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# **ADDENDUM TO LETTER OF AGREEMENT**

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**For Design Services Provided by**

**Richard Morrison,  
*Architect-Interior Designer***

**2013 Edition**

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# The Process

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## Initial Consultation

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Every project starts with an initial consultation of approximately 30-60 minutes at your house. This meeting is a chance to discuss your “wish list”, some of the ideas that you've already come up with, your budget, your schedule, and your specific concerns. It's an opportunity to make sure that what you're thinking of is realistic, and see the particular challenges that your house poses.

Another major purpose for this meeting is to see what the “chemistry” is like. Just as not all architects are right for your project, not all clients are right for me. You need to feel comfortable with your architect and I need to feel comfortable with my clients and the project. It is important that both parties of a couple be at this meeting, even if one of you will be the primary contact.

For projects located more than 10 miles away from my office, there is a \$100 travel time charge, but otherwise, there is no charge for this initial consultation and no obligation afterwards. If you decide that the project should proceed and you would like to use my services, I will prepare a letter of agreement for the next step, which is the ---

## Preliminary Design Phase

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### Investigation of existing conditions

Before any design begins, I will measure the house and investigate the existing conditions. This includes verifying how the house is constructed and any special conditions that might impact the design.

### Draw existing floor plan

Once the house has been measured, I'll draw accurate floor plans that show the layout of the existing space to use as a basis for design.

### Research at Planning Department

If your project is an addition, I will do some additional research with the Planning Department to find out what zoning district your house is in, and what specific constraints, such as setback requirements, lot coverage limitations, parking requirements, height limitations, etc. could restrict your ability to expand.

## **Clarify needs and wishes**

Although we already will have talked about the general concepts and ideas you have about your project at the Initial Consultation, I'll need much more detailed information to complete the designs and make sure that they'll work for you. For example, I'll want to know the specific furniture that you'll be using in each room, how much storage space you need in a particular area, what rooms need phone outlets, and any special equipment you'll have, such as a computer .

You can also help by buying a stack of home remodeling magazines and starting to collect pictures of spaces that appeal to you or show some specific features you'd like to incorporate. Equally important are those pictures that show ideas that you definitely don't want. I recommend that you put these pictures into a binder, and write out a list of your needs, prioritized.

## **Preliminary Designs**

Once we have the above information together, I'll prepare some design concepts that we can use as a basis for further discussion. Don't panic if the first designs are not what you were thinking of. They are intended to explore possibilities and help you to clarify your own thinking about the project. Often the final project is only remotely similar to the earliest sketches. Designs start as rough concepts, and evolve with increasing detail.

In preparing these designs, I will be thinking of a number of issues: Does the design fit with the existing house? Does the design consider the planning and building code constraints, as well as your own? Is the design reasonable for your budget?

Your budget may not be enough to afford everything that you want to do right now. One strategy is to design your project in phases, based on a long-term master plan. The master plan will help you to decide on what to do when, and make sure that everything you do now will fit into the long-range design.

Whenever possible, I try to give my clients some options, often with a range of costs in mind. For example, I might give a client several different ways to expand: a) A moderate cost one-story extension into the back yard, b) a more expensive second-story addition, and c) a low-cost scheme which just makes the existing floor plan more efficient.

## **Meetings to review design options**

After the preliminary designs are developed, we will have a meeting to go over the designs, discuss the pro's and con's, and answer any questions you have. Generally, one approach or direction seems to be most appropriate, and the design(s) will undergo a series of revisions (and meetings with you to discuss them) until you are happy with it. Up to three revisions with associated meetings are included in this Preliminary Design Phase at no additional cost. Generally, design meetings are held "virtually" over the Internet, with you watching my computer screen from your own location.

People have extremely different abilities to visualize design ideas from plans and sketches. You will be able to view your design in 3-dimensions on your own computer. But please let me know if you are having trouble “visualizing” something so that we can spend a little more time with it.

### **Initial Review with City**

If your project is an addition on which it may be difficult to get City approval, I will use the preliminary design drawings to discuss your project with the Planning Department and get either a preliminary go-ahead or clarification of which issues need to be addressed in the final submission to the City.

### **Preliminary Budget Review**

For those projects that have a strict budget, once the preliminary design is finished, I strongly recommend that a contractor confirm that the design is realistic for your budget. An added advantage is that you will have confidence that you won't be investing in detailed, engineered construction drawings for a project that doesn't meet your budget. It's a good time to start meeting prospective contractors, as well.

