

Residential Construction Contract

This **Residential Construction Agreement** ("**Agreement**") is entered into on the _____, by and between the following parties;

Contractor

Homeowner

The Homeowner and the Contractor may be referred to individually as a "**Party**" and collectively as the "**Parties**".

1. Purpose of the Contract

The purpose of this Contract is to set out the terms and conditions under which the Contractor agrees to perform residential construction work for the Homeowner, and under which the Homeowner agrees to pay for such work. This Contract is intended to protect the rights and obligations of both Parties and to clearly define the scope, cost, timing, and standards of the construction work.

2. Description of the Project

The Contractor agrees to carry out residential construction work at the property located at _____.

The work includes the construction, renovation, extension, or improvement of a residential building as described in the approved plans, drawings, specifications, and any written documents agreed upon by the Parties ("**Project**"). All such documents, whether attached or referenced, form part of this Contract.

3. Contract Type and Contract Price

This Contract is a **lump sum contract**. The Contractor agrees to complete the Project for a fixed total price of _____. The lump sum price includes all labor, materials, tools, equipment, supervision, overheads, and profit necessary to complete the Project in accordance with this Contract, except for items expressly stated as exclusions, allowances, or variations.

4. Inclusions and Exclusions

The Contract Price includes only the work, materials, and services expressly described in the Project documents. Any work, materials, or services not specifically included are excluded from the Contract Price unless otherwise agreed in writing.

Exclusions may include, but are not limited to, unforeseen site conditions, changes required by authorities after contract signing, or items not shown in the approved plans.

5. Prime Cost Items and Provisional Sums

Where applicable, this Contract may include prime cost items or provisional sums. These are estimates for items or work that cannot be accurately priced at the time of signing.

If the actual cost of a prime cost item or provisional sum is higher or lower than the allowance stated in this Contract, the Contract Price shall be adjusted accordingly. The Contractor must provide reasonable evidence of the actual cost upon request.

6. Variations and Additional Expenses

No variation to the scope of work shall be carried out unless agreed in writing by both Parties. A variation may include additions, omissions, substitutions, or changes to the original work.

Each variation shall state the change in scope, any adjustment to the Contract Price, and any impact on the construction timeline. If additional work is required due to unforeseen conditions, safety concerns, or regulatory requirements, the Contractor must notify the Homeowner as soon as reasonably possible.

7. Payment Terms

The Homeowner agrees to pay the Contractor the Contract Price in installments as follows;

- An initial deposit of _____ is payable upon signing this Contract.
- Progress payments shall be made at agreed construction stages or dates.
- The final payment shall be made upon practical completion of the Project and after rectification of agreed defects.

All payments must be made within _____ days of receipt of a valid invoice. Late payments may result in suspension of work and may attract interest as permitted by law.

8. Time of Completion

The Contractor shall commence the work on or about _____ and shall proceed with due diligence to achieve completion within _____ days or weeks, subject to extensions of time. Delays caused by weather conditions, supply shortages, variations, regulatory approvals, or events beyond the Contractor's reasonable control may entitle the Contractor to an extension of time.

9. Standards of Work

The Contractor shall perform all work in a proper and workmanlike manner, using suitable materials that comply with applicable building codes, standards, and regulations. All work must be carried out by appropriately qualified and licensed personnel where required.

10. Permits and Approvals

Unless otherwise agreed, the Contractor shall be responsible for obtaining necessary building permits and inspections required for the Project. The Homeowner shall cooperate by providing information or authorizations reasonably required for such approvals.

11. Site Access and Conditions

The Homeowner shall provide the Contractor with reasonable access to the site during normal working hours. The Homeowner warrants that they have the legal right to authorize the work to be carried out at the property. The Contractor is not responsible for damage caused by pre-existing site conditions that were not reasonably discoverable prior to commencement.

12. Insurance and Risk

The Contractor shall maintain appropriate insurance coverage, including public liability insurance and workers' compensation insurance as required by law. Risk of loss or damage to the work remains with the Contractor until practical completion. After practical completion, risk passes to the Homeowner.

13. Warranties and Defects

The Contractor warrants that the work will be free from defects resulting from poor workmanship or defective materials for the period required by applicable law. The Homeowner must notify the Contractor of any defects within a reasonable time. The Contractor shall rectify covered defects within a reasonable period at no additional cost.

14. Termination

Either Party may terminate this Agreement if the other Party commits a material breach of its obligations and fails to remedy such breach within a reasonable period after receiving written notice specifying the nature of the breach and the required corrective action. Material breaches may include, but are not limited to, failure to make payments when due, failure to carry out the work in accordance with this Agreement, abandonment of the Project, unlawful conduct, or persistent failure to comply with applicable laws, building codes, or approved plans.

The Homeowner may also terminate this Agreement for convenience by providing written notice to the Contractor. In such case, the Contractor shall immediately cease work, secure the site, and provide a detailed account of work completed and materials ordered or delivered up to the termination date. The Homeowner shall pay the Contractor for all work properly performed to that date, the reasonable cost of materials and equipment purchased for the Project that cannot be reasonably returned, and any approved variations completed prior to termination. No further payment for loss of profit on unperformed work shall be due unless required by law.

Upon termination for any reason, the Contractor shall promptly remove its tools, equipment, and unused materials from the site, leave the site in a safe and orderly condition, and deliver to the Homeowner all plans, permits, warranties, manuals, and documents relating to the completed work. Termination shall not affect any rights, obligations, or remedies that have accrued prior to termination, including rights relating to defects, payment, indemnities, or dispute resolution, which shall survive termination of this Agreement.

15. Dispute Resolution

In the event of a dispute, the Parties agree to attempt to resolve the matter in good faith through discussion. If the dispute cannot be resolved, the Parties may pursue mediation or other lawful dispute resolution methods before initiating legal proceedings, unless urgent relief is required.

16. Independent Contractors

The Contractor acts as an independent contractor and not as an employee or agent of the Homeowner. Nothing in this Contract creates a partnership or joint venture.

17. Assignment and Subcontracting

The Contractor may engage subcontractors to perform part of the work but remains fully responsible for their performance. The Homeowner may not assign this Agreement without the Contractor's written consent, except as permitted by law.

18. Governing Law

This Contract shall be governed by and interpreted in accordance with the laws of the State of _____.

19. Entire Agreement

This Contract constitutes the entire agreement between the Parties and supersedes all prior discussions, representations, or agreements, whether written or oral. Any amendment must be in writing and signed by both Parties.

By signing below, the Parties acknowledge that they have read, understood, and agreed to be bound by the terms of this Contract.

Constructor

Name

Date

Signature

Homeowner

Name

Date

Signature



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