

## **BUILDING CONTRACT**

We, Thomas P. Rosenberger, bearer of Cedula de Residencia # \_\_\_\_\_, hereinafter referred to as the "Builder", and the client \_\_\_\_\_, hereinafter referred to as the "Owner", do hereby agree to enter into this contract, to complete a single family home on the Owners property, situated in \_\_\_\_\_, Province of \_\_\_\_\_, Canton of \_\_\_\_\_, District of \_\_\_\_\_, Costa Rica.

Both the Builder and Owner agree to abide by the following provisions:

Complete construction work based on the construction plans and specifications of the Owner which the Builder must install to the best of his ability, and in full compliance with the construction plans.

The work which the Builder agrees to perform consists of a single-family home with a total constructed area of approximately \_\_\_\_\_ m<sup>2</sup>.

The work shall begin seven days after the owner opens a consumable account in the amount of \_\_\_\_\_ at the building supplier located closest to the construction site, in order for the Builder to purchase and transport the construction materials necessary to begin the preliminary work.

The Owner will pay for all labor, materials and transportation necessary to complete the construction as well as a twenty percent construction management fee to the Builder, of the amount of all labor provided and materials purchased and transported to complete the construction of the entire home. Every Thursday, the Builder will submit to Owner a budget for payroll for the current week, and receipts of all material purchased and delivered that week. Payments will be made to the Builder, no later than Friday at 12 noon in Costa Rican colones and are subject to Owner's approval of the weekly expenses.

The owner shall make the all payments in colones to the Builder, in order to pay for the weekly payroll of the construction workers and construction management fee. Additionally, once the construction materials are delivered, and the Builder begins the work, at least two guards per month will be required, and they will need to be paid, regardless of the constructions progress.

The Builder is obligated to negotiate and research for the best prices for payroll and materials, and must transfer all discounts to Owner. All bulk purchases of construction materials and their transport will be put out for bid from the largest building suppliers in Costa Rica. The lowest bids will be reviewed by the Builder and Owner in order to decide which supplier should be utilized to provide the materials. Small quantities of building materials that need to be purchased in a timely manner to maintain the flow of the construction will be purchased at the closest building supplier to the property, where the Owner will maintain an open consumable account in order to economize time and transport to the construction site.

The transport, care and protection of materials stored at the site of the construction shall be the responsibility of the Builder, who along with the guards, will protect the materials against theft or deterioration. The Owner will have full authority and ownership of the materials and/or equipment for which he has paid. The Owner will not have authority or ownership of any and all tools and equipment provided by the Builder and his workers.

The Builder can contract with qualified workers for any portion of the work, assuming sole responsibility for the workers and their performance. The Builder will present for Owner's approval and final selection, a minimum of three quotes (when qualified workers are available) for any contract with qualified workers. There may not be three qualified workers to quote some phases of the construction. The owner shall have the right to object to any worker for logical reasons such as bad background, improper manners, proven lack of expertise in their specific area of work, criminal activity, misuse of proper proceedings, tools or equipment. The Builder will enter into agreements with construction workers and sub-contractors for performance of specific work on the owner's property. The Builder shall be responsible for any action performed by a worker or sub-contractor that may result in any damage of any nature whatsoever. In order to maintain consistent advancement of the work, the Owner shall not contract with other companies or persons to perform work of any kind unless the Builder agrees that such work will not cause delay or prejudice to the Builders work in progress.

The Owner will pay the required INS occupational hazard insurance for all workers, as well as an insurance policy to cover damages to third parties. The Owner will pay the appropriate social security and employer's responsibilities to the Caja Seguro Social. The Owner shall assume in an extensive, full and general manner, all employer's financial duties and financial responsibilities as provided by the labor code and related laws. It is therefore established that the Owner will assume the cost of all of these policies and securities, however it is hereby established that it is the Builders responsibility to keep the payments updated in complete compliance with the law and that all labor responsibilities as employer are the Builders obligation and that worker's answer to him and therefore are his employee's and not the Owners. Therefore, the Owners sole responsibility is to provide payment for the payroll and insurance policies, but has no labor relationship whatsoever, with the workers.

