

First Draft
GROUP CONTRACTING FOR SERVICES
A Pioneer Effort to Create
Housing Rehab Vi'sability
and
Save Money

February 11, 1975
Citizens League - 530 Syndicate Building, Minneapolis 55402
Building Confidence in Older Neighborhoods
Mary Ellen Grika

F O R W A R D

In 1973 Citizens League published a report titled "Building Confidence in Older Neighborhoods". Its premise was that a NEIGHBORHOOD must be rehabilitated as the complete entity - rather than individual buildings and homes. This should be done by group maintenance, using as the smallest group, a neighborhood block.

GROUP CONTRACTING FOR SERVICES was one suggested step in the total neighborhood rehab picture. In simplest terms, this would suggest that all residents who want a new roof seek bids from the same contractors. The roofing contractor would then offer a discount to each resident in the group in return for his receiving all the work.

The neighborhood would benefit from this visibility. Eight new roofs in one block looks like more rehab than eight roofs in an eight block area.

Two neighborhoods, Lexington-Hamline in St. Paul and Field-Regina in Minneapolis, used this approach. The case histories of both neighborhoods are included in this report.

It became apparent, during these two neighborhood projects, that a neighborhood association needed additional tools to (1) commit residents to staying in the group and (2) a contractual method to reduce the paper work for a contractor. Part 2, of this report, deals with sample contracts a neighborhood association could use.

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PART IA
CASE HISTORY

GROUP CONTRACTING FOR SERVICES

Case History #1

Field-Regina neighborhood, in Minneapolis, began their housing rehabilitation project in the spring of 1974. This is a 64 block area in south Minneapolis. Its boundaries are Minnehaha Creek and 42nd Street on the north and south are 3rd Avenue and Chicago on the east and west.

There has been a neighborhood association in the area for ten years. While the leadership and membership has often changed, the feeling of 'neighborhood' has remained and grown.

The housing committee of the neighborhood association decided to concentrate its group contracting efforts in a four block area. Flyers were distributed door to door, announcing the project and giving a list of suggested home improvements. Residents were encouraged to check several and return the list at a scheduled meeting.

However, the news spread through the neighborhood and when the meeting was held, people outside the chosen four block area asked to be included. The housing committee felt that any group asking for bids for a service should have at least five members. When the returned check lists were tabulated, no one service had five residents asking for the same service. Residents were encouraged to hold block parties and attempt to get additional check lists from their neighbors.

Flyers were again distributed and an expanded area. Returned check-lists were again tallied. The results showed the three services seemed to have the greatest appeal - roofing, cementing and exterior painting.

Roofing had six requests; painting had five; cementing had seven. One person wanted both a roof and new cement steps and one house needed all three services.

Now came the second step of the project - finding contractors to do the bidding. The mechanics of finding contractors was foreign to most of the group, who

in the past had called a friend or looked in the yellow pages when repairs were needed. Because of the newness of the group contracting concept, there was hesitation to picking names from the phone book. More people remembered bad experiences with contractors than good ones.

A full two months was spent trying various ways to put together a list of contractors. The Housing and Rehabilitation Authority in Minneapolis was some help. But they hesitated to give out some names and not others. Their jobs are usually put out on general bids and some of their experiences were less than satisfactory. Some names were gotten from neighborhood people and others from 'shoppers guide' newspapers.

When contacts were finally begun, it became apparent immediately, that contractors had never thought of the group contracting concept. A few were found who had done work in townhouse developments on condominiums, but they had trouble with the idea of doing this in a neighborhood. In a townhouse development, all of the units are similar; in a neighborhood each house is unique. The fact that individual contracts had to be negotiated with each homeowner, rather than the neighborhood association, did not reduce the paper work for a contractor. Also, mid-summer is the busiest season for exterior maintenance and most contractors were overloaded with work.

Several neighborhood newspapers in the city picked up on the idea and printed articles pointing out the problems with contractors. Channel 5 - TV did a short interview on an evening news broadcast. Then, the calls began to come in FROM contractors asking to become involved. By mid-October, the group had received six individual bids and two bids from general contractors.

When the group met to choose the contractors, several homeowners had decided to withdraw - some because of the lateness of the season and others because they had waited too long to get their financing in order and were not ready to commit actual dollars. This caused the contractors to re-assess their bids because they would now receive less work.

When the final contracts were signed, three houses got new roofs and exterior painting, one house had exterior painting only, two houses received new cement walks and steps and one house got all three services. The savings, which at first looked like 25% was reduced to 15% because of the reduction in numbers of jobs.

GROUP CONTRACTING FOR SERVICES

Case History #2

Lexington-Hamline Community, in St. Paul, started their housing maintenance program in late winter of 1973. This area is located in north St. Paul and its boundaries are University and Summit Avenues on the north and south and Hamline and Lexington Parkway on the east and west.

They have a neighborhood office on Selby Avenue and, with some private funding, retain a staff person. The housing committee put out flyers in the neighborhood announcing the housing maintenance project and identified six homeowners who wanted electrical wiring.

The St. Paul HRA gave them a list of thirty contractors who had done satisfactory work in urban renewal areas. Seventeen of these contractors showed an interest in the group contracting concept but only five asked for the names of the residents in the project. Only two of those five gave bids.

When the group met to discuss those two bids, it was felt there should be at least one more and two more more if possible to really compare prices. The chairman was directed to contact two more contractors. Also, it was agreed that each homeowner would get an individual bid from a different contractor and compare prices, given by contractors who knew they were bidding for a group. This would serve as a check to determine if group estimates really produced low bids.

