

1 THE CONSUMER RECEIVES THE QUALITY OF GOODS AND SERVICES TO WHICH IT IS
2 ENTITLED TO.

3 S 807. DEFINITIONS. AS USED IN THIS ARTICLE, THE FOLLOWING TERMS SHALL
4 HAVE THE FOLLOWING MEANINGS UNLESS OTHERWISE SPECIFIED:

5 1. "CONTRACT" MEANS AN ENFORCEABLE AGREEMENT ENTERED INTO BY A PRIME
6 CONTRACTOR AND A CONSUMER.

7 2. "CONSUMER" MEANS AN INDIVIDUAL OR INDIVIDUALS ENTERING INTO A
8 CONTRACT WITH A PRIME CONTRACTOR.

9 3. "BILLING" MEANS, IN ACCORDANCE WITH THE TERMS AND DEFINITIONS OF
10 THE APPLICABLE CONTRACT, ANY PERIODIC PAYMENT, FINAL PAYMENT, WRITTEN
11 APPROVED CHANGE ORDER OR REQUEST FOR RELEASE OF RETAINAGE.

12 4. "PRIME CONTRACTOR" MEANS A PERSON WHO CONTRACTS WITH A CONSUMER TO
13 IMPROVE REAL PROPERTY.

14 5. "SUBCONTRACTOR" MEANS ANY PERSON WHO HAS CONTRACTED TO FURNISH
15 LABOR, MATERIALS OR OTHER SERVICES TO A PRIME CONTRACTOR IN CONNECTION
16 WITH A CONTRACT FOR IMPROVEMENT OF REAL PROPERTY.

17 6. "SUBSUBCONTRACTOR" MEANS ANY PERSON WHO HAS CONTRACTED TO FURNISH
18 LABOR, MATERIALS OR OTHER SERVICES TO A SUBCONTRACTOR IN CONNECTION WITH
19 A CONTRACT FOR IMPROVEMENT OF REAL PROPERTY.

20 7. "MATERIALMEN" MEANS ANY PERSON WHO HAS CONTRACTED TO FURNISH MATE-
21 RIALS OR OTHER SERVICES TO A PRIME CONTRACTOR, SUBCONTRACTOR OR SUBSUB-
22 CONTRACTOR FOR IMPROVEMENT OF REAL PROPERTY.

23 8. "PAYMENT DATE" MEANS THE DATE ON WHICH A CHECK FOR PAYMENT PURSUANT
24 TO A CONTRACT IS DATED.

25 9. "PROPER INVOICE" MEANS A WRITTEN REQUEST FOR A CONTRACT PAYMENT
26 THAT IS SUBMITTED BY A CONTRACTOR SETTING FORTH THE DESCRIPTION, PRICE,
27 AND QUANTITY OF GOODS, PROPERTY, OR SERVICES DELIVERED OR RENDERED, IN
28 SUCH FORM AND SUPPORTED BY SUCH OTHER SUBSTANTIATING DOCUMENTATION AS
29 MAY REASONABLY BE REQUIRED.

30 10. "RECEIPT OF AN INVOICE" MEANS (A) THE DATE ON WHICH A PROPER
31 INVOICE IS ACTUALLY RECEIVED BY THE CONSUMER, OR (B) THE DATE ON WHICH
32 THE CONSUMER RECEIVES THE PURCHASED GOODS, PROPERTY, OR SERVICES COVERED
33 BY THE PROPER INVOICE, WHICHEVER IS LATER.

34 11. "REQUIRED PAYMENT DATE" MEANS THE DATE BY WHICH A CONTRACT PAYMENT
35 MUST BE MADE IN ORDER FOR THE CONSUMER NOT TO BECOME LIABLE FOR INTEREST
36 PAYMENTS, PURSUANT TO SUBDIVISION ONE OF SECTION EIGHT HUNDRED EIGHT OF
37 THIS ARTICLE.

38 12. "PRIME RATE" MEANS THE BASIC RATE ON CORPORATE LOANS PUBLISHED BY
39 THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM.

