

# DENISON

## DEVELOPMENT

### **POLICIES & PROCEDURES FOR SUBCONTRACTORS**

November 17, 2000

#### **GENERAL PURPOSE**

Due to the differences in operational procedures between construction jobs performed by Denison Development and for benefit of both Contractor and Subcontractor, we have created this overview of our policies and procedures. Unless stated otherwise, these policies and procedures will remain in effect on ALL jobs contracted by Denison Development. Should you have any questions with regard to any of the requirements outlined in this memo, please feel free to contact our office at the following address:

**1200 Barton Creek Blvd., Construction Trailer  
Austin, Texas 78735  
(512) 347-0909  
(512) 328-2910 FAX**

"Subcontractor" will mean the Subcontractor and any persons employed by the Subcontractor to perform any work on any of our job sites.

#### **1) COMPANY INFORMATION**

- a) We require that each subcontractor supply Denison Development with the following company information:
  - i) Name of Company
  - ii) Type of Entity (Individual/sole proprietor, corporation, partnership, or other)
  - iii) Social security number or Federal Identification Number
  - iv) Mailing and/or physical address
  - v) Phone numbers (voice, FAX, pagers, mobile, cellular)
- b) This information can be provided by filling out the enclosed W-9 FORM.

#### **2) INSURANCE**

INITIALS \_\_\_\_\_

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- a) All Subcontractors are required to provide Certificates of Insurance for both Worker's Compensation and General Liability Insurance.
  - i) IF CURRENT CERTIFICATES ARE NOT ON FILE, AND NOT RECEIVED AFTER REQUESTED, THE SUBCONTRACTOR WILL BE SUBJECT TO INSURANCE COSTS BEING DEDUCTED FROM THEIR PAYMENTS FOR COMPLETED WORK AT THE RATE OF 5% FOR EACH INSURANCE TYPE.
  - ii) We will accept the Texas Worker's Compensation Commission Waiver Form TYCC-83 in lieu of the Workers' Compensation Insurance.

### 3) RETAINAGE

- a) A ten percent (10%) retainage will be withheld from all contracts, change orders, and "extra" work on all jobs from all Subcontractors providing labor and/or installation.
  - i) The standard holding time for retainage is thirty (30) days from the date the Subcontractor completes all work for which the Subcontractor has been contracted.
- b) It is the responsibility of each Subcontractor to keep track of retainage amounts withheld and to SUBMIT A SEPARATE INVOICE FOR REIMBURSEMENT OF SUCH RETAINAGE.

### 4) DRAW REQUESTS / INVOICING

- a) It is the responsibility of each subcontractor to make written draw requests on a timely basis in order to receive payment. Requests should be in the form of a WRITTEN REQUEST OR INVOICE.
- b) SEPARATE invoices are required for
  - (1) Change Orders;
  - (2) "Extra" Work;
  - (3) Contract Draws; and
  - (4) Retainage Reimbursement.
  - (5) Contract Draw Requests
- c) Invoices for contract draws must have the following information:
  - i) Date of invoice/request
  - ii) Subcontractors name, address, telephone, and FAX.

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- iii) Job name/address (i.e. Smith - 1234 Main Street)
- iv) Original Contract Amount
- v) Payments Received to Date
- vi) Current Amount Requested
- d) Change Orders
  - i) Change Order Draw Requests must be submitted within 10 WORKING DAYS after the work is completed so they can be processed in a timely manner. THEY MUST BE SUBMITTED SEPARATELY FROM ALL OTHER DRAW REQUESTS.
  - ii) Invoices for change orders must have the following information:
    - (1) Date of change order invoice/request
    - (2) Subcontractors name, address, telephone, and FAX.
    - (3) Job name/address (i.e. Smith - 1234 Main Street)
    - (4) Name of person who authorized work (i.e. Denison Development, Project Manager, or Owner)
    - (5) Description of work completed for Change Order
    - (6) Original contract amount
    - (7) Amount of Change Order
    - (8) New contract amount
  - iii) Change Orders often require the work of more than one subcontractor. Because of this, we can not submit a change order to the owner until all of the Subcontractors involved have completed their work and submitted Change Order Draw Requests. Therefore, we will have a thirty (30) day time period beginning from the date of work completion to process the change order to the Owner and make payments on Change Order Draw Requests.
- e) "Extra" Work
  - i) ALL "EXTRA" WORK DRAW PAYMENT REQUESTS MUST BE SUBMITTED SEPARATELY FROM CONTRACT AND CHANGE ORDER REQUESTS.
  - ii) The invoices for extra work must include the following information:
    - (1) Date of invoice/request
    - (2) Subcontractors name, address, telephone, and FAX.
    - (3) Job name/address (i.e. Smith - 1234 Main Street)

