

Payment Remedies Available to Contractors and Suppliers

1. **Arbitration or Mediation** (may be required by contract, statute or rule, or stipulated)
2. **File “vanilla” collection lawsuit:** *i.e.*, breach of contract (written, oral, open account based on credit application, and/or promissory note/payment plan); unjust enrichment against subcontractor, general contractor and/or owner.
3. **Civil Prompt Payment Claim**
 - Payment within seven days, 18% interest, mandatory fees (A.R.S. §§ 32-1129.01/.02)
4. **Claims Available Through Registrar of Contractors**
 - a. Administrative Prompt Pay Complaint (A.R.S. §§ 32-1129.02(I))
 - b. “No-Pay” Complaint (A.R.S. § 32-1154(A)(11))
 - c. Contractor’s License Bond (may also be claimed in civil lawsuit)
 - For residential projects only, includes recoveries by suppliers against prime contractor (A.R.S. § 32-1152(E))
 - d. ROC’s recovery fund is only available to “persons injured” (A.R.S. § 32-1132)
5. **Contractual and/or Statutory Rights to Suspend or Terminate Performance**
 - a. Prime contractor may stop work upon providing owner with seven (7) days written notice (A.R.S. §§ 32-1129.04(A)).
 - b. Subcontractor may stop work after providing prime and owner with seven (7) days written notice where owner pays prime, but prime does not pay sub, or three (3) days written notice when owner is not paying (A.R.S. §§ 32-1129.04(B)&(C)).
 - c. Serve personally or through verifiable third party (A.R.S. § 32-1129.04(G)).
 - d. Entitled to “shutdown” and “start-up” (remobilization) expenses (§ 32-1129.04(E)).
6. **“Secured” Remedies**
 - a. Mechanics’ and Materialmen’s Liens (A.R.S. §§ 33-981 to 33-1008)
 - b. Stop Notices (A.R.S. §§ 33-1051 to 33-1067)
 - c. Payment Bonds
 - Public (Arizona – A.R.S. § 34-222/223; Federal – 40 U.S.C. § 3133)
 - Private (look to A.R.S. § 33-1003 and to language in bond)
 - d. Uniform Commercial Code (and Arizona’s analog version)
 - e. Equitable Liens Against Construction Lenders
 - Available against undisbursed loan funds in possession of lender, but only to extent lender made sufficient representations that contractors/materialmen may look to the undisbursed loan funds as security for payment. *United Plumbing v. Gibraltar Sav. & Loan Ass’n*, 7 Ariz. App. 540, 441 P.2d 575 (1968)