

**CONTRACT FOR THE RECEIPT OF COMMUNITY BASED DEVELOPMENT  
ORGANIZATION PROGRAM FUNDING, FISCAL YEAR FROM THE CITY OF  
FRANKLIN  
COF Contract No. 2015-0324**

This Contract is made and entered into this \_\_ day of \_\_\_\_\_, 2015, by and between the City of Franklin, Tennessee (hereinafter "CITY") and Community Housing Partnership (hereinafter "ORGANIZATION").

**WITNESSETH:**

**WHEREAS**, CITY has identified a need to conduct a Community Based Development Organization (CBDO) Program funding; and

**WHEREAS**, ORGANIZATION is experienced in developing Affordable Housing projects, as defined by the United States Department of Housing and Urban Development and has met the certification requirements of becoming a CBDO; and

**WHEREAS**, ORGANIZATION replied to a publicly advertised Request for Proposals and was selected to participate as a CBDO in the City's Community Development Block Grant Program;

**NOW, THEREFORE**, in consideration of the mutual promises contained herein, it is agreed by and between the parties as follows:

**SECTION 1 - SCOPE OF SERVICES**

ORGANIZATION will carry out activities necessary for acquisition, rehabilitation and resale, new construction, or conversion of a residential structure for low to moderate income owner occupants in the City of Franklin. Low to moderate income is defined as households with incomes equal to or less than 80% of median family income for the Metropolitan Statistical Area.

When applicable, the work will also include testing, remediating, and clearing structures for lead-based paint hazards. All structures constructed pre-1978 must be tested and cleared for lead-based paint hazards. In the presence of lead-based paint hazards, contractors/workers are required to be certified in and use safe-work practices. **A United States Department of Housing and Urban Development (HUD) Environmental Review Report will be required.**

Incorporated into this contract is Exhibit A, the proposal by ORGANIZATION, which is attached hereto and made a part hereof.

## **SECTION 2 - RESPONSIBILITIES OF PARTIES**

- A. ORGANIZATION will perform the duties described above and in Exhibit A and take other actions necessary to accomplish the spirit of this Contract.
- B. ORGANIZATION will submit regular reports (not less often than quarterly) as directed by CITY detailing the progress of their project.
- C. At the request of CITY, ORGANIZATION will periodically send a representative to the neighborhood or other public meetings to discuss and promote their project.
- D. CITY will provide funding for the program from the Community Development Block Grant Program as set forth in Section 3 of this Contract.

## **SECTION 3 – COMPENSATION**

ORGANIZATION will receive up to Thirty Thousand and No Dollars (\$30,000.00) for the services outlined above and contained in Exhibit A from the approved Community Development Block Grant Program for eligible expenses.

## **SECTION 4 – TIME OF PERFORMANCE**

Services shall start within ninety (90) days of this signed Contract and end on or before the 365th day thereafter.

## **SECTION 5 - PAYMENT TERMS AND CONDITIONS**

- A. CITY shall reimburse ORGANIZATION for services rendered based on submittal of valid invoices for project costs with a description and documentation of work performed. CITY has the option of inspecting the completed work prior to making any payments.
- B. Invoices shall be submitted monthly.
- C. Final payment will be subject to receipt of a final report that is satisfactory to CITY.

## **SECTION 6 - NOTICES**

All notices under this Contract shall be in writing and sent by certified mail to the address listed below for each party.

**Vernon J. Gerth  
City of Franklin  
City Hall  
109 3<sup>rd</sup> Avenue South  
Franklin, TN 37064**

**Stephen Murray  
Community Housing Partnership  
of Williamson County  
129 W. Fowlkes Street, Suite 128  
Franklin, TN 37064**

## **SECTION 7 - PROGRAM PROCEEDS**

ORGANIZATION is acting as a CBDO and not as a sub recipient under the terms of this Contract. Revenues generated by activities undertaken by ORGANIZATION with funds provided through this Contract are not considered to be program income. CITY does require ORGANIZATION to use program proceeds to continue ORGANIZATION'S mission of providing affordable housing. Toward that end, CITY requires ORGANIZATION to submit a written statement within thirty (30) days of receipt of any initial program proceeds outlining their intended future use.

