## Plain Language Tasmanian Residential Building Contract

**OWNERS:** 

JOB:



#### To verify your builder is a HIA member email enquiry@hia.com.au

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#### Notice required under section 14(2) of the Residential Building Work Contracts and Dispute Resolution Act 2016

#### COOLING-OFF PERIOD AND RIGHT TO WITHDRAW

#### Notice to the Owner

Under section 33 of the Residential Building Work Contracts and Dispute Resolution Act 2016 you may withdraw from this contract within five business days after receipt by you of both a signed copy of the contract and a copy of the *Residential Building Consumer Guide*. This is the cooling-off period.

You may not withdraw from this contract if:

- (a) You and the builder have previously entered into a residential building work contract and the terms of the previous contract and this contract are substantially the same and the contracted services are substantially the same and the contracts relate to the same residential building or land.
- (b) You received formal legal advice (independent advice from a practicing lawyer for a fee) before entering into this contract or have told the builder that you have received formal legal advice before entering into this contract.

Under section 35 of the Residential Building Work Contracts and Dispute Resolution Act 2016 you may withdraw from this contract if the builder has not given you a copy of the *Residential Building Consumer Guide*. You may withdraw within 7 days of being aware that you should have received from the builder a copy of the *Residential Building Consumer Guide*.

#### Withdrawal process

To withdraw from this contract you must under section 36 of the Residential Building Work Contracts and Dispute Resolution Act 2016 prepare a withdrawal notice and:

- (a) give the withdrawal notice to the builder;
- (b) leave a withdrawal notice at the builder's address as shown in this contract; or
- (c) serve a withdrawal notice on the builder in accordance with the provision in this contract for the service on notices to the builder by the owner.

The withdrawal notice must be in writing and must state that you withdraw from the contract and state the section of the Residential Building Work Contracts and Dispute Resolution Act 2016 that you rely upon to withdraw from this contract.

#### **Consequences of withdrawal**

If you withdraw from this contract under section 33 of the Residential Building Work Contracts and Dispute Resolution Act 2016 the builder is entitled to \$100 plus any out-office pocket expenses reasonably incurred in relation to the contract by the builder before you withdraw.

If you withdraw from this contract under section 35 of the Residential Building Work Contracts and Dispute Resolution Act 2016 the builder is entitled to a reasonable amount for the performance of residential building work before the time of withdrawal.

## *If you need further information about your rights to withdraw from this contract you may contact Consumer, Building and Occupational Services on 1300 654 499 or at <u>www.justice.gov.au</u>.*

#### BUILDING CONTRACT FOR NEW HOMES, DOMESTIC ALTERATIONS, ADDITIONS AND RENOVATIONS

#### INSTRUCTIONS

#### MAKE SURE THAT YOU READ THIS CONTRACT CAREFULLY BEFORE SIGNING IT

#### **Residential Building Consumer Guide**

Section 39 of the Residential Building Work Contracts and Dispute Resolution Act 2016 requires a builder to give a copy of the Residential Building Consumer Guide to an owner before entering into a residential building work contract.

The Owner should complete the Checklist on page 7 of the Residential Building Consumer Guide before signing the Contract.

The Owner and the Builder must sign the Owner Acknowledgements on pages 8 and 9 of the Residential Building Consumer Guide before signing this Contract.

#### Signing this Contract

You must sign 2 copies of the Contract, one for yourself and one for the other party. If there is a Lending Body involved, a THIRD copy must be signed.

If you are entering the Contract as joint Owners, each of you must sign.

If the Owner is a company, a Directors' Guarantee (Deed of Guarantee and Indemnity) must be completed before signing this Contract.

Each sheet of the Plans (drawings) must show the address of the property, the date of the Contract and be signed, dated and numbered consecutively.

You should initial each page of the Contract and Specifications. Any amendments that are made to any of the documents should also be initialed in the margin by both you and the Builder.

#### Finance from a Lending Body

The Owner should read Schedule 2 about progress payments and Clause 8 about finance carefully and ensure that the Lending Body has a copy of this Contract and will enable the Owner to comply with the Owner's obligations.

Clause 31 provides that you give a charge over your land to the Builder. You should ensure that this is not in conflict with any contract you may have with a Lending Body before you sign this Contract.

This Contract complies with the requirements of the Residential Building Work Contracts and Dispute Resolution Act 2016.

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## **Particulars of Contract**

## Date

(Insert the date when this contract is signed by both parties)



#### EMAIL

NOTE: If the Owner is a company, it is recommended that a Director's Guarantee be signed before this contract is signed. See Deed of Guarantee and Indemnity.

<b>Owners' Authorised Representativ</b>	e (If no-one stated then there is no Representative)
NAME	
ADDRESS	
SUBURB STATE	POSTCODE
TELEPHONE EMAIL	

## The Building Works

(Under this contract the Builder is to construct: Brief description of the Building Works as set out in the Specifications and Plans)

Construction of new dwelling

The **Specifications** include pages that were prepared and supplied by BUILDER There are sheets of **Plans** that were prepared by and supplied by BUILDER There are sheets in the **Engineer's Designs**, prepared and supplied by BUILDER for Builder *NOTE: These documents must be signed and dated with this contract.* 

## Title details

The Title particulars are: VOLUME NO PLAN OF SUBDIVISION NO

FOLIO NO

### Covenants, Restrictions and/or Easements on the Site

Site Location
NOTE: Show allotment and street numbers and the full address.
LOT NO (IF APPLICABLE)
ADDRESS
SUBURB STATE

POSTCODE

### 1. Time for completion (Clause 10)

160 Working Days from the Builder commencing the Building Works

### 2. Contract price

PRICE EXCLUDING GST: GST ON THE ABOVE AMOUNT: THE CONTRACT PRICE IS:

\$.00

The Contract Price may be adjusted for one of the following reasons:

- Additional costs caused by any deficiency of conflict within the **Contract Documents** (Clause 16)
- Costs of land surveying if the **Builder** is of the opinion that the boundaries of the **Site** or the siting of the **Building Works** are unclear (Clause 17)
- · Additional insurance costs if the Final Payment is late (Clause 20)
- Surface or subsurface conditions will not support or are likely to affect the **Building Works** (Clause 21)
- Variations including those required by a statutory authority (Clauses 22 and 24)
- Increases in taxes, duties or fees (Clause 23)
- The cost of providing access where applicable (Clause 26)
- Interest on overdue payments (Clause 30)
- The actual cost of Prime Cost items and work for which Provisional Sums have been specified exceeding the estimates set out in the Contract (Clause 33)
- Extensions of time caused by the **Owner** or by an agent (Clause 34)

#### 3. **Deposit** (Clause 9)

NOTE: The deposit cannot exceed 5% of the Contract Price unless otherwise allowed by the Residential Building Work Contracts and Dispute Resolution Act 2016

\$.00 (5.00 % of Contract Price)

## 4. Sources of funds

The **Contract Price** will be funded by:

Name	Amount
Total	\$.00

## 5. Building permit or building approval (Clause 19)

(if no-one stated then the Builder)

Person responsible for obtaining and paying for the Building Permit or building approval: Builder



6. Planning approval (Clause 19)

(if no-one stated then the **Builder**)

Person responsible for obtaining and paying for the Planning Approval: Owner

## 7. Time period (Clause 19)

Time period to obtain planning approval and building permit within 45 Working Days of the date of this contract.

8. Administration fee (Clause 24.9)

\$200.00 OR 10.00% of the cost of the Variation whichever is the greater

#### 9. Late payment interest (Clause 30)

(if no rate stated, that applicable to unpaid judgements of the Tasmanian Supreme Court) INTEREST ON LATE AND OUTSTANDING PAYMENTS 12.00%

10. Damages for delays (Clause 34.3)

(if nothing stated then \$150)

AGREED DAMAGES FOR DELAYS per week

11. Damages for late completion (Clause 40)

(if nothing stated then \$150)

AGREED DAMAGES FOR LATE COMPLETION OF BUILDING WORKS per week

#### 12. Mediator (Clause 44)

(if nothing stated, the Chairperson for the time being of the chapter of the Resolution Institute) NOMINATOR OF MEDIATOR HIA

## 13. Builder's margin

(if nothing stated, then 20%) BUILDER'S MARGIN 20.00%



## **PROGRESS PAYMENTS**

Progress Payments are due and payable after completion of the stages of the **Building Works** as listed below. Under the Residential Building Work Contracts and Dispute Resolution Act 2016:

- · The deposit must not exceed:
  - (a) where the Contract Price is \$50,000 or more 5% of the Contract Price;
  - (b) where the Contract Price is less than \$50,000 10% of the Contract Price; and

(c) where the **Building Works** includes off-site work and the value of the off-site work is more than 50% of the **Contract Price** - 20% of the **Contract Price**.

• All progress payments must be directly related to the progress of the performance at the building site of the **Building Works**.

