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LAHA Grant Program Homeowner/Contractor Agreement

Homeowner/Contractor Agreement and Acknowledgment of Program Terms for Local Affordable Housing Aid (LAHA) Grant Program, City Of Ramsey

1. **HOLD HARMLESS.** Contractor shall agree to defend, indemnify, and hold harmless the Homeowner and the City of Ramsey from liability and claim for damages because of bodily injury, death, property damage, sickness, disease and expense arising from Contractor's Performance under this agreement to install or construct housing rehabilitation to be paid for out of the proceeds of the Homeowner's rehabilitation grant. Contractor is acting in the capacity of an independent Contractor with respect to the Homeowner.

2. **CONTRACTOR QUALIFICATIONS.** The Contractor must be a business licensed to operate in the State of Minnesota by the applicable State agency issuing a license for the work to be done, including all required insurance. The Contractor must be in good standing with the licensing agency. A City of Ramsey Contractor's license may be necessary. All license costs shall be the Contractor's sole responsibility.

3. **LIEN WAIVERS.** Contractor agrees to protect, defend, and indemnify Homeowner from any claims for unpaid work, labor, or materials with respect to Contractor's Performance. Final payment shall not be due until the Contractor has delivered to the City complete release of all liens for work completed arising out of Contractor's Performance.

4. **CONTRACT AMOUNT AND PAYMENT SCHEDULE.** Payments will be scheduled as follows, subject to the Homeowner's acceptance of work done:

    - Down Payment – 50 percent maximum
    - Final Payment – Completion of work - Remaining portion

    a. **Down Payment.** Should a Homeowner be including their own funds in the project, their funds must be first applied to the down payment. The City will then pay the contractor the remaining portion of the down payment through the LAHA Grant.

    b. **Final payment.** Contractor must submit a request, in writing, for final payment to the City. The work must pass ***all*** applicable permit inspections prior to payment.

    Final payment requires lien waivers for all contractors, subcontractors, and materials suppliers, as well as a Sworn Construction Statement (if requested). The City will only pay for items completed from the original scope of work and any modified items approved by written Change Order, as referenced below.

    The scope of work presented during the loan closing/pre-construction conference is the FINAL scope of work and cannot be changed unless there is an UNFORSEEN need for a change that directly affects the health/safety, habitability, energy efficiency, or accessibility of the home. The scope of work may only be changed by a written, approved Change Order, as specified in paragraph 5 below.

5. **TIME FOR PERFORMANCE/CONSTRUCTION SCHEDULE.** City shall provide written authorization to Contractor to commence work by way of Notice to Proceed. Contractor agrees to complete all work on or within the timeframe of the applicable permit type. It is up to the Homeowner and contractor to work together in creating a construction schedule that works for both of them.

6. **NOTICE REGARDING DELAY OF PROJECT.** If completion is delayed for reasons beyond the Contractor's control, Contractor shall provide timely written notice to the City of the reasons for such delay. If such good cause is claimed by the Contractor, it shall be Contractor's obligation to substantiate its claim by adequate documentation. Homeowners do NOT have the right to delay a project and all work must be completed within 120 days of the Notice to Proceed date unless there are unforeseen circumstances that provide good cause for the delay. If undue delay or unreasonable behavior prevents the performance of the contracted work, the City of Ramsey reserves the right to take any and all appropriate action, which may include withdrawing funding for the project.

7. **CHANGE ORDERS/APPROVAL.** Homeowner and Contractor expressly agree that no material changes or alterations in the description of work or price provided above shall be made unless in writing and mutually agreed to by both parties and authorized by the City. Contact the City of Ramsey immediately if the need for a Change Order arises. If a Change Order is needed, the Contractor must present a formal Change Order to the Homeowner on their business letterhead. The Homeowner must sign the Change Order. After the Change Order is signed by the Homeowner, the Change Order must be forwarded to the City for written approval BEFORE the change is implemented into the project and before any work may be performed.

8. **PERMITS AND CODES.** Contractor agrees to secure and pay for all necessary permits and licenses required for Contractor's Performance and to adhere to applicable local codes and requirements whether or not covered by the specifications and drawings for the work, including any Contractor registration requirements.

