

SECTION 012900 – PAYMENT PROCEDURES

Latest Update:8/6/2026

(A/E shall edit specifications and blue text in header to meet project requirements. This includes but is not limited to updating Equipment and/or Material Model Numbers indicated in the specifications and adding any additional specifications that may be required by the project. Remove text underlines and highlights)

PART 1 - GENERAL

1.1 SUMMARY

- A. This Section specifies administrative and procedural requirements governing each prime contractor's Applications for Payment.

1.2 SCHEDULE OF VALUES

- A. Coordination: Coordinate preparation of Schedule of Values with preparation of the Contractor's Construction Schedule.
 - 1. Correlate line items in the Schedule of Values (SOV) with other required administrative schedules and forms, including:
 - a. Contractor's Construction Schedule.
 - b. Application for Payment forms, including Continuation Sheets.
 - c. List of subcontractors.
 - d. Schedule of allowances.
 - e. Contractor Contingency
 - f. Schedule of alternates.
 - g. List of products.
 - h. List of principal suppliers and fabricators.
 - i. Schedule of submittals.
 - 2. Submit the Schedule of Values to the University at the earliest possible date but no later than 10 business days before the date scheduled for submittal of the initial Applications for Payment.
 - 3. Subschedules: Where Work is separated into phases requiring separately phased payments, provide subschedules showing values correlated with each phase of payment.
- B. Format and Content: Organize the Schedule of Values using the standard Project Manual specification list. Provide at least one line item for each Specification Section. If no values are associated with a specifications section, note N/A or similar.
 - 1. Identification: Include the following Project identification on the Schedule of Values:

- a. University Project number and Project name
 - b. Location.
 - c. Contractor's name and address.
 - d. Date of submission.
2. Provide a breakdown of the Contract sum in sufficient detail to allow evaluation of Applications for Payment and progress reports. Break principal subcontract amounts down into several line items as reviewed and approved by the University.
3. Include as a minimum:
 - a. Material
 - b. Labor
 - c. Closeout
 - d. Punchlist
 - e. Environmental Remediation

<Edit for GC projects without a Construction Manager>

4. Construction Management contracts shall carry separate detail lines for at least the following lines:
 - a. Preconstruction Services
 - b. Staff General conditions
 - c. Non-staff general conditions
 - d. Bonds and Insurance.
 - 1) Note that subcontractor bonds are not required to be separately listed.
 - e. Fee
 - f. Closeout
5. Round amounts to nearest whole dollar; confirm that the total equals the Contract sum.
6. Provide a separate line item in the Schedule of Values for stored materials or equipment, purchased or fabricated, but not yet installed.
 - a. Differentiate between items stored onsite and items stored offsite. Include requirements for insurance and bonded warehousing, if offsite.
7. All contracts shall assign a minimum of 1% of the contract value for final completion and project closeout. This item must be identified as a separate line item labeled Closeout on the SOV.
8. Environmental Remediation: Due to changes to Generally Accepted Accounting Practices, environmental remediation must be separately reported in the University's financial statements. Accordingly, all contracts shall carry remediation costs in separate lines clearly marked remediation. These titles should not be used in other line descriptions.
9. Provide separate line items on the Schedule of Values for initial cost of the materials, for each subsequent stage of completion, and for total installed value of that part of the Work.

<DELETE IF NOT APPLICABLE FOR PARTICULAR PROJECT>

10. Unit Cost Allowances-Cost Allowances: Show the line-item value of unit cost allowances, as a product of the unit cost, multiplied by the measured or estimated

quantity if amount cannot be measured. Estimate quantities from the best indication in the Contract Documents.

11. Margins of Cost: Show line items for indirect costs and margins on actual costs only when such items are listed individually in Applications for Payment.
 - a. Each item in the Schedule of Values and Applications for Payment shall be complete.
 - b. Include the total cost and proportionate share of general overhead and profit margin for each item.
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 the Contractor's option.

1.3 APPLICATIONS FOR PAYMENT

- A. Refer to the University of Maryland Baltimore Standard General Condition of Construction for requirements and procedures governing applications for payment.
- B. Each Application for Payment shall be consistent with previous applications and payment as paid for by the University.
 1. Additional requirements apply to the initial Application for Payment, Application for Payment at Substantial Completion and Final Application for Payment.
- C. Substantial Completion Application for Payment: Following issuance of the Certificate of Substantial Completion, submit this Application for Payment.
 1. This application shall reflect any Certificates of Partial Substantial Completion issued previously for University occupancy of designated portions of the Work.
 2. Submittals and Administrative actions that should be submitted before or at the same time as this application include: All Substantial Completion Requirements from 017700 - CLOSEOUT PROCEDURES
 - b. Warranties (guarantees) and maintenance agreements.
 - c. Test and balance reports.
 - d. Operation and Maintenance Manuals.
 - e. Startup Reports.
 - f. Commissioning and Functional Testing Reports.
 - g. Verification of Final cleaning.
 - h. Application for reduction of retainage and consent of surety.
 - i. Certificate of Insurance
 - j. Substantial Completion Outstanding Work List
- D. Final Payment Application:

1. Submittals and Administrative actions that should be submitted before or at the same time as this application include: Completion of Project closeout requirements.
 - b. Waivers and releases.
 - c. Updated final statement, accounting for final changes to the Contract Sum.
 - d. Certification of completion of Substantial Completion Outstanding Work List
 - e. Resolve all previously unsettled claims.
 - f. Transmittal of required Project construction records to the University.
 - g. Proof that taxes, fees, and similar obligations were paid.
 - h. Final MBE reconciliation, including a list of all MBE commitments by MBE entity, amount actually paid to entity, and if the entity was not a tier subcontractor to the prime, the tier 1 subcontractor they were paid through.
 - i. Sworn statement of payments to all subcontractors.

PART 2 - PRODUCTS (Not Applicable)

PART 3 - EXECUTION (Not Applicable)

END OF SECTION