

# **City of Denison**

## **Housing Rehabilitation Guidelines for Minor/Emergency Rehabilitation Projects**

Office of  
Community Development

September 2004  
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## CHAPTER 1.

### ELIGIBILITY REQUIREMENTS

#### 1.1 General

This chapter sets forth eligibility requirements as to the property and the applicant for a Minor/Emergency Rehabilitation grant. A grant may be made only with respect to a property located within the corporate city limits of the City of Denison. There are five (5) areas of work that will be completed under this program. Those areas of work are: Roof, Electrical, Plumbing, Foundation/Support and Heating. To be eligible for a grant the home must be owner-occupied and the household fall within current income guidelines established by the U. S. Census Bureau and the U. S. Department of Housing and Urban Development. The property taxes must be current on the property or a written payment agreement approved by the tax office available if taxes are not current.

#### 1.2 Requirements Applicable to Application for a Grant

To be eligible for a grant, the applicant must be an individual or family who owns and occupies a one-family residential property under a warranty deed. Minor/emergency rehabilitation grants are intended to assist low and moderate income families finance needed repairs and improvements to their homes, and as such, only homeowners who qualify on the basis of income under the limits described in Chapter 1 shall be considered eligible for a grant. The applicant agrees that they will not sell the rehabilitated property for a period of three (3) years from the date of the final inspection of the project. If the structure is sold, the applicant is responsible for reimbursing the United States Department of Housing and Urban Development, through the City of Denison, the cost of the rehabilitation work.

#### 1.3 Assurances that Rehabilitation will be Completed

In some cases, the rehabilitation cost may exceed the amount of the rehabilitation grant. In those cases where the rehabilitation grant will not be sufficient to pay for the rehabilitation cost necessary to meet local standards, the City of Denison will not approve the rehabilitation grant unless the applicant can furnish supplementary funds sufficient to complete the work are available. The City will require the supplemental funds be deposited in an escrow account with the City of Denison Finance Office, the amount equal to the difference between the lowest, best bid and the maximum amount authorized by the City Council to be spent on a Minor/Emergency Rehabilitation project not to exceed \$5,000.00. This only applies to homes built after 1967.

#### 1.4 Grants on Residential Property

If the applicant for a rehabilitation grant on residential property is obtaining a supplemental loan, the rehabilitation grant application shall not be approved until the City of Denison has secured evidence that the applicant has obtained an adequate and satisfactory supplemental loan commitment. When the loan is to be obtained from a recognized lending institution, evidence furnished to the City of Denison shall consist of a signed, bonafide written commitment to make the loan for the purpose of the

rehabilitation work. The loan shall be in an amount which when added to the rehabilitation grant will not exceed \$5,000 and will be sufficient for completing the required rehabilitation work. When the applicant is furnishing supplementary funds from sources other than a recognized lending institution, evidence that actual funds are available shall consist of verification and documentation by the City of Denison that the applicant has on deposit with the City of Denison Finance Department the required amount in a rehabilitation escrow account. The total grant and escrow will not exceed \$5,000.

1.5 Establishing Eligibility for the Minor/Emergency Rehabilitation Grant

- a. Housing unit must be owner-occupied
- b. An applicant must be a resident of the City of Denison and the structure located within the corporate city limits of Denison.
- c. The following table shall be used to establish an applicant’s eligibility based on gross family income and family size as of April 23, 2013. This table will be updated each year and updated information available from this office.

<u>Number of Persons</u>	<u>Income</u>
1	\$34,550
2	\$39,500
3	\$44,450
4	\$49,350
5	\$53,300
6	\$57,250
7	\$61,200
8	\$65,150

The 80% of the Sherman-Denison, TX MSA income guidelines are used to establish an applicant’s income eligibility. This table will be subject to yearly modifications by HUD and the table in effect at the time of the project being awarded will be the basis for determining the applicant’s income eligibility.

Verification - the applicant’s must provide three (3) verifications of income on all adults over the age of 18 who live in the house. Copies of a current Social Security check, disability check, or copy of an award letter, IRS Tax returns, W-2’s and/or 1099’s, four current employment check stubs showing name, wages, hours worked with year to date totals and three (3) months bank statements.

## CHAPTER 2

### INCLUDIBLE COSTS IN REHABILITATION GRANTS

#### 2.1 General

A rehabilitation grant may be made only to cover the cost of one of the five areas of work that is performed and necessary to make an owner-occupied single-dwelling unit residential property conform to public standard for safe, sanitary, and decent housing and City codes. As a result of the rehabilitation work financed, in whole or in part, by a rehabilitation grant, the area of work completed must, at a minimum, conform to standard building construction requirements and City codes.

#### 2.2 Includible Costs

Includible costs in a rehabilitation grant are the costs of meeting the requirements of completing the area of work (roof, electrical, plumbing, foundation/support and heating), and related fees as described below:

a. Requirements of program:

When necessary to meet a specific requirement a rehabilitation grant may be used, to the extent necessary for:

(1) The rehabilitation or removal of elements of the dwelling structure, including basic equipment, and other improvements to the property such as porches, steps, etc. The term "basic equipment" includes such items as heating furnace, water heater, electrical, and sanitary sewer fixtures, roof, floors and structural support of the house.

(2) The provision of sanitary or other facilities, including the provision, expansion, and finishing of space necessary to accommodate those facilities.

(3) Providing structural support and the grading or filling of the grounds adjacent to the house.

(4) Interim emergency repairs to protect the health and welfare of the occupants.

(5) Costs of such tests and inspections that are beyond the area of expertise of the City of Denison personnel that are necessary to determine the extent and cost of rehabilitation work.

b. Incipient Violations

In order that a property may be brought up to and maintained at City standards, a rehabilitation grant will be used for rehabilitation work necessary to correct incipient as well as actual violations of City codes. An incipient violation exists if, at the time of inspection, it is thought that the physical condition of an element in the structure will deteriorate into an actual violation in the near future (such as within a year or two).

(1) Examples of different Types of Incipient Violations

(a) A heat exchanger in a furnace may be expected soon to become inoperative or hazardous because of its age, condition or use. A rehabilitation grant may provide for purchasing and installing a new heat exchanger. If the heat exchanger could not be separately replaced, the grant may provide for replacing the entire heating system.

(b) A roof has one or more small leaks that can be patched at low costs, but the roof probably will continue to develop leaks. A rehabilitation grant could provide for replacing the entire roof.