	Stage	Percent	Amount
Deposit		5.00	\$.00
Base Stage*		10.00	\$.00
Frame Stage		15.00	9% \$.00
Roof Stage		15.00	0% \$.00
Lock up Stage		20.00	\$.00
Fixing Stage		25.00	\$.00
Final		10.00	\$.00
Total		100.00	0% \$.00

### **CONSTRUCTION STAGES**

	Contribution of Adeo
'Base Stage' means	(a) in the case of a home with a timber floor, the stage when the concrete footings for the floor are poured and the base brickwork is built to floor level;
	(b) in the case of a home with a timber floor with no base brickwork, the stage when the stumps, piers or columns are completed;
	(c) in the case of a home with a suspended concrete slab floor, the stage when the concrete footings are poured;
	(d) in the case of a home with a concrete floor, the stage when the floor is completed;
	(e) in the case of a home for which the exterior walls and roof are constructed before the floor is constructed, the stage when the concrete footings are poured;
'Frame stage' means	when a home's frame is completed;
'Lock-up' means	when a home's external wall cladding and roof covering are fixed, the flooring is laid and external doors and external windows of the habitable areas are fixed (even if those doors or windows are only temporary);
'Fixing stage' means	when all internal cladding, architraves, skirting, doors, built-in shelves, baths, basins, troughs, sinks, cabinets and cupboards of a home are fitted and fixed in position; and



#### 'Practical Completion' means

#### when the Building Works are:

(a) completed in compliance with this contract, including all plans and specifications for the work and all statutory requirements applying to the work; and

(b) completed without any defects or omissions, other than minor defects, or minor omissions, that will not unreasonably affect occupation.

# Prime cost items and provisional sum items and allowances

(Refer to procedures in Clause 33)

The parties agree that the following allowances are included in the **Contract Price**.

The Residential Building Work Contracts and Dispute Resolution Act 2016 requires the **Builder** to warrant that a provisional sum or prime cost item has been calculated with reasonable care and skill, having regard to all the information reasonably available when the residential building work contract is entered into, including information about the nature and location of the building site.

#### Prime cost items - fittings, fixtures, materials only (Schedule 3(a))

Item	Quantity	Rate	Allowance

#### Provisional sum items - labour and materials (Schedule 3(b))



## **USE OF DEMOLISHED MATERIALS**

### THIS SCHEDULE ONLY APPLIES TO ALTERATIONS, ADDITIONS AND RENOVATIONS

The **Owner** acknowledges that this contract provides for the use of demolished materials listed below from the existing home in the **Building Works** 





## **SPECIAL CONDITIONS**

This contract should not be changed by a special condition without seeking legal advice.

This contract should not be changed by a special condition without seeking legal advice. This contract is based on Specification dated. Hotondo Homes Launceston Pty Ltd will not be responsible or bear legal obligations/involment in being eligible for receiving the *Commonwealth Home Builders Grant* and the *Tasmanian Home Builder Grant*.

SC1 All requests for variations must be submitted to the Builder in writing as per Section D item 24.0 of HIA Tas Residential Building Contract.

SC2 All variations will incur a \$200 administration fee if they are requested after the signing of the Contract as per schedule 1, item 8 of the HIA Tas Residential Building Contract.

SC3 No variations will be commenced until a signed variation is produced as per Section D, item 24.5 of HIA Tas Residential Building Contract.

SC4 All variations will incur an automatic extension of times as per Section D, item 34.0 of the HIA Tas Residential Building Contract.

SC5 All variations are to be paid for no later than the following progress payment as per Section D, item 24.8 of the HIA Tas Residential Building Contract. Non payment may cause delays in construction.

SC6 Due to OH&S requirements and insurance obligations no unauthorized visits to the construction site are allowed. All visits by the Clients, Representatives and Friends must be authorized by the Builder/Supervisor and during business hours as per Section D, item 25.0, 25.1, 25.2, 25.3, 25.4 of the HIA Tas Residential Building Contract.

SC7 All communications must be done directly with the Builder/Supervisor and under no circumstances should any direct communications be made with the Builders Employees or Sub Contractors and their Employees as per Section D, item 27.0 of the HIA Tas Residential Building Contract.

SC8 Due to OH&S requirements and insurance obligations no keys will be issued to Clients until the final payment is received as per Section E, item 38.0 of the HIA Tas Residential Building Contract.

SC9 It is the owner's responsibility to ensure that all survey pegs are clearly visible and in the correct location as per the Land Title's Office as per Section C. item 17.0 of the HIA Tas Residential Building Contract.

SC10 All materials (including bricks) and tools remain the property of the Builder at all times. No material is to be moved from site by anyone other than the Builder or his authorized representatives as per Section D, item 32.0 of the HIA Tas Residential Building Contract.



SC11 No allowance is made for rock in the excavation of the block. All expenses for the removal of rock will be as per Section D, item 21.0 of the HIA Tas Residential Building Contract.

SC12 All maintenance will be rectified at the Builders discretion upon receipt of written notification and within the 13 week maintenance period as per Section E, item 39.0 of the HIA Tas Residential Building Contract.



## **EXCLUDED ITEMS**

4

The **Owner** acknowledges that the **Building Works** do not include those items of building work and materials listed below and accepts full responsibility for this work and building materials.

Owner 1	
NAME	
SIGNATURE	
Owner 2	
NAME	
SIGNATURE	



## Signatures

This **contract** is made between the **Owner** and the **Builder**. The **schedules** form part of this **contract**. The **Owner** has read and understood this **contract**.

Owner 1		
NAME		
SIGNATURE		
WITNESS'S SIGNATURE		
WITNESS'S NAME	E AND ADDRESS	
Owner 2		
NAME		
SIGNATURE		
WITNESS'S SIGNATURE		
WITNESS'S NAME	E AND ADDRESS	



Builder	
NAME	
SIGNATURE	
	Signed for and on behalf of:Hotondo Homes Launceston Pty Ltd
WITNESS'S SIGNATURE	
WITNESS'S NAME AND ADDRESS	
Please note	

- 1. Where a company is signing: 'by A. Smith, director' or 'Signed for and on behalf of XYZ Pty Ltd'.
- 2. Where a partnership is signing: 'B. Bloggs in partnership with A. Bloggs and C. Bloggs'

**WARNING:** The **Builder** must give the **Owner** a copy of the Residential Building Consumer Guide before this contract is signed. A failure by the **Builder** to do so may result in the **Owner** withdrawing from the contract or in compliance action by Consumer, Building and Occupational Services.

The **Builder** must provide the **Owner** with a copy of the **Contract Documents** as soon as practicable (within 5 **Working Days**) after the contract is signed.



## **Deed of guarantee and indemnity**

Interpretation			
BUILDER IS OWNER IS			
Guarantors ADDRESS LINE 1 ADDRESS LINE 2 SUBURB	STATE	POSTCODE	
Contract is that between the	Builder and the Owr	vner dated:	
		G	
Background			

The **Owner** executed the **Contract** at the **Guarantor's** request. The **Guarantor** is aware of the **Owner's** obligations under the **Contract**.

## Operative

#### 1. Guarantee

The **Guarantor** guarantees to the **Builder**, the fulfilment of the **Owner's** obligations under the **Contract** including but not limited to the due payment of all moneys arising out of the subject matter of the **Contract**.

2. Indemnity

The **Guarantor** indemnifies the **Builder** against any claim, loss or damage arising out of the subject matter of the **contract** caused by or resulting from any non-fulfilment of the **Owner's** obligations under the **Contract**.

#### 3. Principal Debtor

The **Guarantor** is deemed to be principal debtor jointly and severally liable with the **Owner** to discharge the **Owner's** obligations under the **Contract**.

#### 4. No Merger

The **Guarantor** agrees that this Deed does not merge on completion or on the ending of the **Contract** by either party and continues notwithstanding that the **Owner**, if a corporation, is placed in liquidation or if a person, is declared bankrupt.

#### 5. No Release

The **Guarantor** is not discharged by:

- any variation to the Contract including a variation to the building works;
- any delay or claim by the Builder to enforce a right against the Owner; and
- any forbearance given to the **Owner** to perform the **Owner's** obligations under the **Contract**.

#### 6. Severability

Any provision of this Deed which is illegal, void or unenforceable will be ineffective to the extent only of such illegality, voidness or unenforceability and will not invalidate any other provision of this Deed.



#### 7. When More Than One Guarantor

If the **Guarantor** consists of more than one person, this guarantee and indemnity is not affected by the failure of all persons comprising the **Guarantor** to sign this guarantee and indemnity or this Deed being unenforceable against any of them.

#### 8. Waiver of Rights

The **Guarantor** waives all rights as surety inconsistent with any of the terms of this Deed or to the detriment or disadvantage of the **Builder**.

## **Guarantor's Statement**

I/we understand the nature, terms and extent of the guarantee and indemnity provided by me/us and further acknowledge that I/we have obtained legal advice prior to executing this Deed.