### **What the Preliminary Design Phase Is For**

In addition to helping you see how the project fits into the overall design of your house, this phase is intended to help define an overall scope of the project, determine its complexity structurally, as well as a likely “order of magnitude” of costs. Your project is still somewhat generic at the end of this stage, however. You'll know, for example, how the major pieces of furniture can be arranged in the rooms, what generic materials are being used, and how an addition “fits” into the rest of the house. There are still lots of decisions to be made, though.

Delivery of the “final” preliminary design drawings completes the Preliminary Design Phase. There is no obligation to continue at the end of this phase. Think of this as a feasibility study.

If you elect to go ahead with the project, we will then to proceed to:

## **The Detailed Design Phase & Construction Document Phase**

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These phases expand on the Preliminary Design and produces drawings and specifications suitable for obtaining a building permit and final costs. The selections and designs in this phase have a *very* large impact on the overall project costs, and therefore need to be thought through carefully. While your project may not include all categories, areas that are typically designed and specified include:

- Detailed cabinet layout, style, and finish.
- Lighting Plan and Electrical Plan
- Selection of plumbing fixtures and fittings.
- Selection of decorative lighting fixtures.
- Countertop materials, edge details, and backsplash design
- Tile selection and design
- Hardware (door knob) selection
- Door and window trim details, baseboards and crown moldings
- Flooring selections
- Paint and wall covering selections.
- Appliance selections
- Detailed furniture selection and layout
- Window treatments (draperies, curtains, shades, and related hardware)
- Additional fabric selections (such as cushions, bedspreads, pillows, etc.)

Again, I can adjust my level of involvement in these areas, but these selections should be made early so that there are no surprises in cost, as well as making sure that the construction accommodates your choices. (You wouldn't want to find out after the project was built that there was no good way to hang your favorite curtain rod, for example. Or that the sofa you wanted won't fit.)

I include UP TO two ½-day shopping trips (3 hours shopping, plus travel time) as part of the basic package. You are encouraged to take advantage of these, but they are not mandatory.

Based on your choices, I will prepare the **Construction Documents**.

## **Construction Documents**

The design phases produce drawings that help you understand what your project "looks like", while construction documents show how the project is to be built. These documents are the detailed plans that get submitted to the Building Department for a Building Permit, and they are used by the Contractor for final pricing and building your project.

## **What's In Construction Documents**

The set of construction documents contain a number of different parts, each equally important. These include:

- **Drawings** (Often called “plans” or “blueprints”)

A variety of intricate and detailed drawings may be included: Plot Plan, Roof Plan, Floor Plans, Elevations (Interior & Exterior), Sections, Details, Electrical Plans, Structural Framing Plans, and others. Not all projects will use all of these, though.

- **Specifications**

Specifications define the quality on your project. They are written descriptions of the materials, procedures, and quality levels desired. They deal with such issues as: How many coats of paint and what type? What grade of lumber should be used? Will the drywall be screwed or nailed to the studs, and what kind of texture should be used? What plumbing fixtures and faucetry will be used? What kind of roofing guarantee will you require?

Also included in my fee are Title 24 Energy calculations and documentation, and any needed basic structural engineering, excepting unusual aspects requiring a structural engineer. (See below.)

## **Importance of Good Construction Documents**

Other than having a good contractor, probably nothing is as critical to the success of your project as a good set of construction documents. They're necessary, of course, for getting a building permit and a price from a contractor. But most importantly, they form the basis of an agreement between you and the contractor, and as with any contract, if there are areas of ambiguity, there may be misunderstandings. For this reason, I take the extra time needed to make sure that these documents are quite detailed and of high quality. It's time and money well spent!

Please review your set of construction documents carefully. I will be happy to answer any questions you have. If you wish to make any adjustments to the design, it's generally less expensive to do it now, rather than after construction starts.

## **Applying for the Building Permit**

Obtaining a building permit is often one of the lengthiest parts of the entire process, so I recommend applying for the building permit as soon as possible.

When the construction drawings and specifications are complete, I will act as your agent in applying for the permit. For the application, I will usually need a blank check from you payable to the appropriate building department, as the exact fees are usually calculated only upon submission of plans.

## **The Competitive Bidding Approach**

If you decide to get competitive bids, I will provide you with names of contractors who may be appropriate for your project. Or you may have some names of your own. In any event, you should feel that you can work with any of the contractors who bid on your project.

