

INSTRUCTION SHEET

FOR AIA DOCUMENT A201, GENERAL CONDITIONS OF THE CONTRACT FOR CONSTRUCTION—1987 Edition

A. GENERAL INFORMATION

1. Purpose

AIA Document A201, a general conditions form, is intended to be used as one of the Contract Documents forming the Construction Contract. In addition, it is frequently adopted by reference into a variety of other agreements, including the Owner-Architect agreements and the Contractor-Subcontractor agreements, in order to establish a common basis for the primary and secondary relationships on the typical construction project.

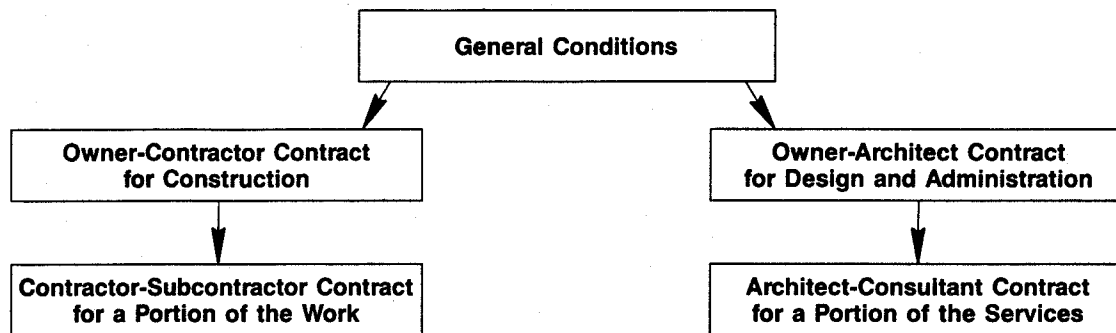
2. Related Documents

The current edition of A201 is incorporated by specific reference into two AIA Owner-Contractor agreements (A101 and A111) and several AIA Owner-Architect agreements (B141, B151, B161 and B181). It may also be adopted by indirect reference when the prime Agreement between the Owner and Contractor is adopted into a Subcontract, such as AIA Document A401, or when the prime Agreement between the Owner and Architect is adopted into Architect-Consultant agreements such as AIA Documents C141, C142 and C161. Such incorporation by reference is a valid legal drafting method, and documents so incorporated are generally interpreted as part of the respective contract.

The Contract Documents, including A201, record the Contract for Construction between the Owner and Contractor. The other Contract Documents include:

- Owner-Contractor Agreement Form (i.e., A101 or A111)
- Supplementary and Other Conditions
- Drawings
- Specifications
- Modifications

Also included in the Contract Documents are addenda issued prior to execution of the Contract and other documents listed in the Agreement. The A201 document is considered the keystone document coordinating the many parties involved in the construction process. As mentioned above and diagramed below, it is a vital document used to allocate the proper legal responsibilities of the parties.



The AIA publishes other General Conditions that parallel A201 for the construction management family of documents (AIA Document A201/CM) and the interiors family of documents (AIA Document A271). For certain federal projects, the AIA publishes Federal Supplementary Conditions (AIA Document A201/SC) for use with A201.

3. Arbitration

The A201 document incorporates ARBITRATION according to the Construction Industry Arbitration Rules of the American Arbitration Association. Arbitration is BINDING AND MANDATORY in most states and under the federal Arbitration Act. In a minority of states, arbitration provisions related to future disputes are not enforceable, but arbitration is enforceable if agreed to after the dispute arises. A few states require that the contracting parties be especially notified that the written contract contains an arbitration provision by: a warning on the face of the document; specific placement of the arbitration provision within the document; or specific discussions among the parties prior to signing the document.

Arbitration provisions have been included in most AIA contract forms since 1888 in order to encourage alternative dispute resolution procedures and to provide users of AIA documents with legally enforceable arbitration provisions when the parties choose to adopt arbitration into their contract. Individuals may, however, choose to delete the arbitration provisions based upon their business decisions with the advice of counsel. To obtain a copy of the Construction Industry Arbitration Rules, write to the American Arbitration Association, 140 West 51st St., New York, NY 10020.

