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Certified Contract Manager

FIDIC CCM

Version Demo

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QUESTION NO: 1

Under the FIDIC Red Book (edition 1999), as part of the Contractor submission of Statement, any amount to be deducted for retention, will be calculated by applying the percentage of retention stated in the Appendix to Tender to the total of: (two correct answers apply)

Choose all of the correct answers (multiple possibilities).

A. The estimated contract value of the Works executed.

B. Any amounts to be added and/or deducted for the advance payment and repayments under Sub-Clause 14.2.

C. Any amounts to be added and deducted for changes in legislation and changes in cost.

D. Any amounts to be added and deducted for Plant and Materials in accordance with Sub-Clause 14.5.

ANSWER: A C

Explanation:

Under Sub-Clause 14.3 of the 1999 FIDIC Red Book, the Contractor's monthly Statement sets out separate categories of amounts claimed. The retention deduction is then calculated by applying the Appendix to Tender retention percentage to "the total of the above amounts," subject to the Retention Money limit. In this drafting sequence, "the above amounts" refers to the estimated contract value of the Works executed and Contractor's Documents produced, together with amounts added or deducted for changes in legislation and changes in cost. Therefore, both of these components form the base to which the retention percentage is applied.

This is a textual consequence of the ordering and wording of Sub-Clause 14.3: the retention item follows those two preceding Statement components. The clause treats advance-payment adjustments and payments for Plant and Materials under Sub-Clause 14.5 as separately identified Statement items after the retention calculation; they are not part of the "above amounts" retention base. This distinction is important when reviewing interim payment applications, because it ensures that retention is calculated consistently with the agreed contract mechanism and the stated Retention Money limit. See FIDIC's publication page for the 1999 Red Book at FIDIC Conditions of Contract for Construction, First Edition 1999 and FIDIC's contract resources at FIDIC Contracts.

QUESTION NO: 2

The procurement process of a project executed based on any FIDIC Contract model is exactly the same in terms of definitions, time and steps, which makes it universal and more easy to use worldwide. Is this statement true or false?

A. True

B. False

ANSWER: B

Explanation:

False is correct. FIDIC contract forms provide internationally recognised conditions of contract and a structured allocation of contractual rights, obligations and risks; they do not prescribe one identical, universal procurement procedure for every project. Procurement must be designed and carried out in accordance with the governing law, the Employer's procurement rules, the source and conditions of project finance, the nature and value of the works, market conditions, and the selected delivery and FIDIC contract model. These factors can affect terminology, eligibility and qualification requirements, tender periods, evaluation methodology, approvals, and the sequence of procurement activities.

FIDIC acknowledges that its standard forms are intended for use across diverse jurisdictions and projects and may require project-specific Particular Conditions, provided the contractual balance is respected. Likewise, procurement guidance must be applied in the relevant legal and institutional context rather than treated as a fixed process. A contract based on a FIDIC form may therefore be procured through procedures that differ materially in timing and detailed steps while retaining the appropriate FIDIC contractual framework. See FIDIC's overview of its standard contracts at FIDIC Contract Models and its procurement guidance resources at FIDIC.

QUESTION NO: 3

You are the Contract Manager in a highway project using FIDIC Red Book (edition 1999). You work for the Employer – a highway management agency. During the tender period, you are informed of a specific Commencement Date required by the directors of the agency. Which two of the following approaches to inform the tenderers of this date are clearly and unambiguously drafted?

Choose all of the correct answers (multiple possibilities).

A. Specify Commencement Date in the Minutes of Meeting of Contract Negotiation.

B. Specify Commencement Date in the Contract Agreement.

C. Specify Commencement Date in the Particular Conditions.

D. Inform the Commencement Date to the tenderers by email, and attach that email in the list of Contract Documents.

ANSWER: B C

Explanation:

Specify Commencement Date in the Contract Agreement and **Specify Commencement Date in the Particular Conditions** are clear contractual methods of communicating a required fixed commencement date. The Contract Agreement is a signed Contract document and can expressly record a calendar date agreed by the Parties. This makes the date readily identifiable and avoids uncertainty over whether the intended date is merely indicative or binding.