To be fair to the contractors bidding on the project, I like to have clients meet all prospective bidders in person and talk to their references before start of bidding. If the “chemistry” is not comfortable between you and a prospective contractor, it does not make sense to put that contractor through the time of assembling a bid.

Once you've decided who should be included as a bidder, I will issue sets of drawings and specifications to these contractors, along with a Bid Proposal form and Instructions to Bidders so that all contractors submit bids on an equal basis.

During the period when bids are being compiled, the bidders will want to examine the premises with their subcontractors. Often it makes sense to have all of the bidders there at one time. In this case, I will be happy to be on hand to answer questions.

I will also answer questions that come up during the bid period and provide written clarifications if needed, so that all of the bidders have the same information at the same time.

When the bids have been submitted, I will assist you in reviewing bids and awarding the contract for construction.

Regardless of how the bids turn out though, you still have the right to select any of the contractors. In all cases, the final choice of contractors is yours; I will not choose the contractor for you.

## **The Negotiation Approach**

You may decide to use a “Negotiated” approach, rather than competitive bids. In this case, the contractor is selected during the design period. The contractor can then assist in price planning during the design process, making sure the project will fit your budget. Also, you are assured of being on the contractor's construction schedule.

Often when there are a great many “unknowns” in a project, rather than seeking the lowest possible price, it is better to select a contractor with whom you feel comfortable and establish a good working relationship early. That way, you know unforeseen problems will be dealt with on a friendly and professional basis. Or you may simply not want to take chances on the quality of construction; you know the contractor being considered will provide the quality you're looking for. Also, the “team approach” that this method encourages takes much of the stress out of the remodeling process.

Many homeowners fear that they will be paying a much higher price with this method; after all, a competitive bid keeps the contractor honest, doesn't it? Actually, it's still

possible with this approach to get competitive bids from the subcontractors, who may be providing a majority of the materials and labor. Also, the contractor will make all of the costs and pricing available for your (and my) review.

So, while it is possible that you may pay a slighter higher price with this approach, the advantages often far outweigh the disadvantages for many homeowners.

I will be happy to discuss the pro's and con's of both the competitive bidding and negotiated approaches with you, and help you in deciding which method makes the most sense for your project.

### **Contract for Construction**

The contractor will want you to sign a contract before construction begins, since it's required by State law. (You should want a written contract, anyway!) This contract must be very carefully reviewed by you (and your attorney, if necessary). Although many homeowners are willing to accept the contractor's standard contract, it is equally acceptable for you to provide the contract. One contract form that has worked well for many homeowners, and that is in common use, is the one produced by the American Institute of Architects. I can provide a sample of this Agreement, if you wish.

Because it would constitute practicing law illegally, I am unable to provide a review of Contractor-provided contracts. Please make sure that you understand any construction agreement and obtain appropriate legal counsel, if needed, before you sign it.

### **Purchase Orders**

I will prepare any needed purchase orders for furniture and/or fabricated items, as well as deal with the related acknowledgements, confirmations, receiving companies, etc.

## **Construction Period Services**

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The services provided *during* construction are as important to the success of your project as the services provided *before* construction. These services are not optional. Because of the great number of hidden conditions and unknowns in residential constructions, drawings simply cannot cover every possible condition that may be encountered. Therefore, the construction drawings will require interpretations to fit some circumstances. And sometimes as the construction progresses, opportunities for improvements in the design present themselves.

### **Site Visits**

I will visit the project at appropriate stages to check on the progress of the work and verify that it is being built in accordance with the drawings and specifications. Usually these visits occur at specific points in the construction process, such as just before the concrete is poured for the foundation (to check the reinforcing steel), when the rough

framing is complete, when the plumbing and electrical is in but before the drywall is installed, etc. I will also come to the construction site if any problems come up that can best be resolved in person.

The purpose of my visits is to see that the work is generally in accordance with the drawings and specifications, and to help guard against defects and deficiencies. However, because my inspections are not continuous (such as a full-time on-site inspector would make) or exhaustive, I cannot make any all-encompassing guarantees or representations regarding the contractor's work.

At the end of the project I will make a final inspection, ideally with both you and the contractor present, to document the items that are in need of correction before the contractor is entitled to the final payment. Usually this includes things like hardware adjustments, areas of poor painting, etc.

### **Coordination of Changes**

If you request any changes to the original design, or if changes become necessary due to other circumstances, I will prepare whatever drawings or additional specifications are necessary. If you or the Contractor wish to make changes, *please, please, please*, talk to me first. There may be important reasons for doing something a certain way. For example, moving a seemingly innocent wall or door could destroy a seismic bracing scheme. Or changing a kitchen countertop detail could mean that a soon-to-arrive appliance will no longer fit.

