



INSTRUCTIONS — NOT PART OF THE AGREEMENT

Before You Begin: This template helps you understand what a strong Maryland contractor agreement looks like. It is an educational starting point provided by jaspector.com — not a finished contract, and not legal advice. Maryland law imposes specific requirements on home improvement contracts, and local jurisdictions may add further obligations. Have this document reviewed by a Maryland-licensed attorney before use. Use of this template does not create an attorney-client relationship, and jaspector.com assumes no liability for any outcomes arising from its use.

How to Use This Template

This template was built by **jaspector.com** to help Maryland homeowners protect themselves when hiring a contractor. It reflects Maryland Home Improvement Commission (MHIC) licensing requirements, the one-third deposit cap, three-day cancellation rights (and the extended seven-day right for homeowners 65 and older), and Maryland mechanics' lien protections.

1. **Verify the contractor's MHIC license.** Use the Maryland Department of Labor lookup at dllr.state.md.us/license/mhic/ to confirm the license is active and the name on the license matches the business taking your deposit.
2. **Download and print this document.** Fill in all blank fields — do not leave any section empty. Maryland law requires a completely filled-in contract before work begins.
3. **Review each Maryland note box.** These boxes highlight state-specific legal protections. Read them carefully — they explain your rights as a homeowner.
4. **Both parties sign.** You and the contractor each get a signed copy before any work starts.
5. **Consult an attorney.** This template is a starting point. For large projects or complex scopes, have a Maryland-licensed attorney review the agreement.

Field-by-Field Guide

- **Section 1 (Parties):** Fill in the legal names exactly as they appear on official documents. The contractor's MHIC license number is required by Maryland law.
- **Section 2 (Scope):** Be as specific as possible. "Bathroom remodel" is not enough — list materials, dimensions, finishes, and what is excluded.
- **Section 3 (Payment):** Maryland caps the down payment at one-third (1/3) of the total contract price. Tie every payment to a completed milestone, not a calendar date.
- **Section 4 (Timeline):** Get start and completion dates in writing. Fill in the delay penalties — these protect you if the contractor falls behind.

- **Section 7 (Warranties):** Fill in the warranty period. One year is common; negotiate for more on major work.
- **Section 9.3 (Cancellation):** If the contract was solicited at your home, you have three business days to cancel without penalty. If you are 65 or older, you may have seven days under Maryland's door-to-door sales protections.
- **Section 14 (Exhibits):** Attach all plans, specs, and the contractor's MHIC license printout. Check each box for what you are including.

Maryland Legal Notes

Section 1 — MHIC Licensing

Maryland requires an MHIC license for home improvement work exceeding \$100 — one of the lowest thresholds in the country. This means virtually all paid residential improvement contractors must hold a valid MHIC credential. If a contractor claims their job is too small to require an MHIC license, ask for a detailed explanation. For work involving licensed trades (electrical, plumbing, HVAC), verify the separate state trade license in addition to the MHIC number.

Section 3.2 — Deposit Cap (One-Third Rule)

Under Md. Code, Bus. Reg. §8-505, a Maryland home improvement contractor may not demand or accept a down payment exceeding one-third (1/3) of the total contract price before work begins. If a contractor demands more, that is a violation of the Maryland Home Improvement Law and should be reported to MHIC.

Section 9.3 — Cancellation Rights

The standard Maryland cancellation period is three (3) business days when the contract was solicited at the homeowner's residence. For homeowners aged 65 or older, Maryland's Door-to-Door Sales statute (Com. Law §14-1303) may provide a seven (7)-day cancellation period when the contract arises from an in-home solicitation. The contractor must deliver a written cancellation notice form at the time of signing. If the contractor fails to provide this notice, the cancellation period is extended indefinitely until proper notice is given.

Section 11 — Mechanics' Liens

Maryland does not require subcontractors or suppliers to give the homeowner advance preliminary notice before filing a lien. A lien must be established within 180 days of the last day labor or materials were furnished. Because there is no mandatory preliminary notice, homeowners should obtain lien waivers with every payment — both from the general contractor and from any known subcontractors or suppliers.

Section 12 — MHIC Guaranty Fund

Maryland maintains a Home Improvement Guaranty Fund that may compensate homeowners who suffer financial losses due to a licensed contractor's failure to perform or improper work. Claims must be filed with MHIC. The fund has eligibility requirements and per-claim limits. Filing a guaranty fund claim does not prevent the homeowner from also pursuing civil legal action.