40 S 808. PAYMENTS OWED TO CONTRACTORS. 1. IF A PRIME CONTRACTOR HAS
41 PERFORMED IN ACCORDANCE WITH THE PROVISIONS OF A CONTRACT WITH THE
42 CONSUMER AND THE BILLING FOR THE WORK HAS BEEN APPROVED AND CERTIFIED
43 BY THE CONSUMER OR THE CONSUMER'S AUTHORIZED APPROVING AGENT, THE
44 CONSUMER SHALL PAY THE AMOUNT DUE TO THE PRIME CONTRACTOR FOR EACH PERI-
45 ODIC PAYMENT, FINAL PAYMENT OR RETAINAGE MONIES NOT MORE THAN THIRTY
46 CALENDAR DAYS AFTER THE BILLING DATE, WHICH FOR PERIODIC BILLING, SHALL
47 BE THE PERIODIC BILLING DATE SPECIFIED IN THE CONTRACT.

48 2. EACH CONSUMER SHALL HAVE FIFTEEN CALENDAR DAYS AFTER RECEIPT OF AN
49 INVOICE TO NOTIFY THE CONTRACTOR OF (A) DEFECTS IN THE DELIVERED GOODS,
50 PROPERTY, OR SERVICES, (B) DEFECTS IN THE INVOICE, OR (C) SUSPECTED
51 IMPROPRIETIES OF ANY KIND; AND THE EXISTENCE OF SUCH DEFECTS OR IMPRO-
52 PRIETIES SHALL PREVENT THE COMMENCEMENT OF THE TIME PERIOD SPECIFIED IN
53 SUBDIVISION ONE OF THIS SECTION. WHEN A CONSUMER FAILS TO NOTIFY A
54 CONTRACTOR OF SUCH DEFECTS OR SUSPECTED IMPROPRIETIES WITHIN FIFTEEN
55 CALENDAR DAYS OF RECEIVING THE INVOICE, THE NUMBER OF DAYS ALLOWED FOR
56 PAYMENT OF THE CORRECTED PROPER INVOICE WILL BE REDUCED BY THE NUMBER OF

1 DAYS BETWEEN THE FIFTEENTH DAY AND THE DAY THAT NOTIFICATION WAS TRANS-
2 MITTED TO THE CONTRACTOR. IF THE CONSUMER, IN SUCH SITUATIONS, FAILS TO
3 PROVIDE REASONABLE GROUNDS FOR ITS CONTENTION THAT A DEFECT OR IMPRO-
4 PRIETY EXISTS, THE REQUIRED PAYMENT DATE SHALL BE CALCULATED FROM THE
5 DATE OF RECEIPT OF AN INVOICE.

6 3. A PRIME CONTRACTOR, SUBCONTRACTOR OR SUBSUBCONTRACTOR MAY, AFTER
7 PROVIDING SEVEN CALENDAR DAYS WRITTEN NOTICE TO THE PARTY FAILING TO
8 MAKE THE REQUIRED PAYMENTS, SUSPEND PERFORMANCE OF A CONSTRUCTION
9 CONTRACT, WITHOUT PENALTY FOR BREACH OF CONTRACT, UNTIL THE REQUIRED
10 PAYMENT PURSUANT TO THIS SECTION IS MADE; PROVIDED HOWEVER, THAT THE
11 PRIME CONTRACTOR, SUBCONTRACTOR OR SUBSUBCONTRACTOR HAS NOT BEEN PAID AS
12 REQUIRED BY THIS SECTION, HAS NOT BEEN PROVIDED WITH A WRITTEN STATEMENT
13 BY THE CONSUMER OF THE AMOUNT WITHHELD AND THE REASON FOR WITHHOLDING,
14 AND THE CONSUMER IS NOT ENGAGED IN A GOOD FAITH EFFORT TO RESOLVE THE
15 REASON FOR WITHHOLDING.

16 4. A PROPER INVOICE SUBMITTED BY THE CONTRACTOR SHALL BE REQUIRED TO
17 INITIATE ANY PAYMENT, EXCEPT WHERE THE CONTRACT PROVIDES THAT THE
18 CONTRACTOR WILL BE PAID AT PREDETERMINED INTERVALS WITHOUT HAVING TO
19 SUBMIT AN INVOICE FOR EACH SUCH SCHEDULED PAYMENT, IN WHICH CASE THE
20 CONSUMER SHALL SUBMIT TO THE REQUIRED PAYMENT DATE WHICH SHALL BE THE
21 PAYMENT DUE DATE SPECIFIED IN ACCORDANCE WITH THE CONTRACT.