Up to three hours of Owner-requested revisions are included in my fee at no additional charge. Changes beyond that will be billed as additional services.

### **Change Orders**

Usually clients prefer to have me review any contractor requests for "extras", also known as "Change Orders" before they approve them. These would be reviewed for pricing and appropriateness. (On several occasions, requested extras were already included in the original scope of work!) In all cases, extra work should be by written change order, and approved by you.

### **Review of Shop Drawings**

For some custom fabricated items, such as cabinetry or windows, the fabricator will provide shop drawings of custom fabricated items. I will review these for general conformance with the design concept.

### **Payments to the Contractor**

I frequently am asked to review the contractor's requests for payments to make sure that the contractor isn't overpaid at any point during the process. (A couple of clients of mine who hired contractors who went bankrupt in the middle of construction were mighty glad that the contractors hadn't been overpaid!) California State law says that home

improvement contractors may receive a maximum downpayment of \$1000 or 10% of the contract price, whichever is less. Additionally, other than the initial downpayment, the contractor may not request or receive funds in excess of 100% of the value of the work performed at any time, unless the contractor has furnished a Performance Bond.

# Additional Consultants that May Be Needed for Your Project

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## **Structural Engineer**

While I do basic structural engineering for most single-story projects myself, if your project involves a second-story addition, needs a carefully engineered foundation (such as a drilled pier and grade beam foundation), special seismic bracing schemes (moment-resisting frames), or demands more than average structural complexity, a structural engineer will need to be involved.

It's possible that your choice of a particular design will trigger the need for a structural engineer. Therefore, the need for an independent engineer usually will be determined at the end of the Preliminary Design Phase. Occasionally, a Building Department may require a structural engineer for a certain aspect of a design.

## **Civil Engineer**

A civil engineer is usually called in when the design requires re-grading the land, such as when a new driveway is cut into a slope, or when major changes to the sewer, drainage, or septic system is needed. Again, these fees would be outside of my design fees.

## **A-V Designer**

I usually handle the lighting design for most projects myself. However, some projects may involve intricate control systems, unusual lighting applications, or highly advanced audio-visual design. In these cases, a specialist would need to be involved. Any costs associated with this professional would be outside of my design fees, unless their services are provided as part of the sale of the equipment.

## **Landscape Designer**

Plant materials and irrigation systems are beyond my area of expertise and scope of work. If you wish to have an outdoor area designed involving planting, a Landscape Architect or Designer would be involved. I usually design outdoor paving and structures, however, to make sure that the exterior is coordinated with the house and the interior design. Generally, clients contract directly with landscape professionals.

## **Consultants to be hired directly by you**

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You will be responsible for hiring the following consultants. However, I will be happy to provide names as well as to assist you in defining their required services.

### **Surveyor**

If the project will involve an addition close to a property line or setback, you may want to have a surveyor determine the exact location of the property lines. The City may require this, as well.

If the project is on a hillside slope, it will be important to have an accurate layout of the slopes so that the design will conform exactly.

### **Soils or Geotechnical Engineer**

If your project involves building on a hillside, or if it involves a foundation for which the soil stability and bearing capacity is critical, a soils test involving one or more borings, and related analysis and recommendations will be needed.

### **Special Inspections/Tests**

Some Building Departments require hiring an inspection company to observe and make appropriate tests for some aspects of construction. For example, the City might require an inspector to observe the steel reinforcing and placing of concrete for some types of foundations. Additionally, the inspector might be required to take samples of the concrete and test them for compressive strength. Usually the Building Department will make such requirements known during the plan checking process.

### **“Green” Consultant/HERS Rater**

Some municipalities and projects require a special consultant to certify that “green” materials and methods are being used. (Usually these consultants are certified as “Green Point Raters” by the Build It Green organization.) Additionally, depending on the energy calculations, your house may need a special inspection (HERS rater) of the mechanical system after it’s installed, to certify that it was installed correctly.

# Budget & Schedule

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## Budget

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Making sure that the project does not exceed the budget is, of course, very important to most people. We will have discussed your budget during the initial consultation, and I will respect this target figure unless you tell me otherwise. But even with the project defined down to the last nail, please be aware that the cost of the project may be wildly different depending on which contractor is building it.