#### Signed as a Deed

SIGNATURE		
WITNESS'S NAME	× 5	
SIGNATURE	 *	
DATE		
DATE		



## A. Interpretation

## Definitions

#### 1.0 In this contract:

'**Builder**' means the party named as the **Builder** in the Particulars of contract;

'Builder's Margin' is stated in Item 13 of Schedule 1;

**'Building Period**' means the period of time stated in Item 1 of Schedule 1 subject to Clause 34;

'Builder's Representative' means the person named as the Builder's Representative in the Particulars of Contract or a person later nominated in writing by the Builder. If no person is named there shall be no Builder's Representative;

'Building Works' means the works to be carried out by the Builder and handed over to the **Owner** under this contract;

'Contract Documents' means this contract, the Specifications, the Plans and any special conditions all signed by both the Owner and the Builder;

'**Contract Price**' means the amount stated in Item 2 of Schedule 1 as adjusted under this contract;

'Defects Document' means a document that:

(a) lists the minor defects, and minor omissions, in the residential building work performed under the contract, that the **Builder** and the **Owner** agree exist; and

(b) states when the **Builder** is to remedy the minor defects and minor omissions referred to in paragraph (a); and

(c) lists the minor defects, and minor omissions, in the residential building work performed under the contract, that the **Owner** claims exist and the **Builder** does not agree exist; and

(d) is signed the by **Builder**;

'Final Payment' means the payment of the Builder's claim on Practical Completion;

'Lending Body' means the person, corporation or institution lending all or part of the Contract Price to the Owner;

'**Owner**' means the party named as the **Owner** in the Particulars of Contract;

'Owner's Representative' means the person named as the Owner's Representative in the Particulars of Contract or a person later nominated in writing by the Owner. If no person is named there shall be no Owner's Representative.

'**Plans**' means the drawings showing the layout and design details of the proposed **Building Works**, signed by both parties and described in the Particulars of Contract;



#### 'Practical Completion' means when the Building Works are:

(a) completed in compliance with this contract, including all plans and specifications for the work and all statutory requirements applying to the work; and

(b) completed without any defects or omissions, other than minor defects, or minor omissions, that will not unreasonably affect occupation;

'**Prime Cost Items**' means items that need to be selected by the **Owner** as listed in Schedule 3(a);

'**Provisional Sum Items**' means the items requiring labour and materials listed in Schedule 3(b);

'Site' means the land identified in the Particulars of Contract;

'Site Access' means adequate access to the Site, as reasonably required by the Builder, for the Builder to carry out the Building Works;

'**Specifications**' means the details of the **Building Works** including the details of the materials to be supplied signed by both parties and described in the Particulars of Contract;

'Statutory or Other Authority' means the Local Government, State or Federal Government, or any Government agency or authorised private certifier that has the power to affect the **Building Works**;

'Variation' means:

(a) an omission, addition or change to the Building Works; or

(b) a change to the manner of carrying out the **Building Works**; and

'Working Day' means a day that is not a Saturday, Sunday, a statutory holiday as defined in the Statutory Holidays Act 2000 or a public holiday throughout the State.

## Headings, footnotes, etc.

2.0 The headings (but not the explanatory notes) form part of this contract.

## Contract complete in itself

3.0 This contract is complete in itself and overrides any earlier agreement whether made orally or in writing.

### Joint and several obligations

4.0 If there is more than one **Owner** under this contract, their obligations are joint and several.

## Assignment and sub-letting

5.0 Either party may assign their rights and duties under this contract with the written consent of the other.



## Notices

- 6.0 Unless otherwise stated in this contract, a notice given under this contract must be in writing and in English.
- 6.1 Notices may be given:
  - personally;
    - by sending it by prepaid post to the party's address shown in the Particulars of Contract or the address that is last notified in writing;
    - by sending it by facsimile to the party's fax number shown in the Particulars of Contract or the fax number that is last notified in writing; or
    - by sending it by email to the party's email address shown in the Particulars of Contract or that is last notified in writing.
- 6.2 Notice is deemed to be received:
  - if given personally, by handing it to the other party;
  - if sent by prepaid post, 5 Working Days after posting;
  - if sent by facsimile, at the time and on the day shown in the sender's transmission report;
  - if sent by email, at the time of transmission unless the sender's server or email indicates a malfunction or error in transmission or the recipient immediately notifies the sender of an incomplete or illegible transmission.
- 6.3 If the notice is deemed to be received on a day which is not a **Working Day** or after 5pm, it is deemed to be received at 9am on the next **Working Day**.
- 6.4 If two or more people comprise a party, notice to one is effective notice to all.

## Communications with Representatives

- 7.0 The **Owner** or **Owner's Representative** must communicate and deal with the **Builder** or **Builder's Representative**. All communications from the **Owner's Representative** to the **Builder** or the **Builder's Representative** must be in writing.
- 7.1 The **Owner** is not entitled to rely on any statements made or representations given by the **Builder's** workers, subcontractors or other agents other than those made or given by the **Builder's Representative**.
- 7.2 The **Owner** agrees and acknowledges that the **Builder** or **Builder's Representative** may rely on statements made or representations given by the **Owner's Representative**.
- 7.3 All written communications between the **Builder** and the **Owner** (and the **Builder's Representative** and **Owner's Representative**) must be in English and be readily legible.



## **B.** Main obligations of the parties

## Finance and security account

- 8.0 If an amount is stated in Item 4 of Schedule 1 as being provided by a **Lending Body**, the **Owner** must diligently pursue such loan approval.
- 8.1 The **Lending Body** may pay all money advanced to the **Owner** for payment of all or part of the **Contract Price**, adjusted by any additions or deductions made under this contract, directly to the **Builder**.
- 8.2 The **Owner** must give a direction to the **Lending Body** to pay all such money advanced by the **Lending Body** directly to the **Builder**.
- 8.3 If required by the **Builder**, the **Owner** must deposit that part of the **Contract Price** not being supplied by the **Lending Body** into a separate bank account in the joint names of the **Owner** and the **Builder** with:

(a) interest received on the money in the account belonging to the **Owner**; and

(b) withdrawals requiring the signatures of both the **Owner** and the **Builder**.

### Deposit

9.0 The **Owner** must pay the deposit set out in Item 3 of Schedule 1 to the **Builder** when the **Owner** signs this contract.

## **Essential matters**

- 10.0 The **Owner** must, within 20 **Working Days** of the date of this contract, give the **Builder** written evidence, to the **Builder's** satisfaction, of the following essential matters:
  - (a) the **Owner's** title to the **Site**;
  - (b) any easements, restrictions or covenants that affect the Site;

(c) the **Owner's** capacity to pay the **Contract Price** as and when required by this contract and, where monies are to be borrowed, satisfactory evidence that any loan has been approved by the **Lending Body** and that any required mortgage documents have been signed;

(d) that, if required, the bank account under Clause 8.3 has been established and the amount required to be paid into the account has been paid in clear funds;

(e) details of any inspections required by the **Lending Body**, if any; and

(f) copies of any planning approval and proof of payment of the relevant fees, where the **Owner** is responsible for obtaining the approval.



- 10.1 If any of the requirements set out in Clause 10.0 are not satisfied within the time required by that Clause then at any time before the **Builder** commences the **Building Works** the **Builder** may, by written notice to the **Owner**:
  - (a) end this contract and, in which case, Clause 42.3 applies; or(b) extend the time for the **Owner** to satisfy the requirements of Clause 10.0.
- 10.2 The **Builder** must commence the **Building Works** within 20 **Working Days** after the latter of:

(a) the **Builder** receiving all necessary building permits and approvals for the **Building Works** to commence; and

- (b) the **Owner** satisfying all the requirements of Clause 10.0.
- 10.3 The **Building Period** commences on the **Builder** commencing the **Building Works**.

NOTE: The Building Period may be extended in accordance with Clause 34.

10.4 When the **Builder** has commenced the **Building Works** the **Builder** must within 10 **Working Days** give written notice to the **Owner** stating the day which the **Building Works** commenced. The notice must state the date when the **Building Works** should be completed based on the **Building Period**.

## Statutory warranties

11.0

NOTE: These are the warranties contained in Part 6 of the Residential Building Work Contracts and Dispute Resolution Act 2016.

NOTE: Clause 45.0 Demolished materials may be reused in the Building Works (set out in Schedule 4). To the extent required by the Residential Building Work Contracts and Dispute Resolution Act 2016, the **Builder** warrants that:

(a) all materials to be supplied for use in the **Building Works** will be good and, having regard to the specifications, or the instructions or recommendations of manufacturers or suppliers of the materials, will be suitable for the purpose for which they are used; and unless otherwise stated in the contract, will be new;

(b) the Building Works to be performed under this contract will be performed in accordance with all relevant laws and legal requirements;(c) the Building Works to be performed under this contract will be performed in an appropriate and skilful way, and with reasonable care and skill;

(d) the **Building Works** to be performed under this contract will be performed in accordance with the plans and specifications;

(e) the residential building will be suitable for occupation when the **Building Works** are completed;

(f) the **Building Works** to be performed under this contract will be performed with reasonable diligence; and

(g) the **Provisional Sum Items** or **Prime Cost Items** in this contract have been calculated with reasonable care and skill, having regard to all the information reasonably available when this contract is entered into, including information about the nature and location of the building site.



## **Owner must pay the Contract Price**

12.0 The **Owner** must pay the **Contract Price** to the **Builder** in accordance with Clauses 9 and 29.

### Indemnity

NOTE: This indemnity is required by a determination made by the Director of Building Control under Section 14(2) of the Residential Building Work Contracts and Dispute Resolution Act 2016.

The Builder indemnifies the Owner in respect of any legal liability, loss, claim or proceedings whatsoever arising under any Statute or at common law, in respect of personal injury or death of any person arising out of the course of the work undertaken, or damage to property, unless it is due to any act, omission or negligence of the Owner, the Owner's Representative or any other agent of the Owner.

