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BULLETIN NO. LR-14

# EQUIPMENT CONTRACT DOCUMENTS

P H A LOW-RENT HOUSING  
BULLETIN



21.6 PUBLIC HOUSING ADMINISTRATION  
11 HOUSING AND HOME FINANCE AGENCY WASHINGTON 25, D. C.

OCTOBER 1950

No.  
14



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WHICH HAVE BEEN PUBLISHED

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NOTE: Some bulletins will be issued in parts, of which one or more will be contained in the initial release of each bulletin; other parts will be issued subsequently from time to time as they are completed.



EQUIPMENT CONTRACT DOCUMENTS

INTRODUCTION

This Bulletin is designed to assist Local Authorities in the preparation of the essential contract documents for use in the procurement and delivery of movable equipment which is to be received and installed in the project by another contractor under his construction contract. The use of the form included in this Bulletin is not mandatory, but is recommended. There are, however, a number of items herein, which because of existing laws or for other sufficient and justifiable reasons, are to be followed. Instructions and explanations relating to such items will be found in the appropriate sections of the PHA Low-Rent Housing Manual, which are published from time to time. Reference should also be made to the Detailed Instructions Covering the Preparation and Use of Equipment Contract Documents, page 11 of this Bulletin.

Since it is not feasible for these equipment contract documents to anticipate all of the different conditions and problems which may arise in connection with specific projects, they have been prepared with no particular project or locality in mind. This material may require modification to conform to state or local laws, codes, ordinances and regulations, and it is the responsibility of the Local Authority to see that these documents, as issued for bidding and contract purposes, do so conform.

For the sake of uniformity and to expedite the review of documents by the PHA, the form and sequence of the subject matter in these equipment contract documents should be carefully maintained. The substance of this bulletin reflects PHA experience in procurement over a period of years.

The documents comprising the Contract as a whole are composed of the Invitation, Bid and Award as completed and signed by both parties, the completed Performance Bond in satisfactory form with acceptable surety, the Conditions, and the appropriate Technical Specifications for which suggested forms are published in Bulletin No. LR-13.

Close study, reference and use of these equipment contract documents should greatly facilitate the work of obtaining satisfactory bids, and the administration of procurement contracts. The Invitation, Bid and Award method is also appropriate in obtaining supplies.



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NOTE: These pages i-ii supersede pages i-ii dated 10-18-50. Corrections have been made in the Table of Contents and the dates of pages have been indicated in the footnote on page ii.



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<sup>1/</sup> All of the pages of this Bulletin are dated 10-18-50 except the following:

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<sup>1/</sup> Pages 1-11, 1-2, and 9-10 of this Bulletin are dated February 1956;  
page 15 is dated 11-20-51; all other pages are dated 10-18-50.







## BID

\_\_\_\_\_  
(Date)

In compliance with the above invitation for bids, and subject to all the Conditions thereof, the undersigned offers, and agrees, if this bid be accepted within \_\_\_\_\_ calendar days from the date of the opening, to furnish any or all of the items upon which prices are quoted, at the price set opposite each item, delivered at the point(s) as specified and within \_\_\_\_\_ calendar days after receipt of this order.

Discounts will be allowed for payment as follows: \_\_\_\_\_ percent 10 calendar days; \_\_\_\_\_ percent 20 calendar days; \_\_\_\_\_ percent 30 calendar days.

Bidder \_\_\_\_\_ Address \_\_\_\_\_

By \_\_\_\_\_  
(Signature of person authorized to sign this Bid) (Title)

## AWARD

\_\_\_\_\_  
(Date)

Accepted as to items numbered \_\_\_\_\_

\_\_\_\_\_  
(Local Authority)

By \_\_\_\_\_  
(Name) (Title)



To: 126  
2.17.50

**Project No.** \_\_\_\_\_

Contract No. \_\_\_\_\_

**(Local Authority)**

**(Address)**

**(Date)**

Sealed bids, in \_\_\_\_\_ subject to the Conditions attached hereto, will be received at this office until \_\_\_\_\_ o'clock \_\_\_\_\_ M. (\_\_\_\_\_ S.T.) (\_\_\_\_\_ Daylight Saving Time), on \_\_\_\_\_, 19\_\_\_\_, and then publicly opened, for furnishing the following supplies, and/or equipment, for delivery at \_\_\_\_\_

**(Name)**

**(Title)**

ITEM NO.	ARTICLES OR SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT	
					Dollars	Cents

**NOTE:** These pages 1 and 2 supersede pages 1 and 2 dated 10-18-50.



BID

\_\_\_\_\_  
(Date)

In compliance with the above invitation for bids, and subject to all the Conditions thereof, the undersigned offers, and agrees, if this bid be accepted within \_\_\_\_\_ calendar days from the date of the opening, to furnish any or all of the items upon which prices are quoted, at the price set opposite each item, delivered at the point(s) as specified, and within \_\_\_\_\_ calendar days after receipt of this order.

Discounts will be allowed for payment as follows: \_\_\_\_\_ percent  
10 calendar days; \_\_\_\_\_ percent 20 calendar days; \_\_\_\_\_ percent  
30 calendar days.

Bidder \_\_\_\_\_ Address \_\_\_\_\_  
\_\_\_\_\_

By \_\_\_\_\_  
(Signature of person authorized to sign this Bid) (Title)

AWARD

\_\_\_\_\_  
(Date)

Accepted as to items numbered \_\_\_\_\_

\_\_\_\_\_ in the total amount of \$ \_\_\_\_\_

\_\_\_\_\_  
(Local Authority)

By \_\_\_\_\_  
(Name) (Title)



Project No. \_\_\_\_\_

Contract No. \_\_\_\_\_

**(Local Authority)**

**(Address)**

**(Date)**

Sealed bids, in \_\_\_\_\_ subject to the Conditions attached hereto, will be received at this office until \_\_\_\_\_ o'clock \_\_\_\_\_ M. (\_\_\_\_\_ S.T.) (\_\_\_\_\_ Daylight Saving Time), on \_\_\_\_\_, 19\_\_\_\_, and then publicly opened, for furnishing the following supplies, and/or equipment, for delivery at \_\_\_\_\_.