### Cost Estimates

I am a big fan of getting cost estimates, especially, early in the process. But let me be blunt: I am not a professional cost estimator, nor do I provide estimates as part of my services. These are properly the territory of contractors and independent cost estimators, who are on top of current material and subcontractor pricing.

Although I will do my professional best in working with you and the contractor to meet your budget, there are many variables going into the final construction price over which I have no control, such as the contractor's overhead and profit markup, current labor rates, available discounts, fluctuations in the cost of materials, client-requested changes, inflation, hidden conditions in the existing house, and a host of others. Also, a kitchen of exactly the same size and layout could range in cost from, say, \$80,000 to well over \$180,000 just from the Client's final selection of finishes, cabinets, and appliances alone.

Therefore, although I can tell you what similarly-sized projects have cost, I cannot guarantee that your project will be built for a certain amount.

Cost estimates are done to reduce the element of uncertainty, but the less detail involved, the less accurate the estimate may be. Conversely, the more detail, the more accuracy possible. Preliminary designs might be estimated with, say,  $\pm 30\%$  accuracy. Detailed design might bring the accuracy to within  $\pm 15\%$ . Fully detailed plans and specifications will bring the opportunity for accuracy to possibly  $\pm 5\%$ .

### Importance of Contingency Fund

Regardless of your project budget, you should have at least 10%-15% above and beyond the initial construction cost set aside as a contingency fund. It is the nature of residential remodeling that there will be extras! Plan on it and be prepared to spend the money cheerfully. (Even if not enthusiastically...) Most problems surface during the demolition process. If the demolition is completed and it appears that there won't be any major additional costs required, you can consider putting some of the contingency fund back into the project.

## Schedule

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If you have a deadline for your project, please let me know. I will prepare a schedule for the overall project to see if it can be accomplished reasonably in your time frame.

In the Design Phases, you will have some responsibility for the overall project schedule. You will have many choices to make -- materials, floor plans, and so forth. If these decisions are not made in a timely manner, they could impact the overall schedule. The overall project schedule will show you how long you have to make decisions, and if it will affect the overall schedule.

To help keep the construction on schedule, I generally ask the contractor to provide in bar chart or similar form a schedule for the major portions of the work. This gives us the opportunity to find out as early as possible if the construction schedule is getting off track, and discuss with the contractor ways to get it back on schedule.

Please keep in mind, though, that there are still quite a few unknowns that could affect the project schedule. These include: delays in the Building Department's plan review, unknown existing conditions that need to be corrected, delays due to weather and labor strikes, and client-initiated changes.

So while a guaranteed completion date is not possible, I will be happy to work with you and the contractor to reduce the construction time, if necessary. This might involve simplifying the design or using alternate materials that are obtainable more quickly.

# How Fees are Charged

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## Basic Services

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A **non-refundable deposit of \$1,000** is charged with the initial letter of agreement and will be credited towards the Preliminary Design services. Because I am a small firm and must work on a “first come, first served” basis, the receipt of the deposit sets your place in line and guarantees my availability. When I receive this along with the signed letter of agreement, I will let you know the exact date I will be able to start your project. If this is not soon enough for your needs, the deposit will be returned with no penalty.

**Preliminary Design** services are performed for a fixed fee, which is separate from the rest of the project design fee.

**Detailed Design, Contract Documents, and Construction Period Services** will be done for a fixed fee, to be determined at the conclusion of the Preliminary Design Phase. The reason this fee is difficult to determine earlier is that many clients will be considering several radically different design options, each with correspondingly different amounts of engineering, details, and specifications required. Until a specific design is selected I cannot determine the exact amount of involvement needed to complete the project. However, some rough guidelines of typical fees are included below.

The **Detailed Design** Phase represents roughly 40% of the total fee.

The **Contract Documents** Phase represents about another 40% of the total fee.

The **Construction Period Services** Phase represents the final 20% of the fee.

For projects that last more than twelve months beyond the originally projected completion date due to unforeseeable circumstances, a 10% surcharge will be added to any portion of the original fee for any phases uncompleted. (Example: A project has completed the Contract Documents Phase and the project is put “on hold” for a year. If the total fee was originally \$30,000, the \$6,000 Construction Period fee would become \$6,600.) This surcharge will be added at each 12-month interval.

