

**§1118. Disputes; penalties; attorney's fees**

**1. Withholding payment.** Nothing in this chapter prevents an owner, contractor or subcontractor from withholding payment in whole or in part under a construction contract in an amount equalling the value of any good faith claims against an invoicing contractor, subcontractor or material supplier, including claims arising from unsatisfactory job progress, defective construction or materials, disputed work or 3rd-party claims.

[PL 1993, c. 461, §1 (NEW).]

**2. Penalty.** If arbitration or litigation is commenced to recover payment due under the terms of this chapter and it is determined that an owner, contractor or subcontractor has failed to comply with the payment terms of this chapter, the arbitrator or court shall award an amount equal to 1% per month of all sums for which payment has wrongfully been withheld, in addition to all other damages due and as a penalty.

[PL 1993, c. 461, §1 (NEW).]

**3. Wrongful withholding.** A payment is not deemed to be wrongfully withheld if it bears a reasonable relation to the value of any claim held in good faith by the owner, contractor or subcontractor against which an invoicing contractor, subcontractor or material supplier is seeking to recover payment.

[PL 1993, c. 461, §1 (NEW).]

**4. Attorney's fees.** Notwithstanding any contrary agreement, the substantially prevailing party in any proceeding to recover any payment within the scope of this chapter must be awarded reasonable attorney's fees in an amount to be determined by the court or arbitrator, together with expenses.

[PL 1993, c. 461, §1 (NEW).]

**SECTION HISTORY**

PL 1993, c. 461, §1 (NEW).

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