

# What Are Variations in Building Contracts and When Are They Necessary?

Building contracts are crucial for construction projects, as they establish terms and conditions. Variations are changes to the original agreement and are inevitable in construction. It is important to understand the concept of variations in building contracts to ensure that both parties are aware of their rights and obligations. In this article, we will discuss what variations are and when they are necessary.

## Common Types of Variations

Variations are a common occurrence in the construction industry and can refer to any changes made to the original building contract. Here are some common types of variations that homeowners should be aware of:

**Changes in scope of work:** This type of variation involves any changes made to the original scope of work agreed upon in the contract. This can include adding or removing certain tasks or services from the project.

**Changes in materials or finishes:** This variation involves any changes made to the original materials or finishes agreed upon in the contract. This can include upgrading or downgrading materials, or changing the colours or textures of finishes.

**Changes in design or specifications:** This type of variation involves any changes made to the original design or specifications agreed upon in the contract. This can include changing the layout or functionality of a space, or altering the size or dimensions of certain elements.

**Changes in project timeline:** This variation involves any changes made to the original project timeline agreed upon in the contract. This can include extending or shortening the duration of the project, or changing the start or end dates.

**Changes in payment terms:** This variation involves any changes made to the original payment terms agreed upon in the contract. This can include changing the amount or timing of payments, or altering the payment method.

It's important for homeowners to understand these common types of variations in building contracts to ensure that they are aware of any changes that may occur throughout the project.

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## Reasons for Variations

When it comes to building projects, variations can arise due to a variety of reasons. Here are some of the most common reasons why variations may be necessary:

- Homeowner requests: Homeowners may want to change some aspects of the project to better suit their preferences or needs. This could include changes in finishes or materials, or modifications to the original design or specifications.
- Unforeseen site conditions: Sometimes, builders may encounter unexpected issues or challenges during the construction process that require changes to the original plan. For instance, the discovery of an underground water source may necessitate changes to the building's foundation.
- Changes in regulations or codes: Building codes and regulations may change over time, requiring builders to modify their plans to ensure compliance. Failure to comply with these requirements may result in fines or legal issues.
- Delays caused by the homeowner: Homeowners may cause [delays](#) by failing to provide materials or make payments on time, or by making changes to the project mid-stream. This could result in additional costs for the builder, which may need to be passed on to the homeowner.
- Changes to the original design or specifications: As the project progresses, builders may find that certain aspects of the original plan need to be modified or refined. For instance, a particular material specified in the original contract may no longer be available, necessitating a substitution.
- Errors or omissions in the original contract: Sometimes, mistakes or omissions in the original contract may require modifications to be made. For example, if the contract does not specify a particular material or finish, the builder may need to seek clarification or agreement from the homeowner.

It's important to note that while variations may be necessary, they can also be a source of tension and disagreement between builders and homeowners. That's why it's essential to have a clear and comprehensive contract that outlines the procedures for requesting and approving variations.

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## Process for Requesting Variations

When a homeowner decides that a variation to the original building contract is necessary, it is important to follow the correct process to ensure that the variation is approved and implemented smoothly. The following steps should be taken when requesting a variation:

1. What to include in a variation request: The request should clearly state the proposed change to the original contract and the reason for the change. It should also include any relevant drawings, plans, or specifications to support the proposed variation
2. Timeframe for submitting a variation request: It is important to submit the variation request as soon as possible to avoid delays in the construction process. The timeframe for submitting a variation request should be outlined in the original contract.
3. Approval process for variations: The builder or contractor will review the variation request and determine whether the proposed change is feasible and if it will affect the project timeline or cost. If the variation is approved, the builder or contractor will provide a variation quote for the homeowner to review and sign.
4. Communication and documentation requirements: All communication and documentation related to the variation request should be documented in writing to avoid any misunderstandings or disputes later on. The builder or contractor should keep a record of all correspondence related to the variation request.

By following these steps, homeowners can ensure that their variation requests are processed smoothly and that the changes to the building contract are approved in a timely manner.

## Cost Implications of Variations

Variations in building contracts can impact the overall project cost significantly. This is because variations involve changes to the original scope of work, materials, design, specifications, project timeline, or payment terms, which may result in additional expenses for both the builder and the homeowner.

Calculating the costs for variations is essential to ensure that the builder and homeowner have a clear understanding of the financial impact of the changes. The cost of variations is usually calculated based on the actual cost of labour and materials plus an additional margin for overhead

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and profit. Builders should be transparent about the cost of variations and provide detailed invoices and receipts to the homeowner.

It is also important to establish payment terms for variations in the contract. Homeowners should be aware of the [payment schedule](#) for variations, which may differ from the payment schedule for the original contract. It is common for builders to require payment for variations as soon as the work is completed or before starting the work.

Transparency in costing variations is crucial to [avoid disputes](#) and misunderstandings between the builder and the homeowner. Both parties should be clear about the cost implications of variations before any work is carried out. It is recommended that any variations are approved in writing and added to the original contract to avoid confusion and ensure that all parties are in agreement with the changes.

## Legal Considerations for Variations

Variations can have significant legal implications for both homeowners and builders. It is essential to ensure that variations are reflected in the building contract to avoid any disputes that may arise later in the project. Failure to document variations can result in disagreements over project scope, schedule, and cost. It can also impact the legal rights and obligations of both parties.

Risk management strategies can help minimise the legal risks associated with variations. Homeowners and builders should have a clear understanding of their rights and obligations under the building contract. In some cases, it may be necessary to [seek legal advice](#) to ensure that the contract protects both parties adequately.

Legal considerations should be a priority when dealing with variations in building contracts. It is important to ensure that all parties involved understand the legal implications of any changes made to the original contract. This can help prevent disputes and ensure a smooth and successful project outcome.

## Conclusion: Understanding Variations in Building Contracts

In conclusion, variations in building contracts can have a significant impact on the success of a construction project. Homeowners and builders must have a clear understanding of the different

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types of variations, the reasons for variations, the process for requesting variations, the cost implications of variations, and the legal considerations surrounding variations. By having a transparent and fair process for managing variations, homeowners and builders can avoid disputes and ensure that the project is completed on time and within budget.

For homeowners who want to ensure that their building contracts are fair and transparent, we recommend downloading our Building Contract Assessment Checklist. This comprehensive checklist will help you [review your building contract](#) and identify any potential issues or areas of concern. With the help of this checklist, you can ensure that your building contract is in compliance with all legal requirements and that your rights as a homeowner are protected.

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