## Reimbursable Expenses

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The following charges are not included in the basic fee estimates and will be billed to you at my cost, plus 15%:

- Reproductions, including “blueprints” and CAD plotting, and photocopying done outside of my office. Normal office photocopying is included in my fee. However, I

- Unusual postage charges, such as Express Mail or mailing heavy items, or courier service. Postage for normal correspondence (letters and the like) is normally not invoiced.
- Charges for finish material samples, such as ceramic tile or marble/granite. If samples are free from the supplier, you will not be charged.
- Costs for engineering or other design consultants, identified at the end of the Preliminary Design Phase, and reviewed with you. **Optionally, you may hire them directly at your own cost with no mark-up. Generally, I prefer this.**

### **Travel Time**

**All travel time for Basic Services is included in your fee.**

## **Other Costs Not Included in the Basic Services Fees (Additional Services)**

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The following are unforeseeable, and if occurring will be billed at a rate of \$200/hour, in 1/10 hour (six-minute) increments, including travel time:

- Accompanied shopping trips beyond those already included in our Letter of Agreement.
- Client-requested revisions and/or meetings beyond those already included, or revisions that I must make because of incorrect information given to me by governmental agencies or other sources of technical information.
- Time required for public agency hearings or meetings, other than the standard submission for building permit and one public hearing. This might include, for example: special design review, additional public hearings, variances, meetings with code officials during plan review, etc.
- Coordinating changes resulting from discovered conditions or contractor-requested substitutions or modifications.
- Interior Design services relating to furnishings, fabrics, and window treatments.
- Business license fee, if required by local municipality, other than my main place of business.
- E-mails (sent or received) exceeding 300 per project will be billed at 4 hours/100 e-mails, or fraction thereof.

If the project scope is increased significantly after the preliminary design is complete (let's say you suddenly decide to add a second story; don't laugh – it's happened!), I will quote a revised fee and get your approval before proceeding.

## Billing

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Invoices are sent monthly or at the end of a phase, whichever comes first. Amounts unpaid after 30 days will accrue a service charge of 1-1/2% per month, starting on the invoice date.

At your option, you may prepay the Preliminary Design **or** Detailed Design/Construction Document/Construction Period services fee in full prior to the start of that phase, **and take a 10% discount from these fees.**

## Project Cancellation

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Please understand that in accepting your project, I will be turning down other work for the same calendar period, and that this turned-down work is typically non-recoverable. Therefore, **if the project is cancelled by you for any reason, the deposit and any pre-paid fees are non-refundable.** However, if unforeseeable circumstances cause *me* to have to terminate my services, any unused fees will be refunded.

## Purchase of Products

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As a courtesy to my clients, if a trade-only discount (often 30%-50% off retail price!) is available for some "designer" products, I will make these products available for my net or wholesale cost, plus a 15% purchase management fee. I will be acting as your agent in these purchases (i.e., I am not buying these wholesale and re-selling them unless so required by the supplier), and you will be responsible for paying all taxes, shipping, and other costs. Additionally, you will be liable for any cancellation or restocking charges if the order is cancelled. The purchase management fee will be considered earned when the order is placed, and is non-refundable, even if the order is later cancelled.

I will also charge a 15% purchase management fee for any products using my resources that I am directly coordinating, such as prefabricated or custom cabinets, or custom fabricated items such as draperies. Items that I've only specified, and which are purchased directly by the Contractor or by you, using your sources or the Contractor's sources, do not incur any fee.

I will ask you to approve all purchase orders in writing. Payment will be required on the typical industry pro forma basis (roughly 50% deposit, balance due prior to delivery), unless the supplier requires otherwise.

These purchases are provided only as a courtesy to my clients and I cannot guarantee any delivery dates or make any warranties of sale, and I cannot be held responsible for any delays or damages due to circumstances beyond my control.

Some suppliers (cabinet suppliers, especially) often sell direct to a design professional's client and provide a "referral fee" to these trade professionals, rather than discount the products for trade-only resale. Any such referral fee will be credited towards the purchase management fee. If a supplier provides a referral fee of more than 15%, any amount in excess of this will either be credited to you on an invoice, or applied to your purchase price, and no other purchase management fee will be charged for that item.

## **Interior Design Services**

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Interior design services related to furnishings, fabrics, window treatments, and similar non-built-in items, will be provided at the standard rate of \$200 per hour, which may be adjusted on an annual basis. **However, purchase management fees (described below) specifically related to these items may be applied towards these Services. In other words, you will be charged only the greater of the total time expended or the purchase management fee.**

Example 1:

20 hours are expended shopping and arranging orders for furniture and other decorative items. (\$4,000 in fees is earned.) You decide to purchase \$20,000 (wholesale or trade cost) worth of furniture. The purchase management fee (15%) is \$3,000. This may be applied towards the shopping time fees, so you would owe only a NET of \$1,000 above the purchase price plus the management fee for these Interior Design Services.

