



**CONTRACT FOR CONSTRUCTION**  
(Lump Sum)

THIS CONTRACT (the “Contract”) is made and entered into this the **Xth** day of **Month, 2024**, by and between **Glenco Construction, LLC** (“Contractor”) and **Your Name** (“Owner”), and relates to remodel of building located at **Address** (the “Premises”).

Contractor and Owner agree as follows:

1. **The Work.** The term “Work” means the construction and services required of the Contractor as set forth in the Contract Documents.
2. **Contract Documents.** The Contract Documents on which the agreement between Owner and Contractor are based, which identify the Work, which establish the scope of the labor, materials, equipment and services required of Contractor, are as follows:
  - a) This Contract.
  - b) Plans identified on Exhibit A hereto.
  - c) Scope of Work description, specifications, allowances, and exclusions as set forth on Exhibit A hereto.
  - d) Any written change orders, modifications and amendments to this Contract signed by both Contractor and Owner.
3. **Contract Price.** Owner shall pay Contractor the Contract Price for performance of the Work. The Contract Price shall be a Lump Sum Price of **Amount (\$X.XX)**.
4. **Nonrefundable Payment.** Upon execution of this Contract, Owner shall pay to Contractor a nonrefundable payment in the amount of **10% of Amount (\$X.XX)**, which amount shall be applied against the Contract Price. This nonrefundable payment will be credited to the Final Payment (as hereinafter described), provided Owner is not in default of any of the obligations of this Contract. If for any reason Owner fails to perform the obligations required of Owner by this Contract or by law, or if Contractor terminates this Contract per section 6, the Nonrefundable Payment will be retained by Contractor, but such retained payment shall not waive, exclude, or preclude Contractor’s other rights or remedies.

## 5. Progress Payments.

(a) Periodically, but not more frequently than bi-monthly (except for the Final Payment), Contractor shall submit invoices to Owner seeking payment for Work performed. Payment on each invoice shall be made within five (5) days of submission by Contractor. Time is of the essence with respect to each progress payment. The obligation to make timely payment of each invoice is Owner's obligation, notwithstanding any act or omission of Owner's Lender.

(b) Invoices that are not timely paid shall bear interest from the invoice due date (the 5<sup>th</sup> day following submission to Owner), until paid, at the rate of 8.0% per annum. Contractor may, upon notice to Owner, suspend performance of the Work if an invoice is not paid in full by its due date. In the event that any invoice remains unpaid for three days after suspension of work, Contractor may give written notice to Owner of the termination of this Contract, and/or Contractor may condition the resumption of performance of the Work upon an additional fee for all unpaid amounts and an advance payment of up to fifteen percent (15%) of the remaining Contract Price balance. In the event Contractor elects to terminate this Contract for nonpayment by Owner, Contractor shall be entitled to payment of: (i) all unpaid invoices, plus interest owed; (ii) all amounts for labor, materials, equipment and services furnished but not yet invoiced, plus a ten percent (10%) fee applied to such amounts; (iii) all costs incurred by reason of the termination, including without limitation costs for terminating subcontracts and purchase orders, restocking fees, and return of materials and equipment, plus a ten percent (10%) fee applied to the sum of such costs; and (iv) other amounts, costs, and attorney's fees as allowed by law.

(c) Owner-Financed- Sections 5(a) and 5(b), and this entire Agreement, are applicable to Owner, regardless of whether Owner is owner-financing or paying Contractor for the Work directly (hereinafter "Owner-Financed"). If Owner is Owner-Financing the Work, a deposit of **10% of Amount (\$X.XX)** will be due at the time of executing this Contract. Contractor has set the below schedule of payments and construction milestones, which Owner hereby agrees to, and agrees to timely pay Contractor within five (5) days of pay application submission by Contractor.

