bodily Injury | - | \$1,000,000 per occurrence |
| | - | \$1,000,000 in the aggregate |
| Property Damage | - | \$1,000,000 per occurrence |

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| | | |
|---------------------------|---|------------------------------|
| | - | \$1,000,000 in the aggregate |
| 4. Professional Liability | - | \$500,000 per claim |
| | - | \$1,000,000 in the aggregate |

* Including, when site visitation is required, XCU (explosion, collapse, and underground) hazard coverage and premises operations, independent contractors, products, completed operations, contractual, personal injury (with employee exclusion deleted) and property damage coverages.

In the event SUBCONTRACTOR fails to obtain or maintain any insurance coverage required under this Agreement, PROGRAM ADMINISTRATOR may terminate this Agreement for cause.

6.3.2. SUBCONTRACTOR shall also cause other independent professional associates and subcontractors retained by SUBCONTRACTOR for the Project to procure and maintain the same insurance coverages with endorsements.

6.3.3. SUBCONTRACTOR shall indemnify and save harmless and defend the OWNER, PROGRAM ADMINISTRATOR, its agents, servants and employees from and against any claim, demand or cause of action of every name or nature for death, bodily injury, or damage to tangible property arising out of the error, omission or negligent act of the SUBCONTRACTOR, its subcontractors, agents, servants or employees in the performance of services under this Agreement. The indemnification provided by this Article 6.4.3 shall in no way be limited by the minimum required insurance identified above.

6.3.4 In the event HUD, TDHCA, or TDRA determines through investigations and/or monitoring that any payment or reimbursement to PROGRAM ADMINISTRATOR is ineligible or disallowed as a result of SUBCONTRACTOR's negligence, willful misconduct, or intentional fraud, and after all appeals to HUD, TDHCA, or TDRA have been exhausted to correct the deficiency SUBCONTRACTOR shall immediately and without delay fully reimburse PROGRAM ADMINISTRATOR, and PROGRAM ADMINISTRATOR will reimburse HUD, TDHCA or TDRA for disallowed or ineligible costs. If HUD, TDHCA or TDRA informs PROGRAM ADMINISTRATOR that it is required to refund moneys previously awarded or drawn down from the U.S. Treasury, in reference to this agreement, as a result of SUBCONTRACTOR's negligence, willful misconduct, or intentional fraud, and after all appeals to HUD, TDHCA or TDRA have been exhausted, to correct the deficiency SUBCONTRACTOR agrees to pay an equal amount to PROGRAM ADMINISTRATOR

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prior to the demand date of payback. In no event shall either party be liable for consequential, special, indirect, incidental, punitive or exemplary damages, costs, expenses, or losses (including, without limitation, lost profits and opportunity costs). Liability will be shared among parties based on each party's proportionate responsibility for the occurrence of such a claim for reimbursement.

6.4. Successors and Assigns

6.4.1. PROGRAM ADMINISTRATOR and SUBCONTRACTOR each is hereby bound, and the partners, successors, executors, administrators, and legal representatives of each and to the extent permitted by paragraph 6.5.2 the assigns of PROGRAM ADMINISTRATOR and SUBCONTRACTOR are hereby bound, to the other party to this Agreement and to the partners, successors, executors, administrators, and legal representatives (and said assigns) of such other party, in respect of all covenants, agreements and obligations of this Agreement.

6.4.2. Neither PROGRAM ADMINISTRATOR nor SUBCONTRACTOR shall assign, sublet or transfer any rights under or interest in this Agreement (including, but without limitation, moneys that may become due or moneys that are due) without the written consent of the other, except to the extent that any assignment, subletting or transfer is mandated by law or the effect of this limitation may be restricted by law. Unless specifically stated to the contrary in any written consent to an assignment, no assignment will release or discharge the assignor from any duty or responsibility under this Agreement.

6.4.3. Nothing under this Agreement shall be construed to give any rights or benefits in this Agreement to anyone other than PROGRAM ADMINISTRATOR and SUBCONTRACTOR and all duties and responsibilities undertaken pursuant to this Agreement will be for the sole benefit of PROGRAM ADMINISTRATOR and SUBCONTRACTOR and not for the benefit of any other party.

