



The Billing Method that Best Suits You

- **Percent Complete Billing (Progress Billing)**

Create an invoice with a set contract amount for the total percentage of completed work against that contract. Bill by line item percentage and you'll get a bigger cash flow than with draw billing.

- **American Institute of Architects Draw (AIA)**

Similar to percent complete billing, except you'll need approval from the architect before payment is released.

- **Loan Draw Billing**

Often used by home builders or speculative builders, the contractor can create a loan draw and submit it directly to the bank or other lending institution. Everybody wins.

- **Time and Material Billing/Cost Plus Billing**

This type of billing can really earn you extra bucks. You'll pay employees a certain wage, but you'll bill the client at a different wage. How do you do this? Negotiate labor rate by class, making sure you know the labor burden amount; then add in your agreed upon markups.

- **Unitary Billing**

A popular method of billing by excavation/earthwork contractors or framing contractors, this type of billing is based on a set price per unit and by units completed.

- **Hybrid Billings**

This type of billing has multiple billing methods

- **Example 1:** The contract can be billed at a percent complete against a fixed price, with change orders billed as cost plus.
- **Example 2:** Choose a cost plus contract with an upper limit or not-to-exceed amount built into the contract.
- **Example 3:** A contractor might need to create a loan draw for a client to give to the bank. He can then invoice the client a different amount for the percent complete contract that includes additional change orders.