

Construction Contract

This Construction Contract ("Contract") is made and entered into on this **13th day of January, 2025**, by and between:

Owner:

John Doe Construction
1234 Oakwood Drive
Springfield, IL 62701
Phone: (555) 123-4567
Email: johndoe@example.com

Contractor:

Smith & Sons Builders Inc.
5678 Maple Street
Springfield, IL 62701
Phone: (555) 987-6543
Email: info@smithandsons.com

Project:

Construction of a Single-Family Residential Home at 7890 Birchwood Lane, Springfield, IL 62701.

Recitals

This section provides the background of the agreement.

1. **WHEREAS**, the Owner desires to have construction services provided for the construction of a single-family residential home, including site preparation, foundation work, framing, electrical and plumbing installation, roofing, interior finishes, and other related tasks.
2. **WHEREAS**, the Contractor, having the necessary experience, qualifications, and capabilities, agrees to perform the construction work in accordance with the terms and conditions set forth in this Contract.
3. **NOW, THEREFORE**, in consideration of the mutual covenants and promises contained herein, the parties agree as follows:

Article 1: Definitions

This section defines key terms used throughout the contract.

1. **"Work"** refers to all labor, materials, services, equipment, and other items necessary for the construction of the Project, including but not limited to excavation, concrete foundation, framing, electrical systems, plumbing, HVAC, finishes, and landscaping.

2. **"Contract Documents"** include this agreement, all construction plans, specifications, drawings, and any amendments, addenda, or modifications made during the course of the Project.
3. **"Completion Date"** refers to the date on which the Contractor is required to complete the Work, as stipulated in Article 4 of this Contract.

Article 2: Scope of Work

This section outlines the work to be performed in detail.

1. The Contractor shall perform the Work described in the attached construction drawings and specifications dated **December 1, 2024**, prepared by **XYZ Design Associates**. The Work includes, but is not limited to, the following tasks: a. **Site Preparation**: Clearing, grading, and excavation of the building site, including installation of necessary erosion control measures. b. **Foundation**: Pouring and finishing a concrete foundation with footings, stem walls, and slab, as per the approved structural plans. c. **Framing**: Framing of exterior walls, floors, and roof, using **Douglas Fir** lumber with **2x4** studs and **OSB** sheathing. d. **Electrical and Plumbing**: Installation of all electrical wiring, outlets, light fixtures, circuit breakers, and plumbing lines for water supply and drainage. e. **HVAC**: Installation of heating, ventilation, and air conditioning systems to meet the energy code requirements. f. **Roofing**: Installation of asphalt shingles with a 30-year warranty, including flashing, underlayment, and ridge vents. g. **Interior Finishes**: Drywall installation, painting, flooring, cabinetry, and fixtures (bathroom and kitchen). h. **Landscaping**: Final grading, installation of sod, trees, and shrubs, and construction of a driveway with concrete pavers.
2. The Owner acknowledges that the scope of work is clearly outlined and agrees that any changes to the Work shall be handled in accordance with Article 5 (Changes in the Work).

Article 3: Contract Price

This section outlines the payment terms, including total contract amount and payment schedule.

1. **Total Contract Price**: The total price for the completion of the Work under this contract is **\$350,000**, subject to adjustments as specified in this Contract. This price includes all labor, materials, tools, permits, and overhead costs.
2. **Payment Schedule**: Payments will be made according to the following milestones: a. **Mobilization Fee**: 10% of the Total Contract Price upon signing of this Contract, amounting to **\$35,000**. This payment is for initial site setup, obtaining permits, and project management. b. **Foundation Completion**: 30% of the Total Contract Price upon completion of the foundation and slab, amounting to **\$105,000**. c. **Framing and Rough-In Inspection**: 25% of the Total Contract Price upon completion of framing and the

rough-in inspection for electrical and plumbing systems, amounting to **\$87,500**. d.

Roofing and Exterior Finishes: 20% of the Total Contract Price upon completion of the roofing and exterior finishes, amounting to **\$70,000**. e. **Final Completion:** 15% of the Total Contract Price upon final inspection and issuance of a Certificate of Occupancy, amounting to **\$52,500**.

3. **Late Payments:** If the Owner fails to make any payment on time, the Contractor may charge interest at a rate of **1.5% per month** on the overdue amount.
4. **Adjustments:** Any adjustments to the Total Contract Price due to Change Orders, unforeseen conditions, or additional work will be agreed upon in writing between the Owner and Contractor.

Article 4: Duration and Time of Completion

This section defines the expected duration of the project and the timeline for completion.

1. **Start Date:** The Work will commence on **February 1, 2025**, following the execution of this Contract and receipt of the initial mobilization payment.
2. **Completion Date:** The Work shall be completed on or before **December 1, 2025**, subject to any extensions as described below.
3. **Extensions:** The Completion Date may be extended by up to **30 days** for the following reasons: a. Delays caused by weather conditions, such as severe storms or flooding. b. Delay in the delivery of materials that are beyond the Contractor's control. c. Changes in the scope of work as mutually agreed by both parties.
4. **Time is of the Essence:** The Contractor agrees to complete the Work in accordance with the timelines specified in this Article. If the Work is delayed beyond the Completion Date without valid justification, the Contractor will pay the Owner **\$500 per day** as liquidated damages.