Example 2:

2 hours (\$400) are spent helping you pick out a rug that has a trade cost of \$6,000. The purchase management fee (15%) would be \$900. In this case, you would only owe the \$6,900 for the rug, and the interior design time would be essentially "free."

### **PLEASE NOTE:**

**Purchase management fees will be applied only to Interior Design Services occurring within 30 days of placing order.**

Purchase management fees will be applied towards Additional Services related to Interior Design Services only. Any purchase management fee for "built-in" items, like cabinets or light fixtures, does not qualify for this credit.

# Other Things You Will Be Responsible For

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- **Asbestos (and other hazardous materials) Abatement.**

Although the use of friable asbestos was outlawed in 1978, it was sometimes used into the early 1980's. If you have a house built before the early 1980's, you may need to hire an asbestos abatement contractor to survey and take care of conditions affecting the proposed construction. I generally recommend that this be done prior to the start of construction so that you know what your abatement costs will be, and so that construction is not delayed during the abatement process.

The issues are similar for PCB, lead-based paint, radon, and other hazardous substances.

Determining the extent and making recommendations for the removal of hazardous materials is beyond the scope of my expertise and I will not get involved in the abatement or mitigation process in any way. Additionally, you agree to hold me harmless from any claims arising from work involving existing hazardous substances.

- **Investigations necessary to complete the final construction drawings.**

For example, you may need to have someone dig under the existing foundation to find out how deep it is, or trace an underground sewer line. I can suggest appropriate people for this, if necessary.

- **Informing me *in writing* of any known sensitivities or allergies to construction materials that someone in your household may have.**

- **Informing me of any existing easements or restrictions on the use of your property.** Often this information is contained in the preliminary title report issued by your title insurance company. If any additional research is required, your title insurance company can advise you.

- **Providing me with information regarding your insurance requirements for the contractor.** As with legal advice, I cannot provide insurance advice. You should review your insurance needs with your insurance advisor and let me know of specific coverages that you will require the contractor to provide, if any. In some cases, if you require high amounts of liability coverage, this may limit the selection of contractors, so you should determine this information early.

# Realistic Expectations for Your Architect

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Major construction projects are not frequent events for most people, and many of my clients are “first-timers.” Everyone wants their project to go smoothly, to be absolutely problem-free, to be “perfect.” This is an unrealistic expectation for residential construction, however. Many inexperienced homeowners, when confronted by a typical construction problem (let's call it “issue”), tend to think that somebody has made a mistake and better pay for it. Although this may sometimes be the case, usually it's just the nature of residential construction.

For example, suppose during demolition the existing ceiling is torn down and it's discovered that a beam needs to be added to support the new ceiling. And it's going to cost an extra \$500 to add the beam. Who pays for that? Shouldn't it have been in the drawings in the first place? And shouldn't the contractor be responsible for doing whatever it takes to get the project done for the agreed upon price?

At times like this it's important to remember that neither your architect nor your contractor have x-ray eyes. But if they did, and had included it on the drawings and in the bid, the bid would have been \$500 higher. So ultimately you are not paying any higher price than you would have if the condition had been anticipated.

There will probably be a number of “issues” like this on your project, which generate “extras” for the contractor. Plan on them in advance. (Remember the importance of the contingency fund?)

A number of aspects of the construction process are outside of my control and I can't make any guarantees regarding them:

- Performance of the Contractor and Subcontractors
- Final construction cost
- That contractor has paid subcontractors
- That the project will be approved by the City

I try very hard to return all calls the same day, the next day at the latest. However, please keep in mind that I must give priority to projects that are under construction. (Yours will get the same consideration, too!) If a flurry of construction issues suddenly arises, sometimes projects that are in the design stage suffer a delay of a day or two. Your understanding is appreciated if this situation occurs. Fortunately, it seldom does.

# Some Ways to Make the Construction Process Less Stressful and Avoid Problems

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## Before Construction Starts

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Before the Contractor lifts a hammer in your house, make sure that you have received a Certificate of Insurance from the Contractor's insurance agent. Review it carefully with your own insurance advisor. I generally request in the specifications that you and I be named as "additional insureds" under the Contractor's policy. Please verify this provision, along with Workers' Compensation coverage (which is required by law).

I highly recommend a pre-construction conference with the Contractor to discuss a variety of issues such as: working hours, storage areas, parking, how to handle small children and pets, protecting your property, who gets keys, and other topics relevant to your project.

