

Depending on the size, scope & duration of a given project completed by Lord & Lady Construction LLC (Lord & Lady) payments and payment arrangements vary. The following document outlines those variations and policies.

## *Types of Projects*

The first determinate for how project payments are arranged - is what type of project it is. Here at Lord & Lady we have two basic types of projects: (1) hourly projects that are not estimated ahead of time (*"handyman" type work*) and are billed after the work is completed and (2) contracted projects that have been estimated, discussed and priced out ahead of time. Due to the differences in these two types of projects, the payments and billing for each is handled differently.

### **(1) Hourly Projects**

At Lord & Lady no job is too small: hanging speakers, fire alarms, installing thermostats, adjusting doors, etc. When we receive a project such as this, we typically do not estimate the project ahead of time. We merely inform the clients of the hourly rate (*varies*) for the work and set a date and time to arrive and complete the work. While working we keep track of the time spent on your project and all materials used. The total of these two aspects is calculated when the projects are finished and payment is expected at the time of completion. An invoice reflecting the paid balance will then be sent to the client, for their records. Because payment of the project is due upon completion and because most hourly projects do not take an excessive amount of time, we ask that someone be home while work is completed on hourly projects.

If payment is not made on the day of completion an interest rate of 2% will be compounded monthly. If no payment has been made within 90 days of completing work, further actions may be taken.

### **(2) Estimated Projects**

Larger projects that are going to take more time to complete or that are going to exceed two-hundred dollars typically have estimates created first. These estimates first require that Lord & Lady comes to the location of your project and discuss what you are hoping to have completed. Lord & Lady will then research any aspects necessary for your project, check prices, verify information and put together your estimate. Depending on the size of the project and the number of details already decided by the client, this step can take anywhere from a few days to a few weeks. Once an estimate is turned over to the clients, there is obviously a time of review and discussion over the aspects of the estimate. Once the client decides to move forward on the project Lord & Lady will send any additional questions or details of the project, a timeline for starting the project, contracts and a certainty pledge. The contracts outline the project and the expected costs and are signed by Lord & Lady and the clients. At this time the project is set, and a full materials deposit, quarter labor deposit and any "other" fees (*trash, permits, subcontractor deposits, etc*) are required at signing (*the total of this deposit obviously varies from project-to-project and is figured based on each estimate*). Materials can not begin to be purchased until deposits are set, so the project can not move forward until a full deposit is made.

## *Duration of Projects*

Depending on the length of time required to complete the construction of a project the payment policies vary (*waiting for material deliveries from companies, without construction underway, is not considered as a project "under construction"*). Typically, there are (3) short-term projects (*construction that take less than a month to complete*) or (4) long-term projects (*construction that take more than a month to complete*). The differences between these two project payments are explained below.

### **(3) Estimated Short-term Projects**

Being an estimated project, the first deposit (*materials, 1/4 labor and other fees*) are due when contracts are signed. As a project progresses in the construction phase, occasionally, there are unexpected problems or additional expenses that come up. Additional expenses that exceed the projected estimate costs by more than \$200 dollars will be discussed with the client prior to carrying out the additional work. Additional expenses that do not exceed \$200 will be added to the final

bill. Once the project is near completion, all the numbers will be examined by Lord & Lady, the actual material and labor costs will be compared to the estimated costs. If costs are lower than in the estimate the final bill will be adjusted to reflect these savings. On the final day of completion of any estimated project, the client will meet with Lord & Lady on-site and review the finished project, making sure that all aspects meet the clients expectations and standards. Assuming everything is complete, the contracts will then be signed by the client stating that all work contracted was completed by Lord & Lady. At this time the entire remaining balance is due to Lord & Lady. The only exception to this policy is if a payment plan has been arranged with Lord & Lady prior to the final completion day (*please see section (5) on page 3 for details about payment plans*). However, all payment plans require that a payment is made on the final completion day.

