



**HENSEL PHELPS**  
Plan. Build. Manage.

# NBIC/MNAA EMERGING CONTRACTOR'S TRAINING PROGRAM

2024.09.12

Pay Application Processes



**HENSEL PHELPS**  
Plan. Build. Manage.



- **James W. Harper, III**

- Hensel Phelps
- Regional Director of Supplier Diversity
- 20 Years of HP Experience
  - 10 years in Office/Field Management
  - 10 years in Supplier Diversity



# What is a Payment Application?

“Pay Ap” for short...

- A collection of supporting documents exchanged between contractors to request payment.
- Pay Aps Include a Schedule of Values (SOV) that Show:
  - Percentage of Each Item of Work Completed.
  - Total Amount to be Paid for Each Item of Work.
  - Minus Any Retainage Withheld
    - Retainage No More Than 5% in TN
    - There May Also be Closeout Line Items



# Why Are Pay Aps Important?

- We All Need to Get Paid
- We All Need Cash Flow to Sustain and Grow
- We All Need to Substantiate Billings





# Other Pay Ap Information

- Contract Values
- Total Value of Work Completed & Materials Stored On Site to Date
- Amount Retained
- Total Amount Received to Date
- Amount Currently Due
- Balance to Finish





# Pay Ap Information

## 420 6th Avenue, P.O. Box 0 Greeley, Colorado 80632-0710

ACCOUNTING USE ONLY
DOCUMENT NO. _____
SUPPLIER NO. _____

ACCTG. CONTRACT NO. \_\_\_\_\_  
 PAY ESTIMATE INVOICE NO. \_\_\_\_\_  
 INVOICE DATE \_\_\_\_\_  
 CURRENT PERIOD GROSS AMOUNT \$ \_\_\_\_\_  
 RETAINAGE AMOUNT \$ \_\_\_\_\_  
 CURRENT PERIOD NET AMOUNT \$ \_\_\_\_\_  
 JOB-ACCOUNT CODE \_\_\_\_\_

_____ _____ _____	SPECIAL PAYMENT ARRANGEMENTS: _____
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SUBCONTRACTOR SHALL ATTACH HERETO ITS OWN PAYMENT REQUEST FORM, IF ANY, OR ANY SPECIAL PAY ESTIMATE FORM REQUIRED FOR THIS PROJECT, AND SUMMARIZE OR EXPAND BELOW AS REQUIRED TO COMPLY WITH THE PROJECT BILLING PROCEDURE.

JOBSITE RECAP ONLY		TOTAL COMPLETED AND STORED TO DATE	\$0
Contract Per Cost Control		SUBCONTRACT TOTAL RETAINAGE	\$0
Contract Thru C.O. No.		SUBTRACT THE NET AMOUNT OF ALL PREVIOUS BILLINGS	
Gross Billed To Date		NET AMOUNT THIS BILLING	\$0

## DATE \_\_\_\_\_

Form FOG340



# The Payment Process

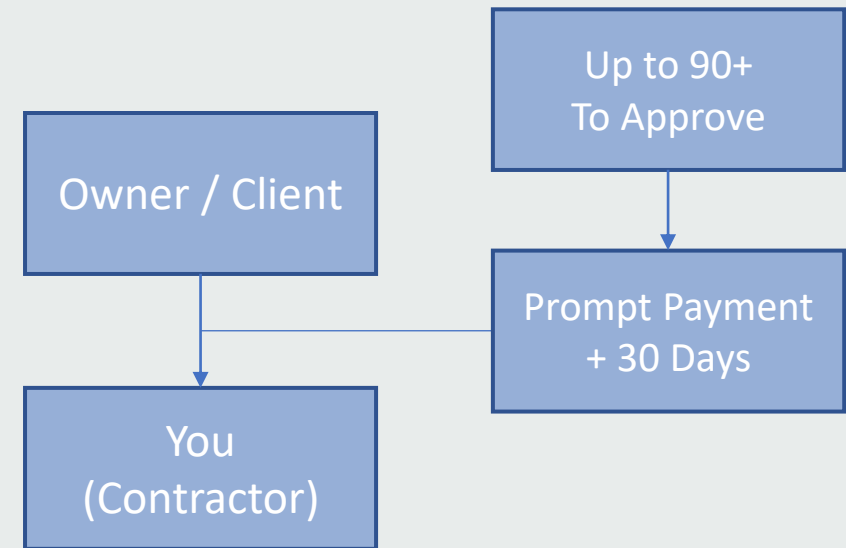
- General Invoicing – Record Keeping
  - Use Your Own Forms
  - Have an Efficient Cost/Accounting System Setup
  - Delineate/Separate Different Contracts
  - Understand What You've Been Paid for





# The Payment Process

- General Invoicing



- Subcontract or Purchase Order
  - As Frequent as Weekly, or as Work Occurs
  - Use Your Own Company Format
  - Keep Track of Your Records





