



Fire Suppression Services Incorporated
3802 South 2300 East, Salt Lake City, UT 84109. Ph (801) 277-6464

Employee Training Manual

G-702-703

Application for Payment
Construction Application &
Certification for Payment
AIA forms G-702-703

Applying for Payment

Summary

The Construction Application & Certification for Payment and Continuation sheet, known as G702-G703 is the American Institute of Architects standardised method of construction percentage of completion billing. (In short: Progress Billing.)

Authors Note: AIA Forms G-702 and G-703 and all AIA forms are copyrighted by the American Institute of Architects and fall under copyright laws

The sheets are the second and third sheets in division seven in the AIA G-series of documents. First used by the developers, AIA, in 1992.

The AIA G-series includes:

- AIA G-702 Contractor Application for Payment and G-703 Continuation Sheet.
- AIA G-702 CMa Construction Managers and Advisors edition and G-703 Continuation Sheet.
- AIA G-706 Contractor's Affidavit of Payment of Debts and Claims.
- AIA G-706A Contractor's Affidavit of Release of Liens.
- AIA G-707 Consent of Surety to Final Payment.
- AIA G-707A Consent of Surety to Reduction in or Partial Release of Retainage.

The AIA billing system was developed to provide a standardized method of submitting job related paperwork to send to architects and others by a contractor in order for the contractor to be paid for work performed on a construction project.

The two sheets we will be concerned with in this article are:

- G-702 Contractors Application & Certification for Payment
- G-703 Continuation Sheet

These forms serve as both the contractors application for current payment due and the architect's certification that payment is due to the contractor. Its use can expedite payment and reduce the possibility of errors.

If the application is properly completed and acceptable to the architect, the architect's signature certifies to the owner that a payment in the amount indicated on Line 8 of the G-702 is due to the contractor. This form allows the architect to certify an amount different than the amount applied for, with explanations provided by the architect as to why the amount is different.

Completing the AIA G-702 and G-703 forms by hand is frustrating and difficult.

To fill out one correctly, you pretty much have to:

- forget about any basic accounting principals you've ever learned
- ignore change orders that have been submitted or approved, but not processed
- ignore money that is still outstanding from previously submitted applications for payment

Be aware that the payment applications that you submit are an important piece of our overall cash flow management. When your payment applications get screwed up - -bad things happen; none of which put you in "good standing" with the General Contractor or Project Owner, and can ultimately damage your company's overall cash position



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INSTRUCTIONS for:

The G702 -Application & Certification for Payment & the G703 Continuation Sheet.

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Note: The Excel WorkBook **FSSI** uses is Macro-Enabled.

Create a NEW file each month. (Copy this file to the General's Job-Payments Folder) and name it in format
yyy-mm-dd Schedule of Values.xlsx

Click 'View-ArrangeAll-select horizontal-Ok' to see the sheet tabs at the bottom of the workbook.

Or,

If macros are disabled, The “Security Warning: Macros have been disabled”, will appear above the excel grid.
Click options and select: ‘enable this Content’ and we will resize the form for you.

Discussion

G702

Fill in the G702 Application & Certification for Payment

First page

TO: Owner or Contractor (General's) Name and Address

Project name:

Application Number: when you number your payment applications, give the first one "1" and then count up from there. If you find that you have to revise a Payment Application, do not increase the number - just give it the same number, and then with a bright orange or green highlighter, handwrite REVISED across the top of the header.

Application date:

Period: the dates this application cover

Contract number & date: (off your Contract document)

Place an 'X' in the 'Distribution To' box; this indicates a list of who else will receive a copy of the Application for Payment.

Contract For: this is a brief description of the scope of work that is being performed and can be found in the Contract/Subcontract Agreement. (e.g. Div-21: Fire Suppression -Sprinklers; or Div-10: Fire Suppression – Chemical, Kitchen Hoods)

FROM: Your Company name in to the 'From subcontractor' (That's us!)

