

<insert Name and logo and address>  
Minnesota Contractor License No. <>

**HOME REMODELING/CONSTRUCTION CONTRACT**

Date \_\_\_\_\_, 20\_\_

CUSTOMER NAME(S):

\_\_\_\_\_

\_\_\_\_\_

CUSTOMER MAILING ADDRESS:

\_\_\_\_\_

\_\_\_\_\_

CUSTOMER TELEPHONE: Home \_\_\_\_\_

Business \_\_\_\_\_

Cell \_\_\_\_\_

CUSTOMER FACSIMILE: \_\_\_\_\_

CUSTOMER EMAIL ADDRESS: \_\_\_\_\_

JOB LOCATION (the "Home"): \_\_\_\_\_

\_\_\_\_\_

CUSTOMER (ALSO REFERRED TO AS "YOU") AND <>, (REFERRED TO AS BUILDER, US OR WE) AGREE AS FOLLOWS:

\_\_\_\_\_

**BUILDER WORK.**

Builder agrees to perform the following work (attach dated plans and dated specifications, if any, to this Contract):

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_ (the "Work").

All plans and specifications remain Builder's property and are not sold to Customer under this Contract.

**CUSTOMER WORK, IF ANY.**

Customer and Builder have agreed that Customer will do or supply the following work:

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("Customer Work").

Customer understands that Customer's Work must be completed within the time specified in the written notice which Builder will deliver to Customer at least fifteen (15) days before Customer's Work is to be completed. Such written notice to Customer is incorporated by reference and made a part of this Contract. Customer agrees to pay Builder all costs for any delay caused by Customer not completing Customer's Work. Customer may not hire outside contractors or suppliers to do any of Customer's Work unless Builder first agrees in writing. Builder is not responsible for any of Customer's Work provided by Customer or Customer's subcontractors or suppliers, and Builder will not warranty any of Customer's Work performed by Customer or Customer's subcontractors or contractors.

**CHANGES TO THE WORK (CHANGE ORDERS).**

**Written Change Order Required.** Customer understands that there are no oral agreements between Customer and Builder. Everything Customer expects Builder to do has been included, in writing, in this Contract. Nothing in this Contract can be changed unless it is changed in writing on a separate Change Order form and signed by both Customer and Builder. If there is a discrepancy between documents, Change Orders shall take precedence over this Agreement.

**Change Order Fee and Payment.** Builder may charge Customer a \$200.00 administrative fee per Change Order. Change Order fees are intended to cover Builder's additional administrative and related costs, are non-refundable, and are not credited toward other amounts that Customer owes Builder. If Builder initiates a Change Order because of concealed conditions, Builder will not charge a Change Order fee. Payment for each Change Order is due upon completion of the Change Order work and Builder's submittal of an invoice to Customer.

**Limits on Change Orders.** Because the range of possible changes Customer may request is unlimited, Builder does not agree to accept all proposed Change Orders. In each case, Builder will review the requested Change Order and inform Customer whether Builder will accept the Change Order, and if so, Builder will inform Customer of the

amount of the Change Order's cost. Builder has an absolute right to reject any requested Change Order for any reason including, without limitation: (1) Builder believes the change requested will create an unreasonable delay in the Work or may result in a condition which is not structurally sound or does not satisfy Builder's standards of material or workmanship; (2) Customer fails to pay the Change Order fee plus design expenses, if any; (3) Customer fails to pay a Change Order deposit, if required by Builder; or (4) Customer fails to accept the price increase or decrease determined by Builder.

**PAYMENT TERMS.**

Customer agrees to pay Builder \$ \_\_\_\_\_ for the Work under this Agreement. Payment will be as follows: \$ \_\_\_\_\_ Builder Deposit;

\_\_\_\_\_  
\_\_\_\_\_

The price for the Work includes all labor, materials, building permits, temporary power, and

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_.

Customer will get the money to pay the Builder for the Work from:

\_\_\_\_\_.

This Agreement is NOT contingent upon Customer obtaining money from the above referenced source.

