HARRISON
LITIGATION TEAM
BUSINESS LAW | CONSTRUCTION LAW

BEFORE YOU SIGN

A CONSTRUCTION CONTRACT RISK ASSESSMENT GUIDE

A practical guide for Tennessee contractors, developers, and property owners.

Construction disputes rarely begin in court. They begin in the contract. The chart below highlights the contract provisions most likely to impact your project, your profit, and your ability to get paid. Use it to evaluate risk **before** you sign.

PROVISION	LOW RISK (Favorable)	MODERATE RISK (Needs Attention)	HIGH RISK (Potentially Problematic)	WHY IT MATTERS
Scope of Work	Detailed scope with drawings and specs	Minor ambiguity or missing details	Broad, vague, or undefined scope	Most change order and delay disputes begin here.
Payment Terms	Clear payment schedule and approval process	Subjective approval language or retainage concerns	Pay-if-paid clause or indefinite payment timing	Cash flow determines whether contractors stay in business.
Change Orders	Written change order process required	Oral changes allowed in limited situations	No written process; extra work performed without approval	Extra work often becomes unpaid work.
Delays	Excusable delays addressed fairly	Limited extensions or unclear standards	No-damages-for-delay clause or broad waiver	Delay claims routinely involve substantial dollars.
Termination	Mutual rights with fair compensation	Broad termination for convenience	Immediate termination without compensation	Can determine whether you are paid for work performed.
Indemnity	Limited to your own negligence	Broad language with some limitations	Indemnify for another party's negligence	Often one of the largest hidden risks.
Insurance	Commercially adasonable	Additional insured or blanket requirements	Impossible or excessive insurance obligations	May exceed available coverage or industry standards.
Dispute Resolution	Local venue; litigation or fair arbitration	Mandatory mediation or arbitration	Out-of-state venue or one-sided arbitration	Venue and process can dramatically increase costs.
Lien Rights	Lien rights preserved; waivers after payment	Conditional waivers or limited restrictions	Broad advance waivers of lien rights	May eliminate your best collection remedy.
Warranty	Clearly defined scope and duration	Extended warranty or vague terms	Unlimited duration or open-ended obligations	Can create years of continuing liability and expense.