Contingent Payment Clauses in the 50 States 2025

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Foundation of the American Subcontractors Association, Inc.
1004 Duke Street
Alexandria, VA 22314-3588
Telephone: (703) 684-3450
Email: ASAOffice@ASA-HQ.com
Web site: www.fasaonline.com

KEGLER BROWN HILL + RITTER

65 East State Street, Suite 1800
Columbus, Ohio 43215-4294
Eric B. Travers, Esq.
etravers@keglerbrown.com
General Counsel to the American Subcontractors Association, Inc.

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About ASA and FASA

The American Subcontractors Association amplifies the voice of and leads trade contractors to improve the business environment for the construction industry and to serve as a steward for the community. The ideals and beliefs of ASA are ethical and equitable business practices, quality construction, a safe and healthy work environment, integrity and membership diversity.

The Foundation of the American Subcontractors Association, Inc., a section 501(c)(3) organization under the U.S. Internal Revenue Code, is the educational arm of ASA. FASA is an independent entity devoted to the development of quality educational information.

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Introduction

A **contingent payment clause** is a contractual provision that makes payment contingent upon the happening of some event. In construction subcontracts, the typical contingent payment clause makes the subcontractor's payment contingent upon the payment of the contractor by the owner.

Contingent payment clauses take on one of two forms in subcontract agreements. Some clauses link the *timing* of the subcontractor's payment to the time when payment is made by the owner. These are called "pay-when-paid" clauses. Other clauses specify that the owner must pay the contractor *in order* for the subcontractor to *ever* receive payment. These provisions that shift entitlement to payment are called "pay-if-paid" clauses. Even though most states distinguish between the two types of clauses, a few jurisdictions find that the provisions have the same exact legal effect.

For more than 30 years, most state courts have held that contractors cannot indefinitely withhold payment from subcontractors based upon a "pay-when-paid" clause. Instead, "pay-when-paid" clauses require a contractor to pay its subcontractors within a "reasonable time" of the completion of satisfactory work.

In contrast, "pay-if-paid" clauses often allow contractors to permanently withhold payment from their subcontractors where the owner has failed to pay the contractor. Because of the harshness of such a provision, most states only enforce "pay-if-paid" clauses if the contract unambiguously expresses that the parties intended for the subcontractor to only be paid if the contractor is paid.

As states have moved toward protecting the rights of subcontractors, some state courts have decided not to enforce "pay-if-paid" provisions. In addition, a growing number of states have enacted laws that declare such contractual provisions void and against public policy.

This manual attempts to summarize the basic stance of each of the 50 states with respect these two types of contingent payment clauses. The following information is displayed for all states that have applicable law on this issue:

- Whether a "pay-if-paid" clause will be enforced in that state if it is unambiguously drafted.
- Whether the state distinguishes between "pay-if-paid" and "pay-when-paid" provisions.
- Whether "pay-when-paid" clauses allow a contractor in the state to only delay payment to its subcontractors for a reasonable time.
- Key statutes and cases that describe the states' positions on contingent payment clauses.

This publication is designed as a summary of the basic principles of state law but is not a comprehensive legal treatment of the law in the states. *This publication does not contain legal advice.* Because individual circumstances may vary widely, and because state laws are constantly changing, readers should consult their local attorneys for specific advice.