**DOWN PAYMENTS/DEPOSITS.**

Any money Customer pays Builder is considered a non-refundable, construction deposit which Builder may deposit into its operating account and apply towards Builder's cost to complete the Work.

**1. CUSTOMER CREDIT REPRESENTATIONS.**

Customer agrees that Builder may investigate Customer's credit and contact bank references to confirm Customer's ability to pay the amounts due under this Contract. Customer's signature on this Contract attests to Customer's financial responsibility, ability and willingness to pay in accordance with the terms of this Contract. Customer represents to Builder that Customer has no plans to file bankruptcy or seek other protection from Customer's creditors, that all of the information in this Contract is correct, and that Customer has read and understands this Contract.

## 2. NONPAYMENT.

**Interest.** If Customer fails to make any payment under this Contract, interest will accrue on all unpaid amounts at the rate of 1.5% per month, or the highest amount allowed by law, whichever is less.

**Attorney's Fees.** If Builder is required to incur costs or attorneys' fees to enforce this Contract's payment terms, such amounts will be added to the amounts owed by Customer to Builder.

**Returned Checks.** Builder will charge a \$25.00 service fee for all returned checks.

**Suspension of Work for Non-payment.** If Customer fails to make any payments due to Builder under this Contract's terms, Builder may stop work without further notice. Customer will be liable to Builder for all payments due up to the time work is stopped, and for all losses sustained by Builder on materials, machinery, equipment or tools, overhead, profit, soft costs and damages. Builder will only restart work after Customer has paid all money due Builder and Builder is satisfied that Customer has the ability to pay for the remaining work.

**Other Builder Remedies for Non-payment.** If Customer fails to make progress payments or other amounts due to Builder under this Contract, Builder will have the right to (1) terminate this Contract, (2) retain all deposits, fee and progress payments Customer has made, (3) place liens upon the Home for payment of any other amounts owed, and (4) foreclose any liens placed on the Home if the amounts due, including costs and interest, are not paid in full. Builder's exercise of any option shall not preclude the exercise of the other options.

## 3. CUSTOMER NON-COOPERATION.

Builder may suspend the Work upon the occurrence of any of the following: (1) Builder reasonably believes that Customer is not cooperating in completing the Work, (2) Customer places unreasonable demands on Builder or Builder's subcontractors, (3) Customer fails or refuses to furnish Builder with access to the Home, (4) Customer fails to provide any product selections or other information which Builder deems necessary to proceed, or (5) Customer has not or is not complying with any of this Contract's terms. Upon notice of suspension of the Work for any of the above reasons, Customer must provide Builder with assurances satisfactory to Builder of Customer's willingness and ability to meet all of Customer's obligations under this Contract. If the Work has stopped for any reason for more than 30 days, Builder may terminate this Contract and recover from Customer, payment for all work completed, and for all losses sustained by the Builder on all materials, machinery, equipment or tools, overhead, soft costs, profit and damages.

4. **CUSTOMER ALLOWANCES.**

**Allowances Provided to Customer.** Allowances for certain work and materials, such as plumbing fixtures, electrical fixtures, trim, hardware and flooring, may be included in the total price set out in this Contract. These allowances are based upon Customer's specifications and information made available to Builder at the time of entering this Contract. During construction, Builder will ask Customer to select the specific item(s) included in the allowance.

**Additional Costs Are Customer's Responsibility.** If the cost of Customer's selection(s) exceeds the applicable allowance amount, Customer will pay the additional cost to Builder at Closing. If the actual cost of Customer's selection is less than the applicable allowance amount, Builder will give Customer a credit at Closing. Customer is responsible to monitor Customer's use of allowances.

5. **TIME.**

Builder agrees to start work on or before \_\_\_\_\_, 20\_\_\_, and to substantially complete the Work within \_\_\_ months after starting construction, subject to delays caused beyond Builder's control including delays caused by Customer or Customer's Lender. Customer will not be entitled to any compensation for Builder's failure to start or complete the Work by the time established.

