

▶ **A CONTRACT FOR THE CONSTRUCTION AND DELIVERY OF A RESIDENTIAL HOUSE**

This agreement is made and entered between Karakore Real Estate PLC, a real estate development company, registered under the law of Ethiopia and having its head office at Addis Ababa, Kolfe Keranio sub city, Kebele 04, House No----- hereinafter referred to as **“Developer”** on the one part.

And

Mr./Ms: _____

Address: _____

Telephone _____ P.O.Box: _____ E-mail _____ The prospective owner of a residential house to be constructed under the terms of this agreement hereinafter referred to as the "Client" on the other part.

WHEREAS the Developer has secured a land on a lease basis at convenient location in Addis Ababa, Kolfe keranio sub city, Kebele 04 / Karakore area on which it is planning to develop residential houses,

WHEREAS that the location of the land is in the interest of the Client, and the Client is desirous to employ the Developer to build residential house that meet his/ her financial capacity and personal requirements;

NOW THEREFORE the Developer and the Client have freely consented to all the terms and conditions contained herein as follows:-

▶ **SCOPE OF THE AGREEMENT**

The scope of this Agreement relates to Build the residential house on the selected plot of land in line with the specification with utility lines in accordance with the basic standard requirements of the country, Handing over and Transferring the ownership title there of.

▶ **TYPE AND SPECIFICATIONS OF THE HOUSE**

2.1 The type of the House agreed to be built is _____

2.2 The plot area is _____ square meters located at the Developers site Block Plot No. _____.

2.1 The built up area of the house is _____ square meters.

_____ Ground Floor. *[If applicable]*

_____ First Floor. *[If applicable]*

_____ Second Floor. *[If applicable]*

2.3 The house will have totally _____ rooms the details of which as follows:-

- Bed rooms _____
- living and dining rooms _____
- Kitchens _____
- Bath rooms _____
- Office _____
- Maids room _____
- Laundry _____

2.4 The module of the House, floor area and the number of rooms, type and quality of building materials, specification and other related plans i.e. structural, electrical and sanitary designs and works shall be in accordance with Annexes attached to this agreement, and shall form an integral part of same.

▶ **UTILITIES**

The Developer shall furnish the house with utilities i.e. **electricity, water and telephone** line at its own expense.

▶ **REGISTRATION FEE**

A registration fee of Birr _____ (Birr _____), which is non refundable in any way is effected by the client to the Developer.

▶ **COMMENCEMENT OF CONSTRUCTION**

5.1 Unless otherwise there is a force majeure or beyond our control the developer shall start the construction of the house with in three months from the date of signing of this contract.

5.2 If the developer fails to start the construction with out good cause with in the time limit mentioned above, the client has a right to invalidate the contract and collect back his/her/ its money. In this case the developer has to refund the client's money as soon as possible with out any preconditions.

▶ **PRICE AND TERMS OF PAYMENT**

6.1 The price of the House Shall be ? Ethiopian Birr including 15%VAT.

6.2 The Terms of payment of the sales price shall be as follows:-

15% of the total sales price i.e. Ethiopian Birr ? upon signing of the contract.

15% of the total sales price i.e. Ethiopian Birr ? upon completion of the foundation.

25% of the total sales price i.e. Ethiopian Birr ? upon completion of brick work..

25% of the total sales price i.e. Ethiopian Birr ? upon completion of roofing.

20% of the total sales price i.e Ethiopian Birr ? upon completion of finishing & hand over the key.

6.3 Except the first payment which is 30% of the total price, the remaining payments shall be effected to the Developer within **Thirty (30)** days after the receipt of the payment notification by the client at his\her\its address

mentioned herein above.

6.4 If the Client fails to effect the payment as provided under article 6.3 He\she\it shall pay to the Developer from the expiry date of the 30 days time limit 0.05% damage per day on the unpaid balance of the matured sum.

6.5 If the Client fails to pay in accordance to Article 6.3. and 6.4 herein above within ninety (90) days, the developer shall have full power to invalidate and bring an end to the contract and shall deduct **20%(twenty percent)** from payments effected by the client as damage and return the remaining balance. In case of invalidation of the contract the client shall not pay the damage provided under articles 6.4 of this contract.

6.6 If the Client wants to change the finishing materials standard after the contract agreement, s/he will have to pay the extra cost.

▶ **HANDING OVER AND TRANSFER OF OWNERSHIP TITLE**

7.1. **The Developer shall hand over the house within eighteen (18) months from the commencement of construction. If the Developer finds it difficult to honor the period of handing over by factors outside its control, it shall have the right to extend the period for three months.**

7.2 The Developer shall ensure that the House is constructed in accordance with the site or floor plan, specifications and designs on the day of handing over. It shall also ensure availability of utilities i.e. elctricity, water, telephone line. The Hand over of the House shall be executed in writing.

7.3 Within three months after the hand over the Developer shall give full set of documents to the client to enable the latter to transfer the ownership title of the house and the lease agreement in his/her/its own name .The Developer is also duty bound to facilitate the ownership and lease agreement transfer and to give any assistance the client reasonably requires.

7.4 The client shall cover all expenses and payments for the transfer of the ownership title of the house.

7.5 The Client shall settle the 80% outstanding lease balance. Immediately after hand over of the house by the builder to the client, the lease agreement entered between the builder and the pertinent Regional Government Authority signed on November 23,2004 shall continue with the Client instead of the Developer. The Developer shall facilitate such arrangement. The rate of the land lease is Birr 319.39/ three hundred and nineteen 39/100 birr/per sq. meter, for 99/ninety nine/ years.

▶ **DEVELOPER'S GUARANTEE AND RECTIFICATION**

8.1 The Developer shall stand responsible for **24 months** for any structural defects unless caused by natural causes or mishandling by the Client.

8.2 The Client is duty bound to notify in writing as soon as he/she/it witnesses the defects, if any.

▶ **APPLICABLE LAW AND SETTLEMENT OF DISPUTES**

9.1 The applicable law for this contract shall be the laws of The Federal Democratic Republic of Ethiopia.

9.2 All disputes arising from this contract shall be referred to arbitration tribunal which shall be composed of three

arbitrators.

9.3 The party desirous to initiate arbitration proceedings shall elect his/her/its arbitrator and serve a written request the other party to elect his/her/its arbitrator.

9.4 Within 30 (thirty) days of receipt of the notice mentioned above under 9.3 the other party shall notify the name of his/her/its arbitrator. In the event that the other party fails to appoint his/her/its arbitrator within 30 (thirty) days from the date of receiving the written notice, the case shall be referred and decided by the sole arbitrator appointed by the party who initiated the arbitration proceeding.

9.5 The two arbitrators shall elect the umpire to preside over the arbitration proceeding. In the event the two arbitrators fail to elect the umpire, the Court shall appoint.

9.6 The venue of arbitration shall be in Addis Ababa.

9.7 The decision of the arbitrators shall be non appeal able and final on both parties.

9.8 The language of arbitration shall be Amharic.

▶ **NOTICE**

Any notice to be given under this Agreement shall be in writing. Where the notice is served it shall be sent by registered mail or delivered to the party's address referred in the introductory paragraph of this agreement or to authorize representative, unless either party is notified in writing of a different address to be used.

▶ **EFFECTIVE DATE**

This Contract shall come in to effect upon the date the parties hereto affix their signatures.

INTENDING TO BE LEGALLY BOUND, this Contract made and executed in

Addis Ababa this _____ day of _____.

FOR THE Developer

FOR THE CLIENT

WITNESS

NAME

SIGNATURE

DATE

1. _____

2. _____