

Kalamazoo Neighborhood Housing Services
CONTRACTOR HANDBOOK

Table of Contents

| | |
|--|----|
| Purpose..... | 1 |
| Hold Harmless | 1 |
| Contractor Assurance..... | 1 |
| Contract Documents..... | 1 |
| Site Inspection..... | 2 |
| A. Site Inspection | |
| B. Omissions from the Spec | |
| C. Verification of Measurements | |
| D. Unforeseen Repairs | |
| Warranty of Construction | 2 |
| A. General Guaranty | |
| B. Labor Quality | |
| C. Material Quality | |
| D. Work Site Conditions | |
| Contractor Responsibilities on the Job | 3 |
| Homeowner Responsibilities on the Job Site..... | 3 |
| A. Utilities | |
| B. Work Site Preparation | |
| C. Property Insurance | |
| Required Insurance | 3 |
| A. Liability Insurance | |
| B. Workman's Comp Insurance | |
| Required Paperwork..... | 4 |
| A. Job Cost Breakdown | |
| B. Owner/Contractor Agreement | |
| C. Order to Proceed | |
| D. Notice of Commencement | |
| E. Notice of Furnishings | |
| F. Contractor's Sworn Statement/ Request for Payment | |
| G. Job Completion | |
| H. Waiver of Lien | |
| I. Change Orders | |
| Permits and Licenses..... | 7 |
| Contractor's Right to Terminate the Contract | 7 |
| Homeowner's Right to Terminate the Contract | 7 |
| A. Owner's Right to Stop the Work | |
| B. Owner's Right to Carry out the Work | |
| Work Write-up..... | 8 |
| Required Documents Checklist..... | 10 |

PURPOSE

The purpose of this handbook is to inform the contractor of some of the construction policies and procedures of Kalamazoo Neighborhood Housing Services, Inc. (KNHS) and requirements for contractors. This handbook is meant as a summary for Contractors and is not an exhaustive document of all of KNHS' construction policies and procedures.

HOLD HARMLESS

The Contractor indemnifies and holds harmless the Property Owner and KNHS 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 or property visits for the purpose of bidding on projects.

CONTRACTOR ASSURANCE

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

CONTRACT DOCUMENTS

The Contract consists of the Homeowner/Contractor Agreement, the Bid, Order To Proceed, Job Cost Breakdown, the Specifications, plans and drawings, warranties, Disbursement Guidelines, HUD Section 3 Clause and the KNHS *Contractor Handbook Acknowledgment*. These documents cover all labor, materials, appliances, and services necessary to meet the Owner's and KNHS performance standards and the terms and conditions for payment.

Contractors who wish to participate as HUD Section 3 Business Concerns should read the KNHS Section 3 Handbook and speak with the KNHS Construction Manager for more information and application forms.

Contractors who knowingly falsify Section 3 Business Affidavits or any other documents required by KNHS will be excluded from all current and future KNHS sponsored contracts.

Kalamazoo Neighborhood Housing Services, Inc. (KNHS) shall not discriminate in soliciting bids or awarding contracts because of religion, race, color, gender, physical or mental disabilities, national origin, age, height, weight, familial status, or marital status.

KNHS will assist all persons who feel they have been discriminated against because of religion, race, color, gender, physical or mental disabilities, national origin, age, height, weight, familial

status or marital status to seek equity under federal and states laws by providing information to said persons on how to file a complaint with the Michigan Department of Civil rights.

SITE INSPECTION

- A. *Site Inspection* All bidders 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 the Homeowner and the KNHS Construction Specialist for consideration before submitting the bid.
- D. *Unforeseen Repairs.* The Contractor shall notify the Homeowner and the KNHS Construction Specialist 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.
- E. *Submitting a Bid* When submitting a bid, the Contractor will follow the line items, as amended, of the specifications given out by the KNHS Construction Specialist. Bids not following specs will not be accepted. Bids will generally be due one (1) week from Site Inspection unless otherwise noted by KNHS Construction Staff.

WARRANTY OF CONSTRUCTION

- A. *General Guaranty* The Contractor shall remedy at his own expense any defect 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 guaranty shall be in effect for a period of 18 months from the completion date of the entire contract.

