



# General Contractor's Handbook

**LIGHTHOUSE COMMUNITIES INC.**  
**GENERAL CONTRACTOR'S HANDBOOK**

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## **PURPOSE**

The purpose of this document is to clearly define the relationship between Lighthouse Communities and its General Contractor(s) and delineate the responsibilities of each.

## **HOLD HARMLESS**

The Contractor indemnifies and holds harmless the Property Owner from liability for any personal property damages, bodily injury, death, sickness, disease, or loss of expense resulting from the Contractor's work under the Contract.

## **CONTRACTOR ASSURANCE**

By submitting a proposal or executing a Contract, the Contractor asserts that Lighthouse Communities' *Contractor Handbook* has been read and understood and that the required forms and documents have been completed to the satisfaction of the Lighthouse Communities' Construction Department.

## **CONTRACT DOCUMENTS**

The Contract consists of the Construction Specifications, Bid Sheet, Order To Proceed, architectural plans and drawings (when necessary), Project Timelines, Construction Contract, and Lighthouse Communities' *Contractor Handbook*. These documents cover all labor, materials, appliances, and services necessary to meet the Owner's and Lighthouse Communities' performance standards and the terms and conditions for payment.

## **SITE INSPECTION**

- A. *Site Inspection* In order to bid on a Lighthouse Communities project all General Contractors must visit the site and examine all structures. The bidder should address all items on the specifications and compare them to existing field conditions. Unusual conditions, or deviations which exist at the time of the Field inspection should be noted on the bid and reflected in the bid amount.
- B. *Omissions From the Spec* In cases where materials or equipment are omitted from the spec or drawing and are necessary to fulfill the intent of the spec or drawing, it will be the responsibility of the Contractor to furnish and install the necessary items. All materials and equipment must meet the specifications of the Contract Documents
- C. *Verification of Measurement* No extra compensation will be allowed because of differences between actual measurements and dimensions shown on the spec. Refer such differences to Lighthouse Communities for consideration before submitting the bid.
- D. *Unforeseen Repairs* The Contractor shall notify Lighthouse Communities of any conditions or repairs not covered in the Contract Documents, which are required for successful completion of the job. Defects which become evident as the work progresses shall be reported, not concealed.

## **WARRANTY OF CONSTRUCTION**

- A. *General Guarantee* The Contractor shall remedy at his own expense any defect due to faulty material or workmanship and pay for any damage to other work resulting from the Contractor's failure to conform to the Contract Documents. This guarantee shall be in effect for a period of 18 months from the completion date of the entire contract.  
The Contractor will furnish Lighthouse Communities with all manufacturer's and supplier's written guarantees and warranties covering materials and equipment furnished under the Contract.
- B. *Labor Quality* All labor furnished by Contractors and their Subcontractors must be performed by licensed, competent craftsmen. Whenever lead is present, as applicable, certified lead contractors must be used. Lighthouse Communities, Inc reserves the right to have persons who are not performing their services in a safe or acceptable manner removed from the job site.

C. Material Quality The Contractor will furnish all materials, supplies, equipment, etc. to satisfactorily execute the Contract. The materials used and installed must be new and of the quality specified.

D. Work Site Conditions The Contractor will protect all property around the work site and will repair or replace any work damaged during the execution of his contract, at his own expense. This includes pavements, utilities, trees, fencing, landscaping, and other existing conditions damaged in carrying out the Contract. Any pre-existing damage or conditions must be brought to the attention of Lighthouse staff prior to beginning work. Photo documentation of such conditions is required.

### **CONSTRUCTION TIMELINES**

Lighthouse Communities will hold General Contractors to strict project timelines. The Construction Contract includes a detailed timeline that must be adhered to. Changes to the timeline must be agreed upon by the owner/Lighthouse Communities and the contractor.

Construction jobs not completed by the agreed completion date and without written approval for an extension will result in a monthly charge to the General Contractor of not more than **1.5% of the Construction Contract**. Charges will be assessed in full upon the completion date as determined by the Construction Contract project timeline and every 30 days following the completion date.

Lighthouse Communities will process invoices for work completed and approved by the 5<sup>th</sup> of each month. Payment will be made by the 5<sup>th</sup> of the following month.

### **MAXIMUM NUMBER OF BIDS AWARDED**

All contractors will be limited to 3 jobs under contract at any given time and two jobs waiting to go to contract. Exceptions may be granted on a case by case basis.

Lighthouse Communities reserves the right to limit the number of contracts awarded to any one General Contractor based on past performance.

