

The SCHEDULE of VALUES I Applications for Payment I Certification



Payment Procedures are very important because delays in the processing of payments to the Contractor can cause serious problems to the Project team, and specially to the Contractor.

- The payment procedures need to be in place before the Work starts, approved by the Owner, the Contractor, and the Architect, and well understood among all the team members who will participate in the process.
- Approval of the procedures includes the approval of the forms used, the method of transmitting the documentation, and the processing schedule, including time required by the parties to prepare, review, certify, and respond.
- The milestones and tasks of the payment process should be included in the Project Schedule.

YOU MIGHT NOT BE INVOLVED
IN THE REVIEW OF THE
SCHEDULE OF VALUES FORMAT,
BUT YOU SHOULD HAVE A COPY
IF YOU ARE PROCESSING THE
APPLICATIONS FOR PAYMENT

The General Conditions of the Contract define the duties of each party regarding the Applications for Payment, the Certificates for Payment, and the progress payments, as well as associated concepts such as Substantial Completion and Final Completion, and occupancy of the Owner of completed portions of the Work.

- Delays in payment to the contractor cause delays or even stop the Work and loses to all involved, included the Owner.
- The Owner and Architect objective is to keep payments in line with the actual vale of completed work.

SCHEDULE OF VALUES

- This document allocates to each component of the Work its share in the total cost of the construction. The Contractor is required to submit the Schedule of Values before submitting the first Application fo Payment.
- The purpose of this document is to help the Owner and the Architect for evaluate the Applications for payment in relation to the amount of work accomplished.
- For each project, the Contractor and the Owner should decide on the information to be included in the Schedule of Values, the level of detail, and the format, so the Architect and the Owner can substantiate the accuracy of the Applications for Payment.
- The requirement of submitting a Schedule of Values may be omitted if the Owner agrees or in project which are small or have a short duration.

APPLICATIONS FOR PAYMENT

The most important items of the Applications for Payment Form, are:

- The Contractor's Certification that the work covered by the application was performed and
- · That all amounts for which prior applications were made were paid.

The AIA documents for Application for Payment are:

- · The AIA G702 which is the standard form.
- The AIA G702/CMa to be used when there is a Construction Manager on board that will process the Applications.
- The AIA G703 which is the continuation sheet for both the G702 and the G702/CMa.

Using standard forms is generally more efficient and reduces risk. If the Owner has its own forms, have DR lawyers take a look at them.

Two things to look for:

- Payments for Materials not Stored on the Project Site - These should be authorized by the Owner before construction begins.
- Front end loading: The Contractor assigns inflated values to operations done early on the Project this is dangerous because there might not be money enough to pay for operations done late in the Project.

NFORMATION IN THIS MODULE IS TAKEN FROM the AIA MASTERSPEC Evaluation Sheet for Section 012900 -Payment Procedures.

THE PAYMENT PROCESS

Contractor reports on job progress submits Application for payment; Architect reviews and certifies, Onwer receives and pays Contractor, Contractor pays subcontractors and everyone else it own money to.

Payments are typically processed every month, except at Substantial Completion and at Final Completion. Payment dates are established in the Agreement.

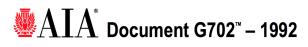
REITANAGE

This is a percentage of each progress payment to the Contractor retained by the Owner to make sure that the Contractor will return to complete the Work and that there are enough funds to finish paying for the Work. The percentage of the payment being retained might be diminished as the Work progresses if agreed by the Contractor and the Owner. The amount being retain is documented in the Agreement.

MECHANIC'S LIEN

Is a claim that a contractor, subcontractor, or supplier may place against a property to secure payment for work performed or material supplied. Liens must be settled for an Owner to have clear title to the property. A lien waiver, executed by a contractor or subcontractor, relinquishes the right to place a lien against the property, and is usually tied to a certification that amounts due have been paid. Many owners require a partial release of lien for the amount requested in the Applications for Payment, protecting the Owner against a lien being filed after payment is made.