4. Use of Non-AIA Forms

If a combination of AIA documents and non-AIA documents is to be used, particular care must be taken to achieve consistency of language and intent. Certain owners require the use of owner-contractor agreements with general conditions and other contract forms which they prepare. Such forms should be carefully compared with the standard AIA forms for which they are being substituted before execution of an agreement. If there are any significant omissions, additions or variances from the terms of the related standard AIA forms, both legal and insurance counsel should be consulted.

5. Use of Current Documents

Prior to using any AIA document, the user should consult the AIA, an AIA component chapter or a current AIA Documents Price List to determine the current edition of each document.

6. Reproduction

AIA Document A201 is a copyrighted work and may not be reproduced or excerpted from in substantial part without the express written permission of the AIA. The A201 document is intended to be used as a consumable—that is, the original document purchased by the user is intended to be consumed in the course of being used. There is no implied permission to reproduce this document, nor does membership in The American Institute of Architects confer any further rights to reproduce them.

A201 may not be reproduced for Project Manuals. Rather, if a user wishes to include it in a Project Manual, the normal practice is to purchase a quantity of the pre-printed forms and bind one in each of the Project Manuals. Modifications may be accomplished through the use of separate Supplementary Conditions, such as those derived from AIA Document A511.

Unlike the instruction sheets accompanying some AIA documents, this A201 Instruction Sheet does not include a license granting permission to reproduce the A201 document. AIA will not permit the reproduction of this document or the use of substantial portions of language from it, except upon written request and receipt of written permission from the AIA.

B. CHANGES FROM THE PREVIOUS EDITION

1. Format Changes

The provisions dealing with the rights and responsibilities of the Architect have been moved from Article 2 to Article 4, retitled Administration of the Contract, in order to focus on the Owner and the Contractor as the parties to the Construction Contract. Miscellaneous Provisions, formerly Article 7, is now Article 13.

2. Changes in Content

The 1987 edition of A201 revises the 1976 edition to reflect changes in construction industry practices and the law. Comments and assistance in this revision were received from numerous individuals and organizations, including those representing owners, architects, engineers, specifiers, general contractors, subcontractors, sureties, attorneys and arbitrators.

Substantial changes have been made to the A201 document. The principal changes are as follows.

Article 3: Contractor

Warranty—The warranty provision now explicitly excludes damage or defect caused by abuse, modifications not executed by the Contractor, improper or insufficient maintenance, and normal wear and tear under normal usage.

Article 4: Administration of the Contract

Review of Shop Drawings—The provision governing architect's review of shop drawings has been expanded, and now requires that the architect be given sufficient time in his or her professional judgment to conduct an adequate review. The general limitation on the purpose of the Architect's review to checking for conformance with the information given and the design concept expressed in the Contract Documents has been retained. In addition, language has been added specifically excluding purposes of checking details that are the responsibility of the Contractor.

Claims and Disputes—Provisions governing the handling of Claims and disputes have been expanded and brought together in a single paragraph to spell out procedures more clearly and sequentially; diagrams of the Change Order and Claims processes may be found on the last page of this Instruction Sheet. In the interest of expediting arbitration proceedings, a notice of demand for arbitration is now required to include all causes of action then known to the party filing the demand. Limitations on consolidation or joinder in arbitration of the Architect or the Architect's employees or consultants have been retained.

Delays Due to Adverse Weather Conditions—Claims for delay due to adverse weather conditions must now be substantiated by data showing that such conditions were out of the ordinary and had an adverse effect on the scheduled construction.

Article 5: Subcontractors

Contingent Assignment of Subcontracts—A new provision assigns Subcontracts to the Owner in the event that the Contract is terminated, and also provides for adjustment of the Subcontractor's compensation if termination has resulted in suspension of the Work for more than 30 days. Both Owner and Subcontractors are thus given a measure of protection from the effects of termination.