6.5. Delegation of Duties

If in this Agreement it is stated that the services of SUBCONTRACTOR are to be performed by one or more specified individuals within SUBCONTRACTOR's organization, only the individuals so specified shall perform services hereunder and their duties shall not be delegated to any other individual or entity without the written consent of PROGRAM ADMINISTRATOR. SUBCONTRACTOR may employ such other independent professional associates and subcontractors as SUBCONTRACTOR may deem appropriate for

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assistance in the performance of services hereunder with the prior written consent of PROGRAM ADMINISTRATOR.

6.7. Nondiscrimination and Affirmative Action

In connection with its performance under this Agreement, SUBCONTRACTOR shall not discriminate against any employee or applicant for employment because of race, color, creed, religion, age, sex, marital status, sexual orientation or affectional preference, national origin, ancestry, citizenship, physical or mental handicap or because he or she is a disabled veteran or veteran of the Vietnam era. SUBCONTRACTOR shall take affirmative action to ensure that qualified applicants are employed and that employees are treated during employment without regard to their race, color, creed, religion, age, sex, marital status, sexual orientation or affectional preference, national origin, ancestry, citizenship, physical or mental handicap or because he or she is a disabled veteran or veteran of the Vietnam era. Such actions shall include recruiting and hiring, selection for training, promotion, fixing rates or other compensation, benefits, transfers and layoff or termination.

6.8. Confidentiality

All services performed by the SUBCONTRACTOR, including but not limited to all drafts, data, correspondence, proposals, reports, and estimates compiled or composed by the SUBCONTRACTOR, pursuant to this Agreement, are for the sole use of the PROGRAM ADMINISTRATOR and OWNER, their agents and employees. Neither the documents nor their contents shall be released to any third party without the prior written consent of the PROGRAM ADMINISTRATOR and OWNER, except for disclosures that are required by law, legal process, or to fulfill professional standards and obligations. .

In addition, SUBCONTRACTOR shall not grant any interviews or make any written or oral statements to any news media representatives regarding the project nor publish any article or make any presentation concerning the Project or services performed by SUBCONTRACTOR without the prior written consent of the PROGRAM ADMINISTRATOR and OWNER.

6.9. Governing Law

This Agreement shall be governed by the laws of the State of Texas.

6.10. Dispute Resolution

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In the event of any dispute between the parties arising out of or in connection with the contract or the services or work contemplated herein; the parties agree to first make a good faith effort to resolve the dispute informally. Negotiations shall take place between the designated principals of each party. If the parties are unable to resolve the dispute through negotiation within 45 days, then either party may give written notice within 10 days thereafter that it elects to proceed with non-binding mediation pursuant to the commercial mediation rules of the American Arbitration Association. In the event that mediation is not invoked by the parties or that the mediation is unsuccessful in resolving the dispute, then either party may submit the controversy to binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association.

Either party may seek to enforce any written agreement reached by the parties during mediation, or to confirm and enforce any final award entered in arbitration, in any court of competent jurisdiction in the State of Texas.

Notwithstanding the agreement to such procedures, either party may seek equitable relief to enforce its rights in any court of competent jurisdiction in the State of Texas.

Each party shall be responsible for its own costs and expenses including attorneys' fees and court costs incurred in the course of any dispute, mediation, arbitration, or legal proceeding. The fees of the mediator or arbitrator and any filing fees shall be shared equally by the parties.

ARTICLE 7 - SPECIAL PROVISIONS, EXHIBITS AND SCHEDULES

7.1. Special Provisions

This Agreement is subject to the following special provisions:

7.1. SUBCONTRACTOR is subject to the mandatory flow down provisions in the Prime Agreement.

7.2. Exhibits and Schedules

The following Exhibits are attached to and made a part of this Agreement:

7.2.1. Exhibit A - Description of Basic Subcontractor Services.

7.2.2. Exhibit B - Copy of SUBCONTRACTOR's insurance certification and endorsements.

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7.2.3. Exhibit C - CDBG Program Requirements

7.3. This Agreement together with the Exhibits identified above constitute the entire agreement between PROGRAM ADMINISTRATOR and SUBCONTRACTOR and supersede all prior written or oral understandings. Unless otherwise provided herein, this Agreement and said Exhibits and schedules may only be amended, supplemented, modified or canceled by a duly-executed written instrument.