**(Name)**

**(Title)**

ITEM NO.	ARTICLES OR SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT	
					Dollars	Cents

**NOTE: These pages 1 and 2 supersede pages 1 and 2 dated 10-16-53.**



BID

(Date)

In compliance with the above invitation for bids, and subject to all the Conditions thereof, the undersigned offers, and agrees, if this bid be accepted within \_\_\_\_\_ calendar days from the date of the opening, to furnish any or all of the items upon which prices are quoted, at the price set opposite each item, delivered at the point(s) as specified, and within \_\_\_\_\_ calendar days after receipt of this order.

Discounts will be allowed for payment as follows: \_\_\_\_\_ percent  
10 calendar days; \_\_\_\_\_ percent 20 calendar days; \_\_\_\_\_ percent  
30 calendar days.

The undersigned acknowledges receipt of the following numbered and dated addenda:

Bidder \_\_\_\_\_ Address \_\_\_\_\_  
\_\_\_\_\_

By \_\_\_\_\_  
(Signature of person authorized to sign this Bid) (Title)

AWARD

(Date)

Accepted as to items numbered \_\_\_\_\_

\_\_\_\_\_ in the total amount of \$ \_\_\_\_\_

(Local Authority)

By \_\_\_\_\_  
(Name) (Title)



-----  
FORM OF BID BOND

BID BOND

KNOW ALL MEN BY THESE PRESENTS, That we the undersigned,

\_\_\_\_\_  
(name of Principal)

as PRINCIPAL, and

\_\_\_\_\_, as SURETY  
(name of Surety)

are held and firmly bound unto \_\_\_\_\_  
(corporate name of Local Authority)  
hereinafter called the "Local Authority", in the penal sum of

\_\_\_\_\_ Dollars,  
lawful money of the United States, for the payment of which sum well and  
truly to be made, we bind ourselves, our heirs, executors, administrators,  
successors and assigns, jointly and severally, firmly by these presents.

THE CONDITION OF THIS OBLIGATION IS SUCH, that whereas the Principal has sub-  
mitted the accompanying bid, dated \_\_\_\_\_, 19 \_\_\_\_\_,  
for \_\_\_\_\_

NOW THEREFORE, if the Principal shall not withdraw said bid within the period  
specified therein after the opening of the same, or, if no period be specified,  
within sixty (60) days after the said opening, and shall within the period  
specified therefor, or, if no period be specified within ten (10) days after  
acceptance of the bid, give bond with good and sufficient surety or sureties,  
as may be required, for the faithful performance and proper fulfillment of  
such contract; or in the event of the withdrawal of said bid within the period  
specified, or the failure to give such bond within the time specified, if the  
Principal shall pay the Local Authority the difference between the amount  
specified in said bid and the amount for which the Local Authority may procure  
the required work or supplies or both, if the latter amount be in excess of  
the former, then the above obligation shall be void and of no effect, other-  
wise to remain in full force and virtue.

IN WITNESS WHEREOF, the above-bounden parties have executed this instrument  
under their several seals this \_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_\_, the  
name and corporate seal of each corporate party being hereto affixed and these  
presents duly signed by its undersigned representative, pursuant to authority  
of its governing body.

In presence of:

\_\_\_\_\_  
(Individual Principal) (SEAL)

\_\_\_\_\_  
(Business address)

\_\_\_\_\_  
(Individual Principal) (SEAL)

\_\_\_\_\_  
(Business address)



(Corporate Principal)

(Business address)

By \_\_\_\_\_ Affix  
corporate  
seal

(Corporate Surety)

By \_\_\_\_\_ Affix  
corporate  
seal

CERTIFICATE AS TO CORPORATE PRINCIPAL.

I, \_\_\_\_\_, certify that I am the \_\_\_\_\_ Secretary of the corporation named as Principal in the within bond; that \_\_\_\_\_, who signed the said bond on behalf of the Principal was then \_\_\_\_\_ of said corporation; that I know his signature, and his signature thereto is genuine; and that said bond was duly signed, sealed, and attested to for and in behalf of said corporation by authority of its governing body.



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FORM OF PERFORMANCE BOND

Insert here the appropriate form of performance bond  
for securing performance of the contract.

The following shall appear on the form, beneath the  
signature space for Corporate Surety and ahead of the  
space for Certificate as to Corporate Principal:

"The rate of premium on this bond is \$\_\_\_\_\_per  
thousand. The total amount of premium charged is  
\$\_\_\_\_\_.

(The above is to be filled in by surety company)  
(Power-of-Attorney of person signing for surety  
company must be attached to bond) "



-----  
Directions for Preparation of Performance Bond

(1) Individual sureties, partnerships, or corporations not in the surety business will not be acceptable.

(2) The name of the Principal shall be shown exactly as it appears in the contract.

(3) The penal sum shall be not less than that required by the Specifications.

(4) If the Principals are partners, or joint venturers, each member shall execute the bond as an individual, with his place of residence shown.

(5) If the Principal is a corporation, the bond shall be executed under its corporate seal. If the corporation has no corporate seal the fact shall be stated, in which case a scroll or adhesive seal shall be affixed following the corporate name.

(6) The official character and authority of the person(s) executing the bond for the Principal, if a corporation, shall be certified by the secretary or assistant secretary thereof under the corporate seal, or there may be attached copies of so much of the records of the corporation as will evidence the official character and authority of the officer signing, duly certified by the secretary or assistant secretary, under the corporate seal, to be true copies.

(7) The current power-of-attorney of the person signing for the surety company must be attached to the bond.

(8) The date of the bond must not be prior to the date of the Contract.