The Particular Conditions are also an appropriate and particularly useful location. Under the FIDIC Conditions of Contract for Construction, 1999 Red Book, Sub-Clause 8.1 provides the ordinary mechanism under which the Engineer gives notice of the Commencement Date and sets the default timing framework. Where the Employer requires a specific date known during tender, the Particular Conditions can state that date expressly and, where needed, amend or supplement the standard Sub-Clause 8.1 machinery. Tenderers can then price, programme, and assess resource availability against the same binding requirement.

In each case, the essential drafting practice is to state the date in full, identify it expressly as the "Commencement Date," and ensure that the Contract's document hierarchy and Particular Conditions consistently reflect the intended arrangement. FIDIC's publication page is available at FIDIC Red Book, 1999; an accessible standard form reproducing the relevant commencement provisions is available from the World Bank's FIDIC-based procurement documents.

QUESTION NO: 4

Regarding FIDIC Yellow and Silver Books (edition 1999) the Contractor has submitted its design proposal through the Contractor ' s Proposal. Which two of the following statements are true in this respect, after it has been submitted?

Choose all of the correct answers (multiple possibilities).

A. The Contractor is entitled to change the design by optimising the design, without approval of the Employer/Engineer.

B. The Contractor is not allowed to make any changes regarding the design to optimise the design, unless approved by the Engineer/Employer.

C. The Contractor may submit a proposal for Value Engineering.

D. The Contractor is not allowed to submit a proposal for Value Engineering, as any value engineering should already have taken place before submitting its design proposal.

ANSWER: B C

Explanation:

“The Contractor is not allowed to make any changes regarding the design to optimise the design, unless approved by the Engineer/Employer.” is correct because the Contractor’s Proposal forms part of the contractual basis for the Contractor’s design obligations where it is incorporated in the Contract. The Contractor remains responsible for completing the design and for ensuring that its design complies with the Employer’s Requirements and the Contract. However, an optimisation that changes the agreed contractual design solution or requirements must be dealt with through the relevant contractual process. Under the Yellow Book this involves the Engineer; under the Silver Book, where there is ordinarily no Engineer administering the contract, the corresponding decision rests with the Employer. The Contractor cannot treat a commercial or technical optimisation as an unilaterally effective contractual amendment.

“The Contractor may submit a proposal for Value Engineering.” is also correct. Sub-Clause 13.2 of both 1999 books expressly permits the Contractor, at any time, to submit a written proposal intended to accelerate completion, reduce the Employer’s costs, improve efficiency or value, or otherwise benefit the Employer. This mechanism remains available after submission of the Contractor’s Proposal and provides a structured route for beneficial changes. Any accepted proposal is then implemented under the applicable contractual variation arrangements. The official FIDIC publications catalogue identifies the relevant 1999 Yellow and Silver Book forms: FIDIC Contract Books and FIDIC Contracts resources.

QUESTION NO: 5

(Under the FIDIC Red, Yellow, and Silver Books (both editions), the Contractor has a contractual obligation to give notice to the Employer if it discovers errors or defects of a technical nature. Is this statement true or false?)

A. True

B. False

ANSWER: A

Explanation:

True is correct. The FIDIC Red, Yellow and Silver Books place an express duty on the Contractor to communicate promptly when it becomes aware of an error or defect in a document prepared for use in executing the Works. In the 1999 forms, Sub-Clause 1.8 [Care and Supply of Documents] establishes this mutual notification obligation: a Party that becomes aware of such an error or defect must promptly notify the other Party. This encompasses technical errors or defects in documents used for the Works, whether they concern drawings, specifications, requirements or other execution documents.

The obligation is reinforced in the design-and-build forms through Sub-Clause 1.9 [Errors in the Employer’s Requirements], which specifically requires the Contractor to notify the Engineer or Employer, as applicable under the particular form, when it finds an error, fault or other defect in the Employer’s Requirements. The 2017 editions retain and develop the same risk-management principle through their provisions on errors in Employer-supplied data or Employer’s Requirements. In practice, where an Engineer is appointed, the notice is issued to the Engineer in accordance with the contract’s communications provisions; this fulfils the Contractor’s contractual notification process in relation to the Employer’s administration of the Contract. Prompt notice allows the issue to be addressed before it causes defective work, delay or avoidable cost. See FIDIC Conditions of Contract for Construction, 1999 Red Book and FIDIC Conditions of Contract for Plant and Design-Build, 2017 Yellow Book.

