

UNIFORM GENERAL CONDITIONS OF CONTRACT FOR PRIVATE CONSTRUCTION





CIAP BOARD RESOLUTION NO.1
Series of 2005

ADOPTING THE AMENDED PDCB-POCB JOINT BOARD RESOLUTION No.1,
SERIES OF 2004 RE: THE PROMULGATION OF A POLICY TO BOLSTER THE
ACCEPTANCE AND USE OF UNIFORM GENERAL CONDITIONS OF
CONTRACT IN PUBLIC AND PRIVATE CONSTRUCTION

On motion duly seconded.

WHEREAS, pursuant to its power under Section 2 (f) of Presidential Decree No. 1746, to recommend and encourage the adoption of equitable and realistic contract conditions for construction, the CIAP approved the adoption of CIAP Documents 101 and 102 (uniform general conditions of contract for government and private construction, respectively) to, among others, embody the conditions or stipulations ordinarily established in construction contracts in the Philippines;

WHEREAS, to bolster the acceptance and use of CIAP Documents 101 and 102, the Philippine Domestic Construction Board (PDCB) and the Philippine Overseas Construction Board (POCB) in a Joint Meeting held on 6 July 2004, passed PDCB-POCB Joint Board Resolution No.1, Series of 2004, recommending the issuance by the CIAP of a policy prescribing, in appropriate cases, the use and application of the subject documents;

WHEREAS, POCB-PDCB Joint Board Resolution No.1, Series of 2004, as amended to reflect the suggestions of the legal counsels of the Construction Industry Arbitration Commission (CIAC) was presented, discussed, and found to be in order by the CIAP Board in its 46th Regular Meeting;

NOW, THEREFORE, for and in consideration of the foregoing premises, the CIAP Board, after due deliberations, **RESOLVES** as it is hereby **RESOLVED**, to adopt the recommendation of PDCB and POCB for the use and application of **the provisions of CIAP Documents 101 and 102, as the case may be, to serve as the procedures, guidelines and criteria to be used by the contracting parties, more specifically in the adjudication and settlement of claims and disputes in contract implementation. CIAP Documents 101 and 102 are, therefore, intended to apply in the following instances:**

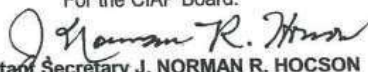
- a) where the parties had failed to incorporate into their construction contract the general conditions of contract, in which case, the appropriate CIAP Document shall apply;
- b) where the conditions of contract agreed upon are incomplete, in which case, the appropriate CIAP Document shall fill the omission of stipulations; or
- c) where certain provisions of the conditions of contract agreed upon are ambiguous, in which case, reference may be made to the appropriate CIAP Document to explain the ambiguity.

The CIAP Board **FURTHER RESOLVES** to order the implementation of the aforesaid policy effective immediately for CIAP Document 102 for private construction and upon the amendment of CIAP Document 101 for public construction, to fill in the gaps in the General Conditions of Contract prescribed by the Government Procurement Policy Board (GPPB) under Section IV of the Philippine Bidding Documents for the Procurement of works.


UNANIMOUSLY APPROVED.

30 March 2005, Makati City.

For the CIAP Board:


Assistant Secretary J. NORMAN R. HOCSON
(Representing DTI Secretary and
CIAP Chairman Juan B. Santos)

Attested by:


KATHRYN JOSEPHINE T. DELA CRUZ
Acting Board Secretary

Republic of the Philippines)
City of Makati) SS

SUBSCRIBED and SWORN TO before me, Notary Public and in the Municipality/City of MAKATI CITY on APR 19 2005 by KATHRYN JOSEPHINE T. DELA CRUZ, Officer-in-Charge and Acting Board Secretary of the CIAP, with Community Tax Certificate No. 18193515 issued at Makati City on 23 February 2005.


MARIBEL D. BORCINCUA
NOTARY PUBLIC
My Commission expires on Dec 31 2005
UNTIL DECEMBER 31 2005
PTR NO. 94051470 I-5-05 MAKATI
IBP NO. 639063 I-18-05 MANILA

Doc. No. 24
Page No. 5
Book No. VI
Series of 2005

MEMORANDUM OF AGREEMENT

This Memorandum of Agreement made and executed by:

PHILIPPINE CONSTRUCTORS ASSOCIATION, INC. ("PCA"), a non-stock, non-profit corporation organized and existing under the laws of the Republic of the Philippines, with principal office at the 3/F Padilla Bldg., Emerald Avenue, Ortigas Commercial Center, Pasig City;

PHILIPPINE INSTITUTE OF CIVIL ENGINEERS, INC. ("PICE"), a non-stock, non-profit corporation organized and existing under the laws of the Republic of the Philippines, with principal office at Unit 701-705 Futurepoint Plaza Condominium, 112 Panay Ave., Quezon City;

SOCIETY OF PHILIPPINE ACCREDITED CONSULTANTS (SPAC), a non-stock, non-profit corporation organized and existing under the laws of the Republic of the Philippines, with principal office at 8/F Rm. 813 Futurepoint Plaza Condominium, 112 Panay Avenue, Quezon City;

CONFEDERATION OF FILIPINO CONSULTING ORGANIZATIONS, INC. (COFILCO), a non-stock, non-profit corporation organized and existing under the laws of the Republic of the Philippines, with principal office at 502 Manila Luxury Condominium, Pearl Drive, Ortigas Complex, Pasig City;

PHILIPPINE CHAMBER OF COMMERCE AND INDUSTRY, INC. ("PCCI"), a non-stock, non-profit corporation organized and existing under the laws of the Republic of the Philippines, with principal office at 14/F Multinational Bancorporation Building, 6805 Ayala Avenue, Makati City;

CONSTRUCTION PROJECT MANAGEMENT ASSOCIATION OF THE PHILIPPINES ("CPMAP"), a non-stock, non-profit corporation organized and existing under the laws of the Republic of the Philippines, with principal office at 6/F JAKA II Bldg., 150 Legaspi St., Legaspi Village, Makati City;

UNITED ARCHITECTS OF THE PHILIPPINES ("UAP"), a professional association organized and existing under the laws of the Republic of the Philippines, with principal office at 53 Scout Rallos St. Quezon City;

CHAMBER OF REAL ESTATE & BUILDERS ASSOCIATION, INC. ("CREBA"), a professional association organized and existing under the laws of the Republic of the Philippines, with principal office at 3/F CREBA Bldg., Don Alejandro Roces Avenue corner South A St., Quezon City;

PHILIPPINE INSTITUTE OF CONSTRUCTION ARBITRATORS, INC. ("PICA"), a non-stock, non-profit corporation organized and existing under the laws of the Republic of the Philippines, with principal office at Penthouse, Atheneum Building, 160 L.P. Leviste Street, Salcedo Village, Makati City;

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CONSTRUCTION INDUSTRY AUTHORITY OF THE PHILIPPINES (“CIAP”), a government agency created by President Decree 1746 and an attached agency to the Department of Trade and Industry, with principal office at 4/F Jupiter 1 Building, No. 56 Jupiter St., Bel-Air Village, Makati City;

WITNESSETH: That -

WHEREAS, the Uniform General Conditions of Contract for Private Construction, otherwise known as CIAP Document 102 was formulated by a committee composed of various professional groups in the industry created by the CIAP Board;

WHEREAS, a Memorandum of Agreement on the adoption and use of CIAP Document 102 was entered by and between the CIAP UAP, PICE, PCCI, CPMAP, CREBA, PICA and PCA on August 14, 1997;

WHEREAS, in pursuit of the Construction Industry Strategic Plan for the 21st Century (CI 21), the CIAP conducted a survey sometime in 2001 on contractual problems encountered by contractors, project owners and consultants in the implementation of construction projects with the view of revising the CIAP Document 102, to incorporate prevailing best practices in the industry and attune the document to the needs of the changing times;

WHEREAS, the Committee on CIAP Document was reconvened in May 2002, with an expanded membership (SPAC & COFILCO), to discuss and introduce amendments to the documents, based on the issues identified in the survey;

WHEREAS, said committee has completed its work and has subjected this to consultations with and among the professional organizations in the industry and the Philippines Domestic Construction Board (PDCB) which endorsed to the CIAP Board on 21 May 2004;

WHEREAS, the CIAP, in its 43rd Regular Board Meeting held on 29 June 2004, passed Resolution No. 15, series of 2004, approving the proposed amendments to CIAP Document 102;

NOW, THEREFORE, for and in consideration of the foregoing premises, the PCA, PICE, SPAC, COFILCO, PCCI, CPMAP, UAP, CREBA, PICA and CIAP hereby agree as follows:

1. To adopt the approved amendments to CIAP Document 102 contained in Annex A attached hereto and made an integral part of this agreement;
2. To provide for the prompt and complete dissemination and widest circulation of CIAP Document 102 and all subsequent amendments thereto to the members of each signatory organization and to the general public, more particularly to all persons or firms involved in construction as project owners, designers, project managers, project consultants, architects, engineers, contractors and subcontractors;

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3. To recommend, promote and encourage the use of CIAP Document 102, as amended, to project owners, as well as to their members and the clients of their members, as general conditions of private construction contracts;
4. To conduct seminars to inform and educate their members as well as project owners, designers, project managers, project consultants, architects, engineers, contractors and subcontractors on the importance of adopting this document and faithfully adhering to its provisions in private construction contracts;
5. For PCA, PICE, SPAC, COFILCO, PCCI, CPMAP, UAP, CREBA, and PICA to monitor prompt and strict compliance with this Memorandum respecting the use of CIAP Document 102 as general conditions in their private construction contracts, and to impose sanctions whenever proper in accordance with the rules of their respective organizations, and for each of them to report to CIAP, as periodically as CIAP may request, compliance with this Memorandum of Agreement and action taken against recalcitrant members; and
6. For PCA, PICE, SPAC, COFILCO, PCCI, CPMAP, UAP, CREBA, and PICA to submit such recommendations to CIAP for any further changes in CIAP Document 102 as they or their members may believe to be necessary in order to insure fairness among the parties involved in any construction activity.

IN WITNESS WHEREOF, the parties hereto have caused the execution of this Memorandum of Agreement by their respective authorized representatives on this 4th day of October 2004 at Makati City, Philippines.

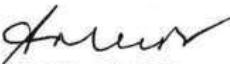
**PHILIPPINE CONSTRUCTORS
ASSOCIATION, INC.**

By:


EMILIO J. TUMBOCON
President


**PHILIPPINE CHAMBER OF
COMMERCE AND INDUSTRY**

By:


NOEMI L. SALUDO
President

**SOCIETY OF THE PHILIPPINE
ACCREDITED CONSULTANTS**

By:


LEANDRO A. VILORIA
President


**CONFEDERATION OF FILIPINO
CONSULTING ORGANIZATIONS, INC.**

By:


ELVIRA ABLAZA
President

**UNITED ARCHITECTS OF THE
PHILIPPINES, INC.**


By:



ENRIQUE O. OLANAN
President

**PHILIPPINE INSTITUTE OF
CIVIL ENGINEERS**

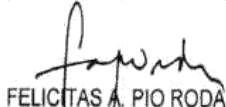
By:



PETER N. AVENTAJADO
President

**CONSTRUCTION PROJECT MANAGEMENT
ASSOCIATION OF THE PHILIPPINES**

By:



FELICITAS A. PIO RODA
President

**PHILIPPINE INSTITUTE OF CONSTRUCTION
ARBITRATORS, INC.**

By:



ELISEO I. EVANGELISTA
President

**CHAMBER OF REAL ESTATE
& BUILDERS ASSO., INC.**

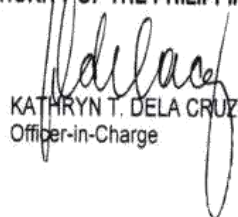
By:



PURITA L. SOLIVEN
President

**CONSTRUCTION INDUSTRY
AUTHORITY OF THE PHILIPPINES**

By:



KATHRYN T. DELA CRUZ
Officer-in-Charge



CIAP BOARD RESOLUTION NO. 15
Series of 2004

**APPROVING THE PROPOSED AMENDMENTS TO THE UNIFORM GENERAL
CONDITIONS OF CONTRACT FOR PRIVATE CONSTRUCTION
(CIAP DOCUMENT 102)**

On motion duly seconded.

WHEREAS, the Construction Industry Authority of the Philippines (CIAP), under Section 2 of P.D. No. 1746, is mandated to promote, accelerate and regulate the growth and development of the construction industry and tasked, among others, to recommend and encourage the adoption of equitable and realistic contract conditions for construction;

WHEREAS, pursuant to its mandate, the CIAP, through a committee composed of representatives from the Council of Engineering Consultants of the Philippines (CECOPHIL), Construction Project Management Association of the Philippines (CPMAP), Chamber of Real Estate and Builders Association (CREBA), International Federation of Building and Wood Workers (IFBWW), Philippine Constructors Association, Inc. (PCA), Philippine Chamber of Commerce, Inc. (PCCI), Philippine Institute of Construction Arbitrators (PICA), Philippine Institute of Civil Engineers (PICE), Subdivision and Housing Developers Association of the Philippines (SHDA), and the United Architects of the Philippines (UAP), formulated the Uniform General Conditions of Contract for Private Construction (CIAP Document 102) which was formally adopted by the PCA, PCCI, CREBA, PICE, CPMAP, PICA & CIAP in a Memorandum of Agreement signed in August 1997;

WHEREAS, in line with the Construction Industry Strategic Plan for the 21st Century (CI21), the committee on CIAP Document 102 reconvened in May 2002 to draft amendments to the document to incorporate prevailing best practices in the industry and attune the same to the needs of the changing times;

WHEREAS, the proposed revisions to the document were subjected to consultations and discussions with and among the members of the Committee, the Philippine Domestic Construction Board (PDCB), and the CIAP;


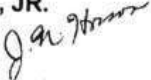
WHEREAS, the PDCB, in its meeting held on 21 May 2004, agreed to submit the final revised version of the proposed amendments to CIAP Document 102 to the CIAP Board;

NOW, THEREFORE, the Construction Industry Authority of the Philippines, after due deliberations in its 43rd Regular Meeting and finding the proposals to be in order, **RESOLVES**, as it is hereby **RESOLVED**, to approve the proposed amendments to the Uniform General Conditions of Contract for Private Construction (CIAP Document 102), attached hereto as Annex A and made an Integral part of this resolution.


UNANIMOUSLY APPROVED.

29 June 2004, Makati City.

For the CIAP Board;

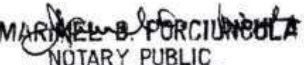

Undersecretary **ADRIAN S. CRISTOBAL, JR.**
(Representing DTI Secretary and
CIAP Chairman Cesar A.V. Purisima) 

Attested by:


KATHRYN JOSEPHINE T. DELA CRUZ
Acting Board Secretary

Republic of the Philippines)
City of Makati) SS

SUBSCRIBED and SWORN TO before me, Notary Public and in the Municipality/City of MAKATI on SEP 13 2004 by KATHRYN JOSEPHINE T. DELA CRUZ, Officer-in-Charge and Acting Board Secretary of the CIAP, with Community Tax Certificate No. 15239353 issued at Makati City on 17 February 2004.


MARINEL B. PORCIUNCUA
NOTARY PUBLIC
NOTARY REGISTRATION NO. 7811933-15-04-001
My Commission expires on Dec 31 2004
RP 580396-12-17-03 MANILA

Doc. No. 413
Page No. 87
Book No. X
Series of 2004

FOREWORD

In line with its mandate to recommend and encourage the adoption of equitable and realistic contract conditions for construction, the Construction Industry Authority of the Philippines (CIAP) created a committee to formulate the Uniform General Conditions of Contract for Private Construction or CIAP Document 102. The first edition of CIAP Document 102 was published by the CIAP on 15 October 1997.

Over the years, a lot of changes have evolved in the construction industry. In view of this and pursuant to the Construction Industry Strategic Plan for the 21st Century (CI21), the CIAP conducted a survey sometime in 2001 on contractual problems encountered by contractors, project owners and consultants in the implementation of construction projects. The Committee on CIAP Document 102 reconvened in May 2002 to discuss and draft amendments to the document based on the issues identified in the survey and incorporate prevailing best practices in the industry and attune the same to the needs of the changing times. The amendments were subjected to consultations with and among the professional organizations in the industry. In its 43rd Regular Meeting held on 29 June 2004, the CIAP Board approved the amendments to CIAP Document 102 under CIAP Board Resolution No. 15, series of 2004.