## **C.** Before work begins

## **Owner to supply documents**

14.0 If the **Owner** supplies any of the **Contract Documents**, the **Owner** must supply a sufficient number of copies to allow the **Builder** to construct the **Building Works** and to obtain the necessary approvals.

### Copyright

- 15.0 The **Owner** indemnifies the **Builder** for any claim for breach of copyright or moral right if the **Builder** carries out the **Building Works** according to plans that are:
  - (a) supplied by the **Owner**;
  - (b) prepared under the instruction of the Owner; or
  - (c) prepared from sketches supplied by the **Owner**.
- 15.1 The **Builder** owns the copyright in any documents prepared by the **Builder**.
- 15.2 A claim for breach of copyright or moral right brought against the **Builder** is a breach of this contract by the **Owner**.

## Interpretation of Contract Documents

- 16.0 If either party becomes aware of any error, ambiguity or inconsistency in or between the **Contract Documents**, that party must, within 5 **Working Days** of becoming aware, give the other party a written notice detailing the problem.
- 16.1 The **Owner** must advise the **Builder** in writing how to resolve the problem. If the **Owner** does not do so within 5 **Working Days**, the **Builder** may resolve the problem using the rules set out below.
- 16.2 Figures prevail over scaled dimensions on the Plans.
- 16.3 If there is any inconsistency, ambiguity or discrepancy in or between the **Contract Documents** it is to be resolved according to the following order of precedence:
  - (a) these general conditions of contract;
  - (b) the **Specifications**; then
  - (c) the Plans.
- 16.4 Subject to Clause 16.7, if more or less work is involved by reason of the operation of this Clause 16, the **Builder** must request a **Variation** pursuant to the provisions of Clause 24 and the procedure in relation to such a **Variation** as set out in Clause 24 shall apply.
- 16.5 Should the **Owner** not sign the variation document given by the **Builder** to the **Owner** pursuant to Clause 24.5 within 5 **Working Days**, then either party may end this Contract within 10 **Working Days** of the expiration of the such 5 **Working Days** period by written notice given to the other.
- 16.6 If the Contract is ended under this Clause, the **Builder** is entitled to be paid the reasonable price for the work carried out to the date this Contract is ended, including any materials on **Site** or already ordered from suppliers, plus the **Builder's Margin** applied to that amount.



16.7 The **Builder** is not entitled to payment of any additional costs resulting from an inconsistency, ambiguity or discrepancy in documents prepared by the **Builder**.

### Owner to identify the Site

- 17.0 The **Owner** must show the **Builder** the boundaries of the Site and the levels for the setting out of the **Building Works**.
- 17.1 The **Owner** warrants that the **Site** information given to the **Builder** is correct.
- 17.2 The **Owner** must erect a sign on the **Site** showing the **Owner's** name and the lot or street number of the **Site**.
- 17.3 If, in the **Builder's** opinion, the boundaries of the **Site** or the siting of the **Building Works** are unclear, the **Builder** must give the **Owner** a written notice asking the **Owner** to provide a survey of the **Site**.
- 17.4 If the **Owner** does not provide a survey within 5 **Working Days** of the **Builder** giving notice the **Builder** may, as the **Owner's** agent, obtain the survey. The **Owner** must pay to the **Builder** on demand the total of the price of the survey plus the **Builder's Margin** applied to that price.

## Facilities during the construction period

- 18.0 The Owner must before the Building Works commence:
  - (a) ensure that a stop tap connected to a water supply is on the **Site**; and
  - (b) if electricity supply is not available adjacent to the **Site** but is required, arrange and pay the costs of the electricity supply authority for the extension of the supply authority's assets to a point of supply nominated by the supply authority.
- 18.1 Unless the contrary is stated elsewhere in the **Contract Documents**, the **Owner** is liable for all electricity supply authority charges for permanent supply and charges in relation to the connection of water, sewerage or other services.

## Building permit and planning approval

NOTE: Some Councils have planning laws and special requirements that may affect the type of Building Work within their municipality. There may be special restrictions on the proposed building on the land and/or restrictions on the type and/or colour of exterior building materials.

- 19.0 Unless shown otherwise in Items 5 and 6 of Schedule 1, the **Builder** has included in the **Contract Price** all fees payable for the building permits or building approvals and planning approvals required for the **Building Works**.
- 19.1 Both parties must use reasonable endeavours to obtain the building permits or building approvals and planning approval.
- 19.2 If the building permits or building approval and planning approval are not obtained within the time stated in Item 7 of Schedule 1, either party may end this contract by giving written notice to the other on or before 10 **Working Days** after the end of the time period to obtain the permit or approval.



19.3 If this contract is ended under this Clause, the **Builder** is entitled to be paid the reasonable price for the work carried out to the date this contract is ended, including any materials on **Site** or already ordered from suppliers plus the **Builder's Margin** applied to that amount.

### Insurances

20.0 The Builder must insure against liability for:

(a) physical loss, destruction or damage to the Building Works and any of the Builder's goods and materials on the Site in the names of the Builder, the Owner and the Lending Body, if any; and
(b) personal injury, death, property loss or damage arising out of the Building Works for an amount of not less than \$5 million for any one claim and include as parties to be insured under the policy any subcontractors of the Builder.

- 20.1 The **Builder** must maintain the insurance until and including the earlier of the day the **Builder** hands over or the **Owner** takes possession of the **Building Works**.
- 20.2 The **Builder** is not responsible for any loss or liability arising from something done or not done by the **Owner** or any person for whom the **Owner** is responsible.
- 20.3 In addition to any other amounts payable to the **Builder** by the **Owner**, the **Owner** must pay the **Builder** a reasonable amount to cover the pro-rata cost of the insurance from the date on which the **Final Payment** is due to the date that payment is made in full.
- 20.4 The **Builder** must give the **Owner** a copy of a 'certificate of currency' evidencing insurance required by Clause 20.0 within 7 **Working Days** of a request from the **Owner**.
- 20.5 The **Builder** must comply with the Workers' Rehabilitation and Compensation Act 1988 in respect of the **Building Works**, unless the **Builder** has a current permit under that Act, from the date the **Building Works** commence until and including the earlier of the day the **Builder** hands over or the **Owner** takes possession of the **Building Works**.



## **D.** During building work

### Site conditions

- 21.0 If the **Builder** becomes aware that the surface or subsurface conditions of the **Site** will not support or are likely to affect the **Building Works**, the **Builder** must give the **Owner** written notice stating the condition.
- 21.1 If more or less work is involved by reason of the operation of Clause 21.0, the **Builder** must request a **Variation** pursuant to the provisions of Clause 24 and the procedure in relation to such a **Variation** as set out in Clause 24 shall apply.
- 21.2 Should the **Owner** not sign the variation document given by the **Builder** to the **Owner** pursuant to Clause 24.5 within 5 **Working Days**, then either party may end this Contract within 10 **Working Days** of the expiration of the such 5 **Working Day** period by written notice given to the other.
- 21.3 If this contract is ended by the **Builder** under this Clause, the **Builder** is entitled to be paid the reasonable price for the work carried out to the date this contract is ended, including any materials on **Site** or already ordered from suppliers, plus the **Builder's Margin** applied to that amount.
- 21.4 It is acknowledged that a soil test and engineer's report may not reveal all relevant subsurface conditions. Unforeseeable costs may still arise despite every effort of the **Builder**.

## Variations to comply with laws

NOTE: Refer to Clause 24 for information relating to Variations requested by the Owner or the Builder.

- 22.0 If the requirements of a **Statutory or Other Authority** necessitate a change to the **Building Works**, the **Builder** must inform the **Owner** of the change required and the **Builder** must request a **Variation** pursuant to the provisions of Clause 24 and the procedure in relation to such a **Variation** as set out in Clause 24 shall apply.
- 22.1 Should the **Owner** not sign the variation document given by the **Builder** to the **Owner** pursuant to Clause 24.5 within 5 **Working Days**, then either party may end this Contract within 10 **Working Days** of the expiration of the such 5 **Working Day** period by written notice given to the other.
- 22.2 If the Contract is ended under this Clause, the **Builder** is entitled to be paid the reasonable price for the work carried out to the date this contract is ended, including any materials on **Site** or already ordered from suppliers, plus the **Builder's Margin** applied to that amount.

## Changes to taxes and fees

23.0 The **Owner** must pay to the **Builder** a sum equal to any increase in any tax, duty, fee or charge that takes effect after the date of the contract.



## **Requested Variations**

NOTE: The Residential Building Work Contracts and Dispute Resolution Act 2016 requires that the Builder sign and give the Owner a signed copy of a Variation within 5 working days of it being agreed.

- 24.0 The **Owner** or the **Builder** may, by giving written notice to the other, ask for a **Variation**.
- 24.1 If the **Builder** asks for a **Variation**, the **Builder** must state the reason for that **Variation** when they request that the **Owner** agree to that **Variation**.
- 24.2 If the **Owner** asks for a **Variation**, the **Builder** must reply in writing to the **Owner** within 5 **Working Days** of receiving the request, or as soon as is reasonably practicable.
- 24.3 The **Builder** may refuse a request for a **Variation** by the **Owner**. The **Builder** does not have to give any reasons for refusing to agree to a request for a **Variation**.
- 24.4 If the building work required by the **Variation** requires the consent of a building surveyor under the Building Act 2016 because it varies from the residential building work to which a certificate of likely compliance relates then the **Builder** must obtain the consent of the building surveyor to the **Variation** before the **Owner** and **Builder** may agree to the **Variation**.