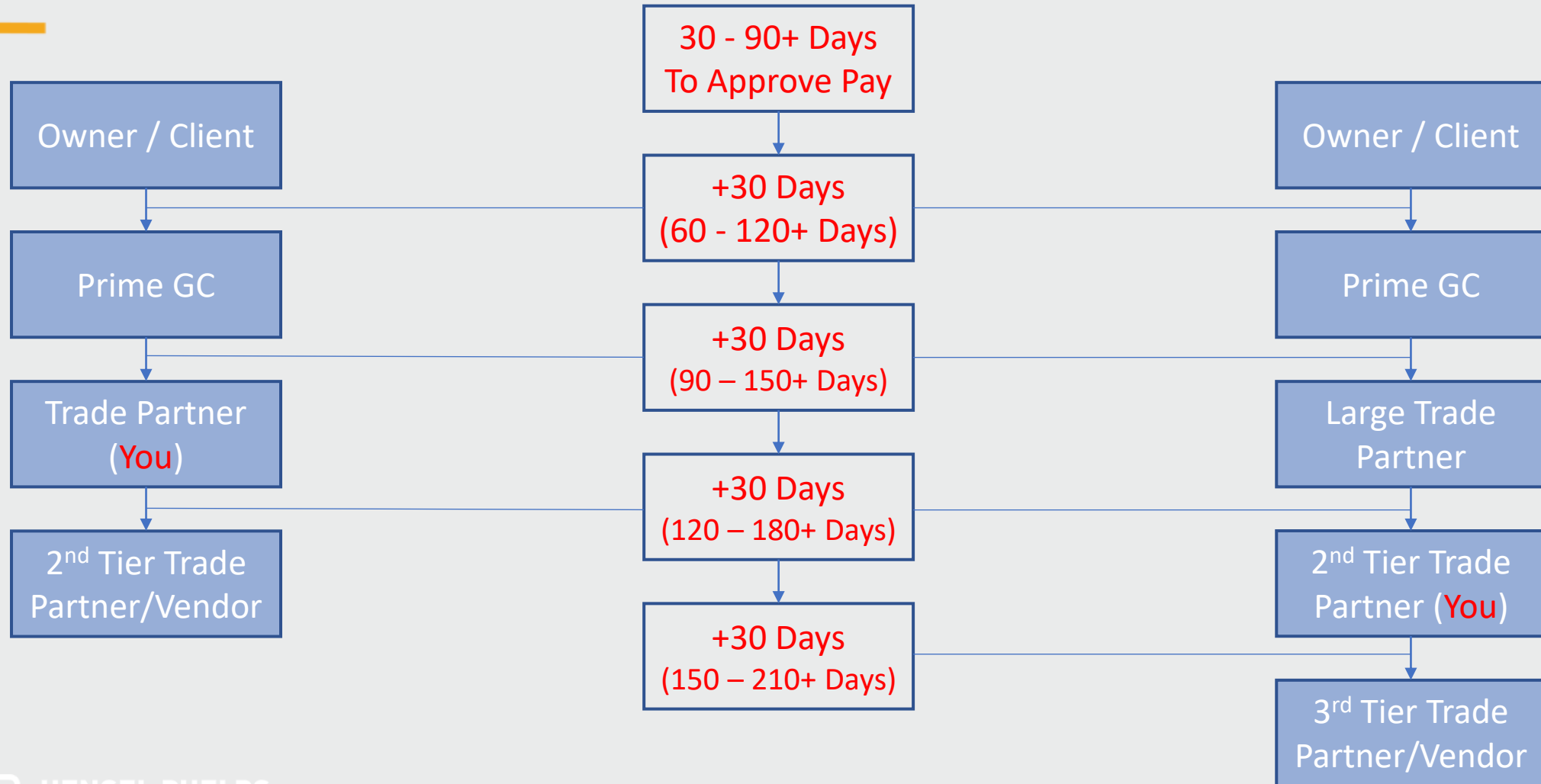


# The Payment Process

- Progress Billings
  - Pay Aps are typically used on projects with progress billing when payments are spread out over the course of the job at specific intervals (Monthly).
  - Also known as AIA billing since the American Institute of Architects (AIA) produces one of the most commonly used Pay Aps.