APPLICATIONS FOR PAYMENT **CONTRACTOR** submits **CONTRACTOR** submits **CONTRACTOR** submits First Application + Schedule of Values Monthly Applications for Payment Application for Payment at **Substantial Completion ARQUITECT or CM ARQUITECT or CM Reviews and Certifies Reviews and Certifies** sends to Owner for Processing sends to Owner for Processing **ARQUITECT or CM** Reviews and Certifies Sends to Owner for Processing **OWNER** Reviews and pays the Contractor CONTRACTOR Application for Payment at Final Completion If there is a CM on the Project, this **ARQUITECT or CM** process might be part of its **Reviews and Certifies** services Sends to Owner for Processing



Application and Certificate for Payment

TO OWNER:	PROJECT:	APPLICATION NO:	Distribution to:
FROM CONTRACTOR:		PERIOD TO:	OWNER □
		CONTRACT FOR:	ARCHITECT
	VIA ARCHITECT:	CONTRACT DATE:	CONTRACTOR
		PROJECT NOS:	FIELD
			OTHER
CONTRACTOR'S APPLICATION Application is made for payment, as shown I AIA Document G703TM, Continuation Sheet 1. ORIGINAL CONTRACT SUM	pelow, in connection with the Contract. , is attached.	The undersigned Contractor certifies that to the best of the Contra and belief the Work covered by this Application for Payment has with the Contract Documents, that all amounts have been paid twhich previous Certificates for Payment were issued and payment that current payment shown herein is now due. CONTRACTOR:	been completed in accordance by the Contractor for Work for
3. CONTRACT SUM TO DATE (Line 1 ± 2)		- ''\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\	Date:
4. TOTAL COMPLETED & STORED TO DATE		State of:	
5. RETAINAGE:		County of:	
a% of Completed Work		Subscribed and sworn to before	
(Columns $D + E$ on $G703$)	\$	me this day of	
b% of Stored Material (Column F on G703)		Notary Public:	
(Column F on G/03)	*	My commission expires:	
Total Retainage (Lines 5a + 5b, or Total	in Column I of G703) \$		
6. TOTAL EARNED LESS RETAINAGE	s	ARCHITECT'S CERTIFICATE FOR PAYMENT	
(Line 4 minus Line 5 Total)		In accordance with the Contract Documents, based on on-site obser	vations and the data comprising
7. LESS PREVIOUS CERTIFICATES FOR PAY	WÈNT s	this application, the Architect certifies to the Owner that to the bes information and belief the Work has progressed as indicated,	
(Line 6 from prior Certificate)		accordance with the Contract Documents, and the Contractor	
8. CURRENT PAYMENT DUE	\$	AMOUNT CERTIFIED.	
9. BALANCE TO FINISH, INCLUDING RETAINA		AMOUNT CERTIFIED	\$
(Line 3 minus Line 6))) \$	(Attach explanation if amount certified differs from the amount app Application and on the Continuation Sheet that are changed to conj	lied. Initial all figures on this
CHANGE ORDER SUMMARY	ADDITIONS DEDUCTION	S ARCHITECT:	
Total changes approved in previous months			Date:
Total approved this month	/ e e	l	

NET CHANGES b CAUTION: You sh AIA Document G702 possible under the la counsel, copyright@a



AIA° Document G703™ – 1992

Continuation Sheet

AIA Document G702TM_1992, Application and Certificate for Payment, or G732TM_2009, Application and Certificate for Payment, Construction Manager as Adviser Edition, containing Contractor's signed certification is attached.

In tabulations below, amounts are in US dollars.

Use Column I on Contracts where variable retainage for line items may apply. APPLICATION NO: APPLICATION DATE: PERIOD TO: ARCHITECT/S PROJECT NO:

	se Column 1 on Contracts where variable retainage for this items may apply.					ARCHITECT S PROJECT NO.				
Α	В	С	D	E	F	G		Н	I	
ITEM NO.	DESCRIPTION OF WORK	SCHEDULED VALUE	FROM PREVIOUS APPLICATION (D + E)	MPLETED THIS PERIOD	MATERIALS PRESENTLY STORED (Not in D or E)	TOTAL COMPLETED AND STORED TO DATE (D+E+F)	(G ÷ C)	BALANCE TO FINISH (C - G)	RETAINAGE (If variable rate)	
	GRAND TOTAL									

CAUTION: You should sign an original AIA Contract Document, on which this text appears in RED. An original assures that changes will not be obscured.

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