In the 'Contractor's Application for Payment' section,

Architects Name Address

Summary of Work

LINE 1. Fill in the sum from the ORIGINAL contract document. It NEVER changes, from Start to End of the Contract term.

LINE 2. Net Change by Change Orders. Add up in your head all the CCO's that have been APPROVED by the General and enter the total here.

LINE 3. Contract Sum to Date, will total automatically

LINE 4. Total Completed & Stored comes from the left side of column G on the G703



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LINE 5. Retainage

Your contract should set the retention terms, if any. FSSI never accepts retention on Bonds, Design or Permitting. If we are required to underwrite a Bond/s for the GC or Owner, No Retention on any item is justified. Bond is a 'Money-Back' guarantee. There is no need to also have retention. Bond/s serve same purpose as retention. If it's 5% for both, enter % in appropriate slot.

5a Completed work. Enter the appropriate %.

Amounts to the right are calculated from bottom of column D + E on the G703

5b Stored materials.. Enter the appropriate %

Amounts to the right are calculated from bottom of column F on the G703

Total retainage: the lessor is used because FSSI does not permit retainage on Bond, Design or Permits

LINE 6. Total Earned Less Retainage

Calculated using LINE4 minus the lessor of 5a or 5b

LINE 7. Enter the amount from your PREVIOUS pay applications LINE 6: Total Earned Less Retainage Trust the paper trail; This application does NOT care whether you have been paid. It only cares whether you have EARNED additional payment.

So do NOT enter payments received!

LINE 8. Line6 minus Line7

It represents the value we should be paid for work during this pay period AND any change in retainage during the period.

LINE 9. Balance to Finish INCLUDING retainage.
Line3 minus Line6

The payment you are still owed AFTER this application is paid

CHANGE ORDER SUMMARY TABLE

Separate out the CCO's that add money to your contract from those that subtract money from the contract. The Net Changes by Change Order should be EXACTLY equal to LINE 2. Amounts must also be added to the G703 Schedule of Values column



