



INSTRUCTIONS — NOT PART OF THE AGREEMENT

Before You Begin: This template helps you understand what a strong South Dakota contractor agreement looks like. It is an educational starting point provided by jaspector.com — not a finished contract, and not legal advice. South Dakota does not have a single statewide general contractor licensing board — contractor oversight is primarily handled by local cities and counties. For trade-specific work (electrical, plumbing, HVAC), verify credentials with the South Dakota Department of Labor and Regulation at dlr.sd.gov. Have this document reviewed by a South Dakota-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

1. **Verify the contractor's local license or registration.** South Dakota does not have a single statewide general contractor license. Contact your city or county building department to confirm whether the contractor must be locally registered or licensed. For trade work (electrical, plumbing, HVAC), verify the applicable DLR trade license at dlr.sd.gov.
2. **Confirm workers' compensation insurance.** South Dakota is a private-market workers' compensation state (SDCL Title 62) — contractors with employees must carry coverage through a private insurer. Request a certificate of insurance and confirm the policy is current before work begins.
3. **Download and print this document.** Fill in all blank fields — do not leave any section empty. Courts have difficulty enforcing contracts with significant blank spaces.
4. **Both parties sign.** You and the contractor each receive a signed copy before any work starts or any money changes hands.
5. **Consult an attorney.** This template is a starting point. For large projects or complex scopes, have a South Dakota-licensed attorney review the agreement before signing.

Field-by-Field Guide

- › **Section 1 (Parties):** Enter the contractor's full legal entity name as registered with the state or local authority. Include any applicable SD Secretary of State registration number, local license number, and DLR trade license number. If no license applies in your jurisdiction, note the local authority you contacted and what you confirmed.
- › **Section 2 (Scope):** Be specific. "Kitchen remodel" is not enough — list materials, dimensions, finishes, and what is explicitly excluded. Vague scope is the leading cause of contractor disputes.
- › **Section 3 (Payment):** South Dakota has no statutory down-payment cap for residential projects. Best practice is to limit the down payment to no more than one-third (1/3) of the total contract price. Tie every payment to a completed work milestone — not a calendar date.

- › **Section 4 (Timeline):** Get estimated start and completion dates in writing. Fill in the delay credit provisions — these create accountability if the contractor falls behind without a valid excuse.
- › **Section 7 (Warranties):** Fill in the warranty period before signing. One year is a common baseline; negotiate longer coverage on major structural or mechanical work.
- › **Section 9.3 (Cancellation):** If the contractor approached you at your home (home solicitation), South Dakota's Home Solicitation Sales Act (SDCL 37-24-6) gives you three business days to cancel without penalty. The contractor must provide a written Notice of Cancellation form at signing.
- › **Section 11 (Mechanics' Liens):** South Dakota's lien deadline is 120 days from last work or materials furnished (SDCL Ch. 44-9). Collect lien waivers with every payment. If you receive a notice from a subcontractor or supplier, keep it on file and confirm with your contractor that those parties are being paid.
- › **Section 14 (Exhibits):** Attach plans, specs, the contractor's local license or DLR trade license printout, and certificates of insurance. Check each box to confirm what is included.

South Dakota Legal Notes

Section 1 — No Single Statewide GC License

South Dakota does not operate a centralized statewide general contractor licensing board for ordinary residential construction. Oversight is primarily local — your city or county building department sets the rules for who can pull permits and perform work. Always start by contacting the local building authority for the project address. Sioux Falls, Rapid City, and other jurisdictions may have materially different requirements, so verify for your specific location.

Section 1 — DLR Trade Licenses

For trade-specific work, the South Dakota Department of Labor and Regulation (DLR) licenses electrical contractors (SDCL 36-16), plumbers (SDCL 36-21), and other specialty trades. Verify any applicable DLR trade license at dlr.sd.gov before work begins. When hiring a general contractor who will subcontract trade work, ask which licensed subcontractors will perform electrical, plumbing, and HVAC scopes.

Section 3 — No Statutory Deposit Cap

South Dakota imposes no statutory limit on contractor down payments for residential projects. The one-third guideline in this template is a best-practice recommendation, not a legal requirement. A large upfront deposit with no milestone accountability is a known risk factor in contractor fraud cases. Structure payments so each installment corresponds to measurable, completed work.