Article 5: Changes in the Work

This section addresses how changes to the project will be handled.

1. **Change Orders:** Any modification to the Work or Contract Price must be made through a written Change Order, which will detail the scope of the change, the impact on the Contract Price, and the effect on the completion schedule.
2. **Procedure for Change Orders:**
 - a. The Contractor shall provide a written estimate for any changes to the Work, including an itemized cost breakdown and the impact on the project timeline.
 - b. The Owner will review and either approve or reject the Change Order within **7 calendar days**. Once approved, the Change Order will be signed by both parties and become part of the Contract.

3. **Cost of Change Orders:** Any Change Order that increases the Contract Price shall be billed as follows: a. Labor costs at a rate of **\$75 per hour** for general labor and **\$150 per hour** for specialized labor. b. Material costs at the Contractor's cost plus **20% markup**.

Article 6: Responsibilities of the Contractor

This section outlines the duties and obligations of the Contractor.

1. **Quality of Work:** The Contractor will perform the Work in a professional manner, consistent with industry standards and the specifications provided in the Contract Documents. All materials shall be new, free from defects, and compliant with applicable codes.
2. **Materials and Equipment:** The Contractor will supply all necessary materials and equipment to complete the Work. Any substitutions or deviations from the specified materials must be approved by the Owner in writing.
3. **Permits and Licenses:** The Contractor is responsible for obtaining all necessary permits, licenses, and inspections required by local authorities for the construction of the Project.
4. **Supervision:** The Contractor will provide full-time on-site supervision by a qualified project manager who will be responsible for overseeing the construction and coordinating subcontractors and suppliers.

Article 7: Responsibilities of the Owner

This section outlines the Owner's responsibilities during the project.

1. **Access to the Site:** The Owner will provide the Contractor with unrestricted access to the property for the duration of the Project, from **8:00 AM to 6:00 PM** each workday.
2. **Payment:** The Owner agrees to make timely payments according to the payment schedule outlined in Article 3.
3. **Approvals:** The Owner will provide prompt approvals for materials, designs, and any decisions necessary for the completion of the Work.
4. **Site Conditions:** The Owner is responsible for ensuring the site is free of hazardous conditions and obstacles that might interfere with the Contractor's work.

Article 8: Insurance and Bonds

This section covers the required insurance and bonds for the project.

1. **Insurance:**
 - a. The Contractor shall maintain general liability insurance with a minimum coverage of

\$1,000,000 per occurrence and **\$2,000,000** aggregate coverage.

b. The Contractor shall also maintain workers' compensation insurance in accordance with state law. c. The Owner shall be named as an additional insured on the Contractor's insurance policies.

2. **Bonds:**

a. The Contractor shall provide a performance bond and a payment bond, each in the amount of **100% of the Contract Price**, to guarantee the satisfactory completion of the Work and the payment of all subcontractors and suppliers.

Article 9: Indemnity

This section addresses the indemnification between the parties.

1. **Contractor's Indemnity:** The Contractor agrees to indemnify and hold harmless the Owner from any damages, losses, or claims arising from the Contractor's negligence, errors, or omissions during the performance of the Work.
2. **Owner's Indemnity:** The Owner agrees to indemnify and hold harmless the Contractor from any damages, losses, or claims arising from site conditions or Owner-caused delays.

Article 10: Termination

This section describes the conditions under which the contract may be terminated.

1. **Termination by Owner:** The Owner may terminate the contract if the Contractor: a. Fails to perform the Work according to the terms of this Contract. b. Becomes insolvent or files for bankruptcy. c. Fails to complete the Work within **30 days** of the Completion Date.
2. **Termination by Contractor:** The Contractor may terminate the contract if the Owner: a. Fails to make required payments as stipulated in the payment schedule. b. Fails to provide necessary approvals, permissions, or access to the site.
3. **Compensation upon Termination:** Upon termination, the Contractor will be entitled to compensation for Work performed up to the termination date, plus any costs incurred due to termination.

Article 11: Dispute Resolution

This section sets out how disputes will be handled.

1. **Negotiation:** The parties agree to first attempt to resolve any disputes through good faith negotiation.

2. **Arbitration:** If the dispute cannot be resolved through negotiation, it will be submitted to binding arbitration under the rules of the **American Arbitration Association (AAA)**, with the arbitration to take place in Springfield, IL.
3. **Venue:** Any arbitration will take place in Springfield, IL.

Article 12: Miscellaneous Provisions

This section includes any additional clauses and legal formalities.

1. **Governing Law:** This contract will be governed by the laws of the state of Illinois.
2. **Entire Agreement:** This agreement constitutes the entire understanding between the parties and supersedes all prior discussions or agreements.
3. **Severability:** If any provision of this contract is found to be invalid or unenforceable, the remainder of the contract will continue in full force.

IN WITNESS WHEREOF, the parties have executed this Construction Contract as of the date first written above.

Owner:

Signature: _____

Name: John Doe

Title: Property Owner

Contractor:

Signature: _____

Name: Michael Smith

Title: President, Smith & Sons Builders Inc.

This expanded contract includes more detailed descriptions of the project scope, payment schedules, responsibilities, insurance, and other essential terms. It can easily be further customized depending on the specific needs of the project or additional requirements from local authorities or contractors.