

## SECTION 01290 - PAYMENT PROCEDURES

### PART 1 - GENERAL

#### 1.01 RELATED DOCUMENTS

- A. Drawings and general provisions of the Contract, including General Conditions and other Division 1 Specification Sections, apply to this Section.

#### 1.02 SUMMARY

- A. This Section specifies administrative and procedural requirements necessary to prepare and process Applications for Payment.
- B. Related Sections include the following:
  - 1. Division 1 Section "Contract Modification Procedures" for administrative procedures for handling changes to the Contract.

#### 1.03 DEFINITIONS

- A. Schedule of Values: A statement furnished by Contractor allocating portions of the Contract Sum to various portions of the Work and used as the basis for reviewing Contractor's Applications for Payment.

#### 1.04 SCHEDULE OF VALUES

- A. Coordination: Coordinate preparation of the Schedule of Values with preparation of Contractor's Construction Schedule.
  - 1. Correlate line items in the Schedule of Values with other required administrative forms and schedules, including the following:
    - a. Application for Payment forms with Continuation Sheets.
    - b. Submittals Schedule.
    - c. Project Schedule
  - 2. Submit the Schedule of Values to Architect at earliest possible date but no later than the pre-construction conference.
  - 3. Subschedules: Where the Work is separated into phases requiring separately phased payments, provide subschedules showing values correlated with each phase of payment.
- B. Format and Content: Use the Project Manual table of contents as a guide to establish line items for the Schedule of Values. Provide at least one line item for each Specification Section.
  - 1. Cover Sheet Identification: Include the following Project identification on the Schedule of Values:
    - a. Project name and location.
    - b. Name of Architect.
    - c. Architect's project number.
    - d. Contractor's name and address.
    - e. Date of submittal.
    - f. Certification that Record Drawings have been updated and verified.
  - 2. Arrange the Schedule of Values in tabular form with separate columns to indicate the following for each item listed:
    - a. Related Specification Section or Division.
    - b. Description of the Work.

- c. Name of subcontractor.
  - d. Name of manufacturer or fabricator.
  - e. Name of supplier.
  - f. Change Orders (numbers) that affect value.
  - g. Dollar value.
    - 1) Percentage of the Contract Sum to nearest one-hundredth percent, adjusted to total 100 percent.
3. Provide a breakdown of the Contract Sum in enough detail to facilitate continued evaluation of Applications for Payment and progress reports. Coordinate with the Project Manual table of contents, providing at least one line item for each Specification Section. Provide several line items for principal subcontract amounts, where appropriate.
4. For Division 15 work, provide the following additional line item breakdown of the mechanical subcontractor's work for each Application for Payment.
- a. Ductwork Systems.
  - b. HVAC Piping Systems.
  - c. HVAC Equipment.
  - d. HVAC Controls.
  - e. Plumbing, including fixtures and piping.
5. Documentation: Submit proper documentation for the amounts being requisitioned from subcontractors and material suppliers with each Application for Payment.
6. Round amounts to nearest whole dollar; total shall equal the Contract Sum.
7. Provide a separate line item in the Schedule of Values for each part of the Work where Applications for Payment may include materials or equipment purchased or fabricated and stored, but not yet installed.
- a. Differentiate between items stored on-site and items stored off-site. Include evidence of insurance or bonded warehousing if required.
  - b. Only major long lead delivery items may be considered for off-site storage (Example: Long lead custom mechanical unit). Standard order and production materials and products shall be delivered to the site before including in Application of Payment on such items.
8. Allowances: Provide a separate line item in the Schedule of Values for each allowance. Show line-item value of unit-cost allowances, as a product of the unit cost, multiplied by measured quantity. Use information indicated in the Contract Documents to determine quantities.
9. Each item in the Schedule of Values and Applications for Payment shall be complete. Include total cost and proportionate share of general overhead and profit for each item.
- a. Temporary facilities and other major cost items that are not direct cost of actual work-in-place may be shown either as separate line items in the Schedule of Values or distributed as general overhead expense, at Contractor's option.
10. Schedule Updating: Update and resubmit the Schedule of Values before the next Applications for Payment when Change Orders or Construction Change Directives result in a change in the Contract Sum.
- C. The Contractor shall furnish to the Architect at the beginning of the project an expected monthly requisition estimate for the Owner's use in planning funding.