(c) The plumbing system has deteriorated to a point where proper operation and/or drainage are not possible or the system is creating a health/safety issue in the area. The plumbing system and fixtures (as needed) may be replaced. Emergency work may be performed if there are imminent health and safety concerns as determined by the City and the Office of Community Development.

(d) Electrical rehabilitation will consist of completely rewiring the house to City codes. City codes will not allow for a partial rewire due to safety issues. The program will allow emergency work to the electrical system between the panel box and the service drop.

(e) Structural support to a house will be performed if the building has settled to a point where utilities have been affected and/or structural damage has begun. Support point will be installed and measures taken to prevent drainage of surface water to enter under the house.

(2) Reporting Requirements

The property inspection report will identify the incipient violations to establish the basis for providing for corrective work in the grant. The amount of a rehabilitation grant to be made will cover both actual and incipient violations in one five areas of eligible work.

c. Building Permits and Related Fees

A rehabilitation grant will provide funds to cover the cost of building permits and related fees that are required to carry out the proposed rehabilitation work.

2.3 Costs not Includible

Except as otherwise provided in this section, a rehabilitation grant shall NOT provide for:

- a. Material, fixtures, equipment, or landscaping of a type or quality which exceeds that customarily used in the locality for properties of the same general type as the property to be rehabilitated.
- b. Appliances, with the exception of water heaters.
- c. Acquisition of land.

2.4 Work Write-up

The City of Denison shall prepare a work write-up in accordance with Chapter 7, to document the rehabilitation work to be financed with a rehabilitation grant.

## CHAPTER 3

### LIMITATIONS ON AMOUNT OF GRANT

#### 3.1 General

This chapter sets forth the limitations on the amount of a rehabilitation grant.

#### 3.2 Limitation on Amount of a Minor/Emergency Rehabilitation Grant

The maximum amount of a Minor/Emergency Rehabilitation grant will be set by the City Council of the City of Denison. No grant will exceed \$4,500. The actual cost of the rehabilitation grant will be determined by the standard bidding process based on the work write-up performed by the City of Denison. The best, lowest bid will be recommended to be awarded. The total cost of a project, including the grant amount and funds supplies by the owner, will not exceed \$5,000.00.

## CHAPTER 4

### PROCESSING AND SUBMISSION FOR A REHABILITATION GRANT

#### 4.1 General

This chapter contains an outline of the functions to be performed by the City of Denison in connection with a rehabilitation grant, and set forth the policies and procedures to be followed in preparing, processing, and approving an application for a rehabilitation grant, and in canceling an approved rehabilitation grant.

#### 4.2 Outline of Functions

Listed below are the functions to be performed by the City of Denison in connection with a rehabilitation grant or with a rehabilitation grant supplemented by private funds. (Cross references are given to other chapters which contain substantive requirements with respect to the functions).

#### Function:

- a. The first contact by the property owner to the Office of Community Development will place the clients name on a waiting list. The process is first come – first served, with the exception of emergency work. Placement on the list is determined by the date of the initial contact with the Office of Community Development. The City will proceed through the waiting list starting with the earliest date to the latest date. When funds for that program year are spent the City stops with that client’s name on the list. At the beginning of the new program year the City start at the next name on the list. A client stays on the waiting list until all 5 areas of work are completed as long as the same owner occupies the home.
- b. At the time the client’s number is reached on the waiting list we will interview and advise the applicant of the general rehabilitation objectives of the project, and the purpose and meaning of the City’s residential property rehabilitation standards.
- c. Determine eligibility of the applicant for a rehabilitation grant. (See Chapter 1)  
  
Evidence that ownership of the property has been verified and shall be retained in City files. This shall include the citation from the tax office or other official record from which verification was made.
- d. Verify applicants’ income. (See chapter 1)
- e. Advise the applicant on the availability and benefits of a rehabilitation grant. (See Chapter 7)
- f. Approve rehabilitation application if all requirements are met. (See Chapter 4)



- g. Assign application number and enter on approved application and all related documents. (See Chapter 4)
- h. Inspection of the area of work requested. (See Chapter 7)
- i. Prepare a work write-up and cost estimate of the rehabilitation work needed to bring the area of work into City standards.
- j. Determine that work items in the work write-up conform to the purpose for which a rehabilitation grant can be used. (See chapter 2)
- k. Be assured that as a result of the rehabilitation project, the area of work will be rehabilitated at a minimum to meet City standards. (See Chapter 1)
- l. If the applicant does or will receive other public assistance or other welfare benefits, advise the applicant the effect the grant may have on that public assistance.
- m. Advise the applicant of the conditions under which a rehabilitation grant is made. (See chapter 5)
- n. Prepare construction documents and obtain bids for rehabilitation projects from an approved list of contractors.
- o. Have the home owner and the contractor sign all required documents.
- p. Inspect rehabilitation work as it progresses. The City's inspection team will perform inspections on areas that require a licensed craftsman to perform the work.
- q. The contractor will draw down funds when work is completed.
- r. Make final inspection for completion of rehabilitation work as outlined in the work write-up and any approved change orders.
- s. Obtain from the contractor a guarantee of work, manufacturers and suppliers warranties, and release of liens from the general contractor prior to final payment for rehabilitation work.
- t. Prepare the file for placing client back on waiting list if all five areas of work have not been completed.

#### 4.3 Processing and Approving of a Rehabilitation Application

Processing by the City of Denison of an application for a rehabilitation grant consists of completing the functions described in items a. through g. listed above, and assembly in one file of the application together with all supporting documents, and review of the file to determine approval.

a. Preparation of the Application

When the client's name is reached on the waiting list the City of Denison, Office of Community Development shall receive the application from the client. The Office of Community Development will review the application for completeness. Every space provided for an entry on the application shall be completed. Entries of money amounts shall be rounded to the nearest dollar. If no money is involved for an entry for a particular application, the entry shall be "NONE." Using the information furnished by the applicant, and obtained from other sources, assign a number to the application based on the time and date it is received in the Office of Community Development. The application will then be placed in the project file. Review, approval and placement in the project file shall be based on the application being completed in this manner.

b. Signature of Applicant

The City shall obtain the applicant's signature on the original application.

#### 4.4 Project Cancellation

An approved rehabilitation grant may be canceled because the applicant has requested cancellation or is unwilling or unable to proceed with the rehabilitation work, or for other reasons.

a. Cancellation Letter

To cancel an approved rehabilitation project, the City of Denison shall prepare a letter of cancellation and distribute the letter as follows:

- (1) original to the applicant,
- (2) one letter to the contractor
- (3) one copy to be retained in the applicant's file.

b. If a project has to be canceled, at the request or cause of the home owner, after the work has begun, the contractor will be paid for that portion of work completed. The home will be left in a condition equal to or better than it was before the project began. The homeowner will be asked to sign a statement agreeing to the condition.

