

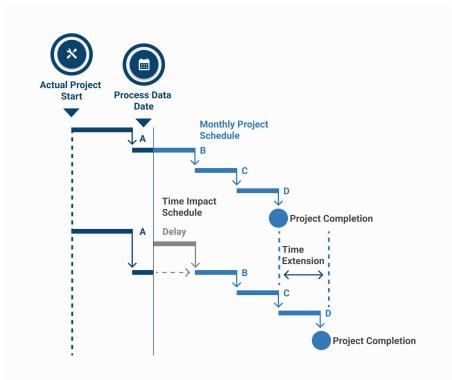


Extension of Time in Construction Contracts

Are you a contractor feeling the pressure of a looming deadline but still have unfinished construction work? If the delay is not your responsibility, you can request for an extension of time in your contract. Don't hesitate, reach out to a <u>Contracts Specialist</u> for guidance and take advantage of our FREE first consultation. Don't let time constraints hold you back from completing your project to the best of your abilities.

What is Extension of Time in Construction Contract?

An extension of time (EOT) in a construction contract is a formal request for an additional time period that can make up for delay losses. It is granted for valid reasons such as ongoing legal disputes, delays in the delivery of goods, changes to the scope of work, and unexpected weather conditions. It's important for contractors to understand their rights and obligations in regards to EOTs and to provide sufficient evidence to support their request. It's also important to be aware of the time limits for requesting an EOT as specified in the contract and the possible consequences of not adhering to them. Make sure you have a deep understanding of the EOT process and requirements to avoid an<u>y contract disputes</u>.



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Reasonable Grounds for Extension of Time

When requesting an EOT, it's essential to inform the other contracting parties about your time extension to avoid any contract disputes. Some of the acceptable reasons to request an EOT would be:

- Ongoing legal disputes;
- Delays in the delivery of important goods;
- The client has personally asked you to start work at a later time;
- The client has requested variations in your scope of work;
- You have been working in unexpectedly bad weather conditions and;
- Other reasons deemed reasonable by the builder or head contractor.

It's crucial to be able to prove that you are performing well in your work as a contractor. You must be prepared to show sufficient evidence that the delay was caused by external factors that are beyond your control and not by your underperformance.

Extension of Time Clauses in Contract

Different types of contracts have different time clauses, and it's important to be aware of them. The common types of contracts are:

- Lump Sum Contract: This type of contract provides a fixed price for the work to be done. The total contract price is agreed upon by the parties before the work begins.
- <u>Cost Plus Contract:</u> This is a type of contract that is used for projects with costs that are unpredictable in advance. The client reimburses the expenses in the contract alongside an additional profit margin during the end of contract.
- Small Jobs Contract: These are contracts for jobs with prices that ranges from <u>\$5,000 to</u> <u>\$20,000</u>. These can be paid as per milestones or in full.
- Large Jobs Contract: These are home building contracts that costs above \$20,000. These contracts require you to have insurance, an understanding of the <u>Consumer Building Guide</u>, and a clause dedicated for dealing with contract variations.

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Who can Request an Extension of Time?

As a contractor, you can file a request for extension of time addressed to your head contractor. You must submit to the one responsible for contract administration, and let the builder and client decide.

If your reason is deemed valid, you can proceed with claiming the extended time period to make up for delays.

How to Request for an Extension of Time?

Requesting for an extension of time in construction starts with writing a letter of request, also known as an extension of time letter, and attaching any necessary supporting documents. To make the process easier, it's recommended to use an extension of time template as a basis for your letter. The important thing is to make sure you provide all the necessary information and documents to support your request.

Your EOT letter should clearly state the number of additional days you would need to complete the work. It should also include details of the delay, such as:

- The time or period when the delay occurred;
- A copy of any previous notice you sent to the head contractor or client regarding a possible delay;
- Any material or cost changes that have resulted from the delay;
- The events that led to the delay;
- The events or works that were affected by the delay;
- The measures you took to prevent the delay;
- Any alternative solutions you have to make up for the delay.

By including all this information and providing any necessary supporting documents, you increase the chances of your extension of time request being approved.

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Sample Letter for Extension of Time Request

Include Logo

If applicable, include the logo of your construction business on either upper left or upper right corner of your letter.

Include Recipient Information

LOGO

Australian Company Name

Company Address

Client or Project Manager Name Email Address

1. .On the upper left side of the page, put the following information of your client:

- construction's business name,
- registered business address,
- client's or project manager's name, and
- business email address.
- 2. You might also want to include the date the letter was made on the left side of the page.
- 3. You may address the recipient by their surname or by using "Dear Sir / Madam."

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State Your Reference

Re: Claim for EOT in accordance with the EOT clause of the Contract

- Give a summary or heading of what is the basis of the letter, you can put a reference after the greeting.
- You may refer to the clause of the Contract that addresses service and preparation of extension of time requests.

Explain the Nature of the Delay

Your Company Name claims one (1) business day's extensions of the time, a breakdown of which is provided below:

Date	Description of Event	Impact on Critical Path	Number of EOT Days Claimed
10 March 2018 11 March 2018 12 March 2018	Rain	Landingscaping works cannot proceed	3
Total EOT Claimed (in business days):			3

- 1. Make a table to accurately explain the details of the delay and why you need an extension of time.
- 2. The chart should contain the date of when the delay happened, description of event and/or delay, events or works affected by the delay, and the number of days you need.
- 3. You may also include and explain the material or costs changes due to the delay. Describe the changes and calculate the overall total costs incurred or to be incurred.
- 4. Add supplemental information that may support or persuade your client to give you an extension of time.

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Explain the Nature of the Delay

Your Company Name

Your registered business address Your cantact details (phone number, email address, etc.)

Just like a normal letter, sign your request for extension of time by providing your company or business name, registered business address, and contact information.

Get Expert Advice on Extension of Time in Construction Contracts

Don't navigate the complexities of extension of time in <u>construction contracts</u> on your own. Consult a Contracts Specialist for expert advice and guidance on Extension of Time in construction contracts NSW. Protect your rights and ensure timely completion of your projects. Schedule a consultation now and enforce your rights. Your first consultation is FREE.

You can be confident that you are getting the right legal advice.