In a Memorandum of Agreement signed on 4 October 2004, the members of the Committee on CIAP Document 102, composed of representatives from the Philippine Constructors Association Inc. (PCA), the United Architects of the Philippines (UAP), the Philippine Institute of Civil Engineers (PICE), the Philippine Chamber of Commerce and Industry (PCCI), the Confederation of Filipino Consulting Organizations (COFILCO), the Chamber of Real Estate & Builders Association (CREBA), the Construction Project Managers Association of the Philippines (CPMAP), the Philippine Institute of Construction Arbitrators (PICA, now the Philippine Institute of Construction Arbitrators and Mediators or PICAM), and the Society of Philippine Accredited Consultants (SPAC), have committed to adopt the Document for use as a standard and integral part of their construction contracts.

The CIAP hopes that this revised edition of CIAP Document 102 will contribute to the enhancement of fair contractual relationships in the construction industry.

ACKNOWLEDGMENT

The CIAP would like to express its sincere gratitude to the following presidents of the various professional organizations who gave their full and invaluable support to this endeavor:

Engr. Emilio Lolito J. Tumbocon	-	PCA
Engr. Eliseo I. Evangelista	-	PICA
Arch. Felicitas A. Pio Roda	-	CPMAP
Mr. Peter N. Aventajado	-	PICE
Ms. Purita L. Soliven	-	CREBA
Ms. Noemi L. Saludo	-	PCCI
Mr. Enrique O. Olonan	-	UAP
Dr. Leandro A. Vilorio	-	SPAC
Ms. Elvira Ablaza	-	COFILCO

CIAP Document 102 would not have been possible without the patience, diligence and selfless dedication of the following members of the Committee who religiously participated in the deliberations and drafting work:

Mr. Florentino S. Dulalia, Jr.	-	CREBA
Arch. Prosperidad Luis	-	UAP
Mr. Joven B. Joaquin	-	PICA
Engr. Joel J. Marciano	-	PICA
Dr. Ernesto S. De Castro	-	PICE
Mr. Justo E. Manalo	-	PCA
Mr. Alfredo Montecillo	-	PCA
Mr. Manolito Madrasto	-	PCA
Mr. Sergio Ortiz-Luis, Jr.	-	PCCI
Manuel J. Colayco, Jr.	-	PCCI
Arch. Felicitas A. Pio Roda	-	CPMAP
Engr. Guadalupe O. Mansueto	-	SPAC
Engr. Ricardo Basa	-	COFILCO
Arch. Geronimo V. Manahan	-	PDCB
Atty. Custodio O. Parlade	-	CIAP
Ms. Kathryn T. Dela Cruz	-	CIAP

The Committee was ably assisted by the following staff of the Construction Industry Arbitration Commission:

Engr. Roger G. Antonio
Ms. Emily P. Morillos
Ms. Delia B. Perlada
Engr. Jocelyn C. Carrasco
Engr. Jose L. Pring, Jr.

TABLE OF CONTENTS

SECTION/ Article	TITLE	Page No.
<u>SECTION I</u>	<u>DEFINITIONS AND DOCUMENTS</u>	1
Article 1.00	Definitions	
Article 2.00	Execution, Correlation, Meaning of Terms and Intent of Documents	4
2.01	Intent of Contract	
2.02	Standard of Conduct	
2.03	Interpretation of Contract	
2.04	Conformity to the Contract	
2.05	Meaning of Terms	
2.06	Timely Exercise of Administrative Responsibilities	
2.07	Defective Equipment, Materials and Work	
2.08	Review of Contract	
2.09	Documents and Samples at the Site	
2.10	Ownership of Contract and Models	
Article 3.00	Drawings and Specifications	9
3.01	Copies of Drawings and Specifications	
3.02	Coordination of Drawings and Specifications	
3.03	Clarification of Meaning of Drawings and Specifications	
3.04	Discrepancy in Drawings	
Article 4.00	Detail Drawings and Instructions	10
4.01	Supplementary Drawings and Instructions	
Article 5.00	Shop Drawings	10
5.01	Conditions in the Preparation of Shop Drawings	
5.02	Identification	
5.03	Letter of Transmittal	
5.04	Corrections, Changes and Variations	
5.05	Responsibility for Accuracy	
5.06	Owner’s Approval	
	<u>LAWS, REGULATIONS, SITE CONDITIONS,</u>	
<u>SECTION II</u>	<u>PERMITS & TAXES</u>	12
Article 6.00	Laws and Site Conditions	12
6.01	Laws and Regulations	
6.02	Site Conditions	
Article 7.00	Permits, Taxes and Surveys	12

SECTION/ Article	TITLE	Page No.
7.01	Permits and Licenses	
7.02	Taxes	
7.03	Construction Stakes and Reference Mark	
7.04	Services of Geodetic Engineer	
<u>SECTION III</u>	<u>EQUIPMENT AND MATERIALS</u>	14
Article 8.00	General	14
Article 9.00	Equipment	14
9.01	Quality of Equipment	
9.02	Equipment Substitution	
Article 10.00	Materials, Fixtures, Appliances, and Fittings Furnished by the Contractor	14
10.01	Samples of Materials	
10.02	Trade Name Materials and Substitutes	
10.03	Testing Samples of Materials	
10.04	Quality of Materials	
10.05	Storage and Stockpiling of Materials	
10.06	Defective Materials	
10.07	Imported Materials, Fixtures, and Equipment	
10.08	Owner's Approval	
Article 11.00	Materials, Equipment, Fixtures, Appliances & Fittings Furnished by the Owner	16
Article 12.00	Royalties and Patents	17
Article 13.00	Manufacturer's Directions	17
<u>SECTION IV</u>	<u>PREMISES AND TEMPORARY STRUCTURES</u>	18
Article 14.00	Use of Premises	18
14.01	Limitation of Use	
14.02	Safeguard for Structures	
Article 15.00	Temporary Structures and Facilities	18
15.01	Temporary Office and Contractor's Building	
15.02	Temporary Housing for Workers	
15.03	Safety and Sanitation	
15.04	Temporary Signs	
15.05	Temporary or Trial Usage	
<u>SECTION V</u>	<u>PROTECTION OF WORK AND PROPERTY</u>	20
Article 16.00	Protection of Work and Owner's Property	20
16.01	Safeguard Measures	

SECTION/ Article	TITLE	Page No.
16.02	Old Materials	
16.03	Trees and Other Plants	
16.04	Drainage	
Article 17.00	Protection of Adjacent Property and Existing Utilities	21
17.01	Contractor's Responsibility	
17.02	Damages to Adjacent Utilities	
17.03	Condition Survey	
Article 18.00	Protection of Life, Work, and Property During an Emergency	21
18.01	Authorization to Contractor	
<u>SECTION VI</u>	<u>LABOR, WORK, AND PAYMENTS</u>	22
Article 19.00	Labor	22
19.01	Character of Workmen	
Article 20.00	Work	22
20.01	Methods and Appliances	
20.02	Laying Out the Work	
20.03	Defective Work	
20.04	Inspection of Work	
20.05	Work During an Emergency	
20.06	Increased or Decreased Quantities of Work	
20.07	Changes in the Work	
	A. Changes Ordered by the Owner	
	B. Changes of Sub-surface Conditions	
	C. Adjustment of Contract	
	D. Value of Extra Work	
	E. Award of Extra Work to Other Contractor	
20.08	Claims for Extra Cost	
20.09	Cleaning Up at Completion of Work	
20.10	Use of Completed Portions of Work	
20.11	Substantial Completion and its Effect	
20.12	Period of Making Good of Known Defects or Faults	
20.13	Making Good of Known Defects or Faults	
20.14	Special Test and Inspection	
20.15	Acceptance of Non-confirming Work	
20.16	Adjustment of Prices	

SECTION/ Article	TITLE	Page No.
20.17	Payment in Legal Tender	
Article 21.00	Time of Completion of Work	30
21.01	Notice to Proceed, When Required	
21.02	Completion Time	
21.03	Schedule of Construction Work	
21.04	Extension of Time	
21.05	Delay in Completion of the Work	
Article 22.00	Payments	34
22.01	Breakdown of Contract Amount	
22.02	Requests for Payment	
22.03	Authorized Deductions from Value of Completed Work	
22.04	Conditions Relative to Payments	
22.05	Owner's Action on Request for Payment	
22.06	Payment of Unpaid Labor, Sub-Contractor and Suppliers	
22.07	Payments over 90 percent	
22.08	Other Requirements Before Final Payment	
22.09	Acceptance and Final Payment	
22.10	Corrections of Work Before or After Final Payment	
22.11	Release of Retention	
SECTION VII	<u>CONTRACTOR-SEPARATE CONTRACTOR-SUBCONTRACTORS RELATIONSHIP</u>	39
Article 23.00	Separate Contracts with other Contractors	39
Article 24.00	Contractor-Separate Contractors Relations	39
24.01	Storage of Materials and Work Coordination	
24.02	Cutting, Patching and Digging	
24.03	Defective Work by Separate Contractors	
24.04	Damage Caused by Contractor to Separate Contractors	
24.05	Damage Caused by Separate Contractors to Contractor	
Article 25.00	Sub-Contracts	40
25.01	General	
25.02	Contractor's Responsibility	

SECTION/ Article	TITLE	Page No.
	<u>SUSPENSION OF WORK AND TERMINATION OF</u>	
<u>SECTION VIII</u>	<u>CONTRACT</u>	41
Article 26.00	Contractor’s Right to Suspend Work or Terminate Contract	41
Article 27.00	Owner’s Right to Suspend the Work	41
27.01	Suspension Without Cause	
27.02	Just Causes for Suspension of Work	
Article 28.00	Owner’s Right to Terminate Contract	43
28.01	Termination With Cause	
28.02	Other Grounds for Termination With Cause	
28.03	Termination Without Cause	
Article 29.00	Owner’s Right to Proceed with the Work After Reduction in Contractor’s Scope of Work; Partial Takeover From Contractor	44
29.01	Owner’s Right to Carry Out the Work	
29.02	Use of Materials and Equipment at Site	
29.03	Owner to Complete Work	
29.04	Evaluation of Cost of Work	
29.05	Owner’s Right to Recover Damages	
29.06	Liquidated Damages	
	<u>RESPONSIBILITIES AND LIABILITIES OF</u>	
<u>SECTION IX</u>	<u>CONTRACTOR AND OF OWNER</u>	47
Article 30.00	Contractor’s Responsibility for Accidents and Damages	47
30.01	Safeguards to be Undertaken by Contractor	
30.02	Owner not to be Responsible	
30.03	Contractor’s Default	
Article 31.00	Contractor’s Insurance and Bonds	48
31.01	Contractor’s Liability Insurance	
31.02	Accident Insurance for Workers	
31.03	Contractor’s Fire Insurance	
31.04	Contractor’s Performance and Payment Bonds	
31.05	Contractor’s Guarantee Bond	
31.06	Contractor’s Guarantee-Warranty	
31.07	Mandatory Conditions of Bonds	
Article 32.00	Owner’s Responsibilities and Liabilities	51
32.01	Advance Payment	

SECTION/ Article	TITLE	Page No.
32.02	Protection of Employees and Professionals Performing Services for the Owner	
32.03	Owner's Optional Insurance	
32.04	Additional Information and Services Required of the Owner	
Article 33.00	Liens, Disputes, and Arbitration	51
33.01	Liens	
33.02	Assignment	
33.03	Subcontracting	
33.04	Disputes	
33.05	Settlement of Disputes	
	A. Dispute or Disagreement Submitted to Arbitration	
	B. Substituted Service	
<u>SECTION X</u>	<u>OWNER'S REPRESENTATIVE</u>	55
Article 34.00	Owner's Representative	55
<u>SECTION XI</u>	<u>SCHEDULE OF TIME LIMITS</u>	56

SECTION I
DEFINITIONS AND DOCUMENTS

ART. 1: DEFINITIONS

- 1.01** ACT OF GOD OR FORCE MAJEURE shall mean any event beyond the reasonable control of the Owner or the Contractor, as the case may be, and which is unavoidable notwithstanding the reasonable care of the party affected and shall include, without limitation, the following:
- [a] war, hostilities or warlike operations (whether a state of war be declared or not), invasion, act of foreign enemy, civil war;
 - [b] rebellion, revolution, insurrection, mutiny, usurpation of civil or military government, conspiracy, riot, civil commotion, terrorist acts;
 - [c] confiscation, nationalization, mobilization, commandeering or requisition by or under the order of any government or de jure or de facto authority or ruler or any other act or failure to act of any local or state or national government authority;
 - [d] strike, sabotage, lock-out, embargo, import restriction, port congestion, lack of usual means of public transportation and communication, industrial dispute, shipwreck, shortage or restriction of power supply, epidemics, quarantine, plague;
 - [e] earthquake, landslide, volcanic activity, fire, flood, inundation, tidal wave, typhoon or cyclone, hurricane, storm, lightning, or other inclement weather condition, nuclear and pressure waves, or other natural or physical disaster;
 - [f] shortage of labor, materials or utilities where caused by circumstances that are themselves Force Majeure.
- 1.02** ADVERTISEMENT or INVITATION TO BID refers to the notice published by the Owner or the invitation issued to prospective bidders, giving information as to the nature of the proposed project, conditions for the issuance of Contract documents, date of bidding, and information that would give the Contractor a general idea of the magnitude and extent of the project.
- 1.03** AGREEMENT is the term used to describe the agreement signed by the Owner and the Contractor excluding the Contract Documents which are attached thereto.
- 1.04** BID is the tender, or proposal, or quotation, or offer of a bidder to perform the work described in the Contract which in form and substance complies with the Instruction to Bidders.

- 1.05** BID BOND refers to any acceptable form of bond accompanying the Bid submitted by the bidder as a guarantee that the bidder will enter into the Contract with the Owner for the construction of the Work, if the Contract is awarded to him.
- 1.06** BID DOCUMENTS collectively refer to all documents provided or made available to prospective bidders which include the Invitation to Bid and a copy of the Contract which the winning bidders would be required to sign with the Owner.
- 1.07** BID BULLETIN is a document containing additional information on Bid Documents issued to bidders before date of bidding.
- 1.08** BREAKDOWN OF WORK AND CORRESPONDING VALUE is a listing of the different parts of the work indicating each part and its corresponding value.
- 1.09** CHANGE ORDER is a written order to the Contractor issued by the Owner after the execution of the Contract, authorizing a change or variation in the work or an adjustment in the Contract Price or Contract time.
- 1.10** CONTRACT is the term used to describe the Agreement and the Contract Documents.
- 1.11** CONTRACT DOCUMENTS are the documents attached to the Agreement identified therein as Contract Documents, including all additions, deletions and modifications incorporated therein. These generally include the following documents:
- a. Special Provisions or Conditions
 - b. General Conditions
 - c. Specifications
 - d. Drawings
 - e. Other Bid Documents
- 1.12** CONTRACT PRICE is the amount in money or other consideration to be paid by the Owner to the Contractor for the execution of the Work in accordance with the Contract.
- 1.13** CONTRACTOR is the person or firm duly registered and licensed by the Philippine Contractors Accreditation Board whose proposal has been accepted and to whom was awarded the Contract to execute the Work.
- 1.14** COST means all expenditures properly incurred or to be incurred, whether on or off the site, including overhead and other charges properly allocable thereto but does not include any allowance for profit.
- 1.15** DRAWINGS are graphical presentations of the Work. They include all supplementary details and shop drawings.

