

BUILDING COMPANY – Preliminary Contract details

BUILDING COMPANY uses the following contracts for Construction projects.

- Master Builders Residential Renovation Contract – Level 2
- Master Builders Residential Building Contract – Level 2

These contracts provide for 3 alternative methods of determining Progress Claims & Invoicing.

1. Method A – Designated Stages
2. Method B – Designated Stages
3. Method C – Periodic Progress Claims

Our preferred method is Method C as we believe it is the fairest for both parties. Under this Method, we provide a detailed invoice every 3 weeks based on the works that have been completed on site during that period. Unfortunately, some lenders do not accept this method of progress claim.

Where Method C is not accepted by the Lender, we can create Designated Stages under Method B. Method B allows the Builder to set the description of each stage and percentage of contract price applicable to each Stage. This is a reasonable alternative to Method C, as we can determine stages specific to each project that allow for regular progress draws on completion of each stage.

We will not use Method A. It has 5 pre-set Stages and provides no flexibility for differences in each project.

If you are seeking finance for your project, could you please ask your lender to confirm whether they will pay Progress Claims under Method C, or alternatively under Method B.

We have found this has caused delays on recent projects where Lenders have requested changes after the contract has been signed, so we'd prefer they confirm these details prior to drafting the contract.

We've attached examples of Method B and Method C to this document for provision to your lender. We've also attached an example invoice issued under Method C to show the detail provided for each claim under this method.

Please also confirm with your Lender that 7 day payment terms are acceptable.