



INSTRUCTIONS — NOT PART OF THE AGREEMENT

This template helps you understand what a strong Michigan contractor agreement looks like. It is an educational starting point provided by jaspector.com — not a finished contract, and not legal advice. Michigan law imposes specific requirements on residential construction contracts, and local jurisdictions may add further obligations. Have this document reviewed by a Michigan-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 Michigan homeowners protect themselves when hiring a contractor. It covers the key provisions relevant to Michigan law, including licensing requirements, the Construction Lien Act, and the Home Solicitation Sales Act cooling-off period.

Before You Start

1. **Verify the contractor's license.** Use the **Michigan LARA license lookup** at michigan.gov/statelicensesearch to confirm the license is active, the type (Residential Builder or Maintenance & Alteration Contractor) matches your project, and the entity name matches the business you are hiring.
2. **Download and print this document.** Fill in all blank fields — do not leave any section empty. Michigan law requires a written contract for the contractor to have construction lien rights (MCL 570.1114).
3. **Review the Legal Notes below.** These notes 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 Michigan-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 LARA license number and license type are critical — confirm the entity name on the license matches the contract.
- › **Section 2 (Scope):** Be as specific as possible. "Kitchen remodel" is not enough — list materials, dimensions, finishes, and what is excluded.
- › **Section 3 (Payment):** Michigan has no statutory deposit cap, but negotiate a reasonable down payment. 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 14 (Exhibits):** Attach all plans, specs, and the contractor's LARA license printout. Check each box for what you are including.

Legal Notes — Michigan-Specific Protections

Section 1 — License Verification: Verify the contractor's license at michigan.gov/statelicenseresearch before signing. Confirm the license is active, the license type (Residential Builder or Maintenance & Alteration Contractor) covers your project scope, and the listed entity name matches the business you are hiring. Michigan requires a license for residential work of \$600 or more (MCL 339.2401).

Section 2 — Permits: The contractor, not the homeowner, should pull permits for licensed work. Michigan building codes are enforced by local code enforcement agencies. If a contractor asks the homeowner to pull the permit, that may be an attempt to work outside their license type or avoid LARA oversight.

Section 3 — Trust Fund Obligation (MCL 570.1118): Michigan does not impose a statutory cap on down payments for residential construction contracts. However, money paid to a contractor constitutes a trust fund for the benefit of subcontractors, suppliers, and laborers. Best practice: negotiate a reasonable down payment and tie all payments to completed work milestones.

Section 5 — Written Change Orders (MCL 570.1114): To preserve the contractor's construction lien rights, the original contract and any amendments or additions must be in writing. This also protects you as a homeowner — insist that all changes be documented in a signed written change order.

Section 8 — Workers' Compensation (MCL 418.101 et seq.): Under the Michigan Workers' Disability Compensation Act, employers with three or more employees at any time, or one or more employees working 35+ hours per week for 13+ consecutive weeks, must carry workers' compensation insurance. Ask the contractor to confirm their coverage status before signing.

Section 9 — Three-Day Right to Cancel (MCL 445.111–445.117): If this contract was solicited at or signed at the Homeowner's residence (a "home solicitation sale"), the Homeowner has the right to cancel until midnight of the third business day after signing, without penalty. The Contractor must provide written notice of this cancellation right at signing. The Contractor may not collect payment until the cancellation period has expired. If the Contractor fails to provide the required cancellation notice, the Homeowner's right to cancel is extended. Emergency exception: the cancellation right may be waived only if the Homeowner requests immediate work due to an emergency and provides a separate, signed, handwritten statement describing the emergency and acknowledging the waiver.

Section 10 — LARA Complaints: Homeowners may file a complaint with LARA, Bureau of Construction Codes (BCC). LARA investigates complaints involving unlicensed work, work without permits, negligence resulting in physical harm, and fraud. Note: LARA does not have authority over contractual, monetary, or warranty disputes. File at michigan.gov/lara or call 517-241-9316. For suspected fraud, email LARA-Safety@michigan.gov.

