

ALLOWANCES

This allowance specification sheet is part of the Contract (as defined in the General Conditions of Contract) between:

_____, the owner(s) of the Project.

Project: Construction/Repair of [address] _____

Included within the Contract Price are the following allowances for installation, labor and materials
[select as applicable to the Project]:

- 1. Lighting fixtures \$ _____
 - 2. Finish floor coverings (carpet, pad, vinyl) \$ _____
 - 3. Built-in appliances (dishwasher, disposal, and vent hood)
(upgrades at Owner's expense) \$ _____
 - 4. Upgrade plumbing fixtures \$ _____
 - 5. Ceramic tile allowance \$ _____
 - 6. Doors; wood work \$ _____
 - 7. Wall coverings \$ _____
 - 8. Finished landscaping \$ _____
 - 9. Wood burning stove \$ _____
 - 10. Well and Septic System \$ _____
 - 11. Driveway, base and culvert \$ _____
 - 12. Window Treatments \$ _____
 - 13. Others (list)
- _____ \$ _____
- _____ \$ _____
- _____ \$ _____

If on-site conditions or Owner's selections cause an increase or decrease from these allowances, the changes will be adjusted with a Change Order signed by the Owner and the Contractor.

GENERAL CONDITIONS OF CONTRACT

These General Conditions of Contract are accepted and agreed upon by _____, the Contractor, and _____, the owner(s) of the Project described in the Proposal and Contract for Building and Home Repair.

A. CONTRACT DOCUMENTS. This contract for home repair consists of the following documents (which are collectively referred to herein as the "Contract"):

1. The Proposal and Contract for Building and Home Repair.
2. The General Conditions of Contract.
3. All drawings, plans, specifications, and material schedules which are now or by later agreement attached to this Contract.
4. Any change orders in the form attached as part of this Contract.
5. Any supplemental Contract documents, modifications, or Change Orders executed by both parties after the date of the Proposal and Contract for Building and Home Repair.
6. Others (list):

B. START DATE; COMPLETION DATE. The Start Date and the Completion Date will be as specified in the Proposal and Contract for Home Repair. Time is of the essence of this Contract. If the Contractor is delayed at any time in the progress of the Work by Change Orders, Owner's failure to make timely progress payments, fire, adverse weather conditions not reasonably anticipated, unavoidable casualties, or any other causes beyond the Contractor's control, then the Completion Date will be extended by a Change Order (as defined in Part G. of these General Conditions) for a reasonable period of time as the parties may determine by their written agreement. The Contractor will pay to the Owner \$ _____ per day for each day that the Completion Date is delayed for a reason not agreed to in a Change Order executed by both parties. The Completion Date will be the date on which (1) a Certificate of Occupancy is issued for the Project or, if no Certificate of Occupancy will be issued, the date that the city building inspector completes a final inspection of the Project, and (2) the Owner and the Contractor reasonably agree that the Work, excluding any punchlist items and remedial work to be performed by the Contractor pursuant to Part H. hereof, is completed.

C. PROGRESS PAYMENTS. The Owner will make progress payments to the Contractor for Work as follows: \$ _____ as a down payment [*note that smaller projects should require no down payment*]. Progress payment during the conduct of the Work shall be made no more often than [monthly/bi-weekly] and will be based upon the Contractor's certification that the Work for which payment is requested has been completed and that all materials and labor reflected in that progress payment request has been or will be paid from such progress payment. In addition, payments for milestone events shall be made as follows:

<u>Payment Event</u>	<u>Amount of Progress Payment</u>
1. Footings	\$ _____
2. Footing and Foundation Waterproofing (prior to backfill)	\$ _____
3. Sheathing and Wall Anchoring	\$ _____
4. Framing	\$ _____
5. Electrical	\$ _____
6. Insulation	\$ _____
7. Final Plumbing and Mechanical	\$ _____
8. Completion of the Work	[See Part D.]

The Owner will pay the Contractor 90% of the above referenced Progress Payments, with the remaining 10% being held-back by the Owner until completion of the Work on the Completion Date. Payment will be due ten days after contractor's certification, subject to delays caused by processing insurance claims. At the request of Owner Contractor will deliver paid lien waivers from itself and all subcontractors to the extent of the amount of the progress payment.

D. FINAL PAYMENT. Final payment for the unpaid balance of the Contract Price, including all retainage amounts (if any) but excluding an amount equal to 150% of the estimated cost of the Contractor completing the nonconforming Work and punchlist items pursuant to Part H. hereof, will be due and payable no later than 30 days after the Completion Date (as defined in Part B., above), subject to delays caused by processing the Owner's insurance claims. Simultaneously with final payment, the Contractor will deliver to the Owner a complete release of all liens which may have been filed and/or complete receipts and waivers of lien rights for all labor, materials and equipment for which a lien could be filed and the Contractor's sworn construction statement verifying that all charges for labor and materials have been paid. Retainage for nonconforming Work will be paid to the Contractor upon completion of all remedial Work and punchlist items pursuant to Part H. hereof.

