

# Pennsylvania Construction Contractors Gain New Tools to Collect Payments



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Contractors, subcontractors, and owners involved in private construction projects in Pennsylvania should be aware of amendments to the Contractor and Subcontractor Payment Act (CASPA) which go into effect October 10, 2018. CASPA protects contractors' and subcontractors' right to payment on private construction projects. It provides payment deadlines and procedures, specifies what constitutes wrongful withholding of payment for completed work, and may result in a judgment that adds interest, penalties, and attorneys' fees for violations. Highlights of the strengthened act include:

- Parties to a contract governed by CASPA may not waive its protections by private agreement.
- A suspension process is provided where payment has not been timely received.
- Owners seeking to withhold payment from contractors for defective work (and contractors who intend to withhold payment from subcontractors), must set forth the exact amount to be withheld and a written explanation of the good faith basis for the withholding within 14 days.

- CASPA's supplemented retainage mechanism allows a contractor or subcontractor to post a maintenance bond of 120% of retainage upon substantial completion, and obtain its release.

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