## CHAPTER 5

### TERMS AND CONDITIONS UNDER WHICH REHABILITATION GRANTS ARE MADE

#### 5.1 General

This chapter sets forth requirements with respect to terms and conditions to which an applicant must agree in order to obtain a rehabilitation grant.

#### 5.2 Rehabilitation Grant Conditions

The specific terms and conditions with respect to a rehabilitation grant are incorporated into the application. The applicant shall agree, and by signing the application does agree to:

- a. **Civil Rights**  
Comply with all HUD requirements with respect to title VI of the Civil Rights Act of 1964, to not discriminate upon the basis of race, color, creed or national origin in sale, lease, rental, use or occupancy of the subject property.
- b. **Cancellation of Grant**  
Return of the grant proceeds with no rights, interest, or claim in the proceeds, if the grant is canceled before the rehabilitation work is started.
- c. **Use of Proceeds**  
Use of the grant proceeds by the City of Denison only to pay for the costs of services and materials necessary to carry out the rehabilitation work as described in the work write-up will be approved.
- d. **Completion of Work**  
Assure that the rehabilitation work shall be carried out promptly and efficiently through a written contract let by the City of Denison.
- e. **Ineligible Contractors**  
Not award any contract for rehabilitation work to be paid for in whole or in part with proceeds of the grant, to any contractor who, at the time, is ineligible under the provisions of any applicable regulation issued by the Secretary of Labor, United States Department of Labor, the United States Department of Housing and Urban Development, and the City of Denison to receive an award of such contracts.
- f. **Inspections**  
The City of Denison or its designee will perform inspection of the property. The rehabilitation work and all contracts, materials, equipment, and conditions pertaining to the work are subject to the inspection process.

- g. **Records and Other Paper Work**  
Keep such records and other papers as may be required by the City of Denison with respect to the rehabilitation work.
- h. **Interest of Certain Federal Officials**  
Not permit any member, Delegate of the Congress of the United States, nor any Federal employee to share in any proceeds of the grant, or in any benefit arising from the same.
- i. **Interest**  
Not permit any member, or Delegate of the City Council of the City of Denison, Texas, or CDBG Steering Committee who exercises any function or responsibilities in connection with administration of the federally assisted project or program nor any officer or employee of the City of Denison, or the CDBG Steering Committee who exercises such function or responsibilities, to have any interest, direct or indirect, in the proceeds of the grant, or in any contract entered into by the applicant, for the performance of work financed in whole or in part with the proceeds of a rehabilitation grant. The length of time this exclusion shall be in effect is two (2) years following the official project close out and shall be binding upon, but not limited to, all of the individuals and agencies herein described.

## CHAPTER 6

### FUNDING OF INDIVIDUAL REHABILITATION GRANTS AND MANAGEMENT OF COMMUNITY DEVELOPMENT BLOCK GRANT REHABILITATION FUNDS

#### 6.1 General

This chapter sets forth policies for funding the individual rehabilitation grants and management of the Community Development Block Grant Funds.

#### 6.2 Finance Department

The policies and procedures of the City of Denison will prevail in the disbursement and payment of funds to contractors for completion of Residential Rehabilitation Grant contracts as they relate to the City of Denison's Community Development Block Grant Administrative procedures.

#### 6.3 Disputes

In the event a dispute exists between the grantee and the contractor with respect to the rehabilitation work, the City of Denison shall take appropriate action in accordance with the provisions of the construction contract to assure that the grantee is satisfied before making any payment to the contractor.

## CHAPTER 7

### DETERMINING WORK TO BE DONE WITH A REHABILITATION GRANT

#### 7.1 General

This chapter sets forth the responsibilities of the City of Denison for determining the rehabilitation work necessary to bring an area of work into conformance with City standards and for providing assistance in the rehabilitation of the property. In carrying out these responsibilities, the City of Denison shall:

- a. Inspect the property and make suggestions to property owner regarding areas of work that need to be performed;
- b. With the agreement of the property owner make a preliminary work write-up and cost estimate of the work to be done;
- c. Consult with and advise the owner on the work to be done and the availability of the rehabilitation grant;
- d. Prepare a final work write-up and cost estimate as the basis for a rehabilitation grant for contracting for the rehabilitation work and the bidding process.
- e. Advertise in the *Herald Democrat* the availability of the bidding packets and allow the contractor two (2) weeks to review the project and submit a written bid on the rehabilitation work.
- f. Determine from the bid opening the lowest, best bid and award the contract.
- g. Meet with the home owner and the contractor to review the bid results and execute the required documents.

#### 7.2 Property Inspection

The City of Denison shall inspect the property and prepare a preliminary work write-up and cost estimate that identifies the area of work required to bring that area of work up to City of Denison codes and other deficiencies which may be corrected through future rehabilitation grant funds. (See Chapter 2) The preliminary work write-up prepared in this manner will later serve the City of Denison as the basis for preparing a work write-up and the bid documents.

#### 7.3 Inspection Checklist

Using a survey form and listing items required to rehabilitate an area of work (roof, plumbing, electrical, foundation/support or heating), the rehabilitation counselor shall inspect each proposed project. The use of such a checklist facilitates the inspection, and also helps provide a proper basis for the preparation of the work write-up, cost estimate and the contract specifications.

#### 7.4 Work Write-up and Cost Estimate

A work write-up and cost estimate is a statement prepared by the City of Denison based on the property inspection report that itemizes all the rehabilitation work to be done on that particular area of work, and includes an estimate of the cost of each item. The cost estimate shall be reasonable and shall reflect actual costs prevailing in the community for comparable work.

- a. **Dual Use of Work Write-up**  
In a case where the rehabilitation is relatively simple or limited in scope, the work write-up can be made sufficiently comprehensive to be used later (with the cost estimate) as the specifications for the construction contract documents. In such a case, the work write-ups shall be prepared as described under paragraph 7.7 below.
- b. **Itemizing Costs**  
Each item of work and its estimated cost shall be identified in the work write-up as being necessary to meet City standards or for other purposes that may be financed with rehabilitation grant funds. (See Chapter 2) This may be done on the work write-up by entering the cost estimates in a columnar arrangement.
- c. **Adjusting the Work Write-up**  
If the total estimated cost of the work exceeds the maximum amount authorized by the City Council of the City of Denison the applicant could receive or exceeds the applicant's financial ability to do all the work, the City of Denison shall (if possible) eliminate or modify items in the work write-up as necessary to reduce estimated costs, however, items of work necessary to meet City standards shall NOT be eliminated.
- d. **Owner Preference**  
A preliminary work write-up should not contain details that have no significant effect on cost, such as color, style, or pattern. Decision on these details can be made after the contract is awarded by providing in the contract documents, as appropriate, the term "to be selected by owner".

