



American Subcontractors Association, Inc. Subcontractor's Negotiating Tip Sheet Closeout Documentation

Sample Language

ASA Recommends:

"Customer will not require any contract closeout procedures or any forms that have not been provided to and specifically accepted by Subcontractor prior to signature of the subcontract."

What You May See in the Wild:

"Contractor may establish procedures to facilitate project close out by the Subcontractor."

Note: Many GC proprietary subcontracts may be silent on project closeout procedures and forms.

Impact on the Subcontractor

- Subcontractor may find that its customer's closeout procedures amount to a "renegotiation" of the subcontract after its work is completed.
- Subcontractor may discover that its customer has established extra, and perhaps difficult, steps that the subcontractor will have to take before being able to collect final payment.

Negotiating Tips

When the GC Says: "I'll have various closeout procedures that I'll expect you to follow at the end of the project."

The Sub Should Say: "I'm sure that I'll be able to follow any procedures that you establish, but I need you to spell them out prior to my signing the Subcontract."

When the GC Says: "Again, these are just routine forms that are necessary to close out the job."

The Sub Should Say: "I understand that your procedures and forms are just routine, so you've certainly documented them. I just need to know what they are before I agree to the Subcontract."

Additional Resources:

ASA *Subcontract Addendum* (2011), ¶ 12. Available to ASA members at www.ASAonline.com.