- 1.16** FINAL PAYMENT refers to the payment of the final progress billing and all approved claims including but not limited to variations in the work, Contract Price adjustments and/or escalation, acceleration of work, and others. It does not include the retention money.
- 1.17** GUARANTEE BOND is the approved form of security furnished by the Contractor and his Surety as a guarantee of the quality of the materials provided, the equipment installed, and the workmanship performed by the Contractor.
- 1.18** INSTRUCTION TO BIDDERS refers to the list of instructions regarding the manner bids are to be prepared and the conditions for the award of the Contract.
- 1.19** LAWS refers to all laws, ordinances and other governmental rules and regulations applicable to the project and to its execution.
- 1.20** OWNER is the person or entity or authorized representative thereof who signed the Contract as Owner.
- 1.21** OWNER'S REPRESENTATIVE refers to the person or entity commissioned by the Owner or authorized in writing by the Owner to act on his behalf.
- 1.22** PAYMENT BOND is the approved form of security furnished by the Contractor and his Surety as a guarantee of good faith on the part of the Contractor to faithfully comply with the Contract in respect of its obligations arising therefrom to its workers, subcontractors, and suppliers.
- 1.23** PERFORMANCE BOND is the approved form of security furnished by the Contractor and his Surety as a guarantee of good faith on the part of the Contractor to execute the Work in accordance with the Contract.
- 1.24** SCHEDULE OF MATERIALS AND FINISHES is an outline specification enumerating the type or trade names of materials required to be used by the Contractor for the Work.
- 1.25** SPECIFICATIONS are the written or printed description of the work to be done describing qualities of the material to be used, the equipment to be installed and the mode of construction.
- 1.26** SPECIAL PROVISIONS OR CONDITIONS are instructions which are issued prior to bidding to supplement and/or modify the Drawings, Specifications and/or General Conditions of the Contract.
- 1.27** SUB-CONTRACTOR is a contractor duly registered and licensed by the Philippine Contractors Accreditation Board having a direct contract with the Contractor and who acts for or in behalf of the Contractor in executing any

part of the Contract. One who merely furnishes materials without labor is a supplier and not a Sub-Contractor.

- 1.28** SUPPLEMENTARY SPECIFICATIONS refers to additional information which may be issued as an addition to or amendment of the provisions of the Specifications.
- 1.29** SURETY is the person, firm or corporation which issues the bond required of the Contractor.
- 1.30** TIME LIMIT OR COMPLETION TIME is the period of time allowed by the Contract for the completion of the project or any stipulated portions thereof.
- 1.31** WRITTEN NOTICE means information, advice or notification pertinent to the project delivered in person or sent by registered mail to an individual, firm or corporation at the latter's last known business address.
- 1.32** WORK refers to all the Contractor-provided labor or materials or both, as well as equipment transportation or other facilities necessary to commence and complete the construction and to fulfill all his obligations which are called for in the Contract.

ART. 2: EXECUTION, CORRELATION, MEANING OF TERMS, AND INTENT OF DOCUMENTS

- 2.01 INTENT OF CONTRACT:** The intent of the Contract is to include all labor and materials, equipment and transportation necessary for the proper execution of the Work.
- 2.02 STANDARD OF CONDUCT:** Each party to the Contract acknowledges that, in the exercise of his rights and in the performance of his duties, he must act with justice, give the other party his due, and observe honesty and good faith.
- 2.03 INTERPRETATION OF CONTRACT**

- a. In case of conflict between the provisions of the Agreement or of any Contract Document, or between the provisions of one of the Contract Documents and the provisions of another Contract Document, or in case of discrepancy, defective description, error or omission in the Contract, the following rules shall be followed:

RULE 1: The Agreement and the Contract Documents shall be taken as mutually explanatory of one another. The various provisions of the Contract shall be interpreted together, attributing to the

doubtful ones that sense which may result from all of them taken jointly.

- RULE 2: The provisions of the Civil Code of the Philippines on the interpretation of contracts and of the Rules of Court on the Interpretation of Documents shall be applied.
- RULE 3: Where the conflict between or among the provisions of the Agreement and/or the Contract Documents cannot be resolved by Rules 1 and 2, it shall be understood that:
- (a) the Detailed Drawings shall prevail over the General Drawings;
 - (b) words and figures shall prevail over the Drawings;
 - (c) words shall prevail over figures in Contract Documents;
 - (d) written dimensions shall prevail over measured dimensions.
- RULE 4: Where the conflict cannot be resolved by applying Rule 3 or where Rule 3 does not apply, the conflict shall be resolved by giving precedence to the Agreement or to provisions of a Contract Document higher in order of priority among the various documents which comprise the Contract. The order of priority among these documents shall be as follows:
- (a) Agreement as modified by Notice of Award of Contract, if such be the case, and the Contractor's conformity thereto;
 - (b) Instruction to Bidders and any amendment thereto;
 - (c) Addenda to Bid Documents;
 - (d) Specifications;
 - (e) Drawings;
 - (f) Special Conditions of Contract;
 - (g) General Conditions of Contract;
 - (h) Other Contract Documents; and
 - (i) Other documents forming part of the Contract attached thereto or incorporated therein by reference.

Where the order of precedence is modified in the Agreement, such modified order of precedence shall be followed; however, the mere listing of Contract Documents in the Agreement or any Contract Document shall not be interpreted as establishing an order of precedence among them.

RULE 5: Where there is discrepancy, defective description, error or omission in any Contract Document, the Contract Documents shall be interpreted as being complementary to each other. Thus, what is called for in one Contract Document, although not mentioned in another Contract Document where it should have been mentioned, shall be deemed to be called for by the Contract.

RULE 6: The apparent silence of the Drawings, Specifications or any other Contract Document as to any detail, or the lack of detailed description concerning any part of the work, shall be understood to mean that good and accepted construction practice in accordance with the usage or custom of the place shall be followed.

RULE 7: Rules 1 to 6 shall yield to specific rules of interpretation in this document or in the Contract.

- b. The Owner shall resolve the conflict, or interpret or explain such discrepancy, defective description, error or omission with due regard to Article 2.04 below.
- c. The interpretation of or explanation by the Owner shall be issued in the form of instructions to the Contractor. Where the Owner fails to issue the instruction in writing, the execution of that part of work affected by the interpretation or explanation without a timely objection or protest of the Owner shall be deemed to have been executed in accordance with the Owner's explanation or interpretation.
- d. In all cases where a device, item or part of equipment is referred to in the singular number, it is intended that such reference shall apply to as many such devices, items, or parts as are required to complete the work.

2.04 CONFORMITY TO THE CONTRACT: The Work shall be executed in accordance with the Contract.

- a. If there be a variance between the Drawings and the Specifications, the provisions of the Specifications shall control. In case of conflict between the General Conditions or any modification thereof and the detailed specification requirements, the detailed specification requirements shall control.
- b. Any discrepancy found between the Drawings and Specifications and site conditions or any error or omission in the Drawings or Specifications shall be immediately reported to the Owner, who shall promptly correct such discrepancy, error, or omission. Any work involving such

discrepancies shall be estimated by the Contractor and unit prices or lump sum amounts shall be agreed upon by the parties whenever possible before the work is done. Any work done by the Contractor involving discrepancies found by the Contractor and not reported to and without the knowledge of the Owner shall be considered as having been done at the Contractor's risk.

- c. The Owner shall be fully responsible for adequacy of the design and for sufficiency of the Drawings and Specifications. The complete requirements of the Work shall be set forth in Drawings and Specifications to be supplied by the Owner.
- d. In the event that any part or whole of the Works, when agreed upon, are designed by the Contractor, then all responsibilities assigned to the Owner for the said design shall automatically be assigned to the Contractor as his responsibility.

2.05 MEANING OF TERMS

- a. APPROVED, DIRECTED AND ACCEPTABLE: The words "approved", "directed" and "acceptable", or words of like import shall mean approved, directed by or acceptable to the OWNER.
- b. FURNISH: The word "furnish" shall be understood to mean "purchase and/or fabricate and deliver to the jobsite or other location when so designated."
- c. INSTALL: The word "install" shall mean to build in, mount in positions, connect or apply any object specified ready for the intended use.
- d. PROVIDE: The word "provide" shall be understood to mean "furnish and install."
- e. REQUIRED OR NECESSARY: The words "required" or "necessary" shall mean as required or necessary for the complete execution of that portion of the Work.

2.06 TIMELY EXERCISE OF ADMINISTRATIVE RESPONSIBILITIES. Whenever under the Contract, the Owner is required to exercise his discretion by:

- a. giving his decision, opinion or consent, or
- b. expressing his satisfaction and approval, or
- c. determining value, or
- d. providing drawings, or
- e. supplying equipment or materials, or

- f. otherwise taking action which may affect the Contractor's timely completion of the Work,

he shall exercise such discretion fairly and in a timely manner taking due regard of Completion Time and the approved construction schedule notwithstanding any provision in the Contract requiring the Contractor to notify the Owner when such action is due or when such equipment or materials are due.

Whenever in the Contract, the Contractor is required to give notice, submit data, catalogs, samples, order or import materials or equipment, prepare and submit the construction schedule or notify the Owner that a change has been ordered or an event causing a change has occurred or been discovered, the Contractor shall do so in a timely manner so as to avoid any delay in the completion of the Work.

Whenever the Contract or accepted industry practice requires that before any part of the Work is covered, it must be inspected and approved, the Owner shall provide a sufficient number of inspectors at the project site while work is in progress and the failure of the Owner to provide such inspectors shall be understood as a waiver of the Owner to inspect and approve that part of the Work.

2.07 DEFECTIVE EQUIPMENT, MATERIALS, OR WORK. Whenever the Contract or the General Conditions provide that the Owner may require the Contractor to remove or replace defective or inferior materials or equipment or to replace bad or defective work, the Owner, if he is represented by a professional duly authorized to supervise the Contractor's work and to exercise the discretion and authority of the Owner, shall condemn such materials, equipment or work in order to minimize the damage or loss of the Contractor. However, where even with the exercise of due diligence, the Owner could not have discovered the use of inferior materials and equipment or the defective work, the Owner may condemn it upon discovery, and the Contractor shall bear all the cost of removing and replacing the defective or inferior material or equipment or the defective work.

2.08 REVIEW OF CONTRACT. The Contractor shall carefully study and compare the various documents that comprise the Contract and shall report to the Owner any error, inconsistency or omission that may be discovered in its provisions. The Contractor, however, shall not be liable to the Owner for any damage resulting from any such error, inconsistency or omission in the Contract. The Contractor shall follow the Drawings and Specification and all additional detail drawings and instruction issued by the Owner as

being in full and strict conformity with the Contract and the requirements of the Work. Except for shop drawings, product data and samples for any portion of the work provided or supplied by a specialty contractor, the Owner's approval thereof shall be construed as the Owner's acknowledgement that the approved shop drawings, product data and sample comply with the Contract. The Contractor shall not be liable to the Owner for undetected error, inconsistency or omission in the Contract or for complying with instructions or following Drawings or Specifications, or for using or following the approved shop drawings, product data or sample.

2.09 DOCUMENTS AND SAMPLES AT THE SITE. The Contractor shall maintain in good order at the Project site on a current basis one record copy of all Drawings, Specifications, addenda, Change Orders and other modifications, and changes made during construction, including approved shop drawings, product data and samples. These documents and samples shall be available to the Owner for the latter's inspection. The Contractor shall advise the Owner, on a current basis and in writing, of changes in the Work made during construction, except those made in accordance with Change Orders or Owner's instruction.

2.10 OWNERSHIP OF CONTRACT AND MODELS: The Drawings, Specifications and models, including all additional instructions and copies thereof, furnished to the Contractor shall remain the property of the Owner. They are not to be used by the Contractor on any other work, and, with the exception of the signed Contract inclusive of Contract Documents, they shall be returned to the Owner upon completion of the Work before Final Payment to the Contractor is made.

ART. 3: DRAWINGS AND SPECIFICATIONS

3.01 COPIES OF DRAWINGS AND SPECIFICATIONS: The Owner shall furnish the Contractor, free of charge, three sets of Drawings and Specifications inclusive of the signed Contract. All other copies of Drawings and Specifications as required by the Contractor will be furnished to him at cost of reproduction.

3.02 COORDINATION OF DRAWINGS AND SPECIFICATIONS: All Drawings and models are to be read and understood together with the Specifications, to form a part thereof. Where figures are given, they are to be followed in preference to measurements by scale. Anything shown on the Drawings but not mentioned in the Specifications, or vice versa, or anything not expressly set forth in either but which is reasonably implied, shall be furnished as if specifically shown and mentioned in both.

3.03 CLARIFICATION OF MEANING OF DRAWINGS AND SPECIFICATIONS: Upon request of the Contractor, the Owner will explain (i) the meaning of the Drawings (including notes thereon) or of the Specifications, or (ii) any obscurity as to the wording of the Specifications. The Owner shall provide the Contractor directions and explanations necessary and proper to make more definite and certain any requirement of the Drawings (including notes thereon) or of the provisions of the Specifications.

3.04 DISCREPANCY IN DRAWINGS: The Contractor shall report to the Owner any discrepancy in the figures in the drawings immediately upon its discovery. The Owner shall make the necessary correction. The Contractor shall not be entitled to an adjustment of his Contract Price and Completion Time should his work be ordered re-done if such work was made without notifying the Owner of the discovery of the discrepancy and before the Owner makes the necessary correction.

ART. 4: DETAIL DRAWINGS AND INSTRUCTIONS

4.01 SUPPLEMENTARY DRAWINGS AND INSTRUCTIONS: The Owner shall furnish additional detail drawings and instructions essential to their proper interpretation and proper execution of the Work. All such additional drawings and instructions are to be considered of equal force as those which originally accompany the Specifications.

ART. 5: SHOP DRAWINGS

5.01 CONDITIONS IN THE PREPARATION OF SHOP DRAWINGS: The Contractor shall prepare at his own expense and submit two copies of all shop or setting drawings, templates, patterns and models and the Owner shall pass upon them making desired corrections, if any. The Contractor shall make the corrections in the shop drawings required by the Owner and file with the latter three (3) corrected copies thereof.

5.02 IDENTIFICATION: Shop drawings which shall be numbered consecutively shall represent:

- a. All working and erection dimensions.
- b. Arrangement and sectional views.
- c. Necessary details, including complete information for making connections with other work.
- d. Kinds of materials and finishes.

Shop drawings shall be dated and contain (a) the name of project, (b) the descriptive names of equipment, materials, and classified item numbers and (c) the location at which materials or equipment are to be installed in the Work.

- 5.03 LETTER OF TRANSMITTAL:** Submission of shop drawings shall be accompanied by a letter of transmittal in duplicate, containing the name of the project, the Contractor's name, number drawings, titles, and other pertinent data.
- 5.04 CORRECTIONS, CHANGES AND VARIATIONS:** The Contractor shall submit three sets of prints of shop drawings to the Owner for approval. Satisfactory shop drawings will be so identified by the Owner, dated, and one copy thereof returned to the Contractor. Should shop drawings be disapproved by the Owner, one set of such shop drawings will be returned to the Contractor indicating therein the corrections and changes to be made.
- a. The Contractor shall make the required corrections and changes and resubmit the shop drawings, in duplicate, until the Owner's approval is obtained.
 - b. Upon receipt of such approval, the Contractor shall insert the date of approval on the tracings and promptly furnish the Owner with three additional prints of approved drawings.
 - c. No work called for by the shop drawings shall be executed by the Contractor until the Owner's approval is given.
 - d. If the shop drawings show variations from the Contract requirements because of standard shop practice or other reasons, the Contractor shall make specific mention of such variations in his letter of submittal.
- 5.05 RESPONSIBILITY FOR ACCURACY:** If the Contractor is a specialty contractor or is engaged by the Owner as a specialty contractor, the Owner's approval of shop drawings will be general. It shall not relieve the Contractor of responsibility for accuracy of such shop drawings, nor for proper fitting and construction of work, nor for furnishing of materials or work required by the Contract and not indicated on the shop drawings. The Owner's approval of such drawings or schedule shall not relieve the specialty contractor from responsibility for deviations from the Drawings or Specifications, unless he has, in writing, called the Owner's attention to such deviations at the time of submission and secured the Owner's written approval.
- 5.06 OWNER'S APPROVAL:** Unless specified to the contrary or unless the Contractor's submission is deficient, shop drawing approval by the Owner shall be made within seven (7) working days of submission by the Contractor.

SECTION II
LAWS, REGULATIONS, SITE CONDITIONS, PERMITS AND TAXES

ART. 6: LAWS AND SITE CONDITIONS

6.01 LAWS AND REGULATIONS: In general, the Contractor shall comply with all Laws in so far as they are binding upon or affect the parties thereto, or the Work. He shall also comply with regulations of firms furnishing utilities such as water, gas, telephone and electricity for the project.

