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Owner Developers, Contractors and Sub-Contractors Beware

On September 1, 2006, Governor Corzine signed into law S-1726/A-3174 which amended N.J.S.A. 2A:30A-1. You as an Owner, Contractor or Subcontractor are now required to pay invoices for completed work within 30 days of each periodic billing.

According to the new law you must do the following:

- Pay in 30 days, unless a written statement of the reasons for non payment is given within 20 days of invoicing.
- Pay subcontractors (or subsubcontractors) within 10 days of receipt of payment from the Owner or Contractor.

There are consequences of Failure to Pay within the time required.

- Contractors or Subcontractors can stop work on 7 days notice without being in breach of their contract.
- Interest accumulates at prime plus 1%.

You also must now include in all contracts a provision that states:

- Disputes regarding whether a party has failed to make payments required pursuant to the law, N.J.S.A. 2A:30A-1, may be submitted to a process of alternative dispute resolution.
- In any civil action brought to collect payments pursuant to the statute, N.J.S.A. 2A:30A-1, the prevailing party shall be awarded reasonable costs and attorneys fees.

This information is not to be construed as legal advice. If you have any questions regarding real estate development and construction throughout the State of New Jersey, or if you are subject to any investigation, claim or charges, e-mail or call GH&C Shareholder Sean Regan at sregan@ghclaw.com or (732) 741-3900, ext. 6518.