



Contracts and Those Specific Specs

by Richard Lind

Good contract documents are the key to customer relationship. There is little question that the more complete the documents, the smoother the relationship. The whole issue could be summed up in just one word....communication.

The document package would normally consist of a purchase and sales agreement, or a contract, drawn subject to blueprints and specifications. A purchase and sales agreement would be used if title to the property was to be eventually transferred, as when the work is done on the builder's lot; a contract, when it is done on the customer's land—or property, such as in rehab.

Whether an agreement or contract, it would outline the terms of the arrangement, including the duties and

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tion, tends to lead to higher bids; Parties figuring the job attempt to protect themselves in the event that they missed something. Second, I see no reason to flaunt the specs in front of the local assessor, who will be reviewing the plans after the building inspector is through working them over. And finally, and perhaps of most concern, is that the typical customer, unfamiliar with the business, will not be able to understand a comprehensive and all-inclusive set of prints. Remember also, when sitting down with prospects to look over plans of previous houses built, that the specifications, if shown on the plans, might not be relevant to that prospect, and could compromise the meeting.

The specifications should represent

kitchen cabinets, electrical fixtures, and appliances. The key is to think through all the steps in the installation when preparing the specs, and to provide for and describe exactly what the allowance figure is intended to cover. For example, kitchen cabinets: Do we mean purchase only, or do we intend installation as well? How about the formica counter and the extent or type of backsplash? What about finishing, hardware, or soffits, if any? "Kitchen cabinets, finished, and in place" is reasonably descriptive, but why not spell it all out and leave no question? Electrical fixtures: Does the allowance figure include recessed housings and high-hats, or surface-mounted fixtures only? What about the utility fixtures in the closets, basement, and garage, and floods or door chimes? Will you be providing fans? Whatever your policy is, state it.

When it comes to the appliance allowance, it can be helpful to relate the figure to popular name brands and models that could be bought for that money, so that the customer will be acquainted early on with what "X" amount of dollars buys in the current marketplace, eliminating, perhaps, a little surprise that could dampen the relationship at a later date. It helps to reference items in the specs to other properties that the builder has worked on, whatever practical, such as in the same development or model house.

Again, the intent is to leave no question as to what the builder is providing and what the customer will be getting. Good contract documents define limitations as well as the responsibilities of each party to the arrangement and might very well serve to limit liability in a dispute—another reason to be as explicit as possible.

And About the Fee

Don't let it even cross your mind to prepare contract documents without an up-front fee. Whatever fee you decide to charge should be based on how much work it takes to assemble the package. You should be able to anticipate the amount of revisions or modifications to the blueprints it takes to get a job off the ground. The fee can be rebated or credited towards the overall price of the job when the documents are signed. It's rather enlightening to see the number of job prospects that evaporate when it comes time to put up some money. Incidentally, the pros in the selling end of the business refer to the contract documents as the "paper-work"—it sounds better.

Each set of contract documents a builder prepares should be a bit more polished and an improvement over the previous set, resulting from, and based upon, his most recent experiences. In a way, the "book" will always be in the process of being written. ■

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But as builders, we are usually responsible for providing the remaining documentation: the blueprints or plans, and the specifications for the work. Blueprints might come from an architect or a designer—whether custom or stock (good plans at the right price). Or, we might draw a plan ourselves, usually based on houses we've built before. Builder's plans generally reflect a sensitivity to the economics of design, as it relates to construction in the field. A firm believer in beauty being in the eye of the beholder, I make no recommendation either way.

Keep It Simple

Whatever the source, the plans should be as Spartan as possible, providing only the information essential to the trades that will be directly working with the plans, such as the framer, and to some extent, the mechanical subcontractors. Vital specifications should be listed, but elsewhere on separate typed sheets or forms prepared for the purpose.

Three reasons for the thinking: First, a cluttered plan, including complete specifications for the house or job and other extraneous informa-

a complete list and description of every item that is included in the job, with the operative word being "complete." Such a "laundry list" can be read and absorbed by anyone, including the layperson.

The specs can be listed on a simple, check-off type of form, or developed in narrative style, but no matter, just as long as everything is included.

Be Explicit

The intent is to be as explicit as possible in preparation. List brand names, sizes, specific areas to be covered (for example, the square footage in the foyer), types of materials, thicknesses, model numbers, quantities, methods and techniques (tile set in mud, mastic, or thinset?), equipment capacities to be expected (for example, what pressure will the well pump reasonably produce? Or what temperatures will the hvac system deliver?). It is equally important to mention and identify items that are customarily included but have been deleted from the job specs by mutual agreement. Typical sweat equity items such as painting and landscaping need to be specifically deleted. If customers "will be providing their own appliances," it needs to be stated. This is important to avoid the conclusion that the omission is not an oversight, particularly later if the specs are ever reviewed by a third party—such as a judge.

An allowance figure is useful for those items that are logically selected by the customer at a later date, such as