E. CONTRACTOR'S RESPONSIBILITIES. The Contractor will supervise and be solely responsible for all construction means, methods, techniques and procedures for the Work. Unless specifically agreed in writing, the Contractor will provide and pay for all labor, materials, equipment, tools, construction equipment and machinery,

transportation and other facilities and services necessary for execution and completion of the Work. If this Contract is for the new construction of an entire structure, the Contractor will also provide water, heat, and utilities necessary to the Project. If this Contract is a contract for the repair of an existing structure, the Owner will provide water, heat and utilities necessary to complete the Work. The Contractor warrants that all of the materials used in performing the Work will be new unless otherwise specified and that all Work will be of good quality and in conformance with applicable building codes and laws. The Contractor will obtain and pay for all building permits, licenses and inspections necessary for completion of the Work. The Contractor will comply with all laws, ordinances, rules, regulations and lawful orders of any public authority having jurisdiction over performance of the Work. The Contractor will keep the Project free from the accumulation of waste and rubbish caused by the Work and, upon completion of the Work, will remove all its waste material from the Project as well as all of its tools, equipment and surplus materials.

F. SUBCONTRACTORS. The Contractor will have sole discretion as to who it hires for subcontracted Work (a subcontractor is defined to be any person or entity who has a direct contract with and authority from the Contractor to perform any portion of the Work), and shall be solely responsible for the conduct and performance of such subcontractors. The Contractor will furnish to the Owner the names and addresses of each subcontractor employed to perform or supply any portion of the Work. If this Contract is not (1) for work on a structure that is being constructed for habitation by one to four families (including detached garages), or (2) for construction of or improvements to attached single family dwellings that will be used for residential purposes and that will have fewer than 13 units per structure, then the following provisions shall apply pursuant to the requirements of Section 337.10 of the Minnesota Statutes:

The Contractor, and all of the Contractor's subcontractors, shall promptly pay any subcontractor or material supplier within 10 days after the Contractor's receipt of payment from the Owner or Owner's agent for undisputed services provided by the subcontractor(s) or material supplier(s). Interest shall accrue and be paid to the subcontractor or material supplier by the Contractor at the rate of 1 1/2% per month on any undisputed amount not paid on time to the subcontractor or material supplier as required hereby. The minimum monthly interest penalty payment for an unpaid balance of \$100.00 or more shall be \$10.00; for an unpaid balance of less than \$100.00, the Contractor shall pay the actual 1 1/2% monthly penalty due to the subcontractor. A subcontractor who prevails in a civil action to collect interest penalties from the Contractor must be awarded its costs and disbursements, including attorney fees incurred in bringing the action.

G. CHANGE ORDERS. Subject to the provisions of this Part G., the Work, Contract Price and Completion Date may be modified only by a properly executed Change Order (a copy of the Change Order form is attached hereto as Exhibit A). All Change Orders must be signed by the Owner and the Contractor to be binding upon the parties.

H. QUALITY OF WORK. The Contractor will complete the Work according to the plans, specifications and other documents that comprise this Contract. Upon substantial completion of the Work all Work that in the Owner's reasonable opinion is not yet complete or which fails to meet Contract requirements will be specified in a punchlist executed by the Owner and the Contractor and will be promptly corrected by the Contractor, and all costs or damages to other portions of the Project resulting from such defective work or correction thereof will be paid by the Contractor. If the Contractor does not make such corrections to the Work, the Owner may do so at the expense and for the account of the Contractor. The Contractor warrants that the Work will be free from defects in materials and workmanship for a period of one year from the date of final payment under this Contract. The Contractor will obtain for the Owner's benefit, and assign to Owner, all manufacturer's warranties applicable to materials or equipment installed by the Contractor or any of its subcontractors. This warranty does not limit the Contractor's liability at law for defects in the Work.

I. MECHANICS' LIENS. The Contractor will timely pay all subcontractors and material suppliers for their respective performance of any of the Work so as to prevent mechanics' or materialmen's liens from being filed against the Project. The Contractor will indemnify, defend and hold harmless the Owner for any such liens that are filed against the Project (provided the Owner is not in default in the payment of any amounts due to the Contractor hereunder) and this indemnity will survive termination of this Contract.

J. INDEMNIFICATION; PROTECTION OF PROPERTY AND PERSONS. The Contractor will indemnify, defend and hold harmless the Owner from and against all claims, damages, losses and expenses, including but not limited to reasonable attorneys' fees (1) for bodily injury, sickness, disease or death or to injury to or destruction of tangible property (other than the Work itself) including the loss of use resulting therefrom arising out of or resulting from any negligent act or omission of the Contractor, any subcontractor, anyone directly or indirectly employed by the Contractor or any subcontractor or anyone for whose acts any of them may be liable, regardless of whether or not such claim, loss or expense is caused in part by a party indemnified hereunder, or (2) arising out of or relating to injury to any employee of the Contractor, any subcontractor or material supplier, or any of their respective employees, which occurs as a result of, or is in any manner related to execution of the Work or which occurs or results from the use by the Contractor, its subcontractors or suppliers or any of their respective employees of materials, equipment, instrumentalities or other property in connection with the Work, regardless of the owner thereof and all regardless of whether the Owner may be liable or claimed to be liable for the same. The Contractor will reimburse the Owner for all costs and disbursements, including reasonable attorneys' fees paid or incurred to enforce the provisions of this paragraph. The Contractor furthermore agrees to obtain, maintain and pay for such general liability coverage and endorsements as will ensure the provisions of this paragraph.

