

Law Note - Stipulated Price Contract: The New CCDC 2

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The CCDC 2 Stipulated Price Contract is one of the most utilized contracts in construction. Some of the significant changes are set out below:

- Interest on overdue accounts are now at the bank's prime rate plus 2% for the first 60 days and 4% over the prime rate after 60 days.
- Notice may now be given by fax and e-mail.
- Many of the definitions have been updated, clarified and simply corrected to deal with the new realities of the construction industry.
- The responsibilities of who pays for tests to be conducted on the project has been revised.
- Specific shop drawings must be listed in the construction documents.
- The owner can only request to speed up the time to complete the contract as specified in the contract documents by way of a change order.
- If there is to be a change order, the additional costs that are to be included by the contract are specified in significant detail in the new standard contract. The percentage of mark up for profit and overhead is to be added to those costs.
- The provisions regarding delay are set out with new clarity in the new contract and quick notice must be given by one party to the other along with particulars as to cost.
- The owner has an obligation to show the location of utilities in contract documents.
- Provisions dealing with toxic and hazardous substances have been set out in a new form to make it consistent with new developments in occupational health and safety.
- The new contract attempts to clarify responsibility for obtaining government approvals, permits, licences, inspections and certificates.
- The insurance requirements have increased the minimum liability coverage to \$5,000,000 and a new CCDC 41 has been introduced to set out additional types of insurance that need to be provided under these types of contract.
- There are now significant changes to the indemnification, waiver of claims and warranty claims setting out specific time limitations for which claims can be made or whether they are waived.

At a quick glance, the CCDC 2 2008 Stipulated Price Contract appears similar to the CCDC 2 1994 Stipulated Price Contract, but there are significant and substantial changes that require the careful review by all parties to the contract to make sure that the new terms and conditions of the contract accord with the requirements of the project.

This law note was prepared by Ron Petersen.

Law Notes: This section offers a brief note or comment on an area or point of law that may be of interest.

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Note: The Canadian Construction Documents Committee ("CCDC") has now released the long awaited CCDC 2 – 2008 Stipulated Price Contract. The CCDC was formed in 1974 and is a national joint committee responsible for the development, production and review of standard Canadian construction contracts, forms and guides.