EXHIBIT B
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CDBG Program Requirements

A. Payment for Eligible Expenses

The SUBCONTRACTOR understands and agrees that the PROGRAM ADMINISTRATOR shall reimburse the SUBCONTRACTOR for only those costs associated with work that have been authorized by PROGRAM ADMINISTRATOR and costs that are eligible under applicable federal rules, regulations, cost principles, and other requirements relating to reimbursement with HUD grant funds. No reimbursement shall be made for goods and services received by the SUBCONTRACTOR as in-kind contributions from third parties for assistance to the Program.

B. Maximum Amount to be Paid

It is expressly agreed and understood that the total amount to be paid by the PROGRAM ADMINISTRATOR under this Agreement shall not exceed the amount shown in **Exhibit __** or as revised by Amendment to Agreement.

C. Payment Contingent on Receipt of Funds from HUD, TDHCA, or TDRA

It is expressly understood that the PROGRAM ADMINISTRATOR has no funds for the payment of services to be rendered under this Agreement, and the PROGRAM ADMINISTRATOR payment obligation under this Agreement is contingent upon receipt of funds from HUD through the State of Texas via the TDRA and the TDHCA, by virtue of the above mentioned grant(s). Accordingly, notwithstanding anything herein to the contrary, the maximum liability of the PROGRAM ADMINISTRATOR or County under this Agreement shall not exceed the amount shown in **Exhibit A**, or the amount actually received by the County from HUD/State pursuant to the grant, whichever is less, and the SUBCONTRACTOR, by execution of this Agreement, acknowledges its understanding of this fact.

D. Repayment of Ineligible Payments

In the event HUD, TDHCA, or TDRA determines through investigations and/or monitoring that any payment or reimbursement to SUBCONTRACTOR is ineligible or disallowed, the SUBCONTRACTOR shall immediately and without delay fully reimburse program administrator. If HUD, TDHCA, or TDRA informs county or program administrator that it is required to refund moneys previously awarded or drawn down from the U.S. Treasury in reference to this agreement, as a result of SUBCONTRACTOR's negligence, willful misconduct, or intentional fraud, the SUBCONTRACTOR agrees to pay an equal amount to county, through program administrator, prior to the demand date of payback.

GENERAL CONDITIONS

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CDBG Program Requirements

A. Compliance

The SUBCONTRACTOR shall comply with all applicable Federal, state and local laws and regulations governing the funds provided under this Agreement, governing the review and coordination of federally assisted programs and projects. Failure to adhere to these conditions or with any provision of this Agreement may result in the PROGRAM ADMINISTRATOR or COUNTY taking one of the following actions: withholding funds; and termination of this Agreement.

B. Travel

The SUBCONTRACTOR must comply with the appropriate travel guidelines for any travel paid for with funds provided under this Agreement.

C. Relocation, Acquisition and Displacement

The SUBCONTRACTOR agrees to comply with 24 C.F.R. § 570.606 relating to the acquisition and disposition of all real property utilizing grant funds, and to the displacement of persons, businesses, non-profit organizations and farms occurring as a direct result of any acquisition of real property utilizing grant funds. The SUBCONTRACTOR shall comply with applicable CSD Procedures and Policies concerning displacement of individuals from their residences, including the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.

D. Ownership of Documents, Copyright

All documents and data produced under this Agreement are the property of the County. If this Agreement results in any copyrightable material, the County reserves the right to royalty-free, non-exclusive and irrevocable license to reproduce, publish or otherwise use the work. In addition, the County may authorize others to use the work.

ADMINISTRATIVE REQUIREMENTS

A. Financial Management

The SUBCONTRACTOR shall adhere to generally accepted accounting principles and procedures and maintain all source documentation for all costs incurred under this Agreement.

B. Record-Keeping, Reports, and Audits

1. Records to be maintained

The SUBCONTRACTOR shall maintain all records required by this Agreement, records required by 24 C.F.R. § 570.506 and records that are pertinent to the activities to be funded under this Agreement, including but not be limited to:

- a. Financial standards, as required by 24 C.F.R. § 570.502; and

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CDBG Program Requirements

- b. Other records necessary to document compliance with Subpart K of 24 C.F.R. Part 570.

2. Retention
The SUBCONTRACTOR shall retain all records pertinent to expenditures incurred under this Agreement for a period of five (5) years after the termination of all activities funded under this Agreement, or after the resolution of all Federal audit findings, whichever occurs later. Records for non-expendable property acquired with funds under this Agreement shall be retained for five (5) years after final disposition of such property.

