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AGREEMENT FOR THE CONSTRUCTION OF A HOME ON OWNER’S LOT

This Construction Agreement (“Agreement”) is made this _____ day of _____, 20_____, by and between _____, whose mailing address is _____

(hereinafter referred to for simplicity in the singular as “Owner”, even if more than one, and without limiting the joint and several obligations created hereunder), and _____ a homebuilder, and a(n) _____ (insert type of entity if other than an individual) having an office and place of business located at _____ (referred to herein as the “Contractor” or alternatively referred to in various documents as “Builder,” “Seller,” or “Supplier”). Contractor is further defined as a “Home Construction Service Supplier” within the meaning of Ohio Revised Code (“ORC”) § 4722 and a “Residential Contractor” under ORC § 1312. Owner and Contractor are hereinafter referred to singularly as “Party” and jointly as “Parties.”

BACKGROUND INFORMATION

Owner is the owner of the real estate commonly known as _____, (insert address, lot number, and subdivision name or other similar description of real estate) (the “Premises”), and Owner desires Contractor to construct a single family home and related improvements (the “Home”) upon the Premises in accordance with the following terms and conditions:

1. PERFORMANCE OF THE WORK.

A. The Work. Contractor agrees to furnish or cause to be furnished all labor and materials necessary to construct the Home upon the Premises in accordance with the plans prepared by _____ dated _____, and attached hereto as Exhibit A (the “Plans and Specifications”). The construction shall be performed in accordance with the Plans and Specifications (except as to minor deviations permitted pursuant to Subsection D of this Section or Change Orders or Excess Costs governed by Subsection E, as fully described below) which Plans and Specifications have been examined and approved by Owner. Owner acknowledges that the Plans and Specifications may vary from a floor plan, elevation, or model which the Owner may have heretofore reviewed or inspected in conjunction with the preparation of this Agreement, and that the Plans and Specifications will take priority over the same. The Home shall be generally located as depicted upon the site plan which Owner has also examined and approved. The construction undertaking as described in this Section is hereinafter sometimes referred to as “the Work.”

B. Construction Schedule and Effects of Delay. Contractor can neither imply nor guarantee a firm completion and availability date. However, Contractor will use commercially reasonable efforts to commence construction work on or about _____, subject to the conditions described herein, and to complete the construction of _____ within _____ (_____) days after the day excavation or similar site work first commences upon the Premises (the “Scheduled Completion Date”). Contractor will not, however, be obligated to commence construction until all conditions precedent to this Agreement including but not limited to the financing conditions described in Section 9 herein have been satisfied or waived.

Owner acknowledges that Contractor’s ability to meet the construction schedule described above will be directly affected by any changes to the Plans and Specifications, Change Order(s) or Excess Cost(s) requested by Owner (see Subsection E of this Section for definition and additional discussion of Change Orders), appropriate lot conditions for construction of a

residential home, Owner's failure to make timely selections, change orders or options not heretofore within the Plans and Specifications, and/or Owner's interference with the construction process itself.

Further Contractor shall not be liable for any delay in the completion of construction caused by the above or by weather, fire, or other casualty, or act of God, nor shall Contractor be liable for any delay in the completion of the construction caused by governmental control, inability to obtain materials or supplies, or other regulations, restrictions, or conditions over which Contractor has no reasonable control. Delays in construction arising as a result of the events described in the preceding paragraphs are hereinafter sometimes collectively referred to as "Excused Construction Delays". In this respect, Contractor shall not be obligated to make, provide, or compensate Owner for any alternative housing accommodations necessary as a result of Excused Construction Delays, nor shall Contractor be liable for losses or damages to Owner arising as a result of the loss of a loan commitment or increased loan costs, including but not limited to, additional appraisal or reappraisal fees, inspection or reinspection fees, origination and/or discount fees, additional interest carry or increased interest rates arising or associated with Excused Construction Delays.

The Parties acknowledge the Contract Price as referenced in the Agreement has been calculated by the Contractor in part based upon current market prices for materials. Materials may include but not be limited to lumber, drywall, joists, nails, insulation, trim, concrete, framing items, brick, stucco, carpet, tile, doors, steel and all other items whether natural or non-natural that comprise the Work. The Parties acknowledge that costs of such materials may be somewhat volatile and may increase based upon unforeseen and uncontrollable market factors. In the event a cost increase is necessitated by increased materials costs, the Contractor shall comply with the change order procedure specified in the Agreement.

C. Laws; Regulations. Contractor shall obtain all permits necessary for the performance of the Work, and Contractor shall cause all subcontractors to obtain any permits necessary for the performance of the Work undertaken by such subcontractor (except as provided to the contrary within Section 11 herein). Contractor and all subcontractors employed by Contractor shall comply with all applicable federal, state, city, and local laws, ordinances, codes, and regulations governing the Work and the materials furnished pursuant to this Agreement. Owner acknowledges that Contractor's relationship with the individual building inspectors is important to the timely completion of the Work, and accordingly Owner agrees not to obstruct such relationships or to otherwise harass the building inspectors reviewing the Work.

D. Construction Representations/Workmanship/ORC Chapter 4722 Requirements. Construction of the Work shall be done in a workmanlike manner as defined by Ohio law and in conformity with the rules promulgated under ORC § 4722 and with all local, state, and national codes having jurisdiction over the Premises, and shall substantially conform to the Plans and Specifications, allowing for minor deviations occasioned by expediency, practicality, and the availability of labor and materials provided Contractor agrees not to substantially deviate from the Plans and Specifications without first notifying Owner of the same. In the event Owner does not thereafter notify Contractor of Owner's objection to the same in writing within seventy-two (72) hours, Owner shall be deemed to have agreed to the same. Further, Contractor expressly reserves the right to make such modifications, additions, or deletions to the Plans and Specifications as may be required by a mortgagee which holds a mortgage upon the Premises, or as may be necessary to meet any applicable federal, state, city, and local building or zoning code requirements. The costs of any changes arising as a result of the requirements of any mortgagee holding a mortgage upon the Premises, or as are necessary to comply with applicable laws, codes and rules as described in this section, shall be governed by section (E) below and paid by Owner. In the event that a substantial physical modification or deviation from the Plans and Specifications is necessary due to soil or other lot conditions (building setback lines, easements, developer or utility requirements, etc.), Contractor may, at its option, elect to terminate this Agreement and refund to Owner the Deposit, as such term is hereafter defined, subject to the adjustments hereafter described, in which case all Parties hereto shall be relieved of any further obligations hereunder. Notwithstanding the foregoing, should the Owner and Contractor decide a construction standard, specification, or tolerance is desired that is equivalent or superior to an item or items addressed in the rules promulgated under ORC § 4722, such variance shall be documented and agreed to through a separate addendum executed by both Parties and attached hereto and incorporated into this Agreement. The

Parties agree that Ohio law including but not limited to standards under ORC 4722 cover a limited number of construction tolerances and items, and the Parties may also agree and define other construction standards or tolerances that are not covered by ORC § 4722 as meeting the “good and workmanlike” or “workmanlike” manner for construction performance on their own terms and through separate addenda.