QUESTION NO: 6

The FIDIC Books are evolutions of earlier contract models, and although the different versions of a specific model are not the same, familiarity in definitions and structure makes it easier to work with different FIDIC books as well as with their different editions.

Is this statement true or false?

A. True

B. False

ANSWER: A

Explanation:

True is correct. FIDIC's principal forms have developed over successive editions while retaining a recognisable contractual architecture, common drafting style, and recurring core concepts. This continuity is intentional: the Red, Yellow and Silver Books address different procurement and risk-allocation models, but practitioners encounter familiar defined terms, clause themes and administration mechanisms across the suite. For example, provisions addressing the Employer's and Contractor's respective obligations, programme, payment, variations, claims and dispute resolution are organised around comparable subjects. Accordingly, experience with one FIDIC book or an earlier edition provides a useful foundation for reading and administering another.

That familiarity does not eliminate the need to study the particular contract being used. The 2017 editions, for instance, include substantially more detailed procedures and notices than the 1999 editions, and the role and powers of the Engineer, claims processes, and risk allocation must always be assessed under the actual Conditions of Contract and the Particular Conditions. Nevertheless, the shared lineage, terminology and structure make knowledge transferable and support more efficient contract management. FIDIC describes its standard forms and their intended uses in its contract overview materials: FIDIC Contract Books and FIDIC Contracts resources.

QUESTION NO: 7

Under the FIDIC Red Book (edition 1999), the Engineer instructs the omission of a substantial part of the Works after the Contractor has mobilised for that work. The Employer intends to have the omitted work carried out by another contractor. Which one of the following statements is correct?

A. The instruction is a valid Variation because the Engineer may omit any part of the Works at any time before Taking-Over.

B. The instruction is not a valid omission under the Variation procedure if its purpose is to have the work executed by another contractor.

C. The instruction is valid only if the omitted work is valued on a daywork basis.

D. The instruction is valid if the Employer gives the Contractor at least 28 days' notice.

ANSWER: B

Explanation:

Under Sub-Clause 13.1, the Engineer may initiate Variations, including omissions, but an instruction must not omit work for the purpose of having that work executed by others. The Variation power is intended to adjust the contractual scope, not to remove agreed work from the Contractor and transfer it to another contractor.

The proposed instruction therefore cannot properly be administered as a standard omission under the Variation procedure. The Employer would need to consider the contractual consequences of changing the agreed scope rather than use the Variation mechanism to reallocate the work.

QUESTION NO: 8

Under the FIDIC Red Book (edition 1999), the Contractor considers that the Works are ready for taking-over. Which two statements correctly describe the Taking-Over Certificate procedure?

Choose all of the correct answers (2 correct answers apply).

A. The Contractor may give notice to the Engineer not earlier than 14 days before the Works or Section will be ready for taking-over.

B. The Engineer must issue the Taking-Over Certificate within seven days in every case.

C. Within 28 days after receiving the application, the Engineer shall issue the certificate or reject the application with reasons and the work required.

D. A Taking-Over Certificate can be issued only after expiry of the Defects Notification Period.

ANSWER: A C

Explanation:

Under Sub-Clause 10.1, the Contractor may give notice to the Engineer not earlier than 14 days before the Works or a Section will, in the Contractor's opinion, be ready for taking-over. This gives the Engineer notice of the intended readiness for the required inspections and contractual steps.

Within 28 days after receiving the Contractor's application, the Engineer must either issue the Taking-Over Certificate or reject the application, giving reasons and specifying the work required to be done before the certificate can be issued. The Engineer is not entitled simply to remain silent indefinitely, and the certificate is not dependent on the expiry of the Defects Notification Period.

QUESTION NO: 9

(FIDIC Red Book (edition 2017) stipulates that the measurement shall be made as per the actual quantities executed at Site. Which one of the following statements is correct?)

A. The measurement shall be made of the net actual quantity of each item of the Permanent Works, except as otherwise stated in the Contract.

B. The measurement shall be made of actual quantity of each item of the Permanent Works with allowance of shrinkage of the used materials.

C. Measurements of the actual quantity of an item of the Permanent Works that was not specified in the Bill of Quantities, the Contractor will choose the appropriate price.