24.5 The **Owner** and **Builder** may agree to a **Variation**. Before the **Builder** is required to perform any building work to which the **Variation** relates the agreement must be recorded in a variation document that must be in writing and:

(a) include information about the building work to be performed under the **Variation**;

(b) state the change of Contract Price because of the Variation;
(c) state whether the Variation will result in a delay to the Building Works and the Builder's reasonable estimate for period of delay;

(d) include a copy of the consent from the building surveyor if required by the Building Act 2016; and

(e) include a copy of the permit or authorisation if required under the Land Use Planning and Approvals Act 1993 or the Building Act 2016.

The **Builder** may not begin to perform the building works to which the **Variation** relates until the variation document is signed by the **Builder** and the **Owner**.

- 24.6 If the **Builder** agrees to carry out a **Variation** the **Builder's** obligation is conditional on the **Owner** giving the **Builder** written evidence of the **Owner's** ability to pay the price of the **Variation** (in addition to the **Contract Price**) within 10 **Working Days** of a request from the **Builder**.
- 24.7 The price of a Variation is added to or deducted from the Contract Price.
- 24.8 Unless a different time is stated, a **Variation** must be paid for with the next progress payment, except that any credit to the **Owner** will be deducted from the **Final Payment**.
- 24.9 If the **Owner** requests a **Variation** then decides not to have the **Variation** carried out, the **Builder** is entitled to charge and be paid, in the same manner as a **Variation**, an administration fee in the sum shown in Item 8 of Schedule 1.

NOTE: If a Variation is agreed and it results in a delay to the Building Works then the Builder may give the Owner a written notice of extension of time under Clause 34. 24.10 If the **Owner** fails to give written evidence of the **Owner's** ability to pay the price of the **Variation** (in addition to the **Contract Price**) under Clause 24.6, the **Owner** is deemed to have decided not to have the **Variation** carried out and Clause 24.9 applies.

### Licence to occupy

NOTE: The Owner gives the Builder possession of the Site and the Owner cannot arrange for other workers to attend the Site without the Builder's prior consent.

- 25.0 The **Owner** must as soon as practicable after the date of this contract give the **Builder** exclusive possession of the **Site** to carry out the **Building Works**.
- 25.1 The **Builder** has the **Owner's** authority to allow or refuse anyone access, and may remove unauthorised people from the **Site**.
- 25.2 The **Owner**, any person authorised by the **Owner** or an authorised officer of the **Lending Body** is entitled to enter on to the **Site** to inspect the **Building Works** at any reasonable time provided that the inspection does not delay or interfere with progress of the **Building Works**.
- 25.3 The **Owner** must give the **Builder** 24 hour's prior written notice to exercise the right to enter the **Site**.
- 25.4 The **Owner** must comply with the **Builder's** occupational health and safety requirements.

## Site Access

- 26.0 The **Owner** must, at the **Owner's** cost, provide the **Builder** with **Site Access** unless stated otherwise elsewhere in this contract.
- 26.1 If the **Owner** does not provide **Site Access** and the **Builder** will be required to carry out further work to achieve such access the **Owner** is deemed to have asked the **Builder** for a **Variation** to carry out that extra work.

## Owner must not direct the Builder's workers

27.0 The **Owner**, or a person acting on behalf of the **Owner** or an officer of the **Lending Body**, must not make inquiry of or give directions to the **Builder's** workers or subcontractors.

## Builder must claim for progress payments

- 28.0 The **Builder** must give the **Owner** a written claim for payment when each stage has been completed. The claim must set out each of the following:
  - (a) the amount claimed and not paid for the stage or stages completed to date;
  - (b) the amount claimed and not paid for any Variations made; and
  - (c) the sum of those amounts.
- 28.1 The **Owner** must ensure that the **Lending Body**, if any, has sufficient notice to inspect the **Building Works** and to pay the **Builder** the progress claim by the due date.

## Owner must pay progress payment claims

29.0 The **Owner** must pay a progress claim within 5 **Working Days** after both:

(a) the relevant stage has been substantially completed; and

- (b) the **Builder** has given a claim to the **Owner** under Clause 28.
- 29.1 If the **Owner** is being financed, the **Owner** must give the **Lending Body** a written authority to pay direct to the **Builder** all amounts due under this contract.
- 29.2 Other than in relation to the Final Payment:

(a) the payment of a progress claim does not prevent the **Owner** from later claiming that the stage is incomplete; and

(b) the **Owner** has no right to set off or deduction.

#### Interest

30.0 If the **Owner** does not pay a progress claim within 5 **Working Days** after it becomes due, the **Builder** is entitled to interest on the unpaid amount at the rate set out in Item 9 of Schedule 1 from the date payment becomes due until and including the date payment is made.

## Charge over the Site

31.0 The **Owner** charges the **Site** to secure the payment to the **Builder** of all monies that are or may become payable to the **Builder** arising out of the subject matter of this contract.

## Unfixed materials on Site

33.0

32.0 Unfixed goods and materials on the **Site** are and remain the property of the **Builder**.

The **Owner** must select a **Prime Cost Item** and give the **Builder** written

notice of the Owner's selection within 5 Working Days of the Builder's

## Prime Cost Items and Provisional Sum Items

request to do so.

NOTE: Prime Cost Items - Certain fixtures and fittings may need to be selected after the signing of this contract. These items may include the stove or special kitchen and bathroom products. The Builder will allow in the Contract Price an amount which should cover the expected costs, subject to the Owner's final selection.

Provisional Sum Items - Are estimates of the cost of items of work (labour and materials) included in the Contract Price for which the Builder cannot give a definite price, for example, site excavation, rock removal, concrete footings.

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- 33.1 If a **Prime Cost Item** selected by the **Owner** is unavailable, the **Owner** must specify an alternative item within 5 **Working Days** of the **Builder's** request to do so.
- 33.2 If the **Owner** fails to comply the **Builder** is entitled to select an alternative that is similar in quality to the original item selected by the **Owner**.
- 33.3 An allowance for a **Prime Cost Item** or **Provisional Sum Item** does not include an amount for the **Builder's Margin**. This is included in the **Contract Price**.
- 33.4 In relation to each **Prime Cost Item** and **Provisional Sum Item**, if the actual price is:

(a) less than the allowance, the difference is deducted from the **Contract Price**; and

(b) more than the allowance, the total of the difference and the **Builder's Margin** applied to that difference is added to the **Contract Price**.

- 33.5 In calculating the actual price, the **Builder** need not pass on to the **Owner** cash, trade or special discounts allowed to the **Builder** by the **Builder's** suppliers.
- 33.6 The additional sum then due (if any) is added to and must be paid with the payment of the next progress claim, or if there are no further progress claims, the **Final Payment**.

## Builder's right to extension of time

34.0 The **Builder** is entitled to a reasonable extension of time to the **Building Period** if the **Building Works** are delayed by the **Builder** suspending the **Building Works** under Clause 35 or from a cause beyond the sole control of the **Builder** including:

(a) a Variation or request by the Owner for a Variation;

(b) inclement weather or conditions resulting from inclement weather;

(c) disputes with neighbouring owners or residents, or proceedings brought or threatened by them, that are not caused by the **Builder**;

(d) delays in getting approvals that are out of the **Builder's** control;

(e) delays in the supply of **Prime Cost Items** or materials selected by the **Owner**;

(f) civil commotion or industrial action affecting the works of tradespeople or the work of a manufacturer or supplier of materials;

(g) an 'act of god', fire, earthquake or explosion;

(h) any discrepancy, ambiguity or conflict in or between the **Contract Documents** that is not caused by the **Builder**;

(i) anything done or not done by the **Owner** or by someone employed by the **Owner** relating to the **Building Works**; or

(j) anything else that is beyond the **Builder's** control that causes the **Building Works** to be delayed.



- 34.1 The **Builder** is to give the **Owner** written notice of the extension of time detailing both:
  - (a) the cause of the delay; and
  - (b) the extension of time,

by the day that is 20 **Working Days** on or after the **Builder** is aware of both the cause and the extent of the delay.

- 34.2 If the Owner wishes to dispute an extension of time the Owner must, within 5 Working Days of receiving the Builder's notice, give the Builder a written notice:
  - (a) disputing the extension of time; and
  - (b) detailing the reasons why the extension of time is disputed.
- 34.3 If there is an extension of time due to anything done or not done by the **Owner** or by an agent, contractor or employee of the **Owner**, the **Builder** is, in addition to any other rights or remedies, entitled to delay damages worked out by a reference to the period of time that the **Building Period** is extended and the greater of \$150 per week or that amount set out in Item 10 of Schedule 1. Delay damages will accrue on a daily basis.
  - 4 The **Owner** must pay any delay damages with the next progress payment.

NOTE: The amount to be stated in Item 10 Schedule 1 is to reflect the damage the Builder will suffer as a result of the delay.