E. Excess Costs and Written Change Order Procedure. REQUIRED EXCESS COST NOTICE: UNDER OHIO REVISED CODE SECTION 4722.02(B)(2), IF AT THE TIME A HOME CONSTRUCTION SERVICE REQUIRES EXCESS COSTS ABOVE THE COST SPECIFIED OR ESTIMATED IN THIS CONTRACT THAT WERE REASONABLY UNFORESEEN, BUT NECESSARY AND THE TOTAL OF ALL EXCESS COSTS TO DATE EXCEEDS FIVE THOUSAND DOLLARS (\$5,000.00) OVER THE COURSE OF THE ENTIRE HOME CONSTRUCTION CONTRACT, THE BUYER (YOU) HAS THE RIGHT TO AN ESTIMATE OF THOSE EXCESS COSTS BEFORE THE HOME CONSTRUCTION SERVICE SUPPLIER (CONTRACTOR) BEGINS WORK RELATED TO THOSE COSTS. SUCH ESTIMATES SHALL BE IN WRITING AND GOVERNED BY THE PROCEDURE OUTLINED IN THIS SECTION. HOWEVER, OWNER IS HEREBY NOTIFIED THAT IN FAILING TO APPROVE AN EXCESS COST, COMPLETION OF WORK MAY NOT BE POSSIBLE, AND A CHARGE MAY BE IMPOSED FOR ANY DISASSEMBLY, REASSEMBLY, OR PARTIALLY COMPLETED WORK, WHICH SHALL BE DIRECTLY RELATED TO THE ACTUAL LABOR OR PARTS INVOLVED.

Change Order Procedure: Prior to completion of the Work and except as permitted pursuant to the operation of Sections(D) and (E) above, no alteration shall be made to the Plans and Specifications without the prior written approval of Contractor and Owner. If Owner requests changes to the Plans and Specifications, Contractor shall prior to commencing the alteration, submit to Owner a written proposal and cost estimate or credit associated with the completion of such alteration. If Owner approves such proposal, the same shall be documented in writing and constitute a Change Order (the “Excess Cost” or “Change Order”) and the Contract Price, Scheduled Completion Date and the Work to be performed hereunder shall be amended accordingly, and such alterations shall thereafter be completed by Contractor in accordance with the requirements of this Agreement. If Owner does not approve such proposal, Contractor shall not be obligated to construct such alterations. Owner shall pay in full for the cost of any Change Order (if applicable) at the time of approving such proposal unless otherwise mutually agreed by Owner and Contractor; provided, however in no event shall the payment for such Change Order be made later than at the time the next progress payment is made. If more than one Owner has executed this Agreement, each Owner specifically authorizes the other Owner to execute Change Orders, and each Owner agrees to that he/she is jointly and severally liable for any Change Orders executed by the other Owner.

2. CONTRACT PRICE.

A. Contract Price. Owner shall pay Contractor for performance of the Work, subject to additions and deletions as herein provided, the sum of _____ Dollars (\$_____) (the “Contract Price”), payable as set forth in Subsections B and C of this Section.

B. Payment of Contract Price.

1. Deposit(s) shall be due and payable in the amount of: _____ Dollars (\$_____). The initial deposit shall be due upon execution of this Agreement (the “Initial Deposit”). Contractor retains the right to use the Initial Deposit for construction or other purposes, and Owner acknowledges that the Initial Deposit shall not be subject to any escrow, trust, or security agreement, nor shall interest accrue thereon. NOTWITHSTANDING THE FOREGOING, PRIOR TO THE COMMENCEMENT OF CONTRACTOR'S PERFORMANCE UNDER THIS CONTRACT, ORC § 4722.04 PROHIBITS THE CONTRACTOR FROM TAKING A DEPOSIT OR DOWNPAYMENT IN EXCESS OF TEN PERCENT (10%) OF THE CONTRACT PRICE. THIS PROVISION DOES NOT APPLY TO SPECIAL ORDER ITEMS THAT ARE NOT RETURNABLE OR USABLE PRIOR TO THE CONTRACTOR'S PERFORMANCE, IN WHICH CASE A DEPOSIT OF 75% OF THE TOTAL COST OF ITEM IS PERMISSIBLE.

2. Additional Deposits, if applicable, under the same terms and conditions as the Initial Deposit specified above and in the amounts as detailed below, if any:

3. The remainder of the Contract Price shall be _____ Dollars (\$ _____) and shall be paid as progress payments as provided herein.

C. Progress Payments. Upon a request by Contractor for a payment (“Application for Payment”), Owner shall make payments on the balance of the Contract Price remaining due to Contractor as follows:

Percentage	Dollar Amount	Status of Work
_____ %	\$ _____	_____
_____ %	\$ _____	_____
_____ %	\$ _____	_____
_____ %	\$ _____	_____
_____ %	\$ _____	_____
_____ %	\$ _____	_____
_____ %	\$ _____	_____
_____ %	\$ _____	_____
_____ %	\$ _____	_____
_____ %	\$ _____	_____

Owner understands and agrees that certain items of the Home are subject to allowances established by the Contractor. In some cases, whether Owner has exceeded or spent less than an established allowance figure cannot be determined until immediately prior to closing. As soon as Owner’s final allowance charges have been determined, a deduction or credit will be made against the Contract Price or a charge added to the Contract Price based on whether or not Owner has spent less or exceeded the stated allowance amount.

