



American Subcontractors Association, Inc. Subcontractor's Negotiating Tip Sheet No Payment for Stored Materials

Sample Language

ASA Recommends:

"Monthly progress payments to the Subcontractor shall include the value of material delivered and suitably stored at the jobsite or an approved offsite location prior to incorporation into the Subcontractor's work."

What You May See in the Wild:

"The Subcontractor's payment shall only include the value of labor and material or equipment installed in the work."

Impact on the Subcontractor

- Discourages the purchase of material and equipment ahead of time leading to possible delays.
- Increases the risk of escalating prices.
- Erodes the subcontractor's cash flow.
- Makes the subcontractor suffer the consequences of slow building progress or other impediments that cause a lag between the delivery of materials and the time of installation.

Negotiating Tips

When the GC Says: "It's important that you're ready to start work when we notify you. That means you need to have all equipment and material ready to go."

The Sub Should Say: "Before I'm willing to order materials or tie up my shop fabricating special products, I need to be sure that I'll get paid without delay upon delivery."

When the GC Says: "We expect you to start work immediately upon notice."

The Sub Should Say: "I can't afford to front the cost of materials while waiting for a building to reach the point that I can install the materials."

When the GC Says: "I can't pay for materials over which I don't have control."

The Sub Should Say: "We're willing to arrange for title to be shifted to you and store the materials anywhere you want."

When the GC Says: "Other subcontractors don't ask for this. It isn't standard practice in our industry."

The Sub Should Say: "Payment for properly stored materials is standard practice in the construction industry. Both the ConsensusDocs and AIA standard subcontracts include payment for stored materials."

Additional Resources:

ConsensusDocs *Form 750, Standard Agreement Between Constructor and Subcontractor (2012)*, ¶ 8.2.4. Available at www.ConsensusDocs.org; ASA members can get a 20 percent discount by entering ASA100.

American Institute of Architects *Form A401, Standard Form of Agreement Between Contractor and Subcontractor (2007)*, ¶ 11.7.2. Available at www.aia.org/contractdocs/.

Guidelines for a Successful Construction Project (2008), "Payment for Stored Materials and Equipment." Available at www.ConstructionGuidelines.org.