Article 7: Changes in the Work

This article has undergone substantial revision, and provides for a new type of document. The Change Order is now required to be signed by the Owner, Contractor and Architect. In the event the Contractor's agreement cannot be obtained, a new document, a Construction Change Directive which is signed by the Owner and Architect, shall be issued. Both of these situations were previously covered by Change Orders. Now they are separated so that they can, if necessary, be handled independently. A diagram of the process may be found on the last page of this Instruction Sheet.

Article 9: Payments and Completion

Substantial Completion—The Substantial Completion provisions now explicitly allow for partial occupancy or use. A Certificate of Substantial Completion covering a portion of Work is provided for, and consent of the insurer of the property is required.

Article 10: Protection of Persons and Property

Asbestos, PCB and Other Hazardous Wastes—The problem of hazardous wastes is addressed, for the first time, in a paragraph prescribing procedures to be followed in the event such substances are encountered on the site. Under its provisions, the Work may only proceed in the affected area by written consent of the Owner and Contractor, or in accordance with a determination of the Architect upon which arbitration has not been demanded.

Article 11: Insurance and Bonds

This article has been expanded to cover bonds as well, and it is now provided that bonding requirements must be made known to the Contractor in the bidding requirements or at the time the Contract is signed. The Contractor, in turn, is required to furnish copies of the bonds on request to any person appearing to be a beneficiary of them.

Owner's property insurance is now required to be written in the full amount of the Contract Sum and adjusted for changes in the Contract Sum effected by Change Order. The coverages to be included on the "all-risk" policy form are given in much greater detail because "all-risk" merely means coverage of all risks not specifically excluded. In addition, the Owner is now required to insure materials stored off-site or in transit.

Article 12: Uncovering and Correction of Work

Correction of Work—The correction period has been extended with respect to Work performed after Substantial Completion, so that such Work is also covered by a one-year correction period.

Article 13: Miscellaneous Provisions

Statutory Limitation Period—A separate paragraph has been included under Miscellaneous Provisions giving the dates of commencement of the statutory limitation period with respect to acts or failures to act occurring at different points in the Project. This paragraph covers a range of situations and sets three commencement dates: one for occurrences before Substantial Completion, another for those taking place between Substantial Completion and issuance of the final Certificate for Payment, and a third for those taking place after the final Certificate has been issued.

Article 14: Termination or Suspension of the Contract

Procedures are set out for suspension of the Contract by the Owner for reasons other than the fault of the Contractor. A provision allowing for termination in like circumstances has been included in AIA Document A511, Guide for Supplementary Conditions.

Further details on these changes may be found in the *Architect's Handbook of Professional Practice* when revised. A side-by-side comparison of the 1976 and 1987 editions of A201 will be available for a limited time after publication of the 1987 edition.

C. USING THE A201 FORM

Modifications

Users are encouraged to consult an attorney before using an AIA document. Particularly with respect to licensing laws, duties imposed by building codes, interest charges, arbitration and indemnification, this document may require modification with the assistance of legal counsel to fully comply with state or local laws regulating these matters.

Generally, necessary modifications to the General Conditions may be accomplished by Supplementary Conditions included in the Project Manual and referenced in the Owner-Contractor Agreement. See AIA Document A511, Guide for Supplementary Conditions, for model provisions and suggested format for the Supplementary Conditions.

Because A201 is designed for general usage, it does not provide all the information and legal requirements needed for a specific Project and location. Necessary additional requirements must be provided in the other Contract Documents, such as the Supplementary Conditions. Consult AIA Document A521, Uniform Location of Subject Matter, to determine the proper location for such additional stipulations.

