Pay IF Paid: It Means What it Says

“Pay when paid” clauses are common in the construction industry, according to **Bradley Arant Boult Cummings**, but courts generally disfavor conditions precedent (an event that must occur before another party’s performance is due) and will not observe their existence unless they are unambiguously laid out in the contract.

The article, published by JD Supra, states that “subcontractors and general contractors should be aware that if language in a contract clearly establishes that the prime contractor is only obligated to pay the subcontractor if the owner pays the prime contractor for that work, and the contract states that the subcontractor is taking the risk of the owner’s potential insolvency, then courts are likely to enforce the contract as written—condition precedent and all. This language establishes what is known as a pay ***if*** paid clause.”

Read the article.