An interesting thing came to light when the first two bids were compared. Five homeowners received low bids from one of the contractors but the sixth homeowner received the highest bid from the same contractor. This caused some discussion about what the group would do if this situation repeated itself. One suggestion was that the group, as a whole, might subsidize the difference for the one homeowner who got the high bid, thereby enabling the group to use the contractor who bid lowest for the majority of the participants.

Eventually, the group collected four bids plus the individual bid and met again. They chose the contractors who give the single high bid. Some discussion with the company resulted in an adjustment for that homeowner and contracts were signed.

The six homes received new electrical wiring and the savings ranged from one to five percent, depending on the size of the individual job.

P A R T I B

S U G G E S T E D P R O C E D U R E S

GROUP CONTRACTING FOR SERVICES

SUGGESTED PROCEDURES TO BE FOLLOWED BY NEIGHBORHOODS

1. The neighborhood association would assign its housing committee the task of coordinating the project or it could put together a separate committee for this operation.
 - A. The committee would decide if efforts are to be concentrated in only a chosen number of blocks or neighborhood wide.
 - B. Design a flyer to publicize the project. (See appendix I)
 1. The flyer could announce a meeting date for interested residents and/or a name and phone number to contact.
2. If the neighborhood has a newsletter, the flyer could be printed in the newsletter with an article of explanation.
 - A. If only a small number of blocks is to be covered, the flyer could be an insert in the newsletters delivered in those blocks.
3. Each block chosen for the project should have a person assigned who would make personal contact with each resident.
 - A. If the property is rental rather than owner-occupied the landlord should be contacted and urged to join the project.
4. The chairman of this coordinating committee MUST be responsible for seeing that these contacts are made.
5. When a list of residents and desired services are obtained, make a file card for each service.
 - A. List service desired
 - B. List address of property
 - C. List name and address of landlord if different from resident.
 - D. Phone numbers - home and work

- E. If property is rented, the occupants' name and phone numbers (contractor will need to get into property)
- F. If more than one service is desired, make separate cards for each service, but note additional service on bottom of card.
- 6. Separate cards into service categories and make print-out sheets of names, addresses and services. These sheets are for contractors. (See appendix 3)
- 7. Committee will compile list of contractors and meet with residents to decide which ones will be contacted to make bids. (See appendix 4)
 - A. Contractors names can be ones suggested by residents.
 - B. 'Shoppers Guides' are good sources of names.
 - C. Neighborhood based businesses should be contacted.
- 8. When list of contractors is finalized, send a letter of explanation, followed by a phone call or visit by a committee member.
 - A. Committee chairman MUST be sure this step is completely organized and implemented.
- 9. Compile a list of interested contractors and supply them with the print-outs of addresses, phone numbers and desired services.
- 10. Ask each contractor to submit bids by a date certain. A reminder phone call should be made to each contractor as submission date approaches.
- 11. When all bids are received, committee and residents will meet again, and choose the contractor who is most attractive to the group.
- 12. Committee will then notify the chosen contractor and establish starting date for work. (A courtesy call of thanks should be made to rejected contractors. You may want to use them again in the future.)
- 13. Then chosen contractor should then meet with the residents individually to finalize work orders and arrange financing.

Words of caution:

1. Check contractors credentials with Better Business Bureau.
2. Make certain contractor has proper insurance to cover his work and workman.
3. Encourage residents to have means of financing ready prior to choosing contractor.

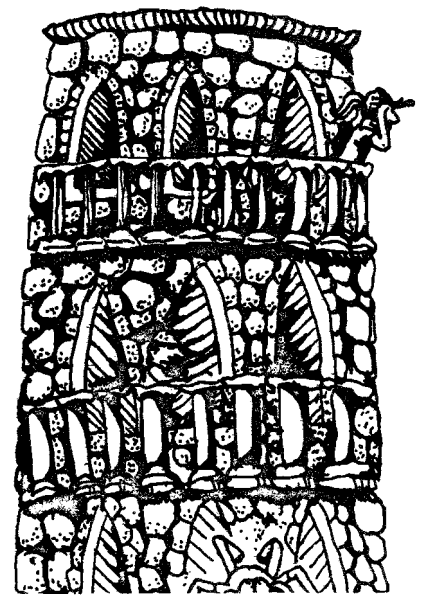
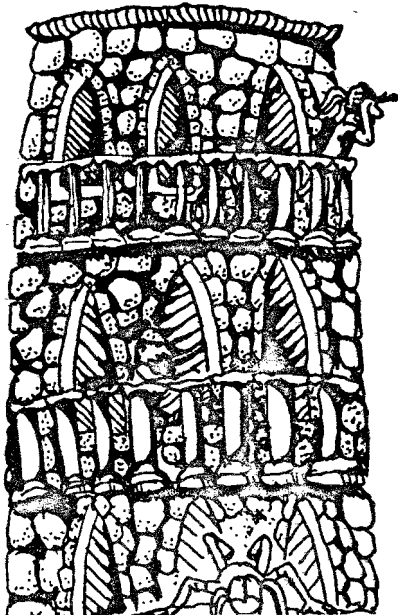
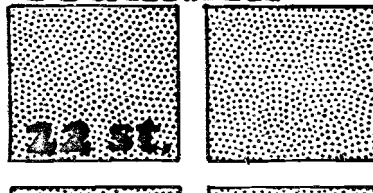


