# Construction Proposal and Contract

HOA/Owner: _____ Date Submitted: _____

_____ Tax ID No. of Contractor: _____

Contractor: _____ _____

President/Owner:

_____ Office Phone: _____

Print Name

Cell Phone: _____

License No: _____ Email: _____

Classification(s): _____

☐ Corporation ☐ Sole Proprietorship ☐ LLC ☐ General Partnership

**Property**

The location of the property to be improved is:

_____

_____

**Independent Contractor Relationship**

The parties agree and understand that Contractor is an independent contractor not the agent of HOA/Owner.

**Description of the Project and Description of the Significant Materials to be used and Equipment to be Installed (Specifications)**

Contractor proposes to furnish all materials and perform all labor necessary (including daily cleanup and removal of trash) to complete the following:

_____

_____

_____

_____

_____

The following items are not included:

_____

_____

_____

_____

_____

_____

All work is to be completed in accordance with industry standards in full compliance with all laws in effect as of the date set forth above. HOA/Owner shall locate and point out property lines to Contractor. If necessary to complete the Contract, Contractors may require HOA/Owner to provide a survey of the property prepared by a licensed Surveyor if reasonably necessary.

**Permits**

Contractor shall be responsible for obtaining any permits required to complete this Contract.

**Asbestos – Lead Paint**

Contractor shall be responsible for testing for asbestos and lead paint if the intended or required work warrants or requires testing in the opinion of Contractor and providing any notices required by law. HOA/Owner shall be responsible for the reasonable cost of such testing.

**Extra Work – Change Orders**

The attached change order form for changes or extra work shall be incorporated into this Contract and shall become part of the Contract only if it is in writing and signed by all parties prior to the commencement of any work covered by a change order.

Any alteration of deviation from the specifications set forth above are to be approved by the HOA/Owner, in writing, in advance, and shall become part of the Contract when approved. Such change orders are to specify the amount of additional costs, if any, and when the additional amount is payable. The Contractor's fee, including overhead and profit, shall not exceed _____ % of change order amounts. Change orders causing the extension of time must indicate the reasonable and necessary time required.

The HOA/Owner may not require the Contractor to perform extra or change order work without providing written authorization prior to the commencement of any extra or change order work.

Extra work or change orders are not enforceable against the HOA/Owner unless the change order identifies all of the following in writing prior to the commencement of any work covered by a change order:

- The scope of dollars to be added or subtracted from the Contract; and
- The amount of dollars to be added or subtracted from the Contract: and
- The effect the change order will make in the progress payments of the completion date, if any.

Commencement - Approximate Completion Date – Liquidated Damages

Contractor shall commence work no later than _____ and shall substantially complete all work no later than _____ (the guaranteed completion date). Time is of the essence. If construction is not substantially completed within _____ working days of the guaranteed completion date, Contractor agrees to reduce its fees by $_____ for each day (Monday - Friday) substantial completion is delayed, except that liquidated damages shall not apply to delays caused by HOA/Owner, extreme weather, or acts of God. Should Contractor claim that extreme weather or act of God have justified a delay in completion, Contractor shall notify HOA/Owner of said claim in writing within 5 days of such event or events. Contractor and HOA/Owner agree that damages resulting from delay are extremely difficult or determine.

The following shall constitute substantial commencement of work under this Contract:

_____

_____

_____

_____

**Insurance**

Contractor agrees to provide proof of Commercial General Liability Insurance (CGL) in an amount of not less than $_____ prior to commencement work. All subcontractors shall provide proof of Commercial General Liability Insurance in an amount of not less than $_____ per subcontractor, prior to commencement of any work by them. In addition, Contractor agrees to provide advance proof of Workers' Compensation Insurance covering all workers who will perform work on the site. Contractor warrants that said policies will be maintained in force through completion. HOA/Owner and the management company shall be named as additional insured.

**Commercial General Liability Insurance (CGL)**

Contractor carries Commercial General Liability Insurance written by _____. Attached is a Declaration Page describing the insurance coverage to be maintained by Contractor through the date of completion.

**Contractor's Warranty – No Condominium Exclusions**

Contractor represents and warrants that Contractor's insurance policy and insurance policies of any Subcontractors shall not include an exclusion for condominiums at any time from the date of commencement of this Contract through the date of completion. Contractor acknowledges that HOA/Owner is relying on this representation and warranty.

**Contract Price - Down Payment - Schedule of Progress Payments - Lien Releases**

It is against the law for a Contractor to collect payments for work not yet completed, or for materials not yet delivered. However, a Contractor may require a down payment.

**Contractor shall be paid based on the following disbursement schedule:**

| Down Payment | $ | Less Retention | Net Amount |
|---|---|---|---|
| | $ | $ | $ |
| | $ | $ | $ |
| | $ | $ | $ |
| | $ | $ | $ |
| | $ | $ | $ |
| | $ | $ | $ |
| | $ | $ | $ |
| | $ | $ | $ |
| | $ | $ | $ |
| Totals ( Contract Price) | $ | $ | $ |

The down payment cannot be more than one thousand dollars ($1,000) or ten percent (10%) of the contract price, whichever is less for home improvement contracts.