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APPLICATION AND CERTIFICATION FOR PAYMENT			AIA DOCUMENT G702																
TO CONTRACTOR:		PROJECT:	Costco Wholesale Spanish Fork	APPLICATION NO: 1															
FROM SUBCONTRACTOR:		VIA ARCHITECT:	Mulvanney G2 Architecture	PERIOD TO: 2012-10-25															
CONTRACT FOR: Div-10: Fire Suppression Chemical- Kitchen Hoods		CONTRACT DATE: 2012-05-10																	
CONTRACTOR'S APPLICATION FOR PAYMENT Application is made for payment, as shown below, in connection with the Contract. Continuation Sheet, AIA Document G703, is attached.			The undersigned Contractor certifies that to the best of the Contractor's knowledge, information and belief the Work covered by this Application for Payment has been completed in accordance with the Contract Documents, that all amounts have been paid by the Contractor for Work for which previous Certificates for Payment were issued and payments received from the Owner, and that current payment shown herein is now due.																
1. ORIGINAL CONTRACT SUM \$ 5,093.00 2. Net change by Change Orders \$ 1,635.00 3. CONTRACT SUM TO DATE (Line 1 + 2) \$ 6,728.00 4. TOTAL COMPLETED & STORED TO DATE (Column G on G703) \$ 6,728.00 5. RETAINAGE: a. 5% of Completed Work (Column D + E on G703) 6,728.00 336.40 b. 5% of Stored Material (Column F on G703) 0.00 0.00 Total Retainage (Lines 5a + 5b or Total in Column I of G703) 336.40 6. TOTAL EARNED LESS RETAINAGE (Line 4 Less Line 5 Total) \$ 6,409.10 7. LESS PREVIOUS CERTIFICATES FOR PAYMENT (Line 6 from prior Certificate) \$ 0.00 8. CURRENT PAYMENT DUE \$ 6,409.10 9. BALANCE TO FINISH, INCLUDING RETAINAGE (Line 3 less Line 6) \$ 318.90			Contractor: RSR Construction By: _____ Date: _____ State of: _____ County of: _____ Subscribed and sworn to before me this _____ day of _____ 2012 Notary Public: _____ My Commission expires: _____																
CHANGE ORDER SUMMARY <table border="1"> <thead> <tr> <th></th> <th>ADDITIONS</th> <th>DEDUCTIONS</th> </tr> </thead> <tbody> <tr> <td>Total changes approved in previous months by Owner</td> <td></td> <td></td> </tr> <tr> <td>Total approved this Month</td> <td>\$1,635.00</td> <td></td> </tr> <tr> <td>TOTALS</td> <td>\$1,635.00</td> <td>\$0.00</td> </tr> <tr> <td>NET CHANGES by Change Order</td> <td>\$1,635.00</td> <td></td> </tr> </tbody> </table>				ADDITIONS	DEDUCTIONS	Total changes approved in previous months by Owner			Total approved this Month	\$1,635.00		TOTALS	\$1,635.00	\$0.00	NET CHANGES by Change Order	\$1,635.00		ARCHITECT'S CERTIFICATE FOR PAYMENT In accordance with the Contract Documents, based on on-site observations and the data comprising the application, the Architect certifies to the Owner that to the best of the Architect's knowledge, information and belief the Work has progressed as indicated, the quality of the Work is in accordance with the Contract Documents, and the Contractor is entitled to payment of the AMOUNT CERTIFIED. AMOUNT CERTIFIED \$ _____ (Attach explanation if amount certified differs from the amount applied. Initial all figures on this Application and on the Continuation Sheet that are changed to conform with the amount certified.) ARCHITECT: _____ Date: _____ By: _____ Date: _____ This Certificate is not negotiable. The AMOUNT CERTIFIED is payable only to the Contractor named herein. Issuance, payment and acceptance of payment are without prejudice to any rights of the Owner or Contractor under this Contract.	
	ADDITIONS	DEDUCTIONS																	
Total changes approved in previous months by Owner																			
Total approved this Month	\$1,635.00																		
TOTALS	\$1,635.00	\$0.00																	
NET CHANGES by Change Order	\$1,635.00																		
AIA DOCUMENT G702 - APPLICATION AND CERTIFICATION FOR PAYMENT - 1992 EDITION - AIA - ©199 THE AMERICAN INSTITUTE OF ARCHITECTS, 1735 NEW YORK AVE., N.W., WASHINGTON, DC 20006-3 Users may obtain validation of this document by requesting a completed AIA Document D401 - Certification of Document's Authenticity from the Licensee.																			

G703

Fill in the G703 Continuation Sheet

Second page

This sheet is often referred to as page two of the Application & Certification form G-702.

It breaks down the contract sum into portions or segments of the work in accordance with a Schedule of Values required by the General Conditions of your contract.

These Schedules of Values should be consistent with the Schedule of Values (estimate/bid documents) submitted to the Architect at the beginning of the project. This breakout should be used consistently throughout the project, using multiple pages when necessary.

HEADER INFORMATION (must be included on each Continuation Sheet page that you submit)

To - the contract owner or the person who will be cutting your checks for payment of work you have performed and should be entered in.

From - the "From" is always us.

Page - the page number of the Continuation Sheet.

Application No. - same as the Application Number from the header of the G-702.

Application Date - the date that you are submitting the Application for Payment.



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Period To -should be the same as the Period To date from the header of the G-702.
Architects Project No - the project number that the Architect has assigned to this project.

SUMMARY

Column A Item number

Number the items sequentially in column A. (Authors note: sometimes you may be asked to number them according to specification section numbers in the specifications sheet)

FSSI always puts Bond first, Design, Permit & Submittals next

We MUST pay the Surety the full amount of the Bond within FIVE days of underwriting with SEASONED funds, or it is cancelled. Which 'ticks-off' the Owner/GC

We must pay Design Engineers for their Stamp or they Lien the Property

We are required by Law to pay all AHJ's upon submission of Request for Design approval and for the Permit, else the Owner cannot release the property to the General for construction ...
... and their insurance is compromised.

