



Welcome To . . .

Pre-Construction Contracts

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TODAY: We will review:

- Writing a Demolition and Discovery Agreement
- Getting commitments for a Pre-Contract Agreement
- Getting to a:
 - Design Agreement
 - Letter of Intent
- Q & A

Disclaimer: Nothing in this webinar is intended to be, or may be construed as, legal advice. I am not an attorney. You must consult an attorney before using any suggested language or any other information contained in this webinar to determine if it conforms to your state laws or your particular situation.

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Unknowns on a Job?



Write A Demolition & Discovery Contract

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Demolition & Discovery Contract



- If you are not 100% sure about the conditions you are looking at on any given job . . .
(Repairs/replacement – time – cost)
- Write a Demolition & Discovery contract, with a fixed fee for the discovery work needed
(That covers demo – cleanup – dump fees)
- Add a not-to-exceed clause at least 1.5 times the amount you think the job will run.
(Small jobs (Less than \$5,000) should be \$\$\$\$ x 2)

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Demolition & Discovery Contract



When complete:

- Provide client with a:
Design Agreement - Letter of Intent
- Then fixed fee contract
Entire project, after all existing conditions and the scope of work is clear and agreed to by the client.
- This eliminates "misunderstandings" on jobs.
- It will get the customer committed to you earlier
- It will get you paid for doing discovery work

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Know Your Numbers



To build trust in your company

You must know your numbers

When you quote numbers up front...for any project:

Always quote 3 ranges:

Example:

\$16,000 - \$20,000	Medium range
\$22,000 - \$26,000	High range
\$10,000 - \$14,000	Low range

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Know Your Numbers



Quoting ranges:

+ or - 10% = Good

+ or - 5% = Better

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Design Agreements



SAMPLE DESIGN AGREEMENT (Agreement for Professional Services)

The undersigned Owner agrees to have <CONTRACTOR> prepare a set of blueprints to define and clarify a remodeling project at the location as specified below. The blueprints will include a floor plan, elevations as needed, sections as needed, an outline of specifications and an approximate price quotation for the proposed remodeling as follows:

Located at: _____

If <CONTRACTOR> is authorized by the Owner to complete all or at least 90% (by dollar volume) of the work proposed, the fee for preparing the plan and specifications will be credited in full against the cost of the construction. If the Owner elects not to enter into a construction Contract subsequent to the signing of this agreement, the retainer shall be non-refundable.

<CONTRACTOR> will provide two (2) sets of plans and specifications to the owner prior to the construction agreement. Plans and specifications will be sufficient for the requirements of the local building department having jurisdiction at this location to issue a building permit for the proposed remodeling.

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Design Agreements



<CONTRACTOR> will make two (2) minor revisions to the plan (maximum two hours drafting time), after the initial presentation, if the revisions are requested within ten working days of the initial presentation. Owner agrees to assist <CONTRACTOR> to complete the design process within thirty (30) days of the date of this agreement.

If <CONTRACTOR> IS retained to build this job, then the sum of \$_____ is received in full as a retainer for this Design Agreement as stated above. It is thereby understood and agreed by all parties to this agreement, that any design or budget work created under this portion of this agreement remains the property of <CONTRACTOR> and may not be used or relied upon by any other parties.

If <CONTRACTOR> IS NOT retained to build this job, then the sum of \$_____ is received in full as a retainer for this Design Agreement as stated above. It is thereby understood and agreed by all parties to this agreement, that any design or budget work created under this portion of this agreement shall become property of Owner upon full

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Design Agreements



SAMPLE DESIGN AGREEMENT (continued)

payment of this agreement. However, said design and budget work may NOT be used or relied upon by any other parties to build this job.

If the scope of the proposed remodeling construction work or design phase work is changed after the signing of this agreement, the design fee will be changed accordingly.

Any alteration or deviation from above terms involving extra costs will be executed only upon written order from Owner and will become an extra charge over the below agreed amount.