D. None of the above are correct.

ANSWER: A

Explanation:

“The measurement shall be made of the net actual quantity of each item of the Permanent Works, except as otherwise stated in the Contract” correctly reflects the measurement principle in Sub-Clause 12.1 [Works to be Measured] of the FIDIC Conditions of Contract for Construction, Second Edition 2017 (the Red Book). The clause provides that the Works are measured and valued for payment under Clause 12 and, unless the Contract states a different basis, measurement uses the net actual quantity of each Permanent Works item. “Net actual quantity” means the quantity of completed Permanent Works properly measured in accordance with the contractual method of measurement, normally as set out in the Bill of Quantities or another applicable Schedule. This basis connects payment to the work actually incorporated as Permanent Works at the Site, rather than to quantities of materials procured, delivered, or consumed. The qualification “except as otherwise stated in the Contract” is important because the Particular Conditions, Specification, or applicable Schedule may prescribe a specific measurement rule for a particular item. The Red Book is published by FIDIC as its standard construction contract form; see FIDIC’s Red Book 2017 publication page and the FIDIC contracts catalogue.

QUESTION NO: 10

(During the execution of certain Works under a FIDIC Yellow Book (edition 1999), a Contract in a historical area along the silk route, one of the workers discovers a possible ancient treasure on the Site. The supervisor stops the Works, secures the Site, and informs the Engineer. How should the Engineer react?)

A. You compliment the supervisor and ask him to excavate further and personally deliver the treasure to a university. No extension of time is granted.

B. You thank the supervisor, secure the Site, instruct guarding measures, inform the Employer and authorities, and issue a Variation to cover the costs of protection measures.

C. You inform the supervisor that a formal written notice under Sub-Clause 4.24 is required and no further instruction can be given until then.

D. You instruct the supervisor to cover the finding and resume the Works immediately, and make a determination later.

E. You issue instructions to protect the discovery and place it under the Employer's care and authority. If the Contractor suffers delay or Cost in complying, administer its entitlement under Sub-Clause 4.24, subject to the notice procedure in Sub-Clause 20.1.

ANSWER: E

Explanation:

Under Sub-Clause 4.24 [Fossils] of the FIDIC Conditions of Contract for Plant and Design-Build (Yellow Book), 1999, articles of value, antiquities, fossils, and structures of geological or archaeological interest discovered on the Site must be placed under the Employer's care and authority. Following the Contractor's prompt notice, the Engineer must issue instructions for dealing with the discovery. In practical terms, those instructions should require appropriate protection and preservation of the finding, such as maintaining the secured area, preventing removal or damage, and arranging any required access or measures in coordination with the Employer and applicable authorities.

The contractual financial and time consequences must be administered under the specific mechanism in Sub-Clause 4.24, rather than being assumed to arise automatically through a Variation. Where the Contractor suffers delay and/or incurs Cost in complying with the Engineer's instructions, it must give the further notice required by Sub-Clause 20.1 [Contractor's Claims]. Subject to that claims procedure, the Contractor is entitled to an extension of time and payment of the resulting Cost, which is included in the Contract Price. The Engineer then makes the required agreement or determination under Sub-Clause 3.5 [Determinations]. This approach protects the discovery while applying the Yellow Book's express allocation of responsibility and entitlement. See [FIDIC Yellow Book, 1999] and [FIDIC Contract Books].

QUESTION NO: 11

Under the FIDIC Red Book (edition 2017), the Engineer has suspended works to come to a change of the design of a part of the Works. After expiry of 84 days of suspension, the Contractor gave notice thereof. Following this notice, the suspension was not lifted within 28 days. What two statements are correct in such a situation?

A. Under the Contract the Parties cannot agree on further suspension and the Contractor may immediately terminate the Contract if it affects the whole Works.

B. The Contractor cannot terminate the Contract.

C. The Contractor may terminate the Contract if it affects the whole Works, but only after it has given a second notice to the Engineer.

D. The Contractor may omit the affected part of Works and deny to carry out such Work going forward, but only after it has given a second notice to the Engineer.

E. The Contractor may terminate the Contract if the suspension affects the whole of the Works, but only after giving the required further notice to the Employer.

ANSWER: D E

Explanation:

Under Sub-Clause 8.12 [Prolonged Suspension] of the FIDIC Conditions of Contract for Construction, 2017 Red Book, a suspension continuing beyond 84 days triggers a defined process. Once the Contractor has requested permission to proceed and the Engineer does not grant that permission within the following 28 days, the Contractor may give a further notice and treat the suspended part of the Works as an omission under the Variation machinery. Accordingly, the Contractor is no longer required to carry out that omitted scope going forward, with the resulting contractual and valuation consequences dealt with under Clause 13.

