

## **Exhibit H- Procurement Definitions**

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See Chapter 6 for information regarding procurement requirements

### **Definitions**

**Acceptance** – An authorized representative of the HOME program acknowledges the supplies or services are in conformity with the contract requirements.

**Amendment** - Written revision made to a solicitation.

**Bid**- Offer submitted in a sealed bidding method of procurement. Bid must include outreach to qualified Section 3 and MBE/WBE businesses. See Chapter 6 for additional information and Department of Commerce stateside outreach contact information.

**Cardinal Changes** - Modification to an existing contract which are beyond the general scope of that contract and are so extensive that a new procurement should be used.

**Changed Conditions** - Construction site/repair conditions, which differ significantly from conditions indicated in the contract, or conditions ordinarily encountered in the performance of the type of work in the contract.

**Change Order** - Unilateral action taken by the Contracting Officer within the scope of the contract in order to modify the drawings, designs, specifications, and method of shipping or packing, place of inspection, delivery, or acceptance of an existing contract.

**Competitive Proposals** - The competitive method of procurement used when small purchases and sealed bidding are not appropriate; under this method, a Request for Proposals (RFP) is issued soliciting price and technical proposals from potential sources; evaluates the proposals and establishes a competitive range; negotiates with those in the competitive range; receives and evaluates best and final offers from those in the competitive range; and makes award to the contractor offering the most advantageous proposal, considering price and the technical factors stated in the RFP.

**Competitive Range** - In competitive proposal procurement, those proposals, which, after evaluation by the HOME recipient, have a reasonable chance of receiving the award, both from a technical and cost standpoint.

**Construction Change Order** - Informal requests for additional work or services caused by some act or omission to act on the part of the HOME recipients which causes a contractor extra work, delays, or money.

**Contract** - A promise or set of promises for breach of which the law gives a remedy or performance of which the law recognizes as a duty; a legal instrument providing for the purchase, lease or barter of property or services for direct benefit of the HOME recipient.

**Contracting Officer** - An official authorized by the HOME recipient to enter into or administer procurement contracts and make related determinations and findings.

**Contract Administration** - Monitoring of a contractor's performance to assure compliance.

**Contract Modification** - A written alteration to the specifications, delivery point, date of delivery, contract period, price, quantity, or other provisions of an existing contract.

**Cost-Reimbursement Contract** - Contract in which the buyer and seller agree on an estimate of contract costs. The buyer agrees to reimburse the seller for reasonable, allowable, and allocable costs necessary to complete the work.

**Cure Notice** - A document the Contracting Officer sends to a contractor to notify the contractor that the contract may be terminated by reason of default if the condition endangering performance of the contract is not corrected in a specified number of days.

**Excusable Time Delay** - Failure to perform beyond the control, and without fault or negligence, of the contractor.

**Firm Fix-Price Contract** - Contract which provides for a price which is not subject to any adjustment by reason of cost experience of the contractor in the performance of the contract; this is the preferred type of contract.

**Indefinite-Quantity Contract** - Contract used for procurements in which the exact number of deliverable items is not known at the time of contracting. The contract provides for a minimum and maximum amount of goods/services, which may be ordered under the contract.

**Independent (In-House) Cost Estimate** - Written calculation of items included in the scope of the work, tabulated under appropriate cost headings (direct costs, labor, overhead, and profit).

**Inspection** - An examination/testing of supplies and services to determine conformity to contract requirements.

**Internal Controls** - Safeguards, which ensure that contracting, will be carried out in conformity with applicable Federal regulations and internal policy.

**Invitation for Bids (IFB)** - Under the sealed bidding method of procurement, the written solicitation document which explains what the HOME recipient is buying and requests bids from potential contractors; invitation must include invitation to Section 3 eligible contractors/sub-contracts.

**Labor-Hour Contract** - A Contract that provides for the procurement of property or services on the basis of direct labor-hours at specified, fixed hourly rates (which include direct and indirect labor, overhead, and profit).

**Modification** - A written revision or change to the contract.

**Negotiation** - Discussion regarding technical and price proposals with offeror in the competitive range for a contract being awarded using the competitive proposals or noncompetitive proposals method of procurement.

**Non-competitive Proposals** - The method of procurement in which the HOME recipient solicits proposal(s) from only one source or a limited number of sources, if justified in writing for one of the following reasons: the item is available only from a single source; public emergency will not allow enough time for a competitive procurement; inadequate response is received to a competitive solicitation; or HUD

approves the use of non-competitive proposals.

**Proposal** - Under the competitive/ non-competitive proposal method procurement, an offer that is submitted by a potential contractor.

**Qualifications-Based Selection (QBS)** - A form of procurement of architect-engineering services by competitive proposals in which price is neither requested in the RFP nor used as an evaluation factor; instead, technical qualification only are reviewed and a fair and reasonable price negotiated with the best qualified firm.

**Quotation** - Under the small purchase method of procurement, a price or offer submitted by a quoter.

**Request for Proposals (RFP)** - Under the competitive proposals method of procurement, a written solicitation to prospective offerors to submit a proposal based on the terms and conditions set forth therein. Proposal evaluation and contractor selection are based on the factors for award as stated in every competitive RFP.

**Request for Quotation (RFQ)** - Under the small purchase method of procurement, a brief, written request for a price quotation from potential contractors.

**Responsible Bidder** - One who has the technical and financial capacity to secure the necessary resources to deliver the goods or services.

**Responsive Bid** - One, which conforms exactly to the requirements in the Invitation for Bids.

**Sealed Bidding** - The procurement method in which sealed competitive bids are requested. This method of procurement requires that specifications be written describing the requirements clearly, accurately, and completely; a public bid opening is held; and evaluation of bids and award of the contract is based on the lowest bid submitted by a responsive and responsible contractor.

**Show Cause Letter** - A document sent to a defaulting contractor to notify the contractor that the contract may be terminated by reason of default unless the contractor can prove in 10 days that the condition was not his or her fault.

**Small Purchases** - Purchases of supplies and non-personal services, which do not exceed the dollar limitation (\$10,000 or in-house policy) in the aggregate.

**Specification** - Clear and accurate description of the technical requirements of a service or supply contract.

**Statement of Work** - Written definition of work to be performed which establishes standards sought for the goods or services to be supplied: typically used for service contracts.

**Termination for Convenience** - Termination of a contract on a unilateral basis when it no longer needs or requires the products or services, or when it is in the best interest of the HOME recipient.

**Termination for Default** - Termination of a contract when the contractor fails to perform or fails to make progress so as to endanger performance.

**Time and Materials Contract** - Contract, which provides for payment of supplies and services on the basis of incurred direct labor hours (at fixed rates which include direct costs, indirect costs, and profit) and

materials (at cost).

**Time Delay** - An interruption during which services supplies, or work are not delivered in accordance with the performance time schedule stated in the contract.