## **SECTION 8 - REVERSION OF ASSETS.**

Upon termination of this Contract, ORGANIZATION shall transfer to CITY any unused program funds on hand at the time of expiration and any accounts receivable attributable to the use of program funds. Any real property under ORGANIZATION control that was acquired or improved in whole or in part with program funds in excess of Twenty-Five Thousand and No/100 Dollars (\$25,000.00) is either: (i) used to meet one of the national objectives in 24 CFR 570.208 until five (5) years after expiration of the Contract; or (ii) not used in accordance with the above paragraph (i) of this section, in which event ORGANIZATION shall pay to CITY an amount equal to the current market value of the property less any portion of the value attributable to expenditures of non-program funds for the acquisition of, or improvement to the property.

## **SECTION 9 - STANDARD TERMS AND CONDITIONS**

### **A. COMPLIANCE WITH FEDERAL LAWS/REGULATIONS**

ORGANIZATION shall comply with all applicable Federal and State laws and regulations in the performance of this Contract.

### **B. ANTIDISCRIMINATION/AFFIRMATIVE ACTION AND EQUAL EMPLOYMENT OPPORTUNITY**

No person on the grounds of handicap, age, race, color, religion, sex, national origin, disability, or marital/familial status or any other classification protected by Federal and/or State of Tennessee constitutional and/or statutory law-shall be excluded from participation in, or be denied benefits or, or be otherwise subjected to discrimination in the performance of this Contract.

### **C. AUDIT REQUIREMENTS**

- i. This Contract, as well as any sub-agreement made with other participating agencies, is subject to all of the administrative requirements in OMB Circulars A-110 and A-122.
- ii. CITY hereby notifies ORGANIZATION that a single audit is required for non-profit agencies receiving \$300,000 or more in federal funds in any single fiscal year. This requirement is in accordance with OMB Circulars A-110 and A-133. If required, a copy of the single audit report will be kept on file and made available to CITY staff during sub-recipient monitoring visits and appropriate officials as requested.

**D. CONFLICT OF INTEREST**

ORGANIZATION agrees to abide by the following requirements with respect to conflicts of interest, and covenants that it presently has no interest, direct or indirect, and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of services required under this Contract. ORGANIZATION further covenants that in the performance of this Contract no person having such an interest, direct or indirect, shall be employed or retained by ORGANIZATION hereunder. These conflict of interest provisions apply to any person who is an employee, agent, consultant, officer, or elected official or appointed official of ORGANIZATION or of any designated public agencies or sub-recipients that are receiving funds under this program.

**E. PROCUREMENT STANDARDS AND METHODS**

ORGANIZATION shall comply with CITY's current policy concerning the purchase of equipment and shall maintain inventory records of all non-expendable personal property as defined by such policy as may be procured with funds herein.

ORGANIZATION shall procure all materials, property, or services in accordance with the requirements of Attachment O of OMB Circular A-110, Procurement Standards.

**F. VENUE**

In the event of a dispute or litigation arising out of said Contract, it is understood and agreed and that this Contract was executed and performed in Williamson County, Tennessee, and as such, it is agreed by both parties that venue of said litigation, including an action for Declaratory Judgment, will be in Williamson County, Tennessee.

**G. ASSIGNMENT**

Neither CITY nor ORGANIZATION may assign its rights or delegate its responsibilities under this contract.

**H. ENTIRE CONTRACT AND MODIFICATION**

The Contract between the parties supersedes any prior or contemporaneous communications, representations or agreements between the parties, whether oral or written, regarding the subject matter of the entire Contract. The terms and conditions of this Contract may not be changed except by an amendment expressly referencing this Contract by section number and signed by an authorized representative of each party.