# The Payment Process – Progress Billings



# Contract Defines the Process

- Billing Cycle Dates
  - 1<sup>st</sup> of the month through 28<sup>th</sup>/30<sup>th</sup>/31<sup>st</sup>
  - 20<sup>th</sup> through 20<sup>th</sup> of the next month
- Submission Deadline
  - Could be Mid Month
  - Due dates may call for projecting through the end of the month
- Documents to be Included
  - 3<sup>rd</sup> Party Obligations
  - Conditional/Unconditional Lien Waivers
  - Receipts and Invoices
  - Photos





# Contract Defines the Process

## B. Requests for Periodic Progress Payment

1. Each subcontractor/supplier will be furnished copies of Hensel Phelps' Request for Periodic Progress Payment forms (herein referred to as "Payment Applications") for use on this Project. Payment Applications will be considered only when submitted on the form furnished by Hensel Phelps.
2. A Monthly Progress Payment Request will be submitted by Hensel Phelps to the Owner on approximately the 30th day of each month. The Payment Application from each subcontractor/supplier must be received by Hensel Phelps at the jobsite office no later than the 15th of each month. If the 15th falls on a Saturday or Sunday, then the Payment Application is due on the Friday prior. No Payment Applications will be accepted beyond the 15th of each month. The Payment Application should project costs through the end of the corresponding month.
3. Retention will be held on subcontractor/supplier payments in strict accordance with the terms of the Subcontract Agreement.

## C. Partial Payment for Stored Items

1. If the Prime Contract allows for, and a subcontractor/supplier desires payment for materials stored on or off site, but not yet incorporated in the work, they will be required to submit the required backup showing the materials have actually been paid for, are properly stored, and insured. Subcontractor must request clarification in writing if they plan on requesting payment for stored materials prior to submitting in a pay application, approval of request will be at the sole discretion of the owner. If approved, Hensel Phelps and/or the Owner will require that the materials be stored in an approved, bonded storage area and inspected before partial payment can be made. Paid invoices for the material must be submitted as evidence of the actual value of the stored material. Mark-up for overhead and profit will not be paid on stored materials. Only the actual invoice values from the vendor who supplied the material to the subcontractor/supplier will be paid. Consult your Subcontract Agreement for additional specifics on payment for stored materials. No invoice for stored materials will be allowed without prior written approval of Hensel Phelps and MNAA.

## D. Additional Items Required

1. The subcontractor's/supplier's monthly pay request will be accompanied by an updated progress schedule and a current list of all submittals and deliveries required by the Subcontract (shop drawings, materials, equipment, etc.). The list will show the date when each submittal and delivery is to be made and the latest date when approval should be received and delivery made to avoid delaying progress.

## E. Instructions for Requests for Periodic Payment

1. Subcontract agreements use Hensel Phelps' Request for Periodic Progress Payment - Form No. FOG340, 341, 343 and 649. (refer to Section XIII. Appendix, Form No. 5).



# Contract Defines the Process

- Stored Materials
  - Back Up Showing Materials Have Been Paid For
    - Payment based on vendor invoice only
    - No Profit or Mark-Ups
  - Bonded & Insured Warehouse
  - Photo Documentation of Proper Storage
  - Clearly Marked & Identified
  - Physical Verification – Inspected
- Review & Approval
  - Phone Calls/Emails
  - Field Supervision Verification
- Other Satisfactory Parameters
  - Payment Application Checklist







# Contract Defines the Process



Project. Payment Applications will be considered only when submitted on the form furnished by Hensel Phelps.

2. A Monthly Progress Payment Request will be submitted by Hensel Phelps to the Owner on approximately the 30th day of each month. The Payment Application from each subcontractor/supplier must be received by Hensel Phelps at the jobsite office no later than the 20th of each month. If the 20th falls on a Saturday or Sunday, then the Payment Application is due on the Friday prior. No Payment Applications will be accepted beyond the 20th of each month. The Payment Application should project costs through the end of the corresponding month.
3. Retention will be held on subcontractor/supplier payments in strict accordance with the terms of the Subcontract Agreement.

#### **C. Partial Payment for Stored Items**

1. If the Prime Contract allows for, and a subcontractor/supplier desires payment for materials stored on or off site, but not yet incorporated in the work, they will be required to submit the required backup showing the materials have actually been paid for, are properly stored, and insured. Subcontractor must request clarification in writing if they plan on requesting payment for stored materials prior to submitting in a pay application, approval of request will be at the sole discretion of the owner. If approved, Hensel Phelps and/or the Owner will require that the materials be stored in an approved, bonded storage area and inspected before partial payment can be made. Paid invoices for the material must be submitted as evidence of the actual value of the stored material. Mark-up for overhead and profit will not be paid on stored materials. Only the actual invoice values from the vendor who supplied the material to the subcontractor/supplier will be paid. Consult your Subcontract Agreement for additional specifics on payment for stored materials. No invoice for stored materials will be allowed without prior written approval of Hensel Phelps and MNAA.