If the Contractor performs any work contrary to such Laws or utilities' regulations, he shall bear all additional costs arising therefrom.

6.02 SITE CONDITIONS: Before the bidding and the awarding of the Contract, the Contractor is expected to have visited the project site and made his own estimate of the facilities required in and difficulties attending the execution of the Work, on account of local conditions and all other contingencies. The Owner shall, however, furnish the Contractor a geodetic survey and sub-surface exploration which the Contractor may rely upon in the preparation of his Bid.

ART. 7: PERMITS, TAXES AND SURVEYS

7.01 PERMITS AND LICENSES: The Owner, with the Contractor's assistance, shall secure and pay all construction permits and licenses necessary for the execution of the Work or of any temporary work and easements in relation thereto.

The Contractor shall secure the final occupancy permit but he shall not be responsible to the Owner if, without his fault, the license is not issued or there was delay in its issuance.

7.02 TAXES: Wherever the law of the place where the project is located requires sales, consumer, use, or other similar tax related or pertinent only to the construction of the project, the Contractor shall pay such tax.

7.03 CONSTRUCTION STAKES AND REFERENCE MARK: The Owner shall furnish all surveys describing the physical characteristics, legal limitations, and utility locations of the site. He shall also furnish rights-of-way for access to the site. The Owner shall be responsible for the establishment of lot lines, boundary lines, easements and benchmarks which shall be made by a certified surveyor. The Owner may request the Contractor to verify before the start of the construction the result of such surveys, provided the Owner shall pay for the cost of such verification. The Owner shall also pay for any damage or cost to the Contractor brought about by errors in data furnished.

All other grade, lines, levels, and benchmarks necessary for the prosecution of the work shall be established and maintained by the Contractor.

The Contractor shall provide and maintain well-built batter boards at all corners. He shall establish benchmarks in not less than two widely separated places. As work progresses, the Contractor shall establish benchmarks at each floor giving exact levels of various floors, and shall lay-out the exact locations of all partitions as a guide to all trades.

7.04 SERVICES OF GEODETIC ENGINEER: The Contractor shall, at his option or when so required under the Contract, engage the services of a licensed Geodetic Engineer to confirm and certify the location of column centers, piers, walls, pits, trenches, pipe work, utility lines and work of a similar nature.

The Geodetic Engineer shall also verify and certify the lines and levels of any part of the Work at any time if so required by the Owner.

The certification shall be provided the Owner and the Contractor. If the Geodetic Engineer finds any deviation from the Drawings in the Work of the Contractor, he shall report his findings to the Owner within 24 hours from discovery.

The Contractor shall be responsible for loss or damage caused by the act or omission of the Geodetic Engineer. However, without exempting the Contractor from liability, but in mitigation of it, the Geodetic Engineer's certification shall be regarded as an independent and disinterested verification of such lay-out.

SECTION III EQUIPMENT AND MATERIALS

ART. 8: GENERAL

All materials and equipment must conform to all Laws now or which may be in force and applicable during the period of construction. The Contractor shall bear all damages by reason of any delay in the Work arising from his failure to comply with this provision. Where any revision or amendment to such Laws is made during the construction period which affects the cost or time of completion of the Contract, a constructive change in the Work shall be recognized and a corresponding Contract Price and Completion Time adjustment shall be made.

ART. 9: EQUIPMENT

9.01 QUALITY OF EQUIPMENT: In order to establish standards of quality, the Owner, in the detailed Specifications may have referred to certain equipment by name and catalog number. This procedure is not to be construed as eliminating from competition other products of equal or better quality by other manufacturers where they are fully suitable in design.

9.02 EQUIPMENT SUBSTITUTION: The Contractor shall furnish the complete list of proposed substitutions preferably prior to the signing of the Contract together with such engineering and catalog data as the Owner may require. All requests for substitution of equipment shall be in writing. The Owner will approve or disapprove the request in writing. No substitute equipment shall be used unless approved in writing by the Owner. The Contractor shall abide by the Owner's judgment as to which proposed substitute items of equipment are judged to be acceptable.

ART. 10: MATERIALS, FIXTURES, APPLIANCES, AND FITTINGS FURNISHED BY THE CONTRACTOR

10.01 SAMPLES OF MATERIALS: The Contractor shall furnish for approval samples as specified or required. The work shall be in accordance with approved samples.

- a. Unless otherwise specified, three samples shall be submitted, of adequate size to show quality, type, color, range, finish, and texture of material.
- b. Each sample shall be labelled, bearing the material's name and quality, the Contractor's name, date, project name, and other pertinent data.

- c. Where the Specifications require the manufacturer's printed installation directions, such directions shall accompany the samples submitted for approval.
- d. A letter of transmittal in triplicate from the Contractor requesting approval shall accompany all sets of samples.
- e. Materials requiring prior approval of the Owner shall not be ordered until such approval in writing is given by the Owner. All materials shall be furnished substantially equal in every respect as the approved samples.

10.02 TRADE NAME MATERIALS AND SUBSTITUTES:

- a. Whenever an item or class of materials is specified exclusively by trade name, by manufacturer's name or by catalog reference, only such item shall be used except as provided in paragraph (b) hereof.
- b. No substitution shall be made of any material, article, or process required under the Contract unless the substitution is approved in writing by the Owner.
- c. The Contractor shall be responsible for materials and articles installed or used without such approval.
- d. Samples of materials for use, in reinforced concrete work such as steel bars, cement, and aggregates and their certificates of origin shall be approved by the Owner.

10.03 TESTING SAMPLES OF MATERIALS: The Contractor shall submit to the Owner as many samples as may be needed for purposes of testing. Testing of all samples shall comply with the Specifications and government standards and shall be performed by a competent entity or testing laboratory approved by the Owner.

All costs of shipment, delivery, handling and testing of Contractor-supplied samples are to be paid by the Contractor.

10.04 QUALITY OF MATERIALS: Unless otherwise specified, all materials shall be new and their quality shall be of the best grade of their respective kinds taking into account the nature of the project and requirements of the Contract.

10.05 STORAGE AND STOCKPILING OF MATERIALS:

- a. The Owner shall provide the Contractor, at or near the project site, sufficient space for the Contractor's and Sub-contractors' use for storage of their materials and for erection of their sheds and tool houses.

- b. All cement, lime, and other materials affected by moisture shall be stored on platforms and protected from the weather. The materials shall be so stored as to ensure the preservation of their quality and fitness for the work. Stored materials shall be so located so as to facilitate prompt inspection.
- c. Should it be necessary at any time to move materials, sheds, or storage platforms, the Contractor shall do so at this own expense.

10.06 DEFECTIVE MATERIALS: All materials not conforming to the Specifications shall be considered defective. The Contractor shall remove or replace defective materials when ordered to do so by the Owner. Upon the Contractor's failure to do so, the Owner may remove and replace them and deduct the cost of removal and replacement from any money due or to become due the Contractor. No materials, the defects of which have been subsequently corrected shall be used until the Owner's approval is given.

Should the Specifications, Drawings, Special Provisions and Supplementary Specifications fail to provide any detail or description concerning the nature and quality of the Work to be performed it should be understood that generally accepted construction practice shall be followed.

10.07 IMPORTED MATERIALS, FIXTURES AND EQUIPMENT: The Contractor, taking into consideration the Completion Time, shall make timely arrangements for the purchase and delivery of all specified imported materials, fixtures, appliances and equipment in order to avoid delay in the completion of the Work.

No extension of time shall be allowed if, due to negligence or inadvertence of the Contractor, such imported items arrive late.

10.08 OWNER'S APPROVAL: Unless specified to the contrary or unless the Contractor's submission is deficient, equipment, samples or materials submissions shall be acted upon by the Owner within seven (7) working days of submission by the Contractor.

ART. 11: MATERIALS, EQUIPMENT, FIXTURES, APPLIANCES AND FITTINGS FURNISHED BY THE OWNER

Materials, equipment, fixtures, appliances and fittings specifically indicated in the Contract shall be provided in accordance with the Owner-approved construction schedule. Materials furnished by the Owner shall be deemed acceptable for the purpose intended. The Contractor may continue to use them until otherwise directed in writing by the Owner. No further test shall be required unless the Owner directs otherwise and pays the cost of such test. If the Contractor discovers any defect in materials furnished by the Owner, he shall advise the Owner in writing. The Contractor shall be

responsible for material loss of or damage to any Owner-provided material, equipment, fixture, appliance or fitting in his custody.

ART. 12: ROYALTIES AND PATENTS

The Contractor shall pay all royalties and license fees on all patented materials and processes furnished by him. He shall defend all suits or claims corresponding thereto for infringement of any patent rights and shall save the Owner harmless from loss on account thereof.

ART. 13: MANUFACTURER'S DIRECTIONS

All manufactured articles, materials, equipment, appliances, fixtures and fittings supplied by the Contractor shall be applied, installed, connected, erected, used, cleaned, and conditioned by him, in accordance with manufacturer's printed directions. Where reference is made to the manufacturer's directions, the Contractor shall submit the specified number of copies of such directions to the Owner.

SECTION IV
PREMISES AND TEMPORARY STRUCTURES

ART. 14: USE OF PREMISES

- 14.01 LIMITATION OF USE:** The Contractor shall confine his apparatus, the storage of materials, and the operations of his workmen to limits indicated by Law or directions of the Owner and shall not unreasonably encumber the work premises with his materials.
- 14.02 SAFEGUARD FOR STRUCTURE:** The Contractor shall not load or permit any part of the structure to be loaded with a weight that will endanger its safety. The Contractor shall enforce the Owner's safety instructions regarding signs, advertisements, fires and smoking.

ART. 15: TEMPORARY STRUCTURES AND FACILITIES

- 15.01 TEMPORARY OFFICE AND CONTRACTOR'S BUILDING:** The Contractor shall, taking into account the location and size of the site, at all times provide and maintain an adequate weathertight temporary office with necessary basic facilities such as water, light, and telephone. When practicable or depending upon the nature and complexity of the project, the Owner may require the Contractor to comply with other requirements for temporary structures and facilities as provided for in the Contract.
- 15.02 TEMPORARY HOUSING FOR WORKERS:** The temporary buildings for housing men, or the erection of tents or other forms of protection will be permitted only at such places as the Owner shall designate; provided, however, that if no particular area is designated, the Contractor may use his own discretion in determining such areas in consultation with the Owner. The sanitary condition of the grounds in or about such structures at the project site shall at all times be maintained in a manner satisfactory to the Owner. Nobody shall be allowed to sleep or cook within the building line of the project under construction.
- 15.03 SAFETY AND SANITATION:** The Contractor shall, from the commencement of the Work and until its completion: (a) furnish and put up all temporary barricades and guard lights necessary for the protection, proper prosecution and completion of the Work, (b) maintain guard lights at the top of the falsework tower, barricades, railings, etc.; (c) provide and maintain ample sanitary toilet accommodation and other necessary conveniences including water connections for the use of personnel and laborers on the work properly secluded from public observation in such manner and at such points as shall be approved by the Owner, and their use shall be strictly enforced; (d) keep such places clean and free from flies; and

(e) remove all connections and appliances connected therewith prior to the completion of the Work.

15.04 TEMPORARY SIGNS: No signs or advertisements will be allowed to be displayed without the Owner's approval. The Contractor may erect one painted sign, giving the names and addresses of the Owner, the Contractor, and the various sub-contractors. The Owner shall approve the size, color, lettering, and location of such temporary signs.

15.05 TEMPORARY OR TRIAL USAGE: Temporary or trial usage by the Owner of any mechanical device, machinery, apparatus, equipment, or any work or materials supplied by the Contractor before final completion and written acceptance by the Owner shall not be construed as evidence that the Owner has accepted it.

Such test run shall be made by the Owner for such reasonable length of time, as the Owner shall deem necessary. The Owner shall not be liable for injury to or breaking of any part of such work which may be caused by weakness or inaccuracy of structural parts or by defective materials or workmanship.

The Contractor may, at his own expense, make such trial usage with prior notice to and for the benefit of the Owner.

SECTION V
PROTECTION OF WORK AND PROPERTY

ART. 16: PROTECTION OF WORK AND OWNER'S PROPERTY

16.01 SAFEGUARD MEASURES: The Contractor shall:

- a. take all reasonable measures to protect from damage (i) the Works, (ii) the Owner's property, and (iii) the equipment, materials, appliances and fixtures supplied or paid for by the Owner and shall make good any damage, injury or loss thereto, except such as may be caused by agents or employees of the Owner, or due to causes considered Act of God;
- b. provide reliable and competent watchmen to guard the site and premises, provide all doorways with locks under his control and lock such doors at the close of each day's work; provided, however, that if the Owner deems the security service inadequate or incompetent, the Contractor shall increase or change the security personnel;
- c. prohibit smoking at the site and signs to this effect shall be posted conspicuously;
- d. prohibit fires built on the site except by express consent of the Owner; and
- e. provide and maintain in good working order an adequate number of fire-fighting equipment and such equipment shall not be used for any other purpose.

16.02 OLD MATERIALS: All old materials of value as determined through a joint inventory by the Owner and the Contractor found at the work site shall be carefully stored at the place designated by the Owner; and the Contractor shall be responsible for their safekeeping until final acceptance of the Work.

16.03 TREES AND OTHER PLANTS: Existing trees, plants, shrubs, etc., which are to remain at the site shall be boxed and otherwise protected from damage. No trees within the site located outside building lines shall be cut or removed without the specific approval from the Owner.

- a. When specifically included in the Contractor's scope of work, all trees and other plants that need to be transplanted elsewhere shall be done by the Contractor in accordance with instructions of the Owner.
- b. Damage to trees, plants, shrubs, streets, sidewalks, etc., resulting from fault or negligence of the Contractor in connection with the execution of the Work shall be made good and/or replaced or repaired by the Contractor at his own expense.

16.04 DRAINAGE: If it should be necessary in the prosecution of the Work to interrupt or obstruct the natural flow of rivers or streams, the drainage of the surface, or the flow of artificial drains, the Contractor shall do so in such a way that no damage shall result to either public or private interests. For his neglect to provide other means of drainage for any existing natural or artificial drainage which he may have obstructed and/or interrupted, the Contractor shall be liable for all damages which may result therefrom.

ART. 17: PROTECTION OF ADJACENT PROPERTY AND EXISTING UTILITIES

17.01 CONTRACTOR'S RESPONSIBILITY: The Contractor shall adequately protect adjacent property as provided by Law and the Contract. Any neighboring property or building which may be jeopardized in any manner must be thoroughly and substantially protected against damage during construction at the Contractor's expense.

17.02 The Contractor shall be liable for and pay for all damages to adjacent and existing utilities occasioned in any manner by his act or neglect, or by that of his agents, employees, or workmen.

17.03 CONDITION SURVEY: Prior to commencement of the Works, the Contractor shall, insofar as is legally and physically possible, survey and ascertain the condition of any existing adjacent properties or buildings and record the results thereof through photographic record or by any other means.

ART. 18: PROTECTION OF LIFE, WORK AND PROPERTY DURING AN EMERGENCY

18.01 AUTHORIZATION TO CONTRACTOR: In an emergency endangering life, the Work or the adjoining property, the Contractor, even without special instruction or authorization from the Owner, shall act, at his discretion, to prevent or minimize such threatened loss or injury. Emergency work performed by the Contractor shall be treated as one performed under a Change Order unless the emergency was caused or brought about by his fault or negligence.

SECTION VI
LABOR, WORK AND PAYMENTS

ART. 19: LABOR

19.01 CHARACTER OF WORKMEN: The Contractor shall employ only competent and duly qualified professionals, technical personnel, foremen, mechanics and workers to supervise or execute the Work. Upon written request of the Owner, the Contractor shall remove from the site an employee who is careless or incompetent or obstructs the progress of the work or acts contrary to instructions or conducts himself improperly.

ART. 20: WORK

20.01 METHODS AND APPLIANCES: The Contractor shall use such methods and appliances for the performance of the Work as will ensure the completion of the Work of the required quality within the Completion Time.