6. **TIME DELAYS.**

**Delays After Signing Contract.** If the start of the Work is delayed more than sixty (60) days from this Contract's date due to delays caused by Customer or Customer's lender, or for any reason outside of Builder's control, Builder will have the right to increase the total price under this Contract by an amount calculated at a rate of 1.5% per month, or the highest rate permitted by law, whichever is less, beginning on the 61st day of delay. If the cost of materials or labor increases more than 5% before the Work is started, Builder may terminate this Contract and return any down payment to Customer.

**Delays After Start of Construction.** If the Work is delayed for more than three (3) days by Customer or Customer's lender after Builder has started the Work, Builder will have the right to increase the total purchase price by an amount calculated at a rate of 1.5% per month, or the highest rate permitted by law, whichever is less, beginning on the 4th day of delay. Any additional amounts due because of delays will be added to the next progress payment, and Customer's failure to pay these additional amounts will be considered an event of default.

**Timely Customer Selections.** Customer agrees to make timely selections of all allowance items, if applicable. Any delay by Customer in making the selections will

result in a delay, the length of which Builder shall determine, in the completion date. Builder may also pass on any increased costs to Customer resulting from the delay in Customer making the selections, including without limitation increased costs of products due to price increases, increased costs of subcontractors, and Builder's increased finance costs.

**Delays Outside of Builder's Control.** Customer agrees that Builder is not responsible for delays in completing the Work due to weather, strikes, war, shortage or delay in getting materials, shortage or delay in labor or subcontracting, government regulations, court actions or any other cause beyond Builder's control. If the cost of materials or labor increases during any such delays, Builder may require Customer to pay such increased costs or terminate this Contract after paying Builder for all work completed to the date of termination and for all materials which cannot be returned.

**Builder Delays.** If Builder either stops the Work without cause for more than thirty (30) consecutive days or fails to complete the Work by the time specified in this Contract, and Builder fails to cure its default within thirty (30) days after receipt of written notice from Customer, Customer will have the right to either: (1) terminate this Contract, or (2) require Builder to complete the Work according to this Contract by an action for specific performance. If Customer terminates this Contract under this section, Customer will pay Builder for all materials and labor used in connection with the Work to the date of termination, which shall be Customer's sole and exclusive remedy, and Customer will not have the right to recover any other damages or expenses from Builder.

## 7. CONCEALED CONDITIONS.

**Price Based Upon Existing Observations.** This Contract and the price are based solely on Builder's observations at the time of entering into this Contract.

**Unforeseen Conditions Require Change Order.** If additional concealed conditions are discovered once the Work has commenced, which conditions were not visible at the time of entering into this Contract, Builder will identify the unforeseen conditions, and Customer and Builder will execute a Change Order for any additional work.

**Additional Costs for Unanticipated Conditions.** Customer agrees to pay for all unexpected or unanticipated extra costs, including but not limited to, soil corrections, protection of the project from weather conditions and all other similar costs. Customer will be responsible for all additional costs and time for work due to concealed conditions. Such conditions may also extend the time for completion of the Work under this Contract.

**Extra Excavation and Removal.** Builder will dispose of job related debris. However, this Contract does not include excavation, removal and disposal of large rocks (i.e. over

200 pounds) or hazardous materials, such as asbestos. If Builder finds such materials during construction, the removal and disposal of such materials will be treated as a Change Order under this Contract.

**8. SITE CONDITIONS**

**Dangerous Site Conditions.** During the time of construction on the Home, conditions may exist that could be hazardous to Customer and Customer's family, friends, and guests which conditions include, without limitation, trip hazards, slip hazards, open excavation, open windows, exposed nails, exposed wiring, debris and other hazards on or around the Home.

**Waiver of Injuries and Damages.** Customer waives all claims against Builder (and agrees to indemnify, defend and hold Builder harmless) for injuries or damages that Customer or any member of Customer's family, friends, or guests may suffer while on or around the Home during construction due to these and other hazards.

**9. CUSTOMER'S INSURANCE.**

**Customer to Purchase Liability Insurance.** Prior to Builder beginning the Work, upon Builder's request, Customer will provide Builder with a copy of Customer's property insurance policy showing coverage for property damage and liability claims.