The Contractor will furnish the Homeowner and KNHS with all manufacturers and supplier's written guarantees and warranties covering materials and equipment furnished under the Contract.

- B. Labor Quality All labor furnished by Contractors, Subcontractors or Handymen must be performed by trained, skilled, competent craftsmen, licensed when required. The Homeowner reserves the right to have persons who are not performing their services in an acceptable manner removed from the job site.

Labor performed by the Homeowner or Homeowner's immediate family must also meet the quality standards outlined in this handbook.

- 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 best quality as 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.

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.

HOMEOWNER RESPONSIBILITIES ON THE JOB

- A. Utilities The Homeowner will permit use at no cost all existing utilities (light, heat, power, and water) necessary for completion of the work.
- B. Work Site Preparation. The Homeowner will make reasonable efforts to have the job site prepared for the Contractor by removing furniture and furnishings and other valuables that may get in the Contractor's way.

- C. Property Insurance. The 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 the Construction Department, with KNHS named as the certificate holder. 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 \$300,000 for each person and not less than \$500,000 for each accident.
- B. Workman's Compensation Insurance The Contractor must purchase Workman's Compensation and Employees' Liability insurance for all persons employed at the construction site.

Contractors may be exempt from purchasing Workman's Compensation insurance 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 contractor to obtain a waiver from the State of Michigan. KNHS will require Workman's Compensation insurance until an approved waiver is submitted to the Construction Department. A *Sole Proprietor Statement* form is attached to the handbook, and may be used in lieu of the waiver.

REQUIRED PAPERWORK

- A. Job Cost Breakdown. The purpose of the Job Cost Breakdown is to establish a cost for each item of work that has been submitted on the Bid.

The Contractor must breakdown the total bid into costs for the individual tasks. The Job Cost Breakdown will be reviewed by the Homeowner with assistance from a Construction Specialist to assure that the costs for the separate items are enough to have that item done by a second contractor if the original contractor, defaults.

The Homeowner and the Contractor must agree on the Job Cost Breakdown prior to the Contract signing and Order To Proceed. A copy of the Job Cost

Breakdown must be kept on file in the KNHS Construction Department.

- B. Homeowner/Contractor Agreement The purpose of the Homeowner/Contractor Agreement is to establish a legal contract between the Homeowner and the Contractor listing the specific agreements concerning the job to be done.

The Homeowner/Contractor Agreement will be signed at the Contractor Sign- up meeting and a copy kept on file in the KNHS Construction Department.

- C. 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 Homeowner/Contractor Agreement.

The Homeowner and the Contractor sign the Order to Proceed and a copy is kept on file in the KNHS Construction Department. The Order to Proceed will be issued when the Contractor meets all insurance requirements.

- D. Notice of Commencement The purpose of the Notice of Commencement is to notify everyone involved in the project that work is beginning on the property. The Notice Of Commencement further notifies all persons of the name and address of the Homeowner and the name and address of the Owner's designee to receive all legal notices and bills.

- E. Notice of Furnishing The purpose of the Notice of Furnishing is to provide proof that a supplier, subcontractor or laborer, has provided labor or materials

It is the responsibility of the Contractor, Subcontractor or Supplier to provide the Notice of Furnishing within 20 days of the first delivery of goods or service. If you are a laborer, send your Notice of Furnishing within 30 days after wages are due.

- F. Check Requests The purpose of the Check Request 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 Homeowner and the KNHS Construction Department that payment is being requested for work completed.

Each subcontractor, supplier and laborer must be listed separately on the Check Request. It is the responsibility of the Homeowner to compare the Check Request with the Job Cost Breakdown.

The Contractor's Check Request must be signed by the Homeowner. That signature means that the Homeowner has received a copy of the Check Request regarding who will be paid and agrees with the work completed and amounts requested.

All work submitted on the Check Request must be inspected by a Construction Specialist. Checks will not be released until work has been inspected.