As stated above, this retainer is fully deductible from the final contract payment. If a subsequent preliminary design is requested, however, this will be provided at an additional charge of \$_____, also to be paid in advance, but NOT deductible from the price of the contract.

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Design Agreements



TARGET BUDGET RANGE

(NOTE: This is an approximate estimated amount only).....\$ _____ to \$ _____

DESIGN AGREEMENT FEE If <CONTRACTOR>

IS Retained:\$ _____

DESIGN AGREEMENT FEE If <CONTRACTOR>

IS NOT retained:\$ _____

DEPOSIT (1/2 Fee).....\$ _____

FINAL PAYMENT.....\$ _____

(Due on day of submission of final plans and job specifications to the Owner by <CONTRACTOR>.

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Design Agreements



(Owner) _____ (Date)

(Owner) _____ (Date)

<CONTRACTOR> _____ (Date)

(Note: Design Agreement Fee should be set @ 4% - 8% of Maximum Target Budget Range.)

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Letters of Intent



Date _____

Client's name _____
Client's address _____
Client's city, state and zip _____

Dear _____:

In reference to conversations between (CONTRACTOR) and yourselves it is understood that we have been selected to act as Contractor for the remodeling project at (ADDRESS, CITY, ST., ZIP) by contract. (CONTRACTOR) at this time requests our standard non-refundable payment of 5% of the current estimated cost of construction. This payment will serve to schedule and hold our crews for your project and is a confirmation of continuing good faith in contract negotiation and our agreement to perform the work, subject to mutually agreeable final contract terms.

Unless you timely cancel as provided below, this payment is non-refundable. Alterations or additions to the contract specifications and drawings are not included in the initial estimated cost of construction and will not result in a refund of the payment. Nor will the payment be refunded if the final price reflected in the construction contract exceeds the initial estimated cost of construction. If (CONTRACTOR) is required to defend the terms of this agreement in any legal action initiated by you, or if (CONTRACTOR) is required to take legal action to enforce the terms of this agreement, and (CONTRACTOR) is successful, (CONTRACTOR) shall be awarded its reasonable attorney's fees and costs expended.

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Letters of Intent



We will start on your project within X days of permit issuance subject to contract and weather conditions, provided all selections have been made and presented to (CONTRACTOR). As always, please feel free to call with any questions. We are looking forward to working with you on this project.

BUYER'S RIGHT TO CANCEL

If you decide you do not want the goods or services, you may cancel this agreement contract by mailing a notice to the (CONTRACTOR). The Notice must say that you do not want the goods or services and must be mailed before midnight of the third business day after you sign this agreement.

Accepted _____ /_____/____

Accepted _____ /_____/____

Payment Amount \$ _____

Contractor: _____ /_____/____

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Letters of Intent



As a condition of the letter of intent, the following checked items should be procured within two weeks of the date this agreement is signed. Any extensions of this deadline must be in writing and signed by both (CONTRACTOR) and client. In order to assist you during your shopping experience, we have provided you with a "Where to Shop" guide, which includes places you can go to purchase items where the staff will recognize the (CONTRACTOR) name. Our designer can provide you with any assistance you need during your decision-making at the (RATE PER HOUR) design fee. Using the designer does speed up the process as s/he can assist you in color choices, appliance choices, etc.

Appliances

- Microwave
- Stove/oven/cooktop
- Dishwasher
- Garbage Disposal
- Instahot
- Soap dispenser
- Warming drawer
- Refrigerator
- Washer
- Dryer
- Other _____

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Letters of Intent



Finishes

- Paint color #1
- Trim
- Faux finish #1
- Other _____

Floor Coverings

- Tile
- Carpet
- Hardwood
- Other _____

Countertops

- Granite
- Corian
- Other _____

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Questions?

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THANK YOU

for joining us

and

Thank You to Diane Gilson and crew

Michael & Devon

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