

## Before you get Started Fact Sheet No.3 CONTRACT WITH BUILDER

### The role of the Architect

One of the most important and misunderstood roles of the architect is as contract administrator between client and builder.

The architect has undertaken legal training (of a building nature) that enables him/her to understand how to effectively implement and manage a contract between these two parties.

As well as drawing up the contract (using standard versions from the RIBA (UK & NI) or RIAI (Ireland)), the architect is an impartial arbitrator between the two parties to ensure that the contract is administered as fairly as possible.

### Essential Contract Conditions

In order for a building contract (in fact any contract) to exist several things need to happen:

1. Somebody has offered to do something for you - the contractor is going to build you a house
2. You are desirous of this house and in exchange for the building you are going to pay the contractor (the contract sum).

The key elements therefore in a building contract are:

- a. The contract sum
- b. The date of possession & start date - ie when the building commences
- c. The date of Practical Completion; this isn't a date when things are practically complete but when to all intents and purposes (barring a few small minor items) that the building can be used for the purpose for which it is intended, ie a house in this case.
- d. There are then a series of conditions regarding inspection, certification, payment, time extensions, what happens when contractor doesn't finish on time.

It is these conditions that the architect should know and understand inside-out, administer and manage accordingly.

# MARK D. STEPHENS

## *Architects*

### So how is the builder paid ?

Taking the RIAI Short Form of Contract as an example (SF88), say the contract sum is €100,000

On each architect's inspection/certificate, 10% is retained (the retention) Therefore, say over 10 payments of €10,000, the builder is actually paid €9,000 on each payment.

The retention sum at (the end of the build )at Practical Completion) is €10,000 (10 retentions of €1,000).

Half of this retention is paid on Practical Completion, which in this example is €5,000 and the remaining half of €5,000 is paid after the Defects Liability Period (when all outstanding items are fixed); which in the case of SF88 is 6 months after Practical Completion.

It is the architect that can manage and work between yourself and your builder to inspect work and certify payments accordingly,

### Articles of Agreement

made the : \_\_\_\_\_ day of \_\_\_\_\_  
between : \_\_\_\_\_  
of (or whose Registered Office is situated at) : \_\_\_\_\_  
  
(hereinafter called "the Employer") of the one part and : \_\_\_\_\_  
  
of (or whose Registered Office is situated at) : \_\_\_\_\_  
  
(hereinafter called the "the Contractor") of the other part.  
Whereas the Employer is desirous of :

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