Progress payments shall be made approximately every _____ calendar days based upon the percentage of completion less retention of _____% which shall be held by HOA/Owner until 30 days after the issuance of a Certificate of Occupancy, if applicable, or final sign-off by the government agency that issued the building permits. Disbursement of the final payment shall be subject to HOA/Owner's receipt of any applicable written manufacturer's/Contractor's warranties.

Contractor agrees to provide HOA/Owner with Conditional and Unconditional Lien Releases for work completed including Lien Releases from Subcontractors and Suppliers.

HOA/Owner reserves the right to issue joint checks to Contractor and Subcontractors and/or Suppliers.

**List of Subcontractors and Vendors**

Contractor shall be utilizing the following list of Subcontractors and Vendors in connection with this Contract:

| | |
|---|---|
| _____ | _____ |
| Name | Name |
| _____ | _____ |
| License Number | License Number |
| _____ | _____ |
| License Classification | License Classification |
| _____ | _____ |
| Contact Person | Contract Person |
| _____ | _____ |
| Telephone Number | Telephone Number |
| _____ | _____ |
| Address | Address |
| _____ | _____ |
| _____ | _____ |

| | |
|---|---|
| Name | Name |
| License Number | License Number |
| License Classification | License Classification |
| Contact Person | Contract Person |
| Telephone Number | Telephone Number |
| Address | Address |

The name, address and phone number of the construction fund holder is:

Phone: _____

**Notice to HOA/Owner (Required by Law)**

Contractors are required by law to be licensed and are regulated by the Contractors' State License Board which has jurisdiction to investigate complaints against Contractors if a complaint regarding a patent act or omission is filed within four (4) years of the date of the alleged violation. A complaint regarding a latent act or omission pertaining to structural

defects must be filed within ten (10) years of the date of the alleged violation. Any questions concerning a Contractor may be referred to:

Registrar

Contractors' State License Board
P.O. Box 26000
Sacramento, California 95826

STATE LAW REQUIRES ANYONE WHO CONTRACTS TO DO CONSTRUCTION WORK TO BE LICENSED BY THE CONTRACTORS' STATE LICENSE BOARD IN THE LICENSE CATEGORY IN WHICH THE CONTRACTOR IS GOING TO BE WORKING (IF THE TOTAL PRICE OF THE JOB IS $500 OR MORE, INCLUDING LABOR AND MATERIALS).

LICENSED CONTRACTORS ARE REGULATED BY LAWS DESIGNED TO PROTECT THE PUBLIC. IF YOU CONTRACT WITH SOMEONE WHO DOES NOT HAVE A LICENSE, THE

CONTRACTORS' STATE LICENSE BOARD MAY BE UNABLE TO ASSIST YOU WITH A COMPLAINT. YOUR ONLY REMEDY AGAINST AN UNLICENSED CONTRACTOR MAY BE IN

CIVIL COURT, AND YOU MAY BE LIABLE FOR DAMAGES ARISING OUT OF ANY INJURIES TO THE CONTRACTOR OR HIS OR HER EMPLOYEES.

YOU MAY CONTACT THE CONTRACTORS' STATE LICENSE BOARD TO FIND OUT IF A CONTRACTOR HAS A VALID LICENSE. THE BOARD HAS COMPLETE INFORMATION ON THE HISTORY OF LICENSED CONTRACTORS, INCLUDING ANY POSSIBLE SUSPENSIONS, REVOCATIONS, JUDGMENTS, AND CITATIONS. THE BOARD HAS OFFICES THROUGHOUT CALIFORNIA. PLEASE CALL 1-800-321-CSLB FOR MORE INFORMATION.

**Mechanics' Lien Warning**

Anyone who helps improve your property, but who is not paid, may record what is called a mechanics' lien on your property. A mechanics' lien is a claim, like a mortgage or home equity loan, made against your property and recorded with the county recorder.

Even if you pay your Contractor in full, unpaid Subcontractors, suppliers, and laborers who helped to improve your property may record mechanics' liens and sue you in court to foreclose the lien. If a court finds the lien valid, you could be forced to pay twice or have a court officer sell your home to pay the lien. Liens can also affect your credit.

To preserve their right to record a lien, each Subcontractor and material supplier must provide you with a document called a "20-day Preliminary Notice". This notice is not a lien. The purpose of the notice is to let you know that the person who sends you the notice has the right to record a lien on your property if he or she is not paid.

BE CAREFUL. The Preliminary Notice can be sent up to 20 days after the Subcontractor starts work or a supplier provides material. This can be a big problem if you pay a Contractor before you have received a Preliminary Notice.

You will not get Preliminary Notices from your prime Contractor or from laborers who work on your project. The law assumes that you already know they are improving your property.

PROTECT YOURSELF FROM LIENS. You can protect yourself from liens by getting a list from your Contractor of all the Subcontractors and material suppliers that work on your project. Find out from your Contractor when these Subcontractors started work and when

these suppliers delivered goods or materials. Then wait 20 days, paying attention to the Preliminary Notices you receive.

