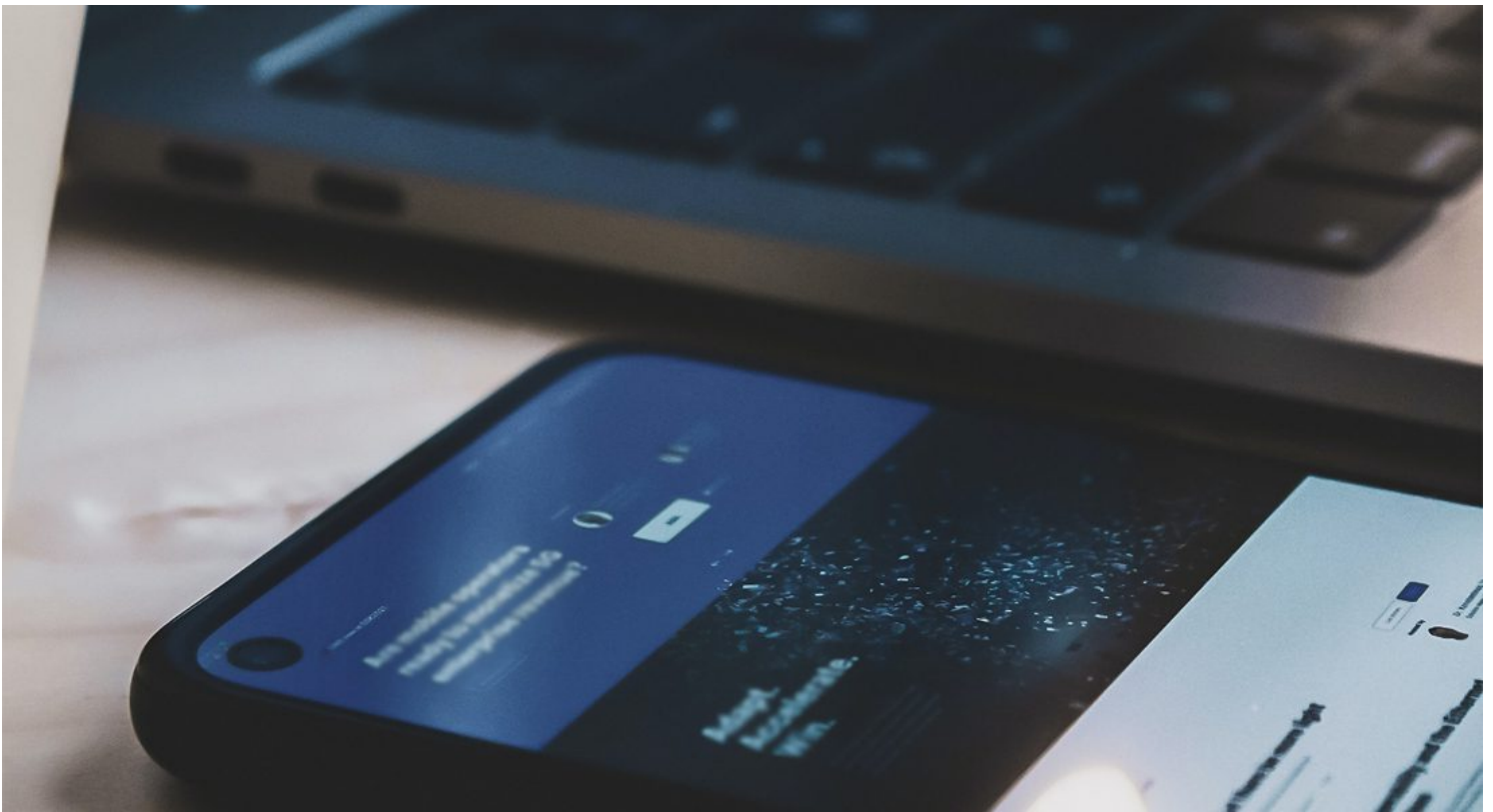


NEWS & INSIGHTS

AIA Contracts: The Fine Print

INSIGHTSLEGAL UPDATE

MARCH 2, 2018



The American Institute of Architects (AIA) released revised contract forms in April of 2017, which aim to correct some of the errors, confusion, and inconsistencies present in earlier renditions. Specifically, the AIA has issued updates to the [Owner-Contractor forms A101, A102, A104, A105](#) and the A201 General Conditions of the Contract. The AIA has also revised Architect Owner forms [B101, B102, B103, B104](#) and [B105](#) contract forms, as well as updated its [C401](#) Architect-Consultant contract form. Finally, the AIA released an update to its primary Contractor-Subcontractor agreement, the [A401](#) subcontract form. As a general note, the AIA releases revisions/updates every 10 years.

There have been several changes to Form [A201](#), the General Conditions of the Contract. Significantly, in response to the fiscal crisis of 2008, the AIA has built in additional protections for contractors. The revised General Conditions

now impose heightened requirements on the owner to provide the contractor with financial information supporting its ability to pay. Importantly, per the new contract form, a contractor can refuse to proceed with the work or may suspend work if the owner is unable or refuses to supply evidence that they can fulfill its financial obligations. See [A201 § 2.2.2](#).

Other noteworthy changes and additions include the following:

- **Warranties:** All warranties must now be issued in the name of the owner or be transferrable to the owner. See [A201 3.5.2](#).
- **Cutting out the “Middle Man”:** Owners and Contractors are now permitted to communicate directly rather than communicating through the Architect; however, the Architect must be kept closely informed of matters affecting the Architect’s performance. See [A201 4.2.4](#).
- **Newly Imposed Termination Fees:** If an Owner terminates a Contractor for convenience, the Owner is now *obligated* to pay the Contractor for “costs attributable to termination of subcontracts” and a “termination fee.” See [A201 14.4.3](#).
- **Progress Payment Lien Waivers:** Contractors are now required to submit releases and waivers of liens along with their applications for progress payment. Contractors must also indemnify the Owner for damages caused by a lien or claim filed by a subcontractor where the Owner has complied with its payment obligations.

Contractors and owners should make sure they are using the 2017 version of the AIA forms and are not simply recycling the outdated 2007 versions. In addition, it is important to keep in mind that, while the AIA forms are useful, the forms are certainly not a one-size fits all model. Therefore, it may be necessary to tailor the language, with the advice of counsel, to fit your needs and the nature of the project.

For more information regarding AIA Contract Forms, please contact [Saxton & Stump’s Construction Law Group](#).

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