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State	Relevant Statutory Provisions	Permit Pay-if-Paid Clauses?	Case Law	Permit Pay-When-Paid Clauses?	Case Law
Alabama	ALA. CODE § 8-29-2: All contracts between parties must specify a date of payment.	Yes.	A pay-if-paid clause will be enforced if it unambiguously states that payment by the owner is a condition precedent to the obligation to pay a subcontractor. *Lemoine Co. of Ala., L.L.C. v. HLH Constructors, Inc.,* 62 So. 3d 1020, 1027-28 (Ala. 2010).	Yes.	Pay-when-paid clause in the subcontract did not create a condition precedent to payment, but that it was merely a timing mechanism for payment. The parties did not "clearly indicate that the subcontractor assumed the risk of nonpayment." *Fed. Ins. Co. v. I. Kruger, Inc.*, 829 So. 2d 732, 741 (Ala. 2002).
Alaska	ALASKA STAT. § 36.90.210: A general contractor must pay a subcontractor within eight days of being paid.	Unclear.	A contingent payment clause was upheld by the Alaska Supreme Court, but in that situation, the owner ultimately had paid the general contractor, triggering its obligation to pay the subcontractor. *Indus. Indem. Co. v. Wick Constr. Co.*, 680 P.2d 1100, 1107-08 (Alaska 1984).	Unclear.	Unclear.
Arizona		Yes.	"In order to create a condition precedent [to the subcontractor's payment], there must be contractual language demonstrating the parties' unequivocal intent" that the subcontractor will be paid if the contractor is paid. *L. Harvey Concrete v. Agro Constr. & Supply Co.*, 189 Ariz. 178, 181 (Ariz. Ct. App. 1997).	Yes.	If a contingent payment clause is ambiguous, it will be construed as a pay-when-paid clause, allowing the general contractor a reasonable amount of time to pay the subcontractor. *Watson Constr. Co. v. Reppel Steel & Supply Co.*, 123 Ariz. 138, 141-43 (Ariz. Ct. App. 1979).

State	Relevant Statutory Provisions	Permit Pay-if-Paid Clauses?	Case Law	Permit Pay-When-Paid Clauses?	Case Law
Arkansas		Yes.	There must be clear, express contractual language regarding pay-if-paid clause. *Brown v. Md. Cas. Co.*, 246 Ark. 1074, 1082 (Ark. 1969).	Unclear.	
California	CAL. CIV. CODE § 8122 – 8138.	No.	Contingent payment clauses violate public policy underlying the anti-waiver clauses of mechanics lien laws. *Wm. R. Clarke Corp. v. Safeco Ins. Co.*, 15 Cal. 4th 882, 886 (1997). A contingent payment clause will only be enforced if the parties execute a written waiver and release as specified in the California Civil Code. This waiver is only triggered after the claimant receives payment. *Crosno Constr., Inc. v. Travelers Cas. & Sur. Co. of Am.*, 47 Cal. App. 5th 940, 955 (2020).	No.	A pay-when-paid clause violates public policy because it can be used to circumvent anti-waiver laws by setting an indefinite amount of time to wait to be paid. *Crosno Constr., Inc. v. Travelers Cas. & Sur. Co. of Am.*, 47 Cal. App. 5th 940, 956 (2020).
Colorado		Yes.	Pay-if-paid provisions must unequivocally express the party's intent to establish a condition precedent to payment in order to be enforceable. *Main Elec., Ltd. v. Printz Servs. Corp.*, 980 P.2d 522, 528 (Colo. 1999).	Yes.	If a contingent payment clause is not clear, it will be construed as a promise, not a condition allowing the general contractor time to obtain payment. *Main Elec., Ltd. v. Printz Servs. Corp.*, 980 P.2d 522, 527 (Colo. 1999).