(Submittals, to us, FSS means to an AHJ, NOT to the Owner/Contractor)

Column B Description of Work

Enter the Item description in column B 'Description' from your Cost Accounting folks or the Estimator's Bid Document. Note: BE BRIEF!

Extra Items like Net Change in CCO's that are approved are also entered.

Create a new line item by copying a cell line from spreadsheet column B to column K

Never change the amount of any original line item.

Column C From previous application

Enter the dollar amount of each item in column C 'Schedule of Values' from your Cost Accounting folks or the Estimator's Bid Document.

The total at the bottom of column C should initially total to the original contract amount

As you add CCO net items, this total will change.

Column D & E Work Completed

Column D

Enter the amounts for each item that you submitted from the PREVIOUS application

(The total of requested payments for work you submitted for all previous months)

Column E

Enter the amounts for each item that you have completed THIS period, & requesting payment for.

Eg. The work you did THIS month

Column F Stored Materials

If you have delivered pipe, valves, sheetrock, framing or like materials to the site enter their dollar amount here. This column is for items that are not yet attached to the building but will soon be, and ..

.. are APPROVED for payment

Do NOT include labour or any NON-materials items.

The Owner's Bank/Financier/Insurance folk need to know about these items.

Our Bank/Insurance/Surety/Supplier/Lien Holder also need to know.

Column G Total completed and stored

Automatically calculates the amount and percentage completed

Column H Balance to finish



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Automatically calculates how much you are still owed by the contractor/owner when you finish the job and submit future applications for payments.

CONTINUATION SHEET			AIA DOCUMENT G703								
AIA Document G702, APPLICATION AND CERTIFICATION FOR PAYMENT, containing Contractor's signed certification is attached.						APPLICATION NO: 1					
In tabulations below, amounts are stated to the nearest dollar.						APPLICATION DATE: 2012-10-27					
Use Column I on Contracts where variable retainage for line items may apply.						PERIOD TO: 2012-10-25					
						CONTRACT NUMBER: 1218-009					
A	B	C	D	E	F	G	H	I			
ITEM NO.	DESCRIPTION OF WORK Bid Date: 2012-08-21 Award Date: 2012-09-19 Start Date: 2012-10-xx End Date: 2012-10-19	SCHEDULED VALUE	WORK COMPLETED FROM PREVIOUS APPLICATION (D + E)	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)		
1	Bond	\$0.00	\$0.00	\$0.00		\$0.00	0%	0.00	\$0	No Retainage	
2	Permit, Design & Submittals	\$350.00	\$0.00	\$350.00		\$350.00	100%	0.00	\$0	No Retainage	
3	Mobilization/Demobilization	\$150.00	\$0.00	\$150.00		\$150.00	100%	0.00	\$8		
4	Gas Valves x2	\$523.00	\$0.00	\$523.00		\$523.00	100%	0.00	\$26		
5	Ansul Automan x2	\$750.00	\$0.00	\$750.00		\$750.00	100%	0.00	\$38		
6	Pull Station w/EMT and Cable 2x	\$325.00	\$0.00	\$325.00		\$325.00	100%	0.00	\$16		
7	Pneum. Release w/EMT & Cables x2	\$450.00	\$0.00	\$450.00		\$450.00	100%	0.00	\$23		
8	Detectors & Links x2	\$375.00	\$0.00	\$375.00		\$375.00	100%	0.00	\$19		
9	MicroSwitches LV & HV x2	\$128.00	\$0.00	\$128.00		\$128.00	100%	0.00	\$6		
10	Nozzles & caps	\$1,047.00	\$0.00	\$1,047.00		\$1,047.00	100%	0.00	\$52		
11	Labor	\$810.00	\$0.00	\$810.00		\$810.00	100%	0.00	\$41		
12	Testing & Inspections Trip Test	\$185.00	\$0.00	\$185.00		\$185.00	100%	0.00	\$9		
13	Net CCO #1	\$1,635.00	\$0.00	\$1,635.00		\$1,635.00	100%	0.00	\$82		
14		\$0.00	\$0.00	\$0.00		\$0.00	0%	0.00	\$0		
15		\$0.00	\$0.00	\$0.00		\$0.00	0%	0.00	\$0		
16		\$0.00	\$0.00	\$0.00		\$0.00	0%	0.00	\$0		
17		\$0.00	\$0.00	\$0.00		\$0.00	0%	0.00	\$0		
18		\$0.00	\$0.00	\$0.00		\$0.00	0%	0.00	\$0		
19		\$0.00	\$0.00	\$0.00		\$0.00	0%	0.00	\$0		
20		\$0.00	\$0.00	\$0.00		\$0.00	0%	0.00	\$0		
21		\$0.00	\$0.00	\$0.00		\$0.00	0%	0.00	\$0		
22		\$0.00	\$0.00	\$0.00		\$0.00	0%	0.00	\$0		
23		\$0.00	\$0.00	\$0.00		\$0.00	0%	0.00	\$0		
24		\$0.00	\$0.00	\$0.00		\$0.00	0%	0.00	\$0		
25		\$0.00	\$0.00	\$0.00		\$0.00	0%	0.00	\$0		
GRAND TOTALS		\$6,728.00	\$0.00	\$6,728.00	\$0.00	\$6,728.00	100%	0.00	\$318.90		