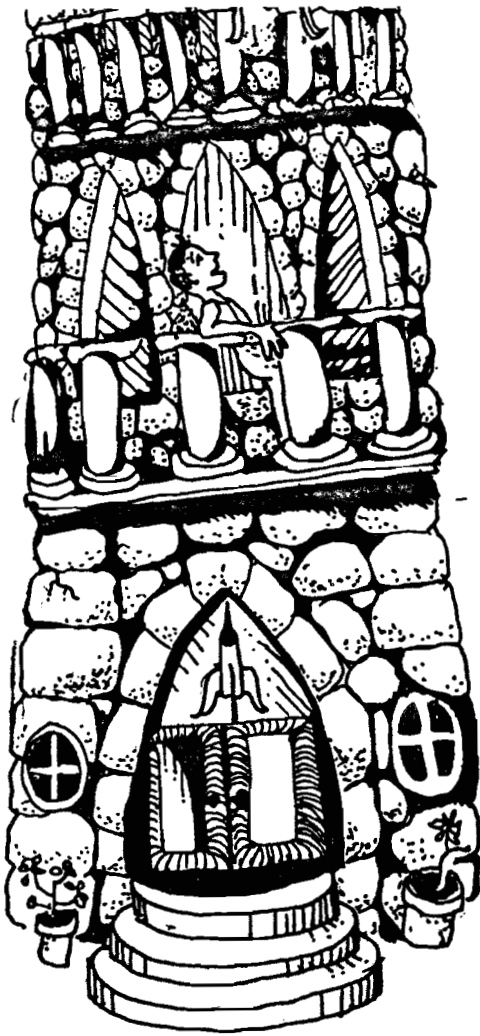
DEAR NEIGHBOR,

Would you take a few minutes to read over our thoughts on home improvements in our neighborhood?

Phillips Neighborhood Improvement Association (PNIA) and Project for Pride in Living (PPL), two small neighborhood organizations are trying to find out what home improvements you need. After we get this information we will try to figure out how to get the improvements done at a cost everyone can afford. The area we are looking at is between Franklin and 26th streets and between Bloomington and Cedar Avenues.

Franklin





Bloomington

23 st.			
24 st.			
25 st.	16 av.	17 av.	18 av.
26 st.			

Cedar



If you would kindly take a minutes to fill out the questionnaire on the back, we would be most appreciative. One or two of our people will be over to pick it up during the week of June 24-29. Thank you

Area
Representative

Helen Gatton, PNIA Chairperson

Questionnaire on Home Improvements

Name _____

Address _____ Telephone _____

Owner occupied? _____ Landlord's name and number _____

Type of Improvement	Improvement planned this summer	Improvement planned this year
1. NEW ROOF		
2. RE - SURFACING		
3. NEW STUCCO-PLASTERING		
4. NEW STEPS		
5. SIDING		
6. EXTERIOR PAINTING		
7. INTERIOR PAINTING		
8. REWIRING		
9. NEW PLUMBING		
10. FENCING		

11. INDOOR OR OUTDOOR CARPETING		
12. UPDATING KITCHENS		
13. REFINISHING FLOORS		
14. BUILDING GARAGES		
15. RECREATION ROOMS		
16. LAWN OR YARD WORK		
17. PATCHING PLASTER OR SHEET ROCKING		
18. OTHERS		

1. IF low interest home improvement loans become available would you be willing to take a loan?

2. Do you have any skills to make your own improvements on your home?

3. Do you have any skills you would be willing to hire out?

4. Remarks:

For information call Joe Selvaggio or Judy
Gentile PPL 1527 East 26th Street
Mpls., MN 55404
721-6440

For information call Joe Selvaggio or Judy Gentile PPL 1527 E. 26th St.
Mpls., MN. 55404
721-6460

Appendix I

Suggested format for flyers

SURVEY QUESTIONNAIRE

If your neighborhood association could provide you with a person who could tell you what your house needs to bring it up to code, (not a housing inspector) would you be interested?

If you were to correct any suggested problems, do you have private funding or will you need a loan?

If you need a loan would you use your bank or a city loan?

Would you be interested in joining with your neighbors to hire the same contractor?

Would you be interested in joining with your neighbors to have you
your sidewalk plowed?

your leaves raked?

your grass mowed?

Do you have any skills to do your own housing repairs?

Do you have any skills you would be willing to share, for money or trade with your neighbors?

If your neighborhood association would co-ordinate a maintenance committee, would you be willing to pay dues to be a member?

Appendix 2

Suggested file card information

CEMENTING

2710 Main Street

Mable Smith
Phone - Home
Work

Other Services - ROOF

CEMENTING

2712 Main Street

Village Manor Enterprises
John Smith - Manager
Phone

Occupant - Mary Brown
Phone - Home
Work

Appendix 3

Suggested print-outs for contractors

<u>Properties</u>	<u>Services</u>	
2701 Main Street	Cementing	Roofing
Mable Smith		
Phone - Home		
Work		
2712 Main Street		
John Smith - Manager	Cementing	
Phone -		
Mary Brown - Occupant		
Phone - Home		
Work		

**SAMPLE AGREEMENTS
FOR NEIGHBORHOOD ASSOCIATIONS**

**Prepared for the Citizens League by
Stolpestad, Brown & Smith, Professional Association
1550 Northwestern Bank Building
Saint Paul, Minnesota 55101**

**Preparation of this report was financed by
a grant from the Minneapolis Foundation**

October 1974

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INTRODUCTORY COMMENT

The documents in this series were prepared at the request of the Citizens League to implement in part the study, "Building Confidence in Older Neighborhoods."