**Builder's Insurance.** Builder will provide Builder's risk insurance in the amount of this Contract. Builder will carry comprehensive general liability, property damage and workers' compensation insurance to protect the Builder.

**Losses Not Covered By Insurance.** Customer will be responsible for losses not covered by Builder's insurance, including any deductible.

**10. FIRE OR OTHER CASUALTY.**

If the Home is substantially destroyed by fire or other casualty prior to the completion of the Work, either Customer or Builder may terminate this Contract by written notice provided that Customer has paid for all materials and work which Builder has performed before the destruction (whether or not such were completed or destroyed).

**11. MATERIALS.**

**Material Substitutions.** Builder has the right in its sole discretion to substitute and replace materials or fixtures with other materials or fixtures as long as the substituted materials or fixtures are of similar quality and are acceptable under the building code. Customer will not be notified of substitutions unless Customer specifically specified the

materials in an agreed upon Change Order, or the substitution will affect the exterior appearance of the home. Builder will have the sole authority to select all sources and suppliers of materials.

**12. PAYMENT FOR MATERIALS.**

**Payment Includes Non-returnable Items.** If Customer is required to pay Builder for materials and work to date in order to terminate this Contract, payment for materials shall include materials which Builder ordered specifically for the Home and which Builder may not return without charge to Builder.

**13. SUBCONTRACTORS.**

**Builder to Select Subcontractors.** Builder will select the subcontractors and suppliers to complete the Work.

**Limits on Customer Selected Subcontractors.** Customer agrees not to hire any of Builder's subcontractors or suppliers to do any work or supply any materials unless Builder agrees in writing. Customer agrees not to interfere with, interrupt or provide instructions to any contractor or subcontractor working on the Home. If Customer has an objection to a contractor or subcontractor or the work they are performing, Customer must contact Builder directly. Builder will then consider Customer's objection, but will not have any obligation to remove or replace the contractor or subcontractor based solely upon Customer's objection.

**14. WAIVER REGARDING DOORS, LOCKS, WINDOWS & ALARMS.**

**Customer Waiver.** Customer agrees that Builder is not liable for losses, injuries or damages caused by any failure or defect in any door, lock, window, or alarm installed on the Home.

**15. WAIVER REGARDING TREES AND SHRUBS.**

CUSTOMER AGREES THAT BUILDER HAS NO RESPONSIBILITY FOR THE CONDITION OF TREES, SHRUBS OR GROUND COVER ON THE HOME. If any trees, shrubs or ground cover suffer damage, become diseased or die before, during or after completion of the Work, Builder will have no obligation to remove, treat, or replace any tree, shrub or ground cover or to compensate Customer in any way or reimburse any expense Customer may incur. Trees, shrubs and ground cover which interfere with access to the Home, are located in areas that must be excavated, filled or graded, or which interfere with drainage of the Home will be trimmed or removed at Builder's discretion.



16. **WAIVER REGARDING MOLD.**

Whether or not Customer, as a homeowner, will experience mold growth depends largely upon how the home is managed and maintained. Builder's responsibility must be limited to things that the Builder can control. As required by Minnesota Statutes Chapter 327A, the Builder will repair or replace construction defects. The Builder is not responsible for any consequential or incidental damages caused by mold, or by some other agent that may be associated with defects in construction. These damages may include, but are not limited to property damage, personal injury, loss of income, emotional distress, death, loss of use, loss of value, and adverse health effects, or any other effects. Any implied warranties, including an implied warranty of workmanlike construction, an implied warranty of habitability, or an implied warranty of fitness for a particular use, are hereby waived and disclaimed by the Customer. In all cases, Builder's total liability is limited to the cost of repairing the defect.

\_\_\_\_\_ I (WE) AGREE (All Buyers/  
Homeowners must initial)

17. **DISPUTE RESOLUTION.**

**Arbitration Required.** Any claim by Customer or Builder in any way arising out of this Contract, any and all other agreements between Customer and Builder or any dispute in any way arising out of or relating to the physical condition of the Home shall be settled by binding arbitration.