State	Relevant Statutory Provisions	Permit Pay-if-Paid Clauses?	Case Law	Permit Pay-When-Paid Clauses?	Case Law
Connecticut	CONN. GEN. STAT. § 49-41a(d): Contractor cannot withhold payment from a subcontractor because of a dispute with another contractor or subcontractor.	Yes.	A pay-if-paid clause is enforced if it is unambiguous. *DeCarlo & Doll, Inc. v. Dilozir*, 698 A.2d 318, 322 (Conn. App. Ct. 1997).	Yes.	If a contingent payment clause is not clear, it will be construed as fixing a reasonable time for payment, as opposed to a conditional liability based upon the general contractor being paid. *DeCarlo & Doll, Inc. v. Dilozir*, 698 A.2d 318, 323 (Conn, App. Ct. 1997).
Delaware	6 DEL. CODE. § 3507 prohibits contingent payment clauses based upon public policy. This act only applies to private contracts.	No.		Unclear.	No case law discusses a pay-when-paid clause after the passage of 6 DEL. CODE. § 3507. Case law before its passage indicates that ambiguous contracts may only be construed as allowing a reasonable time for payment. *Volair Contractors, Inc. v. Coastal Mech., Inc.*, 1986 Del. Super. LEXIS 1447 at 1 (Super. Ct. Dec. 1, 1986).
District of Columbia	D.C. CODE § 27A-104 provides that conditions of payment to the subcontractor on receipt by the contractor of payment from the owner may not abrogate or waive the right of the subcontractor to: (1) Claim a mechanics' lien; or (2) Sue on a contractor's bond.	Unclear.	The court has enforced a contingent payment clause when the owner was paid (the condition was satisfied) but has not discussed situations where a condition was not satisfied. *Urban Masonry Corp. v. N&N Contractors*, 676 A.2d 26, 36 (D.C. 1996).	Unclear.	

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Florida	FLA. STAT. § 713.20 provides that waivers of lien rights in advance of construction work are unenforceable. FLA. STAT. § 713.245 specifies language that must be used to make a surety bond a conditional pay-if-paid structure.	Yes.	The pay-if-paid clause must be clear and unambiguous. *DEC Elec., Inc. v. Raphael Constr. Corp.*, 558 So.2d 427, 429 (Fla. 1990).	Yes.	If the contingent payment clause is ambiguous, it will be interpreted as fixing a reasonable time for payment. *DEC Elec., Inc. v. Raphael Constr. Corp.*, 558 So.2d 427, 429 (Fla. 1990).
Georgia		Yes.	The pay-if-paid clause must be express and clearly show the intention of the parties. *St. Paul Fire & Marine Ins. Co. v. Ga. Interstate Elec. Co.*, 370 S.E.2d 829, 830 (Ga. Ct. App. 1988).	Unclear.	
Hawaii	HRS § 444-25: If payment is contingent upon receipt of funds, the contractor shall clearly state this fact in the contractor's solicitation of bids. This does not apply to public contracts.	Unclear.		Unclear.	
Idaho		Yes.	The court will look to the terms of the contract and the intent of the parties and will uphold a pay-if-paid clause if the circumstances demonstrate the parties intend it. *Hoff Cos. v. Danner*, 822 P.2d 558, 563 (Idaho Ct. App. 1991).	Unclear.	

State	Relevant Statutory Provisions	Permit Pay-if-Paid Clauses?	Case Law	Permit Pay-When-Paid Clauses?	Case Law
Illinois	770 ILL. COMP. STAT. 60/21 provides that a contingent payment clause cannot be used as a defense if a subcontractor pursues a mechanics lien claim.	Yes.	A pay-if-paid clause will be enforced so long as the language is clear and unambiguous. *Brown & Kerr Inc. v. St. Paul Fire & Marine Ins. Co.*, 940 F. Supp. 1245, 1249 (N.D. Ill. 1996) (applying Illinois law).	Yes.	Pay-when-paid language may establish a condition precedent to payment if the intent of the parties was to create such a condition. *Premier Elec. Constr. Co. v. American Nat'l Bank of Chicago*, 658 N.E.2d 877, 887-88 (Ill. App. Ct. 1995).
Indiana	IND. CODE. ANN. § 32-28-3-16 prohibits contract clauses that waive payment bond rights. IND. CODE. ANN. § 32-28-3-18 prohibits contract clauses that waive mechanics lien rights.	Yes.	A pay-if-paid clause will be upheld if the terms are clear. *BMD Contractors, Inc. v. Fid. & Deposit Co. of Md.*, 679 F.3d 643, 645 (7th Cir. 2012) (applying Indiana law).	Yes.	A pay-when-paid clause allows a contractor a reasonable time to obtain payment before it is obligated to pay subcontractors. *Midland Eng'g Co. v. John A. Hall Constr. Co.*, 398 F. Supp. 981, 993 (N.D. Ind. 1975) (applying Indiana law).
Iowa		Yes.	An unambiguous pay-if-paid clause will be enforced. *Miller Insulation, Co. v. Beatrice Biodiesel, LLC*, 2009 U.S. Dist. LEXIS 105085, at 15 (D. Neb. Nov. 10, 2009) (applying Iowa law).	Yes.	Clause setting a time for payment after payment by the owner establishes a reasonable time for payment by the contractor to the subcontractor. *Grady v. S.E. Gustafson Constr. Co.*, 103 N.W.2d 737, 739 (Iowa 1960).

