



SOUTHEAST RURAL COMMUNITY ASSISTANCE PROJECT, INC.  
347 Campbell Avenue, SW Roanoke, VA 24016

## **ADDENDUM # 1**

IFB 2025-06  
CDBG PROJECT # 21-21-01  
February 21, 2025

**Project:**                      **Duplex property**  
641/643 Oak St.  
Franklin, VA 23851

**Information only:** Attached is the final investor-owned contract.

This includes the liquidated damages clause which the contractors may want to review.

Bids for this property will remain the same and are due on February 25, 2025, by 3 PM to the City of Franklin.

**Questions: Contact Heather Tabler at (540) 345-1184 ext. 101 (office) or at 540-795-9533 (cell)**

**CITY OF FRANKLIN**

**COMMUNITY DEVELOPMENT BLOCK GRANT PROJECT (CIG #21-21-01)  
LAUREL STREET NEIGHBORHOOD REVITALIZATION PROJECT  
HOUSING REHABILITATION PROGRAM**

**CONTRACT**

THIS COMMUNITY DEVELOPMENT BLOCK GRANT PROJECT (CIG #21-21-01) LAUREL STREET NEIGHBORHOOD REVITALIZATION PROJECT HOUSING REHABILITATION PROGRAM CONTRACT (the "Contract"), made and executed in triplicate and entered into this \_\_\_\_\_ of \_\_\_\_\_, 2025, by and between \_\_\_\_\_, hereinafter referred to as "Owner" or "Investor-Owner", the City of Franklin, Virginia, hereinafter referred to as the "City", and \_\_\_\_\_, hereinafter referred to as the "Contractor" whose address is \_\_\_\_\_.

WHEREAS, the City is the recipient of a fiscal year 2021 Community Development Block Grant ("CDBG") from the Virginia Department of Housing and Community Development ("DHCD") for the purpose of comprehensive neighborhood improvements including housing rehabilitation improvements (the "Program"); and

WHEREAS, the Investor-Owner, whose tenants applied to and have been determined to be income-eligible [low to moderate income (LMI)], desires to participate in the Program (the "Application"); and

WHEREAS, the home located at \_\_\_\_\_ (the "Property"), is owned by the person(s) designated above as Investor-Owner, and

WHEREAS, the Investor-Owner's tenants have provided financial records to qualify themselves under the current DHCD and US Department of Housing and Urban Development ("HUD") Income Limits applicable to the City, attached as Exhibit A; and

WHEREAS, the terms and conditions apply as specified in the Laurel Street Neighborhood Revitalization Project Housing Rehabilitation Program Design (the "Program Design") which establish the local policies and procedures for the implementation of the Program, attached as Exhibit B, the City of Franklin General Terms and Conditions, attached as Exhibit C, and the Federal Construction Contract Language, attached as Exhibit D; and

WHEREAS, the City will coordinate the rehabilitation of the Investor-Owner's Property (such rehabilitation hereinafter referenced as the "Project"), the cost of which will be paid using monies in the Community Improvement Grant ("CIG") funds, offered to the Investor-Owner as a fully forgivable loan ("Loan") as required by the Program Design, resulting in no immediate financial obligation upon the Investor-Owner other than the repayment of the unforgiven balance should the Property no longer be the Investor-Owner's primary residence and / or the Investor-Owner no longer rents the units to LMI tenants; and

WHEREAS, the Investor-Owner will contribute 10% of the project construction cost and any funds required to make up the deficit between the maximum CIG assistance level and the amount required to accept the lowest responsible bid or complete the rehabilitation prior to contract execution as specified in the Program Design; and

WHEREAS, the Contractor has completed a pre-qualification statement and has been approved by the City to be placed on the bidder's list for the Program; and

WHEREAS, the City obtained a competitive construction bid from the Contractor; and

WHEREAS, the Contractor's address, license classification and license designation are:

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; and

WHEREAS, the Scope of Work as reflected by the Work Write-Up and/or Design Drawings and Specifications (the "Scope of Work") agreed to by the Investor-Owner, the City, and the Contractor, is attached to this document, as Exhibit E, and is considered a part of the contract; and

WHEREAS, as used herein, the term "Work" means the construction and services required by this Contract and the exhibits hereto, all of which are incorporated herein by reference, whether completed or partially completed, and includes all other labor, materials, equipment, and services provided or to be provided by the Contractor to fulfill the Contractor's obligations. The Work may constitute the whole or a part of the Project; and

WHEREAS, the City and the Investor-Owner will allocate XXXXX DOLLARS for the Project.