### Schedule of Payment...

If it becomes apparent that Owner might exceed its capacity to make timely payments and pay progress payments or the Contract Price, Owner shall immediately notify Contractor in writing. Whether or not Owner alerts Contractor to such an issue, Contractor reserves the right at any time to require proof of funds from Owner. If it is reasonably apparent that Owner may exceed Owner's ability to timely pay Contractor, Contractor reserves the right to suspend work, issue a change order to amend Contract Price and/or time limits to perform the Work, or require additional proof of funds, Owner's liquidity, or require Owner to obtain an additional line of credit to fund the Work, or require additional proof of Owner's ability to timely pay the Contract Price. If Contractor requires proof of funds from Owner, and Owner fails to demonstrate within five (5) days, to Contractor's satisfaction, that Owner will be able to make timely progress payments and pay the Contract Price, Contractor may give written notice to Owner of the termination of this Contract, and/or Contractor may condition the resumption of performance of the Work subject to the conditions, rights, and remedies available to Contractor in Section 5(b).

(d) Third-Party Lender- Sections 5(a) and 5(b), and this entire Agreement, are applicable to Owner, regardless of whether Owner is financing the Work in whole or in part through a third-party lender (hereinafter “Lender”), whether such Lender is a public or private financial institution, bank, credit union, person, company, corporation, partnership, or other person or entity not enumerated in this Contract. Owner bears the responsibility and obligation of making all timely payments specified under this Contract, whether or not Owner has direct or indirect control, or no control, over Lender’s payments prior to, during, or after the Work. Owner and Contractor agree to the following for Lender-Financed Work:

- i. Prior to the Work, and prior to Owner closing on a construction loan or Lender-Financing, Contractor reserves the right to review and inspect any proposed draw schedule from the Lender, request adjustments to the draw schedule, and request supplemental payments directly from Owner if Lender refuses to adjust the draw schedule or make additional intermittent payments. If the draw schedule is adjusted in any way without consulting Contractor, Owner or Lender shall alert Contractor in writing, and Contractor will reserve the right to request adjustments and/or require additional intermittent payments from Lender and/or Owner;
- ii. At the time of closing the construction loan or Lender-Financing, a deposit of **10% of Amount (\$X.XX)** will be due to Contractor, payable by either the Owner or the Lender. For the benefit of the Lender, Contractor represents that if it requires such a deposit, Contractor has not previously received other funds for the Work and has not in effect been double paid;
- iii. Contractor will not invoice the Lender during the course of the Work. Rather, Contractor will invoice the Lender when the work is complete and the Contract Price is reconciled for all adjustments, allowances, change orders, and credits;
- iv. If it becomes apparent that Owner might exceed Owner’s lending amount, financing, construction loan, line of credit, or other financing agreement (hereinafter “line of credit”), Owner shall immediately notify Contractor in writing. Whether or not Owner alerts Contractor to such an issue with Owner’s line of credit, Contractor reserves the right at any time to require a proof of funds from Owner. If it is reasonably apparent that Owner or Lender may exceed Owner’s or Lender’s ability to timely pay Contractor, Contractor reserves the right to suspend work, issue a change order to amend Contract Price and/or time limits to perform the Work, or require additional proof of funds, Owner’s or Lender’s liquidity, or require Owner to obtain an additional line of credit to fund the Work, or require additional proof of Owner’s ability to timely pay the Contract Price. If Contractor requires proof of funds from Owner or Lender, and Owner or Lender fails to demonstrate within five (5) days, to Contractor’s satisfaction, that Owner or Lender will be able to make timely progress payments and pay the Contract Price, Contractor may give written notice to Owner of the termination of this Contract, and/or Contractor may condition the resumption of performance of the Work subject to the conditions, rights, and remedies available to Contractor in Section 5(b).

6. **Final Payment.** Upon completion of the Work, Contractor will submit a final invoice to Owner (and Lender if Lender-Financed), which shall be the sum of the unpaid balance of the Contract Price, less progress payments made. The final invoice will be due within five (5) days of submission. Time is of the essence with respect to the Final Payment. Contemporaneous with furnishing the Final Payment, Contractor will provide Owner with a certificate of occupancy and final lien waiver. If requested, Contractor will also provide Lender with a copy of the final lien waiver. Contractor reserves the right to withhold the Certificate of Occupancy and/or final lien waiver if Owner or Lender refuses to timely furnish the Final Payment.

