

MEMORANDUM OF AGREEMENT

MADE AND ENTERED INTO BY AND BETWEEN

HEREINAFTER REFERRED TO AS THE **OWNER**

AND

HEREINAFTER REFERRED TO AS THE **CONTRACTOR**

TO CARRY OUT ALTERATIONS AND/OR ADDITIONS TO THE PROPERTY SITUATED AT

1 DEFINITIONS

- 1.1 "the property" means erf No _____ in the township of _____ street address _____
- 1.2 "the contract" means this contract, the plans, the specifications, and payment schedule.
- 1.3 "the works" mean the building as described in the plans and specification annexed hereto
- 1.4 "variation order" means any changes or additions to the plans or specifications requested by the owner in writing. The owner must approve the written quotation before the work is carried out.
- 1.5 "the Contract price" means the sum of R _____ (_____) including VAT, excluding variation orders.
- 1.6 "Practical completion" means the date upon the works are fit for the purpose intended and can be occupied by the owner which was agreed by both parties.
- 1.7 "Prime cost items" (PC Item) This amount is included in the contract price. E.g., The amount of R150/m² is included for tiles. The owner may choose tiles up to R150/m², the labour for installation of the tiles must be included in the contract with glue and grout and be fixed by the contractor.
- 1.8 "Provision sum" (PS Sum) This amount must be included in the contract price. e.g. The amount of R10 000 is included for a shower door. This means that the owner may choose a shower door and have it installed by the supplier, and will be paid by the contractor.

2 APPOINTMENT

- 2.1 The owner hereby appoints the contractor, who accepts the appointment, against the payment of the contract price for the execution of the works in terms of the contract which appointment the contractor hereby accepts.

3 OBLIGATIONS OF THE CONTRACTOR

- 3.1 The contractor undertakes to use its best endeavours to make all necessary changes, alterations and additions as per plan and to provide all necessary materials and labour for the due and proper completion of the work by not later than _____
- 3.2 The contractor acknowledges that he is acquainted with the National Building Regulations and undertakes to carry out the work to meet these regulations.
- 3.3 The contractor must carry out the work in accordance with the Municipal Regulations and inform the local inspector about his activities and have the work inspected where necessary.

3.4 The contractor undertakes to demolish the following walls or buildings as indicated on the plans in colour. Alternatively, as described in detail below:

3.5 The contractor undertakes to construct the following buildings or walls as indicated on the plan in colour. Alternatively, as described in detail below:

3.6 The contractor will supply the following material on site at his cost.

Bricks, sand, cement, concrete, door frames, window frames, roof timber, roof covering, ceiling boards, brandering, cornice, doors, locks, skirting, B I C, kitchen units, work tops, vanity cabinets, sanitary ware, taps, geyser & geyser tray, tiles, grout, glue, paint, light fittings & globes, carpets and paving.

(note) add or delete above where applicable.

Electrical: According to the plan or specify number of plug and light points etc.

Plumbing: According to the plan or specify below.

3.7 The contractor will provide all labour and pay them to carry out the work as per plan and specifications

3.8 The contractor undertakes to employ local labourers whose details he has on record.

3.9 The contractor may only employ legal immigrants whose details he must make available to the owner. If he employs illegal immigrants and a fine is issued, it is for his account and the owner may cancel the contract forthwith.

3.10 The contractor must keep a record of all the labourers employed by him.

- 3.11 The contractor must assume responsibility for the security of the property during the construction period.
- 3.12 The contractor must remove all building rubble on a regular basis to keep the site clean.
- 3.13 The contractor acknowledges that he has all the necessary tools and equipment to complete the project successfully
- 3.14 The contractor must provide adequate experienced supervision of the project.
- 3.15 The contractor must provide toilet facilities for use by his workers except where provided by the owner

4 OBLIGATIONS OF THE OWNER

4.1 The owner will supply the following material on site at his cost.

4.2 The owner must make selections timeously of the following items if applicable: Tiles, kitchen units and tops, taps, light fittings, paint colours, doors, locks, carpets or

4.3 The owner must provide an approved plan to the contractor.

4.4 The owner may not give instructions to any of the contractor’s workers.

4.5 The owner may only give verbal or written instructions to the following persons:

4.6 The owner will provide water and electricity to the contractor free of charge for the execution of the works.

4.7 The owner may remove from site any person not engaged or not connected with the works.

5 SALVAGE MATERIAL.

Specify below what will happen to it.