Section 11 — Construction Lien Act (MCL 570.1101 et seq.): Michigan allows contractors, subcontractors, and material suppliers to place a construction lien on your property if they are not paid for work or materials. This lien can affect your ability to sell or refinance. Request lien waivers with each progress payment. Michigan law prohibits requiring a lien waiver in advance of work being performed (MCL 570.1115). A lien claimant must record the claim of lien within 90 days after the last furnishing of labor or materials (MCL 570.1111), and must file suit to enforce the lien within one year after the last date of furnishing (MCL 570.1117).

Section 12 — Written Contract Requirement (MCL 570.1114): Michigan law requires a written contract between the homeowner and contractor for residential construction work in order for the contractor to have lien rights. The written contract must contain statements about residential builder licensing requirements, electrician licensing, plumbing contractor licensing, and mechanical contractor licensing — all in type no smaller than the body of the contract. See Section 12 for the full required statements.

Section 12 — Trust Fund (MCL 570.1118): Money paid by a homeowner to a contractor for an improvement to real property constitutes a trust fund in the hands of the contractor for the benefit of subcontractors, suppliers, and laborers. Misappropriation of these funds is a criminal offense.

About Jaspector

Jaspector 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, we 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.

MICHIGAN HOMEOWNER-CONTRACTOR AGREEMENT

Section 1: Parties

Homeowner (Property Owner)

Name(s)

Property Address

Mailing Address (if different)

Phone

Email

Contractor

Business Name (Legal Entity)

LARA License Number

License Type (RB or M&A)

M&A Classification(s)

Qualifying Individual Name

Business Address

Phone

Email

Workers' Comp Policy #

General Liability Policy #

Section 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

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

Section 3: Contract Price and Payment Schedule

3.1 Total Contract Price

Total Contract Price	\$
Sales Tax (if applicable)	\$
Permit Fees (if separate)	\$
Total Amount Due	\$

3.2 Payment Schedule

PAYMENT	AMOUNT	TRIGGER (WORK MILESTONE)
Down Payment	\$	Upon signing
Progress Payment 1	\$
Progress Payment 2	\$

PAYMENT	AMOUNT	TRIGGER (WORK MILESTONE)
Progress Payment 3	\$
Final Payment	\$	Completion and final inspection
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

Section 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)
- › If the project is not substantially complete within _____ days of the estimated completion date (excluding excusable delays), Homeowner may terminate under Section 9

Section 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

No verbal agreements will modify this contract.

Section 6: Materials and Workmanship

6.1 Materials

- › All materials shall be new unless otherwise specified in writing
- › 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 Michigan 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 _____ use subcontractors (will / will not)
- › If subcontractors are used, Contractor remains fully responsible for their work, licensing, and insurance
- › All subcontractors performing work that requires a LARA license must hold a valid, active license
- › Homeowner may request LARA license numbers for any subcontractor working on the project

Section 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

- › 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

Section 8: Insurance

8.1 Contractor Insurance Requirements

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

Section 9: Termination

9.1 Homeowner's Right to Terminate

- › Homeowner may terminate this contract at any time by providing written notice
- › Homeowner shall pay for all work satisfactorily completed and materials delivered as of the termination date
- › Contractor shall provide an itemized accounting within **10 business days** of termination
- › Contractor shall not charge a cancellation penalty exceeding actual costs reasonably incurred

9.2 Contractor's Right to Terminate

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

9.3 Three-Day Right to Cancel (Home Solicitation Sales)

If this contract was solicited at or signed at the Homeowner's residence (a "home solicitation sale"), the Homeowner has the right to cancel until midnight of the third business day after signing, without penalty, as provided by the Michigan Home Solicitation Sales Act (MCL 445.111–445.117). The Contractor must provide written notice of this cancellation right at signing.

Section 10: Dispute Resolution

10.1 Informal Resolution

The parties agree to attempt informal resolution by written notice. 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 Legal Action

If mediation fails, either party may pursue legal action in the county where the property is located. The prevailing party shall be entitled to recover reasonable attorney's fees and costs. Michigan small claims court handles disputes up to \$7,000; no attorney representation is permitted in small claims.