#### 1.05 APPLICATIONS FOR PAYMENT

- A. Each Application for Payment shall be consistent with previous applications and payments as certified by Architect and paid for by Owner.
  - 1. Initial Application for Payment, Application for Payment at time of Substantial Completion, and final Application for Payment involve additional requirements.

- B. Payment Application Times: The Contactor shall submit payment applications to the Architect at least three days before the second Thursday of each month. The period covered by each Application for Payment starts on the day following the end of the preceding period and ends 15 days before the date for each progress payment. The Owner will issue payment within 5 days after approval of Applications for Payment.
- C. Payment Application Forms: Use AIA Document G702 and AIA Document G703 Continuation Sheets as form for Applications for Payment.
- D. Sample copies are included at end of this Section.
- E. Application Preparation: Complete every entry on form. Notarize and execute by a person authorized to sign legal documents on behalf of Contractor. Architect will return incomplete applications without action.
  - 1. Entries shall match data on the Schedule of Values and Contractor's Construction Schedule. Use updated schedules if revisions were made.
  - 2. Include amounts of Change Orders and Construction Change Directives issued before last day of construction period covered by application.
- F. Transmittal: Submit 3 signed and notarized original copies of each Application for Payment to Architect by a method ensuring receipt 72 hours before payment application review meeting. One copy shall include waivers of lien and similar attachments if required.
  - 1. Transmit each copy with a transmittal form listing attachments and recording appropriate information about application.
- G. Waivers of Mechanic's Lien: For each payment application, submit waivers of lien from every entity (including Contractor) who could lawfully and possibly file a lien in excess of \$500 arising out of the Contract, and related to work covered by the payment. The following is a list of entities that the owner will require lien waivers from as a minimum: general contractor, subcontractors, sub-subcontractors, and Major Suppliers, including but not limited to: Steel Manufacturers, Concrete Suppliers, Millwork Companies, Door and Hardware Suppliers, Flooring Suppliers, HVAC Suppliers, Electrical Switchgear and Panel Suppliers for construction period covered by the previous application.
  - 1. Submit partial waivers on each item for amount requested, before deduction for retainage, on each item.
  - 2. When an application shows completion of an item, submit final or full waivers.
  - 3. Owner reserves the right to designate which entities involved in the Work must submit waivers.
  - 4. Waiver Delays: Submit each Application for Payment with Contractor's waiver of mechanic's lien for construction period covered by the application.
    - a. Submit final Application for Payment with or preceded by final waivers from every entity involved with performance of the Work covered by the application that is lawfully entitled to a lien.
  - 5. Waiver Forms: Submit waivers of lien on form shown at the end of this section, labeled as "Contractor, Sub-Contractor and Major Supplier Affidavit and Lien Waver," or other form acceptable to Owner.
  - 6. Lien Waiver Summary Form: Submit a Lien Waiver Summary Sheet with each payment requisition, displaying the Schedule of Values (or construction activity), the contractor, sub-contractor, and suppliers, and the lien waiver amount for the current requisition. The Lien Waiver Summary should also include the cumulative lien waiver totals for each schedule of value item.