3. Reports
The SUBCONTRACTOR, at such times and in such forms as the PROGRAM ADMINISTRATOR may require, shall furnish the PROGRAM ADMINISTRATOR with such periodic reports as it may request pertaining to the work or services undertaken pursuant to this Agreement, the costs and obligations incurred or to be incurred in connection therewith, and any other matters covered by this Agreement.

4. The SUBCONTRACTOR shall cooperate fully with any audit, review, or investigation of the CDBG Program by TDHCA or any state or federal body lawfully conducting such audit, review or investigation and shall give the United States Department of Housing and Urban Development, the Inspector General, the General Accounting Department, the Auditor of the State of Texas, an Department or agency of the state of Texas, and TDHCA, or any of their duly authorized representatives, access to and the right to examine all books, accounts, records, reports, files and other papers, things, or property belonging to or in use by the Subcontractor pertaining to this Agreement. The SUBCONTRACTOR agrees to maintain such records in an accessible location and to provide citizens reasonable access to such records consistent with the Texas Public Information Act.

GENERAL REQUIREMENTS

A. Civil Rights

1. Compliance

The SUBCONTRACTOR agrees to comply with Title VI of the Civil Rights Act of 1964 as amended; Title VIII of the Civil Rights Act of 1968 as amended; Section 109 of Title 1 of the Housing and Community Development Act of 1974; Section 504 of the Rehabilitation Act of 1973; the Americans with Disabilities Act of 1990; the Age Discrimination Act of 1975; Executive Order 11063; Executive Order 11246, as amended by Executive Orders 11375 and 12086; and all other applicable requirements of 24 C.F.R. Part 570, Subpart K.

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The SUBCONTRACTOR agrees to comply with any Federal regulations issued pursuant to Section 504 of the Rehabilitation Act of 1973, which prohibits discrimination against the handicapped in any federally assisted program. _____ shall provide the Subcontractor with any guidelines necessary for compliance with that portion of the regulations during the term of this Agreement.

2. Nondiscrimination

The SUBCONTRACTOR will not discriminate against any employee or applicant for employment because of race, color, creed, religion, ancestry, national origin, sex, disability or other handicap, age, marital status, or status with regard to public assistance. The SUBCONTRACTOR shall take affirmative action to insure that all employment practices are free from such discrimination. Such employment practices include but are not limited to the following: hiring, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff, termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. The Subcontractor agrees to post, in conspicuous places, available to employees and applicants for employment, notices to be provided by the Subcontractor setting forth the provisions of this nondiscrimination clause. The SUBCONTRACTOR shall also abide by Title IX of the Education Amendments of 1972 (20 U.S.C.A. 1681 *et seq.*) which prohibits sex discrimination in federally assisted education programs.

B. Affirmative Action

1. Approved Plan

The SUBCONTRACTOR agrees that it shall be committed to carry out, pursuant to _____'s specifications, an Affirmative Action Program in keeping with the principles as provided in President's Executive Order 11246 of September 24, 1965. _____ shall provide Affirmative Action guidelines to the Subcontractor to assist in the formulation of such program, upon request.

2. Women/Minority Business Enterprise

The SUBCONTRACTOR shall use its best efforts to afford minority- and women-owned business enterprises the maximum practicable opportunity to participate in the performance of this Agreement. As used in this Agreement, the term "minority and women business enterprise" means a business at least fifty-one (51) percent owned and controlled by minority group members or women. For the purpose of this definition, "minority group members" are Afro-Americans, Spanish-speaking, Spanish surnamed or Spanish-heritage Americans, Asian Americans, and American Indians. The SUBCONTRACTOR may rely on written representations by businesses regarding their status as minority and women business enterprises in lieu of an independent investigation.

3. Notifications

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CDBG Program Requirements

The SUBCONTRACTOR shall send to each labor union or representative of workers with which it has a collective bargaining agreement or other agreement or understanding, a notice, to be provided by the agency contracting officer, advising the labor union or worker's representative of the SUBCONTRACTOR's commitments hereunder, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

4. EEO/AA Statement

The SUBCONTRACTOR shall, in all solicitations or advertisements for employees placed by or on behalf of the SUBCONTRACTOR, state that it is an Equal Opportunity or Affirmative Action Employer, as applicable.

