

A special report from the  
**American Homeowners Association™**  
**The Homeowner's**

# Model Contractor Agreement

Helpful Guidelines for a Happier Home  
Remodeling Experience.  
Steps to take to have your home  
remodeling contract protect you.

## **Introduction**

This simplified model owner and contractor agreement covers the major areas of consideration for most major home improvement projects. While not every provision may be appropriate for all contracts, it does draw attention to the most important subjects relevant to contractual obligations.

There may be additional terms or legal provisions that might be suggested by the homeowner, an attorney, or contractor which might be appropriate for the job under consideration. It is always wise to have your legal counsel review the contract if the job is large and/or unique.

Because the circumstances vary considerably from one job to another, we make no claims, express or implied, that this simplified owner and contractor agreement will protect all owners or all contractors against all possible circumstances, and expressly disclaim any liability therefor. It is also fair and in the best interest of the homeowner and the contractor that the description of work to be done be as thorough and specific as possible. Plans and/or materials lists and/or other relevant information should be referenced in the document and attached as an addendum.

Homeowners can avoid many problems by selecting a qualified contractor. While there are no guarantees, risks are reduced if the homeowner makes certain that the contractor has all required licenses in the state or locality, is covered by workers compensation, property, and personal liability insurance, and is bonded. Ask to see a copy of the insurance certificate or the name of the insurance carrier so you can verify the policy.

Check the local Better Business Bureau to make sure there is not a history of dissatisfied customers,. Ask for current references. Best are those with jobs just completed or still underway. Since both subcontractors and employees change over time this gives a better measure of current capability and performance.

Ask if they are a member of the National Association of the Remodeling Industry, the National Association of Home Builders Remodelers Council, and/or any of the trade associations representing specific sectors of the remodeling industry. Most offer educational programs that keep members current on technology and management practices, and many have certification programs. Membership in these trade associations is one likely indicator of the contractor's commitment to the trade and to professionalism.

In most regions a down payment representing costs of materials and other early costs is expected. Beyond that homeowners should seek to break the job down into as many discrete components as is reasonable, and to keep the payments related to the costs of materials and labor for that component. Homeowners shouldn't get into a position where they've paid 90% of the total price and the job is only half done.

Remember, a major remodeling job is a complex undertaking bringing together thousands of parts and components, a variety of human skills, and a variety of uncontrollable variables (not the least of which is weather). Start early and allow plenty of time for unanticipated delays at each stage of the process. Unavoidable delays are not uncommon. Small glitches are likely under the best of circumstances. Keep your sense of humor.

## **General Provisions Applicable Unless Modified Under Section G Of Agreement**

**1. Contract Documents:** The contract documents consist of this agreement, including all general provisions, special provisions, specifications, drawings, addenda, change orders, written interpretations, and written orders for minor changes in work. Work not covered by contract documents will not be required unless it is required by reasonable inference as being necessary to produce the intended result. By executing the contract, the contractor represents that he/she has visited the site and understands local conditions including state or local regulations and conditions under which the work is to be performed.

**2. Owner:** Unless otherwise provided for in section G, the owner shall secure and pay for necessary easements, exceptions from zoning requirements, or other actions which must precede the approval of a permit for this project. If owner fails to do so this contract is void. If the contractor fails to correct defective work or persistently fails to carry out the work in accordance with the agreement or general provisions, the owner may order the contractor in writing to stop such work, or a part of the work until the cause for the order has eliminated.

**3. Contractor:** The contractor shall supervise and direct the work and the work of all subcontractors. He or she shall use the best skill and attention and shall be solely responsible for all construction methods and materials and for coordinating all portions of the work. Unless otherwise specified in section G, the contractor shall provide for and/or pay for all labor, materials, equipment, tools, construction equipment and machinery, transportation, and other goods, facilities, and services necessary for the proper execution and completion of the work. The contractor shall maintain order and discipline among employees and shall not assign anyone unfit for the task at hand. The contractor warrants to the owner that all materials and equipment incorporated are new unless otherwise specified and that all work will be of good quality and free of defects or faults. The contractor shall pay all sales, use and other taxes related to the work and shall secure and pay for building permits and/or other permits, fees, inspections and licenses necessary for completion of the work unless otherwise specified. The contractor shall comply with all rules, regulations, laws, ordinances, and orders of any public authority bearing on the performance of the work. The contractor is responsible for and indemnifies the owner against acts and omissions of employees, subcontractors and their employees, or others performing the work under agreement and with the contractor. The contractor will provide shop drawings, samples, product data or other information provided for by section G. The contractor shall keep the owner's residence free from waste or rubbish resulting from the work. All waste, rubbish, tools, construction materials, and machinery shall be removed promptly after the completion of the work by the contractor. The contractor shall pay all royalties, license fees, and shall hold the owner harmless for loss on account thereof. The contractor shall indemnify and hold harmless the owner for and against all claims, damages, losses, expenses, legal fees or other costs arising or resulting from the contractor's performance of the work or provisions of this section.

