

Construction Contract

This is a template, not legal advice

This document is a general-purpose template provided for information only. It is not legal advice, it does not create a lawyer-client relationship, and nobody has reviewed it against your situation.

Laws differ by country, state and province, and they change. A clause that is standard in one place can be unenforceable — or illegal — in another. Terms that are ordinary between two businesses can be void in a consumer or employment context.

Read every clause before you use it, fill in every blank, and delete anything that does not apply. For anything high-value, unusual, or that you could not afford to lose a dispute over, have a qualified lawyer in your jurisdiction review it before it is signed.

How to use this template

1. Read it end to end and delete any clause that does not apply to you. Blanks are shown as a grey label on a line.
2. Need the other party to sign too, with an audit trail and a tamper-evident seal? That is what the paid product does.

Construction Contract

This Construction Contract (this "Agreement") is made on [Date] between [Owner's full legal name] of [Owner's address] (the "Owner") and [Contractor's full legal name] of [Contractor's address] (the "Contractor"). The Owner and the Contractor are each a "Party" and together the "Parties".

The Owner owns, leases or otherwise controls the real property located at [Project address] (the "Project Site") and wishes to have the Contractor perform the construction work described in this Agreement (the "Work") at the Project Site. The Contractor represents that it is licensed and qualified to perform the Work and is willing to do so on the terms set out in this Agreement.

1. Scope of Work

The Contractor shall furnish all labor, materials, equipment, tools and supervision necessary to perform the following construction work at the Project Site (the "Work"): [Describe the Work, e.g. construction of a single-story commercial building of approximately X square feet] .

The Work shall be performed in accordance with the plans, drawings and specifications prepared by [Architect or engineer name, or state none] , dated [Plans date] , attached to this Agreement as Exhibit A and incorporated by reference (the "Plans"). If a conflict arises between this Agreement and the Plans, this Agreement governs unless the Parties agree otherwise in writing.

The following work is expressly excluded from the Work and remains the Owner's responsibility unless later added by change order under clause 3:

[List exclusions, e.g. landscaping, furniture, fixtures and equipment not shown on the Plans, or state none] .

The Contractor shall obtain all permits, inspections and approvals required by the authority having jurisdiction for the Work, except for the following, which the Owner shall obtain: [List any permits the Owner will obtain, or state none] . The Owner shall provide the Contractor with reasonable access to the Project Site and shall not unreasonably interfere with the Work or with any separate contractor the Contractor engages.

2. Contract Price and Progress Payments

In consideration of the Work, the Owner shall pay the Contractor [Contract price, e.g. a fixed lump-sum contract price of \$X] (the "Contract Price"). The Contract Price is subject to adjustment only by a written change order under clause 3.

The Contractor shall submit an application for payment to the Owner [Payment application frequency, e.g. monthly, on the 25th of each month] , itemizing the

Work performed and the percentage of completion against the schedule of values attached as Exhibit B. The Owner shall pay each undisputed application, less retainage under clause 6, within [Payment period, e.g. ten (10) days] of receipt.

If the Owner disputes any part of an application for payment, it shall notify the Contractor in writing within [Dispute window, e.g. five (5) business days] of receipt, stating its reasons and identifying the undisputed portion, which remains payable on the date stated above.

An amount that remains unpaid more than [Grace period, e.g. ten (10) days] after its due date accrues interest at [Late payment interest rate, e.g. 1.5% per month], and the Contractor may, on [Notice period before stopping work, e.g. seven (7) days] written notice, stop the Work until payment is received. A stoppage under this clause is not a breach by the Contractor and extends the Contract Time under clause 4 by the length of the stoppage.

3. Change Orders

Neither Party shall make, and the Contractor shall not be paid for, any change to the Work described in clause 1 unless it is authorized by a written change order signed by both Parties before the changed work begins — except in a genuine emergency threatening life or property, in which case the Contractor shall proceed as necessary and notify the Owner as soon as reasonably possible.

A change order shall state the change in the Work, the resulting adjustment (if any) to the Contract Price, and the resulting adjustment (if any) to the Contract Time. Either Party may propose a change order; the Contractor shall price it using

[Pricing method for changes, e.g. the unit prices in Exhibit B, a lump-sum quotation, or time and materials at the rates in Exhibit C]

before either Party is obligated to proceed with it.

The Owner may order the Contractor in writing to stop or suspend the Work at any point. The Contract Price and Contract Time shall be equitably adjusted for the reasonable cost and delay the suspension causes the Contractor.

