

Old Capitol Custom Millwork Inc.

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OCCM Policy on Third-Party Subcontract Agreements

Old Capitol Custom Millwork operates as a specialty fabrication and manufacturing vendor rather than a field trade subcontractor. As such, our projects are governed by our own Standard Terms and Conditions, which are incorporated into our quotations, production documentation, and invoicing.

This structure is intentional and necessary for the nature of our work. Our fabrication process requires early material procurement, dedicated production slotting, and front-loaded engineering and drafting effort. For this reason, our contracts are structured around deposits, milestone-based payments, fixed scope control, and clearly defined risk allocation. These terms differ materially from typical construction subcontract templates, which are designed for on-site labor trades and progress billing.

To avoid confusion and administrative inefficiencies, we generally do not execute third-party subcontract templates. Instead, we provide our own terms, which are designed to:

- Maintain consistent payment structures appropriate for custom fabrication
- Protect production sequencing and lead time commitments
- Prevent scope drift without written approval
- Clearly define responsibility for existing conditions and third-party inputs
- Avoid contingent payment structures, retainage, and lien waivers
- Establish predictable dispute resolution and venue

We are, of course, open to addressing project-specific requirements in writing where appropriate. Our goal is to align expectations early so that both teams can focus on successful execution rather than contract administration.

If helpful, the following FAQ addresses the most common questions we receive from GC teams.

FAQ

Why does OCCM not sign standard GC subcontract templates?

Most GC subcontract templates are written for on-site labor trades. They assume progress billing, retainage, contingent payment, and site-controlled sequencing. Our work is fabrication-driven, front-loaded, and schedule-sensitive. Using trade subcontract templates creates misalignment between how our work is performed and how it is contractually governed.

Are you unwilling to negotiate?

No. We are open to reasonable, project-specific accommodations. What we avoid is starting from a template that fundamentally mischaracterizes our role and risk profile.

Why are deposits required?

Our projects require early material procurement, engineering, drafting, and dedicated production capacity. Deposits ensure that these resources can be committed without delay and without placing that financial burden on our business.

Why don't you accept pay-if-paid or pay-when-paid terms?

We are a manufacturer, not a financing source. Contingent payment structures shift project financing risk downstream to vendors who have no control over owner payment behavior.

Why don't you accept retainage?

Retainage is a risk-management tool for on-site performance. Our work is fabricated, inspected, and approved prior to delivery. Retainage does not align with how manufacturing work is performed or verified.

Can you submit AIA-style billing or GC-specific forms?

We can accommodate non-standard billing formats if required; however, these administrative services are outside our standard process and are billed accordingly.

What if our owner requires certain language?

We are happy to review and address owner-specific requirements. These are best handled as targeted written amendments rather than adopting a full subcontract template.

Does this slow down contracting?

In practice, it speeds it up. Starting from a structure designed for our work reduces revisions, clarifications, and disputes later in the project.

**Our Standard Terms and Conditions can be found on our website at
oldcapitolcm.com/terms-and-conditions.**

Jack Hovanec
Old Capitol Custom Millwork Inc.