Where the prolonged suspension affects the whole of the Works, the Contractor instead has the right to pursue termination under Sub-Clause 16.2.1. This requires the termination notice procedure addressed to the Employer; it is not an immediate termination merely because the 28-day period has expired. The distinction between omission of an affected part and termination where the whole Works are affected preserves the contractual procedure for both situations. The applicable standard form is the [FIDIC Conditions of Contract for Construction, Second Edition 2017]; FIDIC's official contract resources are available at [FIDIC Books].

QUESTION NO: 12

(You are the Contract Manager of the Employer ' s Representative for a project using FIDIC Silver Book (edition 1999). The Contract Agreement does not define the Commencement Date. The Contract has been legally effective for 4 weeks. You are writing a letter urging the Employer to issue a Notice of Commencement Date. Why is this important? (2 correct answers apply))

A. If no notified Commencement Date were more than 8 weeks since the Contract became legally effective, the Contractor will be entitled to financial compensation.

B. The Employer's failure to notify the Commencement Date within 6 weeks after the date on which the Contract comes into full force and effect would constitute a breach of the Contract.

C. If no notified Commencement Date were more than 8 weeks since the Contract was legally effective, the Contractor will be entitled to extension of time.

D. The Contractor shall be entitled to give notice of termination if the Contractor does not receive a Notice of Commencement Date within 12 weeks after both Parties signed the Contract Agreement.

ANSWER: B C

Explanation:

Under Sub-Clause 8.1 [Commencement of Works] of the 1999 FIDIC Silver Book, the Employer must give the Contractor at least seven days' notice of the Commencement Date. Unless the Particular Conditions state otherwise, that date is to fall within 42 days after the Contractor receives the Letter of Acceptance. Accordingly, failure to notify commencement by the applicable six-week default period is a failure to comply with the Employer's contractual obligation. The Contract Manager should therefore press for the notice before this default timing is exceeded, while checking the actual Letter of Acceptance date and any Particular Conditions that amend the default rule.

If the lack of a Commencement Date delays completion, the Contractor may claim an extension of time under Sub-Clause 8.4 [Extension of Time for Completion], subject to the Sub-Clause 20.1 claims procedure. A delay attributable to the Employer's failure to enable commencement is capable of delaying the Works, and an extension of time protects the Contractor from liability for delay damages for the resulting period. The eight-week wording is not itself the contractual trigger; rather, by that stage the default 42-day commencement timing will normally already have been exceeded and the actual effect on completion must be assessed. See FIDIC's EPC/Turnkey Contract, First Edition 1999 (Silver Book) and its official contracts information.

QUESTION NO: 13

During the execution of certain Works under a FIDIC Yellow Book (edition 1999), a Contract in a historical area along the silk route, one of the workers on the excavator shouts out to the supervisor of the Contractor it has discovered something on the Site. The supervisor inspects the finding and concludes this is possibly an ancient treasure in a wooden box. The supervisor sees some golden coins through the cracked lid of the box. The supervisor immediately stops the execution of the Works, sends the workers away and blocks access to the Site for all persons. Given the sensitive nature of the findings, the supervisor informs you as Engineer. How do you react?

A. You compliment the supervisor for their swift and decisive action. However, the Works should advance as soon as possible. You ask the supervisor to excavate the box further and place it in the back of your truck. You promise the supervisor that you will drive the box yourself to the nearby University, because it is important to preserve found treasures. The Contractor is not entitled to an extension of time or payment of Cost.

B. You thank the supervisor for their action. You make sure the Site is secured and ask the Contractor to make an improvised barrier around the Site. You ask the Contractor to appoint its most trustworthy guards to set a perimeter. You inform the Employer and local authorities and instruct the Contractor in writing on the preservation and handling of the find.

C. You inform the supervisor that, given the sensitive nature of the findings, you need a formal written notice under Sub-Clause 4.24 before you can give further instructions. You ask them to send it as soon as possible, because otherwise the Contractor cannot be entitled to any extension of time or payment of Cost.

D. You immediately instruct the supervisor to cover the finding and fill the excavation with material. You then redesign the Works and make a determination under Sub-Clause 3.5 on a change to the Works, if needed, so that execution can restart within days.