(9) The following information must be placed on the bond by the surety company:

- (a) The rate of premium in dollars per thousand; and
- (b) The total dollar amount of premium charged.

(10) The signature of a witness shall appear in the appropriate place, attesting to the signature of each party to the bond.

(11) Type or print the name underneath each signature appearing on the bond.

(12) An executed copy of the bond must be attached to each copy of the Contract (original counterpart) intended for signing.

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CAUTION: Extreme care must be taken in preparing the bond(s) so that a portion of the text of the body of the instrument appears on the same page as the signatures of the principal and his surety, or the signatures may be placed on the reverse of a page containing text. In addition, the continuity from page to page must be clearly evident.



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CONDITIONS

1. DEFINITIONS

Wherever used in any of the contract documents, the following meanings shall be given to the terms herein defined:

a. The "Contract" means the contract executed by the Local Authority and the Contractor, of which these Conditions form a part. The documents which comprise the contract are the Invitation, Bid and Award; Performance Bond; Conditions; Technical Specifications.

b. The terms "Local Authority" and "Contractor" mean the respective parties to the Contract.

c. The term "Project" means the housing project constructed by the Local Authority for which the supplies and/or equipment covered by this Contract are procured.

2. INFORMALITY IN BIDS

The Local Authority reserves the right to reject any or all bids, to waive any informality in bids, and, unless otherwise specified by the Local Authority or by the bidder, to accept any item in the bid. In case of error in the extension of prices in the bid, the unit prices will govern.

3. DISCOUNTS

Time, in connection with discount offered, will be computed from date of the delivery of the materials or supplies at destination, or from date the correct bill or voucher properly certified by the Contractor is received, if the latter date is later than the date of delivery.

4. REJECTED ITEMS

The Contractor shall bear all risk on rejected articles or materials after notice of rejection.

5. DELAYS - DAMAGES

If the Contractor refuses or fails to make delivery of the materials or supplies within the time or times specified herein, or any authorized extension thereof, the actual damage to the Local Authority for the delay will be impossible to determine, and in lieu thereof the Contractor shall pay to the Local Authority, as fixed, agreed, and liquidated damages for each calendar day of delay in making delivery, the amount as set forth in these Conditions, and the Contractor and his sureties shall be liable for the amount thereof: Provided, however, that the Local Authority reserves the right to terminate the right of the Contractor to proceed with deliveries or such part or parts thereof as to which there has been delay, and to purchase similar materials



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or supplies in the open market or secure the manufacture and delivery thereof by contract or otherwise, charging against the Contractor and his sureties any excess cost occasioned the Local Authority thereby, together with liquidated damages accruing until such time as the Local Authority may reasonably procure similar material or supplies elsewhere: Provided further, that the Contractor shall not be charged with liquidated damages or any excess cost when the delay in delivery is due to unforeseeable causes beyond the control and without the fault or negligence of the Contractor, including, but not restricted to, acts of God or the public enemy, acts of the Government, acts of the Local Authority, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, unusually severe weather, and delays of a subcontractor due to such causes unless the Local Authority shall determine that the materials or supplies to be furnished under the subcontract are procurable in the open market, if the Contractor shall notify it in writing of the cause of any such delay within 10 days from the beginning thereof, or within such further period as the Local Authority shall, prior to the date of final settlement of the contract, grant for the giving of such notice. The Local Authority shall then ascertain the facts and extent of the delay and extend the time for making delivery when in its judgment the findings of fact justify such an extension, and its findings of fact thereon shall be final and conclusive on the parties hereto.

#### 6. DEFAULT

In case of default by the Contractor other than those covered in the preceding section, the Local Authority may procure the articles or equipment from other sources and hold the Contractor responsible for any excess cost occasioned thereby; provided, that if public necessity requires the use of materials or equipment not conforming to the specifications, they may be accepted and payment therefor shall be made at a proper reduction in price.

#### 7. CONGRESSMEN NOT TO BENEFIT

No Member of or Delegate to Congress, or Resident Commissioner, shall be admitted to any share or part of this contract, or to any benefit that may arise therefrom, unless it be made with a corporation for its general benefit.

#### 8. TAXES

The Local Authority will supply the contractor with a tax exemption certificate exempting materials supplied hereunder from the Federal Excise Tax. The contractor shall pay all other taxes.

#### 9. DOMESTIC MATERIALS

Unless otherwise specified by the bidder, it is understood and agreed that only such unmanufactured articles, materials or supplies as have been mined or produced in the United States, and only such manufactured articles, materials and supplies as have been manufactured in the United States,



*Trans # 105*  
*9/11/54*

substantially all from articles, materials, or supplies mined, produced or manufactured, as the case may be, in the United States shall be delivered pursuant to a contract awarded as a result of this bid.

The following materials have been exempted from the foregoing provision:

Antimony	Cote	Platinum	Asphalt, native
Asbestos	Aurignum	Silk	Carnauba wax
Chromium	Lac	Sisal	Copper, natural - nickel alloy
Cork	Mercury	Tin	Manganese ore, 35% and over
Flax	Mica	Titanium	Oil, China wood (tung oil)
Hemp	Nickel	Tungsten	Rubber, natural

#### 10. CONVICT-MADE MATERIALS

No materials manufactured or produced in a penal or correctional institution shall be supplied hereunder.

#### 11. NONDISCRIMINATION IN EMPLOYMENT

In connection with the performance of work under this contract, the Contractor agrees not to discriminate against any employee or applicant for employment because of race, creed, color, or national origin; and further agrees to insert the foregoing provision in all subcontracts hereunder except subcontracts for standard commercial supplies or for raw materials.