22 5. (A) THE RIGHTS, REMEDIES OR PROTECTIONS PROVIDED BY THIS SECTION
23 FOR PRIME CONTRACTORS, SUBCONTRACTORS AND SUBSUBCONTRACTORS SHALL BE IN
24 ADDITION TO OTHER REMEDIES PROVIDED PURSUANT TO ANY OTHER PROVISION OF
25 STATE LAW.

26 (B) NO PROVISION OF THIS SECTION SHALL BE CONSTRUED AS RESTRICTING IN
27 ANY WAY THE RIGHTS OR REMEDIES PROVIDED BY ANY OTHER APPLICABLE STATE
28 LAW.

29 S 809. DETERMINATION OF ELIGIBILITY FOR PAYMENT OF INTEREST ON AMOUNTS
30 OWED TO CONTRACTORS. 1. IF A PAYMENT DUE PURSUANT TO THE PROVISIONS OF
31 SECTION EIGHT HUNDRED EIGHT OF THIS ARTICLE IS NOT MADE IN A TIMELY
32 MANNER, THE DELINQUENT PARTY SHALL BE LIABLE FOR THE AMOUNT OF MONEY
33 OWED UNDER THE CONTRACT, PLUS INTEREST AT A RATE EQUAL TO PRIME RATE
34 PLUS ONE PERCENT. INTEREST ON AMOUNTS DUE PURSUANT TO THIS SECTION SHALL
35 BE PAID TO THE PRIME CONTRACTOR, SUBCONTRACTOR OR SUBSUBCONTRACTOR FOR
36 THE PERIOD BEGINNING ON THE DAY AFTER THE REQUIRED PAYMENT DATE AND
37 ENDING ON THE DAY ON WHICH THE CHECK FOR PAYMENT HAS BEEN DRAWN.

38 2. ANY CONSUMER WHO IS REQUIRED TO MAKE A PAYMENT PURSUANT TO A
39 CONTRACT AND WHICH DOES NOT MAKE SUCH CONTRACT PAYMENT BY THE REQUIRED
40 PAYMENT DATE SHALL MAKE AN INTEREST PAYMENT TO THE PRIME CONTRACTOR IN
41 ACCORDANCE WITH THIS SECTION ON THE AMOUNT OF THE CONTRACT PAYMENT WHICH
42 IS DUE, UNLESS FAILURE TO MAKE SUCH CONTRACT PAYMENT IS THE RESULT OF A
43 LIEN, ATTACHMENT, OR OTHER LEGAL PROCESS AGAINST THE MONEY DUE SAID
44 PRIME CONTRACTOR. A PRO RATA SHARE OF SUCH INTEREST SHALL BE PAID BY THE
45 PRIME CONTRACTOR, SUBCONTRACTOR OR SUBSUBCONTRACTOR, AS THE CASE MAY BE,
46 TO SUBCONTRACTORS AND MATERIALMEN IN A PROPORTION EQUAL TO THE PERCENT-
47 AGE OF THEIR PRO RATA SHARE OF THE CONTRACT PAYMENT. SUCH PRO RATA
48 SHARE OF INTEREST SHALL BE DUE TO SUCH SUBCONTRACTORS AND MATERIALMEN
49 ONLY FOR THOSE PAYMENTS WHICH ARE NOT PAID TO SUCH SUBCONTRACTORS AND
50 MATERIALMEN PRIOR TO THE DATE UPON WHICH INTEREST BEGINS TO ACCRUE
51 BETWEEN THE CONSUMER AND THE CONTRACTOR. SUCH PRO RATA SHARE OF INTEREST
52 SHALL BE COMPUTED DAILY UNTIL SUCH PAYMENTS ARE MADE TO THE SUBCONTRAC-
53 TORS AND MATERIALMEN.

54 S 2. This act shall take effect immediately, and shall apply to
55 contracts entered into on or after such effective date.