IT IS THEREFORE MUTUALLY AGREED:

## **1. INVESTOR-OWNER RESPONSIBILITIES**

The Investor-Owner specifically agrees:

A. The Investor-owner has reviewed and approved in writing the scope of the Work and the Work Write-Up and/or Design Drawings and Specifications. Both the City and Investor-owner must approve all written change orders as may be required by the Contract Engineer (the "Rehabilitation Specialist").

B. To provide the Contractor access to the Property, during the construction period from 8:00 A.M. to 5:00 P.M. on weekdays. If the Franklin City Manager determines that the Investor-Owner is unreasonably restricting the Contractor's access to the Property, the Investor-Owner will be liable to the City for the cost of all partially completed construction.

C. To provide reasonable use of electric and water supplies necessary for the completion of the Work at no cost to the Contractor.

D. To be responsible for taking reasonable precautions to protect their personal property, such as furniture, during the Work. The Investor-Owner shall coordinate their activities with the Contractor.

E. To remove any material or debris so noted by the Rehabilitation Specialist in advance of the Contractor initiating the Work to provide the Contractor with a suitable working environment.

F. To permit representatives of the City and DHCD to inspect the Property from 8:00 am to 5:00 pm on weekdays, with reasonable notice to the Investor-Owner, for the purpose of determining whether the Work is being accomplished pursuant to this Contract.

G. That they will not discriminate upon the basis of race, color, religion, national origin, sex or gender, age, familial status, pregnancy, childbirth or related medical conditions (including lactation), marital status, source of income, veteran status, disability, sexual orientation, or gender identity in the sale, rental, lease, use, or occupancy of the rehabilitated unit as required by Section 109 of the Housing and Community Development Act of 1974, the Aged Discrimination Act of 1975, and Section 504 of the Rehabilitation Act of 1973, as included in the Additional Terms (Section 4C) of this Contract and Section 1c of the Federal Construction Contract Language inserts attached as Exhibit D.

H. That all information given to the City is true and correct to the best of the Investor-Owner's knowledge and belief.

I. To promptly make recommendations as to the color of paint, shingles, paneling, flooring, or siding for the Project and to promptly communicate such recommended selection to the Rehabilitation Specialist. The Investor-Owner acknowledges that the Rehabilitation Specialist shall choose the final color(s) used in the Project. This information shall be included in the Scope of Work on the schedule of finishes completed at the Preconstruction Conference. Colors will not be changed without a written and signed change order.

J. That it will not use or advocate the use of lead-based paint as such is strictly prohibited.

K. That material and equipment removed or replaced under this Contract becomes the property of the Contractor and will be removed from the Property (for example, old appliances, doors, brick, or storm windows). Furniture and personal property stored temporarily for the Investor-Owner will not become the property of the Contractor, nor will items listed below in which the Investor-Owner retains a right of ownership. If none, write "None" or leave the below blank.

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L. To store the items listed above in paragraph 1.J. in a safe manner and ensure that, where feasible, they are not visible from a public road.

M. To purchase and maintain hazard insurance for the full replacement value of the Property for a period of ten (10) years or until the end of the Loan term, whichever is longer. The City shall be listed as loss payee on such insurance policy. Upon completion of the Work by the Contractor, the Investor-Owner shall supply the City with a copy of the insurance policy's Declaration page listing the City as a loss payee. The Investor-Owner shall supply the City with proof of coverage annually until the end of the Loan term.

N. That if a natural disaster, an act of God, storm, or fire damages or destroys the Property, all insurance proceeds shall be expended to repair the Property prior to any funds being spent by the City.

O. To Execute a Deed of Trust and Deed of Trust Note for the CIG funds, prior to commencement of Work, as summarized in the Truth in Lending Statement attached as Exhibit F, securing an amortized loan in the aggregate amount of XXXXXXXX for the Work, with an interest rate of zero percent (0.00%) over a ten-year period. The amounts so secured will be forgiven at an aggregate rate of XXXX DOLLARS per month for a one hundred twenty-month period provided all terms and conditions are met as specified in the Program Design.