If seeking any addition or modification to the Contract, the parties agree to reference the specific paragraph number sought to be changed on any future document or purchase order issued in furtherance of the Contract, however, an omission of the reference to same shall not affect its applicability. In no event shall either party be bound by any terms contained in any purchase order, acknowledgement, or other writings unless: (a) such purchase order, acknowledgement, or other writings specifically refer to the Contract or to the specific clause they are intended to modify; (b) clearly indicate the intention of both parties to override and modify the Contract; and (c) such purchase order, acknowledgement, or other writings are signed, with specific material clauses separately initialed, by authorized representatives of both parties.

**I. SEVERABILITY**

If any provision of this Contract is held invalid, the remainder of the Contract shall not be affected thereby and all other parts of this Contract shall nevertheless be in full force and effect.

**J. TIME OF THE ESSENCE**

The parties agree that TIME IS OF THE ESSENCE with respect to the parties' performance of all provisions of the Contract.

**K. NO TAXES, NO INTEREST PAYMENTS**

As a tax-exempt entity, CITY shall not be responsible for sales or use taxes incurred for products or services. CITY shall supply ORGANIZATION with its Sales and Use Tax Exemption Certificate upon ORGANIZATION's request. ORGANIZATION shall bear the burden of providing its suppliers with a copy of CITY's tax exemption certificate and shall assume all liability for such taxes, if any, that should be incurred. CITY does not agree to pay any interest for late payments, having agreed to pay in a timely manner.

**L. WAIVER**

Neither party's failure or delay to exercise any of its rights or powers under the Contract will constitute or be deemed a waiver or forfeiture of those rights or powers. For a waiver of a right or power to be effective, it must be in writing signed by the waiving party. An effective waiver of a right or power shall not be construed as either (a) a future or continuing waiver of that same right or power, or (b) the waiver of any other right or power.

**M. TERMINATION**

This Contract may be terminated upon thirty (30) days written notice by either party.

Upon deliberate breach of the Contract by either party, the non-breaching party shall be entitled to terminate the Contract without notice, with all of the remedies it would have in the event of termination, and may also have such other remedies as it may be entitled to in law or in equity.

**In witness whereof, by our hands on the date noted above.**

**THE CITY OF FRANKLIN, TENNESSEE**

**By:** \_\_\_\_\_  
**Dr. Ken Moore, Mayor**

**Attest:**

\_\_\_\_\_  
**Eric S. Stuckey, City Administrator**

**Approved as to Form:**

\_\_\_\_\_  
**Kristen L. Corn, Assistant City Attorney**

**COMMUNITY HOUSING PARTNERSHIP:**

**By:** \_\_\_\_\_  
**Its: Executive Director**

## Exhibit A

**Community Housing Partnership of Williamson County (CHP)  
Proposed Scope of Services (CBDO)**

**CHP is proposing (if funded) with this CBDO program to buy, rehabilitate and sell (to low income homebuyers) two houses within the city limits of Franklin. This program will perform two basic functions for the City of Franklin. First, it will enable the purchase of a house that will most likely be a deteriorated structure within the city, often times in codes violation or foreclosure and a problem for the City Staff. Second, it will enable a low income homebuyer to purchase an entirely rehabilitated house that would be next to impossible for them to accomplish without this program. This program will take a problem piece of property and make it a productive, tax producing property for the City of Franklin while providing a homeownership opportunity for a low income family.**

**CHP has an extensive history in programs similar to this. CHP has successfully administered the Neighborhood Stabilization Program for Tennessee Housing Development Agency in the past. Within this program CHP has bought, rehabbed and sold twelve houses. CHP successfully administers the HUD HOME program and generates approximately 5 purchase, rehabs and sales per year in some past years using this program. Finally, CHP uses the Federal Home Loan Bank of Atlanta's Affordable Housing program to provide homeownership opportunities in the rural sections of Williamson County, successfully providing low income homebuyers in 45 instances over the years. Finally, CHP has completed 4 houses in two different years using the City of Franklin CDBG CBDO programs. Truly, CHP has an extensive history of providing low income homeownership opportunities under programs exactly as described under this "Request for Proposals for Affordable Housing Development by Community Based Development Organizations" as issued by the City of Franklin.**