### **CONTRACTOR RESPONSIBILITIES ON THE JOB SITE**

The Contractor agrees to keep the job site clean and orderly during construction and to remove all debris at the completion of the job. Materials and equipment that have been removed and replaced as part of the work shall belong to the Contractor unless stated in writing beforehand. Upon completion of work, all stains, labels, tags, debris, and protective covering will be removed and the job site will be left in broom clean condition.

The Contractor will take all precautions to protect persons from injury or inconvenience and will leave passageways unobstructed for pedestrians and vehicles and access to fire hydrants.

The Contractor will assume full responsibility for the protection and safekeeping of all products and materials stored on the premises in relation to the contract.

### **LIGHTHOUSE COMMUNITIES/HOMEOWNER RESPONSIBILITIES ON THE JOB**

A. Utilities Lighthouse Communities/Homeowner will permit, at no cost, use of all existing utilities (light, heat, power, and water) necessary for completion of the work.

B. Work Site Preparation Lighthouse Communities/Homeowner will have the job site prepared for the Contractor by removing furniture and furnishings and other valuables that may get in the Contractor's way or such activity will be part of the contract.

C. Property Insurance Lighthouse Communities/Homeowner must purchase and maintain property insurance at the job site to the property's full insurable value. This insurance must cover the structure and improvements in the event of fire, vandalism, etc.

## **REQUIRED INSURANCE**

Before an Order to Proceed can be signed, Contractors must submit certificates of insurance to Lighthouse Communities, with Lighthouse Communities named as additional insured. This applies to the following insurance:

- A. **Liability Insurance** The contractor shall purchase and maintain liability insurance for himself, all employees, and subcontractors. The amount of Comprehensive General Liability Insurance to be maintained and kept in force shall, under no circumstances, be less than \$1,000,000 for each person and not less than \$500,000 for each accident.
- B. **Workman's Compensation Insurance** The General Contractor must purchase Workman's Compensation and Employees' Liability insurance for all persons employed at the construction site. An individual may be present on site without Workman's Compensation Insurance or employee liability provided by the General Contractor only if the following conditions are met.:
- o They are covered under workman's compensation and employee's liability insurance provided by another entity.
  - o If they can satisfy the requirements of the State of Michigan for Independent Contractors. At a minimum, this means that the Independent Contractor does not hire out work, including subcontractors, other independent contractors or employees. It is the responsibility of the General Contractor to obtain a waiver from the State of Michigan. And submit this waiver to Lighthouse Communities.
- C. **Automobile Insurance** During the period of construction the General Contractor will maintain automobile liability coverage, including hired and non-owned automobile liability coverage, in an amount not less than one million dollars(\$1,000,000.00). Combined Single Limit per occurrence coverage for bodily injuries and property damage.
- D. Lighthouse Communities reserves the right to request documentation to verify that all of the **REQUIRED INSURANCE** conditions are met, and to remove any individuals or companies from the job site that do not meet these requirements. Violation of Lighthouse Communities' insurance policies is considered a breach of the construction contract and could result in stoppage of all work and withholding further payment until proper insurance documentation is provided.

## **REQUIRED PAPERWORK**

- A. **Construction Specifications** A detailed set of Construction Specifications will be developed by a Lighthouse Communities Rehab Specialist to delineate the exact scope of work to be bid.
- B. **Sub-Contractor Bids** The General Contractor will keep on file a master list of all sub-contractors that are invited to bid on a project, and documented results of these invitations. Copies of all bids submitted on each project will be kept on file by the General Contractor, and be made available to Lighthouse Communities upon request. The Equal Employment Opportunity Commission's Minority Contractor's guidelines must be followed at all times, along with their required documentation.
- C. **Estimate/Contract** The General Contractor will develop a bid specifying an amount on each line of the Construction Specifications. The Estimate/Contract will be reviewed by Lighthouse Communities to assure fairness and accuracy. Lighthouse Communities and the Contractor will review and agree on the scope of work to be done prior to the Contract signing and Order To Proceed. A copy of the Bid must be kept on file with Lighthouse Communities Director.
- D. **Construction Contract** The purpose of the Construction Contract is to establish a legal contract between the Lighthouse Communities and the General Contractor listing the specific agreements concerning the job to be done. This contract must include a detailed timeline.

**E. Sub-contractor Contracts** The General Contractor will execute a contract with each sub-contractor being used on a project and inform them of their responsibility to provide a notice of furnishing. These Contracts will detail the work to be done and the amount to be paid for said work. These contracts will be kept on file and made available to Lighthouse Communities upon request.