#### 7.5 Applicants Eligible for Rehabilitation Grant

For an applicant who is eligible for a rehabilitation grant, the final work write-up and cost estimate prepared by the City of Denison shall:

- a. Identify each of the items of work to be financed by the grant;
- b. Show the total amount for those items, indicating how the limits were taken into account. (see Chapter 3)

(If the final work write-up is to be used for the specifications, the two items above shall be shown on a separate sheet that will not be part of the construction contract documents.)

#### 7.6 Consultation with Prospective Applicant

As soon as possible after the inspection of the property, the rehabilitation counselor shall meet with the prospective applicant on the preliminary work write-up and cost estimate. The counselor shall advise the applicant which items of work are required to meet City standards; and which are not required (if any). The counselor should be prepared to eliminate or modify any item in the preliminary work write-up that is not specifically required by City standards. However, the counselor should encourage each applicant to undertake as much of the other rehabilitation work as he can reasonably afford. As a result of the consultation and agreement between the City of Denison and the applicant on the work to be done, the counselor shall prepare a final work write-up and cost estimate. The final work write-up shall be the basis for the specification in the construction contract documents to be used to solicit bids and proposals from contractors.

#### 7.7 Specifications in Construction Contract Documents

Each specification in a construction contract document shall be written so that it provides a clear understanding of the nature and scope of the work to be done, and a basis for carefully determined bids and proposals from the contractors. Each specification shall show the nature and location of the work and the quality and type of materials required. The specifications shall refer to manufacturer's brand names or to association standards to identify the quality of material and equipment required, and may make provisions for acceptable substitutes.



## CHAPTER 8

### FUNDING OF INDIVIDUAL REHABILITATION GRANTS AND MANAGEMENT OF REHABILITATION ACCOUNTS

#### 8.1 General

This chapter sets forth policies for funding the individual rehabilitation grants and management by the City of Denison Office of Community Development and the Finance Department of the rehabilitation account.

#### 8.2 Funding a Rehabilitation Grant

The City of Denison shall fund a rehabilitation grant by drawing on the General Fund of the City. After the draws are made from the General Fund, the Office of Community Development and the Finance Department will determine the expenses charged to the General Fund for the time period. When the expenses are categorized according to line items in the current Action Plan, a draw will be performed on the United States Treasury Letter of Credit issued to the City of Denison from the United States Department of Housing and Urban Development. This draw will reimburse the City of Denison General Fund account for the expenses incurred.

#### 8.3 Rehabilitation Grant Supplement by Private Funds

If a rehabilitation grant is to be supplemented by funds provided by the applicant, those funds shall be deposited with the City of Denison's Finance Department in rehabilitation escrow account prior to the contract being awarded.

#### 8.4 Management of the Rehabilitation Escrow Account

The City Council of the City of Denison shall be authorized by the grantee to act as agent for the grant funds and shall maintain a single bank account as the depository for all funds received from and for Community Development Block Grant monies. This account shall be a separate and distinct account maintained by the City of Denison and shall be for the sole purpose of depositing Block Grant funds and escrow amounts.

##### a. Disputes

In the event a dispute exists between the grantee and the contractor with respect to the rehabilitation work, the Director of Community Development shall take appropriate action in accordance with the provisions of the construction contract to assure that the grantee is satisfied before making final payment to the contractor.

##### b. Adjustments and Close out of Rehabilitation Escrow Account

- (1) If unutilized funds remain in the rehabilitation escrow account because the actual rehabilitation costs were less than anticipated or for other reasons, the unutilized funds, to the extent of participation, shall be disbursed to apply to the source from which they came.

- (2) When returning unutilized supplementary/escrow funds the check shall be made payable only to the grantee and transmitted to him with a letter of explanation.

## CHAPTER 9

### CONTRACTING FOR REHABILITATION WORK

#### 9.1 General

This chapter sets forth requirements and procedures with respect to construction contracts for rehabilitation work financed through a rehabilitation grant. Construction work financed through a rehabilitation grant shall be undertaken only through a written contract between the contractor and the recipient of the grant. The Director of Community Development shall assist each applicant in completing the contract process.

a. **Form of Contract**

The construction contract will consist of a single document signed by the contractor and applicant. The contract shall contain the amount of the bid and the number of days allowed to complete the project. Also included will be general and special conditions as well as the specifications for the work to be performed.

b. **Use of Alternates (Change Orders)**

The contract document prepared by the Director of Community Development may provide for alternates (change orders) by which the bidder as a part of his bid and proposal, offers increases and decreases to the total contract price to cover alternates for work to be performed. An alternate may be used to cover an item of work that cannot be determined until sometime during the course of the rehabilitation work. The Director of Community Development shall not consider alternates proposed by a bidder that are not called for in the contract document prepared by the Director of Community Development.

Items that are calculated by a unit quantity will be paid according to the quantity determined by the final inspection. The quantities established in the work write-up are an estimate. Every effort will be made by the Director of Community Development to provide an as accurate estimate as possible. The contractor will base his bid on the quantities presented in the documents.

#### 9.2 General Considerations for Procurement of Bids

Selection of a contractor shall be decided in the following manner:

- a. State law will prevail in the selection of a contractor. The contractor will have a minimum of two weeks to inspect the projects in the bid packet. It is the responsibility of the contractor to visit each project prior to the submission of a bid. All bids by the contractor will be based upon the work write-up. Bid total will be based on the unit quantities provided. The contractor will provide a unit cost for each item of work and an extension of that unit price. The extension will be arrived at by multiplying the unit cost by the quantity provided. The unit cost will be submitted in cursive and the written submission will take precedence over the

numerical submission. Each work write-up will be bid as a separate project and contracts awarded individually.

- b. Invitation to contractors for bid and proposals will be solicited in as many cases as possible. Bids and proposals will be solicited from contractors using approved federal, state, county, and city bid methods and procedures. The contractor will be selected using those approved procedures

### 9.3 Labor Performed by Owner in Rehabilitating Property

During the process of rehabilitation a property question may arise concerning the owner's performance of some of the labor required to complete the rehabilitation of his property. The following will hopefully answer those questions as well as describe the circumstances under which forms of self-help are desirable and undesirable.