6 PRIME COST ITEMS

The following are PC Items and are included in the contract price (specify supply only or supply and fit)

7 PROVISIONAL SUMS

The following are PS sums and are included in the contract price (specify supply only or supply and fit)

8 FINANCIALS AND PAYMENTS

- 8.1 The owner confirms that he has all the finance available to pay for the completion of the project.
- 8.2 The contractor confirms that he has sufficient funds to purchase material on time and pay his wages on time not to delay the project.
- 8.3 The owner will pay a deposit of 10%, which is R_____ Words
_____ of the contract price of R_____
- 8.4 The contractor will submit a legal invoice to the owner on every second Thursday for work completed until the previous Wednesday and this amount will be paid into his bank account on the Thursday and be available on Friday.
- 8.5 The contractor must control his cash flow, because no interim payments will be made.
- 8.6 If the contract period is extended, no payments will be made during this time to the contractor.
- 8.7 The owner must pay the contractor immediately after the work has been completed, for extra work he has requested and approved.
- 8.8 Should it be decided that the owner will supply materials, which were originally for the account of the contractor, then this amount will be deducted from the progress payments.
- 8.9 The final payment will only be made once all the work detailed in the contract and on the plans has been completed to the satisfaction of the owner and after the originals of the following certificates have been provided to the owner (delete which is not applicable)

- ✓ Guarantee for soil treatment
- ✓ Engineer's certificate for foundations
- ✓ Engineer's certificate for retaining walls
- ✓ Engineer's certificate for first floor / roof slab
- ✓ Engineer's certificate for roof trusses
- ✓ Plumbing certificate
- ✓ Electrical Compliance Certificate
- ✓ Glazing conformity Certificate
- ✓ Guarantee for waterproofing on flat roofs
- ✓ Guarantee for geyser and heat pump
- ✓ Guarantee for under floor heating
- ✓ Guarantee for oven, hob, and extractor fan
- ✓ Guarantee for air-conditioners
- ✓ Guarantee for solar panels
- ✓ Occupation certificate

9 CANCELLATION OF THIS CONTRACT

9.1 BY THE OWNER.

The owner may cancel this contract:

- ✓ When the contractor fails to progress at a rate which is not to the satisfaction of the owner.
- ✓ When the contractor fails to comply with instructions from the owner in good time.
- ✓ When the contractor fails to bring the works to final completion.
- ✓ When the contractor fails to carry out the works according to National Building Regulations. When the contractor fails to rectify faulty workmanship.
- ✓ When the contractor refuses to remove defective or wrong material from the site.

9.2 BY THE CONTRACTOR.

The contractor may cancel this contract:

- ✓ When the owner fails to make any payment on the due date.
- ✓ When the owner is delaying the project deliberately or otherwise.
- ✓ When the owner commits an act of insolvency or his estate is sequestrated or placed under judicial management.

10 DEFECTS

- 10.1 The contractor undertakes to make good any material latent faults or defects arising from defective materials or workmanship which arise within a period of three months from date of completion.

- 10.2 The contractor undertakes to repair any material fault or defect in the roof resulting in any leak therein, which may occur within a period of twelve months from date of completion.
- 10.3 The contractor shall not be liable for any loss, damage, or expenses, which may result from any installation on the property conducted by the owner's appointed contractors.

11 EXTENSION OF CONSTRUCTION PERIOD

- 11.1 The contractor must apply with reasons to the owner for any extension of time for the project.
- 11.2 Extension may be granted by the owner at his discretion or by negotiating and new conditions for the completion are determined.

12 DISPUTES

- 12.1 Should a dispute between the owner and the contractor arise then it shall be referred to arbitration or an independent third party to which both have agreed.
- 12.2 The costs of such arbitration will be shared by both parties.
- 12.3 Both parties agree to accept the decision of the arbitrator or any other party appointed to resolve the dispute.
- 12.4 Such arbitration will not relieve any party from any liability in terms of this agreement.

SIGNED BY THE CONTRACTOR AT _____

ON THE _____ **DAY OF** _____ **20** _____

CONTRACTOR

WITNESS

WITNESS

SIGNED BY THE OWNER AT _____

ON THE _____ **DAY OF** _____ **20** _____

OWNER

WITNESS

WITNESS