

AGREEMENT OF CONSTRUCTION (Specimen)

THE AGREEMENT OF CONSTRUCTION is made at _____, on this _____ day of __, 2010, _____ between **Mr.** _____, hereinafter referred to as the **“OWNER”** (which terms shall mean and include his/her heirs successors, legal representatives, administrators and/or assigns) of the first part.

AND

M/S AL-HASSAN ASSOCIATES, Office No.11, 2nd floor Rose Arcade, G-11 Markaz Islamabad, acting through **Mr. AMEER HASSAN TALIB** son of Muhammad Hassan resident of House No.137 British Homes phase II Islamabad having NIC No.38401-3440595-3 , hereinafter referred to as the **“BUILDER/PROPRIETOR”** (which terms shall mean and include his/her heirs, successors, legal representatives, administrators and/or assigns) of the other part.

WHEREAS the Owner is lawful allottee of a plot No. XXXX, street No. XXXX, category, XXX, Size, XXxXX measuring to XXXX Sq.Yds, in Sector ABCD, Islamabad ,the said plot is allotted to the executant by Federal Government Employees Housing Foundation Islamabad/Capital Development Authority Islamabad, vide allotment letter No. _____, dated _____

AND WHEREAS the said Owner is desirous of constructing a House/building on the said plot, and the Builder above name has also agreed to construct the House/building on the said plot of land on the basis of **“with material”** for which the owner has agreed with the proposal from the Builder.

NOW THIS INDENTURE WITNESSETH AS FOLLOW:-

1. **That** the period of validity will of this agreement will be **“One Year”** Commencing from the date of handing over the possession by the Owner to the Builder and the Owner shall not in any manner whatsoever disturb the possession of the builder over the said plot of

land and building constructed over the said thereon; unless and until total payment to the Builder under the term of this agreement as per schedule decided among both of the parties.

2. **That** the Owner will deliver the physical possession of the above said plot at site to the Builder within a week from the date of signing of this agreement.
3. The Owner will also be responsible to take over the physical possession of the said plot from **CDA/FGEHF** as soon as possible in case if he has not taken over before this agreement, and then will hand over the possession of the said plot to the Builder(s) and thereafter the Builder may get start the construction work on the said plot.
4. That it is mutually agreed upon both of the parties “The Owner and The Builder” that the Builder will have to construct and/or get constructed a residential building as per construction plans to approved by the authorities concerned on aforesaid plot at the lump sum construction cost @ Rs.1500/- (Rupees One Thousand Five Hundred Only) per square ft,of constructed covered area for each floor of the house/building to be constructed., and the total approximate constructed covered area of the House/building as per approved construction plans provided by the Owner is approximately 3300.00Sq Ft, however actual measurement will be taken physically at site on the basis of as built and variation in measurement if comes at site will be considered final.
5. That the approximate schedule of covered area of each floor of the House/Building as per approve plan is given below, however actual measurement will be taken at site as per built up area of the House/Building.

6.

SCHEDULE OF COVERED AREA

The proposed covered area of the building given below is initially taken as per drawing provided by the owner, however actual covered area will be taken as built on completion of the each floor of the House/Building.

S.NO	Unit	Description	Quantity	Unit	Rate	in	Cost	In
					Rs.		Rupees	

1. Basement					
2. Ground Floor					
3. First Floor					
4. Second Floor					
5. Third Floor					
6. Staircase/Mumty					
Total					

Note. That the total approximate estimated cost of the house/building as per plans provided becomes Rs.000000000000/-which amount the Owner shall be reliable to pay to the Builder as per payment schedule which decided and agreed upon both of the parties **“the Owner and the Builder”** with mutual understanding as per following detailed schedule.

7. That the construction work beyond the covered area if carried out on demand of the Owner such as compound wall, Drive way, servant quarter, flooring beyond the covered area, providing & fixing of main Gate, providing & fixing of safety fence/grill over compound wall, fancy railings on terrace or on top roof, watch man’s cabin which is not included in the proposed covered area of the House/Building, shall be an extra items of work. All the extra items of work details of which is given below shall be paid separately as per decided rates agreed upon both of the parties.