- H. Record Drawing Updates: With each Application of Payment, record documents shall be maintained and current for all trades, available for viewing at a central location.
- I. Initial Application for Payment: Administrative actions and submittals that must precede or coincide with submittal of first Application for Payment include the following:
1. List of subcontractors.
  2. Schedule of Values.
  3. Contractor's Construction Schedule.
  4. Products list.
  5. Schedule of unit prices.
  6. Submittals Schedule (preliminary if not final).
  7. List of Contractor's staff assignments.
  8. List of Contractor's principal consultants.
  9. Copies of building permits and other required permits.
  10. Copies of authorizations and licenses from authorities having jurisdiction for performance of the Work.
  11. Initial progress report.
  12. Report of preconstruction conference.
- J. Progress Applications for Payment: Administrative actions and submittals that must precede or coincide with submittal of progress Applications for Payment include the following:
1. Contractor's Construction Schedule update.
  2. Submittals for Work being requisitioned for are complete and approved.
  3. Minutes of previous month's progress meeting have been distributed.
  4. Record drawings are current.
- K. Application for Payment at Substantial Completion: After issuing the Certificate of Substantial Completion, submit an Application for Payment showing 100 percent completion for portion of the Work claimed as substantially complete.
1. Include documentation supporting claim that the Work is substantially complete and a statement showing an accounting of changes to the Contract Sum.
  2. This application shall reflect Certificates of Partial Substantial Completion issued previously for Owner occupancy of designated portions of the Work.
  3. Include occupancy permits and similar approvals or certifications by governing authorities and franchised services, assuring Owner's full access and use of completed work.
  4. Test/adjust/balance records, maintenance instructions, meter readings, start-up performance reports, and similar change-over information germane to Owner's occupancy, use, operation and maintenance of completed work.
  5. Final cleaning of the work.
  6. Application for reduction (if any) of retainage, and consent of surety.
  7. Advice to Owner on coordination of shifting insurance coverages, including proof of extended coverages as required.
  8. Listing of Contractor's incomplete work, recognized as exceptions to Architect's certificate of substantial completion.
- L. Final Payment Application: Submit final Application for Payment with releases and supporting documentation not previously submitted and accepted, including, but not limited, to the following:
1. Evidence of completion of Project closeout requirements, record documents, operation and maintenance data, and demonstration and training.

2. Insurance certificates for products and completed operations where required and proof that taxes, fees, and similar obligations were paid.
3. Updated final statement, accounting for final changes to the Contract Sum.
4. AIA Document G706, "Contractor's Affidavit of Payment of Debts and Claims."
5. AIA Document G706A, "Contractor's Affidavit of Release of Liens."
6. AIA Document G707, "Consent of Surety to Final Payment."
7. Evidence that claims have been settled.
8. Final, liquidated damages settlement statement.

M. Mechanics Liens: If a subcontractor refuses to furnish a release of waiver required by the Owner, the Contractor shall furnish a bond satisfactory to the Owner to indemnify the Owner against such a lien. If such a lien remains unsatisfied after payments are made, the Contractor shall refund to the Owner all money that the Owner may be compelled to pay in discharging such lien including all costs and reasonable attorney fees.

PART 2 - PRODUCTS (Not Used)

PART 3 - EXECUTION (Not Used)

END OF SECTION 01290

**CONTRACTOR, SUB-CONTRACTOR AND MAJOR SUPPLIER AFFIDAVIT AND LIEN  
WAVER**

TO ACCOMPANY EACH PAYMENT REQUISITION

To: \_\_\_\_\_ ( "Owner" ) and \_\_\_\_\_ ( "Lender" )

State of Maine, County of \_\_\_\_\_

I \_\_\_\_\_, being duly sworn, deposes and says that he makes this affidavit for and on behalf of \_\_\_\_\_ who is the Contractor Sub-Contractor, Major Supplier, (circle one), under a contract with the Owner, Contractor, Sub-Contractor, (circle one), for the construction or reconstruction of buildings and other improvements upon real estate of the Owner located on \_\_\_\_\_, Maine (the "Project"), that all Contractor's subcontractors and material men have been paid in full, less proper contract retainages, if any, for labor, services, and material furnished through the cut-off date of the prior requisition.

Further more, the Contractor, Sub-Contractor, Major Supplier (circle one) upon receipt of \$ \_\_\_\_\_ does hereby waive and release any and all liens and claims and rights to lien on the Project which it may have for labor, services and materials furnished to the Project\* through \_\_\_\_\_ (the cut-off date for the requisition) and states that all of its labor has been paid through that date.

\*Except to the extent of retainage due \$ \_\_\_\_\_.

\_\_\_\_\_  
By: \_\_\_\_\_

Its: \_\_\_\_\_

Sworn to and subscribed before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_

\_\_\_\_\_  
Notary Public