If, at any time before the commencement or during the progress of the Work, such methods or appliances appear to the Owner to be inefficient or inappropriate for producing the quality of work required, or insuring the required rate of progress, the Owner may order the Contractor to increase the rate of their efficiency, or to improve their system of operation. The Contractor must comply with such order. Failure, however, of the Owner to demand such increase of efficiency or improvement of the character or methods of work or of the appliances shall not relieve the Contractor from his obligation to turn out such quality of work and rate of progress as are called for in the Contract.

20.02 LAYING OUT THE WORK: All stakes and benchmarks placed by the Contractor in laying out the work and approved by the Owner shall be carefully guarded and preserved by the Contractor. Unless such stakes or marks are displaced or rendered useless through the carelessness or neglect of the Owner or of his agents or employees, they shall be replaced by the Contractor at his expense.

20.03 DEFECTIVE WORK: Work that fails to comply with the Contract is defective. Defective work shall be condemned by the Owner upon discovery, and when such work has been condemned it shall be immediately removed by the Contractor and replaced in accordance with the Drawings and Specifications.

20.04 INSPECTION OF WORK

- a. The Owner shall have access, at all times, to the Work. The Owner shall provide a sufficient number of inspectors while Work is in progress to ensure its timely inspection.
- b. The Contractor shall furnish without additional charge all reasonable facilities, labor and materials necessary for the convenient inspection and tests that may be required by the inspectors.
- c. The Owner shall provide inspectors authorized to witness the pouring of concrete and the absence of the Owner's inspectors at any time during the progress of the work shall be an implicit approval of the quality of the cement mix and the authority to pour it.
- d. If the Specifications, the Owner's instructions, the Laws, or any public authority requires any work to be specifically tested or approved, the Contractor shall give timely notice to the Owner and other parties required to make or be present at the inspection of the date and time of such inspection. Inspection by the Owner shall be made, where practicable, at the source of supply.
- e. If any work should be covered up without timely notice to the Owner, or before the Owner can make a timely inspection thereof, it must, if required by the Owner, be uncovered for examination at the Contractor's expense. However, notwithstanding the failure of the Owner to make a timely inspection of the work before it is covered, its re-examination may be ordered by the Owner and if so ordered, the work must be uncovered by the Contractor at the Owner's expense but if such work be found not in accordance with the Contract, the Contractor shall shoulder the cost of uncovering and re-doing the work.
- f. If there are indications that the work done is not in accordance with the Drawings and Specifications, the Owner may at any time before final acceptance of the Work make an examination of the portion already completed by removing or tearing out the same. The Contractor shall, on request, furnish all necessary facilities, labor, and materials. If such work is found to be defective in any material respect due to fault of the Contractor or his sub-contractors, the Contractor shall defray all the costs of such examination and of satisfactory reconstruction. If, however, such work is found to meet the requirements of the Contract, the actual cost of labor and materials necessarily involved in the examination and replacement plus 15 percent (15%), shall be allowed the Contractor and he shall, in addition, if completion of the work has

been delayed thereby, be granted a suitable extension of time on account of the additional work involved.

- g. All inspection and tests shall be performed as not to delay the work unnecessarily.

20.05 WORK DURING AN EMERGENCY: The Contractor shall perform any work and shall furnish and install all materials and equipment necessary during an emergency endangering life or property. In such cases, Article 18.01 shall apply.

20.06 INCREASED OR DECREASED QUANTITIES OF WORK: Adjustments in working drawings to suit field conditions which cannot be foreseen at the time of calling for bids, may be necessary during construction. It is the essence of the Contract to recognize such changes in Drawings as normal. The resulting change in quantities or the increase in the scope of work of the Contractor shall be covered by a Change Order. Work done by the Contractor without timely notice to the Owner that an adjustment is required of Contract Price and Completion Time shall be at his own risk and expense.

20.07 CHANGES IN THE WORK:

A. CHANGES ORDERED BY OWNER: The Owner may at any time order extra work or make changes by altering, adding to or deducting from his scope of work and within the general scope thereof; provided however that the resulting overruns or underruns from the quantities or costs in the Bid do not exceed twenty-five percent (25%). Such changes shall be ordered by the Owner in writing.

The issuance by the Owner of the revised Drawings or Supplemental Specifications changing the nature or work to be performed or of the materials, equipment, appliances or fixtures to be provided shall be treated as sufficient written instruction of the Owner to the Contractor to execute the change.

B. CHANGE OF SUB-SURFACE CONDITIONS: If, during the progress of the work, sub-surface conditions at the site materially different from those shown on the Drawings or indicated in the Specifications or in any Contract Document, are discovered or encountered, the attention of the Owner shall be called to such conditions before they are disturbed. The Owner shall thereupon investigate the conditions, and if he finds that they materially differ from those shown on the Drawings or indicated in the Specifications or in the report of the Owner's geodetic survey and sub-surface exploration, he shall make such changes in the Drawings and Specifications as he may find necessary.

If as a result of sub-surface conditions, additional or a different type of work be required, although no change in the Drawings or Specifications may be required, a Change Order shall be necessary and issued to the Contractor.

- C. ADJUSTMENT OF CONTRACT:** The Work shall be executed under the conditions of the Contract. If changes under paragraphs A and B shall cause an increase or decrease in the amount due under the Contract, or in the time required for or manner of its performance, an equitable adjustment shall be made and the Contract modified accordingly. In the event that the Work is increased by such changes, the Contractor shall furnish proportionate additional performance bond.

In case where the Owner initiates a deductive change order for the purpose of transferring certain work items or part of the scope of work to another party or for the owner to supply certain construction materials, then the Contractor shall be entitled to 15% of the amount deducted in the change order to recover his overhead and profit.

- D. VALUE OF EXTRA WORK:** The value of any extra work or change shall be determined by the Owner in any one or more of the following ways:
- (a) By a lump sum acceptable to the Contractor.
 - (b) By unit prices either stipulated in the Contract or subsequently agreed upon, provided the aggregate value of changes does not exceed 25% of the original Contract Price of the particular pay item.
 - (c) By actual direct cost plus value added tax, if any, plus fifteen percent (15%) for Contractor's profit and overhead.

Changes required by the Owner which in the aggregate exceed twenty-five percent (25%) for overruns shall be covered by a supplemental contract. The Contractor shall not be obliged to execute such changes in accordance with the unit rate specified in his Bid, a supplementary contract being treated as one separate from and independent of the Contract.

Where the aggregate value of all changes per pay item exceed twenty-five percent (25%) and the Contractor, without demanding the execution of a supplemental contract executes the additional work required with objection or protest, the value of the changes shall be determined in accordance with subparagraph (b) above.

Under case (c) above, the Contractor shall keep and present, in such form as the Owner may direct, a correct account of the direct cost together with vouchers and other supporting documents.

E. AWARD OF EXTRA WORK TO OTHER CONTRACTORS: In case any extra work shall be required in the proper performance of the Work, and the Contractor and the Owner shall fail to arrive at any agreement as to the adjustment of Contract Price and/or Completion Time, the Owner may award such extra work to another contractor.

20.08 CLAIMS FOR EXTRA COST: If the Contractor claims that any instructions by the Owner or the Drawings or Specifications issued after submission of the Bid, involve a change, he shall give the Owner written notice thereof within fifteen (15) days after the receipt of such instruction, Drawings or Specifications, as much as possible, before proceeding to execute the work, except in emergency endangering life or property provided for in Article 18.01.

In like manner, if the Contractor incurs a delay in the mobilization and/or in the progress of his work for reasons attributable to the Owner, such as but not limited to Owner-supplied materials not arriving on time, movements or work executed by the Owner which interfere with the progress of the Contractor's work, delayed decisions by the Owner and other matters related thereto, he shall give the Owner written notice thereof within fifteen (15) days after recognition of such delay.

The amount due to the Contractor under this article shall be paid by the Owner in the same manner as any other sum to which the Contractor may be entitled under the Contract, particularly under Articles 20.06, 20.07, 22.05 and 22.10. Delay in said payment shall entitle the Contractor to an extension of time and to payment of interest in accordance with Article 22.05. Refusal or unreasonable delay by the Owner to pay the amount due shall entitle the Contractor to suspend or terminate the Contract whenever permitted under Article 26.

20.09 CLEANING UP AT COMPLETION OF WORK: The Contractor shall at all times keep the premises free from accumulations of waste materials or rubbish caused by his employees. Rubbish shall not be thrown from windows or other parts of the structure without the use of rubbish chutes. At the completion of the Work, he shall remove all temporary work, his rubbish therefrom and all his tools, scaffolding and surplus materials and turn over the work for occupancy.

All dirt, stains, and the like on all finishing of floors, walls and ceiling, decorative work, finishing hardware and fixtures shall be removed.

All woodwork, finishing hardware and all metal works shall be cleaned and polished.

All glazing, marble and tile work shall be washed and cleaned. The Contractor shall also clean the site as shown in the Drawings and all areas which the Contractor used in the execution of the project.

If the Contractor fails to clean up after due notice at the completion of the Work, the Owner may do so and the cost thereof charged to the Contractor.

If a dispute arises between the Contractor and separate contractors as to their responsibility for cleaning up, the Owner may clean up the site and charge the cost thereof to the contractors responsible therefor as the Owner shall determine to be just.

20.10 USE OF COMPLETED PORTIONS OF WORK: The Owner may take possession of and use any completed or partially completed portion of the Work, although the time for completing it or portions thereof may not have expired; but such taking of possession and use shall not be deemed an acceptance of any work not completed in accordance with the Contract. Neither shall it be deemed a waiver by the Owner of the right to claim damages due to delay in the completion of the Work. If such prior use increases the cost or delays the completion of uncompleted work or causes refinishing of completed work, the Contractor shall be entitled to extra compensation or extension of time or both.

In the event of the Owner taking over any portion of the Work for his use prior to overall completion, then the Owner shall issue a Certificate of Completion for such portion taken over and release retention as required by the Contract, subject to the provisions of Articles 20.11, 20.12, 20.13, 20.14 and 20.15.

20.11 SUBSTANTIAL COMPLETION AND ITS EFFECT:

- A. [a] There is substantial completion when the Contractor completes ninety-five percent (95%) of the Work, provided that the remaining work and the performance of the work necessary to complete the Work shall not prevent the normal use of the completed portion.
- [b] The approval by the Owner of the Contractor's billing for completing at least ninety-five percent (95%) of the Work shall be deemed the Owner's acknowledgment that the Contractor has substantially completed the Work unless the Owner can establish that the unfinished work prevents the normal use of the completed portion.
- [c] The Owner may also issue to the Contractor a written acknowledgement of substantial completion which may be in the

form of a Certificate of Substantial Completion or equivalent document but the date of this document shall not be controlling if substantial completion is shown to have been made at an earlier date, unless the Contractor accepts the certificate without taking exceptions thereto in writing within fifteen (15) days from receipt.

- B. [a] Notwithstanding paragraph A above, the equipment, fixtures and utilities (collectively, the "Facility") furnished and/or installed by the Contractor which the Contract requires to be test-run prior to acceptance shall be test-run successfully before the Work can be accepted as substantially completed.
- [b] The Owner shall, without delay, cause the test-run of the Facility. Should the Contractor be unable to completely install or furnish and test-run the Facility through no fault of his, the Contractor shall automatically be entitled to an extension of Completion Time equal to the period of delay.
- C. [a] The Owner shall issue to the Contractor one or more lists of defects found or discovered on the completed work, otherwise known as a punch list or lists, which the Contractor must receive from the Owner not later than thirty (30) days from date of substantial completion.
- [b] The Owner may add to the punch list items but only as to corrective work on the items in the original punchlist or lists not later than sixty (60) days from date of substantial completion.
- D. [a] No liquidated damages for delay beyond the Completion Time shall accrue after the date of substantial completion of the Work.
- [b] If the targeted date of completion has arrived and the Contractor cannot achieve ninety five percent (95%) completion of the Work due to the uncompleted Facility caused by the Owner's fault, negligence or delay of the Owner, the Contractor shall be deemed to have achieved substantial completion provided (i) the contractor has completed at least ninety five percent (95%) of the work minus the uncompleted Facility, and (ii) the Contractor has completed the work required on the Facility but for that which is directly affected by the Owner's fault, negligence or delay. The Owner shall release to the Contractor the Contract Price less the cost of the uncompleted portion of the work and the amounts mentioned in Article 22.03.
- E. The purpose of this Article is to ensure that the Contractor is paid for Work completed and for the Owner to retain such portion of the Contract Price, which, together with the Performance Bond, is sufficient to complete the Work without additional cost to the Owner.

20.12 PERIOD OF MAKING GOOD OF KNOWN DEFECTS OR FAULTS: The expression "Period of Making Good of Known Defects or Faults" shall mean a period of not more than thirty (30) calendar days, calculated from the date of receipt by the Contractor of the last item in the punch list submitted during the period provided in Article 20.11 C (b), during which the Contractor shall complete the corrective works.

20.13 MAKING GOOD OF KNOWN DEFECTS OR FAULTS: The Contractor shall execute at his own expense all works necessary for making good of known defects, imperfections or faults (wear and tear excepted) within the period stated in Article 20.12.

If, in the opinion of the Owner, the defect or fault in the punch list is due to a cause attributable to the Owner, the value of such work shall be ascertained and paid for as if it were additional work.

If the Contractor shall fail to do any such corrective work, the Owner shall, upon written notice to the Contractor, be entitled to carry out such work by his own workmen or by other contractors, and charge the cost thereof to the Contractor. The Owner may withhold an amount not exceeding the Contract cost of executing such work from the payment to the Contractor.

20.14 SPECIAL TEST AND INSPECTION: Special test, inspection or approval, not otherwise required in the Contract which the Owner instructs the Contractor to perform after the date of substantial completion shall be treated as a separate work which shall be covered by a supplemental agreement.

20.15 ACCEPTANCE OF NON-CONFORMING WORK: If the Owner accepts defective or non-conforming work, instead of requiring its removal and correction, the Owner shall issue to the Contractor a change order to reflect a reduction in the Contract Price where appropriate by an amount not exceeding the value of the unfinished work as determined in the Breakdown of Work and Corresponding Value. Such adjustment shall be effected whether or not final payment has been made.

20.16 ADJUSTMENT OF PRICES:

- A. There shall be added to or deducted from the Contract Price such sums affecting the execution of the Work caused by any of the following: an event of force majeure including abnormal changes in costs of materials, increases in labor costs mandated by law or wage order, increase in the cost of oil, and the deterioration of peace and order.
- B. Adjustment of prices due to escalation or reduction of costs of executing the work shall be made using a parametric formula to be agreed upon

by the parties. In default of such agreement, the parametric formula under applicable laws shall be applied. Such adjustment shall be made to provide equitable relief to both the Owner and the Contractor, allowing neither to gain nor to lose by such fluctuation. Adjustment of the Contract Price due to escalation shall be for the sole purpose of compensating the Contractor for the increase in the direct cost of his labor and materials used for the work, plus value-added tax.

- C. The adjustment of prices shall be determined on the basis of the original Contract unit prices of labor and materials and such unit prices in effect during the relevant period of work accomplishment.
- D. The Contract Price shall be adjusted, not oftener than once a month, due to increase or decrease of the direct cost of labor and materials of more than five percent (5%) of the original Contract unit prices of the relevant items of work. The adjustment shall include the first five percent (5%).
- E. In case the project is behind schedule by more than fifteen percent (15%) from the approved construction schedule, not due to excusable delays, the payment for work accomplished shall be made on the basis of the Contract Price as adjusted in accordance with the escalation rate applicable during the period in which it should have been accomplished.
- F. This Article 20.16 shall not apply to an increase or decrease in the cost of materials and services provided or supplied by the Owner.

20.17 PAYMENT IN LEGAL TENDER: Payments in money under the Contract shall be made in the currency stipulated; and if it is not legally possible to deliver such currency, then in the currency which is legal tender in the Philippines.

ART. 21: TIME OF COMPLETION OF WORK

21.01 NOTICE TO PROCEED, WHEN REQUIRED: A Notice to Proceed shall be issued by the Owner to the Contractor only when the Contract so provides. Premature commencement of construction shall be at the Contractor's risk unless it is due to their mutual desire to have the Contractor commence the work early, and the Owner gives the Contractor express or implied authority to do so.

