



Document the Job And Get Paid

by James Reinert

Often the most difficult task facing a contractor when collecting payment of a bill in dispute is documenting the basis for the bill. You may know you did the work, but if you can't provide a paper trail proving to the owner, arbitrator, or court that you incurred the expenses, the owner may get the benefit of the doubt, which means you don't collect. This is particularly true when there is a dispute about who supplied a piece of material or performed the work — when an owner claims he paid the plumber for the fixtures you supplied, for instance, or that he, not your carpenter, installed the bookshelves in the basement.

Such disputes often lead to the filing of a mechanic's lien — sometimes by multiple parties, such as both the plumber and the contractor. The procedures established in the state laws regulating the filing of such liens vary considerably. However, nearly all states require that the contractors, sub, or supplier filing the lien provide the owner/client with documentation backing up the claim for payment. This documentation is meant primarily to put some burden of proof on the building trade, but also to ensure that the owner doesn't end up paying two parties (both the contractor and the sub, for instance) for the same work or materials. If this documentation is lacking, the lien may not stick.

For example, in a Missouri case, a subcontractor filed a lien that described in detail the work performed, provided a list of materials used, and gave a general description of where the materials were placed. Despite this detailed information, however, the court denied the sub's claim, ruling that the lien didn't contain enough documentation. Specifically, the sub failed to provide a detailed list, including invoices, of the materials supplied, and he failed to provide a breakdown of the hourly rates for his workers and the days, dates, and hours they worked. In other words, the sub couldn't prove who installed what, when they did it, or how much it cost. This could happen to any contractor in similar circumstances.

You can provide documentation for such cases without developing elaborate tracking procedures. The goal is to record information proving who bore the expense —

contractor, sub, or client — of any given piece of work. The records should show the following:

- When did the job, and each segment of work, start and finish?
- Who performed what tasks and when? Who was on the site and what did they do each day?
- Who supplied what materials, when and how did the supplies arrive, and where did they go on the job?
- Who paid for the materials?

In the Field

One simple way to track this information is to have the lead worker on each job keep a handwritten daily log of progress and activity on the job site. This should document both the materials and labor going into the project each day.

Notes about materials should include who supplied the materials (contractor, sub, or owner), when they were delivered, and how the materials were used in the project. Note particularly any materials you supplied or paid for. This is especially important for any materials, such as plumbing fixtures, that subs sometimes supply. Invoices (or copies of them) for these goods should go in a job-specific folder. Any materials brought to the site from your own inventory should be noted as well.

For labor, the log should record what workers, both your own and any subs', were on site that day and what work they performed. This information should be fairly specific.

For employees, job-cost time cards documenting what categories of work — framing, finish, etc. — an employee spent the day on can help, but they may not suffice on their own. You don't want to merely show, for instance, that your carpenter spent his day on finish carpentry when you may need to later prove that he spent it building the custom bookcase. You don't need elaborate notes, just a summary showing a rough hourly breakdown of what each employee and sub worked on each day.

A lead carpenter's daily log might read in part as follows:

Thursday 6/21: Spent 3 1/2 hours a.m. finishing l.r. baseboard. Spent 1 1/2 hour with owner confirming layout of cabinets. Kitchen and bath cabinets arrived from Smithson's. Spent 4 hours p.m. installing kitchen cabinets.

Friday 6/22: Brought shelving stock for basement bookcase from shop inventory. Installed shelves, 8 hours. Signed for delivery of custom plumbing fixtures from Jensen's; plumber to install Monday.

The point is not to have the foreman document every nail driven or to compile a line-item cost report. It's simply to keep a running log so you can later document who did what when.

In the Office

Office procedures can also help you document your claims. Keep copies of all invoices, payroll records, and so on in a project-specific file. This file should include copies of any change orders, which should always be in written form, signed by the client. You should also keep copies of all outgoing correspondence. Finally, you should record, either in a single running phone log, a pocket calendar, or individual job records, a summary of any oral conversations you have with the owner concerning the job. If there is later a dispute over what was said, the party with the better documentation will most likely be the one that is believed.

Collecting Painlessly

Keeping these records will greatly improve your chances of collecting for any disputed charges, whether through direct negotiations with the owner or through filing a mechanic's lien or other legal action. It will also streamline any claims process you initiate, reducing the cost of doing so. Many hours have been spent by lawyers and their construction clients reconstructing what happened on a job site. Such work can as much as quadruple the legal tab. Simple records kept on the job can greatly reduce such legal fees.

On a perfect construction project, everything goes as planned, and the owner pays in full and on time. But few projects are perfect. Fortunately, contractors and others supplying materials and services can, by using the documentation techniques suggested above, significantly increase their chances of prevailing in any dispute over payment. ■

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