**TEXT FOR SUGGESTED MANDATORY LANGUAGE**

**FOR RESIDENTIAL IMPROVEMENT CONTRACTS**

**PURSUANT TO ASSEMBLY BILL 39**

NOTE: The following is in Word format so that the text can be cut-and-pasted into a contractor’s existing contract as the contractor deems appropriate. For use and guidance for the below text, refer to the documents entitled: “**SUGGESTED MANDATORY LANGUAGE FOR RESIDENTIAL IMPROVEMENT CONTRACTS PURSUANT TO ASSEMBLY BILL 39**.”

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**CONTRACT FOR RESIDENTIAL IMPROVEMENT**

**XYZ LLC.**

**1234 Street Address Ln.**

**Las Vegas, Nevada 89523**

Nevada License #12345

Bid Limit $250,000

**NAME AND ADDRESS OF OWNER AND RESIDENCE:**

JOE HOMEOWNER

5678 Somewhere Ave.

Las Vegas, Nevada 89521

**DATE CONTRACT IS SIGNED: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**ESTIMATED DATE OF COMPLETION: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**DESCRIPTION OF WORK TO BE PERFORMED AND**

**SCHEDULE OF PROGRESS PAYMENTS**

<CONTRACTOR> will perform the following work for which <HOMEOWNER> will pay according to the following schedule:

|  |  |
| --- | --- |
| DESCRIPTION OF WORK | AMOUNT DUE UPON COMPLETION |
| 1. | $\*\*,\*\*\*.\*\* |
| 2. | $\*\*,\*\*\*.\*\* |
| 3. | $\*\*,\*\*\*.\*\* |
| 4. | $\*\*,\*\*\*.\*\* |
| 5. | $\*\*,\*\*\*.\*\* |
| 6. | $\*\*,\*\*\*.\*\* |
| 7. | $\*\*,\*\*\*.\*\* |
| **Applicable Taxes (if any)** | $\*,\*\*\*.\*\* |
| **TOTAL CONTRACT PRICE** | **$\*\*,\*\*\*.\*\*** |

Any and all changes to the Description of Work, the Amount Due Upon Completion, and/or the Total Contract Price can only be agreed to in a written change order which must be signed and dated by authorized representatives for both <CONTRACTOR> and <HOMEOWNER>.

<CONTRACTOR> will apply for and obtain all necessary permits.

**By initialing here, I am indicating that I have read the above provisions and understand them: \_\_\_\_\_\_\_**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**INITIAL DEPOSIT OR DOWN PAYMENT**

Before <CONTRACTOR> will start work on the project, <HOMEOWNER> shall pay to <CONTRACTOR> a deposit of $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. This amount may not exceed the lesser of 10% of the Total Contract Price or $1,000.

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**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**RESIDENTIAL RECOVERY FUND**

Payment may be available from the Recovery Fund if you are damaged financially by a project performed on your residence pursuant to a contract, including construction, remodeling, repair or other improvements, and the damage resulted from certain specified violations of Nevada law by a contractor licensed in this State. To obtain information relating to the Recovery Fund and filing a claim for recovery from the Recovery Fund, you may contact the State Contractor’s Board.

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**LIST OF SUBCONTRACTORS AND MATERIALS SUPPLIERS ($500 or more)**

|  |  |  |  |
| --- | --- | --- | --- |
| **NAME** | **LICENSE #** | **BUSINESS ADDRESS** | **TELEPHONE NO.** |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |

**By initialing here, I am indicating that I have read the above provisions and understand them: \_\_\_\_\_\_\_**

**NOTICE TO OWNER**

 **Pursuant to NRS 108.221 to 108.246, inclusive, a contractor, subcontractor, laborer, supplier of materials or other person or entity who:**

1. **Performs work or furnishes material of the value of $500.00 or more to improve the value of your property; and**
2. **Is not paid for the work or materials,**

**has a right to place a lien on your property on which the work was performed and to sue you in court to obtain payment.**

 **This means that after a court hearing, your property could be sold by an officer of the court and the proceeds of the sale used to satisfy the amount you owe. If you did not ask for and receive releases of liens from the contractors’ subcontractors, laborers or suppliers of materials, a lien may be placed on your property or you may be sued even if you have paid your contractor in full.**

 **To preserve their right to file a claim or lien against your property, certain claimants, such as subcontractors, laborers and suppliers of materials, are each required to provide you with a document called a “preliminary of pre-lien notice.” A preliminary or pre-lien notice is not a lien against your property. Its purpose is to notify you regarding persons or entities who may have a right to file a lien of claim against your property if they are not paid. To perfect their lien rights, contractors, subcontractors, laborers and suppliers of materials must file mechanics’ liens with the county recorder, which them become recorded liens against your property. Generally, the maximum time allowed for filing a mechanics’ lien against your property is 90 days after substantial completion of your project.**