PAY WITH JOINT CHECKS. One way to protect yourself is to pay with a joint check. When your Contractor tells you it is time to pay for the work of a Subcontractor or supplier who has provided you with a Preliminary Notice, write a joint check payable to both the Contractor and the Subcontractor or material supplier.

For other ways to prevent liens, visit CSLB's website at www.cslb.ca.gov or call CSLB at 800-321-CSLB (2752).

REMEMBER, IF YOU DO NOTHING, YOU RISK HAVING A LIEN PLACED ON YOUR PROPERTY. This can mean that you may have to pay twice, or face the forced sale of your home to pay what you owe.

**Information about the Contractors' State License Board (Required Notice)**

CSLB is the state consumer protection agency that licenses and regulates construction Contractors.

Contact CSLB for information about the licensed Contractors you are considering, including information about disclosable complaints, disciplinary actions and civil judgments that are reported to CSLB.

Use only licensed Contractors. If you file a complaint against a licensed Contractor within the legal deadline (usually four years), CSLB has the authority to investigate the complaint. If you use an unlicensed Contractor, CSLB may not be able to help you resolve your complaint. Your only remedy may be in civil court, and you may be liable for damages arising out of any injuries to the unlicensed Contractor or the unlicensed Contractor's employees.

For more information:

Visit CSLB's website at www.cslb.ca.gov
Call CSLB at 800-321-CSLB (2752)
Write CSLB at P.O. Box 26000, Sacramento, CA 95826

**Indemnification**

Contractor agrees to fully and completely indemnify, defend and hold HOA/Owner and its agents (including any managing agent) and employees harmless from all damages, costs, expenses, attorneys fees, liabilities or claims, including any which may arise by reason of any injury or damage to persons, or property, either in, on or about the property or which may arise by reason of and during the Contractor's performance of its responsibilities. Such indemnification extends, but is not limited to, all such damages or claims which may arise by the acts or omissions of the Contractor, and all Subcontractors and Vendors, their agents, employees and representatives, any violation of law, regulation or ordinance, or any other dispute or claim relating to hours of employment, working conditions, wages, and/or compensation of employees or former employees of the Contractor.

**Warranties**

Contractor Agrees to Provide the following written warranties for the period indicated:

| | | | |
|---|---|---|---|
| | | ☐Full ☐Limited | ☐C ☐SC ☐MS |
| | | ☐Full ☐Limited | ☐C ☐SC ☐MS |
| | | ☐Full ☐Limited | ☐C ☐SC ☐MS |
| | | ☐Full ☐Limited | ☐C ☐SC ☐MS |
| | | ☐Full ☐Limited | ☐C ☐SC ☐MS |

**Guaranty of Performance**

If Contractor is a corporation or LLC, the owner(s) of Contractor (including the undersigned) agree to personally guaranty the performance of this Contract by Contractor including any

warranties provided. This Guaranty shall survive the completion of all work under this Contract.

**Modifications to Contract**

This Contract supersedes any other agreements, either oral or in writing, between the parties. Any modifications of this Contract will be effective only if it is in writing.

**Costs and Attorneys Fees**

In the event that any action, suit, mediation, or arbitration proceeding is instituted concerning or arising out of this Contract, the prevailing party shall recover all of such party's costs, including, without limitation, the court costs and reasonable attorneys fees incurred in each and every such action, suit or proceeding, including any and all appeals or petitions therefrom. Prior to filing suit, the parties agree to mediate any dispute before a licensed California attorney or retired judge. Both parties shall pay 50% of all costs. If either party becomes dissatisfied with the attempt to mediate, that party shall be free to file suit in the county where the property is located.

**Severability**

Invalidation of any portion of this Contract or any of its provisions shall in no way affect any other provision or the reminder of this Contract which shall remain in full force and effect.

**Notices**

Any notices, requests, demands, instructions or other communications to be given to either party hereunder shall be in writing and delivered by either personal delivery or by mail, addressed as follows:

To Contractor: _____

_____

_____

To HOA/Owner: _____

_____

_____

Termination of Proposal

This Proposal (offer) shall terminate unless accepted on or before 5:00 PM on

_____.

The Undersigned have read the entire Contract

Agreed this _____ day of _____, 20___.

**DON'T SIGN ANYTHING UNTIL YOU UNDERSTAND THIS CONTRACT AND AGREE TO THE TERMS. This form does not imply or constitute legal advice. Parties to a contract should obtain legal advice from a licensed attorney before entering into a contract.**

**YOU ARE ENTITLED TO A COMPLETELY FILLED-IN COPY OF THIS CONTRACT, SIGNED BY YOU AND THE CONTRACTOR, BEFORE ANY WORK MAY BE STARTED.**

The Undersigned represent and warrant that they have full authority to sign this Contract.

_____
Contractor - Print Name

_____
Contractor - Signature

_____
HOA/Owner - Print Name

_____
HOA/Owner - Signature

_____
HOA/Owner - Print Name

_____
HOA-Owner - Signature