- a. **Type of Work Commensurate with Skill of Owner**  
The property owner may complete some of the tasks required to rehabilitate his property if he has the degree of skills required to perform the work involved. Self-help is usually appropriate for accomplishment of tasks of an unskilled nature such as: general cleanup, demolition of small buildings, removal, partage, and disposal of debris, and for work that involves minimal use of costly materials and equipment. Work of a skilled nature and work involving the extensive installation of costly equipment and materials are appropriate if the department is assured that the property owner has the ability and the experience required to do the work properly without supervision.
- b. **Benefits from Self-help**  
Self-help may reduce the amount of the grant that the property would otherwise require. At times, self-help may also enable a property owner to obtain a rehabilitation grant by reducing the cost to an amount within the limits for the grant. For example, the cost to accomplish the rehabilitation of an area of work, entirely by contract, may be more than can be allowed under the limits applicable to a grant or may require a loan that would exceed the owner's ability to repay.
- c. **Provisions for Self-help in a Grant**  
Whenever self-help is necessary, indicated, or desired, and the Director of Community Development considers that without its technical assistance and guidance a property owner would be capable of performing the work in a reasonable and acceptable manner, it may process an application for a rehabilitation grant on that basis. In such a case, the amount of the grant would provide funds to pay for materials and equipment to be installed by self-help, as well as any additional funds required to pay for other rehabilitation work performed by a contractor. The grant shall not include funds for payment to the owner or members of his family for their labor. Furthermore, the Director of Community Development must exercise good judgment and prudence so as to avoid a situation in which an owner could place himself in financial difficulty through improper use, installation, or destruction of the materials and equipment

purchased with grant funds. For this reason, the suppliers of materials and equipment involved in a self-help grant will be paid only after they have been properly installed and inspected by the Director of Community Development or his designee.

d. Coordination with Contractor

When some of the rehabilitation work is to be performed through self-help and the balance by the contractor, the Director of Community Development will ensure that the work is done by each so as not to interfere with or jeopardize the other's work. In cases where work separation is not feasible, the owner and contractor should be urged to make their own arrangements on timing so that each may do his own work without causing any interference to the other party. In all instances, the owner will be better protected if work to be performed through self-help is completed before the contractor starts his work. Such completion will help to avoid claims by the contractor for damages caused by the self-help efforts and will ensure that when the work is finished, the property will comply with City of Denison codes.

## CHAPTER 10

### CHANGES TO ITEMS OF WORK

#### 10.1 General

This section sets forth the policies and procedures that govern the use of change orders or additional work not identified in the work write-up as they relate to the rehabilitation contract.

#### 10.2 Use of Change Orders

Change orders are to be used for the following reasons:

- a. **Changes in Specifications**  
After a contract has been executed, it may be necessary to change certain specifications contained in the contract, or in some cases, the quality of some materials where provisions for acceptable substitutes has not been provided in the contract documents.
- b. **Change of Completion Date**  
It may be necessary to change the time of completion due to the addition of certain work items or delays that are beyond the contractor's control.
- c. **Additional Work**  
Change orders are used to add work necessary to correct incipient items that have not been found to be defective after work is in progress but were not anticipated at the time the contract was executed.
- d. **Deletion of Work**  
Change orders will be used when it is necessary to delete work from a contract for any reason.

#### 10.3 Change Orders Involving Increased Contract Amounts

The Director of Community Development shall negotiate the price of any work added to a contract if unit costs have not been established but shall not be higher than the prevailing costs for comparable work. Before the approval of any change order, the Director of Community Development shall certify that sufficient uncommitted grant money is available to cover the proposed change.

#### 10.4 Change Orders Involving Decreases in Contract Amounts

When items are deleted from the contract, they shall be at their previously bid amount. When items are deleted but do not have specific costs, the contract shall be reduced by negotiating the cost at prevailing rates.

#### 10.5 Changes in Grant Amount

The approval of a change order shall constitute authorization by the homeowner and the Director of Community Development to change the grant amount equal to the cost of the work added or deleted.

#### 10.6 Authorization for Change Orders

All change orders shall be executed by the homeowner, contractor and the Director of Community Development.

## CHAPTER 11

### INSPECTION AND CLOSE OUT OF REHABILITATION WORK

#### 11.1 General

This chapter sets forth requirements for the inspection and close out of rehabilitation work financed in whole or in part with a Community Development Block Grant.

#### 11.2 Responsibility for Making Inspections

Inspections of construction work, financed wholly or in part by a rehabilitation grant, shall be performed by the Community Development Department to ensure the following:

- a. Inspections, as necessary, to ensure that work is being completed in accordance with the construction contract.
- b. A final inspection shall be performed to determine that all construction work has been completed in accordance with the construction contract.

#### 11.3 Inspections for Rehabilitation Progress and Final Payment

Inspection of construction work shall be made in accordance with the following:

- a. **Progress Inspections**  
A compliance inspection of the rehabilitation work shall be made at least daily during the term of the contract. Trades that required licensed workers will be inspected by the City of Denison Inspection Department and inspection "Green Tags" provide at the completion of the acceptable work. It is the responsibility of the contractor to contact the inspection department when he is ready for that phase of the inspection process.
  - (1) **Inspection by Office of Community Development**  
The Rehabilitation Inspector, or his designee, shall prepare an inspection report, original and one copy, for cases involving a rehabilitation grant or a rehabilitation grant supplemented by other funds.
  - (2) **Payment for Satisfactory Work**  
If the Inspector determines that work completed is satisfactory, it shall be so entered on the inspection report and filed. If a portion of the satisfactory work completed is work that required inspection by the City of Denison Inspection Department, the "Green Tags" will be submitted with request for payment of the work. Payment will not be authorized without required inspection "Green Tags."
  - (3) **Obtaining Corrective Action**  
If the work completed is not in accordance with the construction contract, the Director of Community Development shall advise the property owner of the non-



compliance and shall obtain appropriate action from the contractor. No payment shall be processed on a construction contract until a contractor has satisfactorily completed all necessary corrective action.

b. Final Inspection

Upon completion of the rehabilitation work and receipt of the contractor's invoices containing his certification of satisfactory completion in accordance with the contract and his warranty, the Director of Community Development shall arrange for an inspection of the completed work. The final inspection will be conducted with the home owner, if possible, the contractor and the Office of Community Development's representative. A determination will be made that all of the items on the work write-up were satisfactorily completed. At the completion of the final inspection, the home owner will sign the Homeowner Final Certification acknowledging the completion of the project.

c. Final Payment

When the final inspection verifies that the work is satisfactorily completed in accordance with the contract, The Director of Community Development shall obtain from the contractor a copy of each warranty due the grantee for the work. After receipt of a copy of each warranty, a request for payment will be processed.

