

Levelset Class Series 2019

Best Practices for Closing Out 2019 AR Invoices

*Because there are plenty of difficult parts of running a construction business...
But paperwork shouldn't be one of them!*



LEVELSET

Hi everyone!



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**We empower
people in the
construction
industry to get
what they earn.**

Today's Class

1

Causes of the end-of-the-year crunch for payment

2

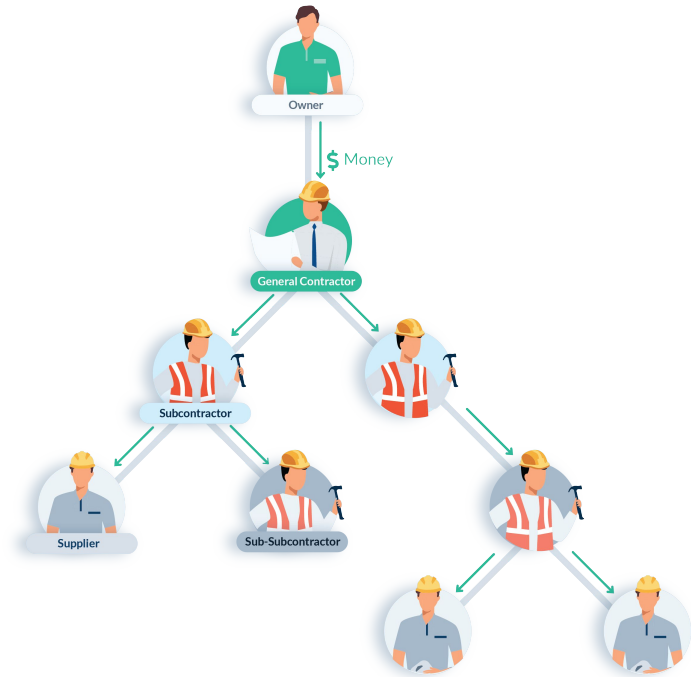
Documents to help you close out the year & get paid

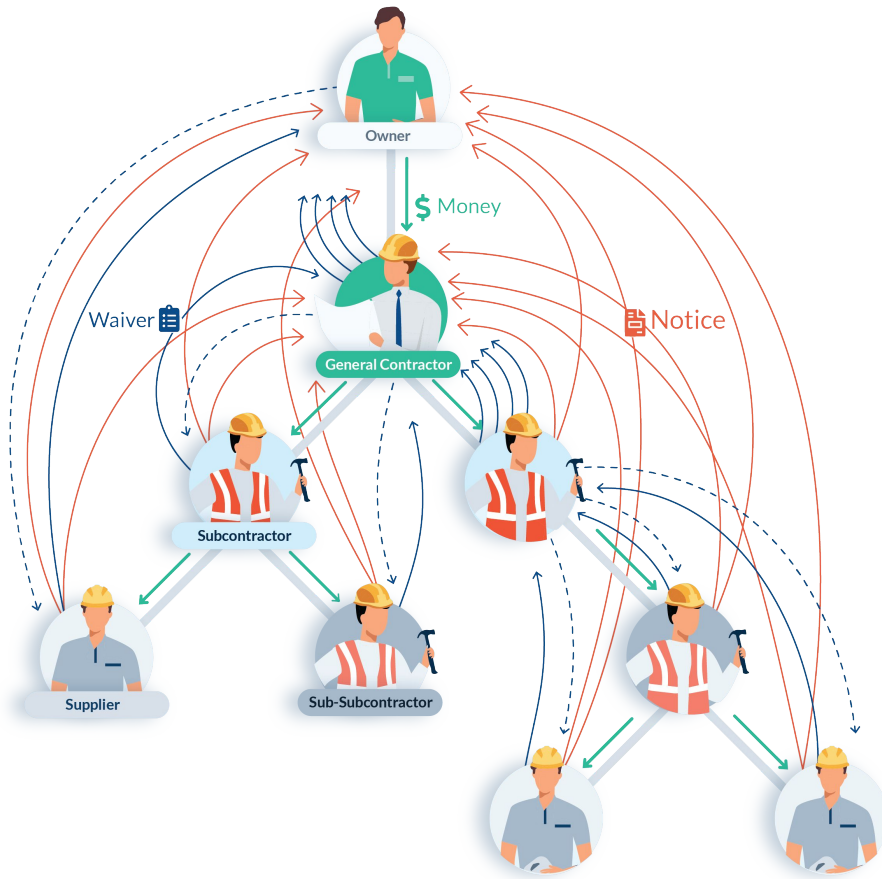
3

How to make exchanging these documents a breeze

On a typical construction project...

