COLOCATIONQUOTES

Colocation Contract Red Flags Checklist

35 red flags in colocation contracts, MSAs, SLAs and order forms, each with what to ask for instead.

How to use this. Read the order form and schedules first, then the master agreement. Tick each red flag you find and send the "ask for" column as your redline. This is a checklist for negotiation, not legal advice; have counsel review the final documents. Free MSA and SLA templates with sample language are at colocationquotes.com/resources/templates.

Pricing and billing

	Red flag	Ask for instead
☐	Billing starts on a ready-for-service date or after a short acceptance window, even if the space does not work yet	Billing only after written acceptance that power, space and cross connects are installed and tested
☐	An escalator with no cap, or one that applies to every charge, including power and cross connects	A capped escalator, first increase no earlier than month 13, applied to space and power only
☐	Power passed through at the provider's discretion, with a margin or a cooling factor you cannot verify	Pass-through at cost with notice and records, or a fixed rate for the term
☐	Cross connect and remote hands prices not listed, or listed as current rates subject to change	Prices fixed in the order form for the term, with the same escalator cap
☐	Late fees, interest and suspension rights that apply to amounts you dispute in good faith	No interest or suspension on amounts disputed in good faith
☐	A deposit or prepayment with no date or condition for its return	Return of the deposit after a set number of on-time payments

Term, renewal and exit

	Red flag	Ask for instead
☐	Automatic renewal for the full original term	Renewal for 12 months or less, or month to month
☐	A short or early notice window to stop renewal, with notice only by mail	A 90 to 120 day window, email notice allowed, and a written reminder from the provider
☐	Renewal pricing at the provider's then-current rates with no notice	Renewal pricing in writing at least 120 days before the end of the term, with a cap
☐	Early termination fee equal to every remaining monthly charge, due before you can remove equipment	A declining fee, credit when the space is re-licensed, and an exit for chronic outages

☐	Five to ten days to remove equipment before it is held, charged or disposed of	30 to 90 days at the current rate, and no disposal without written notice

Power

	Red flag	Ask for instead
☐	One reading above your committed kW resets your commitment for the rest of the term	A grace period, measurement on an average or percentile, and a way to reset down
☐	Power limits stated per breaker without saying whether A and B are combined	Usable kW per cabinet stated in writing, with how A and B feeds are counted
☐	No right to see your own power readings	Access to branch circuit or PDU readings that the bill is based on

SLA and remedies

	Red flag	Ask for instead
☐	Service credits are the sole and exclusive remedy for any failure	Sole remedy limited to the outage itself, and a termination right for repeated failures
☐	Credits capped at a small share of one month's fee	A higher cap and credits on the whole affected service, not one line item
☐	A short claim deadline, such as within days of the outage	At least 30 days to claim, or credits applied automatically
☐	Broad exclusions for maintenance, utility failures or anything outside the cabinet	Maintenance windows with notice, and no exclusion for failures inside the provider's own plant
☐	No SLA at all, or an SLA the provider can change during the term	An SLA attached to the agreement that cannot be reduced during the term

Liability, insurance and risk

	Red flag	Ask for instead
☐	Liability capped at one month of fees, or a few months	A cap tied to a multiple of annual fees
☐	No carve-outs from the cap	Carve-outs for gross negligence, willful misconduct, confidentiality and data breaches
☐	One-way indemnity that only protects the provider	Mutual indemnity for injury and property damage caused by ordinary negligence
☐	Insurance requirements on you with high limits and none on the provider	Matching insurance obligations and certificates on request
☐	Equipment damage excluded unless caused by gross negligence	Liability for damage to your equipment caused by the provider's negligence

Changes, relocation and assignment

	Red flag	Ask for instead
☐	The provider can move you to substantially similar space on short notice	Your consent, your schedule, a provider-paid move including cross connects, and an exit if the new space is worse
☐	Facility rules or policies can change at any time and bind you	Notice of changes, and no change that raises charges or reduces service during the term
☐	The provider can assign the contract to anyone; you need consent	Mutual assignment rights, including to an affiliate or a buyer of your business
☐	The order of precedence puts the provider's standard terms above your negotiated order form	The signed order form controls for the services it lists

Access, operations and data

	Red flag	Ask for instead
☐	Access only during business hours, or only with an escort you pay for	24/7 access for your named staff and vendors
☐	The provider can access your cabinet without notice except in an emergency	Notice and an escort for any non-emergency access
☐	No commitment on how long video and access logs are kept or whether you can see them	Retention periods in writing and access to logs for your space
☐	Compliance reports promised but not shareable, or not for this facility	Current reports naming this facility, shared under NDA before signing

Paperwork and publicity

	Red flag	Ask for instead
☐	A statement that you used no broker or quote service	Strike it, or make it match the facts
☐	A right to use your name and logo in marketing	Strike it, or require written approval for each use
☐	Verbal promises from the sales process that are not in the documents	Every promise, credit and concession written into the order form

Compare quotes on total cost and cost per usable kW with our free quote comparison calculator, or get colocation quotes.