State	Relevant Statutory Provisions	Permit Pay-if-Paid Clauses?	Case Law	Permit Pay-When-Paid Clauses?	Case Law
Kansas	KAN. STAT. ANN. §§ 16-1803 and 60-1111 provide that contracts with contingent payment clauses cannot waive the right to pursue a mechanics lien bond, a bond to secure payment of claims, or a public works bond.	Yes.	An unambiguous pay-if-paid clause in a private contract will be enforced. *Faith Techs., Inc. v. Fid. & Deposit Co. of Md.*, 2011 U.S. Dist. LEXIS 7688, at 13 (D. Kan. Jan. 26, 2011).	Yes.	Clause setting a time for payment after payment by the owner establishes a reasonable time for payment by the contractor to the subcontractor. *Shelley Elec. Inc. v. United States Fid. & Guar. Co.*, 1992 U.S. Dist. LEXIS 16978, at 9 (D. Kan. Oct. 16, 1992).
Kentucky		Yes.	The terms of a pay-if-paid clause must be unambiguous. *A.L. Pickens Co. v. Youngstown Sheet & Tube Co.*, 650 F.2d 118, 121 (6th Cir. 1981) (applying Kentucky law).	Yes.	An ambiguous contingent payment clause with no express condition is treated as a pay-when-paid clause, allowing a reasonable time for the contractor to pay the subcontractor. *A.L. Pickens Co. v. Youngstown Sheet & Tube Co.*, 650 F.2d 118, 121 (6th Cir. 1981) (applying Kentucky law).
Louisiana		Yes.	Properly worded pay-if-paid clause will create a condition precedent to the subcontractor's payment. *Imagine Constr. v. Centex Landis Constr. Co.*, 707 So. 2d 500, 502 (La. App. 1998).	Yes.	A pay-when-paid clause will allow a reasonable time for the contractor to obtain funds to pay the subcontractor. *Tymeless Flooring, Inc. v. Rotolo Consultants, Inc.*, 172 So.3d 145, 150 (La. Ct. App. 2015).

State	Relevant Statutory Provisions	Permit Pay-if-Paid Clauses?	Case Law	Permit Pay-When-Paid Clauses?	Case Law
Maine	10 M.R.S. § 1114 provides that payments will be made in accordance with the contract so long as the contractor accurately discloses the due date for receipt of payment.	Unclear.		Unclear.	
Maryland	MD. CODE ANN., REAL PROP. § 9-113 provides that contingent payment clauses cannot waive the subcontractor's right to pursue a mechanics lien claim or sue on a contractor's bond.	Yes.	The language of a pay-if-paid clause must be unambiguous. *Gilbane Bldg. Co. v. Brisk Waterproofing Co.*, 585 A.2d 248, 251 (Md. App. 1991).	Yes.	If the language of a contingent payment clause is ambiguous, the court will construe it as a pay-when-paid clause, providing a reasonable time to pay the subcontractor. *Gilbane Bldg. Co. v. Brisk Waterproofing Co.*, 585 A.2d 248, 250 (Md. App. 1991).
Massachusetts	MASS. ANN. LAW. CH. 149, § 29E: On private projects worth over $3 million, unless work is defective, pay-if-paid clauses are unenforceable in all general and subcontracts, except where (a) the owner is insolvent and (b) the party who wishes to invoke pay-if-paid has filed a mechanics lien before submitting its first requisition and taken all steps necessary to maintain that lien.	Yes.	If Massachusetts' Prompt Payment Act does not apply, the pay-if-paid clause must be unambiguous. *A.J. Wolfe Co. v. Balt. Contractors, Inc.*, 355 Mass. 361, 365 (Mass. 1969).	Yes.	If a contingent payment clause is ambiguous, it will be interpreted as a pay-when-paid clause, setting a reasonable time for payment to the subcontractor. *Framingham Heavy Equip. Co. v. John T. Callahan & Sons, Inc.*, 807 N.E.2d 851, 855 (Mass. App. Ct. 2004).