- More parties involved = **more risk**
- Complex hiring structure creates **lack of visibility**
- Payment & communication issues for **everyone**

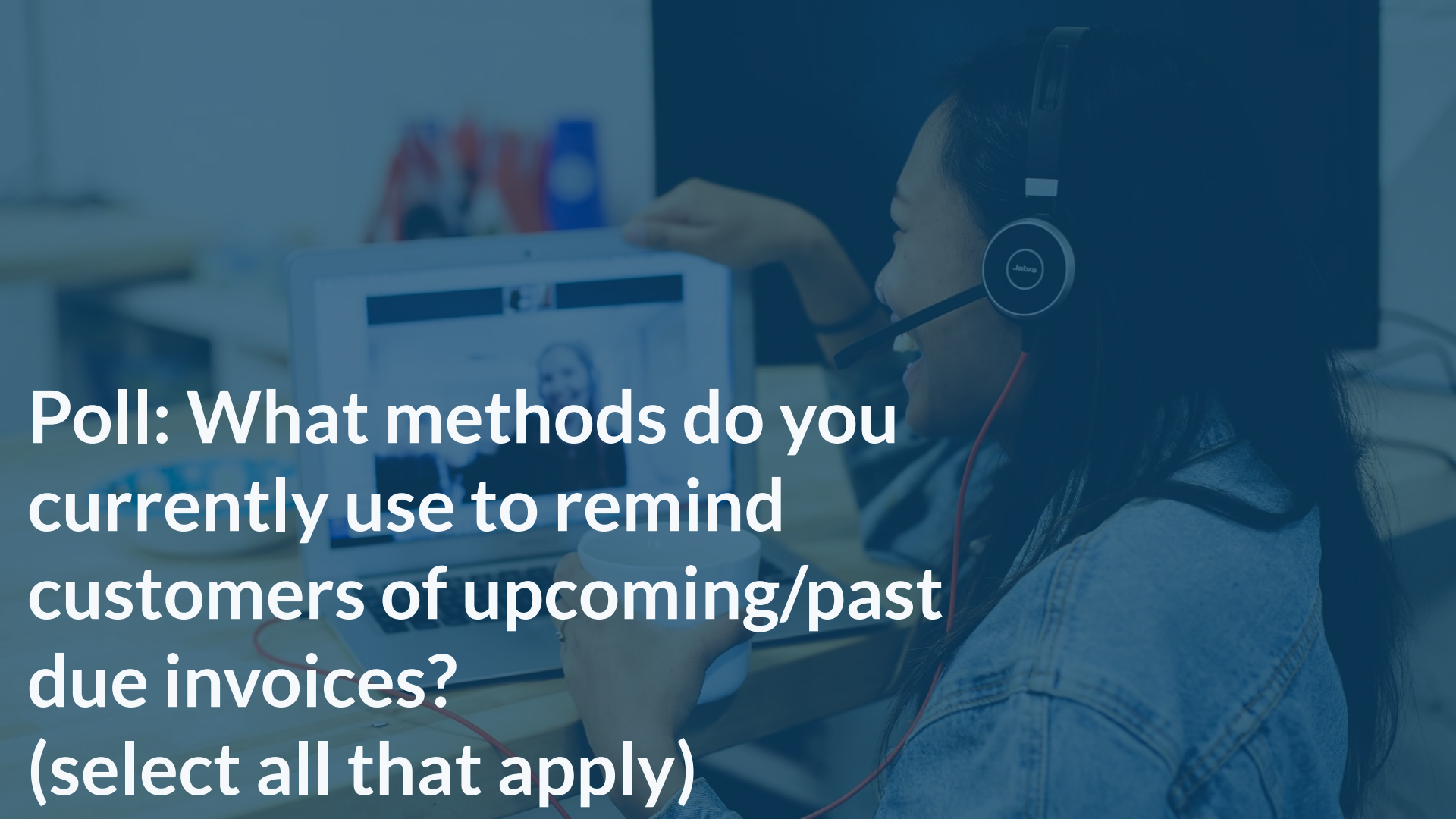




**Lack of visibility +
financial risk leads to
“protectionist” behaviors
and risk-shifting.**

Improve visibility & close out 2019 using:

- Payment Reminders
- Waivers
- Notices of Intent
- Liens

A woman with long dark hair, wearing a blue denim jacket and a black Jabra headset with a microphone, is smiling and looking at a laptop screen. She is holding a white cup in her left hand. The background is slightly blurred, showing a desk with some items. The entire image has a blue tint.

**Poll: What methods do you
currently use to remind
customers of upcoming/past
due invoices?
(select all that apply)**

Close out 2019 with Payment Reminders

Property Owner / Public Entity

Jim PO
1121 Joesphine
Street
New Orleans,
Louisiana 70130
jimgibbons90@gmail.com

Emailed 11/15/2019
2:30:27 PM

Opened Last opened
11/15/2019 7:01:31 PM
3 total opens

Levelset Contracting
1 Fake Street
New Orleans, Louisiana 70130

Here is our company description.

December 09, 2019

Martin Roth Construction
4819 Prytania St
New Orleans, Louisiana 70115

Subject: Payment reminder for invoice(s) 9789

Dear Martin Roth Construction,

Our records indicate that invoice(s) 9789 dated through 12/2/2019 is either due soon or past due for the project at:

JIM' S TEST HOUSE - 29990
1121 Josephine Street,
New Orleans, Louisiana 70130

The amount outstanding is **\$1,345.00**. Please pay this at your earliest convenience.

Please disregard this notice if payment has already been made. Thank you for addressing this promptly.

Jim Gibbons

Piper Browne
Levelset Contracting