9. **WARRANTY.** For good and valuable consideration, Contractor hereby agrees to provide warranties to the Homeowner for all work, consistent with Minnesota law (Minn. Stat. 327A.02), which shall extend to subsequent Homeowners of the property to be improved. The warranty shall provide that improvements, hardware, and fixtures, of whatever kind or nature installed or constructed on said property by the Contractor, are of good quality and free from defects in workmanship or materials or deficiencies subject to the warranty contained in this paragraph provided. Contractor and Homeowner agree, however, that the warranty set forth in this paragraph shall apply only to such deficiencies and defects that the Homeowner or subsequent Homeowners shall have given written notice to the Contractor, as its principal place of business, within the applicable warranty period.

10. **SCOPE OF WORK.** Contractor acknowledges that it has prepared the Contractor's Proposal attached hereto as Exhibit A and that such proposal is accurate and consistent as to the name of Contractor, scope of work that the Contractor will undertake, and price. Contractor acknowledges the performance requirement established in the write up and warrants that all materials and work performed will conform to said specifications.

11. **REMOVAL OF DEBRIS.** Upon completion of work, Contractor agrees to remove all construction debris and surplus material from the property and leave the property in a neat and broom clean condition.

12. **SUBCONTRACTORS.** Contractor agrees that all the warranties contained herein shall apply to all work performed under the Contract, including work performed by any Subcontractors.

13. **RESOLUTION OF DISPUTES.** The City of Ramsey will NOT provide mediation services between the Homeowner and contractor and is not a party to the Contractor/Homeowner contract. The Homeowner and Contractor may submit all disputes or claims, regardless of the extent of the work's progress, to a professional mediator, as the parties mutually agree.

14. **PROHIBITION OF KICKBACKS.** The Contractor nor any of its officers, partners, Homeowners, agents, representatives, employees, or parties in interest has in any way colluded, conspired, connived or agreed, directly or indirectly with any other Bidder, firm, or person to submit a collusive Bid in connection with the Contractor for which the attached Bid has been submitted or to refrain from bidding in connection with such Contract, or has in any manner, directly or indirectly, sought by agreement or collusion or communication or conference with any other Bidder, firm, or person to fix any overhead, profit, or cost element of the Bid price or the Bid price of any other Bidder, or to secure through any collusion, conspiracy, connivance, or unlawful agreement, any advantage against the City of Ramsey or any person interested in the proposed Contract; and

    The price or prices quoted are fair and proper and are not tainted by any collusion, conspiracy, connivance or unlawful agreement on the part of the Bidder or any of its agents, representatives, Homeowners, employees, or parties in interest, including this affiant.

15. **PROHIBITION OF BONUS OR COMMISSION.** The funds provided under this Agreement shall not be used in payment of any bonus or commission for the purpose of obtaining City approval of the application for such assistance.

16. **ACKNOWLEDGMENT.** The above warranties are in addition to, and not in limitation of, any and all other rights and remedies to which the Homeowner, or subsequent Homeowners, may be entitled, at law or in equity, and shall survive the conveyance of title, delivery of possession of the property, or other final settlement made by the Homeowner and shall be binding on the undersigned notwithstanding any provision to the contrary contained in any instrument heretofore, and thereafter executed by the Homeowner.

17. **WRITTEN CONTRACT BETWEEN CONTRACTOR AND HOMEOWNER REQUIRED.** A copy of the fully executed written contract between the Contractor and Homeowner which incorporates this Agreement must be submitted within **15 days** of loan closing to the City of Ramsey. If there is a conflict in the terms and conditions contained in this Agreement and the terms of the separate contract entered into by the Contractor and Homeowner, the terms and conditions contained in this Agreement shall take precedence over any other agreements relating to the project.

The undersigned Homeowner and Contractor acknowledge that they have read and understand the foregoing Agreement and accept all terms contained therein.

Property Address _____

Homeowner(s) _____ Date_____

Homeowner Signature_____

Homeowner Signature_____

Contractor _____ State License Number _____

Business Address _____

Representative's Name _____ Date_____

Contractor Representative Signature_____