21.02 COMPLETION TIME: The Contractor shall complete the Work in accordance with the Contract within the period fixed therein and as adjusted due to changes both directed and constructive. If the Contractor is directed to commence the Work after receipt of the Notice to Proceed to be issued by the Owner, such shall begin within seven days from receipt of

the Notice to Proceed, unless the Notice to Proceed provides for a later date for commencement of the Work.

For projects involving several phases of work with milestones, commencement date shall be reckoned from the time the Contractor receives the Notice to Proceed and/or Possession of Site for each milestone as shall be necessary to enable the Contractor to execute the contract works in accordance with the schedule stipulated in the Contract.

21.03 SCHEDULE OF CONSTRUCTION WORK

- A. The Contractor, immediately after the Contract has taken effect, shall submit for approval a construction schedule in a form acceptable to the Owner indicating the approximate date each pay item will be started and completed, the equipment to be used and number of men to be employed to complete it in accordance with the schedule. The progress of the work shall be at a rate sufficient to complete the Work in an acceptable manner within the Completion Time.
- B. In case of slippage, the Owner may call for meetings with the Contractor and other contractors involved to determine the possible cause/s contributing to the slow progress of the construction work, and if such slippage is due to the fault or negligence of the Contractor, the Owner may require the Contractor to submit a catch-up schedule which shall be subject to approval by the Owner.
- C. The Owner may order the acceleration of work to meet a desired completion date. Acceleration of work for the benefit or convenience of the Owner or caused by the fault of or delay by the Owner, shall be treated as extra work for which a Change Order shall be issued and the Contractor shall be paid for the cost of such acceleration. However, where the reason for acceleration is due to the fault of the Contractor, such additional cost for acceleration shall be borne by the Contractor alone.

21.04 EXTENSION OF TIME:

- A. The Contractor shall be entitled to an equitable adjustment of Completion Time where the Contractor is obstructed or delayed in the prosecution or completion of the Work by -
 - [a] the act, neglect, delay or fault of the Owner, or any other contractor employed by the Owner on the Work;

- [b] third-party strikes or lockouts or strikes by employees other than the Contractor's employees or a lockout by an employer other than the Contractor;
- [c] an act of God or force majeure;
- [d] unsuitable weather conditions which render the work impracticable or impossible or which slow down the prosecution of the Work;
- [e] peace and order conditions;
- [f] changes ordered or authorized by the Owner or authorized under the Contract; and
- [g] delay authorized by the Owner pending arbitration of an unresolved dispute between the Owner and the Contractor.
- [h] The Contractor shall be entitled to substantiated prolongation costs only in respect of [a], [f] and [g], and of [d] when Changes or Variations by the Owner caused the works to be executed in a period of inclement weather conditions which is different from that envisaged at the bidding stage.

- B. For delay caused by paragraphs A [b], [c], [d], [e] and [f] of this Article 21.04, the Contractor shall within fifteen (15) days from the occurrence of the event which caused the delay, notify the Owner and the Owner shall, not later than fifteen (15) days from receipt of such notice, give the Contractor an equitable adjustment of the Completion Time. The failure of the Owner to reply to the Contractor or to give an equitable adjustment of the Completion Time shall be deemed an approval by the Owner of the adjustment requested by the Contractor.
- C. [a] For delay caused by paragraphs A [a] and [g], and in default of an agreement between the Owner and the Contractor, the Contractor shall be entitled to an adjustment of Completion Time equal to the delay caused by such factor/s. However, the Contractor shall not be entitled to extension of Completion Time due to the alleged failure of the Owner to furnish materials or information or provide drawings, unless in the construction schedule approved by the Owner, they are necessary to prosecute the Work in the order required, and the failure of the Owner to provide them caused a delay in the work of the Contractor.

- [b] The Owner, taking into account the construction schedule approved by him and the progress of the work of the Contractor, is conclusively presumed to know when materials, equipment or supplies or drawings to be provided by the Owner shall be required by the Contractor, and the failure of the Contractor to give prior or timely notice to the Owner of the date when such material, equipment or supplies or drawings shall be required shall not be a ground for denying the Contractor an adjustment of Completion Time.
- [c] The failure of the Owner to reply to the Contractor's request for adjustment of Completion Time within fifteen (15) days from the date of receipt of the request shall be deemed an approval by the Owner of the adjustment requested by the Contractor. Such request shall be deemed a formality which does not affect the right of the Contractor to an equitable adjustment of Completion Time as provided in this paragraph C.
- D. Delay in the payment of any progress billing as required in Article 22.05 shall automatically extend the Completion Time by a period equal to the delay. The Contractor shall not be required to give notice to the Owner nor be required to establish that such delay actually delayed the prosecution of the Work or delayed the Contractor to a period equal to the delay in the payment of the billing.

21.05 DELAY IN COMPLETION OF THE WORK:

- [a] It is understood that time is an essential feature of the Contract.
- [b] Upon failure of the Contractor to complete the Work within the Completion Time, the Contractor shall pay the Owner liquidated damages in the amount stipulated in the Contract as indemnity. The Owner may deduct from any sum due the Contractor the amount which has accrued as liquidated damages. Liquidated damages shall accrue from the first day of delay in completing the work within the Completion Time until the date of substantial completion as determined under Article 20.11.
- [c] The amount of damages for corrective works uncompleted within the Period of Making Good of Known Defects shall be based on the value of such uncompleted corrective work in the Breakdown of Work and Corresponding Value for approved billings.
- [d] Upon failure of the Owner to pay the Contractor for approved billings, the Contractor shall have the right to suspend performance of the Work

under the conditions provided in Article 27 (b), (c) and (d) and be entitled to the payment of interest under Article 22.05.

ART. 22: PAYMENTS

22.01 BREAKDOWN OF CONTRACT AMOUNT: Except in cases where unit prices form the basis for payment under the Contract, the Contractor shall, within fifteen (15) days from the receipt of Notice to Proceed, or from commencement of the Work submit a Breakdown of Work and Corresponding Value of the Contract Amount showing the value assigned to each part of the work. The Breakdown of Work and Corresponding Value as approved by the Owner, shall be used as the basis for all Requests for Payment, and for determining the value of uncompleted work or corrective works.

22.02 REQUESTS FOR PAYMENT: The Contractor may submit periodically but not more than once each month a Request for Payment for work done. The Contractor shall furnish the Owner all reasonable facilities required for obtaining the necessary information relative to the progress and execution of the Work. Each Request for Payment shall be computed from the work completed on all items listed in the Breakdown of Work and Corresponding Value, less a retention of 10% of the progress payment to the Contractor. When 50% of the Contract has been accomplished, no further retention shall be made on progress billings for the balance of the Work.

In general, and unless the Contract provides otherwise, no payment shall be made for materials or items not incorporated in the work, except where such immediate acquisition is made necessary due to shortages or import or transportation difficulties, in which case, payment shall be made conditioned upon the submission by the Contractor of bills of sale or upon compliance with such other procedures as will establish the Owner's title to such material or item or otherwise adequately protect the Owner's interest.

22.03 AUTHORIZED DEDUCTIONS FROM VALUE OF COMPLETED WORK. The Owner may deduct from any payment due the Contractor for -

- a. The estimated cost of defective work not remedied;
- b. The amount of substantiated and unpaid claims by subcontractors employed in and suppliers of materials and labor for the Work unjustifiably withheld by the Contractor; and
- c. The amount which has accrued as liquidated damages.

22.04 CONDITIONS RELATIVE TO PAYMENTS: The Owner shall estimate the value of work accomplished by the Contractor using as basis the schedule

stipulated in the Breakdown of Work and Corresponding Value. Such estimate of the Owner of the amount of work performed shall be taken as the basis for the compensation to be received by the Contractor. While such preliminary estimates of amount and quantity shall not be required to be made by strict measurement or with exactness, they must be made as close as possible to the actual percentage of work accomplishment.

22.05 OWNER'S ACTION ON REQUESTS FOR PAYMENT: Within thirty (30) days after a receipt of request for payment from the Contractor, the Owner shall pay the amount as certified. The 30-day period shall be inclusive of the period required in evaluating and certifying the Contractor's accomplishment.

In case the Owner fails to pay on time the amount due, the Owner shall pay, in addition to the amount due, interest thereon computed from the due date in accordance with the 30-day regular loan rate of the Land Bank of the Philippines prevailing on due date.

22.06 PAYMENT OF UNPAID LABOR, SUB-CONTRACTORS AND SUPPLIERS: The Contractor shall pay punctually all workmen employed by him on the project at not less than such rates as are provided by existing laws. He shall also pay promptly all materials purchased by him, equipment used by him on the project and all taxes due from him. He shall remit as required by law all amounts legally required to be withheld from the salaries or wages of his employees or workmen.

22.07 PAYMENTS OVER 90 PERCENT: No payment shall be made in excess of ninety percent (90%) of the Contract Price, unless a statement sworn to before any officer duly authorized to administer oaths is submitted by the Contractor to the effect that all bills for labor, other than current wages, and all bills for materials have been duly paid by the Contractor and his Sub-contractor, if any, excepting only such bills as may be enumerated in such sworn statement. The Contractor shall render the Owner free and harmless from any claims and payment of such bills, and shall indemnify the Owner the cost of defending himself against such claims.

22.08 OTHER REQUIREMENTS BEFORE FINAL PAYMENT: The Contractor shall submit (aside from those which may be provided in the Contract) the following, as applicable, before final payment is made:

- a. Certificate of Final Building Occupancy unless such certificate cannot be obtained through no fault of the Contractor.
- b. Certificate of Final Inspection of electrical, telephone, sanitary, mechanical, water, gas, safety and other utilities unless such certificate cannot be obtained through no fault of the Contractor.

- c. Original and three (3) sets of prints of "As-Built Drawings" of Electrical, Sanitary, Gas, Telephone and Mechanical works, if such works are within the scope of the Contract. "As-Built Drawings" are the working drawings showing the system and actual locations of outlets, fixtures, services and equipment that were installed.
- d. Three (3) copies of Directory of Panel Boards and list of circuits.
- e. Three (3) copies of Instructions and Manual for operating and maintaining of fixtures and equipment.
- f. Three (3) copies of Keying Schedule.
- g. A release of liens arising under the Contract as provided in Article 34.01, and the sworn statements required in Article 22.09 (A) and Article 22.07.

22.09 ACCEPTANCE AND FINAL PAYMENT: Whenever the Contractor notifies the Owner that the Work under the Contract has been completely performed by the Contractor, the Owner shall proceed to verify the work, shall make the final estimates, certify to the completion of the work, and accept the same.

- A. The Owner shall then, except for causes herein specified, pay to the Contractor within the period stated in Article 22.05 above, the amount, which shall be found due, excepting therefrom such sum or sums as may be lawfully retained under any of the provisions of the Contract; provided that final payment on the Contract shall not be made until the Contractor has submitted a statement sworn to before an officer duly authorized to administer oath, showing that all taxes due from him in connection with this Contract have been duly paid.
- B. In case the Owner has reasonable grounds of belief that the Contractor has not remitted to the appropriate government agency the employer's and employee's contributions to the Social Security System or to Medicare, or the withholding tax on the employees' wages, the Owner may require evidence of remittance of such contributions or withholding tax in addition to the sworn statement mentioned above, and withholding release of the amount sufficient to cover such payments until the evidence required by the Owner is provided by the Contractor.
- C. The acceptance by the Contractor of final payment shall constitute a waiver of all his claims against the Owner, except the following: (a) a claim covered by a prior notice to the Owner reserved by the Contractor to be filed in accordance with the Contract (b) a claim pending before

and unresolved by the Owner at the time the request for final payment is made; (c) a dispute referred to arbitration in accordance with Article 34.05; and (d) a claim which the Owner acknowledges with the payment not to be covered by it.

22.10 CORRECTIONS OF WORK BEFORE OR AFTER FINAL PAYMENT:

- A. Acceptance by the Owner of the Work of the Contractor shall relieve the Contractor of liability for any defect in the Work unless:
 - [a] The defect is hidden and the Owner could not have discovered the defect even with the exercise of reasonable diligence.
 - [b] The Owner accepted the Work with express reservations seasonably made as to the specific portion of the Work which was found defective and which requires replacement or correction. A reservation which fails to specify the portion which is alleged to be defective and state in as much detail as possible the nature and extent of the defect shall be considered a general reservation and shall be ineffective.
- B. Paragraph A shall apply notwithstanding the issuance of the final certificate of completion or of full payment.
- C. Poor or inferior work or work which does not comply with the Drawings and Specifications which is apparent upon inspection by the Owner or by the technical representatives and inspectors employed by the Owner shall forthwith be condemned and the Contractor notified thereof to give the Contractor an opportunity without loss of time and without incurring unnecessary cost, to correct, remove and replace the defective work. Work not so condemned within one year from final payment cannot later be rejected by the Owner. If the Owner instructs the Contractor to remove or replace it thereafter, the instruction shall be treated as a change order.
- D. The Contractor shall be liable to the Owner for any hidden defect discovered and notified to the Contractor which the Contractor receives from the Owner within the warranty period as provided in the Contract, or in default of any provision fixing the warranty period, within one year from the posting of the Guarantee Bond.
- E. Nothing herein shall be deemed to limit the liability of the Contractor to third persons due to any loss or damage resulting from the collapse of the Work due to defects in the construction or the use of materials of inferior quality or due to any violation of the terms of the Contract in accordance with Article 1723 of the Civil Code of the Philippines.

22.11 RELEASE OF RETENTION: Subject to Article 33.01 herein, the amount retained by the Owner under the provision of the Contract shall be released not later than the expiration of the Period of Making Good of Known Defects as provided in Article 20.12 upon the posting of the Contractor's Guarantee Bond.

SECTION VII
CONTRACTOR-SEPARATE CONTRACTORS-SUBCONTRACTORS RELATIONS

ART. 23: SEPARATE CONTRACTS WITH OTHER CONTRACTORS

23.01 The Owner may perform work outside of the Contractor's scope of work or award separate contracts to other contractors. If the Contractor claims that delay, damage or additional cost is involved as a result, the Contractor shall make such claim as provided in the Contract. The Owner shall provide for the coordination of the work performed by the Owner and/or each separate contractor with the Work of the Contractor.

ART. 24: CONTRACTOR-SEPARATE CONTRACTORS RELATIONS

24.01 STORAGE OF MATERIALS AND WORK COORDINATION: The Contractor shall, to the extent possible, afford other contractors reasonable opportunity for the introduction and storage of their materials and the execution of their work, and shall properly connect and cooperate in the Owner's effort to coordinate his work with that of other contractors so as to minimize interference or obstruction in the progress of the work performed by each of them.

24.02 CUTTING, PATCHING AND DIGGING: The Contractor shall do all cutting, fitting or patching of his work that may be required to make its several parts come together properly and fit it to receive or be received by work of other contractors shown upon, or reasonably implied by, the Drawings and Specifications for the completed structure.

Any cost caused by defective or ill-timed work shall be borne by the party responsible therefor.

The Contractor shall not endanger any work by cutting, digging or otherwise and shall not cut or alter the work of any other contractor save with the consent of the Owner.

24.03 DEFECTIVE WORK BY SEPARATE CONTRACTORS: If any part of the Contractor's work depends for proper execution or results upon the work of any other contractor, the Contractor shall inspect and promptly report it to the Owner. His failure to inspect and report it shall constitute an acceptance of the other contractor's work as fit and proper for the reception of his work, except as to defects which may develop in the other contractor's work after the execution of the Contractor's work.

To insure the proper execution of his subsequent work the Contractor shall verify work already in place and shall at once report to the Owner any discrepancy noticed between the executed work and the drawings.

24.04 DAMAGE CAUSED BY CONTRACTOR TO SEPARATE CONTRACTORS: Should the Contractor cause damage to the work of any separate contractor, the Contractor agrees to relieve the Owner of any liability which may arise therefrom.

24.05 DAMAGE CAUSED BY SEPARATE CONTRACTORS TO CONTRACTOR: Should any separate contractor cause damage to the Contractor's work, then the Owner shall hold harmless the Contractor in respect thereof.

ART. 25: SUB-CONTRACTS

25.01 GENERAL: It is understood and agreed that no portion of the Work shall be sublet or sub-contracted without the Owner's consent. However, any part thereof or any specialty work therein, may be sublet or sub-contracted, subject to the provisions of Articles 25.02 and 34.03.