5. Grievance

The SUBCONTRACTOR shall establish and maintain written procedures to address grievances or complaints of employees or Program participants under this Agreement. The SUBCONTRACTOR's written procedures should provide for employees or participants to contact CSD only after the complainant has exhausted the SUBCONTRACTOR's internal procedures, The SUBCONTRACTOR shall notify all employees and Program participants of its grievance procedure. Such notification must include the telephone number to reach CSD. The SUBCONTRACTOR shall immediately notify CSD of all grievances or complaints received by the SUBCONTRACTOR.

C. Labor Standards

1. OSHA

Where employees are engaged in activities not covered under the Occupational Safety and Health Act of 1970, they shall not be required or permitted to work, be trained, or receive services in buildings or surroundings or under working conditions which are unsanitary, hazardous or dangerous to the participant's health or safety.

2. Drug Free Workplace

All profit or non-profit agencies or organizations receiving state or Federal grant funds under the official sponsorship of the County must certify, on an annual basis, their compliance with the requirements of the "Drug Free-Workplace Act of 1988." Employees are specifically prohibited from manufacturing, distributing, possessing, purchasing, and using illegal drugs or controlled substances in the workplace or in any other facility, location or transport in which the employee is required to be present in order to perform his or her job function.

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Request for Proposals for Escrow and Real Estate Services
CDBG Program Requirements

D. Prohibited Activity

The SUBCONTRACTOR is prohibited from using CDBG funds or personnel employed in the administration of the Program for political activities, sectarian/religious activities, lobbying, political patronage, and/or nepotism activities.

1. Hatch Act

The SUBCONTRACTOR agrees that no funds provided, nor personnel employed under this Agreement, shall be in any way or to any extent engaged in the conduct of political activities in violation of Chapter 15 of Title V United States Code.

1. Religious Organization

The SUBCONTRACTOR agrees that funds provided under this Agreement shall not be utilized for religious activities, to promote religious interests, or for the benefit of a religious organization, in accordance with the Federal regulations specified in 24 C.F.R. § 570.200.

2. Lobbying

The undersigned certifies to the best of its knowledge and belief that:

- a) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an department or employee of an agency, a member of congress, an department or employee of Congress, or an employee of a member of Congress in connection with the awarding of any Federal contract, the making of nay Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
- b) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an department or employee of any agency, a member of Congress, an department or employee of Congress, or an employee of a member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit standard form – LLL, “Disclosure Form to Report Lobbying” in accordance with its instructions.

This certification is a material representation of which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31 U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 for each such failure.

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E. False Claims

The SUBCONTRACTOR shall abide by 18 U.S.C.A. 286, which provides for conspiracy to defraud the Federal Government with Respect to Claims. In addition, the SUBCONTRACTOR shall also abide by the False Claims Act (31 U.S.C.A. 3729 *et seq.*); 18 U.S.C.A. 287 relating to False, Fictitious and Fraudulent Claims; 18 U.S.C.A. 245, as amended, relating to Federally Protected Activities; 18 U.S.C.A. 1001, as amended, regarding General Statements or Entries; the Program Fraud Civil Remedies Act (31 U.S.C.A. 3801 *et seq.*); the Federal Claims Collection Act of 1966 (31 U.S.C.A. 3701, 3711, 3716 to 3718), as amended by the Derby Collection Act of 1982; the Meritorious Claims Act (31 U.S.C.A. 3702); the Tucker Act (28 U.S.C.A. 1346, 1491 and 2501 *et seq.*); the Wunderlich Act (41 U.S.C.A. 321-322); the Anti-Deficiency Act (31 U.S.C.A. 1341 *et seq.*); and Section 208(a) of the Intergovernmental Personnel Act of 1970, as amended.

F. Conflict of Interest

1. SUBCONTRACTOR will maintain a written code of standards of conduct governing the performance of their employees engaged in the award and administration of contracts. No employee, officer or agent of the SUBCONTRACTOR shall participate in selection, or in the award or administration of a contract supported by Federal funds if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when:
 - (i) The employee, officer or agent,
 - (ii) Any member of his immediate family,
 - (iii) His or her partner, or
 - (iv) An organization which employs, or is about to employ, any of the above, has a financial or other interest in the firm selected for award. The SUBCONTRACTOR's officers, employees or agents will neither solicit nor accept gratuities, favors or anything of monetary value from contractors, potential contractors, or parties to sub-agreements.