#### 12. BID GUARANTY

The bid must be accompanied by a bid guaranty which shall be not less than ten (10%) percent of the amount of the bid and, at the option of the bidder, may be a certified check, bank draft, United States Government Bonds (at par value), or a bid bond secured by a guarantee company or a surety company in the form attached. No bid will be considered unless it is so guaranteed. Certified check or bank draft must be made payable to the order of (name of local authority). Cash deposits will not be accepted. The bid guaranty shall insure the execution of the contract and the furnishing of performance bond by the successful bidder, all as required herein.

#### 13. PERFORMANCE BOND

The successful bidder will be required to furnish and pay for a satisfactory performance bond in the form attached hereto, in the penal sum of one hundred (100%) percent of the contract price.

NOTE: These pages 9 and 10 supersede page 9, dated 10-18-50. The material list of Section 9 and the title of Section 10 have been changed. A new Section 11 has been inserted, and the succeeding Sections renumbered.



3-12-54

Bulletin No. IR-14

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#### 14. LIQUIDATED DAMAGES

As actual damages for any delay in delivery are impossible of determination, the Contractor and his Surety shall be liable for, and shall pay to the Local Authority the sum of \$\_\_\_\_\_ per unit as fixed, agreed and liquidated damages for each calendar day of delay until delivery of items called for hereunder.

#### 15. ASSIGNMENT OF CONTRACT

The Contractor's obligations and duties under this contract shall not be assigned in whole or in part by the Contractor without the written approval of the Local Authority, but this shall not prohibit the assignment of the proceeds due hereunder to a bank or financial institution. This contract may be assigned by the Local Authority to any corporation, agency, or instrumentality authorized to accept such assignment.

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HA	603		LIBRARY



substantially all from articles, materials or supplies mined, produced or manufactured, as the case may be, in the United States shall be delivered pursuant to a contract awarded as a result of this bid.

The following materials have been exempted from the foregoing provision:

tin	flax	antimony	titanium	manganese ore, 35%
hemp	mica	chromium	tugsten	and over
cork	sisal	asbestos	carnauba wax	natural nickel
jute	nickel	rubber		alloys

#### 10. CONVICT LABOR

No materials manufactured or produced in a penal or correctional institution shall be supplied hereunder.

#### 11. BID GUARANTY

The bid must be accompanied by a bid guaranty which shall not be less than ten percent (10%) of the amount of the bid, and at the option of the bidder may be a certified check, bank draft, United States Government Bonds (at par value), or a bid bond secured by a guarantee company or a surety company in the form attached. No bid will be considered unless it is so guaranteed. Certified check or bank draft must be made payable to the order of (Local Authority). Cash deposits will not be accepted. The bid guaranty shall insure the execution of the contract and the furnishing of performance bond by the successful bidder all as required herein.

#### 12. PERFORMANCE BOND

The successful bidder will be required to submit a performance bond in the form attached hereto, in the amount of 100% of the contract price.

#### 13. LIQUIDATED DAMAGES

As actual damages for any delay in delivery are impossible of determination, the contractor and his surety shall be liable for, and shall pay to the Local Authority, the sum of \$\_\_\_\_\_ per unit as fixed, agreed and liquidated damages for each calendar day of delay until delivery of items called for hereunder.

#### 14. ASSIGNMENT OF CONTRACT

The contractor's obligations and duties under this contract shall not be assigned in whole or in part by the contractor without the written approval of the Local Authority, but this shall not prohibit the assignment of the proceeds due hereunder to a bank or financial institution. This contract may be assigned by the Local Authority to any corporation, agency, or instrumentality authorized to accept such assignment.



substantially all from articles, materials, or supplies mined, produced or manufactured, as the case may be, in the United States shall be delivered pursuant to a contract awarded as a result of this bid.

The following materials have been exempted from the foregoing provision:

Antimony	Jute	Platinum	Asphalt, native
Asbestos	Kaurigum	Silk	Carnauba wa
Chromium	Lac	Sisal	Copper, natural - nickel alloy
Cork	Mercury	Tin	Manganese ore, 35% and over
Flax	Mica	Titanium	Oil, China wood (tung oil)
Hemp	Nickel	Tungsten	Rubber, natural

#### 10. CONVICT-MADE MATERIALS

No materials manufactured or produced in a penal or correctional institution shall be supplied hereunder.

#### 11. NONDISCRIMINATION IN EMPLOYMENT

In connection with the performance of work under this contract, the Contractor agrees not to discriminate against any employee or applicant for employment because of race, creed, color, or national origin; and further agrees to insert the foregoing provision in all subcontracts hereunder except subcontracts for standard commercial supplies or for raw materials.

#### 12. BID GUARANTY

The bid must be accompanied by a bid guaranty which shall be not less than ten (10%) percent of the amount of the bid and, at the option of the bidder, may be a certified check, bank draft, United States Government Bonds (at par value), or a bid bond secured by a guarantee company or a surety company in the form attached. No bid will be considered unless it is so guaranteed. Certified check or bank draft must be made payable to the order of (name of Local Authority). Cash deposits will not be accepted. The bid guaranty shall insure the execution of the contract and the furnishing of performance bond by the successful bidder, all as required herein.

#### 13. PERFORMANCE BOND

The successful bidder will be required to furnish and pay for a satisfactory performance bond in the form attached hereto, in the penal sum of one hundred (100%) percent of the contract price.

NOTE: These pages 9 and 10 supersede pages 9 and 10 dated 3-12-54. Paragraphs 16 and 17 have been added.



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14. LIQUIDATED DAMAGES

An actual damages for any delay in delivery are impossible of determination, the Contractor and his Surety shall be liable for, and shall pay to the Local Authority the sum of \$\_\_\_\_\_ per unit as fixed, agreed and liquidated damages for each calendar day of delay until delivery of items called for hereunder.

15. ASSIGNMENT OF CONTRACT

The Contractor's obligations and duties under this contract shall not be assigned in whole or in part by the Contractor without the written approval of the Local Authority, but this shall not prohibit the assignment of the proceeds due hereunder to a bank or financial institution. This contract may be assigned by the Local Authority to any corporation, agency, or instrumentality authorized to accept such assignment.

