

Project Report: test2

Project Details

Project Name	test2
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Identified Risks

Risk Category	Risk Score	Clause Text	Explanation
Liquidated Damages	85	Failure to meet this deadline shall result in liquidated damages of \$5,000 per calendar day of delay.	This clause imposes a high financial penalty on the contractor for each day the project is delayed, potentially leading to significant financial losses. The fixed amount does not account for the nature or reason for the delay, some of which may be beyond the contractor's control. To mitigate this risk, the contractor should negotiate a grace period or conditions under which these damages apply, and ensure that force majeure events are explicitly exempted.
Payment	70	The final retainage payment (5% of contract sum) shall be released upon: Final Inspection by Owner, Submission of As-Built Drawings, Completion Certificate issuance.	This clause can significantly impact the contractor's cash flow by withholding a substantial amount of the contract sum until specific conditions are met. The terms for releasing the retainage are somewhat vague and could lead to disputes or delays in payment. The contractor should seek to clarify these conditions, negotiate partial releases of retainage at earlier milestones, and ensure a clear, expedited process for final inspection and documentation submission.

Scope Change	75	All changes must be documented by a written Change Order signed by both parties prior to execution of the additional work. Unauthorized changes shall not be compensated.	This clause restricts compensation for any additional work not pre-approved through a formal Change Order. It poses a risk of disputes over what constitutes authorization and the scope of work, potentially leading to uncompensated work. The contractor should ensure a streamlined, clear process for obtaining Change Orders and document all communications regarding changes thoroughly.
Force Majeure	40	Neither party shall be liable for delay or default under this Agreement caused by events beyond their reasonable control, including but not limited to acts of God, war, civil unrest, labor strikes, or governmental orders.	While providing some protection against unforeseeable events, this clause may not cover all scenarios that could impact the contractor's ability to perform, such as pandemics or supply chain disruptions. The contractor should seek to expand the definition of force majeure events and clarify the process for claiming an extension of time or costs due to such events.
Termination	80	The Owner reserves the right to terminate this Agreement without cause, upon providing seven (7) days' prior written notice.	This clause allows the owner to terminate the contract without cause, providing minimal notice. This poses a significant risk to the contractor, potentially leaving them with sunk costs and no recourse for compensation for anticipated profits or overhead recovery. The contractor should negotiate for a longer notice period, compensation for termination without cause, and limitations on the reasons for termination without cause.
Indemnification	65	The Contractor shall indemnify and hold harmless the Owner from any claims arising out of the performance of the work, except to the extent caused by the Owner's sole negligence.	This clause places a broad indemnification obligation on the contractor, potentially including third-party claims. While it excludes claims caused by the owner's sole negligence, it could still expose the contractor to significant liability for incidents partially caused by the owner. The contractor should seek to limit this indemnification to claims resulting from their own negligence or misconduct and ensure their insurance covers potential claims.

