

SOUND TRANSIT PROMPT PAYMENT LANGUAGE

PROMPT PAYMENT TO SUBCONTRACTORS

- A. When the Contractor receives a payment under this Contract, the Contractor must comply with the following provisions:
1. The Contractor must pay to each Subcontractor not later than five (5) business days after the receipt of the payment, amounts paid to the Contractor on account of the work performed by the Subcontractor in accordance with the provisions of RCW 39.04.250, unless payment is otherwise excused under the provisions of RC 39.04.250 and RCW 39.04.360.
 2. If the Contractor fails or neglects to make such payment within five (5) business days, the Contractor must pay to the Subcontractor interest computed at one percent per month on amounts due for the period beginning on the day after the required payment date and ending on the day on which payment of the amount due is made.
 3. The Contractor must include in each of its Subcontracts a provision setting forth the payment and interest penalty clause set forth in this Article. In addition, the Contractor must require its Subcontractors to include such a payment and interest clause in each of their Subcontracts and to require each of their Subcontractors to include such clauses in their Subcontracts with each lower tier Subcontractor or Supplier. The time limit for payment under all Subcontracts below the first tier must be five (5) business days.
 4. The payment and interest clauses in this Article must not be construed to impair the right of the Contractor or a Subcontractor at any tier to negotiate and include in their Subcontracts provisions related to retention of a specified percentage or withholding of part or all of progress payments without incurring any obligation to pay a late payment interest penalty thereon in accordance with the Subcontract agreement.
- B. If the Contractor withholds any portion of payments to a Subcontractor during performance of the Subcontractor's work, whether under Washington State law or otherwise, the Contractor must comply with the provisions in this Paragraph to release such withhold monies following satisfactory completion of the

Subcontractor's work.

1. The Contractor must monitor the work of each Subcontractor to ensure such work is consistent with the terms of the subcontract between the Contractor and Subcontractor.
2. The Contractor must determine that a Subcontractor's work is satisfactorily completed when all the tasks called for in the subcontract have been accomplished and documented as required in the subcontract and the Contract between Sound Transit and the Contractor. Upon making such determination, the Contractor must provide a written notice of such determination to the Subcontractor and submit a copy of the notice to the Resident Engineer.
3. As required by 49 CFR § 26.29, Contractor must implement regular and incremental acceptances of portions of the Work as completed by Subcontractors covered by said regulation and must, within thirty (30) days from and after the date of its determination that a Subcontractor's work is satisfactorily completed in whole or part, the Contractor must release and make full payment of all monies withheld from progress payments to the Subcontractor during performance of all or any incremental part of the Subcontractor's work.