

University of Houston Master Specification

<Insert Project Name>
<Insert U of H Proj #>

<Insert Issue Name>
<Insert Issue Date>

SECTION 01 2900 - PAYMENT PROCEDURES

Revise this Section by deleting and inserting text to meet Project-specific requirements.

This Section uses the term "Architect." Change this term to match that used to identify the design professional as defined in the General and Supplementary Conditions.

Verify that Section titles referenced in this Section are correct for this Project's Specifications; Section titles may have changed.

Delete hidden text after this Section has been edited for the Project.

PART 1 - GENERAL

1.1 RELATED DOCUMENTS

- A. Drawings and general provisions of the Contract, including General and Supplementary Conditions and other Division 01 Specification Sections, apply to this Section.
- B. The Contractor's attention is specifically directed, but not limited, to the following documents for additional requirements:
 - 1. The current version of the *Uniform General Conditions for Construction Contracts*, State of Texas, available on the web site of the Texas Facilities Commission
 - 2. The University of Houston's *Supplemental General Conditions and Special Conditions for Construction*.

1.2 SUMMARY

- A. Section includes administrative and procedural requirements necessary to prepare and process Applications for Payment.

1.3 SCHEDULE OF VALUES

- A. Coordination: Coordinate preparation of the schedule of values with preparation of Contractor's construction schedule.
 - 1. Coordinate 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. Submittal schedule.
 - c. Items required to be indicated as separate activities in Contractor's construction schedule.

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Revise fourteen-day time period in first subparagraph below to suit Project.

2. Submit the schedule of values to Architect at earliest possible date, but no later than 14 days before the date scheduled for submittal of initial Application for Payment.

Retain "Subschedules for Phased Work" Subparagraph below if phasing is required.

3. Subschedules for Phased Work: Where the Work is separated into phases requiring separately phased payments, provide subschedules showing values coordinated with each phase of payment.

Retain "Subschedules for Separate Elements of Work" Subparagraph below if the Work is divided into separate elements for large projects, such as floors or wings or multiple buildings.

4. Subschedules for Separate Elements of Work: Where the Contractor's construction schedule defines separate elements of the Work, provide subschedules showing values coordinated with each element.

Retain "Format and Content" Paragraph below; revise to suit Project. If applicable, include a sample schedule of values at end of Section.

- B. Format and Content: Use 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. 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.

Retain subparagraph below. AIA Document G703, "G703 Continuation Sheet," may suffice as a schedule of values. For LEED projects, labor and materials breakdown are part of Contractor's documentation requirements.

2. Arrange schedule of values consistent with format of AIA Document G703.

Retain option in subparagraph "a" below where Contractor's ongoing activities related to Project closeout will be a line item subject to Application for Payment approval.

3. Provide a breakdown of the Contract Sum in enough detail to facilitate continued evaluation of Applications for Payment and progress reports. Coordinate with Project Manual table of contents. Provide multiple line items for principal subcontract amounts in excess of five percent of the Contract Sum.

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- a. Include separate line items under Contractor and principal subcontracts for Project closeout requirements in an amount totaling five percent of the Contract Sum and subcontract amount.
4. Round amounts to nearest whole dollar; total shall equal the Contract Sum.

Retain first subparagraph below. Strengthen provisions below to protect against undue front-end loading if required.

5. 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. If required, include evidence of insurance.

Retain "Allowances" Subparagraph below if Specifications include unit-cost allowances. Do not confuse unit-cost allowances with unit prices. See the Evaluations in Section 01 2100 "Allowances" for discussion on unit-cost allowances.

6. 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.
7. 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.

Revise "Schedule Updating" Subparagraph below to suit Project. As an alternative approach to method described, include each Change Order as a new line item or a separate sheet.

8. 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.
 - a. Include each Change Order as a new line item.

1.4 APPLICATIONS FOR PAYMENT

- A. Each Application for Payment following the initial 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.