P. To charge rent at the tenant-occupied units on the Property in an amount that does not exceed the Fair Market Rent for the City set by the US Department of Housing and Urban Development and to not increase such rent during the term of the lien except with the permission from the City and then only for expenses out of control of the Investor-Owner such as increases in real estate taxes or property insurance as specified in the Program Design.

Q. That if they cease to rent the units on this property to LMI tenants for a 10-year period, the Oversight Board (if still operating) or the City Manager, at its/their discretion, may extend the term of the Loan in recognition of lengthy periods when the unit was not occupied by an eligible LMI household.

R. That if they sell or transfer ownership of the Property during the Loan term, the remaining balance is due and payable immediately to the City. Special terms are provided for cases involving the death or institutionalization of the Investor-Owner and are specified in the Program Design.

S. To participate in the City's HOME MAINTENANCE EDUCATION PROGRAM as required by the funding agency under the guidelines of the CIG Program. The Investor-Owner will receive written materials regarding the program and be required to participate in a formal education program. At least one adult must be present from the household for the entire training session. If the homeowner is physically unable to attend the home maintenance education class, then the training shall be offered at the homeowner's residence.

## **2. CONTRACTOR RESPONSIBILITIES**

The Contractor specifically agrees:

- A. That it will begin the Work within ten (10) calendar days after receipt of the "Notice to Proceed".
- B. That it will complete the Work within sixty (60) calendar days of the date it begins the Work, time being of the essence.
- C. That it will not implement any change orders unless both the City and Investor-Owner first approve the change order in writing as may be required by the Contract Engineer (the "Rehabilitation Specialist").
- D. That it will perform the Work diligently and in a good and workmanlike manner, using the materials specified or equivalent materials of at least equal quality, in compliance with local and state building codes.
- E. That it will not use lead-based paint as such is strictly prohibited.
- F. To use materials and make improvements to the specifications that meet or exceed those identified in the bid specifications and master specifications.

G. To be responsible at its own expense for obtaining all necessary permits for the Work to be performed.

H. That the Work, or any part thereof, shall not be deemed complete until same has been accepted as satisfactory by the Investor-Owner and the City.

I. To keep the job premises clean and orderly during the course of the Work, being ever mindful of the fact that the Investor-Owner continues to reside on the premises.

J. To remove debris from time to time as the Work progresses.

K. To remove all remaining debris at the completion of the Work.

L. To remove all materials and equipment that have been a part of the Work pursuant to paragraph 1.J. above.

M. To indemnify and hold harmless and defend the Investor-Owner, the City, DHCD, and their agents, servants, and employees from and against any and all claims for injuries or damages to persons or property of whatsoever kind of character asserted or arising out of this Contract or the Work to be performed hereunder. The Contractor hereby assumes all liability and responsibility for injuries and claims for suits for damages occurring during the time the Work is being performed and arising out of the performance of same. The Contractor has provided proof of insurance in the amounts of \$1,000,000 general aggregate (property damage and bodily injury) and \$1,000,000 personal and advertising injury (business liability); and covenants this coverage will stay effective throughout the contract.

N. To, upon completion of the Work, and prior to the time of final payment, furnish to the Rehabilitation Specialist

- i. a list of all subcontractors and material suppliers who have worked on the Project along with final lien waiver forms signed by each of them; and
- ii. a "Certification of Completion and Release of Liens" signed by the Contractor stating that all the Work is complete and all charges for materials and any other expenses incurred by the Contractor pertaining to the execution of this Contract have been paid or waived in full to the end that no liens of any kind of character may be affixed against the above-described property.

O. To require its designated subcontractors to complete a Register of Assigned Employees and a Monthly Register of Contractors, Subcontractors and Suppliers (collectively, "Registers") for each procurement over \$1,000 in the month of the occurrence.

- i. To submit the Registers to the City on behalf of its subcontractors.
- ii. To file a CIG Disclosure Report, as may be required.

