

PROFESSIONAL GUIDE

THE CONTRACT DECODER

11 Contract Clauses That Are Costing You Thousands

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WHAT YOU WILL LEARN

Part 1: The 5 Contract Danger Zones

Part 2: 11 Contract Clauses Decoded

Part 3: The 7-Step Contract Audit Method

Part 4: Negotiation Scripts That Work

Part 5: Real Case Studies & Savings

PART 1: THE 5 CONTRACT DANGER ZONES

DANGER ZONE 1: The Scope of Work

When a contract says "*standard materials*" or "*customary installation*", those words mean NOTHING legally. They give the contractor permission to decide what is included, and you pay for it.

EXAMPLE: A \$45,000 kitchen renovation with "*cabinetry as selected*." The contractor chose builder-grade. Upgrades cost \$8,400 extra.

FIX Every material by brand, model, quantity, and price. If it is not in the contract, it is not included.

DANGER ZONE 2: The Payment Schedule

Contracts demanding 50-70% upfront equals zero leverage.

EXAMPLE: A \$75,000 project with 60% down = \$45,000 before work starts. If they stop after framing, you lost \$45,000.

FIX Max 25-30% deposit. Milestone payments. 20% held to end.

DANGER ZONE 3: Change Order Clause

Unlimited markups on changes equals a blank check.

EXAMPLE: A bathroom reno went from \$18,000 to \$31,000 because the contractor charged 45% on every change.

FIX Cap markups at 10-12%. Written approval required.

DANGER ZONE 4: Fine Print Appendices

The worst terms are in exhibits you never see.

HIDDEN: Arbitration clauses, liability caps, and venue selection are frequently buried here.

FIX Read and negotiate every single appendix before signing.

DANGER ZONE 5: Auto-Renewal Trap

Signing and forgetting can cost you dearly.

EXAMPLE: Missed a 90-day window by 12 days. Locked into \$400/month for another year. \$4,800 wasted.

FIX Remove auto-renewal, make it month-to-month, or set strict calendar reminders.

PART 2: 11 CONTRACT CLAUSES DECODED

01

Time is of the Essence

If YOU delay, you breach the contract. Protect your timeline aggressively.

02

Force Majeure

Often defined broadly to excuse supplier delays and extend your project indefinitely.

03

Indemnification

You could end up paying their legal costs if a dispute arises.

04

Limitation of Liability

Caps damages at the contract value, protecting them from larger negligence claims.

05

Waiver of Consequential Damages

Prevents you from recovering indirect financial losses caused by their failure.

06	Attorney Fees	If you lose a dispute, you pay their lawyer bills. Huge deterrent to suing.
07	Arbitration	You give up your fundamental right to sue in court and your right to a jury trial.
08	Governing Law	May force you to litigate out-of-state, increasing costs dramatically.
09	Entire Agreement	Verbal promises are entirely meaningless. If it is not in writing, it does not exist.
10	Assignment	Allows them to sell your contract to a third party without your consent.
11	Right to Lien	Protects the contractor's payment rights, but can be highly abused against your property.

PART 3: THE 7-STEP CONTRACT AUDIT METHOD

Step 1	Map the Money
Step 2	Trace Payment Schedule
Step 3	Find Change Order Language

Step 4

Read the Fine Print

Step 5

Check Auto-Renewal

Step 6

Verify Scope Completeness

Step 7

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PART 4: NEGOTIATION SCRIPTS THAT WORK

"This markup is above standard. Can you break it down?"

"I prefer milestone payments with 20% held to completion."

"Cap change orders at 12% with my written approval."

"Remove auto-renewal, make it month-to-month."

PART 5: REAL CASE STUDIES & SAVINGS

HVAC INSTALLATION

Negotiated proposal from \$14.5k down to \$10.8k.

Saved \$3,200

AUTO LOAN FINANCING

Removed hidden 2.5% APR markup by dealer.

Saved \$2,400

HOME RENOVATION

Identified and removed 35% material markup.

Saved \$12,000+

MEDICAL BILLING

Audited \$12k ER bill, negotiated down to \$4,200.

Saved \$7,800

YOUR ACTION PLAN

1. **Get scope in writing** with brand, model, and quantity.
2. **Negotiate max 30% down**, ensure payments are milestone-based.
3. **Cap change orders** at 10-12% with required written approval.
4. **Read every appendix** before signing anything.
5. **Remove auto-renewal** or set immediate calendar reminders.
6. **Upload to HiddenFeeAI.com** for a \$15 professional scan.

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