**Please note that information in the Cost section of this proposal is an integral part of CHP's Scope of Services. CHP proposes to follow the following format in this program:**

**Purchase:**

**CHP will purchase the first house within 60 days of the opening of a funding line under this program. Purchase will come through research on various properties including HUD or other foreclosed properties where CHP may receive a discounted price. Additional input from United Community Resource Foundation, Inc. and Hard Bargain Association will be solicited to see if houses within their market areas are on the market and rehabilitation of such property would help in their activities. All environmental procedures will be conducted prior to any close on the property. Additionally, any lead based paint testing and planning will be conducted prior to the close. Finally, all work write ups, cost estimating and construction bidding will be conducted prior to the close on the property. Feasibility of the project within the guidelines of low income purchase will be maintained at all times. The marketing of the property to a low income homebuyer will start immediately upon the purchase contract by CHP to buy the property. If a customer is qualified, selected and mortgage approved then they will be able to strongly participate in the construction phase with all selections within CHP budgets. The second house will be purchase and follow a similar time line within 120 days of the contract signing.**

### **Construction:**

Construction services will be performed by licensed, bonded and insured State of Tennessee contractors and should start immediately upon the purchase (close) of the houses by CHP after a bidding process is completed. All work will be performed per a work write up specifying the necessary services and under a direct contract with CHP. All construction activity shall require all necessary permits and insurance by the contractor. The contractor shall provide progress schedules on a monthly basis or on any draw request. All items listed in paragraphs 8.0, 9.0, 10.0 and 12.0 in the Request for Proposals by the City of Franklin shall be incorporated in any agreement by the contractor and the City of Franklin.

Contracts should take no more than 120 days to complete and will be signified as completed by a "Certificate of Occupancy" issued by the City of Franklin Codes Department.

### **Program implementation and supervision:**

CHP proposes to serve as the program administrator for the program, providing the following services:

1. **Marketing** the program through outreach to the neighborhood associations, direct press releases and advertising through all local media outlets, direct outreach to all social service agencies who might have clients within these neighborhoods, direct contact with the residents of these neighborhoods through flyers or other means and direct contact with the two other not for profits operating in these neighborhoods (Hard Bargain Association and United Community Resource Foundation).
2. Performing **Intake** functions and record keeping of all homebuyer applicants for the funding. This includes the initial application documents certifying (but not limited to) **income verification** (insuring income compliance per the CDBG guidelines), **home mortgage approval certification** (insuring that the homebuyer has concluded homebuyers class and secured a reasonable mortgage), **Deeds of Trust and Notes for the CDBG grant connected with the property** (Insuring the proper compliance documents are prepared and properly registered).
3. **Inspecting** the property jointly with the homeowner and City of Franklin staff. **Composing** with the approved homeowner a comprehensive **Work Write Up**. This includes all necessary inspections and certifications including (but not limited to):
  - A. Lead Based Paint inspections by certified inspector
  - B. Flood Plain certification with appropriate map and panel
  - C. National Park Service Standards of Rehabilitation (Historic) submittals to the appropriate agent whether it be a State Historic Preservation Officer (SHPO) at the City of Franklin or directly to the Tennessee Historic Commission.
  - D. Thermal/ Explosive verifications with the Fire Marshall of the City of Franklin
4. **Controlling** the contract by **bidding** out the contract to the appropriate Contractors, **conducting the public bid opening**, **consolidating** the bids to present to CHP Board of Directors for final contract decisions. At the point of **Notice to Proceed** CHP will conduct the following:
  - A. Provide the homeowner the necessary guidance for participating in decision in the construction
  - B. Provide the contractor the necessary communications to begin the work
  - C. Do initial inspections that all permits have been obtained