**F. Order To Proceed** The purpose of the Order to Proceed is to give notice to the Contractor to proceed with the rehab specified in the Construction Contract. Lighthouse Communities and the General Contractor sign the Order to Proceed and a copy is kept on file. The Order to Proceed will be issued when the Contractor meets all insurance requirements.

**G. Sworn Statements** The purpose of the Sworn Statement is:

- 1) to provide a record of work progress;
- 2) to maintain a record of payments made to the Contractor, Subcontractors, and major suppliers; and
- 3) to alert the Lighthouse Communities that payment is being requested for work completed.

Each subcontractor, supplier and laborer must be listed separately on the Sworn Statement.

All work invoiced with the Sworn Statement must be inspected by Lighthouse Communities. Checks will not be released until work has been inspected.

Lighthouse Communities requires a retainer on all projects. The retainer will be no less than 10%, and will be held from each payment. The retainer will be paid upon completion of the contract. The purpose of the retainer is to insure that the contract is completed in a timely and effective manner, and to ensure that all appropriate inspections i.e. building, lead clearance, and occupancy, are done

**H. Final Request** When making a final request, the Contractor must indicate on the Check Request that the request is for the balance of the contract (including the retainage). Prior to the release of the completion check, all warranties, guarantees, final inspections and lien waivers must be submitted to Lighthouse Communities.

**I. Waiver of Lien** The purpose of the Waiver of Lien is to protect the lender and the Lighthouse Communities against future claims for payment. Waivers of Lien must be obtained from the Contractor, all Subcontractors, and major material suppliers. These waivers will be kept by Lighthouse Communities and must be completed each time a check is disbursed.

**J. Change Orders**. The purpose of the Change Order is to document agreed upon changes in the Contract and to assure that adequate financing is available for the changes. The following procedure will be used for all Change Orders:

- Contractors requesting a Change Order on any project financed or managed by Lighthouse Communities should communicate that a Change Order is needed with the scope of change needed and the cost.
- Lighthouse Communities will draft a Change Order for agreed upon changes.
- Signatures of owner/Lighthouse Communities and the contractor are required to make changes valid. A copy of this signed document will be provided for all parties.
- If the Contractor elects to proceed without an approved Change Order, he/she will do so at his/her own expense, and relinquish any liens or legal action to be paid for this work.

## **PERMITS AND LICENSES**

The Contractor will secure all necessary permits and licenses required prior to starting the work and will comply with all City, State, and Federal codes, regulations and ordinances. Lighthouse Communities reserves the right to hold any funds until all necessary permits and final inspections have been secured and a copy has been provided to Lighthouse Communities.

## **CONTRACTOR'S RIGHT TO TERMINATE THE CONTRACT**

Should the work be stopped by any Public Authority for a period of thirty days or more, through no fault of the Contractor, or should the work be stopped through an act or neglect of Lighthouse Communities for a period of seven days, or should Lighthouse Communities fail to pay the Contractor any payment within thirty days after it is due, then the Contractor upon seven days written notice to the owner, may stop work or terminate the Contract and recover from Lighthouse Communities payment for all work executed and any loss sustained and reasonable profit and damages.

## **LIGHTHOUSE COMMUNITIES' RIGHT TO TERMINATE THE CONTRACT**

A. *Lighthouse Communities' Right to Stop the Work.* If the Contractor fails to correct defective work or persistently fails to supply materials, equipment and/or labor in accordance with the Contract Documents, Lighthouse Communities may order the Contractor to stop the work.

B. *Lighthouse Communities' Right to Carry out the Work.* If the Contractor neglects to carry out the work in accordance with the Contract Documents, Lighthouse Communities may, after seven days written notice to the Contractor, hire another Contractor to complete the work. In such a case, a Change Order will be unilaterally issued deducting from the Contract the cost of correcting the deficiencies. If there is not sufficient funds to pay for the approved Change Order, the Contractor will pay the difference to Lighthouse Communities.

## **CONSTRUCTION SPECIFICATIONS-GENERAL INSTRUCTIONS**

All construction work shall be performed according to the Uniform Building, Plumbing, and Mechanical Codes, the Zoning and Electrical codes, and all applicable requirements. Where applicable, work shall be in accordance with regulations on lead based paint and standards for energy conservation.