### Suspension of work

- 35.0 If the **Owner** breaches this contract the **Builder** may suspend the **Building Works** by giving the **Owner** written notice of the breach and that the **Building Works** are suspended.
- 35.1 The **Builder** must recommence the **Building Works** within 15 **Working Days** after the **Owner** remedies the breach and gives notice of this to the **Builder**.
- 35.2 The **Builder's** exercise of the right of suspension does not prevent the **Builder** from exercising any right to end this contract under Clause 42 in regard to the same occurrence.
- 35.3 The **Owner** must, on demand, pay to the **Builder**, in addition to any other amounts the **Builder** may have a right to claim, the **Builder's** costs of suspending and recommencing the **Building Works** including the **Builder's Margin** applied to those costs.



## **E.** Completion of works

## **Final inspection**

36.0	When the <b>Builder</b> believes that the <b>Building works</b> have reached <b>Practical Completion</b> , the <b>Builder</b> must give the <b>Owner</b> :
	(a) written notice of the day when the <b>Builder</b> believes the <b>Building</b>
	Works have reached Practical Completion; and
	(b) the claim for Final Payment.

- 36.1 The Owner must meet the Builder on site for a final inspection within 5 Working Days of the Owner receiving the notice required by Clause 36.0.
- 36.2 If, on final inspection, the **Owner** agrees that the **Building Works** have reached **Practical Completion** the **Builder** must within 10 **Working Days** give the **Owner**;
  - (a) a completed and signed Notice of Practical Completion stating the Date of Practical Completion; and
  - (b) subject to Clause 36.5, a Defects Document.
- 36.3 The Defects Document:
  - (a) must list minor defects and minor omissions:
    - (i) that the parties agree to exist and the time when the **Builder** will remedy the agreed matters;
    - (ii) that the **Owner** claims to exist but the **Builder** does not agree with; and
  - (b) must be signed by the **Builder**.
- 36.4 The fact that the **Builder** signs a **Defects Document** is not an admission that the defects exist.
- 36.5 The **Builder** is not required to give a **Defects Document** if the **Owner** fails to attend the final inspection or does not claim that there are any minor defects or omissions, in which case the **Owner** is deemed to have agreed that the **Building Works** have reached **Practical Completion** and the **Builder** may proceed to issue the Notice of Practical Completion under Clause 36.2(a).
- 36.6 If the **Owner** claims at the final inspection that the **Building Works** have not reached **Practical Completion**, the **Owner** must within 5 **Working Days** give the **Builder** a written list of all those matters, including defects and further work to be carried out, that the **Owner** considers are required to be done for the **Building Works** to reach **Practical Completion**.
- 36.7 The **Builder** must carry out any building work required by the **Owner's** notice under Clause 36.6 to reach **Practical Completion.**
- 36.8 On completing the further work, the **Builder** must within 10 **Working Days** send a further notice to the **Owner** under Clause 36.0(a) and the parties must otherwise proceed in accordance with Clause 36.1.
- 36.9 If the **Builder** does not agree that there are defects or further work to be carried out to reach **Practical Completion** the **Builder** must give the **Owner** written notice rejecting the **Owner's** notice.

NOTE: The Owner may only object to Practical Completion if the defects or omissions are not minor and prevent the Building Works from being reasonably capable of being used for their usual purpose


36.10 "Defect" does not include a defect arising from the fact that something has to be supplied or done by the **Owner**.

#### Final Payment

- 37.0 The **Owner** must pay the claim for **Final Payment** of the final claim to the **Builder** within 5 **Working Days** of receiving the Notice of Practical Completion and **Defects Document** (if required) referred to in Clause 36.2.
- 37.1 The **Builder** may require that the **Final Payment** be made by bank cheque or electronic funds transfer.

#### Hand over

NOTE: Clause 20.1: The Builder's obligation to insure the Building Works ends when the Builder hands over the Building Works to the Owner or the Owner takes possession.

- 38.0 When the **Owner** makes the **Final Payment**, the **Builder** must hand over the **Building Works** to the **Owner**, together with all keys, certificates and warranties in the **Builder's** possession.
- 38.1 If the **Owner**:
  - (a) enters into occupation of the Site or any part of the Site;
  - (b) takes control of the Building Works or Site; or

(c) prevents or inhibits the **Builder** from carrying out the **Building Works**,

without the **Builder's** written consent, the **Owner** commits a substantial breach of this contract entitling the **Builder** to elect to either:

A. treat the **Owner's** actions as a repudiation of this contract and accept that repudiation; or

B. do either or both of the following:

- (i) suspend the carrying out of the **Building Works** under Clause 35;
- (ii) give the **Owner** a notice of default under Clause 42.
- 38.2 If the **Owner** breaches (including repudiates) this contract, nothing in this Clause prejudices the right of the **Builder** to recover damages or exercise any other right or remedy.

#### **Defects Liability Period**

- 39.0 Within 3 months after the date of **Practical Completion** the **Owner** must give the **Builder** a written list of defects, if any, in the **Building Works**.
- 39.1 The Builder must, within 20 Working Days of receiving the written list of defects, commence and then diligently proceed to fix any defects in the Building Works resulting from work or materials not being in accordance with this contract.
- 39.2 The Builder must fix defects without cost to the Owner.
- 39.3 The **Owner** must provide reasonable access to the **Builder** to fix any defects.
- 39.4 Nothing in this Clause prevents the **Owner** exercising any rights under Part 8 of the Residential Building Work Contracts and Dispute Resolution Act 2016.

#### **Owner's right to agreed damages**

40.0 If the **Building Works** do not reach **Practical Completion** by the end of the **Building Period** the **Owner** is entitled to agreed damages specified in Item 11 of Schedule 1 after the end of the **Building Period** to and including the earlier of:

(a) the date the **Builder** gives notice of **Practical Completion** to the **Owner** under Clause 36.0 of this contract;

(b) the date this contract is ended; and

(c) the date that the **Owner** takes control of, possession of or use of the **Site** or any part of the **Site**.

- 40.1 The **Owner** may deduct the amount of agreed damages from the **Final Payment**.
- 40.2 The **Owner** is not entitled to any other damages relating to delay.

#### Ending this contract - bankruptcy or liquidation

- 41.0 The **Owner** or the **Builder** may bring this contract to an end by giving written notice by certified mail or personal service to the other if the other:
  - (a) becomes bankrupt;
  - (b) assigns that party's estate for the benefit of creditors;
  - (c) makes a composition or arrangement with creditors; or
  - (d) being a corporation goes into liquidation (except for the purposes of reconstruction), or has a receiver, manager, mortgagee in possession, administrator or provisional liquidator appointed.

#### Builder's right to end this contract

- 42.0 If the **Owner** is in breach of this contract the **Builder** may give the **Owner** a written notice specifying the breach and stating that if the breach is not remedied within 5 **Working Days** the **Builder** is entitled to end this contract.
- 42.1 The **Builder** may end this contract by giving the **Owner** a written notice to that effect if:

(a) 5 **Working Days** have passed since the **Builder** gave the **Owner** written notice of the breach; and

- (b) the **Owner** has not remedied that breach.
- 42.2 All notices to be given under this Clause must be given by certified mail or personally.
- 42.3 If the **Builder** ends this contract under Clauses 10.1 or 42.1 the **Owner** must pay to the **Builder**, at the **Builder's** election, as a debt due and payable an amount equal to the total of either:

(a) the greater of the cost of, or the market value of, the **Building Works** to date, including the cost of any materials on the **Site**, or already ordered from suppliers and the cost of quitting the **Site**, less the amount already paid by the **Owner**; or

- (b) damages.
- 42.4 Any sum payable by the **Owner** to the **Builder** pursuant to the operation of this Clause is due and payable on the **Builder** bringing this contract to an end.



#### Owner's right to end this contract

- 43.0 If the **Builder** is in breach of this contract the **Owner** may give the **Builder** a written notice specifying the breach and stating that if the breach is not remedied within 5 **Working Days** the **Owner** is entitled to end this contract.
- 43.1 The **Owner** may end this contract by giving the **Builder** a written notice to that effect if:

(a) 5 **Working Days** have passed since the **Owner** gave the **Builder** written notice of the breach; and

(b) the **Builder** has not remedied or commenced to substantially remedy that breach.

- 43.2 All notices to be given under this Clause must be given by certified mail or personally.
- 43.3 If the **Owner** ends this contract then the **Owner** must diligently complete the **Building Works** and keep records of the costs incurred.
- 43.4 The **Owner** must, within 5 **Working Days** of the **Building Works** reaching **Practical Completion**, give the **Builder** a written detailed statement of the costs incurred (including copies of all invoices and receipts) and notice of the date when **Practical Completion** was reached.
- 43.5 If the costs reasonably incurred by the **Owner** are:

(a) more than the unpaid balance of the **Contract Price**, the **Builder** must pay the difference to the **Owner** within 7 **Working Days** of receiving the notice from the **Owner**; or

(b) less than the unpaid balance of the **Contract Price**, the difference is a debt due and payable by the **Owner** to the **Builder** and must be paid when the **Owner** gives the notice to the **Builder**.