If you have an expensive jewelry collection, a gun collection, or other valuables that might be tempting, it's only prudent to store them off-site temporarily. Most contractors are scrupulously honest, but a large number of delivery people and subcontractors will be going in and out of your house. Consider any other property that might be easily damaged. (Maybe that prize-winning rose bush would be safer elsewhere...)

## During Construction

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One of the keys to effective residential construction management is communication. In general, I strongly recommend using your Architect as your representative to communicate with the Contractor. On the face of it, it seems perhaps more cumbersome and inefficient. After all, you're there on a daily basis, face-to-face with the Contractor.

But your Architect can do a number of things for you: absorb headaches that you would normally have to deal with, answer questions with knowledge of other related issues that you might not consider, spot potential problems before they occur and become costly, act as an objective source if a dispute between you and the contractor were to occur, and provide a sounding board for your requests.

Expect some extra stress in your life, though. Even the smoothest of projects can take its toll. If your project is major, you might consider renting accommodations during construction. When compared to the overall cost of construction, a rental haven is often a small price to pay for your sanity.

# Additional Terms and Conditions

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## **Ownership of Documents**

In accordance with industry practice, all drawings and other documents are intended as instruments of service and will remain my property under my copyright. You may have reproducible copies for your use in constructing your project, however. Documents in modifiable electronic format will not be provided under any circumstances.

## **Right to Stop Work**

If payment for services is not received within 14 days of the invoice, unless other arrangements have been made, I will have the option to take non-payment as constructive notice to stop work, and may elect to not proceed with services until payment is made current. You agree that you will hold me harmless from damages or delays to the project that result from stopping work due to non-payment of fees.

## **Disputes**

All disputes shall be settled under the laws and jurisdiction of the County of San Mateo.

We agree that any dispute unable to be resolved through direct discussions or Small Claims court shall be settled by arbitration in accordance with the rules of the American Arbitration Association (AAA), using an AAA arbitrator acceptable to both parties. Any award rendered by the arbitrator(s) shall be final, and judgement may be entered upon it in accordance with applicable law in any court having jurisdiction thereof.

## **Termination of Agreement**

My services may be terminated at any time by either party, by written notification. In this event, final payment shall be promptly made based on the percentage of the phase actually completed as of the date of termination. If **you** terminate the agreement, you will be charged actual fees accrued for that phase, plus a cancellation penalty of 10% of that phase's total fee, unless you have taken advantage of the non-refundable prepayment discount. If **I** terminate the agreement, there is no cancellation penalty charged. If you cancel the project prior to the start of commencement of my services, the liability would be limited to the initial deposit.

If my services are terminated and my drawings and specifications are later used to build your project without my normal involvement, you agree to hold harmless, indemnify, and defend me from and against any damages or claims resulting from the mis-interpretation, modification, or misuse of the design or construction documents, excepting only those claims arising out of my firm's sole negligence.

## **Photo Privileges**

You agree to let me photograph the completed project and use those photos for publication or other publicity, although your name will not be used without your consent.

## Some Final Words

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Throughout the project, whether Design Phase or Construction Phase, the best way to make sure that your concerns (if you have any) get resolved is to communicate them to me. Although this probably seems obvious when the pressure of the project hasn't started, clients occasionally seem to forget once the process gets going.

Usually it's over something rather trivial initially, yet it builds up over time and assumes seemingly monumental proportions. For example, a client once started having second thoughts about her kitchen's new location after approving the designs, reviewing the construction documents, and authorizing construction to start. Well, it turns out that she was never entirely comfortable with the new design, but didn't say anything. Maybe she was concerned about seeming indecisive. Maybe she thought I would be offended by her suggestions. I'll probably never know her reasons, but she lived in a state of ill-ease for weeks until she just couldn't stand it any more and had to say something!

We quickly came up with a new design (in mid-construction) that she was ecstatic with, and got the contractor going in a new direction with very little extra time and expense. But weeks of agonizing could have been prevented by a little extra communication at the beginning.

My philosophy of design is first and foremost that you need to be happy with the results. I also firmly believe that it's my job to give you my best professional recommendations on design and construction, yet they are just that -- recommendations. It's your house and if you've always wanted a hot pink living room (although I know you don't, do you?) I will do my best to help you get it.

Please remember as we go along in this process that I value hearing your ideas, suggestions, and concerns. If at any time, you feel that something isn't right, let's discuss it. I want you to be happy with your project!