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Michigan		Yes.	The pay-if-paid clause must be unambiguous. *Christman Co. v. Anthony S. Brown Dev. Co.*, 533 N.W.2d 838, 839 (Mich. Ct. App. 1995).	Yes.	If a contingent payment clause is ambiguous, it will be treated as a pay-when-paid clause, setting a reasonable time for payment to subcontractor. *RHI, Inc. v. Ashmark Constr., LLC*, 2018 U.S. Dist. LEXIS 7143, at 8 (D. Md. Jan. 16, 2018) (applying Michigan law).
Minnesota	MINN. STAT. ANN. § 337.10(2): "Provisions contained in, or executed in connection with, a building and construction contract requiring a contractor, subcontractor, or material supplier to waive the right to a mechanics lien or to a claim against a payment bond before the person has been paid for the labor or materials or both that the person furnished are void and unenforceable.	Yes.	A pay-if-paid clause must be unequivocal and unambiguous. *Mrozik Constr., Inc. v. Lovering Assocs., Inc.*, 461 N.W.2d 49, 51 (Minn. Ct. App. 1990).	Yes.	If a contingent payment clause is ambiguous, it will be treated as a pay-when-paid clause, setting a reasonable time for payment to the subcontractor. *Mrozik Constr., Inc. v. Lovering Assocs., Inc.*, 461 N.W.2d 49, 51 (Minn. Ct. App. 1990).
Mississippi		Yes.	A pay-if-paid clause must be unambiguous. *Lafayette Steel Erectors, Inc. v. Roy Anderson Corp.*, 71 F. Supp.2d 582, 587 (S.D. Miss. 1997) (applying Mississippi law).	Yes.	Pay-when-paid clauses will be enforced and "grant the contractor a reasonable time" to pay the subcontractor. *Lafayette Steel Erectors, Inc. v. Roy Anderson Corp.*, 71 F. Supp.2d 582, 587 (S.D. Miss. 1997) (applying Mississippi law).

State	Relevant Statutory Provisions	Permit Pay-if-Paid Clauses?	Case Law	Permit Pay-When-Paid Clauses?	Case Law
Missouri	MO. REV. STAT. § 431.183: A pay-if-paid clause us "no defense to a claim to enforce a mechanics lien." MO. REV. STAT. § 429.005: A pay-if-paid clause may not provide protection to general contractors, as pre-payment waivers of lien rights are void as against public policy.	Yes.	A pay-if-paid clause must be unambiguous. *Meco Sys., Inc. v. Dancing Bear Entm't, Inc.*, 42 S.W.3d 794, 808 (Mo. Ct. App. 2001).	Yes.	An ambiguous conditional payment will be interpreted as a timing mechanism, allowing a reasonable time for the subcontractor to be paid. *Meco Sys., Inc. v. Dancing Bear Entm't, Inc.*, 42 S.W.3d 794, 808 (Mo. Ct. App. 2001).
Montana	MONT. CODE ANN. § 28-2-723: "A construction contract may not contain provisions requiring a [party] to waive the right to a construction lien or…payment bond before the [party] has been paid." MONT. CODE ANN. § 28-2-2103(2)(a): Within seven days after a contractor receives payment from an owner, the contractor shall pay the subcontractor.	Unclear.		Unclear.	