- D. Provide scheduled inspections to insure that the work is being conducted correctly and within time constraints
  - E. Provide inspections on draw requests to insure that the contractor is only drawing what they have in the job. Evaluate and authorize payments.
  - F. Provide final inspections and certify completion of the project.
5. **Record keeping** will be maintained by CHP with a complete project book for each individual project and all records regarding the intake, facilitation, inspections, contracts and draw requests during construction and all mortgage related documents regarding the homebuyer and the close on said property. All record keeping will be maintained to insure that CDBG compliance is maintained by both CHP and the City of Franklin.
6. **Complaints and Grievances** will be addressed by CHP with representation of the City of Franklin where applicable. CHP will maintain an individual file regarding any complaint and grievances by either the homeowner, contractor or interested party. CHP will act as the negotiator to address any issues arising and if CHP can resolve the problem we will do so. However if the problem cannot be resolved we would suggest that the City of Franklin have other resources, such as arbitration possibilities.

CHP has all the internal systems available to begin this program immediately as we will follow the successful format from similar homeownership programs that we have successfully conducted. Inspection systems exist within programs to do all initial inspections and staff is available and certified in all compliance and inspection areas. Indeed this program is very similar to programs performed by CHP staff for HUD HOMES and Tennessee Housing Development Agencies Neighborhood Stabilization Program. As well CHP has successfully administered the CDBG CBDO program over two different program years. Additionally, CHP has conducted the first five years of the CDBG programs for the City of Franklin showing our ability to successfully administer CDBG in a TIMELY method.

CHP will close out the project after final reporting and record keeping to the City of Franklin and will keep all records available for 10 years after the completion of each project. Additionally, CHP will be available and help the City of Franklin on all compliance reporting regarding this CDBG program to the US Department of Housing Urban Development.

**Notes:**

1. The Cost section of this proposal is an integral part of the Scope of Services
2. Development and sale pro formas and sources and use statements are included with the Cost Section
3. Properties have not been optioned at this point although within the Cost Section, 3 possible properties are shown. Additional properties are usually available. It would not be prudent for CHP to option any properties in conjunction with this application until funding is secured.
4. No property that is not zoned correctly for single family housing will be considered
5. The CHP staff will serve as the Development team to control cost and keep the house affordable
6. Architectural Plans and elevations will not be necessary as this is rehabilitation of an existing structure
7. Avenue Bank has preapproved the purchase and construction funding for this application (see attached letter).

**Community Housing Partnership of Williamson County (CHP)  
Costs**

Given the Scope of Work defined in earlier text CHP has identified the costs directly to CHP to administer this program for the City of Franklin. These costs are broken down to reflect the plans of rehabilitating two houses for purchase by low income homebuyers. First is the actual purchase/construction cost for the first house.

We have used an existing for sale house as the example for this project. Be advised that this house may or may not be available upon funding of this application. See attached proforma for further breakdown of figures. Timing of this house will be in the first 6 months of funding.

**302 Scruggs Avenue (First House)**

Purchase of house with soft costs:	\$ 128,220
Construction costs:	\$ 30,000
Total Development Costs	\$ 158,220
Delivery costs	\$ 2,400
Total costs	\$ 160,620

CDBG/CBDO Financing	\$ 30,000
Avenue Bank Financing	\$ 130,620
Total Financing	\$ 160,620

CDBG/CBDO Initial Funding	\$ 30,000
Less Delivery Costs	\$ 2,400
Less Buyer retained subsidy	\$ 13,000
Net Retained Income	\$ 14,600

*cost of buy down*

**225 Ash Drive (Second House)**

Purchase of house with soft costs:	\$ 135,247
Construction costs:	\$ 30,000
Total Development Costs	\$ 165,247
Delivery costs	\$ 2,400
Total costs	\$ 167,647

CDBG/CBDO Financing	\$ 30,000
Avenue Bank Financing	\$ 137,647
Total Financing	\$ 167,647

CDBG/CBDO Initial Funding	\$ 30,000
Less Delivery Costs	\$ 2,400
Less Buyer retained subsidy	\$ 13,000
Net Retained Income	\$ 14,600

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