Section 8 — Workers' Compensation (Private Market)

South Dakota is a private-market workers' compensation state (SDCL Title 62). Unlike North Dakota, South Dakota does not use a state-run monopoly fund — contractors purchase coverage through private insurers. Contractors with employees are required to carry workers' compensation insurance. Request a current certificate of insurance naming the insurer and policy period before work begins. If a contractor claims to have no employees and therefore no coverage requirement, confirm that claim with your local building department or attorney.

Section 9.3 — Home Solicitation Sales Act (SDCL 37-24-6)

South Dakota's Home Solicitation Sales Act applies to contracts agreed to at the buyer's residence as a result of a solicitation. If a contractor knocks on your door or the initial agreement is reached at your home, you have three business days to cancel without penalty. The contractor must give you a written Notice of Cancellation form at the time of signing. To cancel, deliver the signed form (or written notice) to the contractor's address by midnight on the third business day after signing. If the contractor fails to provide the required form, the cancellation period does not begin to run.

Section 11 — Mechanics' Lien (SDCL Ch. 44-9)

South Dakota's mechanics' lien statute (SDCL Ch. 44-9) gives contractors, subcontractors, and material suppliers the right to file a lien against your property if they are not paid. The lien filing deadline is **120 days** from the last date work was performed or materials were furnished. This is a longer window than many neighboring states, so protect yourself by collecting lien waivers with every payment and a final unconditional lien waiver at project closeout.

Section 12 — No Dedicated Home Improvement Contract Statute

South Dakota has no statute equivalent to California's B&P Code § 7159 prescribing mandatory home improvement contract clauses. Consumer protection is governed by the Deceptive Trade Practices and Consumer Protection Act (SDCL Ch. 37-24), which broadly prohibits fraudulent and deceptive business practices. Keep copies of all contractor advertising, estimates, and written representations made before signing.

About Jaspector

jaspector.com is an AI-powered property advisory service that helps homeowners navigate construction projects, verify contractors, and resolve disputes. If a problem arises during your project — a contractor goes silent, work falls short, or a payment dispute escalates — 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 relationship or any endorsement relationship between jaspector.com and any contractor or homeowner.

SOUTH DAKOTA HOMEOWNER-CONTRACTOR AGREEMENT

Governing law: SDCL Ch. 37-24 (Deceptive Trade Practices / Home Solicitation); SDCL Ch. 44-9 (Mechanics' Liens); SDCL Title 62 (Workers' Compensation); SDCL Title 36 (Trade Licenses)

1. Parties

Homeowner (Property Owner)

Name(s) _____

Property Address _____

Mailing Address (if different) _____

Phone _____

Email _____

Contractor

Business Name (Legal Entity) _____

SD Secretary of State Reg. # (if applicable) _____

Local License / Registration # (if required) _____

DLR Trade License # (if applicable) _____

Business Address _____

Phone _____

Email _____

Workers' Compensation Policy # _____

General Liability Policy # _____

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 that is 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

3. Contract Price and Payment Schedule

3.1 Total Contract Price

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

3.2 Payment Schedule

South Dakota has no statutory down-payment cap for residential contracts. The recommended maximum for the initial down payment is one-third (1/3) of the total contract price. All subsequent payments must be tied to completed work milestones, not calendar dates.

Payment	Amount	Trigger (Work Milestone)
Down Payment	\$ _____	Upon signing (recommended max: 1/3 of total)
Progress Payment 1	\$ _____	_____

Payment	Amount	Trigger (Work Milestone)
Progress Payment 2	\$ _____	_____
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

4. Project Timeline

Milestone	Date
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

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 South Dakota 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 trade work (electrical, plumbing, HVAC) must hold valid, active DLR trade licenses
- Homeowner may request license numbers and insurance certificates 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	As required by SDCL Title 62 (private insurer; 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 Local License Bond (if required by jurisdiction)

Some South Dakota jurisdictions require a contractor license bond as a condition of local registration. Verify with your local building department whether a bond is required and confirm current bond status before work begins.

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 Three-Day Right to Cancel (Home Solicitation Sales Act, SDCL 37-24-6)

If this contract was solicited and agreed to at the Homeowner's residence, the Homeowner has the right to cancel this contract by midnight of the **third business day** after the date of signing, without penalty or obligation. To cancel, the Homeowner must sign and deliver the written Notice of Cancellation form provided by the Contractor. Cancellation may be delivered in person, by mail, or by any method that provides written evidence of the date of delivery to the Contractor's address stated in this contract. Upon valid cancellation, the Contractor must return all payments within **10 business days** and retrieve any materials from the property.

