



Information which should be included in your Client Contracts:

Even though the following discussion is presented as a matter of business management, there are legal consequences to any actions based on the information presented. Any action on your part with regard to this document should be discussed with your legal counsel. Builder-Resources.com is not a legal advisor, and is not practicing law by discussing the following business document. Please refer to the Builder-Resources.com [site disclaimer](#).

The Schematic Design Agreement

This is the first step in the design process. The proposed structure begins to take on a personality, with general outlines for rooms, window and door locations, preliminary kitchen and bath layouts, and notes concerning the client's design suggestions.

Elevations show what the exterior lines of the house will look like. Drawings include exterior wall elevations, roof line, windows and exterior doors and several 3-D perspectives of the concept.

A preliminary budget for the house is prepared using standard specifications, except where client has suggested alternative specifications.

The Design Development Agreement

In this step, you develop greater specificity based on schematic design. Decorative details are drawn, storage details are produced. Bathroom and kitchen details and specifications are determined.

Material specifications are determined based on client request and budget parameters. A specifications folder (electronic and/or hardcopy) is prepared.

Detailed drawings of special design area (moldings, bookcases, fireplaces, etc.) are completed.

A detailed budget is prepared. This budget should show the cost of customer specification requests and alternatives to assist the client to stay within budget constraints.

The Construction Drawings Agreement

In the final design step, you will develop a construction set of drawings. Client is advised that this is the information from which the house will be built.

The design includes design details with drawings and uploads of specifications, engineering details for structural and seismic considerations. Roof structural design, point loads, bearing locations, framing connections, structural component design are all included.

Trade (HVAC, plumbing, electrical, fire abatement) drawings are developed and included, as necessary.

The Company Scope of Work is included. This is a statement of what the Company will and will not accept as its construction responsibility.

The summary of work to be done by others is detailed.

Energy compliance calculations are made and documented.

A final budget, based on all known client specifications, is detailed and produced. This will become the contract amount, and should be as accurate as possible for this point in the process.

When you have completed this process, you should have everything necessary to proceed to the construction permit once the Construction Agreement has been executed.

The Construction Agreement

Components of the current Construction Agreement include:

1. **Purpose of the Agreement** - Purchaser, as General Contractor, is employing the Company, as a subcontractor, to oversee construction. The relative responsibilities of the parties are established immediately.
2. **Responsibilities under the Agreement** - Purchaser is the General Contractor. Company is a subcontractor. A further clarification of the roles of the parties.
3. **Agreement documents** - This Agreement, Floor plans and Elevations, Standard Specifications, Mold Disclaimer and Waiver, Builder Limited Warranty
4. **The Work** - Nothing outside the foundation. "Substantially in conformance" with designs and plans.
5. **What the Company is not responsible for** - Includes items such as hauling debris, off-site utility trenches, concealed conditions. Review this section on every job to add or delete per what has been agreed upon.

6. **Financing** - Agreement is contingent on meeting payment schedule. Start date contingent on satisfactory evidence that final payment can be made.
7. **The Agreement Price** - From final budget
8. **How payments are to be made** - 30%, 30%, 30%, 10% at specific milestones.
9. **Acceptance and final payment** - Three days to inspect, payment upon acceptance. Assumption of acceptance if no inspection made.
10. **Commencement and Completion** - Specific number of days, beginning after issuance of building permit. Exclusions for Client acts, weather, concealed conditions.
11. **Other Subcontractors and Employees** - Client, as General Contractor, can hire others for which the company bears no responsibility.
12. **Selections** - Specifications have a due date, after which The Company will make choices and Client approves such choices in advance.
13. **Substitution of Materials** - Structural materials and generic items can be substituted as long as there is no decrease in quality.
14. **Substitution of Design Features** - Company can change design features (door sizes, window sizes, etc.) as required by code or building process.
15. **Escalation Clause for Building Materials** - If material prices increase after contract signed, the Client agrees to pay increase.
16. **Special Circumstances - Right of Termination** - If the general prices increase more than a set percentage, Client can terminate contract with certain payment to The Company.
17. **Health Concerns Arising From Materials Used in Construction** - Client may request samples of any building product to test for harmful effects. Company gets copy of all test. Absence of request equals acceptance of products.
18. **Permits, Fees and Tests** - Defines which party pays for which permits, fees, and tests.
19. **Taxes** - Defines which party pays for which taxes.
20. **Change Orders** - Changes are expected and allowed. Only accepted if written and signed. Overhead percentage added to each change. Evidenced by "Customer Instructions".
21. **Insurances** - Company will maintain necessary insurances.
22. **Purchaser Obligations** - Purchaser will not obstruct construction process in any way.
23. **Concealed or Weather-Related Conditions** - Company has not investigated site conditions on Client's lot.
24. **Soil Engineer's Report** - Client's responsibility to secure a soils report.

25. **Radon** - Company has no responsibility for radon occurrences.
26. **Radon Disclaimer and Waiver** - Large, bold all caps disclaimer and waiver.
27. **Disputes** - Arbitration, Company reserves right to address deficiencies.
28. **Termination** - Client has right to assume Project Manager duties, Company entitled to full project payment.
29. **The Limited Warranty** - Limited warranty is only warranty.
30. **Miscellaneous** - Company signs on site allowed, unlimited use of photographs of project on Company website and in Company marketing.

The Exhibits

Floor Plans and Elevations

Final iteration of drawings, usually the result of the Construction Drawing Agreement. If the plans have been generated elsewhere, the title, date, and iteration of the plans is noted in the Construction Agreement.

Initial Specifications

This is a copy of the specifications developed using the process outlined in the Initial Specifications page of the website. It represents only the known specifications at the time of contract, of course, and allows for additional changes.

Mold Disclaimer and Waiver

The issue of mold in the home has declined in the last couple of years, but can have devastating implications for the builder. This document discusses the causes of mold growth in the home, explains that much of the prevention relies on housekeeping, provides a prevention regimen, and includes a mold disclaimer and waiver for the builder.

The client has ample time and opportunity to inspect the premises for mold prior to occupancy. After that, absent construction problems, mold growth is essentially an occupancy issue.

Components of the Mold Disclaimer and Waiver include:

1. What the Client should know about mold.
2. Homeowner mold prevention steps.
3. Mold prevention resources.
4. Mold disclaimer and waiver.

Builder Limited Warranty

The document, issued as a component of the Construction Contract, is a "Sample" because the actual Builder Limited Warranty is only issued at the completion of the construction.

It is included as part of the Construction Agreement to allow the Client to review the limited warranty, but does not become effective until all payments pursuant to that agreement have been satisfied.

Components of the Builder-Resources Builder Limited Warranty include:

1. It is a Limited Warranty.
2. A specific beginning and ending date.
3. An explanation of limited coverage.
4. Specific exclusions.
5. A list of "pass-through" warranties.
6. The Company rights with regard to warranty service.
7. Warranty limitations.
8. Maintenance requirements by Purchaser.
9. Non-warrantable conditions.
10. Warranty remedies available to the Client.
11. Warranty disclaimer.