 <p><b>LBP RESOURCES AND DEVELOPMENT CORPORATION</b> 24<sup>TH</sup> Floor LBP Plaza 1598 M.H Del Pilar cor. Dr. J. Quintos St. Malate Manila</p>	<b>CONSTRUCTION MANAGEMENT DEPARTMENT MANUAL</b>	<b>Class Code: D</b>
		Reference Code:
		<b>OM-CMD-9.0</b>
		Revision Number:
		<b>00</b>
		Date: Effective
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## **A. LBRDC'S RESPONSIBILITY**


LBRDC shall assume full responsibility for the contract work from the time project construction commenced up to final acceptance by the Procuring Agency and shall be held responsible for any damage or destruction of the works except those occasioned by force majeure and fortuitous event. LBRDC shall be fully responsible for the safety, protection, security, and convenience of his personnel, third parties, and the public at large as well as the works, equipment, installation and the like affected by his construction work and shall be required to put a warranty security.

- A.1 The defects liability for the infrastructure projects shall be one year from project completion up to the final acceptance by the Procuring Agency. During this period, LBRDC shall undertake the repair works, at his own expense of any damage to the infrastructure projects on account of the use of materials of inferior quality within ninety (90) calendar days from the time the Procuring Agency has issued an order to undertake repair. In case of failure or refusal to comply with this mandate, the Procuring Agency shall undertake such repair at the expense of the Servicing Agency with prejudice to the penalty in the amount equivalent to 30% of the actual cost, but shall in no case be less than P 100,000.00. All receivables from the Servicing Agency shall be applied in payment of the actual costs incurred and penalties as provided herein.

## **B. DEFECTS DURING WARRANTY PERIOD**

- B.1 In case structural defects/failure occurring during the applicable warranty period, the Procuring Agency shall undertake the necessary restoration or reconstruction works and shall be entitled to full reimbursement by the parties found to be liable, of expenses incurred therein upon demand, without prejudice to the penalty in the amount equivalent to 30% of the actual cost, but in no case be less than P 100,000.00.

## **C. ADVANCE PAYMENT/MOBILIZATION FEE BOND**

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#### **D. GUARANTY BOND**

Note: On July 15, 2009, Procuring Agency’s Head Office Bids and Awards Committee approved the waiver of the following requirements in favor of LBRDC:

- a. Performance Security required to guarantee the faithful performance of its obligations under the contract;
- b. Advance Payment/Mobilization Fee Bond required prior to the release of advance payment;
- c. Guarantee Bond required prior to release of retention money; and
- d. Warranty Security which shall answer to the structural defects and/or failure of the completed project during the applicable warranty period.