P. To guarantee the improvements, both materials and workmanship herein provided for a period of one (1) year from the date of the "Final Inspection/Acceptance Report" of the Work required by this contract and to provide a warranty receipt to the Investor-Owner memorializing this guarantee.

Q. To furnish Investor-Owner and the City with copies of the written guarantees and warranties of all manufacturers and suppliers under this contract.

R. To correct, at its own expense, any defects that appear within the specified period, the same shall be corrected by Contractor at their expense. Such corrections must occur within thirty (30) days of notification by the Investor-Owner. Additionally, Contractor shall furnish the City with written notification of defect and any corrective action taken.

### **3. CITY RESPONSIBILITIES**

The City specifically agrees:

A. To issue a written "Notice to Proceed" to the Contractor within thirty (30) calendar days from the date of execution of this contract.

B. To follow the Work from beginning to end to ensure compliance with the Scope of Work.

C. To make progress payments from the CIG on Investor-Owner's behalf based upon invoices submitted by the Contractor and approved by the Rehabilitation Specialist in accordance with the following procedures:

- i. Before the first application for payment, the Contractor shall submit to the Rehabilitation Specialist a schedule of values allocated to the various portions of the Work, prepared in such form and supported by such data to substantiate its accuracy as the Rehabilitation Specialist and the City may require. The schedule shall be used only as a basis for the Contractor's application for payment.
- ii. Upon completion of Thirty-three Percent (33%) of the Work, as certified by the Rehabilitation Specialist, the Contractor may apply for payment of Thirty-three Percent (33%) of the Contract price, less such retainage as is set forth herein. Upon completion of sixty-six percent (66%) of the Work, the Contractor may apply for a second payment of Thirty-three Percent (33%) of the Contract price, less such retainage as is set forth herein. Upon substantial completion of the Work, the Contractor shall submit an application for payment of the balance of the Contract sum. Each application for payment shall be itemized and supported by such data substantiating the Contractor's right to payment as the Rehabilitation Specialist and the City may require, and reflecting retainage as provided herein. Contractor invoices are to be submitted to the Rehabilitation Specialist.
- iii. The City will review any applications for progress payments for submission to DHCD for payment of approved progress payments less a five percent (5%) retainage. The City shall pay the approved amount, less retainage, within thirty (30) days of the inspections for the Work performed and the submission of an approved pay request by the Rehabilitation Specialist. No certificate for a progress payment, nor any partial or entire use of occupancy of the project by the Investor-Owner shall constitute an acceptance of any work not performed in accordance with the Contract documents.
- iv. Final payment on the Contract shall not be due until the Rehabilitation Specialist, the Investor-Owner, and the City have inspected and accepted all Work to be performed by the Contractor and the Contractor has delivered to the Investor-Owner and the City satisfactory

releases of all liens by subcontractors, laborers, and material supplies arising out of the contract.

- v. The issuance of a certificate as to completion of the Work by the Rehabilitation Specialist shall not represent that it has made exhaustive or continuous on-site inspections to check the quality or quantity of work or that it has reviewed the construction means, methods, techniques, sequences or procedures, or that it has made any examination as to how or for what purposes the contractor has used any monies previously paid on account of the Contract sum.

D. The Rehabilitation Specialist is responsible for initiating change orders, as required, and these must be executed by the Investor-Owner, Contractor, and City. All change orders must be approved by DHCD prior to execution.

E. The making of final payment shall constitute a waiver of all claims by the Investor-Owner and City except those arising from (1) unsettled liens, (2) faulty or defective work appearing or discovered after substantial completion, (3) failure of the Work to comply with the requirements of the Contract documents, or (4) failure of the warranty as set forth in paragraph 2.R. The acceptance of final payment shall constitute a waiver of all claims by the Contractor except those previously made in writing and still unsettled.

#### **4. ADDITIONAL TERMS**

A. If lead-based paint is used on the Project, the City may cancel this Contract.

B. Termination of Contract for Cause. If, through any cause, the Contractor shall fail to fulfill in a timely and proper manner their obligations under this Contract, or if the Contractor or Investor-Owner violates any of the covenants, agreements, or stipulations of this Contract, the City thereupon has the right to terminate this Contract by giving written notice to the Contractor or Investor-Owner of such termination and the effective date thereof.

