

2014
DBE / Small Business Development
Conference

PROMPT PAYMENT
PROCEDURES

March 31, 2014

Special Provision for Prompt Payment

- Revised August 2013
- Effective with October 4, 2013 letting
- Applicable to all Contracting Tiers and Methods
 - Subcontracting, Suppliers, etc.

Progress Payments

- Satisfactory Completion
 - Payment Reporting, 2124A (MERS)
 - 10 Day Requirement
 - Retainage Prohibited
-
- Construction Contract Inquiry
 - <http://mdotcf.state.mi.us/public/trnsport/>

Satisfactory Completion is...

- **Work Completed per Contract**
- **Documentation Provided (certified payrolls, material certifications, etc.)**
- **Sworn Statements and Waivers of Lien Have Been Provided to Prime Contractor**

Satisfactory Completion is...

- **Sworn Statement**
 - Signed under Oath listing all entities engaged in the work
- **Waiver of Lien**
 - Documented release and waiver of claims and rights to payment
 - Full, Partial, Conditional, Unconditional

Satisfactory Completion is...

- **Sworn Statement, MDOT Form 5602**
- **Waiver of Lien, MDOT Forms 5611 through 5614**
- **MDOT Website**
- **Data Fields**
- **Provide Upstream**

Less than Full Payment

- Deficient Work
- Liquidated Damages
- Abandonment of Work (partial/full)
- Cross Withholding is Not Permitted
- Must have Engineer Approval
- Dispute Resolution

Non-Payment Claims (any Tier)

- **Documented Notification within 30 days**
- **Copy to Engineer and Prime Contractor**
- **Documented Response within 10 Days**
- **Submittal of Forms within 10 Days**
- **Engineer Review**

Lien Claims

- **Form 1314, Notice of Lien Claim**
- **Submitted to MDOT**
- **Does Not Impact Prompt Payment Process**

Compliance

■ Remedies

- Prime Contractor Proposal within 5 Days
- Subcontractor Payment, Joint Checks, Lower Tier Payments, Negative Estimate
- Engineer Direction for Inaction

■ Sanctions

- Withholding Estimates
- Prequalification Impacts
- Bidding Privileges

Questions?



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