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(4) Person who authorized work (i.e. Denison Development, Project Manager, or Owner)

(5) **Signed authorization from a Denison Development project manager for the "Extra Work"**

(6) Description of work and/or materials used

(7) Amount requested

iii) If it is determined that the extra work is to be included as part of a change order, then payment will be made using the same time frame guidelines outlined in the Change Order section above. All other "Extra" Work Draw Requests/Invoices will be submitted with the next Denison Development, Inc. draw request to the Owner.

iv) Payment will be made to the Subcontractor as outlined under the Change Order section.

### f) TIME OF PAYMENT

i) All invoices for weekly-paid subcontractors must be submitted to the Denison Development Project Manager by TUESDAY AT 4:00 P.M. for approval & payment on Friday of the same week. Checks for invoices approved by project managers will be ready AFTER 3:00 P.M. ON FRIDAY at the office of denison development listed above. Invoices submitted on Tuesday are to be for WORK COMPLETED THROUGH FRIDAY OF THE PRECEDING WEEK.

ii) The dates that Denison Development, Inc. submits a "Payment Application" to the Owner will vary with each job depending upon how the job is financed and the specific requirements and/or limitations of each financial source. It is the responsibility of each individual Subcontractor to ask Denison Development, Inc. what the draw dates will be for the specific job on which the Subcontractor is working. There will be certain requirements, which will remain the same on all jobs. These requirements are outlined below:

iii) All draw requests must be turned in three (3) days before Denison Development, Inc. submits a Payment Application to the Owner to allow enough time for the draw to be prepared. Draw requests should be made in writing as outlined in Item 2 below before payment will be released.

iv) Time lapse between draw requests and payment to subcontractors will vary depending upon the specific contractual requirements of each job. It is the responsibility of the Subcontractor to ask Denison Development, Inc. what the payment time will be for the specific job on which they are working. The average time lapse is 7 to 10 working days from the date the Payment Application is submitted to the Owner.

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V) IT IS SUGGESTED THAT THE SUBCONTRACTOR TAKE THESE TIME FRAMES INTO CONSIDERATION WHEN SUBMITTING DRAW REQUESTS IF THEY HAVE SPECIFIC PAYROLL DEADLINES TO MEET.

### 5) LIEN WAVERS

- a) Partial Lien Waiver must be signed in order to have funds released for payment of Retainage. This Partial Lien Waiver will include the amount being paid to the Subcontractor, excluding any Retainage withheld.

### 6) NOTIFICATION OF SCHEDULE OR DELIVERY CHANGES

- a) We require notification by all subcontractors of any and all delays and/or changes in the work schedule and/or delivery of materials as soon as they occur.

### 7) CLEAN UP

- A) Subcontractors will be responsible for the clean up and disposal of their own trash. There will be an exterior trash receptacle (i.e. bin or dumpster) on each job site in which to place all trash. ANY SUBCONTRACTORS NOT CLEANING UP THEIR OWN TRASH WILL BE BACK-CHARGED FOR THE COST OF CLEAN UP. ANY UNPAID CLEAN-UP CHARGES WILL BE DEDUCTED FROM ANY CONTRACT, CHANGE ORDER, "EXTRA" WORK AND/OR RETAINAGE PAYMENTS.

### 8) SMOKING

- a) Smoking will be confined to "Designated Areas" only. At no time will smoking be allowed inside the clients home or building on which work is being performed.

### 9) DRUGS & ALCOHOL

- a) At no time will any drugs and/or alcohol be permitted on any of the Denison Development, Inc. job sites. Any violation of this will be cause for immediate dismissal.

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## 10) SIGNS

- a) Subcontractors are required to observe and abide by any and all signs posted on the job site.
- b) Signs posted by subcontractors must have approval before being posted.

Name of Sub-Contractor: \_\_\_\_\_

Signed: \_\_\_\_\_

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

By: \_\_\_\_\_

Title: \_\_\_\_\_