Users may obtain validation of this document by requesting of the license a completed AIA Document D401 - Certification of Document's Authenticity

Column I Retainage

If it is at varying rates you may have to change the formula in these cells.

The total at the bottom of the column should be the same as that on LINE5 on the G702

Note, though, that FSSI does not permit retainage on Bond, Design Permit

and that if we supply a Bond, their should be ZERO retainage. (AIA standards)

Change Orders

Enter the amount(s) on **BOTH** the G702 AND the G703.

Additions (Extras)

G702:

Add the total value to the "Change Order Summary" in the Additions section.

It will automatically transfer to Line 2 and calculate Line 3.

G703:

Do not change the amount of any original line item.

Create a new line item at the end and enter the total amount of the addition in the "C" column.

Example:

(standard description) "Net of Change Order #1": \$1,635.00



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Calculate the amount up to 100%, as the work is completed.

Credits or Deductions (Negative Numbers)

G702:

Add the total value to the "Change Order Summary" in the Deductions section.
It will automatically transfer to Line 2 and calculate Line 3.

G703:

Do NOT change the amount of any original line items.

Calculate the original amount in column "C" at 100% completed, after all work is completed.

Create a new line item at the end of the list and enter the deduction amount with a minus sign.

Example:

(standard description) "Net of Change Order #2": -5,000.00

Enter the amount in column "C" with a minus sign. (-)

Enter the amount in column "E" with a minus sign (-) after all work is completed.

Calculate retainage, column "I", if any. It will display a negative amount.

Accounting Tip, negative numbers:

To balance the accounting, calculate both the original line item amount and the credit line item at 100% completed AFTER all work is completed.

Author's Note: It is good practice not to alter previous Pay Requests. "Duplicate" this file, then add any changes.

Finishing

When completed, click the Office button, top left corner

HOVER over 'Save as ..' (the HOVER is important!)

And in the 'Fly-out' Click 'pdf or xps ..' to save the page/s as a pdf file
email the pdf to your upline (GC/Owner)

REPEAT the process with a new file each month

Authors Note:

Our 'AIA G702-703' has been modified to reflect our Surety & Insurance & AHJ requirements, and my not quite suit 'Other Trades'

Specifically there is no retainage if we are Bonded to the Owner/GC, & no retainage on Bond Permit Design & Submittal to AHJ's)

The Calculated fields are 'Protected' (Format Cells-Protection, in excel)

The Sheets are protected (Review-Protect Sheet, in excel)

.. And

.. this is by no means an exhaustive instruction set. Refer to the AIA at: <http://www.aia.org/>
2012-09-01