In such an event, all satisfactory work completed by the Contractor shall be justly and equitable compensated. Notwithstanding the above, neither the Contractor nor the Investor-Owner shall be relieved of liability to the City for damage sustained to the City by virtue of any breach of the Contract by the Contractor or the Investor-Owner, and the City may withhold any payments to the Contractor or require full payment from the Investor-Owner under the lien for the purposes of offset until such time as the exact amount of damages due the City from the Contractor or Investor-Owner is determined.

C. The City may cancel this Contract if a natural disaster, act of God, storm, or fire damages or destroys the Property and/or renders the Property unsafe for human occupancy or causes such damage that repairing the Property would require an expenditure of more than \$179,640.00.

D. All parties to this Contract agree to comply with the provisions of Title VI of the *Civil Rights Act of 1964* (Public Law 88-352) which provides: that no person in the United States shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be prohibited from receiving federal financial assistance.

E. When this Contract exceeds \$10,000.00 all parties hereby agree to comply with the provisions of Executive Order 11246 which provides: that contractors and sub-contractors take affirmative action to



ensure fair treatment in employment, upgrading, demotion, layoff, or termination, rates of pay or other forms of compensation, and selection for training and apprenticeship.

F. All parties to this Contract hereby agree to comply with the provision of Section 109 of the *Housing and Community Development Act of 1974* which provides: that no person in the United States shall on the ground of race, color, national origin, or sex be excluded from participation in, be denied the benefits of or be subject to discrimination under any program or activity funded in whole or in part with funds made available under this title. Any prohibition against discrimination on the basis of age under the *Age Discrimination Act of 1975* or with respect to an otherwise qualified handicapped individual as provided in section 504 of the *Rehabilitation Act of 1973* shall also apply to any such program or activity.

G. All parties to this Contract agree to comply with the provisions of Section 3 of the *Housing and Urban Development Act of 1968* which provides:

- i. That to the greatest extent feasible opportunities for training and employment be given to lower income residents of the project area and contracts for work in connection with the project be awarded to business concerns which are in or owned in substantial part by persons residing in the project area.
- ii. All parties to this Contract hereby agree to comply with the following concerning procurement: "Pursuant to the Provision of 24 CFR Part 85 and Section 3 of the *Housing and Urban Development Act of 1968*, in procuring supplies, equipment, construction and services, the CONTRACTOR and all SUB-CONTRACTORS will contact the firms located in the local project area (City) and minority- and female- owned firms provided by the PUBLIC BODY on its solicitation list and provide such firms reasonable opportunities to compete for procurement Contracts."

H. All parties to this Contract agree to comply with the following provisions of the Immigration Reform and Control Act of 1986 which provides: that the Contractor agrees by signing this Contract that he or she does not and will not during the performance of this Contract violate the provisions of the Federal Immigration Reform and Control Act of 1986, which prohibits employment of illegal aliens.

I. This Contract is governed by the Lead-Based Paint Poisoning Prevention Act – Public Law 91-695, 84 Stat. 2068 as amended by Public Law 93-151 and Public Law 94-317 (42 U.S.C. 4801).

- i. "As pursuant to the Lead-Based Paint Poisoning Prevention Act, as amended, the CONTRACTOR and SUBCONTRACTORS shall not use lead-based paint in residential structures and shall eliminate any lead-based paint hazards in residential structures rehabilitated."
- ii. The governing body shall be responsible for inspection certifications and preparing specifications to eliminate identified lead-based paint under CFR Section 35.24.

J. No provision of this Contract shall be construed or interpreted as creating a pledge of the faith and credit of the City within the meaning of any constitutional debt limitation. No provision of this Contract shall be construed or interpreted as delegating governmental powers nor as a donation or a lending of the credit of the City within the meaning of the Virginia Constitution. This Contract shall not directly or indirectly obligate the City for any fiscal year in which this Contract shall be in effect nor to make any payments beyond those appropriated in the sole discretion of the City Council. No provision of this contract shall be construed to pledge or to create a lien on any asset or source of the City's moneys.

To the extent of any conflict between this section and any other provision of this Contract, this section takes priority.

