If you’ve landed your first AIA job or are thinking about bidding on one, you might be feeling a bit overwhelmed about the AIA billing process. It has a reputation of being cumbersome and frustrating — but it doesn’t have to be.

In our **three-part series on AIA billing basics**, we’re walking you through:

- **An Overview of the AIA Billing Process** (Part 1)
- **The Anatomy of AIA Billing Forms** (Part 2)
- **How FOUNDATION Can Help You Perform AIA Billings** (Part 3)
First of all, there are typically two different documents that make up a usual billing:

**G702**
Application and Certification for Payment

**G703**
Continuation Sheet

First, we’ll break down the G702 so you can see what each piece means.

**Disclaimer:**
Both Document G702™ and Document G703™ are copyrighted by the American Institute of Architects. We’ll be showing you AIA-type documents for use with progress billing.
G702: An Overview

The G702 generally contains:

- **Header**
- **Application for Payment**
- **Change Order Summary**
- **Contractor’s Signature**
- **Certificate for Payment**

Now let’s zoom in to each one in order — or, click on the section you’re interested in to skip ahead.
Just like any invoice, the header provides basic information about the job, who’s doing the billing, who’s receiving the bill.
In the AIA application, whatever business entity is paying the bill would be the owner listed in the header.
The contractor issuing the billing application would be listed in the header as well. In this case, it would be your company.

**FROM (CONTRACTOR): ABC Contractors
456 Riverview Avenue
Rocky River, OH 44116**
The “Project” area lists the name and address of the project for which you’re billing, typically, as it was named in your contract.
In the “Contract For” area, would be a brief description of the contract, such as “General Construction” or “Foundation and Excavating.”

The “Contract Date” is when the contract was fully executed.
When an architectural firm is involved in the project, the name and address of the firm would be listed, as well as the architect’s project number for the job.
Since AIA billing applications are issued on a regular basis, the application number and end date of the application's billing period are listed in the header as well.
The distribution list allows you to indicate each of the parties to receive a copy of the application.
This section is a summary of the contract, previous applications and the current application.
The Application for Payment

Line 1 lists the amount agreed upon for the job before any change orders.
The total of all approved change orders for the job is listed on Line 2.
The Application for Payment

The sum or difference of Lines 1 and 2 give you the contract amount to date (Line 3).

<table>
<thead>
<tr>
<th>1. ORIGINAL CONTRACT SUM</th>
<th>$17,698.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Net Change by Change Orders</td>
<td>$3,500.00</td>
</tr>
<tr>
<td>3. CONTRACT SUM TO DATE (Line 1 + 2)</td>
<td>$21,198.00</td>
</tr>
</tbody>
</table>
Line 4 is the sum of your work completed from previous applications, work completed on the current application and all billable stored materials.

These numbers will come from the schedule of values on your G703.
The retainage lines indicate how much retainage has been held to date.
The percent of retainage for completed work is calculated by dividing the *total amount* retained for completed work to date by the total amount of billable completed work to date. The same goes for stored material.
To calculate the amount retained for completed work, you would first add the total of the G703’s “Previous Applications” column and “Completed this Period” column. Then, multiply by the percent retained.
The Application for Payment

To calculate the amount retained for stored material, you would multiply the total of the G703’s materials stored column by percent retainage for stored material.
The retained amounts for completed work and stored material are then added in the “Total Retainage” line.
Line 6 is simply the difference of Line 4 and Line 5. It indicates the total billable amount (work completed and stored), minus retainage.
The Application for Payment

Next, Line 7 indicates a total of what was declared billable minus retainage on the last application.
The Application for Payment

Line 8 indicates how much is due at the time of this application.

You can calculate it as Line 4 – (Line 5a + Line 5b) – Line 7.
Finally, Line 9, indicates how much remains to be billed on the entire project.

You can calculate this amount by subtracting Line 3 and Line 6.
This section is used to detail approved change orders and provide a total equal to Line 2 above.

```
<table>
<thead>
<tr>
<th>CHANGE ORDER SUMMARY</th>
<th>ADDITIONS</th>
<th>DEDUCTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total changes approved in previous months by Owner</td>
<td>3,500.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Total approved this Month</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>TOTALS</td>
<td>3,500.00</td>
<td>0.00</td>
</tr>
<tr>
<td>NET CHANGES by Change Order</td>
<td>3,500.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>
```
The “Additions” column is used to show change orders that will add to the contract total.
The “Deductions” column will show change orders whose amounts deduct from the contract total.
The Change Order Summary

The first row shows the total of all change orders that were approved on previous applications.
The Change Order Summary

The second row is reserved for only those change orders approved during current billing period.
The total “Deductions” are then subtracted from the total “Additions” for the “Net Change by Change Order” on Line 2 above.
AIA applications are designed to be notarized.

This section requires you as the contractor to sign and date the first set of lines and allows a notary to sign and date the second set.
Certificate for Payment

When an AIA application is submitted, the architect or project owner reviews it and certifies their agreement to what the application details.

Certificate for Payment

When an AIA application is submitted, the architect or project owner reviews it and certifies their agreement to what the application details.
If they’re in agreement, they print the amount from Line 8 and sign.

If not, they print a different amount, add notes to the G703 and attach an explanation. This is referred to as “redlining.”
Conclusion

Filling out an AIA billing form isn’t exactly simple, but it doesn’t have to be incredibly complicated either.

Accounting software designed for the construction industry offers integrated AIA billing tools that make the data entry easier, the tracking of redlines convenient and your billing through A/R seamless.

To learn more about AIAs and discover how Foundation Software can help you, check out our Learn section and watch an online product tour of FOUNDATION®.