## **F.** Disputes

#### Mediation

- 44.0 If there is a dispute between the **Owner** and the **Builder**, either one may promptly give the other written notice of the dispute.
- 44.1 Disputes may be resolved according to this Clause unless a party has lodged a dispute under Part 9 of the Residential Building Work Contracts and Dispute Resolution Act 2016 or lodged an adjudication application under Part 10 of the Residential Building Work Contracts and Dispute Resolution Act 2016.
- 44.2 The **Owner** and the **Builder** must meet within 10 **Working Days** to discuss the matters in dispute and attempt to resolve the dispute.
- 44.3 If the Owner and the Builder cannot agree on a mediator within
  5 Working Days of a notice of dispute being given, they must meet with a mediator nominated by the organisation named in Item 12 of Schedule 1.
- 44.4 The **Owner** and the **Builder** must share the mediator's fee equally.
- 44.5 The parties agree that anything done or said in any negotiation or mediation cannot be revealed in any other proceeding.



## G. Additions and alterations

#### IMPORTANT NOTE: WARNING TO OWNER

IT IS THE OWNER'S RESPONSIBILITY TO ENSURE THAT THEY HAVE CONTINUING PROTECTION UNDER THEIR EXISTING HOME BUILDING AND CONTENTS INSURANCE POLICY WHILE THE BUILDING WORKS ARE BEING CARRIED OUT.

#### Alterations, additions and roof conversions

	45.0	If the <b>Building Works</b> are alterations, additions and/or roof conversions to an existing dwelling, the following subclauses apply and take precedence over any other Clause in this contract.
NOTE: Refer to Clause 22.	45.1	The <b>Builder</b> intends to reuse only those demolished materials that are listed in Schedule 4.
		If a <b>Statutory or Other Authority</b> does not approve the reuse of any demolished materials, the <b>Builder</b> is entitled to a <b>Variation</b> and Clause 22 applies.
	45.2	the <b>Building Works</b> . The <b>Builder</b> also owns all recovered and demolished material. The <b>Builder</b> will remove all un-used, recovered and demolished material from the <b>Site</b> .
	45.3	
		(a) physical conditions on or near the Site differ materially from the physical conditions which could reasonably have been anticipated by the Builder at the date of the contract; or
		(b) the existing building services or structure are incapable of allowing new work to be carried out or to function properly,
		the <b>Builder</b> must give written notice to the <b>Owner</b> of the differing physical conditions or deficiencies, as the case may be, and the cost of rectifying those.
	45.4	If more or less work is involved by reason of the operation of Clause 45.3, the <b>Builder</b> must request a <b>Variation</b> pursuant to the provisions of Clause 24 and the procedure in relation to such a <b>Variation</b> as set out in Clause 24 shall apply.
	45.5	
	45.6	
	45.7	



45.8 Where it is agreed that the **Owner** will remain in residence during the **Building Works** the **Owner**:

(a) must give the **Builder** free and uninterrupted access to the **Building Works**;

(b) must secure any animals so that they do not interfere with, or prevent access to the **Building Works**;

(c) is responsible for the care of all household items, floor coverings and fittings.

45.9 Notwithstanding the Builder's obligations in Clause 20 the Owner must notify the Owner's home building and contents insurer of the Building Works. The Owner must keep the Site, the Building Works and all contents insured against fire, burglary, storm and tempest until Practical Completion.





# Residential Building Consumer Guide

Your building contractor must give you this guide **before** you sign the contract





Consumer, Building and Occupational Services **Department of Justice** 



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**Front cover** - the front cover image is for illustrative and styling purposes only. It is not intended to accurately depict a fully compliant scaffold or secure building site.

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This Guide has been developed by Consumer, Building and Occupational Services (CBOS) under the Residential Building Work Contracts and Dispute Resolution Act 2016 to assist home owners undertaking residential building work for a contract price of \$20,000 or more.

It is designed to help you avoid disputes and common pitfalls, by explaining your rights and obligations under the Act.

#### **Owners and Builders Contractors**

The 'owner' means you, as the person for whom the residential building work is to be done. This can include lessees or tenants of a residential building or land.

'Building contractor, practitioner or service provider' means the person you have contracted to carry out the residential building work. This may be the builder, electrician, plumber, gas-fitter, or any other trades person you have engaged to carry out the work.

#### Residential Building Work

There are a range of protections for home owners and building contractors under the *Residential Building Work Contracts and Dispute Resolution Act 2016.* The Act improves the quality of residential building contracts, and provides processes to resolve disputes about contracts for building work worth \$20,000 or more.

The types of work covered include new houses, renovations, alterations, extensions, improvements, repairs and conversions of nonhabitable buildings into residential buildings (for example a barn or shipping container into a house).

Commercial, public or industrial buildings (including hotels, motels, units above three storeys, bed and breakfast accommodations, caravans and cabin parks) are not covered by this Act.

## Licensed Building Service Providers

Before you decide to enter into a residential building contract, make sure that the building contractor you choose to do the work is licensed.

Building service providers, including plumbing, gas, and electrical practitioners, must hold certain licences in order to perform certain types of building work. Not all types of building work need a licence such as paving, concreting, painting, and landscaping.

You can search for a building contractor's licence details via CBOS's Online Licence Search. To access the online search or find out more about licensing visit: www.justice.tas.gov.au

#### **Building Surveyors**

It is important that you are involved in selecting and engaging the Building Surveyor, as they are responsible for ensuring the building design and building work meets the requirements of the National Construction Code and Australian Standards.

Your Building Surveyor remains involved in your building project until it is complete, inspecting the work at particular stages to ensure your builder (or you, if you are an owner builder) are building in accordance with the approved design.

#### Contracts

Residential Building Work Contracts are legally binding agreements between owners and building contractors to perform residential building work. While some of the contract terms may be negotiated until agreement is reached by both parties, there are some terms that must be included in the contract and cannot be taken out.

# All contracts must be in writing, dated and signed by both parties.

The contract must also include:

- the names of the owner and the building contractor
- the building contractor's licence details (licence number)
- all terms that are agreed between the owner and the building contractor
- a clear description of the building work to be done, including plans, drawings and specifications
- the contract price or an estimate and the method of calculating the price, including prime cost items and provisional sum allowances
- the practical completion date or the method for estimating the practical completion date
- a list of all applicable statutory warranties

As soon as practicable, but within 5 business days of signing the contract, your builder must give you a copy of the signed contract and this Residential Building Consumer Guide.

#### Types of Contracts

There are two main types of building contracts available:

• Fixed price or lump sum - where the builder or contractor agrees up-front to a fixed amount for the residential building work to be performed.

It is important to note that unforeseen changes, the actual cost of prime cost items and provisional sum allowances, interest on overdue payments or variations to the contract may affect the final cost. **Cost plus contract** - where there is no guaranteed final cost for the residential building work (often this contract is used where the nature of the work prevents the final costs from being calculated).

With this type of contract, a fair and reasonable cost estimate and the method for calculating the final contract price must be clearly stated. You then pay the contractor at agreed regular progress payment intervals.

#### **Cooling-Off Period**

You may withdraw from the contract within five business days of receiving a copy of the signed contract (including any plans and specifications), and a copy of this Residential Building Consumer Guide.

If your builder has not provided you with this Guide, then you have up to seven days of becoming aware that you should have received the Guide to withdraw.

You must notify the contractor in writing of your intention to withdraw, within these timeframes.

There may be costs to withdraw from the contract. The building contractor can retain \$100, plus any out-of-pocket expenses reasonably incurred up to the time of withdrawal. The builder must refund the remaining pre-paid or deposit amount (if any) that was paid under the contract.

There are certain circumstances under which you cannot rely on the cooling-off period. These include:

- if you have previously entered into a residential building work contract with the building contractor which is substantially the same; or
- you have received formal legal advice about the contract prior to signing.

### **Deposits and Progress Payments**

There are restrictions on the amounts a building contractor can ask for as an initial deposit for work to be performed, or as progress payments for various stages of the contract. This is to ensure that you do not pay excessive amounts in advance for work that has not yet been performed.

The maximum deposit amounts allowed are:

- 10% for contracts between \$20,000 and \$50,000
- 5% for contracts of \$50,000 or more
- 20% for contracts of any price, where the value of the work to be performed off-site\* is more than half of the total price.

\*'Off-site' means a place that is different to where the residential building work is to be finally installed or constructed (for example prefabricated or 'kit' homes that are substantially constructed in a warehouse, and then delivered to be installed on site).

Owners and builders are free to agree to the number and timing of the progress payments. These payments must be clearly stated in the contract and be proportionate to the value of work performed. In other words, your builder cannot ask you to pay more than 50 per cent of the contract price, until at least half of the work has actually been completed.

#### Variations

Any agreed change to the materials used or the scope of the work to be performed under the contract is known as a 'variation'.

Variations must be in writing and signed by the owner and building contractor. Your builder must give you a copy of the signed variation document within **five business days** of the changes being agreed, and before any work commences. Almost all variations will impact the final contract price. The building contractor must clearly state the new contract price and impact on the progress



payments (for fixed price contracts), or a fair and reasonable estimate of the cost (for cost plus contracts), to reflect the changes.

If a variation is needed urgently or is unforeseeable, it may not be possible to put it in writing before the work commences. However, the builder is still required to tell you the costs and the reasons why the variation is needed, and you must give confirmation to the changes. The builder is then to put the variation in writing as soon as practicable after the work has commenced.

#### Practical Completion, Defects and Acceptable Standards

The building work has been 'practically completed' when it has been completed in accordance with all contract terms, plans, specifications and legal requirements, and is without any major defects or omissions that affect occupation. In other words, as soon as all of the work specified in the contract has been carried out to an acceptable standard, the work is deemed to be completed.