7. **Responsibilities of Contractor.**

(a) Contractor shall interpret the requirements of the Contract Documents and shall perform all Work required by the Contract Documents, except as indicated in a Contract Document to be excluded or to be the work of others. In doing so, Contractor does not make any representations or assume any liability related to design, architecture, the architect(s), or designer(s). Contractor will select all subcontractors that perform any portion of the Work. Contractor shall be responsible for the proper performance of the Work by subcontractors.

(b) Contractor will provide for all labor, materials, equipment, utilities, and other services necessary for the proper completion of the Work in accordance with the Contract Documents.

(c) Contractor shall secure permits necessary for proper completion of the Work.

(d) Contractor shall comply with applicable provisions of the building codes and orders of public authorities applicable to the Work.

(e) Contractor shall comply with applicable ordinances, laws, and regulations of governmental authorities having jurisdiction over job site safety.

(f) Contractor shall keep scheduling up to date and moving, making owner aware of any delays. All attempts to keep within schedule will be discussed with Owner.

8. **Responsibilities of Owner.**

(a) Owner shall promptly respond to requests of Contractor and shall promptly make decisions bearing upon the Work, so as not to delay progress of the Work.

(b) Upon request of Contractor, Owner shall provide reasonable evidence that it has sufficient financial ability to pay the Contract Price. If such evidence is not provided within three (3) days of request, Contractor may suspend performance of the Work.

(c) Owner shall timely pay progress payment invoices and the Final Payment invoice per this Contract. If Contractor engages an attorney to assist in collection of any amounts owed to Contractor, Owner will also pay reasonable attorney's fees.

(d) The Owner shall have no contractual relationship with Contractor's subcontractors, and Owner shall only communicate with such subcontractors through Contractor.

(e) The Owner assumes risk of injury and all costs and damages to Owner and any person that the Owner invites to, or authorizes entry upon, the Premises. Owner shall indemnify and hold Contractor harmless of and from all liability for personal injury and damages of any type arising from visits to the Premises by the Owner and any invitee of Owner or person authorized by Owner to visit the Premises.

(f) Owner warrants ownership of the Premises and the right to construct the Work on the Premises, and further warrants that the Work will not violate any restrictions, covenants, zoning ordinances or other laws. Owner shall indemnify and hold Contractor harmless from and against any and all loss, damage, or liability resulting from a breach of these warranties, including without limitation reasonable attorney's fees.

9. **Changes in the Work.** Owner may make reasonable changes in the Work within the general scope of the Contract Documents. All changes shall be evidenced by a written change order signed by the Owner and the Contractor. Changes that are not written and signed by both Owner and Contractor are not enforceable. Any Contract Price increase specified by a Change Order will be due within five (5) days of the completion of any work or modification set out by the same Change Order. For example, if Owner and Contractor agree to a Change Order to build a stone patio, the payment of the increase set out in the Change Order is due within five days of completing the stone patio. Such change orders will be reconciled against the Contract Price. If the Change Order is not timely paid within five (5) days, Contractor reserves the rights and remedies set out in Section 5(b) to resolve the Change Order nonpayment.

10. **Concealed, Unknown, or Unexpected Conditions.** Should concealed, unknown, or unexpected conditions be encountered in the performance of the Work which are (a) below the surface of the ground, behind existing walls, floors, ceilings, or finishes, or otherwise concealed, (b) at variance with the conditions indicated by any of the Contract Documents, (c) cause a cost increase in the procurement of water, septic or utility services, (d) cause a change in the price of materials or labor, (e) result in an applicable building code, law, regulation, or inspection authority determination which was not included in Contractor's calculation of the Contract Price, or (f) are of an unusual nature, differing materially from those ordinarily encountered and generally recognized as inherent in work of the character provided for in this Contract, then the Contract Price shall be increased by written change order.