#### **D. Additional Items Required**

1. The subcontractor's/supplier's monthly pay request will be accompanied by an updated progress schedule and a current list of all submittals and deliveries required by the Subcontract (shop drawings, materials, equipment, etc.). The list will show the date when each submittal and delivery is to be made and the latest date when approval should be received and delivery made to avoid delaying progress.
2. The subcontractor's/supplier's monthly pay request will be accompanied by a Change Order Log detailing subcontractor's identified changes in the work. This will include both adds and deducts. If no Change Order Log is supplied, subcontractor/supplier is agreeing there are no outstanding changes and requests later on will be void. (Form No. 6a).
3. Mailed "Inked" Originals of FOG343 Schedule of Third Party Obligations and FOG642.1 Conditional Waiver Release by the 25<sup>th</sup> of each month. Should be mailed to assigned Office Engineer. Failure to supply these two originals will result in payment being withheld or checks sent to the jobsite trailer. (Form No. 5c-d).



# Contract Defines the Process

## Subcontractor Pay Application Checklist

Sub/Supplier Name: \_\_\_\_\_

Pay App. No: \_\_\_\_\_

Period Ending: \_\_\_\_\_

ALL ITEMS MUST BE COMPLETED PRIOR TO RELEASE OF MONTHLY PROGRESS PAYMENT.

Sub	Supplier		HP APPROVAL			
			PE/OE	QC	Safety	Supt.
		Date contract executed				
		Payment/Performance Bond Matches current contract value				
		Any claim notices from suppliers				
		Date insurance expires				
		Schedule of Values Established/Correct				
		Change order executed thru CO#				
		CE pricing current				
		Certified Payrolls and Monthly Utilization Reports Current				
		Work and/or deliveries satisfactory				
		Any unresolved backcharges				
		All Schedule Update documentation submitted				
		VDC Coordination Model up to date				
		Submittals complete or satisfactory progress				
		2D/3D Asbuilts and Facilities Management/Cx Data are current				
		Outstanding deficiencies				
		Daily reports and Equipment Inspections are current				
		Attendance of Weekly Subcontractor Coord. Mtg.				
		All accidents forms completed				
		Safety meeting reports are current				
		Satisfactory Completion / Correction of any Safety Concerns				
		Monthly Safety Exposure Reports are current				
		On HP forms				
		Current billings reflect prior month billing adjustments				
		3rd party obligations complete/signed				
		Lien release for net total to date(original)				
		Tax information is correct on form				
		HP review of percentages (PE & PS)				
		HP notified sub of revisions (in writing)				
		HP identified special handling for Accounting				

Comments:

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# Schedule of Values (SOV)

According to AIA “The schedule of values shall allocate the entire contract sum among the various portions of the work”

- The SOV Shows the Total Value of the Project Step by Step
- List Every Work Item and Its' Value
- Bill Against These Items to Determine a Progress Payment
- The Most Important Part of the Pay Ap



# Developing a SOV

- Review and Approval of SOVs Ensuring they Make Sense
- Cash Flow is the Lifeblood of Any Contractor
  - Do Not Front Load Your SOV
  - Mobilization Costs
  - Submittals and Reviews
- You Cannot Change the Schedule of Values
- You Can Add (+/-) Change Orders





# SOV Exercise #1

- Develop a SOV
  - Contract Value
    - \$250,000
  - Contract Scope
    - Furnish and Install complete, all Framing and Drywall in the new NBIC Office Building.
    - Furnish and Install complete, all Ceiling Systems in the New NBIC Office Building.
    - Provide all labor, tools, and equipment necessary to safely perform this scope of work per the drawings and specifications
  - Schedule
    - North Building
      - Aug 23' - Complete Framing/Drywall Level 1
      - Sep 23' - Complete Framing/Drywall Level 2
      - Dec 23' - Complete Ceiling Systems Level 1
      - Jan 24' - Complete Ceiling Systems Level 2
    - South Building
      - Oct 23' - Complete Framing/Drywall Level 1
      - Nov 23' - Complete Framing/Drywall Level 2
      - Feb 24' - Complete Ceiling Systems Level 1
      - Mar 24' - Complete Ceiling Systems Level 2



# SOV Exercise #2

- The GC received a Change Order from NBIC to accelerate the schedule. You do not have the manpower to complete the 2<sup>nd</sup> floor Ceiling Systems with the new dates. The GC must remove the scope of work from your contract to finish on time, and a change order has been executed by both parties
- Add a Deductive Change Order to the SOV



# Typical Pay Ap Forms

- AIA G702
  - Typically Modified per user
  - Pay to use
- ConsensusDocs 710
  - Typically Modified per user
  - Pay to use
- Hensel Phelps Payment Application Form
  - Similar to Other Forms





# Government Invoicing

The government is generally required to pay you for work on a government contract within 30 days, and it usually requires the use of electronic funds transfer (EFT)

- You Can Use Your Own Invoice or a Government Form:
  - Your form must have all government required information for a proper invoice
  - i.e. – Military Contracts – DD Form 250
- EFT & Central Contractor Registration (CCR) Database
  - The government pays by EFT, and to receive payment you must be in CCR
  - Get Registered in CCR and Make Sure Your Information is Correct
- EFT Includes Government Credit Cards
  - Government-wide commercial purchase card
- Contact Your Local PTAC/Apex Accelerator Office for Support