K. This instrument constitutes the entire contract between the parties, and no written or oral contract of any kind exists to change the provisions hereof. No other work shall be done, nor additional monies paid, unless provided for in a written change order signed by the parties hereto and attached to the Contract hereunto. The Scope of Work to be made to the Property to meet DHCD Housing Rehabilitation Standards is attached to this contract. It was approved by the Investor-Owner and was used by the Contractor in bidding the project. It further serves as the basis of work to be performed under this Contract and becomes the official work order for the Contractor.

L. The City of Franklin's General Terms and Conditions are incorporated within by reference with the exception of the following provisions which are inapplicable to this Contract: Sections 5.3, 20.1, 20.5, 21, 22.5, 24.7, 26.2 and 29.

**M. Liquidated Damages.**

- i. **Liquidated Damages for Delay.** The Parties recognize that the Investor-Owner may suffer loss or damages if the Work is not completed satisfactorily within the period of time stipulated - within sixty days of the date on which the Work began, plus any extensions thereof allowed in accordance with the Contract (the "LD Date"). The Parties also recognize the delays, expense, and difficulties involved in proving the actual loss or damages suffered by the City and the Investor-Owner if the Work is not completed on time. Accordingly, if the Work is not completed on or before the LD Date and the Housing Rehab Board provides notice as provided below, the Contractor agrees it shall owe to and pay to the City and to the Investor-Owner liquidated damages for loss of the City's continued project management responsibilities and loss of the Investor-Owner's use or occupancy of the Work, but not as a penalty, the sum of \$50.00 (\$15.00 to the City and \$35.00 to the Investor-Owner) for each and every consecutive calendar day of unexcused delay. The total amount of liquidated damages owed and paid shall not exceed 10% of the original contract amount. Liquidated damages shall be assessed against the Contractor only after approval by the Housing Rehab Board.
- ii. **Notice of Liquidated Damages.** If the Housing Rehab Board approves liquidated damages, the Rehabilitation Specialist, on behalf of the Housing Rehab Board, shall provide written notice to the Contractor that, having failed to satisfactorily complete the work by the LD Date, the Contractor shall have five (5) calendar days from the date it receives the Notice ("cure period") to satisfactorily complete the Work. If Contractor fails to satisfactorily complete the Work within the cure period, Contractor agrees it shall owe to and pay to the City and to the Investor-Owner liquidated damages for loss of the City's continued project management responsibilities and loss of the Investor-Owner's use or occupancy of the Work, but not as a penalty, the sum of \$50.00 (\$15.00 to the City and \$35.00 to the Investor-Owner) for each and every consecutive calendar day of unexcused delay beginning the day after the expiration of the cure period.
- iii. **Payment of Liquidated Damages.** The Contractor further agrees that any liquidated damages assessed against the Contractor may be withheld from any retainage or other sums otherwise owed to the Contractor. The Contractor hereby waives any defense as to the validity of any liquidated damages on the grounds such liquidated damages could be void as penalties or are

not reasonably related to actual damages except as to whether the Contractor is not responsible for delays.

Exhibits:

- A. FY2023 HUD Income Limits – City of Franklin
- B. Laurel Street Neighborhood Revitalization Project Program Design (Concise Version)
- C. City of Franklin General Terms and Conditions – Construction
- D. Federal Construction Contract Language Inserts (Appx 61)
- E. Scope of Work (Work Write Up, Drawings, Specifications)
- F. Truth in Lending Disclosure Statement
- G. Acknowledgement of Receipt of ECOA Notices & Disclosures
- H. Notice of Right to Cancel
- I. Notice of Lead Based Paint Presumption
- J. Confirmation of Receipt of Lead Pamphlet Renovate Right
- K. Laurel Street Neighborhood Revitalization Project Complaints and Appeals Process

Investor-Owner (Printed Name)	Investor-Owner (Printed Name)
Signature (SEAL)	Signature (SEAL)
City of Franklin:	Contractor:
By:	By:
(Printed Name)	(Printed Name)
Title:	Title:

COMMONWEALTH OF VIRGINIA  
CITY/COUNTY OF \_\_\_\_\_

\_\_\_\_\_(Investor-Owner)

\_\_\_\_\_(Investor-Owner)

\_\_\_\_\_(City)

\_\_\_\_\_(Contractor)

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