8. DETAILS OF EXTRA WORKS & ABSTRACT OF COST (Approx.)

S.NO	Particulars of items work	Quantity	Unit	Rate	Per	Amount
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1.						
2.						
3.						
4.						
5.						
6.						
	Total					

9. **SCHEDULE OF PAYMENT**

S. NO	Work Stages	Percentage of Payment
1.	At the time of signing of agreement	Lump sum with und
2.	On Completion of DPC	15% of agreed total
3.	On completion of super structure	8% of agreed total
4.	On pouring of concrete of roof slab of ground floor	10% of agreed total
5.	On completion of super structure of 1st floor	8% of agreed total
6.	On pouring of concrete of roof slab of 1st floor	10% of agreed total
7.	On completion of external plastering	10% of agreed total
8.	On completion of internal plastering	10% of "agreed total
9.	On completion of flooring	10% of agreed total
10.	On completion of wood work	10% of agreed total
11.	On final	9% of agreed total
12.	Extra works in building	On demand or as ag

Note. The schedule of payment is usually decided by mutual understanding of both parties.

10. **That** the Owner has paid a sum of **Rs.500,000/- (Rupees Five Hundred Thousand Only)** to the Builder in cash/Cheque as mobilization advance in presence of the following witnesses which will be adjustable/ recoverable in percentage from the remaining amount of this contract, to be paid by the owner as per the payment schedule

given above from each payment at the time of payment as per schedule mentioned in above.

11. The Owner shall have to pay the running account payments to the Builder as per schedule agreed upon both of the parties from time to time as the work is in progress. For any claim or dispute the decision of one party shall not be final, in such case the issue shall be resolved by both the parties by mutual understanding in peaceful atmosphere.
12. **That** the Owner shall pay the remaining amount of this contract as per schedule given above on success fully carrying out the work as per schedule, terms & conditions mentioned above and agreed upon both of the parties.
13. That on the completion of the construction, the Owner shall pay the remaining amount of construction at the time of taking over possession after physical measurement of covered area of the building as built, as per rate decided above by the both of the parties.
14. **That** during construction period, the Owner shall all whenever so called by the Builder to do or cause to be done all such acts, deeds and thing which the Builder may require him to do in connection with the said plot of land or in relation to carry on of the construction work thereon.
15. **That** Owner shall in any way transfer/ or alien at the said plot of land and the construction made thereon unless all the claims and demands of the Builder mentioned above are fully paid and satisfied by him. The Builder shall always have his right, lien and first charge over the said plot and the construction to be made thereon for money payable to him by the owner under the terms of this Agreement.
16. **That** default of payment by the owner to the Builder of the construction charges as decided above @ Rs.1500/-(Rupees One Thousand Five Hundred only), per square ft. of covered /constructed area as per physical measurement within specified time, as per payment schedule mentioned above , the owner shall lose all his rights whatsoever in the said plot of land and/or construction thereon..Which both shall thereafter belong to the Builder, who shall thereafter be deemed to be the transferee of the owner's rights in the property?

NOW THE BUILDER ASSURES TO THE OWNER

1. That the Builder shall complete the work within the specified time as per specification and shall maintain the progress with quality of work. If he fails to maintain the progress or completing the work in time, the contractor shall be liable for compensation or penalty, however the time may be extended by the Owner on request of the Builder on valid reason. The delay due to environmental conditions will not be considered as delay.
2. Work shall be done strictly in accordance with specifications, drawings and orders; bad work is to be liable dismantled or contractor is liable for compensation or penalty. If the progress is not satisfactory, contract may be terminated for bad work, unsatisfactory progress or unnecessarily delayed.
3. The Builder shall execute the work as per altered specifications and design if such alterations are done by the Owner. The Builder shall arrange for all materials, tools and plants: the work shall be open for inspection. The Builder has to pay wages to the workers as per the rate of the wages of locality. The Builder shall also be responsible to pay the Compensation to the workman in case of any accident or damage.
4. All taxes royalties, etc, on materials to be used in execution of work shall be paid by the Builder which included in the rates mentioned above.
5. The owner's will have the right inspection of site and to see that the work is being done as per plans, specifications, designs, etc, and progress of the work is maintained and the work is completed in time.

6. This contract agreement binds both the contractor and the owner legally. Contractor's responsibility is to observe the terms and conditions of this agreement and to complete the work according to the specifications, plans, designs and instructions and in time and not to abandon the work in middle.

IN WITNESS WHEREOF, both the parties have set their respective hands on this construction Agreement on the date, month and year first mentioned above, in presence of the following witnesses.

OWNER _____

NIC No. _____

CONTRACTOR _____

NIC No _____