

CONSTRUCTION CONTRACT: HOW TO AVOID LOSSES AND WHAT TO CONSIDER WHEN YOUR CONTRACTOR GOES BANKRUPT

VEGAS LEX and the Russian Guild of Managers and Developers have organized a workshop on current judicial practices in disputes between parties to construction contracts, the procedures of bidding-based contractor selection, and the risks and consequences of the contractor's bankruptcy.

On October 20, 2016, VEGAS LEX organized a workshop, *Developer vs General Contractor: How to avoid losses*. The event took place in Moscow with support of the Russian Guild of Managers and Developers, and featured a speaker from AECOM Russia.

VEGAS LEX Partner, Head of Real Estate, Land & Construction practice [Igor Chumachenko](#) delivered a speech which focused on disputes related to general contracts for construction. In particular, he talked about debates over the legal qualification of relations between the parties (the structure, qualification and arrangements of contractual relations), disputes over contract execution, over the contract value and the procedure of payment for the works performed (in the absence of the work agreement, in the absence of a state contract; collection of upfront and ongoing payments, retainage, etc.), disputes over the breach of deadlines, and over the quality of work. Finally, he raised the question of bank guarantees and contract obligations of the parties in case of early termination of the contract, and emphasized the small details that need to be taken into account in general contracts, based on the analysis of judicial practice.

Raymond Abu Fadel, Country Manager of AECOM Russia, a special guest of the event, spoke about the strategy of general contract implementation and construction management, and the selection of the general contractor through a tender.

A separate unit of the workshop was devoted to important aspects of contractor bankruptcy. At the beginning of his presentation, VEGAS LEX Partner, Manager of Bankruptcy projects [Alexander Vyazovik](#) cited statistics on arrears of construction companies, and outlined the negative factors affecting the industry. The speaker explained how each of the bankruptcy procedures affect the fulfillment of contractual agreements, what risks the customer could encounter and how to minimize them, and focused on the novelties of the Bankruptcy Law concerning the developers of apartment buildings. The participants discussed the problems of legal regulation preventing the rehabilitation of debtors, and chances that these problems will be eliminated legislatively.

The participants included major developers, investment and management companies, and representatives of various sectors of the economy, including AECOM, MirLand Management Rus, Pokrov Investment Group, the RT-Building Technologies, City-XXI Century, High-Speed Rail Lines, Quadra, Lenta, St. Petersburg City Parking Management Center and others.

For more information on VEGAS LEX's services in the construction contracts sphere, please click [here](#).

For more information on VEGAS LEX's experience in supporting restructuring and bankruptcy projects, please click [here](#).