

King Abdulaziz University  
Department of Civil Engineering

Homework # 2 Solution

- 3.1 Liquidated damages are an estimation of the loss that the owner is incurring by not having the project in operation. The contractor has to pay this amount to the owner for every day the project is not operating. A penalty is an amount of money usually higher than the liquidated damages and estimated without any link to actual damages incurred by the owner. Legal precedent establishes that the same amount established in the penalty has to be paid to the contractor as a bonus if the contractor finishes the project earlier than the established date.
- 3.3 Prior to bid opening.