4. Time for Completion

The Contractor shall commence the Work on [Start date] and achieve Substantial Completion, as defined in clause 5, by [Substantial completion date] (the "Contract Time"), subject to adjustment under this clause and clause 3.

The Contract Time is extended by the number of days the Contractor is actually delayed by an event beyond its reasonable control, including

[Excusable delay categories, e.g. severe weather, acts of God, labor disputes, or delay caused by the Owner],

provided the Contractor notifies the Owner in writing within

[Delay notice period, e.g. five (5) business days] of becoming aware of the event causing the delay.

If the Work is not substantially complete by the Contract Time as extended under this clause, the Contractor shall pay the Owner

[Liquidated damages, e.g. \$X per day of delay, or state that no liquidated damages apply] for each day of delay not covered by an extension, as the Parties' agreed estimate of the Owner's resulting loss and not as a penalty.

5. Substantial Completion and Punch List

"Substantial Completion" means the stage at which the Work, or an agreed portion of it, is sufficiently complete that the Owner can occupy or use it for its intended purpose, even though minor items remain to be finished or corrected. The Contractor shall notify the Owner in writing when it considers the Work substantially complete.

Within [Inspection period, e.g. ten (10) days] of that notice, the Parties shall jointly inspect the Work and prepare a written punch list of incomplete or defective items that do not prevent the Owner's intended use of the Work. The date of Substantial Completion is the date stated on a certificate of substantial completion signed by both Parties or, if the Owner does not respond to the Contractor's notice within that period and the Work is in fact substantially complete, the date of the Contractor's notice.

The Contractor shall complete all punch list items within [Punch list completion period, e.g. thirty (30) days] of the date of Substantial Completion.

"Final Completion" occurs when the Contractor has completed every punch list item, delivered any warranties, operating manuals, lien waivers and close-out documents required by this Agreement, and the Owner has accepted the Work in writing.

6. Retainage

The Owner shall withhold [Retainage percentage, e.g. ten percent (10%)] of each progress payment under clause 2 as retainage until Substantial Completion. On Substantial Completion, the Owner shall reduce retainage on further payments to [Reduced retainage percentage, e.g. five percent (5%), or state that retainage is released in full] , withheld only against the value of the punch list items under clause 5.

The Owner shall pay the Contractor the full remaining retainage within [Retainage release period, e.g. thirty (30) days] of Final Completion, less any amount the Owner reasonably withholds for incomplete punch list items, unreleased liens, or other amounts properly withheld under this Agreement, which the Owner shall itemize to the Contractor in writing.

7. Materials and Workmanship

All materials incorporated into the Work shall be new and of the grade and manufacturer specified in the Plans or, where none is specified, of good commercial quality suitable for its intended use. The Contractor shall perform the Work in a good and workmanlike manner, consistent with generally accepted construction industry standards and in compliance with all applicable building codes and laws.

The Contractor shall not substitute a material, product or method specified in the Plans without the Owner's prior written consent. A substitution of equal or better quality that the Owner approves does not change the Contract Price unless the Parties agree otherwise in the approval.

The Contractor shall keep the Project Site reasonably free of debris arising from the Work and shall remove all of its tools, equipment and surplus materials from the Project Site on Final Completion.

8. Warranty

The Contractor warrants that the Work will be free from defects in materials and workmanship for [Warranty period, e.g. one (1) year] from the date of Substantial Completion (the "Warranty Period"). During the Warranty Period, the Contractor shall correct, at its own expense, any Work that fails to conform to this warranty, on written notice from the Owner describing the defect.

This warranty does not cover damage caused by the Owner's misuse, lack of proper maintenance, ordinary wear and tear, or alterations made by anyone other than the Contractor or someone acting on its behalf. It does not limit any longer warranty provided by a manufacturer of materials or equipment incorporated into the Work, which the Contractor shall assign to the Owner at Final Completion.

Except as stated in this clause, the Contractor makes no other warranty, express or implied, including any implied warranty of merchantability or fitness for a particular purpose.

9. Insurance and Permits

Before starting the Work, the Contractor shall obtain and maintain, at its own expense and for the duration of the Work, commercial general liability insurance of at least [General liability coverage, e.g. \$1,000,000 per occurrence] , workers' compensation insurance as required by law, and

[Additional required insurance, e.g. commercial automobile liability and builder's risk insurance, or state none] .

The Contractor shall provide the Owner with a certificate of insurance evidencing this coverage before starting the Work and shall name the Owner as an additional insured on its general liability policy.

