

[student name deleted]

Professor Schwartz

Contracts II

18 January 2011

Liquidated Damages Clause:

Both parties agree it would be extremely difficult to calculate the damages resulting from a material breach of the construction completion date, July 1, 2009. Thus the parties agree that in the event that the construction is not completed on time, the contractor will pay client \$10,958.00 ($\$4,000,000.00$ (the profit per year)/365=the profit lost each day) for extra day of construction. Client and contractor agree this provision compensates the client for losses incurred from extending employment in client's old factory, and loss of profit, which would be available from producing more reliable motorcycles.



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