The SUBCONTRACTOR shall comply with Chapter 171, Texas Local Government Code and 24 CFR 570.489(h) of the Federal regulations.

2. In all cases not governed by Subsection 1 of this Section G, no person specified in Subsection 3 of this Section G, who exercise or have exercised any function of responsibilities with respect to the activities assisted under this contract or any other CDBG contract or who are in position to participate in the decision making process or gain inside information in regard to such activities, may obtain a financial interest or benefit from the activity , or have an interest or benefit from the activity, or have any interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder,

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either for themselves or those with whom with they have family or business ties during their tenure or for one year thereafter.

3. The conflict of interest provisions of Subsection 2 of this Section G apply to any person who is an employee, agent, consultant department or elected official or appointed official of _____ or a subcontractor of _____.

G. Subcontracts

1. Approvals

The SUBCONTRACTOR may not subcontract any of its duties or obligations under this Agreement without the express written consent of the Program Administrator. The Program Administrator shall have the right to require changes or additions to the subcontract as a condition of granting permission to use a subcontractor.

2. Monitoring

The SUBCONTRACTOR shall monitor all subcontracted services on a regular basis to assure contract compliance. Results of monitoring efforts shall be summarized in written reports and supported with documented evidence of follow-up actions taken to correct areas of noncompliance.

3. Content

The SUBCONTRACTOR shall cause all of the provisions of this Agreement in its entirety to be included in and made a part of any subcontract executed in the performance of this Agreement.

PUBLIC CONTACT

Contact with the news media, citizens of _____ or governmental agencies shall be the responsibility of the County. The Program Administrator may engage the SUBCONTRACTOR in Program outreach efforts to facilitate the development and implementation of the Program. The SUBCONTRACTOR may not make any statement, provide any information or have any other contact with the media without the consent of the County.

A. Termination With Cause

The County may terminate this Agreement for cause, in whole or in part, if the SUBCONTRACTOR fails to comply with any term of this Agreement, or with any of the rules, regulations or provisions referred to herein. Failure to perform within the time specified in the solicitation will constitute a default and may cause cancellation of the Agreement. Further, if the Program Administrator has cause to believe that the

EXHIBIT B
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SUBCONTRACTOR is in noncompliance with this Agreement or any applicable rules and regulations, the Program Administrator may withhold up to twenty-five (25) percent of said Agreement funds until such time as the SUBCONTRACTOR is found to be in compliance by the County, or is otherwise adjudicated to be in compliance.

B. Partial Terminations

Partial terminations of the Scope of Services in **Exhibit __** may only be undertaken with the prior approval of the PROGRAM ADMINISTRATOR.

C. Breach of the Agreement

Termination of this Agreement shall not relieve the SUBCONTRACTOR of liability for any breach of this Agreement that occurs prior to such termination or expiration.

D. Close-out

The SUBCONTRACTOR's obligation to the PROGRAM ADMINISTRATOR shall not end until all closeout requirements are completed to the satisfaction of _____. Activities during this close-out period shall include, but are not limited to, making final payments, disposing of Program assets, including the return to the County of all unused materials, equipment, unspent cash advances, Program income balances, and accounts receivable, and determining the custodianship of records.

E. Reversion of Assets

Upon expiration or termination of the term of this Agreement, the SUBCONTRACTOR shall transfer to the PROGRAM ADMINISTRATOR any CDBG funds on hand at the time of expiration and any accounts receivable attributable to the use of CDBG funds..

NO THIRD PARTY BENEFICIARIES

It is specially agreed and understood that this is an agreement between the PROGRAM ADMINISTRATOR and SUBCONTRACTOR and that there are no third party beneficiaries who may assert any rights against either County or PROGRAM ADMINISTRATOR under this Agreement.

AGREEMENT REQUIREMENTS

Notwithstanding any provision of this Agreement, the SUBCONTRACTOR is required to comply with all Federal, state, and local regulations applicable to the specific federally assisted program associated with this Agreement.

EXHIBIT C
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CDM Code of Ethics

CDM Code of Ethics

Camp Dresser & McKee Inc. (CDM) and all of its subsidiaries are committed to ethical conduct in our business practices. Since the firm's founding in 1947, we have always upheld a policy to conduct all business in a lawful and ethical manner.

The standards of conduct set forth in CDM's code of ethics (code) reflect the firm's core values of excellence, initiative, shared commitment, integrity, and teamwork. These core values are demonstrated in CDM's interactions with our clients, employees, shareholders, subcontractors and vendors, and the communities in which we work.

