

STATEMENT FROM STUART S. ZISHOLTZ

Every public job over \$50,000 requires a payment and performance bond. In addition, Owners developing large private projects demand payment and performance bonds from the General Contractor.

A payment bond inures to the benefit of the subcontractors and suppliers. In the event the subcontractor or supplier is not paid, a lawsuit can be commenced directly against the surety company to collect the outstanding balance due. No longer is there a need to prove a fund running from the Owner to the General Contractor as required under the Lien Law. Instead, the subcontractor or supplier must establish a balance owed for work performed or materials furnished in order to collect from the surety.

A performance bond inures to the benefit of the Owner. This bond states that the General Contractor will perform under the terms of its contract with the Owner. In the event of a default, the surety has the right to step in and complete the work required to be performed by the General Contractor.

It is vital to obtain a copy of the payment bond in order to pursue a claim against the surety. Many bonds have specific requirements that must be met before any lawsuit is started against the surety. Without serving the proper notice or complying with the proper time frames associated with the payment bonds, your claim is at risk and may be dismissed.

Filing a claim directly with the surety in the courthouse does not stop the Statute of Limitations from running. You must institute a lawsuit in the courthouse in order to comply with the terms associated with the payment bond and stop the Statute of Limitations.

Never let your lien time run out!

For a free copy of our pamphlet pertaining to mechanic's liens and payment bond claims, kindly contact me or the Association.