

Virginia Bans 'Pay-if-Paid' Contract Language

Media Mentions

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Bracewell's **Phillip Sampson** talked with *Construction Dive* about Virginia's new SB550 law, which prohibits the use of pay-if-paid clauses in construction contracts.

"SB550 prohibits the inclusion of pay-if-paid terms in any public or private construction contract," said Sampson. "The Virginia legislature took the step that only a few other US states to date have taken to protect subcontractors from the potential unfairness and inequities resulting from pay-if-paid subcontracts."

Pay-if-paid clauses shift the risk of getting paid for completed work on a project from the prime contractor down to its subcontractors.

"Most states have strong lien and fund trapping statutes that help protect subcontractors' right to payment within a reasonable time," Sampson added on nonpayment for a job. "Proponents of pay-if-paid provisions — contractors — routinely point to those types of statutes as providing adequate protection for subcontractors."

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