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New Law Affects Residential Contracts

September 27, 2010 By Fidelis V. Garcia, Esq.

Last legislative session, Arizona's Prompt Payment laws were drastically changed. This article focuses on the new law governing owner-occupied projects added at A.R.S. § 32-1129.07. Although sub-contractors are usually hired by general contractors to work on a residential project, often a homeowner will act as a general and hire subs directly. Arizona's contracting laws allow such an exemption provided the homeowner meets certain requirements.

Under the new Arizona law, if you are hired by a homeowner acting as a general, you must provide the rather lengthy written notice found at 32-1129.07 in a "clear and conspicuous" place on each "billing or estimate" to the homeowner/general to protect your Prompt Payment rights. If you fail to provide the notice, Prompt Payment will not apply to your residential project.

If you are working for a homeowner/general, make sure to follow the law to protect yourself. By including the notice in your billings and estimates, you will ensure that the homeowner/general is held to the same Prompt Payment requirements as any other general contractor. Additionally, the notice will protect your rights under Prompt Payment to (1) collect 18% interest on past due invoices; and (2) have a court award your attorneys fees against a homeowner/general that fails to pay.

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