**Mediation.** As a condition of arbitration, Customer agrees to first mediate, in good faith, any dispute with Builder.

**Location.** Customer agrees to arbitrate and/or mediate any disputes between Customer and Builder in St. Cloud, Minnesota, under the Construction Industry Rules of the American Arbitration Association.

**Time Limits to File Claims.** A request for arbitration must be filed within twelve (12) months of the date when the relevant facts regarding the claim were discovered or could reasonably have been discovered. In no case may any arbitration or court action be brought after the expiration of the applicable statute of limitations, nor later than six (6) years after Customer takes possession of the Work.

**Builder Retained Rights.** Builder retains the right to file, perfect and start a lawsuit to enforce its mechanic's lien rights. The parties agree that the court may refer the matter to arbitration, but retain jurisdiction for enforcement of the mechanic's lien. If Builder is required to retain an attorney to collect any money from Customer, Customer agrees to pay all of Builder's attorney fees, costs and disbursements.

\_\_\_\_\_ I (WE) AGREE (All Buyers/  
Homeowners must initial)

18. **CUSTOMER'S THREE DAY RIGHT TO TERMINATE.**

CUSTOMER IS ADVISED THAT IF THE WORK INVOLVES THE CUSTOMER'S HOMESTEAD FEDERAL LAW ALLOWS CUSTOMER TO TERMINATE THIS CONTRACT FOR ANY REASON WITHIN THREE (3) DAYS AFTER SIGNING IT.

**19. PRE-LIEN NOTICE TO CUSTOMER.**

**GENERAL CONTRACTOR PRE-LIEN NOTICE TO OWNER**

- (A) ANY PERSON OR COMPANY SUPPLYING LABOR OR MATERIALS FOR THIS IMPROVEMENT TO YOUR PROPERTY MAY FILE A LIEN AGAINST YOUR PROPERTY IF THAT PERSON OR COMPANY IS NOT PAID FOR THE CONTRIBUTIONS.
- (B) UNDER MINNESOTA LAW, YOU HAVE THE RIGHT TO PAY PERSONS WHO SUPPLIED LABOR OR MATERIALS FOR THIS IMPROVEMENT DIRECTLY AND DEDUCT THIS AMOUNT FROM OUR CONTRACT PRICE, OR WITHHOLD THE AMOUNTS DUE THEM FROM US UNTIL 120 DAYS AFTER COMPLETION OF THE IMPROVEMENT UNLESS WE GIVE YOU A LIEN WAIVER SIGNED BY PERSONS WHO SUPPLIED ANY LABOR OR MATERIAL FOR THE IMPROVEMENT AND WHO GAVE YOU TIMELY NOTICE.

**20. LEGAL NOTICES.**

Customer acknowledges reviewing the following attached legal notices: Urea Formaldehyde Notice and a Water Intrusion and Mold Growth Notice.

**21. CUSTOMER WARRANTIES.**

Customer warrants to Builder that Customer has fee title to (owns) the Home on which the Work is being performed. If Customer refuses to allow Builder to complete the Work, Customer agrees that the court or an arbitrator may order the immediate sale of the Home and that all net sale proceeds will be distributed by order of the court or arbitrator. Customer must grant free access to work areas for Builder, subcontractors, deliveries and vehicles. Customer must allow Builder to have control over the Home during the time of construction. Builder must also be allowed to limit access to the Home during construction. Customer agrees that Builder has the right to grade, excavate or fill portions of the Home or to remove trees, shrubs and ground cover to prepare the Home for the Work and during construction.

**22. BUILDING PERFORMANCE GUIDELINES.**

Attached to this Contract are Building Performance Guidelines (“Guidelines”), if applicable. Builder will perform the Work and construct Customer’s home according to the Guidelines, if attached. If the Builder does not meet the Guidelines, Customer agrees to accept the remedy provided in the Guidelines. Customer and Builder agree that the Guidelines are the exclusive Guidelines that apply to this Contract and all work performed under this Contract. All warranties under Minnesota Statutes Chapter 327A apply to the Work.