## APPENDIX I

### Part 1

#### GENERAL CONDITIONS

1. Scope of the work will include all labor, materials, equipment, permits, drawings and services necessary for the proper completion of the rehabilitation of certain areas of work identified in the "Work Write-up" and all such work called for will be done in accordance with the safe work practices and the City of Denison Building Codes.
2. The Work Write-up will take precedence over other instructions and when in conflict, the material, equipment or workmanship called for in the "Work Write-up" will be required.
3. The Drawings of Floor Plans are diagrammatic only to illustrate the general intention of the write up. They do not show all of the work required, exact dimensions or construction details.
4. Bids or Proposals will be submitted at the bidder's risk and the City or the owner reserve the right to reject any or all bids or proposals.
5. Subcontractors will be bound by the terms and conditions of this contract, insofar as it applies to their work. This will not relieve the general contractor, if such a one is awarded the contract, from the full responsibility to the owner for the proper completion of all work to be executed under this agreement; and he will not be released from this responsibility by any sub-contractual agreement he may make with others.
6. Fitting and Coordination of the Work: The contractor will be responsible for the proper fitting of all work and for the coordination of the operations of all trades, subcontractors or material men engaged upon this contract. He will provide to each of his subcontractors the locations and measurements that they may require for the fitting of their work to all surrounding work.
7. Trade Names: Exact materials to be used on a specific property will be trade name or approved equal as described in the work write-up for the particular property.
8. Adjacent Property: When adjacent property is affected or endangered by any work done under this contract, it will be the responsibility of the contractor to take whatever steps are necessary for the protection of the adjacent property and to notify the owner thereof of such hazards.
9. Repairs will be made to all surfaces damaged by the contractor resulting from his work under this contract at no additional cost to the owner or the City. Where "repair of existing work" is called for by the contract, the feature is to be placed in "equal to new condition" either by patching or replacement. All damages or loose or rotted parts will

be removed and replaced and the finished work will match adjacent work in design, finish and dimension.

#### 10. Payments

a. Payment will be made after the completion of the project. The project will be complete when the Inspector verifies that all of the items on the work write up are satisfactorily completed and inspected and all of the required forms, trade inspection tags and invoice for payment are submitted. Invoices and required forms submitted by 11:00 a.m. on a Tuesday will have a check for the amount due the contractor by 1:00 p.m. on the following Thursday.

b. After the final inspection and acceptance by the owner of all work under the contract including cleanup, the contractor will submit to the owner for approval his requisition for final payment. When the required warranties and the release of liens have been executed by the contractor, the final payment will be made which will include any amounts remaining due under the contract as adjusted in accordance will include approved change orders and subject to withholding of any amounts due the City for "Liquidated Damages" as may be necessary to protect the City against any claim arising from the contractor's operations under the contract.

c. No payment made under the contract will act as a waiver of the right of the owner to require the fulfillment of all the terms of the rehabilitation contract.

#### 11. General Guarantee and Warranty

The contractor warrants that all materials, fixtures and equipment furnished by the contractor and its subcontractors will be new, of good quality and of good title and that the work will be done in a neat and workmanlike manner. Neither the final payment nor any provision in the contract nor partial or entire use of occupancy of the premises by the owner will constitute an acceptance of work not done in accordance with the contract or relieve the contractor of liability in respect to any express warranties or responsibility for faulty materials or workmanship. The contractor will promptly remedy any defects in the work and pay for any damage to other work resulting there from which may appear within a period of one year from the date of final acceptance of the work unless a longer period is specified. The owner will give notice of observed defects as soon as the defects are noticed. In no case will the contractor be required to correct any defect after one year from the date of the final inspection.

#### 12. Contractor's Certificate and Release

Prior to final payment and as a condition thereto, the contractor will execute a certificate and release. It will set forth the undisputed balance due the contractor under the contract and duly approved change order; a listing of additional amounts of outstanding and unsettled items which the contractor claims are just and due and owing by the City to the contractor; a certification that the work under the contract and change orders has been performed in accordance with the terms thereof and that there are no unpaid claims for materials, supplies or equipment and no claims of laborers or mechanics for unpaid wages arising out of the performance of the contract; a statement that except

for the amount enumerated, the contractor has received from the City, all sums of money payable to him under or pursuant to the contract or any changes thereto; and a statement that in consideration of the payment of the undisputed balance, the contractor releases and indemnifies the city and the owner from any and all claims arising under or by virtue of the contract except for the additional amount of outstanding unsettled items which he listed and claims are just and due.

### 13. Changes in the Work

a. The owner may make changes in the work required to be performed by the contractor by making additions thereto, by omitting work there from or by changing materials, fixtures or equipment from those specified without invalidating the contract and without relieving or releasing the contractor from any of his obligations under the contract. All such work will be executed under the terms of the original contract unless it is expressly provided otherwise. (See Section 13 d)

b. Except for the purpose of affording protection against any emergency endangering life or property, the contractor will make no change in the work or rehabilitation, provide any extra or additional work or supply additional labor, services or materials beyond that actually required for the execution of the contract unless in pursuance of a written order from the City authorizing the change. No claim for an adjustment of the contract price will be valid unless so ordered.

c. Each change order will include in its final form a detailed description of the change in the work, the contractor's definite statement as to the resulting change in the contract price and/or time and the statement that all work involved in the change will be performed in accordance with the contract requirements except as modified by the change order.

d. Any request for a change order, either by the City, owner or contractor, regardless of whether it involves an increase or decrease in work to be done, cost and/or time must be approved by the Office of Community Development for the City of Denison before the change takes effect. Unless otherwise specified, any change order resulting in an increase in the work to be done and a resulting increase in cost will be the responsibility of the owner.

### 14. Excusable Delays

The contractor will not be charged with liquidated damages for any delays in the completion of the work due:

(1) to any acts of the Government; including controls or restrictions upon or requisitioning of materials, equipment, tools or labor by reason of war, National Defense or any other national emergency;

(2) to any acts of the owner;

(3) to causes not reasonably foreseeable by the parties to this contract at the time of the execution of the contract which are beyond the control and without the fault or negligence of the contractor; including but not restricted to acts of God or of the public enemy, acts or another contractor in the performance of some other contract with the owner, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes

and weather of unusual severity such as hurricanes, tornadoes, cyclones and other extreme weather conditions; and

(4) to any delay of the subcontractor occasioned by any of the causes specified in subparagraphs (1), (2) and (3) above, provided, however, that the contractor promptly (within 10 days) notifies the City in writing of the cause of the delay. If the facts show the delay to be properly excusable under the terms of this contract, the City will extend the contract time by a period commensurate with the period of excusable delay to the completion of the work as whole.