Any neighborhood association presently existing in the Twin Cities area may utilize these materials. Although the documents have been drawn so as to cover a wide-range of possibilities, in using them the need will inevitably arise to modify the documents by making additions or subtractions to suit the particular needs of a given organization. Even though these materials reflect a good deal of research and practical experience on the part of the author, it is expected that some weaknesses might become apparent after the documents have been put to work in the field. To a large extent, that is as it should be. It is hoped that whatever beginning is made with these documents will be just that, with improvements made along the way as we all gain experience in this expanding field.

Stolpestad, Brown & Smith

DOCUMENT NO. 1

Construction Agreement and Letter of Credit

These documents are designed to cover the situation where a number of homeowners desire to realize cost savings by jointly contracting for improvements to their homes but do not have the time or expertise to undertake such a project themselves. The kinds of improvements which these documents might be used for include roofing, siding, sidewalk, painting, and other similar projects.

It is intended that the neighborhood association would administer the agreement by working with the homeowners and the contractor to see to it that the project is successfully carried out. Placing this burden on the association probably will require the association to employ, perhaps on an hourly or other nominal basis, an architect or other person familiar with the construction industry to supervise the project. The fee for paying such an individual could be divided among the homeowners involved.

A major problem in trying to arrange cooperative home improvement efforts has been the apprehension on the part of contractors over payment. This problem has been met with the Letter of Credit which could be obtained from a bank or savings and loan where the homeowner does business. Of course, if the homeowner cannot provide such an assurance of payment, or come up with the necessary funds from some other source to pay for the improvements, he cannot participate in the project.

The thrust of these documents is to simplify the relationship between the contractor and those who are contracting for the improvements, but at the same time provide all parties to the transactions with adequate safeguards.

DOCUMENT NO. 1
SAMPLE CONSTRUCTION AGREEMENT
FOR NEIGHBORHOOD ASSOCIATION

AGREEMENT entered into as of this _____ day of _____, 19____, by and among the TYPICAL NEIGHBORHOOD ASSOCIATION, a Minnesota nonprofit corporation (the "Association"); the XYZ CONSTRUCTION COMPANY, a Minnesota corporation (the "Contractor"); and those persons whose names and places of residence are appended hereto (the "Owners").

In consideration of the mutual covenants as hereinafter set forth, the parties agree as follows:

1. Employment of Contractor. The Owners hereby employ the Contractor, and the Contractor accepts such employment, to carry out for each Owner the Improvements described in Paragraph 2 of this Agreement.

2. Improvements; Completion.

(a) Improvements. The Contractor shall provide labor and materials for the installation of _____

(the "Improvements") for each Owner in accordance with the Plans and Specifications furnished by the Association. The Improvements are to be completed by the Contractor in a workmanlike manner according to the Contractor's industry standards.

(b) Completion Date. The Contractor shall begin construction of the Improvements with 10 days after the date of this Agreement and shall complete the same on or before _____ ("Completion Date"). In the event the Contractor is unable to complete the Improvements by the Completion Date because of occurrences beyond its reasonable control, including labor disputes, delays in transportation, unavailability of materials, and acts of God, the Completion Date shall be extended for such reasonable time as the Association may determine. If the Contractor fails to complete the Improvements by the Completion Date, or any extensions thereto, the Contractor shall be considered in default and the Association may pursue the remedies set forth in Paragraph 8 of this Agreement.

3. Contract Price; Payment.

(a) Contract Price. The Association shall pay the Contractor, from funds provided by the Owners, a stipulated sum of _____ (\$ _____) for the construction of the Improvements.

(b) Assurance of Payment. Prior to the date of this Agreement, each Owner shall have provided the Association with an assurance, in the form of the Letter of Credit annexed hereto as Exhibit A, or some equivalent thereto, that funds have been set aside or committed for the purpose of paying the Contractor. Such assurance shall be made in favor of the Association for the account of the Contractor.

(c) Inspection of Improvements. At such time as the Contractor determines that the Improvements, or any designated portion thereof, have been completed in accordance with the Plans and Specifications, the Association shall be notified that the Improvements are ready for inspection and acceptance. The Association and the Owners whose places of residence are involved shall thereupon promptly undertake an inspection.

(d) Acceptance of Improvements.

(i) In the event the construction of the Improvements is found to be defective or not in conformity with the Plans and Specifications, the Contractor shall remedy such defects and nonconformities at its expense to the reasonable satisfaction of the Association and the Owners. If the Contractor fails to correct such defects or nonconformities, the Contractor shall be considered in default and the Association may pursue the remedies set forth in Paragraph 8 of this Agreement.

(ii) In the event the Improvements are found to be acceptable, the Contractor shall be so notified and the entire balance of the Contract Price shall be due and payable.

(e) Payment. The Association shall pay the Contractor from the funds which have been set aside or committed by the Owners the Contract Price, or any balance thereof, when the Contractor submits to the Association the following:

(i) An Affidavit that all payrolls, bills for materials and equipment, and other indebtedness connected with the Improvements for which the Owners or their property might in any way be responsible have been paid or otherwise satisfied; and

(ii) A lien waiver in such form as the Association may designate.

(f) The payment of the Contract Price to the Contractor shall constitute a waiver of all claims by the Owners against the Contractor except those arising from defective construction appearing after completion. Acceptance of payment shall constitute a waiver of all claims by the Contractor except those previously made in writing and still unsettled.

4. Duties of Association. The Association shall provide for the general administration of this Agreement. Its responsibilities hereunder shall include, in addition to those duties which have been set forth elsewhere in this Agreement, preparing Plans and Specifications, obtaining bids for the Improvements, selecting a contractor, approving the employment of any subcontractor, providing liaison and arbitrating disagreements and disputes between the Contractor and Owners, inspecting the work performed under this Agreement, and rendering payment of the Contract Price from the funds provided by the Owners to the Contractor.