K. INSURANCE. The Contractor has, and will continue to maintain, insurance coverage sufficient to protect the Contractor from the claims of workers under the Workers' Compensation Act and other employee benefit acts for damages because of bodily injury, including death, and from claims for damages, other than to the Work itself, to property which may arise out of or result from the Contractor's work under this Contract, whether such operations are conducted by itself or by any subcontractor or anyone directly or indirectly employed by the Contractor or any subcontractor. The Contractor shall obtain and maintain liability insurance sufficient to protect the Owner against

claims that arise from any operations under this Contract, which insurance policy will name the Owner as an additional insured. If this is a contract for new construction of the entire Project, the Contractor will also insure the Project against the perils of fire and extended coverage and shall include "all risk" insurance for physical loss or damage, including, without duplication of coverage, theft, vandalism and malicious mischief, which insurance policy will name the Owner as an additional insured. The Contractor will provide the Owner with a certificates evidencing the insurance required by this paragraph prior to the Commencement Date.

If this is a contract for the repair of an existing structure, the Owner will obtain and maintain property insurance upon the real property at the Project site in the amount of the full insurable value thereof. This insurance will include the interest of the Owner, the Contractor, and any subcontractors involved in the Work and will insure against the perils of fire and extended coverage and shall include "all risk" insurance of physical loss or damage including, without duplication of coverage, theft, vandalism, and malicious mischief. Upon request, the Owner will provide a certificate of this insurance to the Contractor.

L. DEFAULTS. If the Owner fails to make any required payment for a period of 30 days after it is due, the Contractor may, upon 2 additional days' written notice to the Owner, terminate this Contract and recover from the Owner payment for all Work performed and for all materials furnished to the Project and for use of all construction equipment and machinery in the performance of the Work, including reasonable profit and damages applicable to the Work.

If the Contractor (1) is judged to be bankrupt or insolvent, (2) makes a general assignment for the benefit of its creditors, or if a trustee or receiver is appointed for the Contractor or for any of its property, (3) fails to supply sufficient skilled workers or suitable materials or equipment for the Project, (4) fails to make prompt payments to subcontractors for labor and materials or equipment, (5) disregards laws, ordinances, rules, regulations or orders of any public body or public official having jurisdiction, or (6) otherwise violates any provision of this Contract, the Owner may, without prejudice to any other right or remedy the Owner may have by law, and after giving the Contractor 7 days' prior written notice, terminate the services of the Contractor, take possession of the Project and all materials thereon, and finish the Work by whatever method the Owner may deem expedient. In such case, the Contractor will not be entitled to receive any further payment until the Work is finished. If the unpaid balance of the Contract Price exceeds all costs to the Owner of completing the Work, then the Contractor will be paid for all Work performed by the Contractor to the date of termination. If such costs to the Owner of completing the Work exceed such unpaid balance, the Contractor will pay the difference to the Owner immediately upon the Owner's demand for such payment. The costs to the Owner of completing the Work will include (but not be limited to) any costs incurred in retaining another contractor or other subcontractors, any additional interest or fees which the Owner must pay by reason of a delay in completion of the Work, reasonable attorneys' fees and expenses, and any other damages, costs and expenses the Owner may incur by reason of completing the Work or any delay thereof. The obligations of the parties to pay each other, if any, pursuant to this paragraph shall survive termination of the Contract.

M. GOVERNING LAW. This Contract is governed by the laws of the State of Minnesota.

N. RESTRICTION ON ASSIGNMENT. Neither the Owner nor the Contractor may assign this Contract without the express written consent of the other party.

O. PERFORMANCE AND PAYMENT BONDS. [*Cross this Part out if the Owner will not require this*] The Contractor will provide the Owner with performance and payment bonds issued by a surety acceptable to the Owner, naming the Owner as a dual obligee, bonding and assuring performance by the Contractor of this Contract.

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

Exhibit A to General Conditions of Contract

CHANGE ORDER FORM

No. _____

Dated: _____

Contractor: _____

Owner: _____

Project: Construction/Repair of [address] _____

TO: "Contractor"

You are directed to make the changes noted below to the Work specified in our Contract.

[Signature of Owner/Buyer]

[Signature of Owner/Buyer]

Nature of Change:

Attachments [identify and attach amended plans, drawings, specifications, etc.]:

Changes to Contract Price and Contract time resulting from this Change Order:

Contract price before this Change Order: \$ _____

Net increase/decrease from this Change Order: \$ _____

Resulting Contract Price \$ _____

Completion date prior to this change order: \$ _____

Net increase/decrease in Contact time: _____ days

Resulting completion date: _____

ACCEPTANCE BY CONTRACTOR:

This Change Order is accepted this ____ day of _____, _____.

CONTRACTOR

By: _____

Its: _____