16. CHANGES IN THE WORK

Except in an emergency endangering life or property no change shall be made by the Contractor unless he has received a prior written order from the Local Authority, 1/ approved on its face by the PHA, authorizing the change, and no claim for an adjustment of the contract price or time shall be valid unless so ordered.

17. INTEREST OF MEMBERS, OFFICERS, OR EMPLOYEES AND FORMER MEMBERS, OFFICERS, OR EMPLOYEES

No member, officer, or employee of the Local Authority, or former member, officer, or employee of the Local Authority who ceased to be a member, officer, or employee within one year shall voluntarily acquire any interest, direct or indirect, in any property included or planned to be included in the project, or in this contract or any subcontract relating to the project. If any such person involuntarily acquires any such interest or had acquired any such interest prior to appointment or employment as such member, officer, or employee, then such person shall immediately disclose any such interest in writing to the Local Authority. Upon any such disclosure, a member, officer, or employee shall not participate in any action by the Local Authority relating to the property or contract in which he may have any such interest.

27 If the Architect's Contract provides that the Architect shall countersign change orders, insert here the words, "countersigned by the Architect, and".



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substantially all from articles, materials, or supplies mined, produced or manufactured, as the case may be, in the United States shall be delivered pursuant to a contract awarded as a result of this bid.

The following materials have been exempted from the foregoing provision:

Antimony	Jute	Platinum	Asphalt, native
Asbestos	Kaurigum	Silk	Carnauba wax
Bismuth	Lac	Sisal	Copper, natural - nickel alloy
Cork	Mercury	Tin	Manganese ore, 35% and over
Flax	Mica	Titanium	Oil, China wood (tung oil)
Gem	Nickel	Tungsten	Rubber, natural

#### 10. CONVICT-MADE MATERIALS

No materials manufactured or produced in a penal or correctional institution shall be supplied hereunder.

#### 11. NONDISCRIMINATION IN EMPLOYMENT

In connection with the performance of work under this contract, the contractor agrees not to discriminate against any employee or applicant for employment because of race, religion, color, or national origin. The aforesaid provision shall include, but not be limited to, the following: Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post hereafter in conspicuous places, available for employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of the nondiscrimination clause. The contractor further agrees to insert the foregoing provision in all subcontracts hereunder, except subcontracts for standard commercial supplies or raw materials.

#### 12. BID GUARANTY

The bid must be accompanied by a bid guaranty which shall be not less than ten (10%) percent of the amount of the bid and, at the option of the bidder, may be a certified check, bank draft, United States Government Bonds (at par value), or a bid bond secured by a guarantee company or a surety company in the form attached. No bid will be considered unless it is so guaranteed. Certified check or bank draft must be made payable to the order of (name of Local Authority). Cash deposits will not be accepted. The bid guaranty shall insure the execution of the contract and the furnishing of performance bond by the successful bidder, all as required herein.

#### 13. PERFORMANCE BOND

The successful bidder will be required to furnish and pay for a satisfactory performance bond in the form attached hereto, in the penal sum of one hundred (100%) percent of the contract price.

(Cont'd)

NOTE: These pages 9 and 10 supersede pages 9 and 10 dated 8-19-54. Paragraph 11 has been revised.



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#### 14. LIQUIDATED DAMAGES

As actual damages for any delay in delivery are impossible of determination, the Contractor and his Surety shall be liable for, and shall pay to the Local Authority the sum of \$ \_\_\_\_\_ per unit as fixed, agreed and liquidated damages for each calendar day of delay until delivery of items called for hereunder.

#### 15. ASSIGNMENT OF CONTRACT

The Contractor's obligations and duties under this contract shall not be assigned in whole or in part by the Contractor without the written approval of the Local Authority, but this shall not prohibit the assignment of the proceeds due hereunder to a bank or financial institution. This contract may be assigned by the Local Authority to any corporation, agency, or instrumentality authorized to accept such assignment.

#### 16. CHANGES IN THE WORK

Except in an emergency endangering life or property no change shall be made by the Contractor unless he has received a prior written order from the Local Authority, 1/ approved on its face by the PHA, authorizing the change, and no claim for an adjustment of the contract price or time shall be valid unless so ordered.

#### 17. INTEREST OF MEMBERS, OFFICERS, OR EMPLOYEES AND FORMER MEMBERS, OFFICERS, OR EMPLOYEES

No member, officer, or employee of the Local Authority, or former member, officer, or employee of the Local Authority who ceased to be a member, officer, or employee within one year shall voluntarily acquire any interest, direct or indirect, in any property included or planned to be included in the project, or in this contract or any subcontract relating to the project. If any such person involuntarily acquires any such interest or had acquired any such interest prior to appointment or employment as such member, officer, or employee, then such person shall immediately disclose any such interest in writing to the Local Authority. Upon any such disclosure, a member, officer, or employee shall not participate in any action by the Local Authority relating to the property or contract in which he may have any such interest.

1/ If the Architect's Contract provides that the Architect shall countersign change orders, insert here the words, "countersigned by the Architect, and".



substantially all from articles, materials, or supplies mined, produced or manufactured, as the case may be, in the United States shall be delivered pursuant to a contract awarded as a result of this bid.

The following materials have been exempted from the foregoing provision:

Antimony	Jute	Platinum	Asphalt, native
Asbestos	Kaurigum	Silk	Carnauba wax
Chromium	Lac	Sisal	Copper, natural - nickel alloy
Cork	Mercury	Tin	Manganese ore, 35% and over
Flax	Mica	Titanium	Oil, China wood (tung oil)
Hemp	Nickel	Tungsten	Rubber, natural

#### 10. CONVICT-MADE MATERIALS

No materials manufactured or produced in a penal or correctional institution shall be supplied hereunder.

