

# **TERMS OF AGREEMENT FOR A LUMP SUM CONTRACT FOR BUILDING WORKS**



**PUBLISHED BY THE PANCYPRIAN ORGANISATION  
OF FREELANCE PROFESSIONAL SURVEYORS  
ARCHITECTS AND CIVIL ENGINEERS (POEEM) 2014**

Doc. Serial No.     Γ     02520

Second Publishing 2003   -   Republication 2008   -   Republication 2014

**I S B N 9963 – 8187 – 3 – 0**

Reprinting of entire or part of the present documents is prohibited without the written consent of the Publisher.

## TABLE OF CONTENTS

	Page
AGREEMENT DOCUMENT	2,3,4
APPENDIX OF AGREEMENT DOCUMENT	5
GUARANTEE DOCUMENT	6,7
TERMS OF CONTRACT:	
Article 1.    Definitions	8
Article 2.    Contractor Obligations	9
Article 3.    Architect Duties	9
Article 4.    Contract Amount	10
Article 5.    Architect's Instructions	10
Article 6.    Contract Documents	10
Article 7.    Legal Obligations	11
Article 8.    Surface Levels and Laying out	11
Article 9.    Control of Operations - Materials, Merchandise, Quality of Work	11
Article 10.   Modifications and Provisional Amounts	12
Article 11.   Quality and Quantity of Works – Correction of Contradictions	13
Article 12.   Readjustment of Contract Amount	13
Article 13.   Unused Materials and Merchandise	13
Article 14.   Actual Completion and Defect Liability	13
Article 15.   Sectional Receipt by Employer	14
Article 16.   Damages to Persons or Property – Compensation to Employer	14
Article 17.   Insurance against damage to Persons or Property	15
Article 18.   Work Insurance	15
Article 19.   Concession of Construction site commencement, completion, suspension and work schedule	16
Article 20.   Non- completion Compensation Gratuity for completion before deadline	17

Article 21.	Time Extension	17
Article 22.	Damages and Expenses caused from Substantial Disturbance of the Normal Progress of Operations	18
Article 23.	Dissolution of Contract by Employer	18
Article 24.	Dissolution of Contract by Contractor	20
Article 25.	Dissolution by Employer or Contractor	21
Article 26.	Operations under Employer or persons employed by him	21
Article 27.	Prices and Initial Cost Amounts or Purchase Value and Unit Price List	21
Article 28.	Appointed Sub-contractors	22
Article 29.	Appointed Suppliers	23
Article 30.	Certificates, Payment and Withheld Amounts	24
Article 31.	Pre-payment	25
Article 32.	Contract Execution Guarantee	26
Article 33.	Fluctuations in Labor	26
Article33A	Fluctuations in Labor and Materials	27
Article 34.	Hostilities	29
Article 35.	War damages	29
Article 36.	Antiquities	29
Article 37.	Dispute Settlement - Arbitration	30

Date .....

**LUMP SUM CONTRACT FOR BUILDING WORKS**

Between

The Employer .....

.....

and the Contractor .....

.....

ARCHITECT / CIV. ENGINEER

.....

.....

SAMPLE

**AGREEMENT CONTRACT**

This contract is agreed upon on the ..... day of month  
..... of the year ....., in  
.....

BETWEEN.....  
..... from ..... or  
whose registered office is located in  
.....  
(hereafter mentioned as “The Employer”) of the one part

And  
.....  
..... from ..... or whose  
registered office is located in  
.....  
(Hereafter referred to as “The Contractor”) of the other part

GIVEN THAT:  
The Employer has decided to construct  
.....  
.....  
..... hereafter mentioned as the “Project”  
in  
.....  
..... on a plot provided by  
..... under the  
supervision of .....  
(hereafter referred to as “The Architect”)

And has made arrangements that:  
Plans and Tender Specifications, which specify and describe the works to be  
executed, are prepared by the Architect  
.....

AND GIVEN THAT:

The said plans have been numbered from ..... to  
.....  
.....  
..... (hereafter referred to as the “Contract drawings”) and the  
Tender Specifications Page ..... (hereafter referred to as  
“Contract Specifications”), have been signed in the presence of witnesses  
under instructions of the contracting parties ( or their representatives) and  
constitute an integral part of this Contract.

THE FOLLOWING ARE AGREED UPON.