# Government Invoicing – “Proper” Invoice

- The name and address of your company
- Invoice date
- Contract number or other authorization for supplies delivered or services performed
- Description, quantity, unit of measure, unit price and extended price of supplies delivered, or services performed
- Shipping and payment terms, such as shipment number and date of shipment, prompt payment discount terms, etc. Bill of lading number and weight of shipment will be shown for shipments on government bills of lading
- The name and address of the person at your company to whom payment is to be sent. This must be the same person specified in the contract or in a proper notice of assignment
- Name, title, phone number and mailing address of the person to be notified in the event of a defective invoice
- Any other information or documentation required by the contract, such as evidence of shipment
- While not required, you are strongly encouraged to assign an identification number to each invoice



# Hensel Phelps Pay Ap Forms

- Pay Ap Checklist
- Request for Periodic Payment
- Request for Periodic Payment Continued
- 3<sup>rd</sup> Party Obligations | Lien Waiver



# 3<sup>rd</sup> Party Obligations | Conditional Lien Waiver

- 3<sup>rd</sup> Party Obligations
  - Identify your company's suppliers and subcontractors that will not be paid until receipt of Hensel Phelps payment
- Lien Waivers and Claim Release
  - This document basically says, "I'll waive my right to file a lien for the specific amount I'm requesting - effective once I receive payment."





## 3<sup>rd</sup> Party Obligations

### Top Section (Schedule of Third Party Obligations):

- This section is used to identify your company's suppliers & subcontractors that will not be paid until receipt of Hensel Phelps funds for this pay requisition as well as outstanding bills not paid. If debts are being paid in advance of receiving Hensel Phelps payment, put "NONE" in this section; otherwise see instructions below:
  1. "Owing" – list legal names of companies whom your company owes funds in conjunction with Hensel Phelps billings
  2. "Owing For" – list items for which funds are owed
  3. "Amounts .....This Billing" – list funds that will not be paid for the item described (and the company owing) until payment is received by your company from Hensel Phelps for items billed this pay application
  4. "Amounts Unpaid.....Previous Billing" – list outstanding funds not yet paid from previous billings
  5. "Amounts Paid.....Previous Billing" – list partial or full payments paid to suppliers / subcontractors from previous billings
  6. "Total" – from above: (#3 plus #4) less #5 = Total

NOTE: do not list any current or previous debts that have been paid or are not awaiting Hensel Phelps funding prior to payment of debt.

### Middle Section (Lien Waiver and Claim Release):

- This section is used to list any reserved claims, and to link this entire document to a specific project:
  1. "Reserved Claims" – list any reserved claims here; if no reserved claims, put "NONE" on the line provided
  2. "Project" – put Project title here as listed on your company's subcontract or purchase agreement
  3. "Billing Period" – put month that billing runs through
  4. "Date Signed" – put date this form was signed
  5. "Firm" – put your company's legal name in space provided
  6. "By" – as described below this line, sign and print name
  7. "Title" – put title of person signing the line above

### Bottom Section (Notary):

- All blank lines must be filled in and notarized

Hensel Phelps must have the original form (with notary seal) transmitted to the jobsite address before pay applications can be processed.





# 3<sup>rd</sup> Party Obligations

CONTINUATION SHEET TO FORM 340 / 342

For all third party obligations which are included in this billing, or remain outstanding from a previous billing, list below all the names of all persons or firms furnishing goods or services (including only employees in the direct line of Subcontractor or Vendor), a description of what was furnished, and the amount(s) included therein in this request, amounts that remain outstanding from previous billings, amounts paid the third party from previous payments received from Contractor, and the total amount of the third party subcontract or purchase agreement. Attach a separate letter stating reasons and circumstances for non-payment of any obligations arising from previous billings for which payment has been received from the Contractor, unless due to misroute on subcontractors or vendors.

[illegible]