#### 11. NONDISCRIMINATION IN EMPLOYMENT

In connection with the performance of work under this contract, the contractor agrees not to discriminate against any employee or applicant for employment because of race, religion, color, or national origin. The aforesaid provision shall include, but not be limited to, the following: Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor further agrees to insert the foregoing provision in all subcontracts hereunder, except subcontracts for standard commercial supplies or raw materials.

#### 12. BID GUARANTY

The bid must be accompanied by a bid guaranty which shall be not less than ten (10%) percent of the amount of the bid and, at the option of the bidder, may be a certified check, bank draft, United States Government Bonds (at par value), or a bid bond secured by a guarantee company or a surety company in the form attached. No bid will be considered unless it is so guaranteed.

Certified check or bank draft must be made payable to the order of (name of Local Authority) . Cash deposits will not be accepted. The bid guaranty shall insure the execution of the contract and the furnishing of performance bond by a successful bidder, all as required herein.

(Cont'd)

NOTE: These pages 9 and 10 supersede pages 9 and 10 dated 11-24-54. Paragraphs 11 and 17 have been revised.



13. PERFORMANCE BOND

The successful bidder will be required to furnish and pay for a satisfactory performance bond in the form attached hereto, in the penal sum of one hundred (100%) percent of the contract price.

14. LIQUIDATED DAMAGES

As actual damages for any delay in delivery are impossible of determination, the Contractor and his Surety shall be liable for, and shall pay to the Local Authority the sum of \$ \_\_\_\_\_ per unit as fixed, agreed and liquidated damages for each calendar day of delay until delivery of items called for hereunder.

15. ASSIGNMENT OF CONTRACT

The Contractor's obligations and duties under this contract shall not be assigned in whole or in part by the Contractor without the written approval of the Local Authority, but this shall not prohibit the assignment of the proceeds due hereunder to a bank or financial institution. This contract may be assigned by the Local Authority to any corporation, agency, or instrumentality authorized to accept such assignment.

16. CHANGES IN THE WORK

Except in an emergency endangering life or property no change shall be made by the Contractor unless he has received a prior written order from the Local Authority, 1/ approved on its face by the PIA, authorizing the change, and no claim for an adjustment of the contract price or time shall be valid unless so ordered.

17. INTEREST OF MEMBERS, OFFICERS, OR EMPLOYEES AND FORMER MEMBERS, OFFICERS, OR EMPLOYEES

No member, officer, or employee of the Local Authority during his tenure or for one year thereafter shall have any interest, direct or indirect, in this contract or the proceeds thereof. The Contractor agrees to insert this provision in all subcontracts hereunder.

1/ If the Architect's Contract provides that the Architect shall countersign change orders, insert here the words, "countersigned by the Architect, and".



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substantially all from articles, materials, or supplies mined, produced, or manufactured, as the case may be, in the United States shall be delivered pursuant to a contract awarded as a result of this bid.

The following materials have been exempted from the foregoing provision:

Antimony	Jute	Natural Rubber
Asbestos	Kaurigum	Nickel
Carnauba wax	Lac	Platinum
China Wood Oil (tung oil)	Manganese Ore (35% & over)	Silk
Chromium	Mercury	Sisal
Cork	Mica	Tin
Flax	Native asphalt	Titanium
Hemp	Natural nickel alloy of copper	Tungsten

#### 10. CONVICT-MADE MATERIALS

No materials manufactured or produced in a penal or correctional institution shall be supplied hereunder.

#### 11. NONDISCRIMINATION IN EMPLOYMENT

In connection with the performance of work under this contract, the contractor agrees not to discriminate against any employee or applicant for employment because of race, religion, color, or national origin. The aforesaid provision shall include, but not be limited to, the following: Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor further agrees to insert the foregoing provision in all subcontracts hereunder, except subcontracts for standard commercial supplies or raw materials.

#### 12. BID GUARANTY

The bid must be accompanied by a bid guaranty which shall be not less than ten (10%) percent of the amount of the bid and, at the option of the bidder, may be a certified check, bank draft, United States Government Bonds (at par value), or a bid bond secured by a guarantee company or a surety company in the form attached. No bid will be considered unless it is so guaranteed. Certified check or bank draft must be made payable to the order of (name of Local Authority) . Cash deposits will not be accepted. The bid guaranty shall ensure the execution of the contract and the furnishing of performance bond by a successful bidder, all as required herein.

(Cont'd)

NOTE: These pages supersede pages 9 and 10 of Bulletin No. LR-14 dated February 1956. The list of exempted materials has been revised.



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13. PERFORMANCE BOND

The successful bidder will be required to furnish and pay for a satisfactory performance bond in the form attached hereto, in the penal sum of one hundred (100%) percent of the contract price.

14. LIQUIDATED DAMAGES

As actual damages for any delay in delivery are impossible of determination, the Contractor and his Surety shall be liable for, and shall pay to the Local Authority the sum of \$\_\_\_\_\_ per unit as fixed, agreed, and liquidated damages for each calendar day of delay until delivery of items called for hereunder.

15. ASSIGNMENT OF CONTRACT

The Contractor's obligations and duties under this contract shall not be assigned in whole or in part by the Contractor without the written approval of the Local Authority, but this shall not prohibit the assignment of the proceeds due hereunder to a bank or financial institution. This contract may be assigned by the Local Authority to any corporation, agency, or instrumentality authorized to accept such assignment.

16. CHANGES IN THE WORK

Except in an emergency endangering life or property no change shall be made by the Contractor unless he has received a prior written order from the Local Authority, 1/ approved on its face by the PHA, authorizing the change, and no claim for an adjustment of the contract price or time shall be valid unless so ordered.

17. INTEREST OF MEMBERS, OFFICERS, OR EMPLOYEES AND FORMER MEMBERS, OFFICERS, OR EMPLOYEES

No member, officer, or employee of the Local Authority during his tenure or for one year thereafter shall have any interest, direct or indirect, in this contract or the proceeds thereof. The Contractor agrees to insert this provision in all subcontracts hereunder.

