

Cost Plus Contract

This **Cost Plus Contract** ("**Contract**") is entered into as of _____ by and between the parties defined below;

Contractor

Client

The Client and the Contractor may be referred to individually as a "**Party**" and collectively as the "**Parties.**"

WHEREAS, the Client desires to engage the Contractor to perform certain work or services on a cost reimbursement basis, together with an agreed additional fee; and

WHEREAS, the Contractor has the experience, personnel, and capability to perform such work and is willing to do so under the terms set out in this Contract.

NOW, THEREFORE, in consideration of the mutual promises contained in this Contract, the Parties agree as follows.

1. Purpose and Scope of Work

The Contractor shall perform the services and/or provide the work described in this Contract (the "**Work**") in accordance with the requirements agreed by the Parties. The nature, objectives, and general scope of the Work are as follows:

The Contractor shall perform the Work using reasonable skill, care, and professional standards consistent with industry practice.

2. Contract Type and Pricing Structure

This Contract is a cost plus contract. Under this pricing model, the Client shall reimburse the Contractor for allowable and properly documented costs incurred in performing the Work, together with an additional fee as defined in this Contract.

The Parties acknowledge that the total final cost of the Work may not be known at the time of execution of this Contract.

3. Allowable Costs

The Client shall reimburse the Contractor only for costs that are directly and reasonably incurred in connection with the performance of the Work, including the following categories:

- Labor costs, including wages, salaries, and related employment costs for personnel engaged in the Work
- Materials, supplies, and equipment necessary to perform the Work
- Subcontractor or consultant fees approved by the Client, where applicable
- Reasonable travel and accommodation expenses incurred for the Work
- Other direct project-related expenses expressly agreed by the Parties

Costs that are not directly related to the Work or that are unreasonable, unsupported, or incurred due to the Contractor's inefficiency or error shall not be reimbursable.

4. Contractor Fee

In addition to reimbursable costs, the Client shall pay the Contractor a fee calculated as follows:

The Contractor's fee shall compensate the Contractor for overhead, profit, and general business expenses not otherwise reimbursed as allowable costs.

5. Cost Records and Transparency

The Contractor shall maintain complete, accurate, and up-to-date records of all costs incurred in connection with the Work. Such records shall be retained for a reasonable period following completion or termination of the Contract.

Upon reasonable notice, the Client may review or audit relevant cost records solely for the purpose of verifying charges submitted under this Contract.

6. Invoicing and Payment

The Contractor shall submit invoices to the Client at the intervals agreed by the Parties. Each invoice shall clearly itemize reimbursable costs and the applicable Contractor fee.

Unless otherwise agreed in writing, the Client shall pay undisputed invoice amounts within _____ days of receipt. The Client may withhold payment of any portion of an invoice that is reasonably disputed, provided the Client notifies the Contractor of the reason for the dispute.

7. Changes to the Work

The Client may request changes to the scope, nature, or requirements of the Work. Any material change that affects costs, timing, or the Contractor's fee shall be documented and agreed by the Parties before the change is implemented.

8. Term and Completion

This Contract shall commence on the Effective Date and shall continue until the Work is completed or the Contract is terminated in accordance with the Termination clause.

The Contractor shall use reasonable efforts to complete the Work within any estimated timeframes communicated to the Client, acknowledging that such estimates are not guaranteed unless expressly stated otherwise.

9. Termination

Either Party may terminate this Contract by providing written notice to the other Party as follows:

- Termination for cause may occur if the other Party materially breaches this Contract and fails to remedy the breach within a reasonable period after receiving written notice.
- Termination without cause may occur upon _____ days' written notice.

Upon termination, the Client shall pay the Contractor for all allowable costs incurred and fees earned up to the effective termination date. The Contractor shall promptly cease work and take reasonable steps to minimize further costs.

10. Ownership of Work Product

Unless otherwise agreed in writing, all deliverables, reports, or work product created specifically for the Client under this Contract shall belong to the Client upon full payment of all amounts due. The Contractor retains ownership of its pre-existing materials, tools, methods, and know-how.

11. Confidentiality

Each Party shall keep confidential any non-public business, technical, or financial information received from the other Party in connection with this Contract and shall not disclose such information except as required to perform the Work or as required by law.

12. Independent Contractor Relationship

The Contractor is an independent contractor and not an employee, partner, or agent of the Client. Nothing in this Contract creates an employment or agency relationship between the Parties.

13. Limitation of Liability

Each Party's liability under this Contract shall be limited to losses that are a foreseeable result of a breach of this Contract. Neither Party shall be liable for indirect or consequential losses, except where such limitation is not permitted by applicable law.

14. Governing Law and Dispute Resolution

This Contract shall be governed by and interpreted in accordance with the laws of _____ . The Parties shall use good faith efforts to resolve any dispute arising out of this Contract through negotiation before pursuing other remedies.

15. Entire Agreement and Amendments

This Contract constitutes the entire agreement between the Parties regarding its subject matter and supersedes all prior discussions or understandings.

Any amendment to this Contract must be in writing and signed by both Parties.

By signing below, the Parties confirm that they have read, understood, and agreed to be bound by this Cost Plus Contract.

Contractor

Name

Date

Signature

Client

Name

Date

Signature



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