1. All construction work shall be inspected and approved by property owner(s) and Lighthouse Communities, and when applicable the City of Grand Rapids Building Inspections Department.
2. The awarded Contractor shall be responsible for completion of each item specified in the Construction Specifications. Any changes shall be authorized only by a change order signed by all parties.
3. The Contractor shall verify, on job site, all quantities, measurements of the dimensions, conditions, plans and working drawings before submitting this bid. There will be no Change Order to prices based on mistaken quantity count, measurements or dimensions.
4. The Contractor shall immediately notify (verbally and in writing) Lighthouse Communities of any discrepancies on the plans, working drawings, Construction Specifications, and the measurements or dimensions. The Contractor shall be held responsible for all such verifications. The Contractor is responsible for reviewing sub-contractor bids for completeness and accuracy. Once a bid is submitted the contractor is locked into the amounts submitted. He/She may remove their bid from consideration if they so desire. Once a contract is signed the contractor is responsible for completing the work for the agreed amount despite any mistakes in sub-contractor bids.
5. The Contractor shall provide and install all necessary bracing to support and maintain the existing construction in a safe and undamaged condition throughout all phases of demolition, construction and/or reconstruction.
6. The Contractor shall take any and all precautions necessary to ensure that fixtures and materials, which are temporarily removed during any phase of construction, are protected from damages, vandalism and/or theft. Damage to property caused by the Contractor shall be repaired or replaced by the Contractor at his/her own expense.
7. Where there have been no soil tests taken on a job site, Lighthouse Communities does not warrant or guarantee the bearing capacity of the soil and whether or not is it sufficient to support the structure and design.

8. The Contractor shall be fully responsible for obtaining all necessary permits and licenses as required by the City of Grand Rapids Building Inspections Department.
9. Color(s), type, model, style, finish and manufacturer of all fixtures, appliances, hardware, and all other products used in the rehabilitation work shall be approved and/or selected by the property owner/Lighthouse Communities and shall be standard in nature unless the owner(s) request(s) custom items at the time the Contractor prepares and submits his/her bid.
10. The discarded floor covering, old doors, lumber, plumbing fixtures, roofing, debris, and other construction debris shall be removed from the job site. In cases where a dumpster is required, the contractor will maintain that dumpster. The property shall be left in a clean and safe condition throughout the entire job.
11. No work shall commence until an Order to Proceed is executed, which verifies that the funds are in place. The contractor is responsible for verifying that the funds are in place before starting work. No funds will be released before the funds are in place.
12. All work completed on job site to be per manufacturer's specification and Standard Trade Practice.
13. All interior closets and storage areas shall be painted with interior painting unless otherwise noted.
14. If, after commencement of the project, it is determined plans or drawings are required, the Contractor will furnish appropriate engineering.
15. All plumbing fixtures shall comply with water saving codes.
16. Contractors shall be responsible for the completion of any incidental work created by the performance of their work. Any such non-specified work brought to the attention of Lighthouse Communities before submission of bids will generate an addendum to be issued to all bidders.
17. A Use and Occupancy Permit and Final Lien Waivers **from all sub-contractors** and suppliers will be required before the final disbursement will be released.
18. Where applicable, all contractors will be held to Federal, State, and Local rules with regard to lead based paint procedures including but not limited to having lead workers with supervisors on site, an Occupant Protection Plan, a Notification to Abate, and any other documents or procedures set forth as Federal, State, or Local procedures regarding lead based paint.

### **ETHICAL BUSINESS PRACTICES**

Lighthouse Communities holds itself to a high standard of ethical business practices and expects the same from its General Contractor. As such we expect our General Contractor to:

- Pay Sub-contractors and suppliers on time.
- Pay employees on time.
- Provide employees with compensation that is commensurate with industry standards and within a reasonable range of the fees charged for the work performed by that employee.
- Provide employees with proper insurance coverage.
- Maintain a professional demeanor with Lighthouse Communities staff, homeowners, and other community members.
- Follow all applicable building codes.
- Charge only for work that has been completed.
- Provide quality building materials.
- Perform quality work.
- Adhere to all contracts.
- Avoid any practice that discriminates against employees, suppliers, sub-contractors, and/or customers on the basis of race, color, national origin, religion, creed, sex, age, or handicap. Lighthouse Communities expects General Contractors to actively seek participation from minority and women owned enterprises.
- Perform high-quality work, as judged by Lighthouse Communities staff and, when applicable the City of Grand Rapids, MSHDA, and/or HUD.

- Exhibit integrity by not soliciting work with promises of cash or gifts, or by offering additional work free of charge.

**CONTRACTOR HANDBOOK ACKNOWLEDGMENT**

I have received, read, understand, and will comply with the Lighthouse Communities Contractors Handbook.

Contractor: \_\_\_\_\_  
Print Name

Contractor Signature: \_\_\_\_\_  
Signature

Date: \_\_\_\_\_