

Required contract terms in a home improvement contract

Hiring a contractor for a home improvement job? Your contract must contain certain items.

Under the Home Improvement Contractor law, all contracts over \$1,000 (One Thousand Dollars) must be in writing. However, homeowners and contractors should consider having a contract for every job, regardless of the price.

Necessary Contract Language

The following 14 items must be included in any contract between a homeowner and a registered home improvement contractor for home improvement work.

1. The complete agreement between the contractor and the owner and a clear description of any other documents which are part of the agreement.
2. The full names, federal I.D. number (if applicable), addresses (NOT P.O. Box numbers), of the parties, the contractor's registration number, the name(s) of the salesperson(s) involved, if any and the date the contract was executed by the parties. The contractor's registration number must be on the first page of the contract.
3. The start and completion dates of the project.
4. A detailed description of the work to be done and the materials to be used.
5. The total price of the work.
6. The payment schedule, with the dates and the amount of each payment stated in dollars, including any finance charges. Any deposit required to be paid in advance of the start of the work cannot exceed one-third of the total contract price or the actual cost of any material or equipment of a special order or custom made nature, which must be ordered in advance of the start of the work to assure that the project will proceed on schedule. Final

payment cannot be demanded until the contract is completed to the satisfaction of all parties.

7. Signatures of all parties.

8. A clear and conspicuous notice stating:

- That all home improvement contractors and subcontractors shall be registered and that any inquiries about a contractor or subcontractor relating to a registration should be directed to the Office of Consumer Affairs and Business Regulation Home Improvement Contractor Program, with the Office's address and phone number.
- A 3-day cancellation notice, informing you of your right to cancel your contract if you signed the agreement in your home, or at a place other than at the contractor's office or business;
- All warranties on the owner's rights;
- A statement warning, in 10-point bold type or larger, directly above the space provided for the signature, the following: **DO NOT SIGN THIS CONTRACT IF THERE ARE ANY BLANK SPACES.**
- Whether any lien or security interest is on the residence as a consequence of the contract.

9. An enumeration of such other matters upon which the owner and contractor may lawfully agree.

10. Any other provisions otherwise required by the applicable laws of the Commonwealth.

11. A clause informing the owner about:

- any and all necessary construction-related permits
- that the contractor must obtain such permits.
- that owners who secure their own building permits or deal with unregistered contractors will not be eligible to access the Guaranty Fund.

12. Acceleration of payment: No contract can contain an acceleration clause that would require any part or all of the balance not yet due to be declared due and payable because the contractor deems himself to be insecure.
13. A sentence explaining that no work can begin prior to the signing of the contract and the owner receiving a copy of the contract.
14. An arbitration clause for settling disputes, signed by all parties, in 10-point type or larger; ***"The contractor and the homeowner hereby mutually agree in advance that in the event that the contractor has a dispute concerning this contract, the contractor may submit such dispute to a private arbitration service which has been approved by the Office of Consumer Affairs and Business Regulation and the consumer shall be required to submit to such arbitration. NOTE: The signatures of the parties above apply only to the agreement of the parties to alternate dispute resolution initiated by the contractor. The owner may initiate alternative dispute resolution even where this section is not signed separately by the parties.***

If you do an internet search for HIC Contract you should be directed to mass.gov, the State web site where you can find a sample contract.