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Nebraska		Unclear.		Unclear.	A clause that does not unambiguously create a condition precedent for payment merely establishes a reasonable time for the contractor to pay the subcontractor. *D.K. Meyer Corp. v. Bevco, Inc.*, 292 N.W.2d 773, 776 (Neb. 1980).
Nevada	NEV. REV. STAT. ANN. § 624.626: Pay-if-paid provisions are unenforceable if they (1) require a subcontractor to waive or limit rights enumerated under this statute; (2) relieve general contractors of their obligations enumerated in this statute, or (3) require subcontractors to waive their right to damages or time extensions.	Enforcement is limited.	Pay-if-paid clauses are unenforceable if they limit prompt payment rights or require waiver of mechanics lien rights. *APCO Constr., Inc. v. Zitting Bros. Constr., Inc.*, 473 P.3d 1021, 1023 (Nev. 2020).	Unclear.	
New Hampshire		Unclear.	Courts require specific language such as "if" or "on condition that" to find that a contract contains a condition precedent. *Holden Eng'g and Surveying Inc. v. Pembroke Rd. Realty Tr.*, 628 A.2d 260, 262 (N.H. 1993).	Unclear.	

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New Jersey		Yes.	A clear and unambiguous pay-if-paid clause will be upheld. *Fixture Specialists, Inc. v. Global Constr., LLC*, 2009 U.S. Dist. LEXIS 27015, at 8 (D.N.J. Mar. 30, 2009) (applying New Jersey law).	Yes.	Clause setting time for payment to subcontractor after the contractor received payment merely establishes a reasonable time for payment from the contractor to the subcontractor. *Seal Title Corp. v. Ehret, Inc.*, 589 F. Supp. 701, 705 (D.N.J. 1984) (applying New Jersey law).
New Mexico		Yes.	A contingent payment clause will be enforced if it is clearly worded. *MidAmerica Constr. Mgmt. v. Mastec N. Am., Inc.*, 436 F.3d 1257, 1267 (10th Cir. 2006) (applying New Mexico law).	Unclear.	
New York	N.Y. LIEN LAW § 34 provides that a contract subject to lien rights cannot waive those rights and cannot make those rights subject to a condition. N.Y. GEN. OBLIG. LAW § 5-322.1 provides that pay-if-paid clauses are void as against the state's public policy protecting lien rights. N.Y. GEN. BUSINESS LAW § 757 provides that any provision in an agreement for a private construction contract (except material supplier) that makes the contract subject to the laws of a state other than New York is void and unenforceable.	No.	A pay-if-paid clause is void against public policy. *West-Fair Elec. Contractors v. Aetna Cas. & Sur. Co.*, 661 N.E.2d 967, 970 (1995).	Yes.	A pay-when-paid clause merely fixing a time for payment, that does not "indefinitely suspend" the subcontractor's right to payment, does not violate public policy. *West-Fair Elec. Contractors v. Aetna Cas. & Sur. Co.*, 661 N.E.2d 967, 971 (1995).