The consent of the Owner to the Contractor's engagement of a subcontractor, by itself, shall not create any contractual relation between the sub-contractor and the Owner.

25.02 CONTRACTOR'S RESPONSIBILITY: The Contractor agrees that he is as fully responsible to the Owner for the acts and omissions of his sub-contractors and the persons either directly or indirectly employed by them, as he is for the acts and omissions of persons directly employed by him.

SECTION VIII
SUSPENSION OF WORK AND TERMINATION OF CONTRACT

ART. 26: CONTRACTOR'S RIGHT TO SUSPEND WORK OR TERMINATE CONTRACT:

The Contractor may suspend work or terminate the Contract upon fifteen (15) days' written notice to the Owner for any of the following reasons:

- a. If an order of any court or other public authority caused the work to be stopped or suspended for an aggregate period of ninety (90) days through no act or fault of the Contractor or his employees.
- b. If the Owner shall fail to pay the Contractor the approved Request for Payment as provided in Article 22.05.
- c. If the Owner shall fail to pay the Contractor any sum within thirty (30) days after its award by arbitration.
- d. If the Owner suspends the work without just cause for more than the aggregate period of fifteen (15) days without the Contractor's consent.
- e. If the Owner fails to deliver at the construction site Owner-supplied/furnished construction materials and/or equipment, for the scope of work along the critical path, beyond fifteen (15) days after its scheduled date for delivery as provided for in the Contract.
- f. If approval of Variation Orders for additional works along the critical path is delayed beyond fifteen (15) days after submission for approval by the Owner or by his duly designated Representative.

If the suspension is necessary for the proper execution of the Work or by reason of weather or other conditions affecting the safety of the works and/or the Contractor's workers, the Contractor may request the Owner to suspend work in accordance with the applicable provision or provisions of Art. 27.02.

The Contractor shall be entitled to an equitable adjustment of Completion Time and/or Contract Price for suspension of work due to the above circumstances.

ART. 27: OWNER'S RIGHT TO SUSPEND THE WORK

- 27.01 SUSPENSION WITHOUT CAUSE:** The Owner may, at any time and without cause, suspend the work or any portion thereof for a period of not more than the aggregate period of fifteen (15) days by notice in writing to the Contractor and shall fix the date on which work shall be resumed. The Contractor shall resume the work on the date so fixed. The Contractor will

be allowed an adjustment in the Contract Price to include demobilization and remobilization costs and/or stand-by time as applicable as well as adjustment of Completion Time which shall not be less than the period of suspension and shall include the delay due to remobilization of equipment and personnel. The Owner may not suspend the work without just cause for more than an aggregate period of fifteen (15) days without the Contractor's consent.

27.02 JUST CAUSES FOR SUSPENSION OF WORK: The Owner, by a written order, may direct the Contractor to stop the work or any portion thereof, in any of the following cases until the cause for such order has been eliminated:

- [a] Unsuitable weather or other conditions considered unfavorable for the prosecution of the work;
- [b] Failure of the Contractor to correct conditions which constitute a danger to his workers or the general public, or to correct defective work;
- [c] Failure of the Contractor to carry out valid orders issued by the Owner or to comply with any provision of the Contract, or his persistent failure to carry out the Works in accordance with the Contract;
- [d] The necessity for adjusting the Drawings to suit site conditions found during construction, or in case of a change in Drawings and Specifications;
- [e] Failure of the Contractor to supply sufficient skilled workmen or suitable materials or equipment;
- [f] Failure of the Owner to supply Owner-supplied/furnished materials on time, where such failure is due to causes beyond the reasonable control of the Owner;
- [g] Delay by the Owner in obtaining a right-of-way, where such obligation is assumed by the Owner under the Contract, and the delay is not due to the fault or negligence by the Owner;
- [h] Force majeure or fortuitous event;
- [i] Peace and order problems; or
- [j] Any condition similar to the above beyond the control of the Owner.

The Contractor shall immediately comply with such order to suspend the work or any part thereof for such period or periods and in such manner as the Owner may direct, and during such suspension shall properly protect and secure the Work.

The Contractor shall be entitled to an equitable adjustment of Completion Time and Contract Price for suspension of work due to Items [a], [d], [f], [g], [h], [i] & [j]. However, for Item [a], no such adjustment shall be allowed if unsuitable weather conditions were taken into account in determining the Completion Time as provided for in the Bid Documents. If the actual number of days of unsuitable weather exceeds the period taken into account in the Bid Documents, the Contractor shall be entitled to an adjustment of Completion Time and Contract Price.

ART. 28: OWNER'S RIGHT TO TERMINATE CONTRACT

28.01 TERMINATION WITH CAUSE. The Owner may immediately terminate the Contract, without prior notice to the Contractor, upon the occurrence of any of the following events:

- a) If Contractor is adjudged bankrupt or insolvent;
- b) If Contractor makes a general assignment of his assets for the benefit of his creditors;
- c) If a trustee or receiver is appointed for the Contractor or for any of the Contractor's property; or
- d) If the Contractor files a petition for suspension of payments, or to reorganize under the bankruptcy or similar laws.

28.02 OTHER GROUNDS FOR TERMINATION WITH CAUSE. The Owner may terminate the Contract upon the occurrence of any of the following events:

- a) The Contractor repeatedly fails to supply, based on the construction schedule, the sufficient number of skilled workmen or suitable materials or equipment;
- b) The Contractor repeatedly fails to make without just cause prompt payments to subcontractors for labor, materials or equipment, and completion of the Work is being delayed;
- c) The Contractor disregards the Laws or orders of any public body having jurisdiction;
- d) The Contractor otherwise violates in any substantial way any provision of the Contract; or
- e) Slippage of the Contractor in excess of 25% in the prosecution of work per agreed construction schedule and/or PERT/CPM plus any time adjustment duly granted to the Contractor.

The Owner may, after giving Contractor and his surety 15 days' written notice, terminate the services of the Contractor, exclude the Contractor

from the site and take possession of the Work and of all the Contractor's tools, appliances, construction equipment and machinery at the site and use the same and incorporate into the work all materials and equipment stored at the site including those stored elsewhere for which the Owner has paid the Contractor, and finish the work as Owner may deem expedient. In such case the Contractor shall not be entitled to receive any further payment until the work is finished.

28.03 TERMINATION WITHOUT CAUSE. Upon 15 days' written notice to the Contractor, the Owner may, without prejudice to any other right or remedy, elect to abandon the work and terminate the Contract. In such case, the Contractor shall be paid for all work executed and any expense sustained plus reasonable termination costs.

ART. 29: OWNER'S RIGHT TO PROCEED WITH THE WORK AFTER REDUCTION IN CONTRACTOR'S SCOPE OF WORK; PARTIAL TAKEOVER FROM CONTRACTOR

29.01 OWNER'S RIGHT TO CARRY OUT THE WORK: If the Contractor:

- a) Repeatedly fails to supply sufficient skilled workmen or suitable materials or equipment;
- b) Repeatedly fails to make prompt payments to subcontractors for labor, materials or equipment;
- c) Fails within a mutually agreed time after written notice of the Owner to carry out remedial or repair work;
- d) Fails despite repeated remedial work to rectify the defects or the result of remedial work does not conform to the specifications;
- e) Fails to perform the Work in accordance with the Contract.

the Owner may, after seven (7) days following receipt by the Contractor of written notice and without prejudice to any other remedy the Owner may have and without terminating the Contract, make good such deficiencies. In such case an appropriate change order shall be issued deducting from the payments then or thereafter due the Contractor the cost of correcting such deficiencies, including compensation of additional services made necessary by such default, neglect or failure. If the payments then or thereafter due the Contractor are not sufficient to cover such amount, the Contractor shall pay the difference to the Owner.

29.02 USE OF MATERIALS AND EQUIPMENT AT SITE: The Contractor, upon receiving notice of termination of the Contract, shall vacate the site and deliver possession of the Work, or the parts thereof specified in the notice,

to the Owner. All materials, plant, appliances and other essential equipment as may be needed for the construction of the project, shall, at the option of the Owner, remain on the site until the Work is completed and credit the Contractor a reasonable rental for the use the same.

In case such materials and/or equipment do not belong to the Contractor, then the Owner, provided it does not violate the lease contract of the Contractor, shall have the option to retain them for use in the project and pay reasonable rent directly to the lessor for their use, chargeable against the Contractor.

29.03 OWNER TO COMPLETE WORK: The Owner shall then take over the work, and use such tools, appliances and materials of every description as may be found at the site for the purpose of completing the Work.

29.04 EVALUATION OF COST OF WORK: Upon such termination of this Contract, the Owner will ascertain and fix the value of the work completed by the Contractor and not paid for by the Owner and of all usable materials of the Contractor taken over by the Owner at the time of said termination.

- a. If the cost to the Owner of completing the work, inclusive of reasonable administrative and managerial services and the charges against the project prior to termination of the Contract are not in excess of the Contract Price, then the difference between them may be applied to settle claims filed against the Contractor, and the balance, if any, may be paid to the Contractor. No amount in excess of the combined value of the unpaid completed work, retained percentage and usable materials taken over by the Owner at the time of the termination of the Contract shall be paid to the Contractor until the completion of the work.
- b. In case of suspension of work, all unpaid work executed including costs incurred during suspension shall be charged to the Owner.

29.05 OWNER'S RIGHT TO RECOVER DAMAGES: Neither the taking over by the Owner of the work for completion by administration nor the re-letting of the same to another Contractor shall be construed as a waiver of the Owner's rights to recover damages against the original Contractor and/or his sureties for the failure to complete the work as stipulated.

In such case, the full extent of the damages for which the Contractor and/or his sureties shall be liable shall include:

- a. Liquidated damages which may have accrued up to and including the day immediately before the date the Owner effectively takes over the work or the date of substantial completion whichever occurs earlier;

- b. The excess cost incurred by the Owner in the completion of the project over the Contract Price inclusive of re-letting the same; If the Owner completes the work by administration, the direct cost of completing the work shall include the reasonable cost of managerial and administrative services incurred from the time the Owner effectively took over the work by administration.

29. 06 LIQUIDATED DAMAGES

1. Where the Contractor refuses or fails to satisfactorily complete the Work within the specified Contract time, including any time adjustment duly granted, the Contractor shall pay the Owner liquidated damages in the amount stipulated in the Contract. Liquidated damages shall accrue from the first day of delay in completing the Work until the date of substantial completion as determined under Article 20.11.
2. To be entitled to such liquidated damages, the Owner does not have to prove that it has incurred actual damages. Such amount shall be deducted from any money due or which may become due the Contractor under the Contract. The Owner may collect such liquidated damages from the retention money or other securities posted by the Contractor, whichever is convenient to the Owner.
3. In no case, however, shall the total sum of liquidated damages exceed ten percent (10%) of the total contract price.
4. If, before the completion of the whole of the Work, any part or section of the Work has been certified by the Owner's Engineer or Representative as completed and occupied or used by the Owner, the liquidated damages for delay shall be reduced in the proportion which the value of the part or section so certified bears to the value of the whole of the Work, unless a contrary provision is stipulated in the Contract.

SECTION IX
RESPONSIBILITIES AND LIABILITIES OF CONTRACTOR AND OF OWNER

ART. 30: CONTRACTOR'S RESPONSIBILITY FOR ACCIDENTS AND DAMAGES

30.01 SAFEGUARDS TO BE UNDERTAKEN BY CONTRACTOR: The Contractor shall take all necessary precautions for the safety of employees and workmen on the work, and comply with all Laws to prevent injury to persons on, about or adjacent to the premises where the Work is being performed. The Contractor shall erect and properly maintain at all times, as required by the conditions and progress of the work, such barriers, shoring, supports, braces, lights, danger signs and necessary safeguards, as will protect workmen and the public and as will effectively prevent any injury to persons and damage to property in consequence of his work.

The Contractor shall designate a responsible member of his organization at the site, whose duty shall be the prevention of accidents and damage to the Work, the Owner's property and adjoining property. The name and position of the person so designated shall be reported by the Contractor in writing to the Owner.

The Contractor shall be primarily responsible for all safety measures in prosecuting the Work in accordance with the safety manual approved by the Construction Industry Authority of the Philippines (CIAP).

30.02 OWNER NOT TO BE RESPONSIBLE: The Contractor shall render the Owner free and harmless for the death of, the disease contracted or injury received by the Contractor or any of his employees or laborers, for any damage done by or to Contractor's plant or materials from any source or cause; and for damages caused by the Contractor or his employees to any property of the Owner and adjoining property.

- a. The Contractor shall indemnify and save harmless the Owner from and against all losses and all claims, demands, payments, suits, actions, recoveries, and judgement of every nature and description brought or recovered against him, for any act or omission of said Contractor, or of his agents or employees, in the execution of the Work or the guarding of it.
- b. Claims for payment and repairs for damages for which the Contractor is liable shall be settled by the Contractor at his own expense. In the event of failure of the Contractor to repair such damages, and pay other claims, the Owner may repair the same and pay the claims, and deduct the entire cost of such repairs and claims from the payments due the Contractor.

30.03 CONTRACTOR'S DEFAULT. The Owner shall have the right to undertake reasonable safety and protection measures in case of Contractor's default, and charge the cost of such measures to the Contractor.

ART. 31: CONTRACTOR'S INSURANCE AND BONDS

31.01 CONTRACTOR'S LIABILITY INSURANCE: The Contractor shall secure and maintain insurance coverage from an insurance company acceptable to the Owner as will protect himself, his sub-contractors, and the Owner from claims for bodily injury, death or property damage which may arise from work under the Contract. The Contractor shall not commence work under the Contract until he has obtained the insurance coverage required and shall have filed the insurance policy or the certified copy of the insurance policy with the Owner. Such insurance policy shall contain a clause providing that it shall not be cancelled by the insurance company without written notice to and approval of the Owner. The nature, extent and amount of such insurance coverage shall be as agreed upon between the Owner and the Contractor. The Contractor shall ensure that such insurance policy is effective during the execution of the Work.

31.02 ACCIDENT INSURANCE FOR WORKERS: The Contractor shall, in addition to compulsory coverage of workers under the workmen's compensation law, obtain insurance coverage for accidental death or injury of his officers, employees and laborers without regard to their tenure of employment as permanent or regular workers, project workers or casual employees performing work at the project site in an amount of not less than P100,000.00 per officer, employee or laborer. The premiums to be paid on the insurance policy shall be paid by the Contractor and without cost to those covered by the policy.

31.03 CONTRACTOR'S FIRE INSURANCE: In addition to such Fire Insurance as the Contractor elects to carry for his work, he shall secure and maintain the policies upon such structures and materials and in such amounts as shall be designated in the joint names of the Contractor and the Owner as their respective interest may appear. These policies shall be secured from a company which is satisfactory to the Owner and delivered to the Owner. A Contractor's All Risk Policy or any insurance for third party liability of the Contractor shall not include the Owner as co-insured but as a third party.

31.04 CONTRACTOR'S PERFORMANCE AND PAYMENT BONDS: The Contractor, prior to signing the Contract, shall furnish a Performance Bond equal to 15% of the Contract amount for the faithful performance of his work and 15% bond covering Contractor's obligations arising from the Contract to its workers, subcontractors and suppliers. Such bonds shall be in the form of

surety bond as approved by the Owner, and shall remain in effect until replaced by the Contractor's guarantee bond.

31.05 CONTRACTOR'S GUARANTEE BOND: The Performance and Payment Bonds will be released by the Owner upon posting by the Contractor of a Guarantee Bond equivalent to the amount of the retention released to the Contractor. The Guarantee Bond shall be for a period of one (1) year commencing from the date of posting as a guarantee that all materials and workmanship installed under the Contract are of acceptable quality.