The Contractor will execute the Works which are described or included or  
presumed in the Contract Plans and the Contract Specifications, according to  
the terms of the Contract.

1. The Employer will pay the Contractor the lump sum of €  
.....  
.....  
..... (hereafter referred to as “Contract Sum”) or any other amount  
required to be payable to him under this Agreement, and in a manner and  
deadlines that are determined in the terms of this Contract and the  
Appendix of this Agreement Document.
2. Unless otherwise agreed between the Employer and the Contractor and  
under provision of Special Guarantee, the Employer will prepay against the  
Contract sum, an amount up to 12% of the Contract sum, to be used  
exclusively for the pre-purchase of construction materials and/or services  
destined for the execution of works. The prepayment will take place once  
the Architect is satisfied that the aforementioned materials and/or services  
have been purchased by the Contractor.

This agreement has been signed by the contracting parties, in the presence  
of witnesses, on the date mentioned in the beginning of this document.

Signed by / on behalf of the Employer	Signatures
Name .....	
.....	
Capacity .....	

Signed by / on behalf of the Contractor

Name .....

Capacity .....

In the presence of witnesses:

Signatures

1.0 Name .....

Address .....

2.0 Name .....

Address .....

## APPENDIX

- The defects liability Period (if not otherwise determined, will be 6 months from the date of the practical completion of the Project). Article 14.0, 15.0, 30.0
- Maximum Limit of Third Party Liability Insurance Article 16.0
- Employer's Liability insurance Article 17.0
- All risks insurance Article 18.0
- Date of handing over of construction site to the contractor–
- Commencement Article 19.0
- Completion Date Article 19.0
- Compensation for Non completion on time. Article 20.0 € ..... Per day
- Bonus for Completion prior to deadline Article 20.0 € ..... Per day
- Period of suspension of works (if not determined, will be 3 months) Article 25.1
- Period of interim Certificates (if not determined, will be 1 month) Article 30.0
- Certificate payment deadline (if not determined, will be 14 days) Article 30.0

- Withheld Percentage (if not determined will be 10% of certified value) Article 30.2
- Withheld Limit (if not determined, will be 5% of the Contract amount) Article 30.2
- Withheld Percentage at the time of practical completion (if not determined, will be 2% of the Contract amount) Article 30.3
- Final Valuation Period (if not determined, will be 6 months after the practical completion of the works) Article 30.4
- Prepayment Amount Article 31.0
- Amount of Contract Execution Guarantee Article 32.0
- Percentage of Labor on the entire work (if not determined, will be 40%) Article 33.0
- Basic Level of hourly rates Article 33.0
- Basic Material Prices Article 33A

List to be attached



PERSONAL GUARANTEE DOCUMENT

**A. Guarantee for the full and satisfactory execution of the Contract**

I ..... the  
undersigned.....  
from..... After becoming aware of  
the above documented agreement I declare that I personally guarantee the  
Contractor..... for the exact execution of all the  
obligations he has undertaken, according to this agreement, in addition to  
the responsibility of the Contractor related to the prepayment and I am also  
liable to pay to the Employer any amount the Contractor is made responsible  
to pay to him, either due to compensations, or otherwise according to the  
terms of this contract.

Signed on .....

The Guarantor .....

In presence of witnesses:

1. .... 2. ....  
.....

**B. Guarantee for the Prepayment**

I ..... the  
undersigned.....  
from..... after becoming aware of  
the above documented agreement declare that I personally guarantee the  
Contractor..... that he will use the amount of €  
..... of the prepayment given to him, according to the terms of  
this agreement, exclusively for the pre-purchase of construction materials  
for the execution of the Works of this contract and I am liable to pay to the

Employer any amount up to the entire amount of the prepayment, which the Contractor will not use for the purchase and use of materials for the purposes of this Contract.

Signed on .....

The Guarantor .....

In presence of witnesses:

2. .... 2.

.....

This guarantee is irrevocable and in no case exempts me or my heirs or executors or administrators, from my obligations according to the prepayment, according to the terms of this agreement.

Signed on .....

The Guarantor .....

In presence of witnesses:

1. .... 2.

.....

**TYPE OF BANK GUARANTEE**

**A. Guarantee for the full and satisfactory execution of the Contract**

a) Name of Bank.....

b) Date of Guarantee.....

**B. Guarantee for the Prepayment**

C. a) Name of Bank.....

D. b) Date of Guarantee.....

SAMPLE

SAMPLE