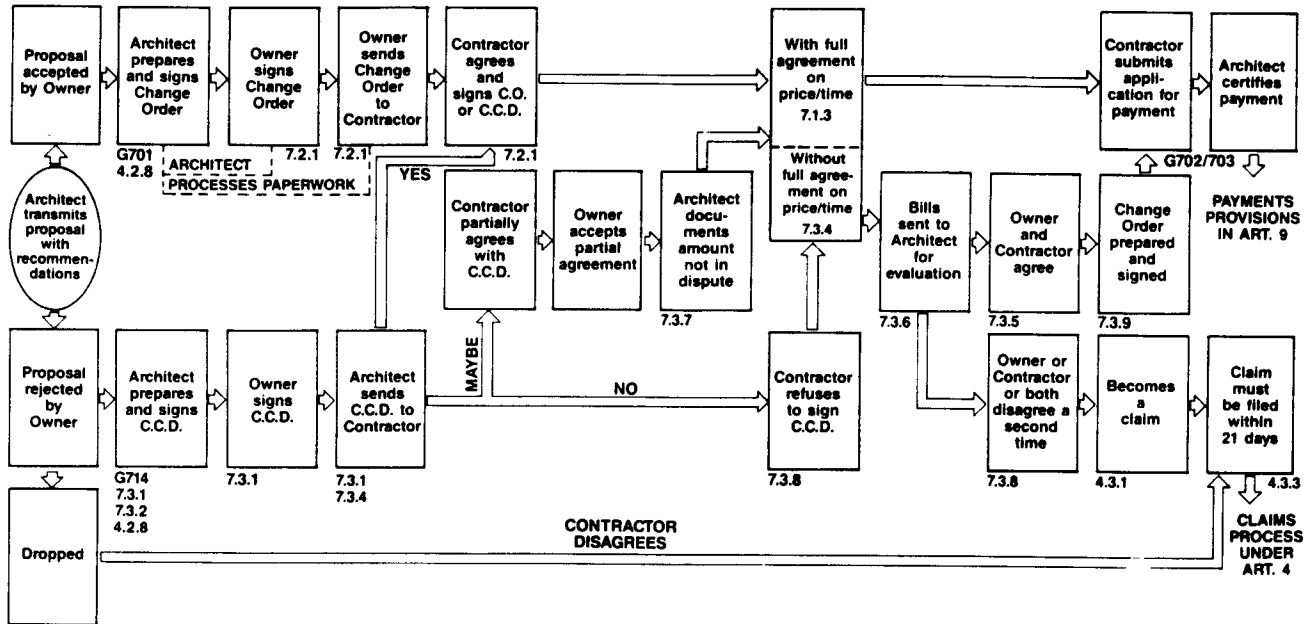
It is definitely not recommended practice to retype the standard document. Besides being a violation of copyright, retyping can introduce typographical errors and cloud the legal interpretation given to a standard clause when blended with modifications. Retyping eliminates one of the principal advantages of standard form documents. By merely reviewing the modifications to be made to a standard form document, parties familiar with that document can quickly understand the essence of the proposed relationship. Commercial exchanges are greatly simplified and expedited, good-faith dealing is encouraged, and otherwise latent clauses are exposed for scrutiny. In this way, contracting parties can more confidently and fairly measure their risks.

D. CHANGE ORDERS AND CLAIMS

The diagrams below are graphic examples of the Change Order and Claims processes under the 1987 edition of AIA Document A201. These diagrams are presented for instructional purposes only, and are not intended to augment or supersede any contract language contained in the document. Users are urged to read the document in its entirety and to consult the relevant contract language regarding the particulars of the processes diagrammed below.

A Change Order may be initiated by the Owner, Contractor or Architect. Typically, upon initiation of the Change Order process, the Architect prepares a copy of AIA Document G709, Proposal Request, and submits it to the Contractor for pricing. This is then conveyed back through the Architect to the Owner, beginning the process diagrammed below.

CHANGE ORDER PROCESS



The Claims process may be started through a variety of circumstances, including failure to agree upon the terms of a Change Order as shown in the diagram above. Once the Claim arises, the Owner and Contractor, together with the Architect, seek resolution of the dispute by following specific steps established in the Contract Documents and particularly in A201. These steps are generalized in the diagram below.

CLAIMS PROCESS