5. Contractor's Responsibilities.

(a) Supervision of Construction. The Contractor shall supervise and direct the construction of the Improvements using his best skill and attention. The Contractor shall be solely responsible for all construction means, methods, techniques, sequences and procedures and for coordinating all portions of the work under this Agreement. All work performed for the Contractor by a subcontractor shall be carried out pursuant to an agreement which preserves the rights of the Owners and Association under this Agreement and which requires that such work be performed in a workmanlike manner according to the Plans and Specifications. The Contractor shall be responsible to the Owners for the acts and omissions of all his employees and all subcontractors, their agents and employees, and all other persons performing any of the work under an agreement with the Contractor.

(b) Labor and Materials. The Contractor shall provide and pay for all labor, materials, equipment, tools, construction equipment and machinery, transportation, and other facilities and services necessary for the proper execution and completion of the Improvements. The Contractor shall also pay all sales, consumer, use and other similar taxes required by law. The Contractor shall at all times enforce strict discipline and good order among his employees and shall not employ on the work any unfit person or anyone not skilled in the task assigned to him. The Contractor warrants to the Owners that all materials and equipment furnished under this Agreement will be new unless otherwise specified, and that all work will be of good quality, free from defects and in conformance with the Plans and Specifications.

(c) Permits, Fees and Notices. The Contractor shall secure and pay for all permits, governmental fees and licenses necessary for the proper execution and completion of the Improvements. The Contractor shall give all notices and comply with all laws, ordinances, rules, regulations and orders of any public authority bearing on the performance of its work under this Agreement. If the Contractor performs any work knowing it to be contrary to such laws, ordinances, rules and regulations, it shall assume full responsibility therefor and shall bear all costs attributable thereto.

(d) Use of Site. The Contractor shall confine operations at the work sites to areas permitted by law, ordinances, and permits and shall not unreasonably encumber such sites with any materials or equipment. The Contractor at all times shall keep such sites free from accumulation of waste materials or rubbish caused by its operations. At the completion of the work, the Contractor shall remove from the work sites all waste materials, tools, construction equipment, machinery, and surplus materials. If the Contractor fails to clean up, the Owner may do so and the cost thereof shall be charged to the Contractor.

(e) Safety of Persons and Property. The Contractor shall take all reasonable precautions for the safety of its employees on the work sites, all other persons who may be affected thereby, and all materials and equipment stored or used on the work sites and other property at the site or adjacent thereto. The Contractor shall comply with all applicable laws and regulations of any public authority having jurisdiction for the safety of persons or property.

(f) Insurance. The Contractor shall furnish the Association with Certificates evidencing its insurance coverage against workmen's compensation claims; damages because of bodily injury, occupational sickness, disease, or death of its employees and other persons; damages insured by personal injury liability coverage; and claims for damages because of injury to or destruction of tangible property, including loss of use resulting therefrom.

6. Owners' Undertakings. As of the date of this Agreement, the Owners shall have furnished the Association with the following:

(a) Assurances of payment in accordance with Paragraph 3(b) hereof.

(b) Descriptions of the physical characteristics of their places of residence to enable the Association to prepare Plans and Specifications for the Improvements.

(c) Certificates evidencing their liability insurance coverage against claims arising out of the construction of the Improvements.

(d) Certificates evidencing their property insurance coverage against the perils of fire, vandalism, and extended coverage.

The Owners shall assist the Association in carrying out the provisions of this Agreement and shall cooperate with the Contractor during the Construction of the Improvements.

7. Indemnification. The Contractor shall indemnify and hold the Owners and the Association harmless from and against all claims, damages, losses and expenses arising out of its performance under this Agreement which may be related to bodily injury, sickness, disease or death, or to injury to or destruction of tangible property and which is caused in whole or in part by any negligent act or omission of the Contractor, any subcontractor, anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable.

8. Default. If the Contractor fails to finish construction of the Improvements by the Completion Date, or fails to correct defective work or to construct the Improvements in accordance with the Plans and Specifications as interpreted payment to subcontractors or suppliers for labor or materials, the Association may, without prejudice to any other remedy, terminate this Agreement by ordering the Contractor to stop work and authorizing another contractor to complete the Improvements. Any expenditures incurred in correcting any defective or nonconforming work may be deducted from that portion of the Contract Price which may be due the Contractor.

9. Termination. If work is stopped for a period of 30 days through no act or fault of the Contractor or any other person performing work under an agreement with the Contractor, the Contractor may, upon 10 days written notice to the Association, terminate this agreement and recover payment for all work performed hereunder.

10. Binding Effect. The provisions of this Agreement shall bind, and its benefits shall inure to, the respective successors, assigns, and representatives of the parties hereto.

(OWNER)

(full name)

(legal description)

(street address)

(city and zip code)

(telephone number)

(signature)

STATE OF MINNESOTA)

)

COUNTY OF RAMSEY)

The foregoing instrument was acknowledged before
me on this _____ day of _____, 197_____, by

Notary Public

In witness whereof, the parties have executed this Agreement as of the date above first written.

(ASSOCIATION)

Attest:

TYPICAL NEIGHBORHOOD ASSOCIATION

Secretary By _____
President

(CONTRACTOR)

Attest:

XYZ CONSTRUCTION COMPANY

Secretary By _____
President

STATE OF MINNESOTA)
)
COUNTY OF RAMSEY)

The foregoing instrument was acknowledged before me this _____
day of _____, 19____ by _____ and _____
_____, being the President and Secretary, respectively, of Typical
Neighborhood Association, a Minnesota nonprofit corporation, on behalf of the
corporation.