The undersigned hereby certifies and affirms that all information supplied herein or attached hereto is true and accurate; that all lawful charges for labor, material, goods and services, rentals, bonds, insurance and/or all other costs or expenses incurred in the performance of his (its) work on the within named project through the date of this request have been paid in full, excepting only those amounts represented by the current billing and/or those amounts remaining unpaid which are fully disclosed elsewhere herein or attached hereto. The undersigned further certifies and affirms that the full amounts included in any prior billing for the account of any third party having an interest therein or for any other reasons having a lienable claim against the within named project, and for which Contractor has made payment, have been well and truly paid, or if not, are fully described and explained in a sworn affidavit or statement attached hereto. The undersigned further certifies and agrees that all payments made to suppliers having any interest in this billing, or on prior billings, have been made and/or will be made only on condition that supplier shall apply said payment against the account of the undersigned for the within named project and no other. The undersigned further certifies that in the performance, administration and execution of his (its) work on the within named project, all of the terms and conditions of the Subcontract Agreement or Purchase Agreement (as applicable) and of the Contract Documents governing the prime contract insofar as they relate, have been and are being fully met, and that he (it) has complied and is fully complying with all codes, ordinances, statutes, orders, regulations and requirements of any federal, state, or municipal authority, or any subdivision thereof, having jurisdiction over the within named project; Further that any and all reports and affidavits related to his (its) payroll on the within named project, together with those of his (its) subcontractors, if and when required by the Contract Documents, have been promptly and accurately executed and delivered as directed by Contractor for all pay periods represented by this and prior billings. The undersigned, has personally prepared and/or read and approved all statements and amounts set forth herein, or attached hereto, and certifies that he (she) is authorized to sign this request, acting for and on behalf of the firm named below. The undersigned individual and the firm making this request hereby jointly and severally acknowledge potential liability for fraudulent statements, misrepresentations or omissions having like effect contained in this request or attached hereto, and by which Contractor may suffer damage through reliance thereon in making

The undersigned hereby waives and releases any and all mechanic's liens, bond claims, including without limitation, Miller Act and state or local statutory bond claims, and all contract claims resulting or arising under the work performed on this project through the last day of the billing period covered by this Periodic Progress Payment Request, with the exception of any properly notified claims listed below, unpaid retention or pending charges. This lien waiver and claim release shall be effective upon the payment of the check(s) or other instrument(s) issued to Subcontractor or Vendor by Contractor or Vendor (as applicable) for payment of the amount approved for this Periodic Progress Payment Request.

RESERVED CLAIMS	Project 1903 Terminal Lobby & IAF (HP)	
PROJECT	8018174	FIRM
BILLING PERIOD		BY
DATE SIGNED		(SIGNATURE AND TITLE OR PRINTED NAME OF AUTHORIZED SIGNER)
		TITLE

APPLICABLE TO CALIFORNIA JOBS ONLY  
**CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT** **CIVIL CODE § 1189**  
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of \_\_\_\_\_  
County of \_\_\_\_\_ } SS.  
On \_\_\_\_\_ (month date) before me, \_\_\_\_\_ (notary Name/here), Notary Public, personally appeared \_\_\_\_\_ (here insert name and title of person sign the instrument) who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of \_\_\_\_\_ that the foregoing paragraph is true and correct.

WITMER, my hand and official seal.

Signature \_\_\_\_\_



My Contribution Expires:

Received: 07.2019

Page 3 of 4

Form PCN1345

# Conditional Lien Waiver

## Conditional Waiver and Release Upon Progress Payment (Conditional Upon Receipt of Progress Payment)

Mechanic Lien, Miller Act Claim (40 USCA 270), Stop Notice, Equitable Lien, & Labor & Material Bond Release

**FROM:** Trade Partner Name  
(The Person or Firm Giving Release)

**TO:** Hensel Phelps Construction Co. (The Contractor)

**PROJECT:** TBD Large Project Name  
(Name and Number)

TBD Large Project Scope  
(General Description of Property)

XXXX Drive Lane  
(Address of Project)

Nashville TN 37210  
(City) (State) (Zip Code)

**OWNER:** TBD Owner/Client

1. Upon receipt of progress payment in the amount of \$100,000, the undersigned does hereby release all Mechanic's Lien Rights, Miller Act Claim (40 USCA 270), Stop Notice, Equitable Lien and Labor and Material Bond Rights resulting from labor and/or materials, subcontract work, equipment or other work, rents, services or supplies heretofore furnished in and for the construction, design, improvement, alteration, additions to or repair of the above described project through Corresponding Month (date).
2. In further consideration for the payment made or to be made as above set forth, and to induce the Contractor to make said payment, the undersigned agrees to defend and hold harmless the Owner, Contractor and/or lender, and/or principal and surety from any claim or claims hereinafter made by the undersigned and/or its material suppliers, subcontractors or employees, servants, agents or assigns of such persons for amounts allegedly due in connection with the construction of the project to the extent released above. The undersigned agrees to indemnify or reimburse all persons so relying upon this release for any and all sums, including attorney's fees and costs, which may be incurred as the result of any such claims.
3. It is acknowledged that the designation of the above project constitutes an adequate description of the property and improvements for which the undersigned has received consideration for this release.
4. It is further warranted and represented that all such claims against the undersigned or the undersigned's subcontractors and/or material suppliers' have been paid or that arrangements, satisfactory to the Owner and Contractor, have been made for such payments.
5. It is acknowledged that this release is for the benefit of and may be relied upon by the Owner, the Contractor, any construction lender and the principal and surety on any labor and material bond for the project, upon receipt by the undersigned of the payment referenced above.
6. In addition to the foregoing, upon receipt of the progress payment referenced above, this instrument shall constitute, to the extent released above, a full, final and complete release of all rights, claims and demands of the undersigned against the Contractor arising out of or pertaining to the above referenced project.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2\_\_\_\_\_.