\_\_\_\_\_ I (WE) AGREE (All Buyers/  
Homeowners must initial)

**THIS IS A LEGALLY BINDING DOCUMENT. READ IT CAREFULLY AND UNDERSTAND IT BEFORE YOU SIGN IT. CONSULT YOUR ATTORNEY, BEFORE SIGNING, IF YOU HAVE ANY QUESTIONS.**

**IF YOU SIGN THIS CONTRACT, IT MEANS THAT YOU HAVE READ THIS CONTRACT, AND UNDERSTAND AND AGREE TO ALL OF ITS TERMS AND CONDITIONS.**

\_\_\_\_\_  
Customer

\_\_\_\_\_  
Customer

◇, Builder

By \_\_\_\_\_  
Its \_\_\_\_\_  
Builder License # \_\_\_\_\_

## **UREA FORMALDEHYDE DISCLOSURE OF CONTRACTOR**

The State of Minnesota has a law requiring a warning to be provided in the sale of buildings or building products containing Urea Formaldehyde. Many products, particularly particle board and plywood use formaldehyde-based glue in their manufacture. Contractors who purchase and use products containing Urea Formaldehyde also have a responsibility to pass this warning on to their customers. The required warning reads as follows:

**“IMPORTANT HEALTH NOTICE: SOME OF THE BUILDING MATERIALS USED IN THIS HOME (OR THESE BUILDING MATERIALS) EMIT FORMALDEHYDE. EYE, NOSE AND THROAT IRRITATION, HEADACHE, NAUSEA AND A VARIETY OF ASTHMA-LIKE SYMPTOMS, INCLUDING SHORTNESS OF BREATH, HAVE BEEN REPORTED AS A RESULT OF FORMALDEHYDE EXPOSURE, ELDERLY PERSONS AND YOUNG CHILDREN, AS WELL AS ANYONE WITH A HISTORY OF ASTHMA, ALLERGIES, OR LUNG PROBLEMS, MAY BE AT A GREATER RISK. RESEARCH IS CONTINUING ON THE POSSIBLE LONG-TERM EFFECTS OF EXPOSURE TO FORMALDEHYDE.**

**REDUCED VENTILATION MAY ALLOW FORMALDEHYDE AND OTHER CONTAMINANTS TO ACCUMULATE IN THE INDOOR AIR. HIGH INDOOR TEMPERATURES AND HUMIDITY RAISE FORMALDEHYDE LEVELS. WHEN A HOME IS TO BE LOCATED IN AREAS SUBJECT TO EXTREME SUMMER TEMPERATURES, AN AIR-CONDITIONING SYSTEM CAN BE USED TO CONTROL INDOOR TEMPERATURE LEVELS. OTHER MEANS OF CONTROLLED MECHANICAL VENTILATION CAN BE USED TO REDUCE LEVELS OF FORMALDEHYDE AND OTHER INDOOR AIR CONTAMINANTS.**

**IF YOU HAVE ANY QUESTIONS REGARDING THE HEALTH EFFECTS OF FORMALDEHYDE, CONSULT YOUR DOCTOR OR LOCAL HEALTH DEPARTMENT.”**

## **AFTER INTRUSION AND MOLD GROWTH NOTICE**

Recent studies have shown that various forms of water intrusion affect many homes. Water intrusion may occur from either exterior moisture entering the home and/or interior moisture leaving the home.

Examples of exterior moisture sources may be:

- Improper Flashing around windows and doors
- Improper Grading
- Flooding
- Roof Leaks

Examples of interior moisture sources may be:

- Plumbing Leaks
- Condensation (caused by indoor humidity that is too high or surfaces that are too cold)
- Overflow from tubs, sinks or toilets
- Firewood stored indoors
- Humidifier use
- Inadequate venting of kitchen and bath humidity
- Improper venting of clothes dryer exhaust outdoors (including electrical dryers)
- Line drying laundry indoors
- Houseplants - watering them can generate large amounts of moisture

In addition to the possible structural damage water intrusion may do to the property, water intrusion may also result in the growth of mold, mildew and other fungi. Mold growth may also cause structural damage to the property. Therefore, it is very important to detect and remediate water intrusion problems.