If an estimated short-term project becomes larger and therefore becomes a long-term project, the payment arrangements will then need to be paid as an estimated long-term project.

If the remaining balance is not paid on the date of completion and no payment arrangements have been set-up between Lord & Lady and the clients, a interest rate of 2% will be compounded monthly. If payment is not made on the date of completion, further action may be taken.

#### **(4) Estimated Long-term Projects**

As with estimated short-term projects, the first deposit (*materials, ¼ labor and other fees*) on an estimated long-term project is due when contracts are signed. Again, as with estimated short-term projects, unexpected problems or additions on a project may come up once construction is underway. Our policy for additional costs remains the same in every type of project, additional costs over \$200 are never carried out, until the Lord & Lady has the clients approval and change orders for the additional work are drawn up. Additional expenses that do not exceed \$200 will be added to the final bill.

Because long-term projects are a month or longer in construction duration and the initial deposit only covers quarter of the labor fees, Lord & Lady requires that on long-term projects payments be made every 30 days, once the project is started. The remaining Lord & Lady labor fees are to be evenly divided amongst the months required to finish the project, subcontractor fees are due the month of the subcontractor work. Basically this means that if a project is going to take approximately two months to complete: there would be the initial deposit that includes all materials, a quarter of the labor and other fees; then after the first 30 days there would be a payment that covers half of the remaining labor fee and any subcontractor fees from the month; then when the project was finished in the final month the entire remaining balance from the revised bill would be due on the day of completion.

If the project ends up taking longer than initially projected, the remaining balance can then be divided evenly amongst the new timeline, remembering the subcontractor fees are not divided and must be paid the month of the subcontractor work.

If the remaining balance is not paid on the date of completion and no payment arrangements (*please see section (5) on this page for details about payment plans*) have been set-up between Lord & Lady and the clients, a interest rate of 2% will be compounded monthly. If payment is not made on the date of completion, further action may be taken.

#### **(5) Payment Plans**

In some special circumstances clients find it more convenient to make payment arrangements for the remaining balance, rather than make one final payment on the date of completion. Lord & Lady can not offer this option on every project. It is not available on projects that have had additional discounts applied to the balance, on projects that have not had deposits or payments made on time, or for clients that have failed to meet payment expectations on previous jobs. Lord & Lady may require credit verifications and/or references to allow a payment plan on a project.

All payment plans must be set-up and agreed upon prior to completion of project. Payment plans will not be arranged on date of completion for a project.

Payment plan arrangements may vary based upon the clients needs, however, every payment plan requires that at least

twenty-five percent of the remaining labor fees, one-hundred percent of the material, equipment and subcontractor fees are paid on the date of completion. Most payment plans arranged will remain interest-free, unless the client breaks the payment plan and payment(s) are not received.

Most payment plans arranged then split the remaining balance into three successive monthly payments, then resolving the final balance within four months of the completed work. Further discussions between Lord & Lady and clients can be held if this arrangement could use further adjustments to meet the situation. Lord & Lady Construction does not and can not offer any payment plans that extend beyond one year from the date of completion.

If scheduled payments are not made the total remaining balance will begin to compound interest monthly at 2%. If payment(s) are still not made, further action may be taken.

A project's warranty is not valid until final payment is completed. If warranty work is necessary, all remaining balances must be paid in full. A payment plan does not extend the warranty. All warranties start from the day of completion, when contracts are signed. A project must be paid in full for any warranty work to be performed.

Please contact Laura at Lord & Lady Construction if you have questions or are interested in a payment plan.

Lord and Lady Construction is a eco-construction company bringing expertise, skill and passion to all your construction needs. We are proud to offer you the following range of services: custom home building, remodeling, appliance installations, door & window installations, painting & drywall, refinishing, landscaping, masonry, stone & brickwork, roofing, tilework & flooring, cabinetry & woodwork and carpentry. Please contact us with any questions we would love to hear from you. Visit our web site today for more information [www.LordandLadyConstruction.com](http://www.LordandLadyConstruction.com)