Firm: \_\_\_\_\_  
(Name of Person or Firm Giving Release)

By: \_\_\_\_\_  
(Print or Type Name)

Signature: \_\_\_\_\_

Title: \_\_\_\_\_

State of \_\_\_\_\_ }  
County of \_\_\_\_\_ } SS.

On \_\_\_\_\_ (enter date) before me, \_\_\_\_\_ (enter Notary's Name here), Notary Public, personally appeared \_\_\_\_\_ (here insert name and title of person signing the instrument) who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of \_\_\_\_\_ that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: \_\_\_\_\_

My Commission Expires: \_\_\_\_\_

(Seal)



# Unconditional Lien Waiver

## Unconditional Waiver and Release Upon Progress Payment

Mechanic Lien, Miller Act Claim (40 USCA 270), Stop Notice, Equitable Lien, & Labor & Material Bond Release

**FROM:** Small Business  
(The Person or Firm Giving Release)

**TO:** Hensel Phelps Construction Co. (The Contractor)

**PROJECT:** TBD Large Project name  
(Name and Number)

TBD Large Project Scope  
(General Description of Property)

XXXX Drive Lane  
(Address of Project)

Nashville TN 37210  
(City) (State) (Zip Code)

**OWNER:** TBD Owner/Client

1. The undersigned does hereby release all Mechanic's Liens Rights, Miller Act Claim (40 USCA 270), Stop Notice, Equitable Liens and Labor and Material Bond Rights resulting from labor and/or materials, subcontract work, equipment or other work, rents, services or supplies heretofore furnished in and for the construction, design, improvement, alteration, additions to or repair of the above described project through TBD Prolonging Month (date).
2. This release is given for and in consideration of the sum of \$50,000. (total progress payment amount) and other good and valuable consideration.
3. In further consideration for the payment made or to be made as above set forth, and to induce the Contractor to make said payment, the undersigned agrees to defend and hold harmless the Owner, Contractor and/or lender, and/or principal and surety from any claim or claims hereinafter made by the undersigned and/or its material suppliers, subcontractors or employees, servants, agents or assigns of such persons for amounts allegedly due in connection with the construction of the project to the extent released above. The undersigned agrees to indemnify or reimburse all persons so relying upon this release for any and all sums, including attorney's fees and costs, which may be incurred as the result of any such claims.
4. It is acknowledged that the designation of the above project constitutes an adequate description of the property and improvements for which the undersigned has received consideration for this release.
5. It is further warranted and represented that all such claims against the undersigned or the undersigned's subcontractors and/or material suppliers' have been paid or that arrangements, satisfactory to the Owner and Contractor, have been made for such payments.
6. It is acknowledged that this release is for the benefit of and may be relied upon by the Owner, the Contractor, any construction lender and the principal and surety on any labor and material bond for the project.
7. In addition to the foregoing, this instrument shall constitute, to the extent released above, a full, final and complete release of all rights, claims and demands of the undersigned against the Contractor arising out of or pertaining to the above referenced project.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2\_\_\_\_\_

Firm: \_\_\_\_\_  
(Name of Person or Firm Giving Release)

By: \_\_\_\_\_  
(Print or Type Name)

Signature: \_\_\_\_\_

Title: \_\_\_\_\_

State of \_\_\_\_\_ }  
County of \_\_\_\_\_ } SS.

On \_\_\_\_\_ (enter date) before me, \_\_\_\_\_ (enter Notary's Name here), Notary Public, personally appeared \_\_\_\_\_ (here insert name and title of person signing the instrument) who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of \_\_\_\_\_ that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: \_\_\_\_\_