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North Carolina	N.C. GEN. STAT. § 22C-2: "Payment by the owner to a contractor is not a condition precedent for payment to a subcontractor...and an agreement to the contrary is unenforceable."	No.		Unclear.	A pay-when-paid clause containing conditional language was unenforceable. While the court called the clause a pay-when-paid clause, it more closely resembled a pay-if-paid clause. *See Am. Nat'l Elec. Corp. v. Poythress Commer. Contractors, Inc.*, 604 S.E.2d 315 (N.C. Ct. App. 2004).
North Dakota		Unclear.		Unclear.	
Ohio	OHIO REV. CODE ANN. § 4113.62 provides that a contract containing a contingent payment clause cannot waive the subcontractor's right to a mechanics lien claim or a claim against a surety bond.	Yes.	A pay-if-paid clause must be clear and unambiguous. *Transtar Elec. V. A.E.M. Elec. Servs. Corp.*, 16 N.E.3d 645, 650 (Ohio 2014).	Yes.	A pay-when-paid clause of a contract establishes a reasonable time for payment but does not set a condition precedent for payment to a subcontractor. *Chapman Excavating Co. v. Fortney & Weygandt, Inc.*, 2004 Ohio App. LEXIS 3500, at ¶23 (Ohio Ct. App. 2004).
Oklahoma		Yes.	A pay-if-paid clause is enforceable if the contractual language is plain and unambiguous. *Byler v. Great Am. Ins. Co.*, 395 F.2d 273, 276 (10th Cir. 1968) (applying Oklahoma law).	Yes.	A pay-when-paid clause allows postponement for a reasonable period of time for the general contractor to procure the funds. *Byler v. Great Am. Ins. Co.*, 395 F.2d 273, 277 (10th Cir. 1968) (applying Oklahoma law).

State	Relevant Statutory Provisions	Permit Pay-if-Paid Clauses?	Case Law	Permit Pay-When-Paid Clauses?	Case Law
Oregon	OR. REV. STAT. § 701.630 states that the original contractor shall pay the subcontractor for that work no later than seven days after the original contractor receives the payment.	Yes.	A pay-if-paid clause will be enforced if the contractual language is definite and unambiguous. *Mignot v. Parkhill*, 391 P.2d 755, 759 (Or. 1964).	Yes.	An ambiguous conditional payment clause or a pay-when-paid clause allows postponement for a reasonable period of time for the general contractor to procure the funds. *Vrla v. W. Mortg. Co.*, 502 P.2d 593, 594 (Or. 1972).
Pennsylvania		Yes.	A pay-if-paid clause will be enforced if the contractual language points to its existence. *LBL Skysystems (USA), Inc. v. APG-America, Inc.*, 2005 U.S. Dist. LEXIS 19065, at 92 (E.D. Pa. Aug. 31, 2005) (applying Pennsylvania law).	Yes.	An ambiguous contingent payment clause will be treated as pay-when-paid clause, allowing the general contractor time to pay the subcontractor. *Sloan & Co. v. Liberty Mut. Ins. Co.*, 653 F.3d 175, 181-82 (3d Cir. 2011) (applying Pennsylvania law).
Rhode Island		Unclear.		Unclear.	
South Carolina	S.C. CODE ANN. § 29-6-230 prohibits payments to subcontractors conditioned upon the payment of the contractor.	No.		Yes.	A pay-when-paid clause creates a timing mechanism for a contractor to procure funds to pay the subcontractor. *Elk & Jacobs Drywall v. Town Contractors, Inc.*, 229 S.E.2d 260, 262 (S.C. 1976).
South Dakota		Unclear.		Unclear.	

