

EXHIBIT "A"
BILLING AND PAYMENT PROCEDURES

1. **PROGRESS PAYMENTS** – Monthly progress payments will be made no later than seven days after receipt of payment by CONTRACTOR from Owner, provided that Subcontractor has complied with all requirements and prerequisites for payment.

Each payment request from the SUBCONTRACTOR must be submitted to the GENERAL CONTRACTOR no later than the 25th of the month, for work in place to the end of the month based on an estimated percentage of completion for each item on the SUBCONTRACTOR'S Schedule of Values or as per Purchase Order or Change Order. Such amount shall be subject to the approval (and revision, if necessary) of the Owner and GENERAL CONTRACTOR'S Project Manager. All billings should be submitted to Kline Construction Corporation, 9385 Hamilton Drive, Mentor, OH 44060. Billings may also be faxed to 440-357-9131.

SUBCONTRACTOR may not invoice for change order and extra work until a written contract change order is executed and returned to CONTRACTOR.

2. **RETAINAGE** - 10% retainage will be held until completion of the entire project and GENERAL CONTRACTOR'S retainage is released by Project Owner to GENERAL CONTRACTOR. Upon completion of all work (although very minor items of work, not affecting habitability, may remain to be performed) and prior to final payment GENERAL CONTRACTOR and SUBCONTRACTOR agree to inspect all work performed and make notations regarding those items not complete or defective. Both agree that should the cost of such incompletions or defect exceed 10% of contract amount then two (2) times said amount shall be withheld until such corrections are made, at which time GENERAL CONTRACTOR agrees to make payment within five (5) days.

Following is a list of required forms that must be submitted for each payment application:

- a) AIA Application and Certification for Payment AIA Form 702 with G703, Schedule of Values. In the event SUBCONTRACTOR does not have the ability to submit an AIA Payment request, the SUBCONTRACTOR'S custom invoice will suffice, but the invoice must detail work performed.
- b) Certificate of Stored Materials and Bill-of-Sale. These forms must be used to invoice for materials stored in an acceptable off-site location. All stored materials billings must be accompanied by an acceptable certificate of insurance evidencing coverage in case of loss/damage to the material. GENERAL CONTRACTOR may require physical inspection of materials prior to approving payment. Such inspection shall not be considered acceptance of materials. Please Note: Not all Owners or Lenders will pay for stored materials.
- c) Conditional signed and notarized lien waivers for partial payments must be received before any additional payments will be made.
- d) Final original signed and notarized lien waivers must be received by CONTRACTOR in order to release final payment, provided that SUBCONTRACTOR has met all prerequisites to final payment.
- e) One Year Warranty Document must be signed and returned before final payment is released.

1. **CAREFUL!** Incorrect, incomplete or overbilled payment applications will be rejected and returned for resubmission – this could result in a missed or late payment.
2. **WAIVE FORMALITY** – CONTRACTOR reserves the right to waive any formality of the billing process for its convenience.