My Commission Expires: \_\_\_\_\_

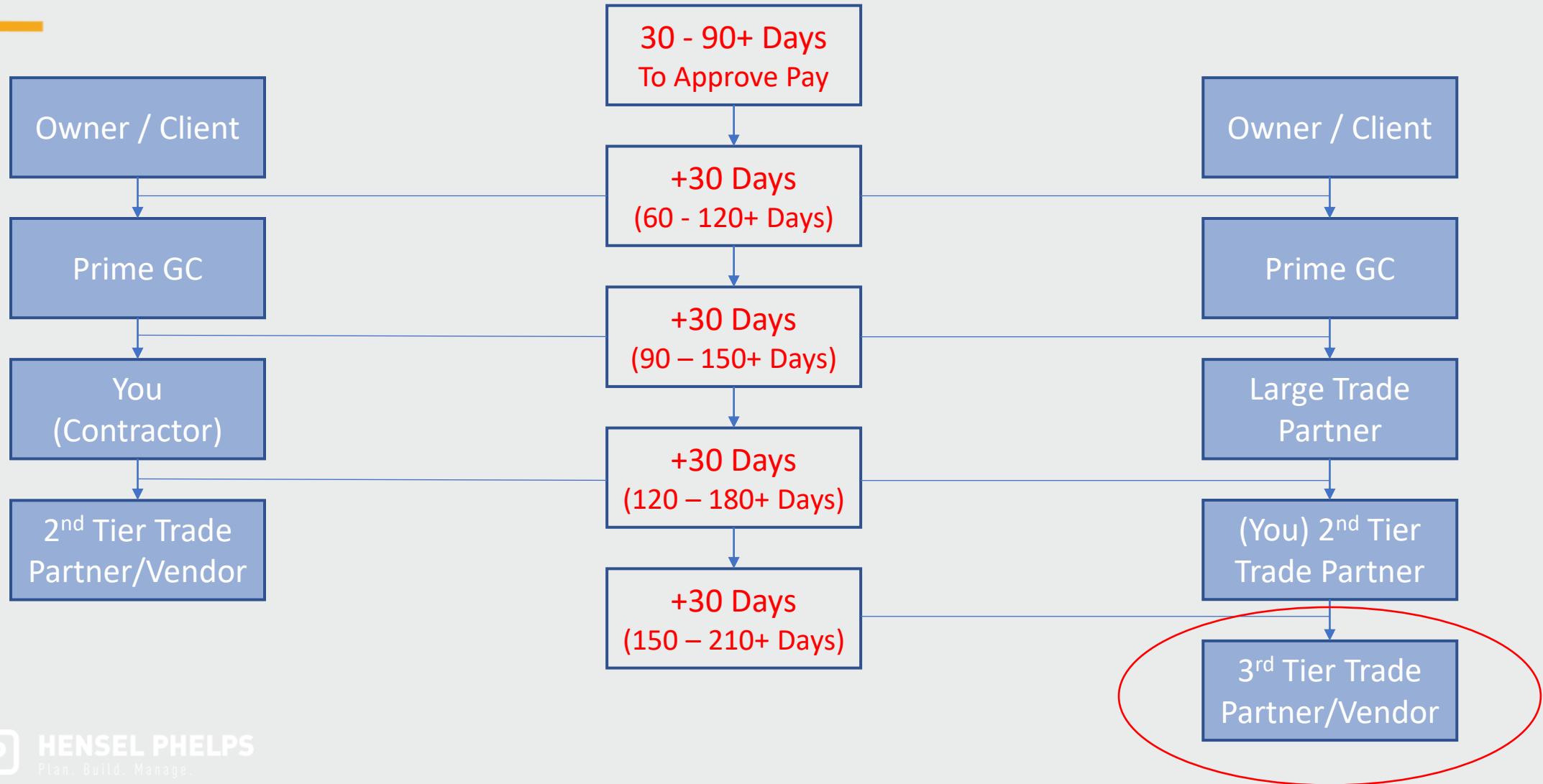
(Seal)



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# 3<sup>rd</sup> Party Vendors/Suppliers



# Supplier Relationship Management (SRM)

SRM is the process of evaluating and prioritizing suppliers based on their overall importance or contribution to a business

- Small Business w/ Few Supplier Relationships  
= Straightforward
- Relationships May Be Strictly Transactional
- Other Cases, Strategic Alliances May Be Necessary...



# The Importance of SRM

If critical services/supplies are delayed, it can cost you money directly or indirectly with follow on trade schedule delays, etc.

- Poor Relationships Can Impact:
  - Cost
  - Efficiency with Processes
  - Risk if You Are Not Their Priority
- Consider an Automated AP Process
  - You May Not Have an Accounting Person
  - Future Considerations
  - At a Minimum, Create an Internal System to Process Vendor Payments







## Keeping Records

- Each Pay Ap Builds On the One Before – Backcheck
  - Start with Previous Month File and Move/Add All Current Month Values to Previous Column, Then Begin
- Keep Up with GC/Owner Changes to Your Pay Aps and Update Your Files
- Keep Up with POs and Invoicing and Maintain a Good Cost/Accounting System
- You Have to be Able to Understand What You've Been Paid





## Best Practices / Tips

- Don't Get Rejected
  - Do not Miss the Deadlines
  - Include All Documentation
    - Substantiate as necessary if your contract calls for it
  - Mitigate Other Issues to Withhold Processing Payment



## Best Practices / Tips

- Change Orders
  - Do Not Bill for Unapproved Change Orders
  - Understand/Negotiate Payment Expectations
    - Do This Early On
    - May Be Able to Bill More Frequently
    - May Be Able to Bill Ahead
  - Understand Approved Change Order Rates to Get COs Approved ASAP





## Best Practices / Tips

- Other
  - Keep Good Records
  - Develop a Routine
  - Bill Each Month Work is Performed; Do Not Deliberately Skip a Billing Cycle





# ADDITIONAL QUESTIONS?

Thank You!



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