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ConsensusDOCS v. AIA – Form Contract Wars

While attending the <u>Associated Owners & Developers</u> 14th Annual Construction Industry Conference, entitled How Owners and Contractors Can Control Project Risk, here in New Orleans today, I sat in on a informative session regarding <u>ConsensusDOCS</u>. The session was moderated by <u>John Orrison</u>. <u>David Hendrick</u>, <u>Daniel Lund</u>, <u>Jeff Paris</u> and <u>William Steinhardt</u> were the featured panelists.

The panel was discussing the pros and the cons of the newest version of the ConsensusDOCS series recently released. <u>AIA (American Institute of Architects)</u> form documents have dominated the construction industry for many years. Due to the AIA dominance, others in the industry sought out an alternative and the ConsensusDOCS were born in 2007.

Many experts believe that the AIA standard form contracts are drafted to protect the Architect. Owners and Contractors feel like there is not much protection for their interests in AIA forms. AIA documents are formed on the premise that an owner will seek out a qualified architect to begin a project, thus placing more liability and responsibility on that architect. The contract documents should be drafted to protect this individual.

ConsensusDOCS came about from a different premise. ConsensusDOCS are more Contractor friendly and look after his interest along with the owner. According to ConsensusDOCS, they have formed a "Coalition of 28 Leading Industry Associations." This coalition is made up of contractor, subcontractor, owners, estimators and surety bond producers among others.

From the expert panel there was much discussion of the advantages and disadvantages of each type of form document. Both sets of form documents are alike in the following ways: both have many overlapping provisions, both advise the purchaser of the documents to seek legal counsel and both have limited uses.

ConsensusDOCS claims to have an industry first with its form 310 "Green Building Addendum." This is the first of its kind and something that is needed with the rise of green projects and interest. More on this form at <u>Christopher Hill's blog.</u>

Overall it is smart to seek out legal counsel during the contract formation phase of any project. Whether it be AIA or ConsensusDOCS, the documents that these organizations provide are simply a starting place. Contracts need to be tailored to fit the type of project perfectly. Otherwise, avoiding a visit to an attorney early on could result in seeing him an awful lot when a dispute arises. An analogous saying form the medical world fits perfect here, "an ounce of prevention, is worth a pound of cure."

There is no concrete answer as to which documents are better, but I'm sure Architects will stick with AIA and Contractors will favor ConsensusDOCS.