11. **Allowances.** The Cost as it exists as of the execution of this Contract is based upon allowances set forth in the Contract Documents. An allowance is an estimated amount used to formulate a forecasted cost. An allowance is not a minimum or maximum guaranteed price for a given item or material. If the actual cost of an allowance item is different than the stated allowance, the difference will be reconciled against the Contract Price. If the actual cost of an allowance item is less than the stated allowance, the difference will be credited against the Contract Price, and such credit will be made at the time of final payment. If the actual cost of an item exceeds the stated allowance, the difference will be added to the Contract Price. The Contractor's 15% fee shall be applied to all such increases that are the result of exceeding allowance items, and are otherwise related to Costs therein. *For example, assume there is a \$10,000 cabinet allowance*

*for standard kitchen cabinets. During the course of the Project, the Owner wants to upgrade the cabinets, the parties agree to a written change order, and the upgraded cabinets cost \$13,000. The excess cost of \$3,000 would be added to the Contract Price, plus 15% of the excess (\$450), for a \$3,450 increase to the Contract Price.*

12. **Hazardous Materials, Radon and Environmental Pollutants.** It is agreed that Contractor has made no investigation to determine the presence of hazardous materials, radon gas, or other environmental pollutants on the Premises. It is agreed that Contractor shall not be obligated to test for radon gas or any other environmental pollutants or to take any remedial or corrective measures in the event that any radon gas or other environmental pollutant is discovered on the Premises, regardless of the level of such radon gas or other environmental pollutant. Owner expressly releases Contractor from any obligation or liability, now or in the future, relating in any way to radon gas or other environmental pollutant which may at any time be discovered on or affecting the Premises. If Contractor encounters a hazardous material or substance, including but not limited to asbestos or PCB, Contractor shall stop work in the affected area and notify Owner. Owner shall indemnify and hold harmless the Contractor and all subcontractors from and against claims, damages, losses and expenses, including but not limited to attorney's fees, arising out of or relating to any hazardous materials located on the Premises.

13. **Insurance.** Owner is responsible for purchasing and maintaining property and casualty insurance relating to the Premises and the Work with the addition of 100% of the value of the Work during construction. Owner shall provide proof of policy and coverage to Contractor for Owner's property and casualty insurance. Contractor shall maintain a General Liability Policy in the amount of no less than one-million dollars (\$1,000,000.00) per occurrence, and two-million dollars (\$2,000,000.00) aggregate. Contractor will provide and maintain worker's compensation insurance as required by law. For any portion of the Work that must be repaired or replaced as a result of loss, damage, casualty, or peril, and such repair or replacement is not paid or covered by Owner's insurance or Contractor's insurance, Owner will remain liable to pay all repair or replacement invoices plus fifteen percent (15%) to Contractor.

14. **Warranties.**

(a) **Equipment and Certain Materials Warranties.** Contractor shall provide Owner with copies of warranties provided by manufacturers of equipment and those materials with specific manufacturer's warranties, such as installed at the Premises. Such warranties shall constitute the exclusive and complete warranties applicable to equipment and such materials installed at the Premises. Contractor does not assume any responsibility or obligation related to any such warranties, whether express or implied.

(b) **Limited Warranty.** Contractor warrants that for a period of one (1) year from the earlier of issuance of a temporary or final certificate of occupancy, Contractor's Work will conform substantially to the requirements of the Contract Documents and shall be free from defects (such nonconforming or defective Work shall be referred to herein as "Defective Work"). Within said one-year period, Contractor will, at its election, repair or replace Defective Work, unless such would be economically wasteful under the circumstances. Excluded from this limited warranty are any defect, damage, condition, or loss caused in whole or in part by (a) acts or omissions of Owner or any third person engaged or directed by Owner, (b) acts or omissions of any person or entity

other than Contractor or its subcontractor(s) performing portions of the Work, (c) acts of God, wind, weather, war, terrorism, or force majeure, or (d) normal wear and tear, deterioration, settling of the Project, or changes that are the result of characteristics of the materials used. This limited warranty is granted by Contractor and accepted by Owner in lieu of any and all other express or implied warranties of any kind whatsoever, including without limitation all warranties of habitability, merchantability, fitness, and workmanship, none of which will apply to the Work or the Premises. **Warranted items shall be determined and corrected based off the National Association of Homebuilders Residential Construction Performance Guidelines Sixth Edition.**