State	Relevant Statutory Provisions	Permit Pay-if-Paid Clauses?	Case Law	Permit Pay-When-Paid Clauses?	Case Law
Tennessee		Yes.	Condition precedents are not favored in contracts. A pay-if-paid clause must be unambiguous. *Koch v. Constr. Tech.*, 924 S.W.2d 68, 71 (Tenn. 1996).	Yes.	An ambiguous contingent payment clause creates a timing mechanism, allowing the general contractor a reasonable time to pay the subcontractor. *Koch v. Constr. Tech.*, 924 S.W.2d 68, 71 (Tenn. 1996).
Texas	Pursuant to TEX. BUS. & COM. CODE § 56.055, a contingent payment cannot be used to waive a subcontractor's right to pursue a mechanics lien claim.	Yes.	A pay-if-paid clause will be enforced if the contract contains an express condition clearly showing the parties' intent. *Sheldon L. Pollack Corp. v. Falcon Indus., Inc.*, 794 S.W.2d 380, 384 (Tex. App. 1990).	Yes.	An ambiguous contingent payment clause creates a timing mechanism for a contractor to procure funds to pay the subcontractor. *Sheldon L. Pollack Corp. v. Falcon Indus., Inc.*, 794 S.W.2d 380, 383 (Tex. App. 1990).
Utah	UTAH CODE ANN. § 13-8-4 (3)(a): "The existence of a contingent payment contract is not a defense to a claim to enforce a preconstruction or construction lien under Title 38, Chapter 1a."	Unclear.		Unclear.	Pay-when-paid provisions do not create conditions precedent to the payment of subcontractors. *See Zions First Nat'l Bank v. Christiansen Bros., Inc.*, 66 F.3d 1560 (10th Cir. 1995) (applying Utah law).

State	Relevant Statutory Provisions	Permit Pay-if-Paid Clauses?	Case Law	Permit Pay-When-Paid Clauses?	Case Law
Vermont	9 V.S.A. § 4003: "Notwithstanding any contrary agreement, when a subcontractor has performed in accordance with the provisions of its contract, a contractor shall pay to the subcontractor…the full or proportional amount…seven days after receipt of each progress or final payment or seven days after receipt of the subcontractor's invoice, whichever is later."	Unclear.		Unclear.	
Virgin Islands		No.	When a subcontractor includes a clause that makes payment to the subcontractor contingent upon payment by the owner to the contractor, that clause is void and against the public policy enumerated in Construction Lien Law. *Shearman & Assocs. V. Cont'l Cas. Co.*, 901 F. Supp. 199, 195 (V.I. Dist. 1995).	Unclear.	

State	Relevant Statutory Provisions	Permit Pay-if-Paid Clauses?	Case Law	Permit Pay-When-Paid Clauses?	Case Law
Virginia	VA. CODE ANN. § 2.2-4354 provides that provisions in a contract making payment by the party contracting a condition precedent to paying subcontractors is unenforceable.	Unclear.	For construction contracts executed prior to Jan 1, 2023, a pay-if-paid clause must contain an express condition clearly showing the intention of the parties or the intent can be established through parol evidence. *Galloway Corp. v. S.B. Ballard Constr. Co.*, 464 S.E.2d 349, 354 (Va. 1995).	Yes.	A pay-when-paid clause postpones payment for a reasonable amount of time. *Galloway Corp. v. S.B. Ballard Constr. Co.*, 464 S.E.2d 349, 356 (Va. 1995).
Washington		Unclear.	The Washington Court of Appeals has recognized other states enforcement of pay-if-paid clauses if the terms are unambiguous. However, it has not enforced such a clause. *See Amelco Elec. v. Donald M. Drake Co.*, 583 P.2d 648 (Wash. Ct. App. 1978).	Yes.	Contract specifying that the subcontractor would receive payment only to the extent that the contractor had received payment did not create a condition precedent, but rather is established a reasonable time in which the subcontractor had to be paid. *Amelco Elec. v. Donald M. Drake Co.*, 583 P.2d 648, 650 (Wash. Ct. App. 1978).
West Virginia		Yes.	A pay-if-paid clause will be enforced if it is unambiguous. *Wellington Power Corp. v. CAN Sur. Corp.*, 614 S.E.2d 680, 687 (W. Va. 2005).	Unclear.	
Wisconsin	Pursuant to WIS. STAT. ANN. § 779.135 pay-if-paid clauses are prohibited.	No.		Unclear.	A pay-when-paid provision will not provide a defense to a contractor in a suit with a subcontractor once the contractor has been paid, at least in part. *See Marino Constr. Co. v. Renner Architects*, 571 N.W.2d 923 (Wis. Ct. App. 1997).
Wyoming		Unclear.		Unclear.	