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- B. Payment Application Times: The date for each progress payment is indicated in the Agreement between Owner and Contractor. The period of construction work covered by each Application for Payment is the period indicated in the Agreement.

Review of draft copy of Application for Payment is a typical practice. Retain subparagraph below with paragraph above if required.

1. Submit draft copy of Application for Payment seven days prior to due date for review by Architect and Owner.
- C. Application for Payment Forms: Use Pay Request form provided by Owner for Applications for Payment.
- D. 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 for work completed following previous Application for Payment, whether or not payment has been received. Include only amounts for work completed at time of Application for Payment.
 3. Include amounts of Change Orders and Construction Change Directives issued before last day of construction period covered by application.
 4. Indicate separate amounts for work being carried out under Owner-requested project acceleration.
- E. Stored Materials: Include in Application for Payment amounts applied for materials or equipment purchased or fabricated and stored, but not yet installed. Differentiate between items stored on-site and items stored off-site.
1. Provide certificate of insurance, evidence of transfer of title to Owner, and consent of surety to payment, for stored materials.
 2. Provide supporting documentation that verifies amount requested, such as paid invoices. Match amount requested with amounts indicated on documentation; do not include overhead and profit on stored materials.
 3. Provide summary documentation for stored materials indicating the following:
 - a. Value of materials previously stored and remaining stored as of date of previous Applications for Payment.
 - b. Value of previously stored materials put in place after date of previous Application for Payment and on or before date of current Application for Payment.
 - c. Value of materials stored since date of previous Application for Payment and remaining stored as of date of current Application for Payment.

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Revise number of copies in "Transmittal" Paragraph below to suit Project.

- F. Transmittal: Submit four signed and notarized original copies of each Application for Payment to Architect by a method ensuring receipt within 24 hours. One copy shall include waivers of lien and similar attachments.
 - 1. Transmit each copy with a transmittal form listing attachments and recording appropriate information about application.
- G. Waivers of Mechanic's Lien: With each Application for Payment, submit waivers of mechanic's liens from subcontractors, sub-subcontractors, and suppliers for construction period covered by the previous application.
 - 1. Submit partial waivers on each item for amount requested in previous application, after deduction for retainage, on each item.
 - 2. When an application shows completion of an item, submit conditional final or full waivers.
 - 3. Owner reserves the right to designate which entities involved in the Work must submit waivers.
 - 4. Submit final Application for Payment with or preceded by conditional final waivers from every entity involved with performance of the Work covered by the application who is lawfully entitled to a lien.
 - 5. Waiver Forms: Submit executed waivers of lien on forms, acceptable to Owner.
- H. 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 (preliminary if not final).
 - 4. Products list (preliminary if not final).
 - 5. Schedule of unit prices.
 - 6. Submittal schedule (preliminary if not final).
 - 7. List of Contractor's staff assignments.
 - 8. List of Contractor's principal consultants.
 - 9. Copies of building 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.
- I. Application for Payment at Substantial Completion: After Architect issues the Certificate of Substantial Completion, submit an Application for Payment showing 100 percent completion for portion of the Work claimed as substantially complete.

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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 Certificate(s) of Substantial Completion issued previously for Owner occupancy of designated portions of the Work.
- J. Final Payment Application: After completing Project closeout requirements, submit final Application for Payment with releases and supporting documentation not previously submitted and accepted, including, but not limited to, the following:

[Consult Owner about the need for additional affidavits and other requirements.](#)

1. Evidence of completion of Project closeout requirements.
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."

[Retain first subparagraph below if a surety is involved.](#)

6. AIA Document G707, "Consent of Surety to Final Payment."
7. Evidence that claims have been settled.
8. Final meter readings for utilities, a measured record of stored fuel, and similar data as of date of Substantial Completion or when Owner took possession of and assumed responsibility for corresponding elements of the Work.
9. Final liquidated damages settlement statement.

PART 2 - PRODUCTS (Not Used)

PART 3 - EXECUTION (Not Used)

END OF SECTION 01 2900