Notary Public

STATE OF MINNESOTA)
)
COUNTY OF RAMSEY)

The foregoing instrument was acknowledged before me this _____
day of _____, 19____ by _____ and _____
_____, being the President and Secretary, respectively,
of XYZ Construction Corporation, a Minnesota corporation, on behalf of the corporation.

Notary Public

EXHIBIT "A"

Typical Neighborhood Association
1050 Oak Street
Saint Paul, Minnesota 55112

Gentlemen:

The Metropolitan State Bank (the "Bank"), for value received, hereby establishes a credit, on behalf of John H. Doe, residing at 358 Pleasant Avenue, Saint Paul, Minnesota, in favor of the Typical Neighborhood Association (the "Association"), for the account of the XYZ Construction Company (the "Contractor") in the amount of \$_____.

This credit shall be available to the Association upon demand for the purpose of paying the Contractor for the construction of certain improvements to be made at the abovementioned place of residence. The Bank shall honor the Association's demands hereunder until _____, when this credit shall expire.

Dated:

METROPOLITAN STATE BANK

By _____

DOCUMENT NO. 2

Maintenance Agreement

This document pertains to various maintenance activities in which many neighborhood associations may become involved. These activities include snowplowing, grass-cutting, trash and leaf pick-up, and the like.

This document, unlike Document No. 1, runs directly between the association and the contractor. It is contemplated that the cost of such services would be within the means of the association to pay out of normal revenue. However, if the income of a particular association is unpredictable, the association may avail itself of other documents in this series to resolve that problem.

The simple scheme of this agreement reflects what in most instances will be a straight-forward working relationship between the association and the contractor, who, in all likelihood, may be resident of the neighborhood and a member of the association.

DOCUMENT NO. 2
SAMPLE MAINTENANCE AGREEMENT
FOR NEIGHBORHOOD ASSOCIATION

AGREEMENT entered into as of this _____ day of _____, 197____, by and between the TYPICAL NEIGHBORHOOD ASSOCIATION, a Minnesota nonprofit corporation (the "Association"); and the PROPERTY MAINTENANCE COMPANY, a Minnesota corporation (the "Contractor").

In consideration of the mutual covenants as hereinafter set forth, the parties agree as follows:

1. Employment of Contractor. The Owners hereby employ the Contractor, and the Contractor accepts such employment, to provide the maintenance services described in Paragraph 2 of this Agreement for a term of _____, commencing on the date of this Agreement.

2. Maintenance Services.

(a) Description. The Contractor shall provide labor and necessary equipment to carry out the following services: _____

(the "Services").

(b) Schedule. The Contractor shall provide the services on a timely basis in accordance with the following schedule: _____

3. Payment. The Association shall pay the Contractor on a monthly basis the sum of _____ (\$_____) for the Services performed. In the event the Services are not carried out by the Contractor according to the work description set forth in Paragraph 2(a) of this Agreement, payment may be withheld until the Services have been performed to the reasonable satisfaction of the Association.

4. Duties of Association. The Association shall provide for the general administration of this Agreement. Its responsibilities hereunder shall include, in addition to those duties which have been set forth elsewhere in this Agreement, obtaining bids for the Services, selecting a contractor, providing liaison and arbitrating disagreements and disputes between the Contractor and any members of the Association for whom Services are performed, inspecting the work performed under this Agreement, and rendering payments to the Contractor.

5. Contractor's Responsibilities. The Contractor shall supervise and direct the Services to be provided under this Agreement. The Contractor shall be responsible to the Association for the acts and omissions of his employees, and his agents, and all other persons performing any of the work under this Agreement. The Contractor shall provide and pay for all labor, materials, equipment, tools, transportation, and other facilities necessary for the proper execution of the Services under this Agreement. The Contractor shall also pay all sales, consumer, use and other similar taxes required by law and obtain all permits and licenses necessary for the proper execution of its responsibilities under this Agreement. The Contractor shall at all times enforce strict discipline and good order among his employees and shall not employ on the work any unfit person or anyone not skilled in the task assigned to him. The Contractor shall take all reasonable precautions for the safety of its employees on the work sites and all other persons who may be affected thereby and shall furnish the Association with Certificates evidencing its insurance coverage against damages insured by personal injury liability coverage or damages because of injury to or destruction of tangible property, including loss of use resulting therefrom.

6. Indemnification. The Contractor shall indemnify and hold the Association harmless from and against all claims, damages, losses and expenses arising out of its performance under this Agreement which may be related to bodily injury, sickness, disease or death, or to injury to or destruction of tangible property and which is caused in whole or in part by any negligent act or omission of the Contractor or anyone directly or indirectly employed by him for whose acts he may be liable.

7. Default. If the Contractor fails to provide the Services as set forth in Paragraph 2 of the Agreement, the Association may, without prejudice to any other remedy, terminate this Agreement by ordering the Contractor to stop work and authorizing another contractor to provide the Services.

8. Binding Effect. The provisions of this Agreement shall bind, and its benefits shall inure to, the respective successors, assigns, and representatives of the parties hereto.

In witness whereof, the parties have executed this Agreement as of the date above first written.

Attest: (ASSOCIATION)
TYPICAL NEIGHBORHOOD ASSOCIATION

Secretary By President

Attest: (CONTRACTOR)
PROPERTY MAINTENANCE COMPANY

Secretary By President

STATE OF MINNESOTA)
COUNTY OF RAMSEY)

The foregoing instrument was acknowledged before me this _____ day of _____, 19__ by _____ and _____, being the President and Secretary, respectively, of Typical Neighborhood Association, a Minnesota nonprofit corporation, on behalf of the corporation.