All Check Request forms (signed by homeowner) must be submitted to the Construction Department by Tuesdays at 2:00 p.m. to receive a check by the Friday after the following Friday after 2:00 p.m. All check request forms for work on KNHS owned properties must be submitted to the Construction Department by Fridays at 4:00 p.m. to receive a check by the Friday after the following Friday.

Contractors may pick up checks, from properly submitted requests between 2:00 p.m. and 4:00 p.m. on Friday.

KNHS requires a retainer of all requests for payment. The purpose of the retainer is to insure the contract is completed in a timely and effective manner

The retainer will be no less than 10%. The retainer will be deducted from each Check Request and paid upon completion of the contract.

- G. 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 the Development Department.
- H. Waiver of Lien The purpose of the Waiver of Lien is to protect the lender and the Homeowner against future claims for payment.

Waivers of Lien must be obtained from the Contractor, all Subcontractors, and major material suppliers included in the Check Request who have filed a Notice of Furnishing. These waivers will be kept on in KNHS' Construction Department and must be completed each time a check is disbursed.

- I. 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.

Contractors requesting a Change Order for Homeowners financed through KNHS should meet with the Construction Specialist first.

Contractors requesting a Change Order for KNHS owned projects should meet with the Construction Department Manager.

If the Contractor elects to proceed without an approved Change Order, he will do so at his 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 to starting the work, and to comply with all City, State, and Federal codes, regulations and ordinances. KNHS reserves the right to hold any funds until all necessary permits and final inspections have been secured and a copy has been provided to KNHS.

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 the Homeowner for a period of seven days, or should the Homeowner fail to pay the Contractor any payment within fourteen 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 the Homeowner payment for all work executed and any loss sustained and reasonable profit and damages.

HOMEOWNER'S RIGHT TO TERMINATE THE CONTRACT

- A. *Homeowner's 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, the Homeowner may order the Contractor to stop the work.
- B. *Homeowner's Right to Carry out the Work.* If the Contractor neglects to carry out the work in accordance with the Contract Documents, the Homeowner may, after seven days written notice to the Contractor, hire another Contractor or complete the work himself. In such a case, a Change Order will be issued deducting from the Contract the cost of correcting the deficiencies. KNHS **must** approve all Change Orders. If there are not sufficient funds to pay for the approved Change Order, the Contractor will pay the difference to the Homeowner.

Work Write-Up

This Work Write-up is based on the Program Property Rehabilitation Standards, Standard Specifications and Rehabilitation as specified by the property owner(s) hereof:

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 warnings and the cost effective energy conservation standards.

1. All construction work shall be inspected and approved by the Department of Building and Safety Inspectors, property owner(s) and the KNHS Rehabilitation Specialist.
2. The awarded Contractor shall be responsible for completion of each item specified in this Work Write-Up. Any changes shall be authorized only by the initiation and execution by the owner(s) and Contractor on a formal CHANGE ORDER, which must be approved by KNHS.
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) the Rehabilitation Specialist of any discrepancies on the plans, working drawings, Work Write-Up, and the measurements or dimensions. The Contractor shall be held responsible for all such verifications.
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. There have been no soil tests taken on this site and, therefore, the lending agency is not warranting or guaranteeing any responsibility regarding the bearing capacity of the soil and whether or not it is 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 Department of Building and Safety for the City of Kalamazoo or other local municipalities.
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(s), and shall be standard in nature unless the owner(s) request(s) custom items at the time the Contractor prepares and submits his bid.
10. The discarded floor covering, old doors, lumber, plumbing fixtures, roofing, debris, and other construction debris shall be removed from the job site. Provide and maintain a dumpster. The property shall be left in a clean and safe condition at the completion of the job.
11. No work shall commence until an Order to Proceed is executed and the rehab loan is closed. The contractor is responsible for verifying that the loan has closed before starting work.

No funds will be released before the loan has closed.

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. If plans are required for the project, Contractor shall furnish all required plans and engineering not furnished by the owner.
14. All plumbing fixtures shall comply with all water saving codes.
15. All non-integral sinks and lavs shall be self-rimming and set on top of countertops unless otherwise noted.
16. Contractors shall be responsible for the completion of all incidental work created by the performance of their work. Any such work that is not to be included shall be brought to the Owner and Construction Specialists' attention at the time of the pre-bid inspection meeting, and an addendum will be issued to all bidders.
17. A Certification of Completion and Final Lien Waivers from **all sub-contractors** and suppliers will be required before the final disbursement will be released.