 **TO ENSURE EXTRA PROTECTION FOR YOURSELF AND YOUR PROPERTY, YOU MAY WISH TO TAKE ONE OR MORE OF THE FOLLOWING STEPS:**

1. **Request that your contractor supply you with a payment and performance bond,** which guarantees completion of your project and payment of the subcontractors, laborers and suppliers of materials who work on the project. This payment and performance bond is different from the surety bond that a contractor must file for licensure pursuant to NRS 624.270. A payment and performance bond provides that if the contractor does not complete the project, the bonding company will pay damages up to the amount of the bond. This payment and performance bond, as well as a copy of the construction contract, should be filed with the county recorder for your futher protection. There is a fee for a payment and performance bond. This fee is usually equal to between 1 and 6 percent of the amount of the contract, depending on the ability of the contractor to be bonded.
2. **Require that payments be made directly to subcontractors, laborers and suppliers of materials through a mechanism that controls payment for construction.** In the area in which you live, services to control the funding of your project may be available, for a fee, to control payment of your contractor by the use of vouchers or other means. These services may also provide you with waivers of liens and other forms of protection.
3. **Issue joint checks for payment**, made payable to both your contractor and the subcontractors, laborers and suppliers of materials who were involved in the project or portion of the project for which payment is due and who sent a preliminary or pre-lien notice to you. Those persons or entities have indicated that they may have the right to place a lien on your property, and **therefore you need to protect yourself**. Making checks jointly payable will help to ensure that all persons due payment are actually paid.
4. **Require your contractor to provide you with unconditional “waiver and release” (lien release) forms**, so that when you make a payment on any completed phase of your project, each subcontractor, laborer and supplier of materials involved in that portion of the work for which the payment was made can sign the waiver and release forms. This protects you from liability to them for work for which they have already been paid.
	* Some stationery stores sell waiver and release forms if your contractor does not have them. The subcontractors, laborers and suppliers of materials from whom you obtain releases should be those persons or entities who have filed preliminary or pre-lien notices with you. If you are not certain which subcontractors, laborers and suppliers of materials are working on your project, you may obtain a list from your contractor. In regard to projects involving improvements to single-family residence or a duplex owned by an individual, the persons signing these releases lost their right to file a mechanics’ lien against your property. In regard to other types of projects, obtaining such releases may still be important, but may not provide complete protection.
	* **To protect yourself by use of a waiver and release form, you must be certain that all subcontractors, laborers and suppliers of materials who work on your project sign a waiver and release form.** If a mechanics’ lien has already been filed against your property, in most cases the lien can only be released voluntarily by a recorded **“release of mechanics’ lien,”** which is signed by the person or entity that filed the mechanics’ lien against your property. However, if the person or entity that filed the lien fails to bring an action to enforce the lien in a timely manner, the lien may be removed without voluntary action on the part of that person or entity. You should not make final payment on your project util all mechanics’ liens that are filed against your property have been removed.

**TO PROTECT YOURSELF FULLY, YOU SHOULD CONSULT AN ATTORNEY:**

1. **BEFORE YOU SIGN A CONSTRUCTION CONTRACT; OR**
2. **IF A LIEN IS FILED AGAINST YOUR PROPERTY.**

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**PLAN AND SCALE DRAWING**

<*INSERT plan and scale drawing, showing the shape, size, and dimensions of and specifications for the construction and equipment for the work specified in the contract, and a description of the work to be done, the materials to be used and the equipment to be installed.*>

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**PAYMENT OF COMMISSION TO SALESPERSON**

Please be on notice that some portion of the Total Contract Price will be paid to one or more salesmen on a *pro rata* basis relative to the schedule of payments otherwise due and set out in this contract.

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**NOTICE OF HOMEOWNERS’ RIGHTS**

You are informed of the following as your rights as the homeowner in this project:

1. You may contact the Nevada State Contractors Board if assistance is needed to clarify any of the provisions of this contract that you do not fully understand;
2. You have the right to request a bond for payment and performance if such a bond is not otherwise required pursuant to NRS 624.270;
3. You may contact an attorney for an explanation of your rights as the owner of the property under the contract;
4. You may, if the contract was explained to you in a language other than the language in which the contract is written, ask for a contract that is written in the language in which the contract was explained;
5. You must be furnished with a legible copy of all documents signed by you and the contractor; and
6. You must be furnished with a signed receipt from the contract for any money paid to the contractor by you.

**By initialing here, I am indicating that I have read the above provisions and understand them: \_\_\_\_\_\_\_**

**<***INSERT signature lines for the contractor and homeowner as appropriate*.>

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**