#### 15. Permits and Codes

The contractor will give all notices required by and comply with all applicable laws, ordinances and codes of the City of Denison, State of Texas and the U. S. Department of Housing and Urban Development including the obtaining of and payment for any required permits; provided, however, that the contractor will not be held responsible for pre-existing violations of any law including but not restricted to zoning or building code or regulations except compliance for any new work. The contractor will examine the work write-up for compliance with applicable ordinances and codes for the new or replaced work included in this contract. Before beginning the work, the contractor will examine the work write-up for compliance with the applicable ordinances and codes for the new or replaced work and will immediately report any discrepancy to the Office of Community Development. Where the requirements of the work write-up fail to comply with such applicable ordinances or codes for the new or replaced work, the Office of Community Development will adjust the contract by change order (see Section 10) to conform to such ordinances or codes and make appropriate adjustment in the contract price unless waivers in writing covering the difference have been granted by proper authority.

#### 16. Bonding Requirements (Optional)

a. A bid guarantee from each bidder equivalent to 10 percent of the bid price. The "bid guarantee" will consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of his bid, execute such contractual documents as may be required within the time specified.

b. A performance bond on the part of the contractor for 100 percent of the contract price. A "performance bond" is one executed in connection with a contract to secure fulfillment of all the contractors' obligations under such contract.

c. A payment bond on the part of the contractor for 100 percent of the contract price. A "payment bond" is one executed in connection with a contract to the execution of the work provided for in the contract.

d. Should the contractor wish to furnish a cash bond in lieu of a performance bond and a payment bond, a check should be prepared by the contractor in the amount of ten (10) percent of the contract price. The check will be cashed and placed in escrow

until twenty (20) days following satisfactory completion of the work.

### 17. Insurance

a. The contractor will carry or require that there be carried Workmen's Compensation Insurance for all his employees and those of his subcontractors engaged in work at the site in accordance with State or Territorial Workmen's Compensation Laws.

b. The contractor will carry or require that there be carried Manufacturers' and Contractor's Public Liability Insurance with minimum limits of \$100,000 Bodily Injury each occurrence to protect the contractor against claims for injury to or death of one or more than one person because of accidents which may occur or result from operations under the contract. Such insurance will cover the use of all equipment including but not limited to excavating machinery, trenching machines, cranes, hoists, rollers, concrete mixers and motor vehicles in the construction of the rehabilitation embraced in this contract.

c. The contractor will carry, during the life of the contract, Damage insurance in the amount not less than \$25,000 to protect him from claims for property damage that might arise from operations under this contract.

d. The contractor will carry, during the life of the contract, Independent Contractors Coverage with minimum limits of \$100,000 Bodily Injury and \$25,000 Property Damage Insurance to protect him and his subcontractors from claims for property damage and bodily injury which might arise from operations under this contract.

e. The contractor will carry, during the life of the Contract Builder's Risk Insurance, an amount equal to or greater than the contract amount to protect him and his subcontractors from claims that might arise from operations under this contract.

### 18. Inspection of the Work

Representatives of the City, U.S. Government or their agents will have the right to examine and inspection rehabilitation work included in this contract. The work will be subject to the inspector's approval and acceptance. Also, these representatives will be permitted to examine and inspect all subcontracts, materials, equipment, payrolls and conditions of employment pertaining to the work including all relevant data and records.

### 19. Surplus Materials

All surplus materials delivered to the job site and all materials, fixtures and equipment removed and not reused will remain or become the property of the contractor and its subcontractors and will be removed from the job site promptly after completion as well as all rubbish and debris resulting from the contractor's operations. The premises will be left in broom-clean condition.

20. Interest of Certain Federal and Other Officials

a. No member of the Delegate to the Congress of the United States and no Resident Commissioner will be admitted to any share or part of this contract or to any benefit to arise from same.

b. No member of the governing body of the City who exercises any functions or responsibilities in connection with the administration of the Community Development Project to which this contract pertains and no other officer or employee of the Community Development Department who exercises any such functions and responsibilities will have any interest, direct or indirect, in this contract which is incompatible or in conflict with the discharge or fulfillment to his functions and responsibilities in connection with the carrying out of the project to which this contract pertains.

c. No member of the governing body of the City and no other public official of or within the County or City who exercises any functions or responsibilities in connection with the administration of the Community Development Project or Code Enforcement Program will have any interest, direct or indirect, in this contract. All City ordinances will apply in regard to City employees benefiting from this program.

21. Equal Employment Opportunity

If the contract amount is \$10,000 or less, the following conditions will apply:

During the performance of this contract, the contractor agrees as follows:

a. The contractor will not discriminate against any employee or applicant for employment because of race, creed, color or national origin. The contractor will take affirmative action to insure that applicants are employed and that employees are treated during employment without regard to their race, creed, color or national origin. Such action will include but not be limited to the following: employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation and selection for training including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the owner setting forth the provisions of this nondiscrimination clause.

b. The contractor will in all solicitations or advertisements for employees placed by or on behalf of the contractor state that all qualified applicants will receive consideration for employment without regard to race, creed, color or national origin.

c. The contractor will send to each labor union or representative of workers with whom he has a collective bargaining agreement or other contract or understanding a notice, provided by the owner, advising the said labor union or worker's representative of the contractor's commitments under this section and

will post copies of the notice in conspicuous places available to employees and applicants for employment.

d. The contractor will comply with all provisions of Executive Order 10925 of March 6, 1961, as amended by Executive Order 11114 of June 22, 1963, and of the rules, regulations and relevant orders of the President's Committee on Equal Employment Opportunity created thereby.

e. The contractor will furnish all information and reports required by Executive Order 10925 of March 6, 1961, as amended by Executive Order 11114 of June 22, 1963, and by the rules, regulations and orders of the said Committee or by the Department of Housing and Urban Development pursuant thereto and will permit access to his books, records and accounts by the City of Denison, the Department of Housing and Urban Development and the Committee for purposes of investigation to ascertain compliance with such rules, regulation and orders when requested.