15. **Mutual Waiver of Consequential Damages.** Contractor and Owner waive claims against each other for consequential damages arising out of or relating to this Contract, the Work, or the Premises.

16. **Claims, Arbitration and Attorney's Fees.** Any controversy or claim between Contractor and Owner arising out of or relating to this Contract, the Contract Documents, or any breach or performance of the Contract or the Contract Documents (any and all such dispute, controversy, or claim shall be referred to herein as "Claim") shall be determined per the terms of this section. Claims shall be subject to mediation as a condition precedent to binding arbitration. Unless the parties agree otherwise in writing, mediation and arbitration shall be conducted in accordance with the Construction Industry Mediation and Arbitration Rules of the American Arbitration Association. In so agreeing, the parties hereby waive their rights to make a claim in a court of law or a court of equity, and waive their right to a trial by jury. Judgment upon any arbitration award shall be entered in accordance with Revised Uniform Arbitration Act as adopted in North Carolina. No demand for arbitration may be made after the date when the commencement of legal or equitable proceedings would be barred by the applicable statute of limitations or repose. In such arbitration, the arbitrator shall be authorized to award reasonable attorney's fees to the prevailing party, upon a finding of an unreasonable refusal by the non-prevailing party to fully resolve the matter(s) at issue. For purposes of such authority, "prevailing party" shall mean a party who obtains an award of at least fifty percent (50%) of the monetary amount sought or is a party against whom a Claim is asserted which results in an award of less than fifty percent (50%) of the amount sought.

17. **No Waiver.** The failure of either Owner or Contractor to insist upon performance of any of the terms or conditions in this Contract shall not be construed as waiver of any such terms, conditions, rights, or remedies, and all such terms and conditions of this Contract shall remain in full force in effect without regard to the Owner's or Contractor's actions or omissions.

18. **Entire Agreement.** This Contract represents the entire agreement between Owner and Contractor and supersedes prior negotiations, representations, or agreements, either written or oral.

19. **Modification of Agreement.** Any modification of this Contract shall be binding only if evidenced by a writing signed by Owner and Contractor.

20. **No Assignment.** This Contract may not be assigned without written consent of Contractor and Owner.

21. **Materials Price Increase.** It is not uncommon for the price of materials, labor, or equipment, to change from the time of estimating the Project (Especially during the current inflationary economic climate). In the event that the cost of materials, labor, or equipment increases from the date of this Contract, and Contractor pays more for such materials, labor, and/or equipment Contractor shall be entitled to additional compensation from Owner as described herein. In such a case, Contractor will demonstrate the increased cost through receipt, invoice, quote, proposal, supplier list prices, or other reasonable means when requested. This remedy is in addition to and in conjunction with section 10 of the Contract. This applies, but is not limited to, price increases in lumber, plywood, steel, sheet metal, roofing materials, fuel, manufactured products and equipment. Contractor shall not be responsible for increased prices of materials when caused by delays, shortages or unavailability of materials due to conditions not caused by Contractor. Contractor will use its commercially reasonable judgment to estimate the Project and communicate with Owner to stay on budget.

IN WITNESS WHEREOF, the parties hereto have executed this document, as of the date set forth above.

**GLENCO Construction, LLC**

**OWNER:**

By: \_\_\_\_\_  
Joseph G. Thomas, President

\_\_\_\_\_  
Your Name



**Exhibit A to Contract for Construction  
Between Glenco Construction, LLC  
And Your Name**