Agent
Phone: (504) 226-7889
Email: piper.e.browne@fake.com

A woman with long dark hair, wearing a blue denim jacket and a black Jabra headset with a microphone, is smiling and looking at a laptop screen. She is sitting at a desk in an office environment. The laptop screen shows a video call with a woman. The background is slightly blurred, showing office shelves and a blue container. The entire image has a blue tint.

**Poll: When do you typically
exchange lien waivers?**

Close out 2019 with **Waivers**

- Conditional
- Unconditional (waive lien rights regardless of payment status)
- Progress Payment Final Payment

Conditional Waiver and Release on Progress Payment

NOTICE: THIS DOCUMENT WAIVES THE CLAIMANT'S LIEN, STOP PAYMENT NOTICE, AND PAYMENT BOND RIGHTS EFFECTIVE ON RECEIPT OF PAYMENT. A PERSON SHOULD NOT RELY ON THIS DOCUMENT UNLESS SATISFIED THAT THE CLAIMANT HAS RECEIVED PAYMENT.

IDENTIFYING INFORMATION:

Name of Claimant: Sarah Contracting

Name of Customer: Big GC

Job Location: Test Project 101, 1 Test Street, Beverly Hills, California 90210

Owner:

Job Name (if any): Test Project 101

Through Date: _____

CONDITIONAL WAIVER AND RELEASE

This document waives and releases lien, stop payment notice, and payment bond rights the claimant has for labor and service provided, and equipment and material delivered, to the customer on this job through the Through Date of this document. Rights based upon labor or service provided, or equipment or material delivered, pursuant to a written change order that has been fully executed by the parties prior to the date that

this document is signed by the claimant, are Exception below. This document is effective institution on which the following check is drawn.