Subject to the limitations herein provided, Owner will pay and/or will authorize Owner’s lender to pay the amount described above within five business days after Contractor submits the Application for Payment. Owner or Owner’s lender’s inspector may inspect the Work described in any Application for Payment submitted by Contractor; provided, however, such inspection shall not suspend, delay, or otherwise affect Owner’s obligation to make such payment within the time period described above, unless Owner or Owner’s lender can reasonably demonstrate that the Work has not been performed in accordance with the Plans and Specifications.

Owner agrees that the failure of Contractor to complete any item not required by the appropriate governmental authority in order to issue a Certificate of Occupancy (including without limitation sod and landscaping) shall not operate to delay the payment of the monies due under this Agreement. Further, Contractor shall not be obligated to establish an escrow for items which may be incomplete as of the date Contractor requests the delivery of the final payment. Payments which are due and unpaid shall bear interest from the date such payment is due until paid in full at the Prime Rate as such rate is published in the Wall Street Journal on the first business day of each month, plus four percent (4%) per annum.

Notwithstanding anything previously set forth in this Section to the contrary, Contractor and Owner acknowledge that in the event Owner has secured financing for the payment of the Contract Price from a lender (as opposed to the situation where the Owner has provided Contractor with other evidence of Owner's ability to satisfy the Contract Price without the need of a construction loan) that Owner's lender may wish to modify certain aspects of the schedule and method for making the payments described within this Section, and to this end Contractor and Owner agree to undertake reasonable modifications to the same provided such proposed modifications do not cause either party any undue hardships. Any such modifications shall be reduced to writing and signed by both parties and incorporate as an addendum to this Agreement.

D. Installation, delivery, or other costs not included in the above estimated contract price include the following: (Not applicable if not filled in.)

3. INDEPENDENT CONTRACTOR/CONSTRUCTION INTERFERENCE. Owner and Contractor agree that Contractor is serving as an independent contractor under this Agreement and that all employees, laborers, and subcontractors employed by Contractor in connection with performing the Work shall, except as provided in Section 11 herein, be the employees or agents of and the responsibility of Contractor. Contractor shall be responsible for satisfying all state and federal employment laws and regulations with respect to such employees, laborers, and subcontractors hired by Contractor, including without limitation all applicable income tax withholding requirements, social security withholding requirements, unemployment compensation premiums, workers compensation premiums, fair labor standards laws, employment discrimination laws, civil rights laws and occupational safety laws.

In executing this Agreement, the Owner hereby specifically recognizes and defers to Contractor's knowledge, expertise, qualifications, experience, background, and training in the residential building industry in all building and construction matters relating to this Agreement. This shall include but shall not be limited to matters relating to building code interpretation, manufacturers' recommendations for installation methods, local construction industry standards, and any necessary repair protocols under the Limited Warranty Agreement executed between the Parties, or otherwise.

When entering upon the Premises or into the Home, neither Owner nor its agents shall unreasonably interfere with, restrict, interrupt, harass, or obstruct construction or its progress in any manner. Owner shall not communicate any criticisms, changes, or any other matter to any subcontractor or laborer except in the presence of and with the approval of Contractor. This provision shall apply to any remedial or repair work on the Home, performed under the Limited Warranty Agreement or otherwise, in addition to original construction and material supply of the Home. In the event Owner or his or her agents cause such interference or obstruction, Contractor shall be entitled to undertake reasonable actions to restrain Owner or its agents from further entries upon the Premises until after completion of construction of the Work, delivery of the Certificate of Occupancy, and receipt of the final progress payment. Any violation of this provision by Owner, and/or interference by Owner's subcontractors and/or materialmen, shall waive Contractor's responsibility for failing to meet the construction schedule and completion delivery as originally agreed to by the Parties under this Agreement. The Parties agree that only the signatories of this Agreement have rights and responsibilities outlined herein and the Owner's rights are personal in nature and not transferable, assumable, or assignable without the express written consent of the Contractor. No other Party shall assert contract rights, interfere, direct work, or assume any other of the Owner's rights. In the event that such interference occurs, Contractor shall notify Owner of the same and if Owner fails to immediately cause the interference to cease, Contractor may, at Contractor's option undertake such action as is necessary to restrain third parties from such interference or declare a breach of this Agreement, in which event the Contractor shall be entitled to such remedies as are set forth herein or are available at law or in equity..

4. INSURANCE. Contractor shall obtain and maintain during the period the Work is performed "Builders Risk" insurance covering the Work and the materials situated on the Premises in an amount not less than the Contract Price for same. Contractor shall

obtain and maintain general liability insurance of not less than Two-Hundred and Fifty Thousand Dollars (\$250,000.00) as required by ORC § 4722.02 (A)(8). A copy of the Contractor's Certificate of Insurance showing such general liability coverage is attached hereto and made an exhibit to this Agreement. The Contractor's cost of obtaining and maintaining the above-described insurance coverage shall be chargeable to Owner.

5. POSSESSION. During the performance of the Work, Owner hereby grants to Contractor a license that is irrevocable and coupled with an interest to exclusively enter upon the Premises for the performance of the Work, and Owner hereby grants to Contractor the right to exclusively occupy and possess the Home to be constructed thereon prior to the delivery of the Certificate of Occupancy and the corresponding final progress payment, subject only to the limited privilege of Owner or its agents to enter upon the Premises and into the Home for the purpose of inspection.

Further, Owner acknowledges that if Owner (including invitees and guests of Owner) visits the home prior to the completion of the Work, such visit shall be at Owner's risk. By the execution of this Agreement, Owner further releases, discharges, indemnifies, and agrees to hold Contractor and its employees, subcontractors, and materialmen harmless from any and all claims, costs (including attorney fees), liability or damages arising as a result of such visit, including but not limited to injury to person or property.

6. LIMITED WARRANTY. Upon completion of the Work, and delivery of a Certificate of Occupancy, Contractor will provide to Owner a Limited Warranty Agreement ("Warranty") in the form approved by the BIA of Central Ohio. The Warranty is attached hereto as an Exhibit, is made part of this transaction, and represents an independent contract with separate and sufficient consideration exchanged between the Parties. Owner approves and accepts the form of such Warranty by the execution of this Agreement and the Warranty. Owner acknowledges in order for Contractor to perform warranty service, Owner must fully cooperate with Contractor's Right to Cure as defined in the Limited Warranty Agreement and efforts to resolve alleged defects and warranty service claims, including providing access to the home during normal business hours and at reasonable times, and allowing ongoing access and service attempts when problems are difficult to pinpoint, diagnose and finally address without several attempts. Further, upon receipt of the final progress payment due hereunder, Contractor will deliver, assign, and transfer to Owner all appropriate manufacturer's warranties on appliances and equipment installed in the home or other available manufacturer's warranty on any of the materials or supplies incorporated into the Work. The Warranty shall not cover those appliances, equipment, or consumer products which have separate warranties provided by manufacturers or suppliers and are assigned to Owner by Contractor on or after the date of closing. Owner is hereby notified that service or warranty work, if any, performed on items where a manufacturer's warranty is effective shall not be performed by the Contractor. **THE WARRANTIES PROVIDED PURSUANT TO THE APPLICATION OF THIS SECTION SHALL BE THE SOLE EXPRESS WARRANTIES PROVIDED BY CONTRACTOR TO OWNER RELATIVE TO THE WORK.**

7. RADON, MOLD, AND OTHER ENVIRONMENTAL POLLUTANTS. Radon is a naturally occurring phenomenon. According to some experts, exposure to elevated levels of radon for a sufficient period of time can increase the risk of cancer. As a result of natural geological conditions, some areas may pose a greater risk than others. The U.S. Environmental Protection Agency, state and local environmental authorities and certain private testing laboratories are best equipped to render advice regarding the risk which may exist in a particular area, the risks associated with radon exposure, methods available to detect and measure radon levels, and appropriate measures, if any, which may be taken in the particular circumstance to reduce the possible risk to radon exposure.

Mold, fungi, bacteria and other similar micro-organisms ("Organisms") commonly exist in homes (and may be found in the home being purchased under this Agreement) because of rain, humidity, and other moisture in the home and on materials delivered to the home site and installed during the course of construction.

Owner acknowledges: (i) Certain areas in central Ohio have a relatively high incident of elevated radon gas levels and that Organisms exist in every environment, indoors and outside; (ii) Owner has been advised by Contractor that it may be in Owner's best interest that Owner become informed about radon gas, Organisms, and other environmental pollutants found in homes and the measurement or reduction of radon, Organisms or other environmental pollutants, or the risks associated with exposure

thereto; (iii) there can be no assurance that any system, device, or method incorporated into the Home for the purpose of reducing radon, Organisms, or other environmental pollutant levels will be effective as such relate to the persons that comprise Owner and those who may reside at the home with Owner, and that accordingly, Contractor shall have no responsibility therefore, unless set forth otherwise herein; (iv) Contractor makes no warranty, either expressed or implied, regarding the presence of radon gas, Organisms, or other environmental pollutants in or about the Home being purchased hereunder by Owner, nor does Contractor have any knowledge of special health conditions of any persons that comprise Owner or of those who may reside in the home with Owner; (v) in the event any person that comprises Owner or any person who may reside with Owner in the home shall have special medical conditions which are known to Owner or become known to Owner which may adversely affect such person or persons who may reside in the Home, Owner should consult, at Owner's cost, with appropriate medical authorities concerning the habitation of the Home being purchased under this Agreement. Any testing, remediation, or system desired or required to be installed by Owner or pursuant to governmental building code requirements shall be at Owner's expense and risk, unless specified otherwise herein, unless Contractor agrees to cure an alleged issue pursuant to this Agreement and/or in the Warranty executed between the Parties and specifically agrees in writing to cover such items.

8. REMEDIES IN THE EVENT OF DEFAULT.

I. The following occurrences shall constitute events of default under this Agreement:

- A. Owner fails to pay any progress payment as it becomes due;
- B. Contractor fails to timely satisfy or bond-off a mechanic's lien;
- C. A party fails to perform any other duty or obligation undertaken herein within ten (10) days after receipt of written notice thereof from the other party.

II. In the event of a default by Owner, Contractor shall, in addition and without limitation to the rights and remedies at law or in equity available to Contractor, at the sole option of Contractor, be entitled to elect one or more of the following remedies:

A. In the event the Start of Construction has not occurred:

- (i) To retain progress payments for work completed, any Construction and/or Initial Deposit as liquidated damages, it being agreed to by the Parties that actual damages which would be suffered by Contractor would be difficult or impossible to ascertain as of the date of execution of this Agreement, that the amount of the proposed liquidated damages are reasonable and not so disproportionate as to constitute a penalty, and that the same is the true intention of the parties to this Agreement; or
- (ii) To apply progress payments for work completed, any Construction and/or the Initial Deposit on the account of Owner and proceed with an action at law or in equity for damages for breach of contract.

B. In the event the Start of Construction has occurred:

- (i) Contractor may at its option continue to complete the Work, and be entitled to receive Progress Payments when due from Owner without the actions of Contractor in continuing toward the completion of the Work acting as a waiver of any rights or remedies which Contractor may have under this Agreement or at law or in equity, and without such actions otherwise being deemed as an admission by Contractor of any liability or any continuing obligation to complete the Work. Contractor may elect at any time thereafter to discontinue Contractor's efforts to complete the Work as described within this subparagraph (i) and avail itself of any other right or remedy to which Contractor may be entitled at law or in equity or under the terms of this Agreement including but not limited to the rights of Contractor to cease any further efforts to complete the Work as described under subparagraph (ii) below.
- (ii) Contractor may cease any further efforts to complete the Work and remove all of Contractor's and Contractor's subcontractor's and materialmen's tools, materials, and supplies from the Premises as more specifically provided within Section 16 herein, and upon undertaking such action Contractor shall be entitled to immediately receive payment in full for all Work completed through the date Contractor discontinued efforts to complete the Work including but not limited to any and all monies due and payable to subcontractors and/or materialmen of Contractor. Contractor shall also be entitled to receive four percent (4.00%) of the Progress Payments remaining due and payable under the Agreement as

liquidated damages, it being agreed to by the parties that the actual damages which would be suffered by Contractor would be difficult or impossible to ascertain as of the date of execution of this Agreement, that the amount of the proposed liquidated damages are reasonable and not so disproportionate as to constitute a penalty, and that the same is the true intention of the parties to this Agreement.

C. Notwithstanding whether the Start of Construction has occurred, Owner shall be responsible for any and all damages arising as a result of such default, including but not limited to direct, indirect, consequential, and/or incidental. To this end and without limitation Contractor shall be entitled to recover from Owner as an element of the damages incurred by Contractor the reasonable attorney fees and other professional fees including the fees of expert witnesses incurred by Contractor.

D. Interest shall accrue on any sums arising as a result of the application of this paragraph as of the date such monies were first due and payable at a rate equal to the Prime Rate as published in the Wall Street Journal on the first business day of each month plus four percent (4.00%) per annum.

E. If Contractor fails or refuses to perform Contractor's obligations under this Agreement, if such default is substantial and material and does not fall within the scope of Sections 14 or 15 herein, and if such default continues for ten (10) days after written notice of the default from Owner, then Owner shall be entitled to terminate this Agreement and to receive the return of the Deposits made by Owner hereunder, subject to payment for any Work which was completed prior to such termination.

F. Owner acknowledges that the Home may be built in a community governed by developer restrictions, and requiring developer, or his agent, to approve the Plans and Specifications for the Home prior to the start of construction. Owner agrees that if the developer requires that certain features must be added or deleted or if certain type(s) of exterior materials must be used to obtain such approval, then the additional expense associated with meeting these requirements will be paid by Owner. In the event Owner does not agree to pay such expenses, (i) Contractor shall refund to Owner his deposit (less ____% progress payments for work completed, processing fee and any additional previously agreed upon architectural fees), (ii) this Agreement shall be deemed terminated, and (iii) the Owner and Contractor shall be relieved of any and all responsibility hereunder.

G. Nothing in this Section shall be interpreted as limiting the Owner's or Contractor's specific rights and responsibilities as provided in ORC § 4722 and § 1312. For a violation of an act prohibited under ORC §§ 4722.02, 4722.03, or § 4722.04 Owner may rescind this Agreement under certain circumstances or recover the Owner's actual economic damages plus an amount not to exceed Five Thousand Dollars (\$5,000.00) in non-economic damages. Any action for rescission must occur within a reasonable time after Owner discovers or should have discovered the grounds for it and before any substantial change in condition. A court may award reasonable attorney's fees to the prevailing party if Owner brought an action that is groundless and in bad faith, or if Contractor knowingly committed an act or practice in violation of acts prohibited under ORC 4722.

9. FINANCING CONDITIONS. All obligations of both parties under this Agreement are expressly contingent upon Owner obtaining a construction loan in the amount of _____ Dollars (\$_____) on terms and conditions satisfactory to Owner within _____ (_____) calendar days of the execution of this Agreement, or in the event Owner does not require the use of such a construction loan to pay and satisfy the Contract Price, Owner otherwise provides Contractor within _____ (_____) calendar days of the execution of this Agreement with evidence satisfactory to Contractor of Owner's ability to satisfy the Contract Price without the need of a construction loan.

In the event Owner successfully obtains such construction loan (or at the option of Contractor a commitment to make such construction loan), Owner shall immediately notify Contractor of the same in writing, and shall further provide to Contractor for Contractor's review and approval a copy of the promissory note, mortgage, and loan agreement (or at the option of Contractor the loan commitment letter issued by the lending institution confirming such commitment of the lending institution to make such

construction loan), or such other evidence as Contractor shall deem satisfactory in order to establish that Owner has, in fact, obtained the same (or will be able to obtain the same).

If Owner makes a good faith effort and is not able to obtain the loan or a loan commitment as described above within the time period specified above and so notifies Contractor in writing of the same, this Agreement shall be terminated, all Parties shall be released from their obligations hereunder, and the Deposit, if any, shall be returned to Owner, less the deductions for expenses incurred by Contractor, unless Owner and Contractor mutually agree in writing to extend the time period specified above, or otherwise mutually agree in writing to waive the financing condition described within this Section.

Similarly, in the event Owner represented that Owner would not require a construction loan in order to satisfy the Contract Price, but Owner was unable to provide evidence to Contractor of Owner's ability to satisfy the Contract Price without the need of a construction loan satisfactory to Contractor within the time period specified above, this Agreement shall be terminated, all Parties shall be released from their obligations hereunder, and the Deposit, if any, shall be returned to Owner less the deductions for out-of-pocket expenses incurred by Contractor, unless Owner and Contractor mutually agree in writing to extend the time period specified above, or otherwise mutually agree in writing to waive the requirement described in this Section.

If Owner:

- A. fails to make an application for a loan or fails to use good faith efforts to obtain such loan; or
- B. otherwise fails to use good faith efforts to provide evidence to Contractor of Owner's ability to satisfy the Contract Price without the need of such a loan, Contractor may, at Contractor's option, retain the Deposit as herein provided without waiving any rights Contractor may otherwise have under this Agreement, or at law or in equity.

10. COSTS OF FINANCING. Owner agrees that, unless otherwise set forth herein to the contrary, Owner shall be responsible for any and all costs or fees instituted or charged by Owner's lender, whether to be paid prior to, at, or after the completion of the Work. These charges may include, by way of example, but not by way of limitation, survey expenses and additional title insurance charges such as a mortgage title insurance commitment fee, simultaneous issue fee, or other title insurance premiums for mortgage title insurance, Variable Rate Endorsement charge, and/or Environmental Protection Agency Endorsement charges

11. SELECTION OF SUBCONTRACTORS. In the event Owner selects and/or requests that Contractor use the services or acquire materials from a particular subcontractor and/or materialmen, or in the event Owner elects independent of this Agreement to use the services or acquire materials from a particular subcontractor and/or materialmen, and in the event Contractor consents to the same (provided, however, Contractor may withhold its consent to the same in its sole and absolute discretion), then Owner by such request or action specifically waives any warranties, delays, responsibilities, or liabilities against Contractor which may arise as a result of the use of such subcontractor and/or materialmen, and the portion of the Work and/or materials completed or supplied by such subcontractors and/or materialmen.

In the event that a selection of subcontractors is made by the Owner, whether by Owner directing Contractor, or Owner directly hiring, then Owner shall be responsible for (and shall require each such subcontractor and/or materialmen to be responsible for) obtaining all licenses, permits and inspections associated with the portion of the Work completed by such subcontractors and/or materialmen, and maintaining liability insurance and benefit coverages (i.e., workers compensation coverages, unemployment compensation coverages, etc.) relating to such subcontractor and/or materialmen. To this end, Owner further releases, discharges, indemnifies and agrees to hold Contractor and its employees, subcontractors and materialmen harmless from all claims, costs (including attorney fees and other professional fees), liability or damages arising as a result of the failure of Owner (or Owner's subcontractors and/or materialmen) to comply with the obligations of this Section.

Further, during the period such subcontractors and/or materialmen are working at the Premises, and thereafter upon completion of the portion of the Work undertaken by such subcontractor and/or materialmen, Owner shall be responsible for obtaining and shall require such subcontractor and/or materialmen to provide appropriate lien waivers attesting to the amount of the Work so completed, the number and names of sub-subcontractors, laborers, or other materialmen used, and the amount of monies received from the Owner for such Work to date.

The terms and conditions of this Section are intended to be applicable notwithstanding whether the subcontractor and/or materialmen receive the compensation due them directly from Owner, or indirectly from Owner by virtue of the payment of the same through Contractor.

12. SELLER'S RIGHT TO CURE. Seller hereby provides notice to Owner that under ORC§ 1312 Ohio law provides for the Contractor's Right to Cure construction defects prior to Owner's commencement of legal action:

OHIO LAW CONTAINS IMPORTANT REQUIREMENTS YOU (OWNER) MUST FOLLOW BEFORE YOU MAY FILE A LAWSUIT OR COMMENCE ARBITRATION PROCEEDINGS FOR DEFECTIVE CONSTRUCTION AGAINST THE RESIDENTIAL CONTRACTOR WHO CONSTRUCTED YOUR HOME. AT LEAST SIXTY DAYS BEFORE YOU FILE A LAWSUIT OR COMMENCE ARBITRATION PROCEEDINGS, YOU MUST PROVIDE THE CONTRACTOR WITH A WRITTEN NOTICE OF THE CONDITIONS YOU ALLEGE ARE DEFECTIVE. UNDER CHAPTER 1312. OF THE OHIO REVISED CODE, THE CONTRACTOR HAS AN OPPORTUNITY TO OFFER TO REPAIR OR PAY FOR THE DEFECTS. YOU ARE NOT OBLIGATED TO ACCEPT ANY OFFER THE CONTRACTOR MAKES. THERE ARE STRICT DEADLINES AND PROCEDURES UNDER STATE LAW, AND FAILURE TO FOLLOW THEM MAY AFFECT YOUR ABILITY TO FILE A LAWSUIT OR COMMENCE ARBITRATION PROCEEDINGS.

Thus, in consideration of ORC § 1312 governing the Seller's Right to Cure and promises contained in this Agreement, Owner agrees that Contractor has the right to receive notice of and respond in writing to alleged construction defects before Owner may invoke legal rights, commence a legal action under any legal theory, based on an allegation that Contractor failed in its duty to construct the home in a workmanlike manner or in accordance with the rules promulgated under ORC § 4722 or that the Contractor was negligent in the construction of improvements.

A. OPPORTUNITY TO INVESTIGATE AND REMEDY. In the event Owner believes that Contractor has provided Work which does not conform to workmanlike standards, and/or the rules promulgated under ORC § 4722 or does not substantially conform to the Plans and Specifications or that Contractor was negligent in the construction of improvements, Owner shall promptly provide written notice to Contractor of the same specifying with reasonable certainty the nature and effect of such claims in compliance with ORC § 1312.04. Thereafter, Contractor shall be afforded a reasonable opportunity to review, investigate and evaluate such claims, and to the extent necessary to complete such evaluation, Contractor may request additional information and/or a meeting with Owner and/or architect, engineer or expert (if applicable) at the Premises to discuss the same. After completion of such review and investigation to the extent Contractor agrees with Owner, Contractor shall notify Owner in writing of the proposed repairs, or alternatively, offer to pay for the cost of repairs, that Contractor offers to address.

B. CONTRACTOR'S DUTY TO DILIGENTLY PROSECUTE REPAIRS AND OWNER'S DUTY TO COOPERATE. Owner and Contractor further agree and recognize that some construction defects or problems are difficult to diagnose and address and/or repair without a process of elimination and/or several repair attempts. Owner shall allow ongoing access to the home for inspection and completion of repairs during regular business hours, share any inspection or evaluation reports produced by Owner's expert and cooperate with Contractor's reasonable attempts to identify and remediate any defects. Contractor shall use commercially reasonable efforts to diligently diagnose and prosecute repairs and Owner shall continue to fully cooperate with Contractor's ongoing attempts to repair, so long as is necessary to allow good faith attempts to result in successful repairs, taking into account seasonal changes and weather factors.

C. OWNER BARRED FROM CLAIMS FOR FAILURE TO NOTIFY CONTRACTOR OF DEFECTS AND/OR BASED ON CONTRACTOR'S CURE. Owner is barred from commencing arbitration or filing civil actions against Contractor unless at least 60 days before commencing either action Owner provides Contractor with written notice of an alleged construction defect in compliance with ORC § 1312.04. Should Owner choose to allow the Contractor to cure alleged defects and accept an offer that Contractor makes to compromise and settle a claim, or remedy alleged defects by paying for repair costs, and the Contractor fulfills the offer in compliance with ORC §1312, the owner is barred from suing or bringing an arbitration action for such claim.

D. CURE PROCEDURE FOR ITEMS NOT COVERED BY 4722 RULES. The parties recognize, that outside of the standards promulgated under ORC §4722 as administrative rules which define “workmanlike” by law, for many components of the Home to be constructed, Ohio law and rules do not specifically define in any quantifiable terms the meaning of the terms “good and workmanlike” or “workmanlike” manner. Because determining whether construction was completed in a “good and workmanlike” or “workmanlike” manner and defining such terms in all cases for residential construction would be difficult, costly, and would necessitate each party paying experts to provide opinions in each case for those issues not covered or addressed by rules promulgated under ORC § 4722, the parties hereto agree that the Owner shall provide the Contractor a reasonable opportunity investigate and cure any such alleged construction defects prior to commencing arbitration or legal action. This opportunity to investigate and cure shall be governed by same procedure as outlined in the Limited Warranty Agreement attached hereto and executed between the parties and/or include the following: (i) the Owner’s prompt written notice to the Contractor of the nature of the alleged defect; (ii) the Owner providing reasonable access to the Home for the Contractor’s investigation and evaluation of the issue; (iii) in the case of Contractor’s undertaking remedial work, the Owner’s providing ongoing access in order for the Contractor to remedy the issue(s) and (iv.) the Contractor using commercially reasonable efforts to diligently prosecute repairs until completion, taking into account seasonal and weather conditions, and the necessity of trial and error for issues more difficult to diagnose.

13. ARBITRATION IN CASES OF DISPUTE. In the event after completion of such investigation and review by Contractor, and after the Owner has fully cooperated and provided Contractor with the right to cure and/or elect remedies as required herein or the under the Limited Warranty Agreement, there remains a claim(s), dispute(s) or other matter in question not governed by rules promulgated under ORC § 4722 over which Contractor and Owner cannot agree to a resolution thereof, or in the event Owner and Contractor cannot agree to the resolution of any other dispute arising under the terms of this Agreement, Owner and Contractor agree that a decision as to the disputed item(s) shall be reached through binding arbitration which shall be conducted in a prompt and expeditious manner and in accordance with the BIA of Central Ohio’s Arbitration Rules Addendum (the “Rules”) attached hereto and made a part of this Agreement. Owner and Contractor agree that the BIA of Central Ohio shall select an impartial and qualified arbitrator to perform the arbitration and an arbitration hearing under the Rules. To this end, Owner specifically acknowledges that the BIA of Central Ohio itself will not actually conduct such arbitration. Rather, the BIA will only assist in naming the arbitrator. The decision of the named arbitrator shall be final and binding upon the Parties. Owner and Contractor additionally agree that in the case of such a claim or dispute, time is of the essence and that the most expeditious reasonable method of arbitration consistent with the attached Rules.

I _____, **[(homebuyer(s), homeowner(s) or owner’s signature(s)]** have read the binding Arbitration provisions above and acknowledge with my signature my understanding and agreement with same. My signature above constitutes my acceptance that I have read and accept the terms of the Arbitration Rules contained in the Addendum to this Agreement that further detail the binding arbitration procedure referenced herein.

14. WAIVER OF OWNER AND INDEMNIFICATION OF CONTRACTOR. In the event that as a result of the default of Owner, Contractor voluntarily leaves the job in accordance with Section 9 herein (or other applicable law), or in the event (except for those situations where the Contractor is in default hereunder) Owner orders Contractor to stop work, or otherwise removes Contractor from the job (and notwithstanding whether or not Owner has complied with the Procedure in Case of Dispute provision of this Agreement), Owner waives any claims for subsequent damage to the Premises due to the stop work order, or the removal or withdrawal of Contractor from the job, including but not limited to damage from the natural elements or as a result of third parties arising as the result of Work in progress not being adequately secured or protected, and Owner agrees to indemnify and hold Contractor harmless from any costs, expenses, (including attorney fees, and other professional fees) liabilities or damages arising as a result of Contractor’s pre-existing contractual arrangement with any subcontractor or materialmen.

15. OHIO CONSUMER SALES PRACTICES ACT NOT APPLICABLE. Under Ohio Law, Home Construction Service Contracts for the construction of single-family dwellings, such as this Agreement, are excluded from the definition of “consumer

transactions” for purposes of the Consumer Sales Practices Act. Rather, Home Construction Services Contracts are covered by ORC § 4722 and § 1312, respectively.

16. NOTICES. Any notice or communication which must be given or required to be given pursuant to the terms of this Agreement shall be in writing and hand delivered or mailed by United States Registered Mail, return receipt requested, and sent to the respective party at the address set forth herein.

17. OWNER’S USE OF ARCHITECT AND/OR ENGINEER; EFFECT ON LOCAL CODES AND INDUSTRY STANDARDS. In the event Owner retains (or has retained) an architect to provide or modify the Plans and Specifications and/or an engineer to seal or certify the Plans and Specifications, Contractor assumes no responsibility to assure that the Plans and Specifications are drawn or written by the architect, or as sealed or certified by the engineer (as applicable) in accordance with industry standards, applicable laws, statutes, or local building code requirements or regulations and to this end notwithstanding any terms or conditions of this Agreement to the contrary, Contractor shall not be liable for any costs, expenses, or damages arising to Owner in the event such Plans and Specifications fail to comply with applicable laws, ordinances, codes and regulations and/or industry standards provided Contractor completed the Work in accordance with such Plans and Specifications.

18. RIGHT TO REMOVE MATERIALS, SUPPLIES AND TOOLS. Notwithstanding any other language in this Agreement, in the event Owner orders Contractor off the job, or in the event as a result of the default of Owner, Contractor voluntarily leaves the job in accordance with Section 9 herein (or other applicable law), Contractor reserves the right, and Owner agrees to allow Contractor and Contractor’s subcontractors and materialmen to visit the Premises to retrieve tools, equipment, uninstalled materials and supplies which are rightfully the property of Contractor and Contractor’s subcontractors and materialmen, provided, however, Contractor agrees on behalf of Contractor and Contractor’s subcontractors and materialmen not to remove any uninstalled materials and supplies for which Contractor has already been paid by Owner pursuant to a progress payment.

19. COMPLETION OF THE WORK. The Work shall be deemed to be complete (“Substantial Completion”) upon the earlier of the approval of the final inspection of the Home by the appropriate building inspector, the issuance of a Certificate of Occupancy by the applicable governmental authority or the approval of the home by Owner’s lending institution.

Owner agrees that the failure of Contractor to complete any pre-occupancy/walk-through item or other minor items not required by the appropriate governmental entity in order to issue a Certificate of Occupancy (including items such as asphalt, sod, landscaping, etc.) shall not be grounds to withhold payment from Contractor, nor shall Contractor be required to set up an escrow or to accept less than the full amount required hereunder because of such incomplete items, provided that Contractor undertakes in writing to complete such items within a reasonable time after receipt of the final progress payment. In the event an escrow is required by Owner’s lending institution, or a completion, performance, or similar bond is required by the appropriate governing authority, and the same relates to obligations of Owner, Owner’s agents or subcontractors or the requirements of Owner’s lending institution (i.e., in the event Owner has agreed to provide certain finish related work such as sod, landscaping, painting, etc. or Owner’s lending institution or applicable governing authority seeks assurances that the same will be completed), then the funds necessary to establish the escrow or pay for the bond shall be provided by Owner; provided, however, nothing set forth within the preceding sentence is intended to require the Owner to provide funds for such escrow, or such completion, performance, or similar bond if the portion of the Work for which such escrow, or such completion, performance, or similar bond as required relates to items for which Owner has already heretofore paid Contractor.

20. OWNERSHIP OF PLANS. In the event Contractor has provided the Plans and Specifications to be used under this Agreement, Owner acknowledges that Owner shall have no ownership rights in the Plans and Specifications, and that Owner shall be liable to Contractor for the reuse or resale of the Plans and Specifications. In the event Owner has provided the Plans and Specifications to be used under this Agreement, Owner acknowledges that Owner shall have no claims against Contractor for any deficiencies arising under the Plans and Specifications.

21. USE OF BROKER; INDEMNIFICATION. Owner and Contractor acknowledge that _____ (none if none inserted) has (have) acted as a Broker(s) in connection with the execution of this Agreement and to this end _____ agrees to be responsible to

pay and satisfy any and all fees associated with the same. Owner and Contractor agree to indemnify and hold the other party harmless from any and all claims made against the other party by any person or entity claiming to have acted as a Broker, finder, or agent for the other party in connection with the execution of this Agreement.

22. SOILS. If, after the commencement of work, Contractor encounters soils conditions that will not permit construction of dwellings thereon without substantial or material modification thereto, Contractor agrees to notify the Owner of the unusual or unacceptable soils conditions, and to allow any appropriate remedial measures by the Owner. Owner and Contractor agree that the cost to remediate the unacceptable soils condition shall be paid by the Owner. Should the Owner not address the unacceptable soils condition within 30 days, or commence a good faith effort toward a resolution toward remediation within this time, the Contractor may, at his option, either (1) request Owner to pay 100% of cost to address the condition immediately so as to permit the Contractor to construct the intended improvements on the Lot under the terms of the Agreement, or (2) exercise Contractor's option to terminate contract as provided under this Agreement. Should the Contractor undertake soils testing and/or address the unacceptable lot condition on behalf of the Owner, such costs shall be treated as a Change Order and Excess Cost under Subsection (E) below and shall be payable in the same manner provided therein.

23. WOODED LOT EXCLUSION. Owner and Contractor agree that the representations and agreements set forth in the Addendum attached to the Agreement concerning trees and vegetation on the Premises are incorporated herein by reference. If no such Addendum is attached, then this paragraph shall be without any application.

24. LIENS. Provided Owner makes all payments when due hereunder, Contractor shall maintain the Premises free of all mechanic's liens for labor or materials furnished pursuant to this Agreement. Notwithstanding the aforementioned, Owner agrees that Contractor shall be entitled to negotiate for the removal of any such lien with the subcontractor responsible therefor; provided, however, that within sixty (60) days after Owner notifies Contractor that a mechanic's lien has been filed, Contractor either:

A. shall remove such lien by payment of, or bonding off at Contractor's expense, or

B. shall pay into escrow with an agent mutually selected by Contractor and Owner a sum equal to the amount of such lien.

Notwithstanding the above provisions, Owner shall be liable for the cost of removing any liens filed against the Premises because of Owner's failing to make timely payments or Owner's otherwise interfering or delaying the progress of the Work performed pursuant to this Agreement.

25. MISCELLANEOUS. This Agreement is personal and may not be assigned by either party without the written consent of the other. All obligations of the Buyer (if more than one) hereunder shall be joint and several. Time shall be of the essence of all provisions hereunder. This Agreement shall be binding upon the respective successors, assigns, heirs and personal representatives of the parties. In compliance with fair housing laws, no party shall in any manner discriminate against any purchaser because of race, creed, sex, or national origin. This Agreement contains the entire understanding of the parties hereto, and all agreements heretofore made between the parties have merged into this Agreement, which fully and completely expresses the parties' agreements. Neither party is relying upon any statement or representation not embodied in this Agreement by the other. This Agreement may not be changed or terminated by anything other than a written agreement executed by the parties hereto. The Agreement shall survive the closing. Words of any gender herein shall include the other gender where appropriate. This Agreement shall not be effective until executed by an authorized representative of the Seller

26. ADDENDUMS. Attached hereto and incorporated herein by reference are the following addendums:

- BIA Addendum
- BIA Arbitration Rules Addendum
- Other Addenda (if applicable)

27. DURATION OF OFFER. This offer shall be open for acceptance to midnight, _____.

OWNER

Name _____

Address _____

Phone(s) _____

Email(s) _____

Name(s) on Deed _____

Owner Signature _____

Owner Signature _____

The foregoing offer is accepted this _____ day of _____, 20_____.

CONTRACTOR:

Name _____

Address _____

Phone(s) _____

Email(s) _____

Tax Payer ID Number _____

Contractor Signature: _____

By _____

Its _____

THIS FORM HAS BEEN PREPARED BY THE BUILDING INDUSTRY ASSOCIATION OF CENTRAL OHIO, INC., AND IS FOR USE BY ITS MEMBERS ONLY. ANY OTHER USE OF THIS AGREEMENT BY INDIVIDUALS OR ENTITIES WHO ARE NOT MEMBERS OF THE BUILDING INDUSTRY ASSOCIATION OF CENTRAL OHIO, INC., IS STRICTLY PROHIBITED.

This Agreement is designed to be executed in conjunction with a Limited Warranty Agreement between the Seller and the Buyer. It binds and is legally enforceable as to the executing parties only. The Building Industry Association of Central Ohio is not a party to this Agreement. Thus, this Agreement does not represent any agreement by the Building Industry Association of Central Ohio, Inc. and shall not be interpreted or represented as a sales contract, warranty agreement, or promise of any kind to be fulfilled by the Building Industry Association of Central Ohio, Inc.

THE BUILDING INDUSTRY ASSOCIATION OF CENTRAL OHIO, INC. RECOMMENDS THAT ALL PARTIES TO THIS AGREEMENT BE REPRESENTED BY LEGAL COUNSEL.

Deposit Acknowledgement

Contractor (or Broker/Salesman where applicable) acknowledges receipt of the sum of

_____ Dollars (\$_____)

cash/check which shall be held, deposited, and disbursed pursuant to Section 3 above. This amount represents Ten Percent (10%) or less of the total contract price prior to commencement of Contractor's performance.

Contractor (or Broker/Salesman where applicable)