

Project Management Agreement

Project Designation: _____

Address: _____

This agreement is made this _____ (number) day of _____ (month), 20____(year) between _____ (owner), hereinafter called the Owner, whose address is _____ (address), and _____ (project manager), hereinafter called the Project Manager whose address is _____ (address).

The parties above hereby agree as follows:

The Project Manager agrees to use his best efforts in a professional and workmanlike manner to manage and see to completion the construction of a single family residence (herein called the "Project") for _____ upon the real property located at _____ (address).

The Project Manager's Roles and Responsibilities shall be as follows:

PRE-CONSTRUCTION PHASE

1. Assist in finding a lender.
2. Obtain necessary permits and handle interfaces with the building department (general, grading, electrical, mechanical, plumbing, etc.).
3. Provide a material takeoff for lumber and framing hardware.
4. Manage the bidding process, obtaining at least three bids for each major trade.
5. Act as the clearing-house for information to bidding subcontractors.
6. Check the references of each subcontractor.
7. Assemble presentation to the lender.
8. Provide a detailed cost breakdown sheet for the lender.
9. Develop a critical path time-line with receipt of Certificate of Occupancy targeted for _____ (date).
10. Act as the contractor of record with the lender.
11. Recommend to the Owner the most qualified and reasonably priced subcontractor for each phase of construction based on the bids submitted.
12. Confirm and finalize the contract documents with each subcontractor.
13. Develop a list of contract addendum covering areas of payment disbursement, safety, workers compensation, cleanup, and craftsmanship standards.

Project Management Agreement (*cont.*)

CONSTRUCTION PHASE

The Project Manager shall ensure that the Project is constructed and completed in strict conformance with the plans and specifications and that laws, ordinances, rules, and regulations of the applicable governmental authorities are adhered to. Further, the Project manager agrees to:

1. Be the Owner's representative in the field.
2. Meet with Owner on a regular basis to review progress.
3. Coordinate utility connections.
4. Coordinate with geologists and/or soil engineers.
5. Coordinate with the grader.
6. Supervise day-to-day construction, ensuring that the Project is built as intended by the Owner and the Designers and per plans and specifications.
7. Ensure that neighboring properties and owners are protected and respected.
8. Ensure that the subcontractors maintain the highest degree of craftsmanship.
9. Schedule subcontractors and suppliers.
10. Review the Workers Compensation policy of each subcontractor and have a Certificate of Workers Compensation sent to the Project Manager by its insurance carrier.
11. Manage incidental day labor.
12. Keep track of change orders.
13. Verify materials deliveries to ensure they are in accordance with purchase orders.
14. Authorize payment of subcontractors based upon ongoing review of their work.
15. Obtain lien releases.
16. Provide on-site problem solving with and between subcontractors.
17. Coordinate with interior designer.
18. Call for inspections and coordinate with Building Department.
19. Ensure the job site is cleaned on a regular basis. (labor costs to be met from Owner's funds)
20. Ensure that all workers maintain the highest safety standards.
21. Pass along to the Owner any discounts the Project Manager is entitled to as a General Contractor without charging any markups.

Project Management Agreement (*cont.*)

OWNER'S ROLE AND RESPONSIBILITIES

1. Finalize negotiations with a lender and secure the construction loan.
2. Apply for and pay for the General Building Permit. (All other permits are to be paid for and taken out by each respective subcontractor.)
3. All construction expenses are to be borne by the Owner. The Project Manager is not to be held liable for any unpaid bills.
4. Sign contracts with each subcontractor upon the recommendation of the Project Manager.
5. Clear any work or changes on the Project through the Project Manager.
6. Maintain a petty cash account for incidental purchases. (Project Manager shall keep track of these expenses.)
7. Provide a job site phone upon commencement of rough grading, the cost of which is to be included in the construction loan.
8. Provide a temporary construction field office available to the Project Manager upon commencement of rough grading (cost to be included in the construction loan).
9. Accept liability for the theft or destruction of any building materials.
10. Provide all appropriate insurance policies (public liability, course of construction, fire, theft, XCU, etc.).
11. Provide a chain-link fence around the Project area.
12. File a Notice of Completion within 5 days of substantial completion of the Project.

FEE SCHEDULE

In consideration for the above services rendered by the Project Manager, the Owner agrees to pay the Project Manager a Base Fee of 10% of the cost of construction, based on the amount of the construction loan plus, as an incentive to bring the Project in under budget, a Final Draw of 50% of any unused loan funds that exist when the Notice of Completion is filed by the Owner and construction budgeted for in the construction loan is completed.

The Base Fee is to be computed based on the total hard construction costs approved in the construction loan including permit costs, appliances, and fixtures. Any soft costs included in the construction loan such as design, engineering, interior design, as well as furniture and drapery costs, are not to be considered in determining the Base Fee.

The Base Fee is to be broken down into installments as follows:

- An initial retainer of \$ _____ (amount) to be paid by _____ (date), to cover the first month of pre-construction services.
- A monthly installment of _____% of the base fee to be paid on the 1st of each following month up to _____ (date or time).

Project Management Agreement (*cont.*)

The final draw is to be paid within 15 days of filing the Notice of Completion, based on the following:

- As a mutually-beneficial incentive to finish the construction in a timely manner and to meet the completion goal stated above, the Project Manager shall receive the full 50% final draw as stipulated above if construction of the living space is completed to warrant a Certificate of Occupancy by _____ (date).
- If Certificate of Occupancy is not granted by _____ (date), 10% shall be deducted from the Project Manager's final draw for each 15 calendar day increment beyond _____ (date).
- If progress is delayed for any reason beyond the Project Manager's control, the time frame for computing the final draw shall be shifted beyond _____ (date) by the amount of the delay. Examples of such delays include: prolonged adverse weather, earthquakes, fire, work stoppages, and approval delays.
- Cost overruns, in any particular construction budget category or allowance, made by the Owner during construction that are a result of changes or upgrades not called out in the plans and specifications, are not to be considered as part of any remaining construction funds for purposes of determining the final draw.

We hereby execute this Agreement at _____ (location) on _____ (date).

For Owner:

For Project Manager:

(Name)

(Title)

(Name)

(Title)