1/ If the Architect's Contract provides that the Architect shall countersign change orders, insert here the words, "countersigned by the Architect, and".



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NOTES TO THE LOCAL AUTHORITY

DETAILED INSTRUCTIONS COVERING THE PREPARATION AND USE

OF

EQUIPMENT CONTRACT DOCUMENTS

1. INTRODUCTION

These instructions provide explicit information necessary in the preparation and use of the Equipment Contract Documents.

Rather than confine them to a bare recital, it is considered advisable to include certain explanatory and advisory material relative to the underlying reasons for some of the provisions appearing in the documents, and methods of making them effective. Occasionally, there will be found a word of caution.

The various items of subject matter in these Notes are treated in the order in which they appear in the first part of this Bulletin. Titles and section numbers, as used herein, correspond to those in the Documents.

2. INVITATION, BID AND AWARD

This is a three-part form of contract, well adapted for use in the purchase and delivery of articles when no labor on the site is involved in the successful bidder's contract.

The Local Authority shall fill in all blanks in the first part (Invitation), including the data required in the first four columns of the schedule, viz.: Item No., Articles or Services, Quantity, and Unit, and the number of days for delivery in the latter portion of the first paragraph of the Bid. The Local Authority shall also fill in the number of calendar days from the date of the bid opening during which the Bid must remain open.

The time during which the Bid must be kept open should be a matter for careful consideration by the Local Authority. At times when world conditions are unstable, bidders frequently cannot quote their best prices if the Bid must be left open for substantial periods of time, such as 30 to 60 days. Under such circumstances, it is unlikely bidders will care to commit themselves over any substantial period of time without either having a firm commitment from their suppliers (which because of conditions existing they may not be able to get) or else including in their Bid a contingency to cover possible price increases. On the other hand, the Local Authority must have adequate time after the opening of Bids during which it can examine the Bids, check the products to be supplied pursuant to the Bid, check the bidder's responsibility and make the award of the contract. The Local Authority may well consider putting in the shortest time consistent with taking such action in a careful manner.



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NOTES TO THE LOCAL AUTHORITY

The bidder is to complete the schedule by filling in the Unit Price and extending the cost into the Amount column for each item. The bidder will then fill in all remaining blanks in the second part (Bid).

The third part (Award) is for the use of the Local Authority in completing the formal documentation. Caution: To be binding, the acceptance in some form must be received by the successful bidder within the time limit stated in his bid. If time permits, the completed contract should be sent to him by mail, registered, return receipt requested, if the time limit is about to expire, acceptance must be sent by telegram, followed by the formal document, registered mail, return receipt requested.

In preparing the Invitation portion, care should be exercised that the delivery point stated agrees with any similar statement appearing in the Technical Specifications, and also that there is no conflict or gap between this and the provisions for receiving, handling and installation by another contractor at the site under the general, or other prime contract.

For simple items of equipment, the entire specifications may be included under "Articles or Services" in the Schedule. However, in items of equipment requiring more detailed specifications such as ranges or refrigerators it is necessary (because of the space factor) that there be inserted under "Articles or Services," after describing the article very generally, the remark: "See specifications, consisting of \_\_\_\_ pages attached hereto". Such specifications should follow those for the type of equipment involved, as set out in Bulletin LR-13.

The Local Authority may wish to modify the form of bid to provide for delivery not earlier than a specific date and not later than a subsequent specific date, either stating the dates, or measuring them by a given number of calendar days from a fixed date such as the date of receipt of the order by the successful bidder. In this event the last few lines of the first paragraph of the Bid can be changed to read:

" . . . delivered at the point(s) as specified, not before \_\_\_\_ calendar days, but all within \_\_\_\_ calendar days after receipt of this order."

This may be desirable in that the construction contractor may not want or need the equipment at too early a date. Likewise, on certain large projects having a number of dwelling units completed for partial occupancy periodically, it may be desired to secure delivery of the equipment in blocks, as needed, without forcing the construction contractor to stockpile unnecessary quantities for long periods. In this event the Bid language may be changed to:

" . . . delivered at the point(s) as specified by shipments made in the quantities and at the times stipulated in the attached Conditions."



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In this case, a new Section 15 should be added to the Conditions, as follows:

"15. DELIVERIES

Except for a sample (if required) the Contractor shall make no delivery prior to notification from the Local Authority, but shall be prepared to make an initial delivery, consisting of (quantity and kind) at any time after \_\_\_\_\_, 19 \_\_, upon ten (10) days notice from the Local Authority. Promptly upon receipt of said notice the Contractor shall make said initial delivery and, without further notice, shall continue deliveries at the rate of \_\_\_\_\_ every \_\_\_\_\_ week(s) thereafter, and shall complete delivery of all items not later than \_\_\_\_\_, 19\_\_."

3. FORM OF BID BOND

There is little, if any, probability that local law will require a modification of this form. When a bid bond is submitted, it should be checked for sufficiency in the same manner as set forth for checking the Performance Bond.

4. FORM OF PERFORMANCE BOND

No specimen form is shown here for the reason that certain state or local laws may prescribe the legal form. It is the duty of the Local Authority to ascertain what form should be used and to insert an appropriate specimen in the bidding documents, together with the "Directions for Preparation of Performance Bond". Caution: In view of the fact that the bid itself, when accepted, will be the Contract, the bond must not be conditioned upon the execution of a separate contract by the bidder. By reference to the Form of Bid Bond it will be noted that a successful bidder has no more than ten days after receiving notice of the acceptance of his bid within which to submit a satisfactory performance bond. If he fails in either respect, the surety on the bid bond should be notified immediately, even though it is decided to allow the bidder a grace period within which to comply.

5. CONDITIONS

No need appears in this type of contract to separate the "Conditions" into "general" and "special". No qualifying term, therefore, has been used.