**4. Subcontractors:** Subcontractors shall be selected by the contractor, except that the contractor shall employ no subcontractor to whom the owner shall have a reasonable objection, nor shall the contractor be required by the owner to employ any subcontractor to whom the contractor has a reasonable objection.

**5. Work By Owner Or Other Contractor:** The owner reserves the right to perform work related to the project but which is not a part of this agreement, and to award separate contracts in connection with other portions of the project not detailed in this agreement. All contractors and subcontractors shall be afforded reasonable opportunity for the storage of materials and equipment by the owner and by each other. Any costs arising by defective or ill-timed work shall be borne by the responsible party.

**6. Other Provisions:** Claims or disputes relating to the Agreement or General Provisions shall be resolved by mediation or arbitration services provided by consumer affairs offices of local governments or local members of the National Academy of Conciliators (tel. 214/638-5633), the Center for Dispute Settlement (tel. 202/265/9572), or the American Arbitration Association (tel. 212/484-4000) unless both parties mutually agree to other methods.

**7. Time:** With respect to scheduled completion of tasks in section E, time is of the essence. If the contractor is delayed at anytime in the progress of the work by owner change orders, fire, labor disputes, acts of God or other causes beyond the contractor's control, the completion schedule (section E) for the work or affected parts of the work shall be extended by the same amount of time caused by the delay.

**8. Payments And Completion:** Payments may be withheld because of

- 1) defective work not remedied.
- 2) failure of contractors to make proper payments to subcontractors, workers, or suppliers,
- 3) persistent failure to carry out work in accordance with this agreement or these general conditions.
- 4) legal claims.

Final payment shall be due after complete release of any and all liens arising out of the contract or submission of receipts or other evidence of payment covering all subcontractors or suppliers who could file such a lien. The contractor indemnifies the owner against such liens and shall refund all monies including costs and reasonable attorney's fees paid by the owner in discharging the liens.

**9. Protection Of Property And Person:** The contractor is responsible for initiating, maintaining, and supervising all necessary or required safety programs. He should comply with all applicable rules, regulations, ordinances, orders or laws of federal, state, county, or local government. The contractor shall indemnify the owner for all property loss or damage to the owner caused by his employees, or his direct or sub-tier subcontractors.

**10. Insurance:** The contractor shall purchase and maintain such insurance necessary to protect from claims under workers compensation and from any damage to the owner's property resulting from the conduct of this contract.

**11. Changes In The Contract:** The owner may order changes, additions, or modifications without invalidating the contract. Such changes must be in writing and signed by the owner. The contractor shall provide the owner in writing the amount of additional costs or cost reductions resulting from changes ordered within 5 working days unless this requirement is waived in writing by the owner.

**12. Correction Of Deficiencies:** The contractor shall correct promptly any work of his own or his subcontractors found to be defective or not complying with the terms of the contract. This warranty shall extend one year from the date of completion of the contract or longer if prescribed by law unless otherwise specified by other terms of this contract.

**13. Termination:** If the owner fails to make a payment under the terms of this contract (through no fault of the contractor), the contractor may, upon five days written notice to the owner, and if not satisfied, terminate the contract. The owner shall pay the contractor for work completed and any proven loss sustained on wages, materials, equipment and machinery, subcontractors and related costs, as well as reasonable attorney's fees. If the contractor fails or neglects to carry out the terms of the contract the owner, after five days written notice to the contractor, may terminate the contract, The owner may finish the job by whatever reasonable method the owner deems expedient, If the cost of completion exceeds the contract balance the difference as well as reasonable attorney's fees if necessary shall be paid to the owner by the contractor.