Section 11: Construction Lien Notice

11.1 Protecting Against Construction Liens

- › Request **lien waivers** from the contractor and all subcontractors with each progress payment
- › Michigan law prohibits requiring a lien waiver in advance of work being performed (MCL 570.1115)
- › At completion, require the Contractor to provide a **Sworn Statement** listing all subcontractors and suppliers and the amounts owed or paid to each (MCL 570.1110)
- › Upon receipt of a Sworn Statement, notify each subcontractor and supplier listed within the time required by law
- › Consider requiring Contractor to provide a list of all subcontractors and material suppliers at the start of the project

11.2 Notice of Furnishing

Under Michigan law, subcontractors and suppliers must provide a **Notice of Furnishing** to the property owner or designee within 20 days of first furnishing labor or materials (MCL 570.1109). If you receive a Notice of Furnishing, it does not mean there is a problem — it preserves the sender's right to file a lien if they are not paid. Keep all Notices of Furnishing on file.

11.3 Lien Enforcement Deadline

A lien claimant must record the claim of lien within 90 days after the last furnishing of labor or materials (MCL 570.1111). A lien claimant must file suit to enforce the lien within one year after the last date of furnishing (MCL 570.1117).

Section 12: Additional Michigan Requirements

12.1 Written Contract Requirement (MCL 570.1114)

Michigan law requires a **written contract** between the homeowner and contractor for residential construction work in order for the contractor to have lien rights. The written contract must contain the following statements in type no smaller than the body of the contract:

- That a residential builder or maintenance and alteration contractor is required to be licensed under Article 24 of the Michigan Occupational Code (MCL 339.2401–339.2412)
- If the contractor is required to be licensed, a statement that the contractor is licensed and the contractor's license number
- That electricians are required to be licensed under the Skilled Trades Regulation Act (MCL 339.5701–339.5739)
- That plumbing contractors are required to be licensed under the Skilled Trades Regulation Act (MCL 339.6101–339.6133)
- That mechanical contractors are required to be licensed under the Skilled Trades Regulation Act (MCL 339.5801–339.5819)

12.2 Licensing Threshold

Michigan requires a Residential Builder or Maintenance and Alteration Contractor license for residential construction work of **\$600 or more** in combined labor and materials. Working without a license on projects at or above this threshold is a violation of the Michigan Occupational Code.

12.3 LARA License Statement

Residential builders and residential maintenance and alteration contractors are required to be licensed by the Michigan Department of Licensing and Regulatory Affairs (LARA) under Article 24 of the Occupational Code, 1980 PA 299. Questions about a contractor may be directed to LARA, Bureau of Construction Codes, P.O. Box 30254, Lansing, MI 48909, or call 517-241-9316.

12.4 Trust Fund Obligation

Money paid by a homeowner to a contractor for an improvement to real property constitutes a trust fund in the hands of the contractor for the benefit of subcontractors, suppliers, and laborers (MCL 570.1118).

Misappropriation of these funds is a criminal offense.

Section 13: General Provisions

- › **Entire Agreement:** This contract, including all exhibits and change orders, constitutes the entire agreement. No prior verbal or written representations shall be binding unless incorporated herein.
- › **Severability:** If any provision is found unenforceable, the remaining provisions continue in full force.
- › **Governing Law:** This contract shall be governed by the laws of the State of Michigan.
- › **Notice:** All notices shall be in writing and delivered to the addresses in Section 1, by personal delivery, certified mail, or email with confirmed receipt.
- › **Assignment:** Neither party may assign this contract without prior written consent of the other party.

Section 14: Exhibits and Attachments

- Exhibit A: Plans and Drawings
- Exhibit B: Material Specifications
- Exhibit C: Notice of Three-Day Right to Cancel (if home solicitation sale)
- Exhibit D: Contractor's LARA License Printout
- Exhibit E: Certificates of Insurance
- Exhibit F: Contractor's Sworn Statement (upon completion)
- 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

LARA License #

Date

Michigan Pre-Signing Checklist

Before signing, confirm each item:

- Verified contractor's LARA license is active at michigan.gov/statelicense search
- License type (Residential Builder or M&A) covers the project scope
- If M&A contractor, confirmed classifications match the specific work
- Entity name on license matches the business name on this contract
- Workers' compensation status confirmed (if contractor has employees)
- General liability insurance confirmed
- Contract includes required MCL 570.1114 licensing statements
- Three-Day Right to Cancel notice provided (if signed at home)
- 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

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