The building contractor is to provide you with a notice advising you of the date of practical completion, within 10 business days. This is the date that final payments will be due.

The acceptable standards of work are detailed in the Guide to Standards and Tolerances, which may be found at www.justice.tas.gov.au

If you find any minor defects or omissions outside of these acceptable standards, they must be recorded and agreed by you and the builder on or after the day of practical completion (such as on the day of handover) as issues which are to be fixed.

The building contractor must then provide you with a signed document that lists all the identified and agreed issues and fix them as soon as possible, by no later than six months after you receive the defects document.

You must provide the building contractor access to fix the defects within the six month time period. You should continue to talk to your builder during this period to make sure the issues can be fixed quickly and easily.

#### Statutory Warranties

Building contractors must give a range of promises, otherwise known as warranties, which automatically form part of all residential building contracts. These warranties become a right that can be enforced by owners, whether they are written into the contract or not.

The statutory warranties provide that:

- all materials supplied will be of good quality and suitable for the work to be done
- all materials supplied will be new (unless otherwise stated in the contract)
- the work will comply with all relevant laws and legal requirements, including the standards set out in the:
  - o National Construction Code
  - o Building Act 2016 (Tasmania)
- the work will be carried out in an appropriate and skillful way, with reasonable care and skill
- all work carried out is in accordance with any plans specifications, as set out in the contract (if applicable)

- once the work is completed, the dwelling or home will be suitable for occupation (if applicable)
- all work carried out will be performed with reasonable diligence, in that it is completed to the agreed or estimated timeframe
- any provisional or estimated costs have been calculated with reasonable care and skill, taking into account all information reasonably available at the time.

These warranties last for six years from the date of practical completion. You must make a claim within this time if you feel that the building contractor has not met one of the guarantees.

If the exact date of practical completion cannot be established (in that the work has not been performed in compliance with the contract and all statutory requirements, or there are major omissions or defects that affect occupation), this date is taken to be the day the certificate of completion or occupancy permit is issued. If neither of these dates can be established, practical completion will be taken to be two years from the date you received a building permit or the building surveyor provided authorisation for the work to be done.

If the residential dwelling or home is sold within this time, these warranties transfer to the new owner until the original time period expires.

You also have rights and protections under other areas of law, including contractual rights and guarantees under the Australian Consumer Law. You can find out more information about these protections by visiting www.consumer.tas.gov.au

#### When Things Go Wrong

To reduce the risk of a dispute, carefully read and understand the contract before you sign it. This includes all plans, drawings and specifications. A dispute can occur in situations where:

- the building contractor does not fix the defects or omissions listed in the defects document within six months
- the building contractor does not fix defects found after handover within the liability period agreed upon in the contract
- there are major defects or omissions in the work done, or the work does not meet acceptable building standards or requirements
- the building contractor does not meet their obligations under the contract, relevant laws and standards, including warranties and licence conditions
- the owner fails to meet their obligations, such as scheduled progress payments, under the contract.

#### **Dispute Resolution Options**

If a dispute with your contractor does occur, these steps are available to help you resolve the issue:

• You must notify your building contractor of your concerns as soon as you become aware of them.

The best first step is to make sure your building contractor is aware of your concerns and give them an opportunity to resolve the issues. Follow up with an email or a letter.

• Understand the acceptable work standards set out in the Guide to Standards and Tolerances.

This document has been developed for use by builders and owners as a convenient reference for acceptable standards of workmanship in residential building work.

The Guide is available from our website: www.justice.tas.gov.au

If you and the building contractor are still unable to resolve the dispute yourselves, contact CBOS for advice or to access the free dispute resolution and mediation services.



- This is a formal mediation process for disputes, which may be lodged by either an owner or a building contractor.
- Agreements made will be legally binding.
- Once the mediation process has begun, you have 20 days to reach agreement or settlement with the building contractor. If you fail to reach agreement within this time, the mediation will be terminated and you will have to rely on other legal avenues.

You must make a reasonable attempt at resolving the issue with the building contractor before lodging an application for mediation, otherwise your application may by rejected.

You also have the right to enforce your rights through the Courts. Seek independent legal advice if this is the option you choose to follow. Note that there may be time limits for certain legal options.

#### Work-Completion Claims

Where discussions between yourself and the building contractor are unsuccessful, and mediation of the dispute has failed or is not appropriate, you may serve the building contractor with a 'work-completion claim' which requires work to be completed according to the contract terms, within a specified period.

A work-completion claim is simply a written notice which details the unsatisfactory or defective work, failure to complete work according to the contract terms (such as unsatisfactory standards or materials used), breaches of warranties, or if work carried out has resulted in damage to other work/buildings.

- You must state it is a work-completion claim made under the Residential Building Work Contracts and Dispute Resolution Act 2016
- The claim must be made within 12 months of the work being performed
- An example work-completion claim is available from www.justice.tas.gov.au

#### Adjudication of Work-Completion Claims

If the building contractor does not satisfactorily complete the work specified in the workcompletion claim within the time period, you can then apply for the issue to be assessed by an independent expert panel.

- The Director of Building Control will not accept claims that are considered to be frivolous, malicious or without substance, or are being dealt with under another dispute resolution process.
- Depending on the nature of the dispute, the expert panel will be made up by a number of experts in their field, including builders, designers, architects, building surveyors and lawyers.
- Decisions made by the expert panel are legally binding.
- You will be required to pay an adjudication application fee. All associated costs for the adjudication process will be paid by the building contractor, yourself, or both, as apportioned by the adjudication panel.
- You may withdraw your application at any time, so long as a decision has not been made. You may be required

to pay the costs incurred by the adjudication panel up until the time of withdrawal.

#### Further Information

Visit the Consumer, Building and Occupational Services website at www.justice.tas.gov.au to:

- learn more about your rights and responsibilities
- view a complete list of requirements for residential building work contracts
- find more information about dispute resolution
- find further building information on technical issues, including:
  - o Aerated Waste Water Treatment Systems
  - o Bushfire prone areas
  - o Condensation
  - o 6 Star Energy Efficiency Houses
- access current residential building news and information

You may also contact the Tasmanian State Government Helpline or email us directly.



Department of Justice Consumer, Building and Occupational Services PO Box 56 Rosny TAS 7018

- **P:** 1300 654 499
- E: cbosinfo@justice.tas.gov.au
- W: www.justice.tas.gov.au

#### Checklist

This checklist is required by law. Ensure you are able to tick all boxes before signing the contract.

This checklist is designed to ensure you have considered important issues to do with the contract. Once you are satisfied you can check off all of these points, please sign and keep the acknowledgement page for your records.

If you are unable to check off any of these points, you should continue to discuss the matter with the building contractor until you reach agreement.

- □ I have read and understood this Residential Building Consumer Guide.
- □ I have checked that the building contractor is licensed for the type of residential building work to be performed, and the licence is current.
- I have selected and engaged a building surveyor to ensure the building design and building work detailed in the contract is carried out in accordance with the National Construction Code and Australian Standards.
- I have read and agree to all terms in the contract, including general conditions, special conditions (if any), and all plans, drawings and specifications for the work to be performed.
- □ I have checked that a detailed description of all work that is to be done is included in the contract.
- □ I am satisfied that the total contract price is clearly stated, or a reasonable estimate has been provided (if applicable).
- □ I understand the deposit and progress payments arrangements (including how they are calculated and varied), and these are clearly stated in the contract.

Remember – there are maximum deposit amounts building contractors can ask for.



I am satisfied that the start and finish dates (including practical completion and handover requirements) are clearly stated in the contract.

- □ I understand the process to make variations to the contract, including extensions of time and cost increases, and the need to put all variations in writing.
- □ I understand the statutory warranties that apply to the work done under the contract, and know about my rights to enforce them.
- □ I understand my cooling-off rights, including how and when I may withdraw from the contract if I choose to.
- □ (if applicable) I have discussed my questions/concerns about the contract with a practising solicitor. I understand that this may affect my ability to withdraw from the contract without penalty.
- □ I am aware of the dispute resolution options which are available.
- □ I am satisfied that the following is an accurate summary of the contract in which I am about to enter into:



#### **Owner Acknowledgment**

Complete and sign the section below to acknowledge that you have received this Residential Building Consumer Guide from the building contractor and completed the checklist before you sign the contract.

*Remember* - the building contractor is to give you a signed copy of the contract and **return a signed copy of this guide to you**, within 5 business days.

You and the building contractor must keep a copy of this acknowledgement sheet as a record that you have been provided a copy of the Residential Building Consumer Guide

Owner			
Name:			
Date:	(day/month/year)		
Signature			
Building Contractor			
·			
Name:			
	(day/month/year)		



#### **Owner Acknowledgment**

Complete and sign the section below to acknowledge that you have received this Residential Building Consumer Guide from the building contractor and completed the checklist before you sign the contract.

*Remember* - the building contractor is to give you a signed copy of the contract and **return a signed copy of this guide to you**, within 5 business days.

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Owner			
Name:			
Date:	(day/month/year)		
Signature	:		
Building Contractor			
Building	g Contractor		
<b>Building</b> Name:	g Contractor		
	g Contractor  (day/month/year)		





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