SIGNED

\_\_\_\_\_OWNER \_\_\_\_\_CONTRACTOR

\_\_\_\_\_CO-OWNER \_\_\_\_\_COMPANY

\_\_\_\_\_DATE \_\_\_\_\_DATE

**MODEL  
HOMEOWNER/HOME IMPROVEMENT CONTRACTOR AGREEMENT**

Owner(s) \_\_\_\_\_

Street \_\_\_\_\_

City \_\_\_\_\_

State/Zip \_\_\_\_\_

Telephone \_\_\_\_\_

Contractor \_\_\_\_\_

Contact Person \_\_\_\_\_

City \_\_\_\_\_

State/Zip \_\_\_\_\_

Telephone \_\_\_\_\_

A. General Description of the project: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_



Trade-ins or other elements of compensation are as follows (describe if applicable):

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E. Progress payments will be made in the following amounts on the following completion schedule (fill in appropriate numbers of tasks to be completed and amount to be paid at completion of each):

Completed Task Amount to be Paid

1. _____	\$ _____
2. _____	\$ _____
3. _____	\$ _____
4. _____	\$ _____
5. _____	\$ _____
6. _____	\$ _____
7. _____	\$ _____
8. _____	\$ _____

Amount to be retained for \_\_\_\_\_ days after completion to assure correction of defects and/or assure system performance and/or passage of inspection: \$ \_\_\_\_\_

Total (should equal total amount of contract): \$ \_\_\_\_\_

F. Payments due and unpaid beyond \_\_\_\_\_ days after completion of (check one) contract \_\_\_\_\_ or completion \_\_\_\_\_ of specific events under progress payment schedule shall bear interest payable to contractor at (fill in) \_\_\_\_\_% simple annual interest,

G. Other Special Provisions: \_\_\_\_\_

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**7. Time:** With respect to scheduled completion of tasks in section E, time is of the essence. If the contractor is delayed at anytime in the progress of the work by owner change orders, fire, labor disputes, acts of God or other causes beyond the contractor's control, the completion schedule (section E) for the work or affected parts of the work shall be extended by the same amount of time caused by the delay.

**8. Payments And Completion:** Payments may be withheld because of

- 1) defective work not remedied.
- 2) failure of contractors to make proper payments to subcontractors, workers, or suppliers,
- 3) persistent failure to carry out work in accordance with this agreement or these general conditions.
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Final payment shall be due after complete release of any and all liens arising out of the contract or submission of receipts or other evidence of payment covering all subcontractors or suppliers who could file such a lien. The contractor indemnifies the owner against such liens and shall refund all monies including costs and reasonable attorney's fees paid by the owner in discharging the liens.

**9. Protection Of Property And Person:** The contractor is responsible for initiating, maintaining, and supervising all necessary or required safety programs. He should comply with all applicable rules, regulations, ordinances, orders or laws of federal, state, county, or local government. The contractor shall indemnify the owner for all property loss or damage to the owner caused by his employees, or his direct or sub-tier subcontractors.

**10. Insurance:** The contractor shall purchase and maintain such insurance necessary to protect from claims under workers compensation and from any damage to the owner's property resulting from the conduct of this contract.

**11. Changes In The Contract:** The owner may order changes, additions, or modifications without invalidating the contract. Such changes must be in writing and signed by the owner. The contractor shall provide the owner in writing the amount of additional costs or cost reductions resulting from changes ordered within 5 working days unless this requirement is waived in writing by the owner.

**12. Correction Of Deficiencies:** The contractor shall correct promptly any work of his own or his subcontractors found to be defective or not complying with the terms of the contract. This warranty shall extend one year from the date of completion of the contract or longer if prescribed by law unless otherwise specified by other terms of this contract.

**13. Termination:** If the owner fails to make a payment under the terms of this contract (through no fault of the contractor), the contractor may, upon five days written notice to the owner, and if not satisfied, terminate the contract. The owner shall pay the contractor for work completed and any proven loss sustained on wages, materials, equipment and machinery, subcontractors and related costs, as well as reasonable attorney's fees. If the contractor fails or neglects to carry out the terms of the contract the owner, after five days written notice to the contractor, may terminate the contract. The owner may finish the job by whatever reasonable method the owner deems expedient, If the cost of completion exceeds the contract balance the difference as well as reasonable attorney's fees if necessary shall be paid to the owner by the contractor.

SIGNED

\_\_\_\_\_ OWNER \_\_\_\_\_ CONTRACTOR

\_\_\_\_\_ CO-OWNER \_\_\_\_\_ COMPANY

\_\_\_\_\_ DATE \_\_\_\_\_ DATE