

EXHIBIT 3-K

COMPENSATION

Note: Whenever possible, the local government is required to assure that the basis for compensating a contractor or consultant is tied to measurable objectives such as the completion of key tasks in the scope of services or implementation schedule. The least desirable approach is compensation strictly on the basis of time periods since this provides the local government less control over contractor performance.

The example below for a housing rehabilitation project, provides for payment on the basis of the completion of major project management steps and upon the basis of the number of homes under contract and/or completed.

Compensation for services will be provided in installments, based on actual work performed. Payment will be based upon the completion of key components of the adopted project implementation schedule (and on the basis of a set hourly rate). Contractor requests for payment may be submitted monthly and must be accompanied by itemized invoices describing services furnished, number of hours worked to accomplish each item, amount being billed for each item, a description of any other eligible reimbursable expenses incurred during the billing period, and the total amount being billed, and a written narrative report which adequately describes and documents the work performed during that period relative to the adopted implementation schedule for the project. Total payment for the services rendered under this Contract will not exceed \$_____.

Compensation for project administration services will be provided in installments, based on actual work performed. Payment will be based upon the completion of key components of the adopted project implementation schedule and upon the basis of the number of homes under contract for rehabilitation and demolition and the number completed.

Scope of Services/Work Elements

Maximum Compensation to the Contractor:

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|---|---------|
| a. Commence Start-Up Activities | \$_____ |
| b. Completion of Environmental Review | \$_____ |
| c. Preparation of Draft Housing Rehabilitation Guidelines | \$_____ |
| d. Assure Labor Standards Compliance | \$_____ |
| e. Approval of Project Closeout by MDOC | \$_____ |

Payment to the Contractor shall be on the basis of \$_____ per unit for rehabilitation contracts and \$_____ for demolition contracts with a two-thirds payment authorized at the time a rehabilitation or demolition contract is finalized. For housing rehabilitation contracts, the one-third balance will be provided to the Contractor when the mortgage, escrow agreement, or lien is filed for the rehabilitated property. Final payments for demolition work will be due upon the completion and final certification of contract performance.