Statement of Commitment

These commitments form the basis for CDM's code of ethics:

- Clients – Our relationships with our clients will be conducted with good will and respect that will facilitate the successful fulfillment of services to all of our clients.
- Employees – The firm will endeavor to treat all of our employees fairly and equitably, to provide a safe working environment, and to foster diversity within the organization.
- Shareholders – The firm will maintain high ethical standards while pursuing growth in revenues and a level of profitability that will enable our shareholders to achieve a fair rate of return on their investment.
- Subcontractors and Vendors – The firm will strive to develop and maintain mutually beneficial relationships with subcontractors and vendors based on their capability to provide quality products and dependable service at prices that contribute to the firm's competitiveness within the marketplace.
- Community – The firm is committed to responsible corporate citizenship.
- Professional Associations and Institutions of Higher Learning – The firm is committed to supporting the profession through active involvement in professional associations and institutions of higher learning throughout the world.

Personal Responsibility for Ethical Conduct

The code sets forth the basic principles of ethical conduct to guide us in honest and fair interactions with others both within and outside CDM. All employees have a personal responsibility to understand and practice CDM's code of ethics and to abide by the laws, regulations, and client requirements affecting personal, business, and professional conduct. CDM also respects individuals' rights to fulfill their ethical obligations regarding any other codes of ethics of their individual professions or their specialty licenses or certifications.

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While this code requires each employee to be responsible for implementing the company's ethics policies, all managers are responsible for assuring that employees under their supervision are familiar and comply with the standards set forth in this code.

Specific questions concerning the applicability of a law or regulation to an employee's conduct or business practice should be discussed with her or her manager or a member of the Office of General Counsel.

Complete and Accurate Books, Records, and Communications

Timesheets must be filled out in a complete, accurate, and timely manner. Employees must ensure that hours worked and costs are applied to the account for which they were incurred.

All expenditures for meals, refreshments, and entertainment must be documented in accordance with established policies and procedures.

All assets and liabilities of CDM are to be properly accounted for in CDM's books and records.

All books and records of CDM or any supporting documents must be accurate and fairly stated. No false or misleading statements or entries may be made for any purpose.

No false or intentionally misleading statements shall be made in any form of communication whether in person or by telephone, or in documents, letters, or e-mails.

Conflict of Interest

CDM expects that all employees will devote their full working time and efforts to CDM's interests and avoid any activity or situation that might conflict with CDM's interests. All CDM employees have a responsibility to avoid financial, business, or other relationships that might conflict with the interests of CDM or might cause a conflict with the performance of their duties.

An employee may not have any employment, consulting or other business relationship with a competitor, client, subcontractor, or vendor of CDM or invest in any competitor, client, subcontractor, or vendor of CDM except for moderate holdings of publicly traded securities unless the employee obtains the advance approval of the employee's manager and the Office of General Counsel.

EXHIBIT C
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CDM Code of Ethics

It is imperative that any potential or actual conflict or any situation that may be perceived as a potential or actual conflict be disclosed immediately to the company's management. Failure to disclose a conflict of interest is a violation of company policy.

Contracts and Procurements

In negotiating contracts with any clients, subcontractors, or vendors, be accurate and complete in all representations. In negotiating contracts with governmental agencies, the firm has an affirmative duty to disclose current, accurate, and complete cost and pricing data where such data are required under law or regulation. Further, the submission to a federal, state, or local governmental entity of a proposal, quotation, or other document or statement that is false, incomplete, or misleading can result in civil and/or criminal liability for the company, the involved employees, and managers.

No CDM employee may attempt to induce unlawful disclosure of any procurement-sensitive or classified information consistent with the U.S. Procurement Integrity Act.

Client Relations and Business Courtesies

CDM's provision of any gifts, entertainment, or other business courtesies must be in compliance with all applicable laws.

The U.S. Government has very strict regulations with respect to the offering and acceptance of entertainment, meals, gifts, or other gratuities. Many states and local governments also have adopted similar regulations. Therefore, CDM employees may not give or offer to give anything of value to government employees in the form of entertainment, meals, or gifts that would be in violation of the applicable rules and regulations of the particular government agency.