About **jaspector.com**

jaspector.com is an AI-powered property advisory service that helps homeowners navigate construction projects, verify contractors, and resolve disputes. If a dispute arises during your project, jaspector.com can help you document the issue and build a resolution strategy.

Learn more at **jaspector.com** or email hi@jaspector.com to get started.

The instructions above are provided by jaspector.com as an educational resource. They are not part of the agreement, do not constitute legal advice, and do not create an attorney-client or endorsement relationship.

MARYLAND HOMEOWNER-CONTRACTOR AGREEMENT

1. Parties

Homeowner (Property Owner)

Name(s)

Property Address

Mailing Address (if different)

Phone

Email

Contractor

Business Name (Legal Entity)

MHIC License Number

Qualifying Individual Name

Business Address

Phone

Email

Workers' Compensation Policy #

General Liability Policy #

Maryland Requirement: Verify the contractor's MHIC license at dlr.state.md.us/license/mhic/ before signing. Confirm the license is active and the name on the license matches the business taking your deposit. Maryland requires an MHIC license for home improvement work exceeding \$100.

2. Scope of Work

2.1 Project Description

Describe the work in specific, measurable detail. Include materials, methods, dimensions, and reference any plans, drawings, or specifications attached as exhibits.

2.2 Work NOT Included

Explicitly list work excluded from this contract to prevent scope disputes.

2.3 Permits and Inspections

- Contractor is responsible for obtaining all required building permits
- Contractor is responsible for scheduling all required inspections
- Permit costs are: Included in contract price / Billed separately at cost

Maryland Note: The contractor should pull all necessary permits. If a contractor asks the homeowner to pull the permit, that may indicate the contractor lacks a valid MHIC license or the appropriate trade credential.

2.4 Plans and Specifications

- Attached as Exhibit A (architectural / engineering plans)
- Attached as Exhibit B (material specifications)
- No formal plans — scope defined by Section 2.1 above

3. Contract Price and Payment Schedule

3.1 Total Contract Price

Total Contract Price	\$ _____
Sales Tax (if applicable)	\$ _____
Permit Fees (if billed separately)	\$ _____
Total Amount Due	\$ _____

3.2 Payment Schedule

Maryland Law (Bus. Reg. §8-505): The contractor may not demand or accept a down payment exceeding **one-third (1/3) of the total contract price** before work begins. Subsequent payments must be tied to completed work milestones — not calendar dates.

Payment	Amount	Trigger (Work Milestone)
Down Payment	\$ _____	Upon signing (max 1/3 of contract price)
Progress Payment 1	\$ _____	_____
Progress Payment 2	\$ _____	_____
Progress Payment 3	\$ _____	_____
Final Payment	\$ _____	Completion and final inspection

Payment	Amount	Trigger (Work Milestone)
Total	\$ _____	

3.3 Payment Terms

- Payments are due within _____ days of written invoice
- Acceptable payment methods: _____
- No payment shall be due for work not yet performed or materials not yet delivered to the job site
- Final payment is due only after: (a) all work is complete, (b) final inspection is passed (if applicable), and (c) Homeowner has had reasonable opportunity to inspect

4. Project Timeline

Estimated Start Date _____

Estimated Completion Date _____

4.1 Delays

- Contractor shall notify Homeowner in writing within **48 hours** of any event that may delay the project
- Excusable delays include: weather, permit delays, material shortages, acts of God, government orders
- Non-excusable delays exceeding _____ business days entitle Homeowner to a daily credit of \$ _____ (liquidated damages), not to exceed _____ % of the total contract price
- If the project is not substantially complete within _____ days of the estimated completion date (excluding excusable delays), Homeowner may terminate this contract under Section 9

5. Change Orders

Any changes to the scope, price, or timeline of this contract must be documented in a written Change Order signed by both parties before the changed work begins.

Each Change Order shall include:

1. Description of the changed work
2. Addition to or deduction from the contract price
3. Impact on the project timeline
4. Signature of both Homeowner and Contractor

Maryland Requirement (Bus. Reg. §8-505): Any modification to a home improvement contract must be in writing and signed by both parties before the changed work begins. Oral modifications are not enforceable.

No verbal agreements will modify this contract.

