

# CONSTRUCTION AGREEMENT

This **Construction Agreement** ("Agreement") is made and entered into this \_\_\_ day of \_\_\_\_\_, 20, by and between:

**[Owner's Full Name]**, of legal age, [marital status], and resident of [Owner's Address] (hereinafter referred to as the "Owner"),

-AND-

**[Contractor's Full Name]**, of legal age, [marital status], and resident of [Contractor's Address], a duly licensed contractor in the Philippines (hereinafter referred to as the "Contractor").

## 1. Description of the Work

The Contractor agrees to perform the following work in accordance with the plans, specifications, and conditions of this Agreement:

**a. Scope of Work:** [Provide a detailed description of the construction project, including the nature and type of work to be performed, specific tasks, and any unique features of the project.]

**b. Project Location:** The work will be carried out at [Exact Address or Location of the Construction Site].

**c. Plans and Specifications:** The construction shall conform to the plans and specifications prepared by [Name of the Architect/Engineer] dated [Date], which have been provided to and approved by both the Owner and the Contractor. Any changes or modifications to these plans must be in writing and agreed upon by both parties.

**d. Regulatory Compliance:** The Contractor is responsible for ensuring that all work complies with local building codes, national construction standards, and any other relevant legal or regulatory requirements.

**e. Project Timeline:** The work will commence on [Start Date] and is scheduled for completion on [End Date], subject to reasonable adjustments for unforeseen delays or changes in scope.

## 2. Seller's Warrant

The total agreed compensation for the completion of the work described in this Agreement shall be [Total Project Cost in Words] ([P]Total Project Cost in Numerals) Philippine Pesos. The payment schedule shall be as follows:

**a. Initial Payment:** An initial payment of [P]Amount shall be made by the Owner upon the execution of this Agreement as a mobilization fee to cover initial materials, labor, and other start-up costs.

**b. Progress Payments:** Progress payments shall be made based on the following milestones:

i. [Describe Milestone 1, e.g., completion of foundation] - [P]Amount]

ii. [Describe Milestone 2, e.g., completion of structural framework] - [P]Amount]

iii. [Further Milestones as required]

**c. Materials and Labor:** The compensation includes all costs associated with labor, materials, equipment, and services required to complete the project.

**d. Final Payment:** The final payment of [P]Amount, constituting the balance of the project cost, shall be made upon completion of the project, satisfactory inspection, and formal acceptance by the Owner.

e. Payment Terms: All payments are due within [Number of Days] days of invoicing by the Contractor. Payments shall be made in Philippine Pesos.

### **3. General Conditions**

The following general conditions apply to the execution of the work under this Agreement:

a. Workmanship and Materials: All work shall be completed in a workmanlike manner according to standard practices in the construction industry. The Contractor shall furnish all materials, labor, tools, equipment, and services necessary for the completion of the project.

b. Site Management and Safety: The Contractor is responsible for managing the construction site, maintaining orderly work conditions, and ensuring compliance with all safety regulations to prevent accidents or injuries.

c. Inspections and Permits: The Contractor is responsible for obtaining all necessary permits and inspections from local government authorities and ensuring that the construction complies with all applicable laws and regulations.

d. Change Orders: Any changes to the scope of work, including additions or deletions, must be documented through written change orders, which shall specify the changes in the work, the increase or decrease in the contract price, and the impact on the project schedule. Both parties must agree to the change orders in writing.

e. Delays: The Contractor shall promptly notify the Owner of any delays and their causes. Reasonable extensions for completion of the work shall be granted in the case of unforeseen circumstances beyond the Contractor's control.

f. Liability and Insurance: The Contractor shall carry liability insurance and workers' compensation insurance as required by law. The Contractor is liable for any damages or injuries occurring as a result of their work or the work of their subcontractors.

g. Subcontracting: The Contractor may engage subcontractors for portions of the work; however, the Contractor remains responsible for the subcontractors' work and ensuring that it meets the required standards.

h. Clean-Up: The Contractor is responsible for the removal of all debris and keeping the site clean. Upon completion of the project, the Contractor shall ensure that the site is free of construction waste and left in a neat condition.

i. Warranty: The Contractor guarantees that all materials and workmanship are free from defects and provides a warranty for a period of [Specify Duration] following the completion of the work.

### **4. Owner's Responsibilities**

The Owner shall have the following responsibilities under this Agreement:

a. Access to Property: The Owner shall provide the Contractor with unhindered access to the work site at all reasonable times for the duration of the project.

b. Provision of Information: The Owner shall promptly provide any information or approvals necessary to avoid delays in the work schedule.

c. Payment: The Owner agrees to make payments as specified in Section 2 of this Agreement in a timely manner.

d. Permits and Approvals: The Owner is responsible for obtaining any necessary permits, approvals, or clearances from local government or regulatory bodies required for the project before construction begins.

e. Inspection: The Owner has the right to inspect the work at any reasonable time to ensure that it conforms to the agreed specifications, plans, and quality standards.

f. Notification of Defects: The Owner shall notify the Contractor of any observed defects or deficiencies in the work in a timely manner, to allow for appropriate corrective action.

## **5. Termination by Owner for Cause**

The Owner reserves the right to terminate this Agreement under the following circumstances:

a. Failure to Commence or Delay: If the Contractor fails to commence the work on the agreed date or causes unjustified delays affecting the project timeline.

b. Breach of Contract: If the Contractor breaches any terms and conditions of this Agreement, including but not limited to non-compliance with safety standards, use of substandard materials, or failure to follow the project specifications.

c. Insolvency or Bankruptcy: If the Contractor becomes insolvent, declares bankruptcy, or is otherwise unable to financially sustain the project.

d. Poor Workmanship: If the Contractor consistently fails to provide work of the quality and standards stipulated in this Agreement.

e. Procedure for Termination: Prior to termination, the Owner shall provide written notice to the Contractor specifying the cause for termination. The Contractor shall be given a reasonable opportunity to rectify the issue, if possible, before the Owner proceeds with termination.

f. Effects of Termination: Upon termination for cause, the Contractor shall be entitled to payment only for the work satisfactorily completed at the time of termination. The Owner may then contract with another party to complete the project.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

[Owner's Signature]  
[Owner's Printed Name]

[Contractor's Signature]  
[Contractor's Printed Name]

Signed in the presence of:

[Witness #1 Signature]  
[Witness #1 Printed Name]

[Witness #2 Signature]  
[Witness #2 Printed Name]