31.06 CONTRACTOR'S GUARANTEE-WARRANTY:

- a. The Contractor shall, in case of work performed by his sub-contractors and where guarantees are required, secure guarantees from said sub-contractors and deliver copies of same to the Owner upon completion of work. The term "guarantee" shall include "warranty".
- b. The Contractor shall and thereby guarantees all work performed by him directly and for which guarantees are required.
- c. The Contractor shall guarantee for a period of one year, or for a longer period where so provided in the Specifications, all materials and workmanship installed under the Contract to be of acceptable quality in every respect and to remain so during the guarantee period.
- d. Should any defect develop in aforesaid work, within the guarantee period due to fault in material and/or workmanship, the Contractor shall make all repairs and do all necessary work to correct defective work to the Owner's satisfaction. Such repairs and corrective works shall be done by the Contractor at his exclusive expense and shall be commenced within five (5) days after receipt of written notice by the Owner.
- e. In case the Contractor fails to commence or do the work so ordered, the Owner may have the work done by another contractor and charge the cost thereof against monies retained as provided for in the Contract and/or against his sureties.
- f. The foregoing remedies shall be without prejudice to the rights of the Owner under the New Civil Code and other laws now or hereafter that may be applicable.

31.07 MANDATORY CONDITIONS OF BONDS

The bonds required of the Contractor shall be subject to the following mandatory conditions which shall form part of said bonds.

A surety or bondsman issuing any bond called for in the Contract is deemed conclusively to have accepted the following mandatory conditions, and any

provision in the bond thereby issued or in any document made prior to, concurrent with, or after the issuance of the bond which tends to nullify, modify, or limit by time or otherwise, any right of the Owner shall be void and shall not prevail over these mandatory conditions:

- a. The surety or bondsman agrees in advance to future novation/s of the bond either by adjusting the scope of the work of the Contractor caused by directed or constructive changes, the Completion Time or the Contract Price. Where the Contract provides that the Contractor shall obtain the approval of the surety or bondsman to any such adjustment, the required approval shall be deemed to be a mere formality, the absence of which shall not affect the obligation and liability of the surety or bondsman under the bond.
- b. The bond issued by surety or bondsman under the Contract shall continue to have force and effect beyond the effectivity period stated in the bond if the work or the obligation for which it was issued has not been completely performed. This is without prejudice to the right of the surety or bondsman to demand from the Contractor the payment of the premium on the bond or to the right of the Owner to pay such unpaid premium for the Contractor. The additional premium on the bond for an extension of the Contract time due to reasons other than the fault or negligence of the Contractor shall be billed at cost to the Owner. The bond may not be cancelled or otherwise terminated by the bondsman or surety without the express written consent of both the Owner and the Contractor. The right of the surety shall be limited to demand the payment of unpaid premium.
- c. The Owner shall have a right of recourse against the surety on the bond until (a) it is cancelled by the Owner and returned to the Contractor or (b) it is replaced by another bond unless the Owner reserves the right to recover against the former bond due to default of the Contractor, or (c) the Owner issues to the Contractor an unconditional Certificate of Acceptance of the Work.
- d. Until the Owner takes over the Work (not only a part thereof) or otherwise terminates the Contract, the Contractor shall not be deemed in default, notwithstanding the reduction of the Contractor's scope of work and any assistance provided by the Owner to enable the Contractor to catch up and complete the remaining work. The Owner's assistance to the Contractor shall not prejudice nor limit the right of the Owner to have a later recourse against the bond.

ART. 32: OWNER'S RESPONSIBILITIES AND LIABILITIES

- 32.01 ADVANCE PAYMENT:** An advance payment in an amount to be mutually agreed upon shall be paid by the Owner to the Contractor, provided that the Contractor shall post a surety bond of equivalent amount callable on demand and acceptable to the Owner to guarantee its repayment. The Contractor shall use the advance payment for mobilization, purchase of materials, and the like for the project. This shall be recouped *pro rata* in the progress billings.
- 32.02 PROTECTION OF EMPLOYEES AND PROFESSIONALS PERFORMING SERVICES FOR THE OWNER:** The Owner shall be responsible for and shall maintain such insurance as will protect him from liability for personal injury including disease and death of persons under his employ or service whether as temporary or permanent in status that are assigned to the project.
- 32.03 OWNER'S OPTIONAL INSURANCE:** The Owner may maintain such insurance as will protect him from his contingent liability for damages, for personal injury, including death, which may arise from the work under the Contract.
- 32.04 ADDITIONAL INFORMATION AND SERVICES REQUIRED OF THE OWNER:** The Owner shall, at the request of the Contractor, at the time of the execution of the Contract, furnish to the Contractor reasonable evidence that the Owner can fulfill its obligations under the Contract. Unless such reasonable evidence is furnished, the Contractor may not be required to execute the Contract or to commence or continue the Work.

ART. 33: LIENS, DISPUTES AND ARBITRATION

- 33.01 LIENS:** As a condition to final payment and/or the release of the retention, the Contractor shall release the Work from any legal liens attaching therewith as a result of unpaid claims of subcontractors and/or suppliers for the supply of materials and/or equipment to the Contractor for the project in the form of a sworn statement by the Contractor or a duly authorized officer of the Contractor stating that all such claims have been fully paid; and furnishing the Owner, when required, with receipts or acknowledgments of payment issued by the subcontractors and/or suppliers. Should any of such claims remain unpaid as of the time of executing the sworn statement, or if the Contractor is unable to furnish the Owner with proof of full payment to any subcontractor or supplier, the Contractor shall furnish the Owner with an indemnity bond equal to the amount of the claims still unpaid. The indemnity bond may be issued by the surety which previously issued the Contractor's performance bond or any other bond required under the Contract or by any other surety acceptable

to the Owner. The Owner may recover against the Contractor and/or the surety, on the latter's indemnity bond, any amount paid by the Owner to discharge such liens, including costs incurred incident thereto and a reasonable amount of attorney's fees.

33.02 ASSIGNMENT

- A. The Contract may not be assigned in whole or in part. Any purported assignment made of the Contract or any part thereof without the consent of either party shall be void and ineffective.
- B. The Owner may nevertheless exact full compliance from both the Contractor and his assignee without waiving the Owner's right at any time thereafter to reduce the Contractor's scope of work by removing from the Contractor the part of the work which was assigned and giving it to any other contractor and/or terminating the Contract in either case, without any further cause than the assignment.
- C. Any contract, agreement or binding written commitment entered into by the Contractor either before or after the execution of the Contract, with any other person as cooperator, consortium member, joint venture member, or supplier of equipment, technology, materials or services for the joint execution of the Work, shall be provided to the Owner at the latter's request. If the Owner finds that the contract, agreement or binding written commitment is a disguised assignment of the Contract, the Owner shall so notify the Contractor and shall have the rights under paragraph [B] above.

33.03 SUBCONTRACTING

- A. The Contractor may subcontract any part of the Contract with the approval of the Owner.
- B. The Owner may require the Contractor as a condition for the approval of the subcontract (1) that the subcontract shall be submitted to the Owner and the subcontract must require the subcontractor to obtain the same bonds and insurance coverage as are required of the Contractor under the Contract, and (2) that the Contractor furnish the Owner copies of these insurance policies and bonds.

33.04 DISPUTES:

- A. All matters which under the Contract shall be accepted, approved or decided by the Owner may be entrusted by the Owner to his authorized representative for determination within a period of fifteen (15) days. The latter shall in all such matters act as agent of the Owner whose determination binds the Owner.

- B. If the Contractor disagrees with the determination by the Owner or by his representative, such disagreement shall be brought before an adjudicator, who shall be jointly engaged by the Owner and the Contractor, not later than fifteen (15) days before the commencement of the Work to resolve conflicts arising from the foregoing determination by the Owner or by his representative. If either of the party disagrees with the resolution of the adjudicator, such shall be deemed as a dispute which may be submitted to arbitration.

33.05 SETTLEMENT OF DISPUTES

A. DISPUTE OR DISAGREEMENT SUBMITTED TO ARBITRATION

Any dispute arising out of or in connection with the Contract including any question regarding its existence, validity or termination not resolved as provided above shall be referred to and finally resolved by arbitration under the Rules of Procedure Governing Construction Arbitration promulgated pursuant to Executive Order No. 1008 (Construction Industry Arbitration Law) by panel of three (3) arbitrators appointed in accordance with such Rules. The place of arbitration shall be in Metro Manila, Philippines. Resort to arbitration shall be made by filing a claim with the Construction Industry Arbitration Commission.

B. SUBSTITUTED SERVICE

A party to the Contract shall, by entering into the same, be deemed to be submitting himself to the jurisdiction of the Construction Industry Arbitration Commission with regard to any dispute arising out or in connection with the Contract as provided in Article 33.05, paragraph [A] above.

Such party shall be served with the claim referred to in Article 34.05, paragraph [A] and other notices and processes incident thereto upon such claim being served upon or filed with his co-venturer, partner or authorized representative, notwithstanding any statement to the contrary in the Agreement, Contract Documents, or any other communication to the other party or after entering into the Contract, unless he has filed with the Construction Industry Arbitration Commission an irrevocable special power of attorney authorizing another person or entity to receive by personal service at a definite address in Metro Manila, Philippines, such claim, notice and processes. In case a party, his co-venturer, or authorized representative declines service of such claim, notice or process or cannot be found at his given address such service shall be made upon the said party by filing the same with the Construction Industry Authority of the Philippines (CIAP) at its

office address, and filing the claim, notice or process shall complete the service upon the party concerned.

SECTION X
OWNER'S REPRESENTATIVE

ART. 34: The Owner's Representative shall either be the Architect, the Engineer, Construction Manager or other person designated by the Owner as the Owner's Representative.

The Owner's Representative shall have the full authority to act for and on behalf of the Owner in all matters which under the Contract the Owner shall give his consent, approval or decision.

The Owner shall give the Contractor at the time of the Notice to Proceed or any time thereafter the notice of appointment of the Owner's Representative. Unless the Contractor is notified in writing by the Owner of the limits of authority of the Owner's Representative, it shall be understood that the authority of the latter to act for and on behalf of the Owner is full and unqualified.

In the absence of a written communication by the Owner to the Contractor notifying the latter of the designation of a particular person as Owner's Representative, the Architect shall perform the functions and have the authority of the Owner's Representative if the project or work involves the construction of a building; but if the project or work involves the construction of an engineering structure, other than a building, or the construction of a building if such constitutes only a minor portion of the project, the Engineer shall perform the functions and have the authority of an Owner's Representative.

The Owner's Representative shall also perform the function of Construction Manager unless the Owner designates another person as Construction Manager. If the Owner shall designate a Construction Manager and define his functions, those functions of a Construction Manager not delegated to the latter shall be performed by the Owner's Representative.

Notwithstanding the designation by the Owner of an Architect, Engineer and/or Construction Manager, communications between the Contractor and the Owner shall be made only through the Owner's Representative.

**SECTION XI
SCHEDULE OF TIME LIMITS**

The Contractor shall perform his work subject to certain Time Limits. This indexed section, as based on the entire General Conditions, is provided for in order to facilitate the execution of his work.

No. & Title	Time Limit	Reference Article No.
1. CONTRACT TIME		
1.1 Contract Time Reckoning	The Contractor shall commence the Work within seven (7) days from receipt of Notice to Proceed (NTP) unless NTP provides for a later date	21.02
1.2 Request for Time	To be filed within fifteen (15) days from occurrence of event which caused delay (par. B)	21.04
2. CONTRACT SUM		
2.1 Breakdown of Work & Corresponding Value	To be submitted within fifteen days from receipt of the Notice to Proceed	22.01
2.2 Claim for Extra Cost	Notice to be given to Owner within fifteen (15) days (1) after receipt of instruction involving extra cost, or (2) after recognition of delay due to Owner's fault.	20.08
3. PROGRESS / FINAL PAYMENT		
3.1 Owner's Action on Payment Request	To be made within thirty (30) days after receipt of request for payment.	22.05
3.2 Owner's Action on	To act within thirty (30) days from receipt of the request for payment.	

No. & Title	Time Limit	Reference Article No.
Final Payment Request		
3.3 Delayed Payment	Delay in payment of the amount due shall entitle the Contractor to interest from due date based on the thirty (30) day loan rate of the Land Bank of the Philippines	22.05
3.4 Release of Retention	To be released not later than sixty (60) days from substantial completion upon posting of Contractor's Guarantee Bond.	22.11
4. SUBSTANTIAL COMPLETION and its EFFECTS	<p>Substantial Completion is attained if the Contractor completes ninety-five percent (95%) of the works; or the Owner approves the Contractor's billing for completing at least 95% of the works unless the Owner can establish that the unfinished portion prevents the normal use of the completed portion [par. A (a) & (b)].</p> <p>The Owner may issue a Certificate of Substantial Completion or equivalent document but the date of document is not controlling if substantial completion is shown to have been attained earlier, unless the Contractor accepts the certificate without taking any exceptions thereto in writing within fifteen (15) days from receipt of the certificate [par. A (c)].</p>	20.11
5. CORRECTION OF WORK 5.1 Issuance of Punch List	<p>The Owner shall issue the punch list/s which the Contractor must receive not later than thirty (30) days from date of substantial completion [par C (a)].</p> <p>The Owner may add to the punch list items but only as to corrective work in the original punch list/s not later than sixty</p>	20.11

No. & Title	Time Limit	Reference Article No.
	(60) days from substantial completion [par. C (b)].	
5.1 Correction Before or After Final Payment	Poor or inferior work, apparent upon inspection to be condemned & Contractor notified to enable him to correct, remove & replace the same. Owner has one year from date of final payment to condemn poor or inferior work, otherwise, instructions to remove or replace such shall be treated as change order.	22.10
5.2 Making Good of Known Defects	Thirty (30) days from receipt by the Contractor of the last item in the punchlist	20.12 & 20.13
6. CONTRACTOR'S RIGHT TO SUSPEND WORK OR TERMINATE CONTRACT	<p>Contractor may suspend work or terminate Contract upon 15 days written notice to Owner, for any of the following reasons:</p> <ol style="list-style-type: none"> (1) If any court or other public authority orders work to be stopped or suspended for ninety (90) days through no fault of the Contractor or his employees; (2) If Owner fails to pay Contractor the approved request for payment within thirty (30) days from receipt. (3) If Owner fails to pay Contractor the agreed sum within thirty (30) days after its award by arbitrators. (4) If the Owner suspends the work without cause for more than fifteen (15) days without Contractor's consent. (5) If the Owner fails to deliver at the construction site Owner-supplied/furnished materials and/or equipment, for work along the critical 	26.00

No. & Title	Time Limit	Reference Article No.
	<p>path beyond fifteen (15) days after its scheduled delivery date.</p> <p>(6) If approval of Variation Orders for additional works along the critical path is delayed beyond fifteen (15) days after submission for approval by the Owner.</p>	
<p>7. OWNER'S RIGHT TO TERMINATE CONTRACT</p>	<p>May be done immediately and without notice if Contractor should:</p> <p>(1) Declare bankruptcy, become insolvent or assigns his assets for the benefit of his creditors or appointment of trustee/receiver for Contractor or any of its property.</p> <p>May be done after giving fifteen (15) days written notice to Contractor or to his Surety if Contractor should:</p> <p>(1) Disregard or violate provisions of the Contract Documents or Owner's instructions;</p> <p>(2) Fail to provide skilled superintendent, workmen or suitable materials or equipment;</p> <p>(3) Fail to make prompt payment to subcontractors, for labor or materials or equipment;</p> <p>(4) Disregard the authority of the Owner's Representative;</p> <p>(5) Violates in any substantial way any provisions of the Contract Documents;</p> <p>(6) Repeatedly delays prosecution of work per agreed Construction Schedule and/or PERT/CPM plus any</p>	<p>28.01</p> <p>28.02</p>

No. & Title	Time Limit	Reference Article No.
	time extension duly granted the Contractor.	
8. DISPUTES	<p>The Owner or his representative shall act within a period of fifteen (15) days on all matters under the Contract requiring the Owner's approval, acceptance or decision.</p> <p>If the Contractor disagrees with the determination by the Owner or his representative, the same shall be submitted to an adjudicator to be jointly engaged by the parties within 15 days before the commencement of the work. If either party disagrees with the resolution of the adjudicator, such shall be deemed a dispute that may be submitted to arbitration.</p>	33.04 & 33.05
9. GUARANTEE BOND 9.1 Contractor's Guarantee Bond	To be furnished the Owner upon release of retention and shall be effective for a period of one year commencing from the date of acceptance as a guarantee that all materials and workmanship installed are of good quality.	31.05