6. Materials and Workmanship

6.1 Materials

- All materials shall be new unless otherwise specified in writing
- Specific materials, brands, and grades are listed in: Section 2.1 / Exhibit B
- Substitutions require prior written approval from Homeowner
- Contractor warrants that all materials comply with applicable building codes

6.2 Workmanship Standards

- All work shall be performed in a professional, workmanlike manner
- All work shall comply with applicable Maryland building codes and local ordinances
- All work shall conform to the plans, specifications, and scope described in this contract
- Contractor shall maintain a clean and safe job site

6.3 Subcontractors

- Contractor will / will not use subcontractors
- If subcontractors are used, Contractor remains fully responsible for their work, licensing, and insurance
- All subcontractors performing home improvement work exceeding \$100 must hold a valid MHIC license; trade work (electrical, plumbing, HVAC) requires the applicable Maryland trade license
- Homeowner may request MHIC license numbers for any subcontractor working on the project

7. Warranties

7.1 Contractor Warranty

Contractor warrants all labor and workmanship for a period of _____ year(s) from the date of completion. During this period, Contractor shall repair or correct, at Contractor's expense, any defects in workmanship or materials furnished by Contractor.

7.2 Manufacturer Warranties

Contractor shall provide Homeowner with all manufacturer warranties for materials and equipment installed. Contractor shall ensure installations comply with manufacturer specifications to preserve warranty coverage.

7.3 Warranty Exclusions

This warranty does not cover:

- Normal wear and tear
- Damage caused by Homeowner negligence or misuse
- Damage caused by third parties or acts of God
- Items specifically excluded in writing

8. Insurance and Bonding

8.1 Contractor Insurance Requirements

Contractor shall maintain, at minimum, the following coverage for the duration of the project:

Coverage	Minimum Amount
General Liability	\$ _____
Workers' Compensation	Statutory limits (required if Contractor has employees)
Automobile Liability (if applicable)	\$ _____

- Contractor shall provide certificates of insurance upon request
- Homeowner shall be named as additional insured on the general liability policy

8.2 MHIC Bond Requirement

Maryland Requirement: Licensed home improvement contractors must maintain a surety bond as a condition of MHIC licensure. Verify bond status as part of the MHIC license check at dlr.state.md.us/license/mhic/.

9. Termination

9.1 Homeowner's Right to Terminate

Homeowner may terminate this contract at any time by providing written notice to Contractor. Upon termination:

- Homeowner shall pay for all work satisfactorily completed and materials delivered to the job site as of the termination date
- Contractor shall provide an itemized accounting of all work completed and materials delivered within **10 business days** of termination
- Contractor shall not charge a cancellation penalty exceeding the actual costs reasonably incurred

9.2 Contractor's Right to Terminate

Contractor may terminate this contract if:

- Homeowner fails to make a payment due under this contract within _____ days of written notice of default
- Conditions at the job site make the work unsafe or illegal to continue

9.3 Cancellation Rights

Maryland Law (Bus. Reg. §8-505; Com. Law §14-1303): If this contract was solicited at the Homeowner's residence or at a location other than the Contractor's regular place of business, the Homeowner has the right to cancel this contract within **three (3) business days** of signing without penalty or obligation. For homeowners aged **65 or older**, Maryland's door-to-door sales protections may extend the cancellation period to **seven (7)**

days under certain solicitation circumstances (Com. Law §14-1303). The Contractor must provide a written “Notice of Cancellation” form at the time of signing. Failure to provide this notice extends the cancellation period until it is properly provided. To cancel, deliver or mail written notice to the Contractor's address listed in this contract.

10. Dispute Resolution

10.1 Informal Resolution

The parties agree to attempt informal resolution of any dispute by written notice describing the issue. The other party shall respond in writing within **15 business days**.

10.2 Mediation

If informal resolution fails, the parties agree to submit the dispute to non-binding mediation before a mutually agreed mediator. Mediation costs shall be shared equally.

10.3 MHIC Complaint

Maryland Resource: Homeowners may file a complaint with the Maryland Home Improvement Commission (MHIC) at any time. MHIC investigates complaints against licensed home improvement contractors and administers the Home Improvement Guaranty Fund. File at dlr.state.md.us/license/mhic/ or call 410-230-6231.

10.4 Legal Action

If mediation fails, either party may pursue legal action in the circuit court or District Court of the county where the property is located. The prevailing party shall be entitled to recover reasonable attorney's fees and costs. Maryland District Court handles claims up to \$30,000.

