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**DIVISION 4. GENERAL PROVISIONS [3274 - 9566]** ( *Heading of Division 4 amended by Stats. 1988, Ch. 160, Sec. 16.*  )

**PART 6. WORKS OF IMPROVEMENT [8000 - 9566]** ( *Part 6 added by Stats. 2010, Ch. 697, Sec. 20.*  )

**TITLE 2. PRIVATE WORKS OF IMPROVEMENT [8160 - 8848]** ( *Title 2 added by Stats. 2010, Ch. 697, Sec. 20.*  )

**CHAPTER 8. Prompt Payment [8800 - 8848]** ( *Chapter 8 added by Stats. 2010, Ch. 697, Sec. 20.*  )

**ARTICLE 1. Progress Payment [8800 - 8802]** ( *Article 1 added by Stats. 2010, Ch. 697, Sec. 20.*  )

**8800.** (a) Except as otherwise agreed in writing by the owner and direct contractor, the owner shall pay the direct contractor, within 30 days after notice demanding payment pursuant to the contract is given, any progress payment due as to which there is no good faith dispute between them. The notice given shall comply with the requirements of Chapter 2 (commencing with Section 8100) of Title 1.

(b) If there is a good faith dispute between the owner and direct contractor as to a progress payment due, the owner may withhold from the progress payment an amount not in excess of 150 percent of the disputed amount.

(c) An owner that violates this section is liable to the direct contractor for a penalty of 2 percent per month on the amount wrongfully withheld, in place of any interest otherwise due. In an action for collection of the amount wrongfully withheld, the prevailing party is entitled to costs and a reasonable attorney's fee.

(d) This section does not supersede any requirement of Article 2 (commencing with Section 8810) relating to the withholding of a retention.

(*Added by Stats. 2010, Ch. 697, Sec. 20. (SB 189) Effective January 1, 2011. Operative July 1, 2012, by Sec. 105 of Ch. 697 and by Section 8052.*)

**8802.** (a) This section applies to a contract between a public utility and a direct contractor for all or part of a work of improvement.

(b) Unless the direct contractor and a subcontractor otherwise agree in writing, within 21 days after receipt of a progress payment from the public utility the direct contractor shall pay the subcontractor the amount allowed the direct contractor on account of the work performed by the subcontractor to the extent of the subcontractor's interest in the work. If there is a good faith dispute over all or part of the amount due on a progress payment from the direct contractor to a subcontractor, the direct contractor may withhold an amount not in excess of 150 percent of the disputed amount.

(c) A direct contractor that violates this section is liable to the subcontractor for a penalty of 2 percent of the disputed amount due per month for every month that payment is not made. In an action for collection of the amount wrongfully withheld, the prevailing party is entitled to costs and a reasonable attorney's fee.

(d) This section does not limit or impair a contractual, administrative, or judicial remedy otherwise available to a contractor or subcontractor in a dispute involving late payment or nonpayment by the contractor or deficient performance or nonperformance by the subcontractor.

(*Added by Stats. 2010, Ch. 697, Sec. 20. (SB 189) Effective January 1, 2011. Operative July 1, 2012, by Sec. 105 of Ch. 697 and by Section 8052.*)