

**COST-PLUS ADDENDUM TO
RESIDENTIAL CONSTRUCTION CONTRACT**

The additional provisions set forth below are hereby made a part of the attached Residential Construction Contract between:

CONTRACTOR:

and

OWNER:

(Parties using this document should mark the box next to each agreed provision and complete the applicable blanks. For inapplicable provisions insert "N/A".)

COMPENSATION TO BE PAID TO CONTRACTOR: Owner will pay to Contractor the Cost of Construction as defined below plus:

\$ _____ as a fixed fee for Contractor's profit and overhead, or

_____ percent of the Cost of Construction as a fee for Contractor's profit and overhead.

Payment will be made to Contractor as follows:

\$ _____ as a deposit paid upon Owner's execution of this agreement, or the closing of Owner's construction loan. The balance of compensation payable to Contractor will be disbursed as follows:

according to the standard completion schedule for residential construction published by the financial institution listed on the attached Residential Construction Contract, a copy of which is attached; or

according to the following schedule: Contractor shall, on or about the first day of each month during construction of the House, deliver to the Owner a payment application consisting of an itemized statement showing in complete detail all monies paid or expenses incurred by Contractor on account of the Cost of Construction during the previous month, and such other data supporting the Contractor's right to payment for subcontracts or materials as the Owner may reasonably require, together with a statement of the amount of Contractor's profit and overhead due for the construction work completed during the previous month. Within three (3) business days of Contractor's application of payment, Owner agrees to pay to Contractor the amount shown on the

payment application. Should substantial completion occur other than at the end of a month, Contractor may immediately apply for final payment. Owner will have three (3) business days thereafter to make the final payment.

GUARANTEED MAXIMUM. Contractor guarantees to Owner that the Cost of Construction plus Contractor's fee will not exceed \$ _____ except as provided on Change Orders.

COST OF CONSTRUCTION PLUS CONTRACTOR'S FEE. Owner agrees to reimburse the Contractor for the costs incurred by Contractor in constructing the House plus the fee set forth above subject to the following. The term "Cost of Construction" shall mean all essential direct costs incurred by Contractor in constructing the House according to the Contract Documents. Such costs shall be at rates prevailing in the locality of the construction. Costs to be reimbursed specifically include: (a) compensation paid to, or on account of, Contractor's on site employees engaged in the construction including wages and employee benefits and Contractor's contributions for taxes, unemployment compensation, and social security; (b) costs, including transportation of all building materials, fixtures, appliances, and equipment incorporated in the House; (c) payments made to subcontractors by Contractor for work or services performed pursuant to the Contract Documents; (d) sales or use taxes on items incorporated in the House; (e) cost of site cleanup; (f) reasonable rental costs for equipment and apparatus essential for construction of the House, excluding hand tools and equipment owned by Contractor; (g) utilities, including temporary connection fees and use fees such as water service and electricity used at the job site before substantial completion; (h) building permit fees and land use permit fees; (i) premiums for insurance required of the Contractor by Contract Documents.

The term "Cost of Construction" does not include; (a) any cost or expense relating to Contractor's main and branch offices including compensation and benefits to Contractor's employees at such offices; (b) interest on any of Contractor's capital expended during construction prior to substantial completion of the House; (c) rental charges for equipment and apparatus owned by Contractor or for hand tools; (d) Contractor's profit and overhead (sums paid to officers and employees of contractor for supervision of the work shall be deemed overhead); (e) costs to correct defective construction or construction not in conformity with the Contract Documents, costs of repair or replacement of items the Contract Documents require to be insured by Contractor or for which Contractor has the risk of loss, and costs resulting from the negligence of the Contractor or his subcontractors.

In addition to the Cost of Construction, Contractor will be paid the fee set forth above as profit and overhead. With each monthly payment application, Contractor is permitted to include a proportional amount of his fee which will be the percentage of the Cost of Construction if such a percentage is specified, or, if a fixed fee is specified, the lesser of the 15% of the Cost of Construction for the previous month or an amount equal to the total fee divided by the number months in the Time for Completion on the face page of the Residential Construction Contract. Any balance of the Contractor's fee will be included in the final payment application upon substantial completion of the House.

Payment of both the cost of Construction and the Contractor's fee is subject to Owner's right of retainage set forth in the Residential Construction Contract.

IN WITNESS WHEREOF, the parties have executed this Cost-Plus Addendum to Residential Construction Contract on the dates as set forth below.

CONTRACTOR

Name: _____
By: _____ (SEAL)
Title: _____
Date: _____

OWNER

_____ (SEAL) _____ (SEAL)
Date: _____ Date: _____