Because they reflect Federal statutes, Executive Orders of the President, or established PHA policy, the following provisions are to be incorporated verbatim, without qualifications:

Sections 7, 9 and 10 of the Conditions.

There is no provision included relative to patents. It is believed that, in the purchase of equipment or supplies for a project, the case where the Local Authority may become liable will be extremely rare, and in the interest of



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brevity clauses of this nature have been kept out of the writing. However, if the Local Authority so desires, there is no objection to adding to the Conditions the provision regarding patents, taken from Section 46, page 54, of the General Conditions of Bulletin No. LR-12, deleting the last words "unless otherwise specifically stipulated in the Contract."

The amount of liquidated damages inserted in Section 13 should be reasonable. What is reasonable depends to some extent upon the character of the item to be supplied. For equipment such as cooking ranges, refrigerators, and space heaters, the lack of which would preclude the occupancy of a structure by tenants, there is justification for liquidated damages in an amount equal to the loss of economic rental on the units plus inspection costs and other incidental charges, or to express it another way, it would be permissible to assess as liquidated damages the amount which would be assessable against the construction contractor for his failure to complete on time. On the other hand, failure to deliver movable equipment for job offices of the Local Authority, the architect and the PHA, or failure to deliver office supplies on time, would result in much less damage even though the dollar amounts of the contracts might in fact be the same.

We offer no definite recommendation as to the dollar amount of liquidated damages to be included in the equipment contract. If the parties agree by contract on an amount of damages which reasonable people could reasonably foresee if the supplier failed to deliver on time the items which he contracted to deliver, the courts will uphold the liquidated damage clause. If, based on this test, an excessive amount is inserted for liquidated damages, the courts will regard the clause as a penalty clause and will not enforce it. For this reason, the Local Authority should consult its attorney in establishing what under the facts of any individual case is a reasonable amount to be inserted as liquidated damages.

## 6. SOLICITING BIDS

Each prospective bidder should be furnished five copies of all documents which make up the entire contract, as defined in Section 1.a of the Conditions. The Invitation, Bid and Award portion should be reproduced on a grade of paper which will permit the making of that many legible carbon copies on a typewriter. Bidders shall be instructed to fill out all copies, using the spaces assigned to them, and submit four signed bids, each to include all the documents.

In addition to the direct solicitation of individual bidders, the Invitation only may be publicly advertised in compact form by transferring the information contained in the schedule relative to quantity and kind of articles into the opening paragraph.

## 7. ASSEMBLY OF CONTRACT

Upon acceptance of any bid by the Local Authority, it should date and sign all four copies of the Acceptance, and return one to the bidder with the



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request that he submit three executed copies of his performance bond. If such bond proves satisfactory, a copy should be attached to each copy of the contract in order to complete the contract documents.

One complete executed set is then to be retained in the Local Authority file, the other two executed sets transmitted to the PHA. Additional conformed sets may be made as the Local Authority or the Architect may desire for their use.

#### 8. USE OF CONTRACT FORM

Although this form is drafted primarily for use in connection with the purchase of equipment to be supplied for installation in the project by the construction contractor, such as ranges, refrigerators, and space heaters, this form may also be used in connection with the purchase of other movable equipment and supplies needed during the development period and for materials and supplies needed during the management period. Because of the relatively smaller size of office supply contracts as distinguished from contracts for ranges, refrigerators, and space heaters, the former type of contract, in all probability, need not require that the bidder supply bid security and performance bonds. Further, bid security and performance bonds probably will not be necessary in connection with management contracts generally, but in certain instances purchases of replacement items for management may be sufficiently large and of a character to justify the requirement of bid security and performance bonds. The supplying of bid security and performance bonds offers a substantial assurance that the contract will be awarded to a responsible bidder who will perform promptly. On the other hand, such bonds cost a substantial amount of money, and such bonds frequently limit competition in that certain bidders may not, with a limited bidding period, be able to obtain such a bond.

In accordance with paragraph 2d of Section 214.2 of the Low-Rent Housing Manual, which deals with the purchase of equipment during development, bonds are mandatory in connection with equipment contracts involving over \$5,000; except for this rule, we cannot recommend in each particular case whether a bond be supplied.

NOTE: This page supersedes page 15 dated 10-18-50. The last paragraph of Section 8 has been revised to remove an inconsistency with paragraph 2d of Section 214.2 of the Low-Rent Housing Manual.



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request that he submit three executed copies of his performance bond. If such bond proves satisfactory, a copy should be attached to each copy of the contract in order to complete the contract documents.

One complete executed set is then to be retained in the Local Authority file, the other two executed sets transmitted to the PHA. Additional conformed sets may be made as the Local Authority or the Architect may desire for their use.

#### 8. USE OF CONTRACT FORM

Although this form is drafted primarily for use in connection with the purchase of equipment to be supplied for installation in the project by the construction contractor, such as ranges, refrigerators, and space heaters, this form may also be used in connection with the purchase of other movable equipment and supplies needed during the development period and for materials and supplies needed during the management period. Because of the relatively smaller size of office supply contracts as distinguished from contracts for ranges, refrigerators, and space heaters, the former type of contract, in all probability, need not require that the bidder supply bid security and performance bonds. Further, bid security and performance bonds probably will not be necessary in connection with management contracts generally, but in certain instances purchases of replacement items for management may be sufficiently large and of a character to justify the requirement of bid security and performance bonds. The supplying of bid security and performance bonds offers a substantial assurance that the contract will be awarded to a responsible bidder who will perform promptly. On the other hand, such bonds cost a substantial amount of money, and such bonds frequently limit competition in that certain bidders may not, with a limited bidding period, be able to obtain such a bond.

Under the circumstances, we cannot recommend in each particular case whether a bond be supplied; we do, however, believe that in the case of ranges, refrigerators, hot water heaters and space heaters, the supplying of a bond is justified.



Library 602

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Low Rent Bulletins - 2c