Notary Public

STATE OF MINNESOTA)
COUNTY OF RAMSEY)

The foregoing instrument was acknowledged before me this _____ day of _____, 19__ by _____ and _____, being the President and Secretary, respectively, of Property Maintenance Corporation, a Minnesota corporation, on behalf of the corporation.

Notary Public

DOCUMENT NO. 3

Pledge Agreement

This document is a tool which a neighborhood association may use to stabilize its income picture and thereby better enable it to plan various activities. It could be used by any of the voluntary organizations which presently exist in the Twin Cities Area.

The recitation in the agreement that the association will incur expenses in reliance upon payment of the pledged amount is intended to put members of the association on notice of the importance of their pledges and to provide a form of legal consideration to enhance the enforceability of the pledge in court.

DOCUMENT NO. 3
SAMPLE PLEDGE AGREEMENT
FOR NEIGHBORHOOD ASSOCIATION

The undersigned, being a member of the TYPICAL NEIGHBORHOOD ASSOCIATION, a Minnesota nonprofit corporation (the "Association"), hereby pledges and agrees to pay the sum of \$_____ to the Association as a membership contribution for the year _____ to be paid in _____ equal installments for the purpose of defraying the expenses incurred by the Association in connection with such property maintenance operations as the membership of the Association may from time to time undertake.

It is expressly understood by the undersigned that the Association will incur certain expenditures for various maintenance operations in reliance upon this Pledge and that, by reason thereof, the agreement of the undersigned to pay the sum set forth herein may, at the option of the Association, be enforced against the undersigned by appropriate legal proceedings.

Dated:

(Signature)

STATE OF MINNESOTA)
)
COUNTY OF)

The foregoing instrument was acknowledged before me this _____
day of _____, 19____, by _____.

Notary Public

DOCUMENTS NOS. 4 AND 5

Owner's Declaration and
Master Declaration of Covenants and Restrictions

These documents go together. They enable a neighborhood association to convert a voluntary organization to a mandatory one if the members of the association can be persuaded to subject their property to the covenants and restrictions contained in the Master Declaration. Conversions of this kind have been accomplished in the past in other parts of the country and are believed to be more feasible in the Twin Cities area at the present time than the model housing society law suggested elsewhere.

Like some condominium and townhouse documents, these instruments provide for the dedication by the association of a parcel of property to the Master Declaration and the subsequent dedication of individual lots by each homeowner to the scheme established in the Master Declaration.

The procedure for creating the scheme would be as follows: first, a homeowner might transfer his property to the association by quit claim deed; second, the association would file the deed along with the Master Declaration to establish the scheme; third, the association would transfer the property back to the owner subject to the covenants and restrictions of the Master Declaration; and fourth, each homeowner would subsequently file the Owner's Declaration subjecting his property to the covenants and restrictions. Steps one through three are nothing more than the so-called straw man transaction familiar to most real estate practitioners and would only have to be done once to establish the scheme. Thereafter, as each homeowner decided to join the association in this manner, a member could simply file the Owner's Declaration and, by that act, become a mandatory member of the association.

DOCUMENT NO. 4
OWNER'S DECLARATION

OWNER'S DECLARATION entered into as of this _____ day of _____,
19____, by _____, residing at _____,
Minnesota (the "Declarant").

Whereas, the Declarant is the owner of the parcel of real property
(hereinafter referred to as the "Lot") described on the annexed Exhibit A; and

Whereas, the Declarant's Lot is located within the boundaries of
the Typical Neighborhood Association, a Minnesota nonprofit corporation (the
"Association"), which has placed a record in the office of the Register of Deeds
for _____ County, Minnesota, a Master Declaration of Covenants
and Restrictions for the purpose of preserving the residential character of the
area located within the Association's boundaries; and

Whereas, the Declarant desires to subject its Lot to the covenants
and restrictions set forth in the Master Declaration;

Now, therefore, the Declarant does hereby adopt and place upon
his Lot the covenants and restrictions set forth in the Master Declaration which
has heretofore been placed of record by the Association and which is incorporated
herein by reference and made a part hereof. The covenants and restrictions
to which the Declarant has hereby subjected his Lot shall run with the land and
benefit any and all persons who may now or hereafter own such Lot, including
their heirs, successors, and assigns.

In witness whereof, the Declarant has executed this instrument
on the date above first written.

In Presence Of:

(Signature)

STATE OF MINNESOTA)
)
COUNTY OF)

The foregoing instrument was acknowledged before me this _____ day of
_____, 19____, by _____.

DOCUMENT NO. 5
MASTER DECLARATION
OF COVENANTS AND RESTRICTIONS

MASTER DECLARATION made this _____ day of _____, 19____,
by the TYPICAL NEIGHBORHOOD ASSOCIATION, a Minnesota nonprofit corporation
(the "Association").

Whereas, the Association owns certain real property described on
annexed Exhibit A which is located within the boundaries of the Association set
forth on the annexed Exhibit B; and

Whereas, the Association desires to preserve and enhance the physical
characteristics of the residential property within its boundaries, promote the
maintenance and repair of buildings and other structures, and stabilize the cultural,
historical, and aesthetic values which may exist; and

Whereas, in order to achieve the foregoing objectives, the Association
desires to subject the real property described herein, as well as any additional
real property which may subsequently be subjected to this Master Declaration,
to the covenants and restrictions as hereinafter set forth;

Now, therefore, the Association hereby subjects the real property
described herein, and any additions thereto which may be made in accordance
with this instrument, to the covenants and restrictions hereinafter set forth to
run with the land and be binding upon all parties having any right, title or interest
in such property or any part thereof, including their heirs, successors, and
assigns.

