

TAB 1 – BILLING PROCEDURES

1. PROGRESS PAYMENT REQUESTS

1.1 Form. Subcontractor will submit payment requests on the “Subcontract Progress Payment Request” form provided by Unger.

1.1.1 Cost Codes. List the cost code for each item of Work and each executed Subcontract Change Order number on a separate line of the form.

1.1.2 Retention. If retention is being withheld from Subcontractor pursuant to the Business Terms Sheet, deduct retention from the current month’s Work on the form.

1.2 Timing. Subcontractor will submit monthly payment requests per Subcontract Section 7.1. Payment requests received after the due date will be processed the following month.

1.3 Electronic submission. Please send all Subcontract Progress Payment Requests and supporting documentation electronically to accounting@ungerconstruction.com.

1.4 Estimate Through Month’s End. Subcontractor may estimate the amounts through the end of the billing cycle and the estimated amount will be reconciled in the next monthly billing cycle.

1.5 Signature Required. Payment request must be signed by a corporate officer of Subcontractor, per Subcontract Section 7.1.

1.6 Evidence of Insurance on File. Payments will not be made to Subcontractor unless properly executed insurance certificate, and payment and performance bonds (if applicable) have been submitted and are in effect. When required, OCIP requirements and labor compliance reporting must be current.

1.7 Collective Bargaining Compliance on File. Subcontractors and tier-subcontractors subject to a collective bargaining agreements, must provide the information required by Article 2 below. Payment will not be made to Subcontractor until this information has been submitted.

1.8 Supporting Documentation. Include the supporting documentation listed in Article 2 below.

2. SUPPORTING DOCUMENTATION
Invoice. Subcontractor will include an invoice for the current month’s Work.
Evidence of Percentage of Completion. Subcontractor will include sufficient documentation supporting the percentage of completion of each portion of the Work identified on the payment request, including, without limitation, receipts, purchase orders, contracts, time reports, and other

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documentation reasonably required by the Unger to permit evaluation of labor, materials, equipment, bonding (if required), and overhead.

2.3 Evidence of Subcontract Change Order Work. Subcontractor will include documentation to permit evaluation of labor, materials, equipment, and bonding used in performance of Subcontract Change Order Work, including, without limitation, an itemized accounting for the Work performed based on daily time tickets executed by Unger's superintendent, material and equipment invoices, and other supporting data substantiating the amount of the Subcontract Change Order. All time and material costs will be broken down by labor, materials, equipment, bonding (if required), and overhead and profit.

2.4 Lien Releases for Progress Payment Requests. Progress payment requests must include the following lien releases:

2.4.1 Conditional Waiver and Release Upon Progress Payment forms (per Civil Code § 8132), duly executed and covering all portions of the Work performed during the current billing period by the Subcontractor and its tier-subcontractors and suppliers, are to be submitted with each progress payment request.

2.4.2 Unconditional Waiver and Release Upon Progress Payment forms (per Civil Code § 8134) for the prior month's progress payment are to be submitted. Subcontractor will also procure unconditional lien waivers from its tier-subcontractors and suppliers for prior progress payments.

2.5 Lien Releases for Final Payment Requests. Final payment requests must include the following lien releases:

2.5.1 Conditional Waiver and Release Upon Final Payment forms (per Civil Code § 8136), duly executed and covering of the Work performed by the Subcontractor and its tier-subcontractors and suppliers, are to be submitted with the final payment request.

2.5.2 Unconditional Waiver and Release Upon Final Payment form (per Civil Code § 8138) is to be submitted upon receipt of final payment, and Subcontractor will procure unconditional lien waivers from tier-subcontractors and suppliers and provide to Unger within 10 days of final payment to tier-subcontractors and suppliers.

2.6 Evidence of Stored Materials. Payment of stored materials will be considered on an individual basis and is subject to Owner's approval. Payment for materials not stored at the jobsite will be considered if request is accompanied by (a) specific description of the product; (b) invoice or bill of sale; (c) evidence of insurance and bonding, for materials totaling \$100,000 and above; (d) physical address or map to location where materials are stored; (e) evidence that all such stored materials are segregated and individually stamped identifying them as property of the Owner; and (f)

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photographs of stored material. Unger Construction Company may choose to inspect the stored materials as a payment review step.

2.7 Certified Payroll Records on Private Projects. If Subcontractor is subject to a trade union agreement, Subcontractor will submit the payroll records and certification required by Article 1 of TAB 1C of the PM with its progress payment requests. That Article requires, among other things, compliance with Labor Code Sections 218.7 (f) (1) and (2). Additionally, before commencing work, Subcontractor must submit the estimate of journeymen and apprentice hours required by Article 1 of TAB 1D.

2.8 Certified Payroll Records on Public Works Projects. If identified in the Business Terms Sheet as a prevailing wage Project, Subcontractor will submit the records comply with Article 2 of TAB 1C of the PM. That Article requires, among other things, submission of certified payroll records to comply with Labor Code sections 1720 et seq. and 1770 et seq. regarding certified payroll records and may require monthly reports to comply with “skilled and trained workforce” requirements.

3. FINAL PAYMENT REQUESTS

3.1 Retention. Release of retention is subject to the terms of Section 7.5 of the Subcontract regarding Final Payment, the conditions on release set forth in the Business Terms Sheet, and early release or reduction may require approval by the Owner.

3.2 Supporting Documentation. Include the supporting documentation listed in Article 2, above, in addition to the following:

3.2.1 Completed Operations Insurance. Provide evidence that completed operations insurance will remain in force after Final Payment and will not be canceled or allowed to expire for 3 years without prior written notice to Unger.

3.2.2 Consent of Surety. Unger may require written consent from Subcontractor’s surety before making Final Payment.