Maker of Check: _____

Amount of Check: \$ _____

Check Payable To: _____

EXCEPTIONS:

This document does not affect the following:

- (1) Retentions
- (2) Extras for which the claimant has not received payment
- (3) The following progress payments for which the claimant has received payment but has not received payment: _____
- (4) Contract rights, including (A) a right based on contract to recover compensation for work not completed

Unconditional Waiver and Release of Lien Upon Final Payment

The undersigned lienor, in consideration of the final payment in the amount of \$ _____, hereby waives and releases its lien and right to claim a lien for labor, services, or materials furnished to Fake Property Owner, on the job of Fake Property Owner, to the following described property:

Above All Roofing Test
123 Fake Road
Panama City, Florida 32401

April 08, 2019

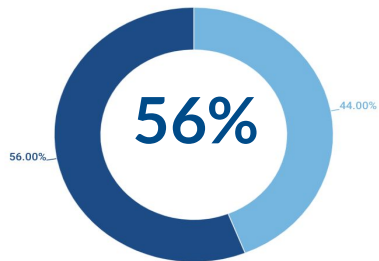
Sarah Contracting
1 Fake Street
New Orleans, Louisiana, 70130
Signed by: Sarah Toulmin

Close out 2019 with Notices of Intent

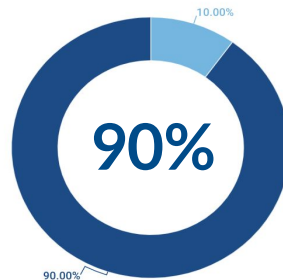
- Communicate there is an issue
- May help get you paid - even if you don't have lien rights
- They're inexpensive and risk-free

It can be hard to get paid in construction.

Companies in construction wait an average of **83 days** for payment.



56% of NOIs are **paid within 42 days**, 48 days less than the industry standard.



Contractors with NOI policies see 90% of NOIs paid within **90 days**.

Close out 2019 with Liens

- Last resort escalation
- Make sure you do not miss a deadline
- Can help prompt or secure payment

“Contractors and suppliers can file a **mechanics lien** when unpaid on a construction project. These lien filings cause disruptions to the flow of funds, and put the unpaid contractor/supplier in the best position to get paid.

Lien Law 101 How can a Lien get me paid

Encumbers the Property	Set firm payment deadline	May entitle you to attorney fees and other costs
Notifies Construction Lender	People will pay to avoid dealing with your lien	Claim may impact a Contractor's bonding ability
Notifies Property Owner	Liens are hard to challenge	Impact relationships
Can causes breach on contract	Protects claimant when parties file bankruptcy	Fall back on property for payment
More parties obligated to debt	Freezes flow of money on job	Create Leverage

Customer Map

Most suppliers and contractors
who use Levelset send or request

**at least ONE lien waiver
on every job**

because they want to
simplify their paperwork.

Fun fact!

We helped companies send 45,145
lien waivers last year.

Document Type	▼ 2018	▼ 2019
Lien Waiver	45,145	16,516

And to date, we've already helped
companies send 16,516 lien waivers
this year.

A woman with long dark hair is wearing a black Jabra headset with a microphone. She is smiling and looking at a laptop screen. The laptop screen shows a video call with a woman. The background is a blurred office setting. The entire image has a blue overlay.

**Poll: Which documents will
you exchange to help
prompt payment ?**

Recommended Tools to Empower You:

- <https://www.levelset.com/mechanics-lien/>
- <https://www.levelset.com/blog/17-ways-a-mechanics-lien-works-to-get-you-paid/>
- <https://www.levelset.com/blog/notice-of-intent-to-lien/>
- <https://www.levelset.com/blog/2019-national-construction-payments-report/>

Levelset can help **you**
take back control.



Your next steps for closing out the year

Get more visibility
into your
outstanding
invoices and
deadlines.

Send payment
documents to
remind customers
of past due
invoices.

Do you want more
education for your
team?

We're Here to Empower **You** to Get What You've Earned.



**Have a
question
?**

[Ask a legal or payment
question in the Expert
Center](#)

**Fast
Support**

In-app chat,
855-927-2737, or
mail@levelset.com

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Poll: On a scale of 1-4, how helpful was today's session?