f. In the event of the contractor's noncompliance with the nondiscrimination clauses of this contract or with any of the said rules, regulations or order, this contract may be canceled, terminated or suspended in whole or in part and the contractor may be declared ineligible for further contracts in accordance with procedures authorized in Executive Order 10925 of March 6, 1961, as amended by Executive Order 11114 of June 22, 1963, and such other sanctions as may be imposed and remedies invoked as provided in the said Executive Order or by rule, regulation or order of the President's Committee on Equal Employment Opportunity or as otherwise provided by law.

g. The contractor will include the provisions of the Paragraphs a. through f. in every subcontract or purchase order unless exempted by rules, regulations or order of the President's Committee on Equal Employment Opportunity issued pursuant to Section 303 of Executive Order 10925 of March 6, 1961, as amended by Executive Order 11114 of June 22, 1963, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontractor or order as the owner may direct as a means of enforcing such provision, including sanctions for noncompliance; provided, however, that in the event the contractor becomes involved in or is threatened with litigation with a subcontractor or vendor as a result of such direction by the owner, the contractor may request the United States to enter into such litigation to protect the interests of the United States.

22. Section 3 Clause (24 CFR, Part 135.20 and HUD Grant Agreement)

Every applicant, recipient, contracting party, contractor and subcontractor will incorporate or cause to be incorporated, in all contracts for work in connection with a Section 3 covered project, the following clause (referred to as a Section 3 clause).



a. The work to be performed under this contract is on a project assisted under a program providing Federal financial assistance from the Department of Housing and Urban Development and is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended. Section 3 requires that to the greatest extent feasible opportunities for training and employment be given lower income residents of the project area and contracts for work in connection with the project be awarded to business concerns that are located in or owned in substantial part by persons residing in the area of the project.

b. The parties to this contract will comply with the provisions of said Section 3 and the regulations issued pursuant thereto by the Secretary of Housing and Urban Development set forth in 24 CFR 135, and all applicable rules and orders of the Department of HUD issued there under prior to the execution of this contract. The parties to this contract certify and agree that they are under no contractual or other disability that would prevent them from complying with these requirements.

c. The contractor will send to each labor organization or representative of workers with whom he has a collective bargaining agreement or other contract or understanding, if any, a notice advising the said labor organization or worker's representative of his commitments under this Section 3 Clause and will post copies of the notice in conspicuous places available to employees and applicants for employment or training.

d. The contractor will include this Section 3 Clause in every subcontract for work in connection with the project and will, at the direction of the applicant for or recipient of Federal financial assistance, take appropriate action pursuant to the subcontract upon a finding that the subcontractor is in violation of regulations issued by the Secretary of HUD, 24 CFR 135. The contractor will not subcontract with any subcontractor where it has notice or knowledge that the latter has been found in violation of regulations under 24 CFR 135 and will not let any subcontract unless the subcontractor has first provided it with a preliminary statement of ability to comply with the requirements of these regulations.

e. Compliance with the provisions of Section 3, the regulations set forth in 24 CFR 135, and all applicable rules and orders of the Department of HUD issued there under prior to the execution of the contract, will be a condition of the Federal financial assistance provided to the project, binding upon the applicant or recipient, its contractors and subcontractors, its successors, and assigns to those sanctions specified by the grant or loan agreement or contract through which Federal assistance is provided and to such sanctions as are specified by 24 CFR 135.

23. Bid Procedure

- a. The address to which the contractor's bid and proposal must be submitted:

(Name of Property)  
% City Secretary  
City of Denison  
P.O. Box 347  
Denison, Texas 75021-0347

- b. Date and time that the bid proposal by the contractor must be received by the City Clerk.

c. The City is obligated to issue a written proceed order within 10 days from the date the contractor's bid and proposal is accepted. Without a written proceed order, no work will be performed by the contractor. If the written proceed order is not received by the contractor within 10 days the contractor has the option of withdrawing his bid and proposal.

- d. The contractor must begin work within 10 days from the date of the written proceed order.

e. The contractor must satisfactorily complete the work within 10 days from the date of the written proceed order.

## APPENDIX I

### Part 2

#### SPECIAL CONDITIONS FOR REHABILITATION

##### 1. Owner Occupancy

The owner will continue to occupy the premises during the rehabilitation; but he will cooperate with the contractor in a reasonable manner with a view to interfering with his work and operations to the least practicable extent, including abandonment of limited areas as may be essential to the conduct of the work.

##### 2. Utility Services

The existing house utility services will be made available to the contractor without charges as follows: electric power (110 volts), gas, water, and telephone (local calls only).

##### 3. Time for Completion

The work which the contractor is required to perform under this contract will be commenced within ten (10) calendar days after the date of receipt by the contractor of the "Notice to Proceed" and will be fully completed within the time limits specified in the contract.

##### 4. Notice to Proceed

(a) The City will issue a written Notice to Proceed within ten (10) days from the date of acceptance of the contractor's bid and proposal. If the Notice to Proceed is not received by the contractor within this ten (10) day period, the contractor has the option of withdrawing his bid and proposal. Such withdrawal is to be made in writing and delivered to the City and/or its agent with a copy to the owner.

(b) The contractor will not begin the work to be performed until receipt of written Notice to Proceed from the City after which the contractor will begin the work within ten (10) calendar days of the date of said Notice and will complete said work within the number of calendar days stated in the Rehabilitation Contract.

##### 5. Assignment of Contract

The contractor will not assign the contract without written consent of the City and/or its agent.

##### 6. Liquidated Damages

It is agreed between the City and the contractor that damages due to delay are impossible to determine and that in the event the contractor does not complete the work required under this contract within the specified time, the contractor will be liable for and will pay to the City as liquidated damages the sum of one percent (1%) of the total contract amount or \$25, whichever is the most, agreed and liquidated damages for each

calendar day of delay from the date stipulated for completion in the Rehabilitation Contract or as modified in accordance with the Section "Changes in the Work" under Appendix I, Part 1, GENERAL CONDITIONS until such work is satisfactorily completed and accepted.

7. Method of Compensation: Contractors (Form)

To request a payment, a contractor must present to the Office of Community Development invoice(s) and satisfactory release(s) of liens or claims for liens by subcontractor, laborers and materials suppliers for completed work or installed materials. Each request, invoice(s) and release(s) presented for payment must contain, at a minimum, the name and street address of the applicant approved for a housing rehabilitation grant. This information will be the contractor's affirmation that said request(s), release(s) and invoice(s) pertain to that approved applicant's housing rehabilitation grant. Only after the Office of Community Development has verified same will payment be authorized.