

# AYNESWORTH

Architects & Consultants

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You want to build a new home or a small commercial project. The recommended contract is the AIA Document A105-2007 "Standard Form of Agreement Between Owner and Contractor for Residential or Small Commercial Project." Buy the agreement from the AIA or at most reprographics shops for \$8.00

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1 CONTRACT DOCUMENTS consists of at least the following:

- 1.1 Drawings: plans, elevations, sections, details, schedules, selections
- 1.2 Specifications: Sometimes only a sheet or two attached to the drawings. More sophisticated projects require many type written pages
- 1.3 Addenda: These are letters and other changes issued during bidding and BEFORE signing the contract.
- 1.4 Written Change Orders-Owner, Contractor and usually the Architect must sign.
- 1.5 This agreement and sub-contracts
- 1.6 Allowances: if any must be implemented by Change Order
- 1.7 Other documents to which the owner and contractor agree

2 DATE OF COMMENCEMENT AND SUBSTANTIAL COMPLETION DATE

- 2.1 Establish a certain start date
- 2.2 Substantial Completion definition:
  - 2.2.1 "the stage in the progress of the Work where the Work or designated portion is sufficiently complete in accordance with the Contract Documents so that the Owner can occupy or utilize the Work for its intended use."

3 CONTRACT SUM

- 3.1 Get a detailed breakdown, clearly defined and tied to the scope of the work sub-contract Covers.
- 3.2 Unit prices must be clearly understood and documented.
- 3.3 Allowances must be realistic. Don't set them low just to get the project into budget.

3.4 Identify clearly to which alternates you have agreed.

#### 4 PAYMENTS

- 4.1 The contractor shall submit an application for payment to the architect.
- 4.2 The architect shall review the work in relation to the amount requested and certify to the owner and contractor the amount to be paid each month.
- 4.3 The owner should retain 10% of the amount due until the project is finally complete.
- 4.4 Amounts due (not including the retainage) but unpaid shall bear interest.

#### 5 INSURANCE

- 5.1 The architect can provide you with the blank AIA forms but be sure to consult with your insurance advisor.

#### 6 GENERAL PROVISIONS

- 6.1 This section explains general project terms.

#### 7 OWNER

- 7.1 Information: The owner is responsible for several important duties. Most of these may have been handled for the owner by the architect by this time. Surveys, legal descriptions, zoning, subdivision, and certain governmental fees. The owner will have already arranged to provide a geo-technical report.
- 7.2 Owner's rights include: Right to stop the work, right to take over the work, right to perform the work and to award separate contracts.

#### 8 CONTRACTOR

- 8.1 General contract and major sub-contractors must review the contract documents and field conditions.
- 8.2 Contractor must provide a schedule and keep it updated.
- 8.3 Contractor shall provide adequate supervision.
- 8.4 Contract shall provide a list of sub-contractors and suppliers.
- 8.5 WARRANTY
  - 8.5.1 Owner and architect should discuss this before issuing for bids. Discuss the term and various scenarios. Be sure to get at least twelve months from completion.
- 8.6 TAXES
  - 8.6.1 Paid by the contractor.
- 8.7 PERMITS AND FEES
  - 8.7.1 Contractor is responsible.
- 8.8 SUBMITTALS
  - 8.8.1 Submittals include shop drawings, material data, and samples. Product data submittals, samples, and shop drawings are required primarily for the architect and engineer to verify that the correct products will be installed on the project.

#### 9 ARCHITECT

- 9.1 The architect represents the owner with fairness toward the contractor. The architect has authority to reject non-conforming work.

## 10 CHANGES IN THE WORK

- 10.1 You can minimize Change Orders by carefully preparing the plans and specifications. The scope of the work must be fully defined, the quality must be defined, and beware that time affects everything.
- 10.2 Once you decide you will have a change order the owner should consult with the architect. The architect should work with the contractor to draft the change order. All three parties should sign the change order.
- 10.3 Beware that you must write a change order to document any delays. Also, you may agree to a bonus and liquidated damages clause.

## 11 TIME

- 11.1 Time is important to everyone. Do not be the cause of a delay claim unless you are prepared to pay for it.

## 12 PAYMENTS

- 12.1 You must keep track of the Contract Sum as it changes.
- 12.2 A couple weeks before the first Application for Payment the Contractor submits a Schedule of Values. A good practice is to list every subcontract as a line item.
- 12.3 Progress payments are made monthly.
- 12.4 Substantial Completion is the point in the project when essentially everything is complete but not finally accepted by the owner.
- 12.5 The contractor should do his own "punch list" and submit it to the owner and contractor before requesting a letter of Substantial completion. The architect prepares the "punch list" which usually includes items listed by the contractor.
- 12.6 FINAL COMPLETION AND FINAL PAYMENT
  - 12.6.1 Contractor submits his final Application for Payment to the architect. When the architect inspects and finds the work acceptable he issues the final Certificate for Payment.

## 13 PROTECTION OF PERSONS AND PROPERTY

- 13.1 The contractor is responsible for protection. This can be a big source of irritation so think through what you can live with.

## 14 CORRECTION OF WORK

- 14.1 Contractor shall correct the Work. A good additional clause is to make the Warranty begin when the work is properly completed.

## 15 MISCELLANEOUS PROVISIONS

- 15.1 Neither party may assign their contract with the other parties consent. The Owner and Contractor are each responsible for certain testing, inspections and approvals.

## 16 TERMINATION OF THE CONTRACT

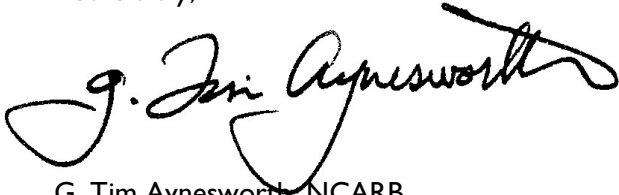
- 16.1 Either party may terminate the agreement subject to settling up on amounts owned and condition of the work. If you have not kept the Change Orders, Schedule and Payments under control, you will have problems.

## 17 OTHER TERMS AND CONDITIONS

- 17.1 Owner and contractor may agree to many other terms, but everything must be coordinated to avoid conflict and ambiguity.
- 17.1.1 An example may be how to handle Allowances.
- 17.1.2 The architect can draw-up "Supplementary Conditions" which should be issued with the other bid documents.

For more information, you should schedule a meeting with experienced and licensed architect.

Yours truly,

A handwritten signature in black ink that reads "G. Tim Aynesworth". The signature is fluid and cursive, with a large loop at the end.

G. Tim Aynesworth, NCARB  
Registered Architect 5014  
Registered Interior Designer 7820