Note 1: Lead base paint is prohibited.

REQUIRED DOCUMENTS TO SUBMIT TO KNHS

All Contractors:

Contractor Information Sheet

General Authorization Letter

Contractor Handbook Acknowledgement

W-9

Liability Insurance with KNHS listed as certificate holder

Sole Proprietor's Statement OR Proof of Workman's Comp Insurance

Builder's, M&A, or Other Applicable Licenses

Contractors Seeking Section 3 Contracts:

KNHS Section 3 Handbook Acknowledgement

Trade or Hazard Specific Licenses or Certificates:

EPA Lead RRP Certificate

EPA Lead RRP Firm Certificate

Lead Supervisor License

Lead Abatement License

Other: _____

CONTRACTOR INFORMATION SHEET

Business Type: (Check all that apply)

- | | | | |
|---|---|-------------------------------------|---|
| <input type="checkbox"/> General Contractor | <input type="checkbox"/> Construction | <input type="checkbox"/> Electrical | <input type="checkbox"/> Plumbing |
| <input type="checkbox"/> Painting | <input type="checkbox"/> Roofing/Siding | <input type="checkbox"/> Windows | <input type="checkbox"/> Asphalt/Paving |
| <input type="checkbox"/> Gutters/downspouts | <input type="checkbox"/> Other _____ | | |

Business Name: _____

Business Owner: _____

Business Address: _____

City/State/Zip: _____

Email: _____

Telephone Numbers

Business: _____ **Fax:** _____

Cell Phone: _____ **Home:** _____

Owner's Social Security Number: _____

Company Tax ID Number: _____

Contractor License Number: _____

Expiration Date: _____

Persons authorized to pick up checks for your business

General Authorization Letter

Kalamazoo Neighborhood Housing Services, Inc.
802 S. Westnedge
Kalamazoo, MI 49008

CONTRACTOR/DBA: _____

Address: _____

SSN: _____

To Whom It May Concern:

I authorize you to release to Kalamazoo Neighborhood Housing Services, Inc the requested information on the attached form concerning:

1. Any credit information deemed necessary in connection with a consumer credit report.
2. Re-verification of information after 1 year for quality assurance needs.

The information is for the confidential use of Kalamazoo Neighborhood Housing Services, Inc in determining my credit worthiness to be placed on their list of qualified contractors for home construction/rehabilitation, or to confirm information I have supplied. In addition, I am aware that the documentation supplied is subject to re-verification after 1 year.

A photographic or fax copy of this authorization may be deemed to be the equivalent of the original and may be used as a duplicate original. Kalamazoo Neighborhood Housing Services, Inc maintains the original signed form.

Signature

Date

Printed Name

Address

City, State, Zip

CONTRACTOR HANDBOOK ACKNOWLEDGEMENT

I have received, read and understood the KNHS Contractor Handbook.

Company/DBA: _____

Contractor: _____

Print Name

Contractor Signature: _____

Signature

Date: _____

Sole Proprietor Statement

Kalamazoo Neighborhood Housing Services, Inc.
802 S. Westnedge
Kalamazoo, MI 49008

NAME: _____

COMPANY: _____

ADDRESS: _____

I, _____, a Sole Proprietor with no employees, will provide _____ services to KNHS on a periodic basis. I do understand that I am not entitled to Workers' Compensation benefits under Michigan's law. Therefore I am personally responsible for any injury(ies) I may sustain while performing my services for said Company.

Signature

Date

STATE OF MICHIGAN

COUNTY OF _____

On this _____ day of _____ before me personally appeared _____ who being by me duly sworn did say that he/she is not entitled to workers' compensation benefits as indicated under Michigan's Law, and will not hold responsible the above named company he/she may provide services to for any injury(ies)/illness(es) he/she may sustain while performing such services.

Notary Public

My commission expires:

(Stamp)
