10 Tips to help the Construction [Sub]Contractor Get Paid

We've all heard the stories of the contractor who didn't get paid or the sub who got "nicked" when the job ran over budget. The following are a few quick tips to increase your chances of collecting the amount you are entitled to:

1)   When bidding or quoting a job, be sure to set a deadline for the owner or GC to accept. That way, they won't try to hold you to an outdated price or schedule you at a time when you have a full plate.

2)   Be sure your contract sets specific times for interim payments and clear rules for determining when they are earned and how much you are entitled to collect.

3)   Add a line on your quote or estimate stating that you reserve the right to add an interest charge of X% per month if your bills aren't paid within a certain time after the due date, and then DO IT.

4)   Make sure your contract gives you the right to back charge attorneys' fees if you have to use one to collect from the owner or GC.

5)   State up front in the contract that you reserve the right to discontinue work if any interim payment is more than a certain number of days late.

6)   Make sure each invoice clearly documents what work is covered and has the due date printed clearly on it.

7)   Add a clause in the contract requiring the owner and / or GC to notify you of all known problems with the work within 3 days of receiving an interim invoice to allow you to begin fixing them promptly. Your contract should clearly make it the owner / GC's responsibility to address problems promptly or keep paying. Obviously all problems will have to be fixed before the final payment is due.

8)   If you are notified of a problem, document it in writing along with your plan to fix it, specific times for fixing it, who is responsible for providing materials, etc.

9)   If you are asked to provide an "extra" or make a change to the original plan, don't even start it until a detailed change order has been signed.

10)   Know your state's mechanic's lien laws and use them to your advantage.