11. Mechanics' Lien Notice

Maryland Law (Real Prop. §9-101 et seq.): Maryland allows contractors, subcontractors, and material suppliers to place a mechanics' lien on your property if they are not paid for work or materials. A lien must be established within **180 days** of the last day labor or materials were provided. This lien can affect your ability to sell or refinance your property.

11.1 Protecting Against Mechanics' Liens

- Request **lien waivers** from the contractor and all subcontractors with each progress payment
- Request a **final lien waiver** from the contractor and all subcontractors upon final payment
- Consider requiring Contractor to provide a list of all subcontractors and material suppliers at the start of the project
- Verify that payments are flowing to subcontractors by requesting proof of payment before making progress payments

11.2 Preliminary Notice

Maryland does not require subcontractors or suppliers to serve preliminary notice before filing a lien. Because there is no mandatory advance warning, homeowners should obtain lien waivers with every payment. If you receive any written notice claiming lien rights, consult an attorney promptly.

12. Additional Maryland Requirements

12.1 Mandatory Contract Requirements Under Md. Code, Bus. Reg. §8-505

Maryland law requires that home improvement contracts include:

- The contractor's name, MHIC license number, and business address
- The homeowner's name and the address of the property
- A reasonably complete description of the work to be performed and materials to be used
- The total price and payment schedule
- The approximate start and completion dates
- A statement of the homeowner's three-day right to cancel (if applicable)
- A statement that the contractor is licensed by the Maryland Home Improvement Commission

12.2 Notice to Homeowner

“You are entitled to a completely filled-in copy of this agreement, signed by both you and the contractor, before any work may begin.” — Maryland Home Improvement Commission requirement (Bus. Reg. §8-505)

12.3 MHIC License Statement

Home improvement contractors in Maryland are required by law to be licensed by the Maryland Home Improvement Commission (MHIC), Maryland Department of Labor. Any questions concerning a contractor may be referred to the Maryland Home Improvement Commission, 1100 N. Eutaw Street, Baltimore, MD 21201. Phone: 410-230-6231.

12.4 MHIC Guaranty Fund Notice

Maryland maintains a Home Improvement Guaranty Fund. If a licensed contractor fails to perform or causes damage through improper work, the homeowner may be eligible for compensation from the fund, subject to eligibility requirements and fund limits. File a claim through the MHIC.

13. General Provisions

13.1 Entire Agreement

This contract, including all exhibits and change orders, constitutes the entire agreement between the parties. No prior verbal or written representations shall be binding unless incorporated herein.

13.2 Severability

If any provision of this contract is found unenforceable, the remaining provisions shall continue in full force and effect.

13.3 Governing Law

This contract shall be governed by the laws of the State of Maryland.

13.4 Notice

All notices under this contract shall be in writing and delivered to the addresses listed in Section 1, by personal delivery, certified mail, or email with confirmed receipt.

13.5 Assignment

Neither party may assign this contract without the prior written consent of the other party.

14. Exhibits and Attachments

- Exhibit A: Plans and Drawings
- Exhibit B: Material Specifications
- Exhibit C: Notice of Three-Day Right to Cancel
- Exhibit D: Contractor's MHC License Printout
- Exhibit E: Certificates of Insurance
- Additional: _____

Signatures

By signing below, both parties acknowledge that they have read, understand, and agree to all terms of this contract.

Homeowner

Signature

Printed Name

Date

Homeowner (if jointly owned)

Signature

Printed Name

Date

Contractor

Signature

Printed Name

Title

MHIC License #

Date

Maryland Pre-Signing Checklist (For Homeowner Use)

Before signing, confirm:

- Verified contractor's MHIC license is active at dlr.state.md.us/license/mhic/
- MHIC license name matches the business taking your deposit
- Workers' compensation status confirmed (if contractor has employees)
- MHIC bond status confirmed
- General liability insurance certificate obtained
- Down payment does not exceed one-third (1/3) of the total contract price
- Three-day right to cancel notice provided (if solicited at your home) — seven days if you are 65 or older
- All blank fields in this contract are filled in — no blank spaces
- Received a signed copy of the complete contract before work starts
- Payment schedule tied to work milestones, not calendar dates
- Plans, specs, and material lists are attached or described in detail
- Lien waiver plan discussed with contractor