Apart from restrictions that apply in the public sector, business courtesies, such as gifts or entertainment, may be offered or accepted provided the following conditions are met:

- The business courtesy does not violate any law, rule, regulations, standards of conduct, or the policy of the recipient's employer.
- The business courtesy or promotional gift item is modest in value, unsolicited, infrequent with respect to the same recipient, and in accordance with customary business practices.

Confidential Information

An employee may not disclose to any outside party, except as specifically authorized by management, any non-public, business, financial, personnel, or technological information, plans, or data either generated or acquired during employment with CDM. Upon termination of employment, an employee may not copy, take,

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or retain any documents containing CDM private or confidential information. The prohibition against disclosure of CDM confidential and/or proprietary information extends indefinitely beyond the period of employment. The agreement to protect the confidentiality of such information is considered an important condition of employment with CDM.

The company may also be required to keep client information confidential. Therefore, the requirements set forth in the first paragraph of this section also apply to client confidential information.

U.S. Government Classified Information

The firm has special obligations to comply with laws and regulations pertaining to U.S. Government classified information. Employees with valid security clearances who have access to classified information must ensure that such information is handled in accordance with pertinent government procedures.

Political Contributions

Federal laws prohibit the use of corporate funds to contribute to those seeking or holding federal offices, and many states have similar laws governing political contributions. To ensure that CDM and all employees are in complete compliance with all applicable laws, any contribution of CDM funds or other resources to any political party or candidate requires advance notice to the Office of General Counsel.

The company shall not reimburse employees for any political contributions. An employee may make voluntary personal contributions to any lawful political causes, parties, or candidates, and their committees. However, since the company's clients include many governmental entities, employees are requested to first notify the Office of General Counsel prior to making more than a modest political contribution. This will enable the Office of General Counsel to determine whether there would be a perceived or potential conflict of interest arising out of the contribution.

Software License and Copyright Compliance

Only company-authorized, duly licensed software shall be installed on CDM computers.

Employees must also abide by the copyright laws and secure legal permission prior to duplicating any copyrighted material.

Recruitment and Employment of Government Employees

Complex rules govern the recruitment and employment of government employees. Please consult with the Office of General Counsel prior to making offers of employment to current or former government employees.

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Dealing with Public Officials Outside the U.S.

CDM employees are required to comply with U.S. laws and the laws of other countries governing the conduct of business with public officials. The U.S. Foreign Corrupt Practices Act prohibits promising, offering or making any payment of money, products, or services to a foreign official in exchange for or in order to induce favorable business treatment or to influence a foreign government decision. The U.S. Foreign Corrupt Practices Act prohibits bribery of foreign officials, making it a criminal offense to offer a bribe to a foreign official, foreign political party, party official, or candidate for foreign political office to obtain, retain or direct business to the firm.

CDM employees must also exercise due care in forming teaming arrangements, joint ventures, and other associations with firms doing business in other countries to assure that these firms also comply with U.S. laws and laws of other countries with respect to the conduct of business with public officials.

Compliance with Environmental Laws

It is the firm's policy to comply with all laws and government regulations that are applicable to our business both in the United States and in other countries. CDM employees should be particularly attentive to environmental laws and regulations and respectful of the environment. The Office of General Counsel is available to assist CDM employees with respect to the interpretation of environmental laws as they relate to the employees' assignments.

For example, in the United States, the Clean Water Act, the Safe Drinking Water Act, the Resource Conservation and Recovery Act, and the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) are examples of legislation related to the activities of the firm. It is incumbent that employees ensure that their work is consistent with the requirements of these acts.

Reporting Violations and Discipline

Adherence to this code is vital. Managers are responsible for ensuring that employees adhere to the provisions of the code. For clarification or guidance on any point in the code, employees should consult their manager or the Office of General Counsel.

Employees are urged to also familiarize themselves with all of the sections of the Human Resources Policy Manual, which sets forth policies that further govern the behavior of CDM employees, including guidelines for appropriate conduct, zero tolerance policy, and the firm's policies promoting diversity and prohibiting discrimination and harassment.

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It is the responsibility of an employee having knowledge of any violation of the code to disclose such activity to either the employee's manager, Corporate Human Resources, or the Office of General Counsel. Such reports may be made anonymously.

Any manager receiving a report from an employee regarding a violation shall promptly report the matter to senior management and to the Office of General Counsel. No adverse action or retribution of any kind will be taken against an employee because he or she reports a suspected violation of the code.