The Owner shall maintain builder's risk or equivalent property insurance covering the Project Site and the Work in progress against fire and other perils, unless the Parties state above that the Contractor carries it instead.

The Contractor represents that it holds, and shall keep current for the duration of the Work, every contractor's license required by the jurisdiction where the Project Site is located, and shall provide evidence of it to the Owner on request.

10. Indemnification

The Contractor shall indemnify the Owner against any loss, liability, damage, cost and reasonable legal expense arising from bodily injury, death or property damage caused by the negligence or wilful misconduct of the Contractor or its subcontractors in performing the Work, except to the extent caused by the Owner's own negligence.

The Owner shall indemnify the Contractor against any loss, liability, damage, cost and reasonable legal expense arising from the Owner's negligence or wilful misconduct, or from a pre-existing condition at the Project Site that the Owner knew or should have known about and did not disclose to the Contractor before the Work began.

A Party seeking indemnity shall notify the other promptly on becoming aware of the claim, allow the indemnifying Party to control its defence and settlement, and give reasonable assistance at the indemnifying Party's expense. No settlement that imposes an obligation or admission on the indemnified Party may be agreed without that Party's written consent.

11. Default and Termination

The Owner is in default if it fails to pay an undisputed amount when due under clause 2 or 6 and does not cure that failure within [Owner cure period, e.g. ten (10) days] of written notice. The Contractor is in default if it abandons the Work, fails to supply enough properly skilled workers or materials, fails to pay its subcontractors or suppliers for completed work, or otherwise fails to perform in accordance with this Agreement, and does not cure that failure within [Contractor cure period, e.g. seven (7) days] of written notice describing the default.

If the Contractor is in default and does not cure within the period above, the Owner may terminate this Agreement for cause, take possession of the Project Site and the materials on it, and complete the Work itself or through another contractor. The Contractor shall be paid for Work properly performed before termination, less the reasonable cost the Owner incurs to complete the Work and any other loss the default causes the Owner, and shall pay the Owner any excess of that cost over the unpaid Contract Price.

If the Owner is in default and does not cure within the period above, the Contractor may stop the Work and, if the default continues for a further [Additional cure period before contractor termination, e.g. ten (10) days], terminate this Agreement and recover payment for all Work properly performed, reasonable demobilization costs, and proven profit on the unperformed Work.

Either Party may terminate this Agreement for the Owner's convenience on [Termination for convenience notice, e.g. seven (7) days] written notice. On a termination for convenience, the Contractor shall be paid for Work properly performed to the date of termination, reasonable demobilization costs, and costs reasonably incurred for materials specially ordered for the Work that the Contractor cannot cancel or return.

12. Dispute Resolution

Before starting arbitration or litigation, the Parties shall attempt in good faith to resolve any dispute arising out of this Agreement or the Work through direct negotiation between authorized representatives for at least [Negotiation period, e.g. ten (10) days].

If the dispute is not resolved by negotiation, the Parties shall

[Next step, e.g. submit it to mediation, submit it to binding arbitration, or proceed to the courts named in clause 13].

13. Governing Law and Jurisdiction

This Agreement, and any dispute or claim arising out of it or the Work, are governed by the laws of [Governing law, e.g. the state where the Project Site is located]. The Parties submit to the exclusive jurisdiction of the courts of [Jurisdiction].

14. General

This Agreement, together with the Plans and any exhibits and change orders signed under it, is the entire agreement between the Parties about the Work and replaces any earlier proposal, quotation or understanding on that subject. It may only be amended in writing signed by both Parties, except as clause 3 permits for changes to the Work.

The Contractor may subcontract part of the Work with the Owner's consent, not to be unreasonably withheld, and remains responsible for each subcontractor's performance and for paying it. Neither Party may assign this Agreement without the other's written consent, except that either Party may assign it to a successor of its business or, for the Owner, of its interest in the Project Site.

Neither Party is liable for a failure or delay in performance caused by an event beyond its reasonable control, provided it notifies the other promptly and resumes performance as soon as it reasonably can. If any provision is held unenforceable, the remainder continues in force. A failure to enforce a provision is not a waiver of it. Notices must be given in writing to the addresses above or to an email address the Parties have used for the Work. This Agreement may be signed in counterparts and by electronic signature, each of which is an original and all of which together form one agreement.

In agreement with the terms above, the parties have signed below on the dates written beside their signatures.

Owner

Signature:

Printed name:

Company:

Title:

Date:

Contractor

Signature:

Printed name:

Company:

Title:

Date: