**Sample Design-&-Build Contract July 30**

**CONSTRUCTION AGREEMENT**

**KNOW ALL MEN BY THESE PRESENTS:**

This CONSTRUCTION AGREEMENT made and executed this \_\_\_th day of \_\_\_\_\_\_\_\_ 2016 in the City of Xxx by and between:

Spouses xxx and xxx, with residential address at xxx, xxx, xxx, hereinafter referred to as the OWNERS;

-and-

Xxx, a single-proprietorship/partnership/corporation duly organized and existing under the laws of the Philippines, with office address at xxx xxx, xxx represented by its President/General Manager, xxx, hereinafter referred to as the CONTRACTOR;

**WITNESSETH:**

WHEREAS, the OWNER wishes to construct a (name of project) (“Project”) located at (project address).

WHEREAS, the CONTRACTOR presented and warranted to the OWNERS that it is capable, competent, and a duly registered construction enterprise licensed and authorized by law to design and construct and to complete the aforementioned Project in  accordance with the plans and specifications hereinafter referred to as Design and Construction Documents;

WHEREAS, on the basis of the foregoing representation and warranty of the CONTRACTOR, the OWNERS accepted the offer of the CONTRACTOR to design and construct the above-mentioned Project..

NOW, THEREFORE, for and in consideration of the foregoing premises and the covenants and undertakings hereinafter set forth, the parties hereto agree as follows:

**ARTICLE 1. CIAP UNIFORM GENERAL CONDITIONS OF CONTRACT**

All parties agree to adopt the Uniform General Conditions of Contract formulated by the Construction Industry Authority of the Philippines as a standard and integral part of this Agreement, a copy of which is attached hereto as Annex “F” hereof.

**ARTICLE 2. DESIGN AND CONSTRUCTION DOCUMENTS**

2.1 This Agreement, together with the following Design and Construction Documents, copies of which are attached hereto as Annexes “A” to “E” hereof, as prepared and signed by Contractor in his capacity as the designer, shall constitute as the Entire Agreement, to wit:

* Annex “A” - Architectural Plans , consisting of x (n) sheets;
* Annex “B” - Structural Plans, consisting of x (n) sheets;
* Annex “C” - Electrical Plans, consisting of x (n) sheets;
* Annex “D” - Plumbing Plans, consisting of x (n) sheets;
* Annex “E”.- Specifications, consisting of x (n) sheets.

2.2 The Design and Construction Documents shall be signed and sealed by the Architect-of-Record and allied professionals.

2.3 Any part of the Design and Construction Documents may be changed by the parties to this Agreement to improve, preserve and protect the aesthetic, functionality, and integrity of the structure.

2.4 All changes in the Design and Construction Documents shall be subject to the following conditions:

2.4.1  The parties to this Agreement shall first conduct a personal conference and consultation to mutually discuss and agree upon the changes proposed by any of the parties hereto;

2.4.2 The Architect and the Contractor’s authorized Engineer  shall affix their signatures on the As-Built Plans, and

2.4.3 The said changes shall be approved in writing by the OWNERS prior the implementation thereof by the Contractor;

2.5 The OWNERS shall be formally furnished by the Design-and-Build CONTRACTOR with copies of the following documents or records (a) before the date of the execution of this Agreement or (b) within seven (7) days from the approval thereof by the Local Government of Xxx City or (c) within seven (7) days from the completion, approval and signing of the final official versions thereof by the parties to this Agreement  --  whichever period comes first -- to wit:

2.5.1 The original copies  or duplicate original copies or certified true copies of  both the PRELIMINARY AND FINAL DESIGN AND CONSTRUCTION DOCUMENTS AND AMENDED VERSIONS THEREOF, if any, duly discussed and approved/signed by the parties to this Agreement prior to the official approval thereof by the City Building Official of the Local Government of xxx City;

2.5.2 The original copies  or duplicate original copies or certified true copies of  the FINAL DESIGN AND CONTRACT DOCUMENTS duly discussed and approved/signed by the parties to this Agreement and officially filed with, received by, processed, and approved by the City Building Official of the Local Government of xxx City, pursuant to applicable building and other laws;

2.5.3 The original copies or duplicate original copies or certified true copies of ALL BUILDING AND OTHER INCIDENTAL LICENSES AND PERMITS officially processed, approved, issued and released by the City Building Official and other concerned offices of the Local Government of Xxx City, pursuant to applicable building and other laws;

2.5.4 The original copy or duplicate original copy or certified true copy of the PRELIMINARY AND FINAL SCOPE OF WORKS AND AMENDED VERSIONS THEREOF, if any, duly discussed, approved and signed by the parties to this Agreement, detailing;

2.5.4.1 The construction-related activities involved,

2.5.4.2 The time or schedule of commencement and completion of the stipulated works and services,

2.5.4.3 The final turnover of the Project,

2.5.4.4 The necessary construction-related charts, graphs, illustrations, and documentations, and

2.5.4.5 All other topics, items and information related to the construction;

2.5.5 The original copy or duplicate original copy or certified true copy of the PRELIMINARY AND FINAL BILL OF MATERIALS AND AMENDED VERSIONS THEREOF, if any, duly discussed, approved and signed by the parties to this Agreement; and

2.5.6 The original copies or duplicate original copies or certified true copies of any and all other relevant materials, documents, records, plans, papers and legal instruments as may be required from time to time by the OWNERS from the CONTRACTOR for the information and reference of the OWNERS.

**ARTICLE 2. SCOPE OF WORK**

2.1 The Design and Build CONTRACTOR shall perform the following scope of work during the design phase:

2.1.1 Schematic Design

2.1.2 Design Development

2.1.3 Construction Drawings

2.1.4 Printing, Signing, and Sealing of Construction Drawings

2.1.5 Bill of Materials

2.1.6 Specifications

2.2 The Design-and-Build CONTRACTOR shall furnish all labor, materials, tools and equipment, technical know-how and supervision therein, during the construction phase.

2.3 The Design-and-Build CONTRACTOR shall secure the Permits and Licenses (Building Permits, Occupancy Permits and other Incidental Permits) required by the City Building Official and other concerned internal offices of the Local Government of Xxx City at the expense of the OWNERS and subject to the right of the OWNERS to examine the expenses incurred for said purposes and the documentary proofs thereof.

2.4 The Design-and-Build CONTRACTOR shall perform soil tests, mechanical and chemical tests as well as professional verifications and inspections incident to proper appraisal of the site for the contemplated construction.

2.5 The Design-and-Build CONTRACTOR shall perform an accurate survey of the site and the grades and lines of streets, pavements and adjoining properties; information as to the rights, restrictions, easements, surface water courses, boundaries and contours of the building site; and full information as to existing sanitary sewer, storm sewer, water, gas and electrical services.

**PARTICLE 3. TERMS OF PAYMENT**

Payment for this Contract shall be based on the following:

3.1 Downpayment -  Thirty Percent (30%) of the Total Contract Price shall be paid after the contract is signed and before the start of construction.

3.2 Progress Billings based on Actual Accomplishment, subject to submission by the CONTRACTOR of the true and accurate Accomplishment Reports and subject to confirmatory site inspection by the OWNERS or his/her representatives, and

3.3 Retention - Ten Percent (10%) of the Total Contract Price to be released one year after the turn-over of the Project to the OWNERS or after the release of the Occupancy Permit, whichever comes later. The retention fee may be released during the turn-over of the Project only if the Contractor

3.4 Any additional cost for additional works shall be paid on an “as- required” basis by the OWNER.

3.5 The CONTRACTOR shall post the following bonds subject to acceptability by the OWNER:

3.5.1 Surety bond of equivalent amount as the downpayment and callable on demand

3.5.2 Performance bond for the faithful performance of the work

3.5.3 Guarantee bond for a period of one (1) year commencing from the date of turnover as a guarantee that all materials and workmanship under the Agreement are of acceptable quality.

**ARTICLE 4. EXCLUSIONS**

The items excluded from this Agreement include the following:

4.1 Lighting Fixtures

4.2 Air Conditioning Units

4.3 Water Tank

4.4 Fence

4.5 Communication wires and gadgets

4.6 Appliances and furniture

4.7 All Items and/or materials which are not indicated in the Design, Drawing Plans, or Construction Documents and which are not discussed, approved and signed by the parties to this Agreement

**ARTICLE 5. CONTRACT AMOUNT**

5.1 The CONTRACT AMOUNT shall be xxx MILLION PESOS (Pxxx, 000, 000.00).

5.2 The OWNERS shall pay the CONTRACTOR for the entire performance and supply of the works, labor, services, materials, machinery and equipment stipulated in this Agreement in accordance with the agreed schedule of payment stipulated in the Article 3 of this Agreement.

5.3 The CONTRACTOR hereby guarantees and warrants the stability, strength and structural integrity of the subject Project within the guaranteed period mandated by the Civil Code of the Philippines and other applicable building laws, rules and regulations.

5.4 The OWNERS shall not incur any expenses above and beyond the aforementioned agreed contract amount, except for the additional or extra works or changes that may be required and authorized in writing by the OWNERS and consented to in writing by the CONTRACTOR.

**ARTICLE 6. DEFECTIVE WORKS AND MATERIALS**

6.1 All defective works discovered by the OWNER in the course of the construction until the date of occupancy shall be promptly made good, repaired, remedied, restored, corrected and rectified by the CONTRACTOR at its expense within seven days from such discovery or within such reasonable period as may be mutually agreed upon by the parties, at the option of the OWNERS.

6.2 All unsuitable, sub-standard, and poor-quality construction materials and works shall be rejected by the OWNER and the same shall be promptly made good, remedied, corrected, rectified, and replaced by the CONTRACTOR at its expense, notwithstanding that such works and materials were overlooked by the OWNER.

6.3 If the work or any part thereof shall be found to be not in conformity with the agreed specifications, the CONTRACTOR shall forthwith remove and replace such materials to comply with the agreed specifications.

6.4 All materials and workmanship are guaranteed by the CONTRACTOR for a period of one (1) year from the date of the turn-over of the construction project.

6.5 As stated in Article 6 of this Agreement, the CONTRACTOR hereby guarantees and warrants the structural stability, strength and integrity of the subject two (2)-storey Residential Building with Roofdeck and Penthouse within the period mandated by the Civil Code of the Philippines and other applicable building laws, rules and regulations.

**ARTICLE 7. THIRD PARTY LIABILITY and CONSTRUCTION ALL RISKS INSURANCE**

7.1 The OWNERS shall be held free and harmless from any and all civil and criminal liabilities and from any and all legal, administrative, judicial and extrajudicial claims, demands, suits or actions by the construction workers, staff, personnel and agents of the CONTRACTOR, by any and all Third Parties and Entities, whether natural or juridical, and by any and all concerned local and national government agencies arising from, caused by, by reason of, or due to the construction of the Project, such as, but not limited to:

7.1.1 Salaries, wages, allowances and workers benefits, as required by applicable labor laws,

7.1.2 Overtime pays, as required by applicable labor laws,

7.1.3 Holiday pays, as required by applicable labor laws,

7.1.4 Service incentive leaves, as required by applicable labor laws,

7.1.5 Any and all other mandatory and existing leaves mandated and required by applicable labor laws, rules and regulations,

7.1.6 Thirteenth month pays, as required by applicable labor laws,

7.1.7 Compensations for Injury or death of construction workers, staff, personnel and agents of the CONTRACTOR, pursuant to applicable laws, rules and regulations and/or by equity and natural justice,

7.1.8 Compensations for any and all Injury or death caused to and sustained by any and all third parties or entities, pursuant to applicable laws, rules and regulations and/or by equity and natural justice,

7.1.9 Premiums for the coverage of the construction workers, staff, personnel and agents of the CONTRACTOR under the Social Security System (SSS), PHILHEALTH, and PAG-IBIG, and other relevant labor legislations, payable by the CONTRACTOR to the Government, pursuant to applicable laws, rules and regulations and/or by equity and natural justice,

7.1.10 Any and all Income and other kinds of taxes of whatever nature and kind, as well as any and all administrative and regulatory fees and charges of whatever nature and kind, payable by the CONTRACTOR to the local and/or national government, pursuant to applicable laws, rules and regulations and/or by equity and natural justice, and

7.1.11 Any and all other legal or financial obligations of whatever nature and kind not mentioned above which are payable by the CONTRACTOR to the local and/or national governments pursuant to applicable laws, rules and regulations and/or by equity and natural justice.

7.2 All of the aforementioned items shall be for the sole account of and shall be the exclusive duty, responsibility, liability and obligation of the CONTRACTOR.

7.3 The OWNERSs shall not be held liable for any and all of the aforementioned obligations or liabilities of the CONTRACTOR.

7.4 The OWNERS shall not be held liable for any and all liens and encumbrances which the CONTRACTOR might incur from any and all third parties or entities arising from the supply of materials, labor, or services rendered for the project.

7.5 The CONTRACTOR shall secure a CONSTRUCTION-ALL-RISKS INSURANCE at its own expense for the benefit of and to secure, assure and protect the OWNERS, as the assured party, from any and all claims, risks, suits, actions and demands by any and all persons or entities arising from, by reason of, caused by, and due to the subject construction activities.

7.6 The CONSTRUCTION-ALL-RISKS INSURANCE shall be secured by the CONTRACTOR prior to or at the latest within seven days from the date of the execution of this Agreement.

7.7 The CONTRACTOR shall furnish the OWNERS the original copies or duplicate original copies or certified true copies of the said CONSTRUCTION-ALL-RISKS INSURANCE and any and all of its related documents, memoranda, records, papers, instruments, vouchers, official receipts and other proofs of payment of the premiums thereof, the proofs of the execution and perfection of the said Insurance Contract, and the like, prior to or at the latest within seven days from the date of the execution of this Agreement.

**ARTICLE 8. CHANGES AND ADDITIONS**

8.1 In the event additional or revised works not shown or indicated in the approved Design and Contract Documents are required or ordered by the OWNERS, such additional or revised works required or ordered by the OWNERS shall be communicated in writing by the OWNERS to the CONTRACTOR through written change orders or memoranda for mutual discussion, approval and documentation and signing thereof by the parties to this Agreement.

8.2 All mutually discussed, approved, documented and signed change orders or memoranda, including any and all deletions and omissions, shall state the AGREED COSTS of the additional, revised, deleted or omitted works.

8.3 Such agreed costs may or may not result in the upward or downward adjustments of the agreed Contract Price stipulated in Article 5 of this Agreement.

8.4 The change orders or memoranda shall indicate any and all agreed TIME EXTENSIONS that the additional or revised works would entail.

8.5 All agreed costs shall be based on the prevailing market prices at the time the change orders or memoranda are mutually approved and signed by the parties to this Agreement.

The specific amounts of the labor costs shall be indicated in the approved and signed change orders or memoranda.

The CONTRACTOR shall be entitled to a a reasonable mark-up on the agreed bare costs.

No change orders or memoranda shall be implemented without the prior mutual discussion, approval and signature by and between the parties.

**ARTICLE 9. TIME OF COMPLETION**

9.1 The CONTRACTOR warrants that the construction of the subject Project shall be completed within xx (xx) working days, excluding Sundays & Holidays, counted (a) from the date of the issuance of the building permit and other related licenses by the City Building Official and other concerned internal offices of the Local Government of Xxx City or (b) from the date the Site is ready for construction as mutually determined by the parties --  whichever comes later.

**ARTICLE 10. LIQUIDATED DAMAGES**

10.1 The Contractor shall pay liquidated damages to the Peoject Owner for each

day that the Completion Date is later than the Intended Completion Date. The applicable liquidated damages is at least one-tenth (1/10) of a percent of the cost of the unperformed portion for every day of delay. The total amount of liquidated damages shall not exceed ten percent (10%) of the amount of the contract. The Project Owner may deduct liquidated damages from payments due to the Contractor. Payment of liquidated damages shall not affect the Contractor's liabilities. Once the cumulative amount of liquidated damages reaches ten percent (10%) of the amount of this Contract, the Project Owner may rescind or terminate this Contract, without prejudice to other courses of action and remedies available under the circumstances.

10.2. If the Intended Completion Date is extended after liquidated damages have been paid, the Engineer of the Procuring Entity shall correct any overpayment of liquidated damages by the Contractor by adjusting the next payment certificate.

**ARTICLE 11. SAFEGUARDS**

11.1 The CONTRACTOR shall provide safeguards, facilities, equipment and personnel for the full protection and safety of the construction site and its entire premises and the safety and protection of the general public, pursuant to the standard and/or acceptable norms and practices in the construction Industry and/or as may be mandated by applicable laws, rules and regulations.

11.2 The CONTRACTOR shall be solely responsible for and shall forever hold the OWNERS free and harmless from and against any and all obligations, liabilities, damages, losses, expenses, judgments, court costs or costs of suit, attorney's fees, litigation expenses, demands, payments, suits, actions recoveries, decrees, executions and claims of whatever nature, kind  and description brought, commenced, instituted and/or recovered against the CONTRACTOR and/or jointly against the OWNERS as the co-defendants of the CONTRACTOR (a) by any and all builders, agents, servants, laborers, employees or representatives of the CONTRACTOR and/or (b) by any and all injured or aggrieved persons, parties and/or entities arising from, by reason of, due to, and/or caused by the construction of the subject residential building.

11.3 The CONTRACTOR shall be solely responsible for and shall exclusively bear any and all costs and expenses caused by any and all losses, damages, accidents, torts, wrongful acts, crimes or felonies, deaths, injuries, and fire sustained by his laborers or workers, staff, personnel, representatives and agents and/or by any and all Third Parties and Entities arising from or in connection with the execution of the works and services stipulated in this Agreement.

**ARTICLE 12. ESCALATION CLAUSE NOT APPLICABLE**

12.1 It is agreed that the Contract Price stated in Article 5 of this Agreement is final and fixed.

12.2 It is not subject to escalations or increases in the amounts, rates and valuations of any and all taxes, licenses, permits, materials, inflation, deflation, and/or devaluation of the Philippine currency.

12.3 However in the event of new government-mandated increases in the minimum wages of laborers issued subsequent to the date of the execution of this Agreement, the necessary adjustments  shall be made by the parties to comply therewith.

12.4 The said adjustments shall be subject to the mutual discussion, agreement, consent and written approval by the parties prior to the implementation thereof.

Owner/s Name                                            Company Name

Owners                                                   Designer/Contractor

By: (Full name)

Position

WITNESSES:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_                   \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**ACKNOWLEDGMENT**

BEFORE ME in (City/Municipality), Philippines on this \_\_\_th day of \_\_\_\_\_\_\_\_\_\_ 2022 personally appeared:

Owner – ID xxx;

Company – ID xxx; and

Engr. xxx – ID xxx.

who are known to me and to me known to be the same persons who executed the foregoing Construction Agreement consisting of xx (xx) pages, including the page on which this Acknowledgment is written, which Construction Agreement is signed by the abovenamed parties on the margin of each page thereof, and who acknowledged to me that the same is their free and voluntary act and deed.

WITNESS MY HAND AND SEAL on the date and place first above written.

Notary Public

Doc. No. \_\_\_\_\_

Page No. \_\_\_\_\_

Book No. \_\_\_\_\_

Series of 2022.

Annexes:

Annex “A” - Architectural Plans , consisting of x (n) sheets;

Annex “B” - Structural Plans, consisting of x (n) sheets;

Annex “C” - Electrical Plans, consisting of x (n) sheets;

Annex “D” - Plumbing Plans, consisting of x (n) sheets;

Annex “E”.- Specifications, consisting of x (n) sheets.