1. Definitions. The following terms shall have the meanings ascribed
to them when used herein:

(a) "Association" shall mean the Typical Neighborhood
Association.

(b) "Member" shall mean the record owner of any Lot
who, by subjecting such Lot to the covenants and restrictions of this Master
Declaration, shall become a member of the Association.

(c) "Lot" shall mean the individual parcels of real property
which an owner has subjected to the covenants and restrictions of this Master
Declaration.

(d) "Common Areas" shall mean the real property and any facilities located thereon which may be hereafter acquired by the Association for the common use and benefit of the Members.

2. Dedication of Property to Master Declaration. Any person owning real property located within the boundaries of the Association, as described in Exhibit B annexed hereto, may subject such property to the covenants and restrictions contained herein by filing with the Register of Deeds for _____ County, Minnesota, an Owner's Declaration in substantially the form of Exhibit C annexed hereto. Upon the filing of an Owner's Declaration, such person shall become a Member of the Association and shall succeed to those rights and obligations which are accorded such Members by this Master Declaration and by the Association's Articles of Incorporation and Bylaws.

3. Use of Property. No Member shall create, permit or maintain any nuisance, trash, or advertising signs on or about its Lot; nor carry on any commercial enterprise; nor create any noxious or offensive odors, appearance, or activity; nor maintain any boarding or community house, or any sanitorium for the care or treatment of the ill or insane; nor maintain or permit any trailer or other temporary or portable or mobile structure for commercial use; nor make any other use of the premises that would be inconsistent with the character of residential property.

4. Architectural Controls. No residential or other structure, and no fence, wall, garage, outbuilding or other structure, nor any exterior addition, alteration or remodeling thereof shall be made, erected, altered, placed or permitted to remain on any portion of a Member's Lot unless and until detailed plans and specification and proposals have been filed with and approved in writing by the Association. However, if the plans, specifications and proposals have been submitted to the Association, and the Association shall fail to approve or disapprove such plans, specifications and proposals within thirty days after submission of the same, then the Association's approval shall be conclusively presumed. Any plans, specifications and proposals so approved, either expressly in writing or by the expiration of the thirty-day period hereinabove provided, shall then permit the Member to improve its Lot in accordance therewith, but any deviation from such plans, specification, and proposals which in the judgment of the Association is of substantial detriment to the appearance of the structure or of the surrounding area shall be corrected to conform to the plans, specification and proposals as submitted.

5. Common Areas. The Association may acquire real property and any facilities located thereon to be used as Common Areas by the Members of the Association upon the affirmative vote of two-thirds of such Members taken at a special meeting of the membership. Every Member shall have a right and easement in and to the Common Areas which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions: (a) the right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Areas; (b) the right of the Association to suspend the voting rights and right to use the recreational facilities of a Member for any period during which any assessment against his Lot remains unpaid; and (c) the right of the Association to dedicate or transfer all or any part of the Common Areas to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the affirmative vote of two-thirds of the Members of the Association taken at a special meeting of the Members. Any Member may delegate his right of enjoyment to the Common Areas and facilities to members of his family, his tenants, or contract purchasers who may reside on his Lot.

6. Assessments. Each Member of the Association, by subjecting his Lot to this Master Declaration in the manner set forth in Paragraph 2 hereof, covenants and agrees to pay the Association such membership assessments as the membership of the Association may from time to time establish for the purpose of snow clearance, sidewalk and alley maintenance, lighting maintenance and operation, maintenance and operations regarding Association property, and other expenses incurred in enforcing these covenants and in preserving the character of the area within the Association's boundaries. Such assessments shall be the personal obligation of the Member to pay and shall constitute a charge and lien against such Member's Lot until paid.

7. Enforcement of Covenants and Restrictions. The Association shall be authorized to institute appropriate legal proceedings to enforce any of the covenants and restrictions contained herein. For nonpayment of any assessment, the Association may, at its option, sue the Member personally obligated to pay the same, or foreclose the lien against the Member's Lot by action or by advertisement in accordance with Minnesota Statutes, chapters 580 and 581. In the event the Association is wholly or partly successful in such proceedings, the offending Member shall be obliged to pay the costs of such proceedings, including reasonable attorneys fees incurred by the Association.

8. Termination of Covenants and Restrictions. The covenants and restrictions contained herein shall be binding upon the Lots owned by the Members of the Association for a period of thirty years from the date of this Master Declaration

and may be extended thereafter, in whole or in part, for successive periods of ten years each, by a majority vote of the Membership, in which case the Membership shall execute and acknowledge an appropriate certificate to such effect and file the same for record in the office of the Register of Deeds for _____ County, Minnesota, at least one year prior to the expiration of the first thirty-year period, or at least one year prior to the expiration of any such ten-year period, as the case may be.

9. Severability. The invalidation of any one of the covenants and restrictions contained herein shall not affect the validity of any other provisions of this instrument.

10. Binding Effect. The covenants and restrictions of this Master Declaration shall run with the real property to which this instrument has been dedicated and shall be binding upon the Members of the Association, their heirs, successors, and assigns.

In witness whereof, the Association has executed this instrument by its duly authorized officers on the date above first written.

In Presence Of:

TYPICAL NEIGHBORHOOD ASSOCIATION

_____ By _____

_____ And _____

STATE OF MINNESOTA)

)

COUNTY OF)

The foregoing instrument was acknowledged before me this _____ day of _____, 19____, by _____ on behalf of the corporation.

Notary Public