AIA North Carolina
A Chapter of The American Institute of Architects

CarolinasAGC
Building Your Business

JCR-8 (Retainage for Private Work)

December 1973
October 1975, May 1983, October 1987, October 1999, July 2008, September 2009

Recommendations:

A. The owner should retain a reasonable percentage of periodic payment due a prime contractor.

B. It is acknowledged that some corporate policies of private owners may require a retainage up to 10% throughout construction. The state of North Carolina mandates no more than 5% retainage for public work.

C. When the project is fifty percent (50%) complete, the owner, and architect, with written consent of the surety, should not retain any further retainage from periodic payments due the contractor.

D. If the owner determines the contractor's performance is unsatisfactory, the owner and architect may reinstate retainage for each subsequent periodic payment application up to the maximum established amount.

E. Any reduction or release in the amount of the final retainage on payments shall be with the written consent of the architect and the contractor's surety.

F. Additive change orders to the construction contract should not be a basis for delaying the release of retainage on payments; however, the owner should not be prevented from withholding payment to the contractor for unsatisfactory job progress, defective construction not remedied, or third party claims filed against the owner.

End of JCR-8

This recommendation is the result of considerable discussion and deliberation by the Architect and General Contractor members of the Joint Cooperative Committee of AIA North Carolina and the Carolinas AGC. While its provisions are not binding on individual Architects or General Contractors, the committee believes that adherence to the recommendations will benefit the Owner and the Construction Industry in general.