The Builder shall deliver the work fully completed according to the specifications detailed in construction plans and to the highest quality standards and satisfaction of the Owner within \_\_\_ months from the date of commencement of the homes main living area foundations and walls. The projected number of full-time workers on the weekly payroll will be \_\_\_\_. If the Owner makes changes to the work specified in the constructions plans, the timetable will need to be extended based on the additional work required. In the event of a delay in the construction due to Builders responsibility, Owner will pay 1% less on the construction management fee for every week of delay. In the event of a delay in the construction or payments caused by force majeure, acts of God or health problems, both parties agree to make repairs or replacement of any damage with the final goal of concluding the works, following as much as possible the present agreement with the changes in materials, time and money that this could represent. The Builder shall not be responsible for problems or delays caused by lack of electric or water supplies or permitting by the government agencies or other legal affairs that may arise in relation to the Owner's property or the power to build on it.

The Builder shall maintain the architects/engineers log book in a protected waterproof area at the construction site. It cannot be transferred elsewhere without authorization from the Owner. Any observations and visits of architects/engineers or inspectors to the work should be recorded in this log book.

Within five days following full completion of the work, the Owner or his agent shall proceed to conduct an inspection of the construction site. If said inspection results in findings of construction work in acceptable condition, the Owner agrees to release the Builder of any additional work. Builder will give Owner a six month guarantee on repair or replacement of any defective items. If the Owner and Builder fail to agree upon the noted defects or errors and the Builder fails to correct the acknowledged defect or error, then the Owner may contract with others, without having to make any additional payments to the Builder, and Owner is fully entitled to pursue any legal action against Builder for failing to provide proper guarantee.

Any unforeseen work or payment of money required for a satisfactory completion of the home detailed in the construction plans shall be paid by the Owner.

Upon completion of the work, before it is formally accepted by the Owner, the Builder shall remove all remaining materials from the site, clear the property of all debris caused by the Builders workers or equipment and deliver the work completely clean with all plumbing and electrical systems fully functioning and public utility meters installed.

Upon the final payment made by the Owner, the Builder will provide a full release to the Owner, holding him harmless for any possible encumbrances arising from the agreement in connection with equipment, materials and labor included in the work. The release shall consist of a document stating that everything included in the work has been paid and no encumbrances can be created. At the same time the Owner shall provide the Builder with a document of recommendation in which the Owner shall state full satisfaction regarding the final condition of the home, the construction process and the Builders' relation with all personnel hired to complete the home.

The parties hereto hereby accept and consent that the present agreement shall be in accordance and shall be ruled with the provisions of the laws of the Republic of Costa Rica.

Any controversy and/or difference related to or resulting from the present agreement, its compliance, breach, execution, liquidation and/or interpretation, shall be solved by arbitration, pursuant to the

Arbitration Regulation of the Conciliation and Arbitration Center of the Costa Rican Chamber of Commerce, which rules the parties hereto unconditionally accept and submit to. The Arbitration Tribunal shall consist of one person appointed by the Conciliation and Arbitration Center of the Costa Rican Chamber of Commerce. The Conciliation and Arbitration Center of the Costa Rican Chamber of Commerce shall be the institution in charge of the arbitration process. The resolution issued by the Tribunal shall be binding onto the parties hereto producing *res judicata* effects. Expenses and fees for this concept shall be paid by the losing party, all this in conformity with the Arbitration Award.

For the effects of article four of the Notices, Citations and other Judicial Communications Law, number seven thousand six hundred thirty-seven, the parties hereto expressly indicate the following contact information to receive any kind of notices or communications, in case of non-compliance with the obligations assumed herein:

**Owner:**  
Phone:  
E-mail:

**Builder:** Thomas P. Rosenberger  
Phone: 8364-1989  
Email: tom@costaricahomebuilder.com

Each one of the parties hereto may change the contact information above by giving notice in writing to the other, with acknowledgement of receipt.

Both parties hereto mutually authorize each other to notarize the present agreement without the need of notifying the other to appear before a Notary and bind themselves to provide any documentation that the other party might require for that effect.

The parties hereto hereby express having read and broadly and freely discussed each one of the clauses herein, including this one, individually and jointly considered, which faithfully set forth their free, express and coinciding desires and assurances. Should any of the clauses herein be declared null or void by the Competent Authority, this shall not affect the validity of the remaining clauses of the present Agreement. Consequently, any conversation, communication or agreement, verbal or written, prior to this agreement is declared void and substituted by this final agreement.

Both parties have sufficient knowledge of the English language to understand every part of this contract and shall have the right to notarize this contract individually or together.

In witness whereof, we set our hands on two counterparts on this \_\_\_\_ day of \_\_\_\_\_, 20\_\_

\_\_\_\_\_

Builder

\_\_\_\_\_

Owner