If the Contractor fails to provide the required Notice of Cancellation form at the time of signing, the cancellation period does not begin to run until proper notice is given. If the contract was not solicited at the Homeowner's residence (e.g., signed at the Contractor's office), this right may not apply. Consult a South Dakota-licensed attorney if uncertain.

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 DLR and Attorney General Complaint

Homeowners may file a complaint about trade licensing violations with the South Dakota Department of Labor and Regulation at dlr.sd.gov. Consumer protection complaints (fraud, deceptive practices) may be filed with the South Dakota Attorney General's Consumer Protection Division at consumer.sd.gov. Filing a complaint does not prevent the homeowner from pursuing legal remedies.

10.4 Legal Action

If mediation fails, either party may pursue legal action in the circuit court of the county where the property is located. The prevailing party shall be entitled to recover reasonable attorney's fees and costs where authorized by law. South Dakota Small Claims Court handles claims up to **\$12,000** (SDCL 15-39).

11. Mechanics' Lien Notice

South Dakota law (SDCL Ch. 44-9) allows contractors, subcontractors, and material suppliers to file a mechanics' lien on your property if they are not paid for work or materials furnished. The lien must be filed within **120 days** of the last date work was performed or materials were furnished. A 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 known subcontractors with each progress payment

- Request a **final unconditional lien waiver** from the Contractor and all known subcontractors and suppliers upon final payment
- Require Contractor to provide a list of all subcontractors and material suppliers at the start of the project
- Request proof that progress payments are being forwarded to subcontractors and suppliers

11.2 Preliminary Notice (SDCL Ch. 44-9)

Subcontractors and material suppliers who do not have a direct contract with the homeowner may serve written notice to preserve their lien rights. If you receive such a notice, do not ignore it — it means that party is preserving their right to file a lien if they are not paid. Keep all such notices on file and confirm with the Contractor that those parties are being paid.

12. Additional South Dakota Requirements

12.1 Contractor Compliance Checklist

South Dakota has no dedicated home improvement contract statute prescribing mandatory clauses. Best practice and consumer protection law (SDCL Ch. 37-24) require accurate, complete contracts. Confirm this contract includes:

- Contractor's full legal name, business address, and applicable license or registration numbers
- A detailed description of the work to be performed
- Total contract price and payment schedule
- Estimated start and completion dates
- Notice of Cancellation form provided (if contract was solicited at Homeowner's residence)
- No blank sections left unfilled at the time of signing

12.2 Contractor License Statement

Contractor represents and warrants that, as of the date of this contract, Contractor holds all licenses, registrations, and permits required by applicable South Dakota law and by the local jurisdiction where the property is located, and agrees to maintain them in good standing throughout the duration of this project.

12.3 Workers' Compensation Statement

South Dakota law (SDCL Title 62) requires contractors with employees to carry workers' compensation insurance through a private insurer. Contractor represents that valid workers' compensation coverage is in place and will remain in place for all employees and applicable workers throughout the project.

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 South Dakota.

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 Cancellation Form (if Home Solicitation Sales Act applies)
- Exhibit D: Contractor's Local License / DLR Trade 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 _____

SD License / Registration # _____

Date _____

South Dakota Homeowner Pre-Signing Checklist

- Verified contractor's local license or registration with city/county building department
- For trade work (electrical, plumbing, HVAC): DLR trade license confirmed at dlr.sd.gov
- For out-of-state contractors: SD Secretary of State registration confirmed
- Workers' compensation insurance certificate obtained (required if contractor has employees)
- General liability insurance certificate obtained and on file
- Down payment limited to no more than one-third (1/3) of total contract price (recommended best practice)
- Notice of Cancellation form provided if contractor solicited at your home (SDCL 37-24-6)
- All blank fields in this contract are filled in — no blank spaces
- Both parties have signed the contract before any work starts or money changes hands
- Received a fully signed copy of the complete contract
- Payment schedule tied to work milestones, not calendar dates
- Plans, specs, and material lists are attached or described in Section 2.1
- List of subcontractors and suppliers requested from Contractor