



Recent Change in Law Clarifies Accrual Date of Contractor's Claims for Payment Against the N.Y.C. S.C.A.

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On December 17, 2014, a new law was enacted which amends the accrual date for a contractor's construction contract claim against the New York City School Construction Authority (the SCA). The amendment provides that a contractor's claim against the SCA now accrues on the "date payment for the amount claimed is denied."

In New York, a contractor must file a written verified notice of claim within three months of when a "claim accrues," as a condition to filing any civil action against the SCA, or any school district, to recover monies owed on a contract.

Prior to the amendment, courts often held that a contractor's claim against the SCA accrues when "damages became ascertainable," which occurs when the project is "substantially completed or a detailed invoice of the work is performed."

However, in reality, a payment dispute with the SCA typically will not manifest itself until more than 90 days after substantial completion, or the submission of a detailed invoice for the work performed. This, therefore, required the contractor to either expend resources to immediately file a notice of claim (even if a dispute was not suspected), or risk forfeiting the entire claim in the event of a subsequent payment dispute. Unfortunately, the latter often occurred and the contractor was barred from filing an action before it even knew a payment was disputed.

This amendment should now clear up the ambiguity as to what events trigger the accrual of the period to timely file a notice of claim as it expressly states that a contractor's claim accrues on the date a claim for payment is denied by the SCA.

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