ANSWER: B

Explanation:

"You thank the supervisor for their action. You make sure the Site is secured and ask the Contractor to make an improvised barrier around the Site. You ask the Contractor to appoint its most trustworthy guards to set a perimeter. You inform the Employer and local authorities and instruct the Contractor in writing on the preservation and handling of the find." is the appropriate response. Under Sub-Clause 4.24 of the 1999 Yellow Book, coins, articles of antiquity and other such objects found on the Site are to be placed under the care and authority of the Employer. The Contractor must take reasonable precautions to prevent its personnel from removing or damaging the discovery and must notify the Engineer promptly. The Engineer should then issue instructions for how the find is to be dealt with, while ensuring that the Employer and competent public authorities are engaged as required by applicable law. Securing the immediate area, restricting access, and preserving the find in situ are practical measures that support those contractual duties and protect both the artefact and the evidential context of the discovery. If compliance with the Engineer's subsequent instructions causes delay and/or Cost, the Contractor's potential entitlement is assessed under Sub-Clause 4.24, subject to the notice requirements of Sub-Clause 20.1; it is not dependent on first requesting a Variation. See the FIDIC Yellow Book 1999 publication page and FIDIC's official contracts library.

QUESTION NO: 14

Which one of the following statements is NOT correct in respect of FIDIC Red Book (both editions)?

A. The Letter of Tender may be worded by the Contractor (at its discretion) so as to allow for the alternative of the Contract to become effective when the Employer issues a Letter of Acceptance.

B. The Contract typically becomes legally effective when the Employer issues the Letter of Acceptance to the Contractor.

C. The Contract is administered by the Engineer who is appointed by the Employer. If disputes arise, they are referred to a Dispute Adjudication Board (DAB) for its decisions.

D. The General Conditions allocate the risks between the parties on a fair and equitable basis.

ANSWER: A

Explanation:

The statement "The Letter of Tender may be worded by the Contractor (at its discretion) so as to allow for the alternative of the Contract to become effective when the Employer issues a Letter of Acceptance." is not correct. Under the FIDIC Red Book tender process, the Letter of Tender is a prescribed tender document issued as part of the Employer's requirements for tendering. A tenderer is expected to complete and submit that form in accordance with the Instructions to Tenderers and its stated terms; it does not have unilateral discretion to rewrite the contractual mechanism for formation or effectiveness of the Contract. Any amendment to the tender form or any alternative proposal would need to be expressly permitted by the tender documents and accepted by the Employer. In both the 1999 and 2017 Red Books, the Letter of Acceptance is central to contract formation: the tender and the Employer's written acceptance establish the contractual relationship, subject to the particular wording and the required subsequent Contract Agreement. The Engineer administers the Contract on the Employer's appointment, and the standard FIDIC conditions are designed to allocate risks through defined rights, obligations, and relief mechanisms. See FIDIC's overview of its standard contracts at FIDIC Construction Contract, 2017 Red Book and the FIDIC Construction Contract, 1999 Red Book.

QUESTION NO: 15

Which two of the following drafting approaches are consistent with the FIDIC Golden Principles?

Choose all of the correct answers (2 correct answers apply).

A. Replacing a General Conditions provision by identifying the affected Sub-Clause, stating the new wording and addressing consequential amendments.

B. Making the Contractor responsible for every unforeseeable physical condition under an otherwise unamended Red Book contract.

C. Providing that certified payments will be made 180 days after the Employer receives the Contractor's Statement.

D. Maintaining referral of disputes to an independent dispute board before arbitration.

ANSWER: A D

Explanation:

A Particular Condition that identifies the amended Sub-Clause, states the replacement wording, and addresses consequential changes is consistent with the requirement that Particular Conditions be drafted clearly and unambiguously. Clear drafting enables the Parties to understand their respective duties, procedures, risks and entitlements.

Retaining an independent dispute-adjudication mechanism before arbitration is also consistent with the Golden Principles. The FIDIC contractual approach requires disputes to be referred to an impartial dispute board for a provisionally binding decision before they proceed to arbitration.

By contrast, transferring all unforeseeable physical-condition risk to the Contractor under a Red Book contract would materially disturb the selected form's risk/reward allocation. A 180-day payment period would similarly undermine the intended balanced payment mechanism and is not a reasonable period for payment.