



U.S. Department of Transportation
Federal Highway Administration

DBE PROMPT PAYMENT AND RETURN OF RETAINAGE MONITORING TOOLKIT



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FHWA Prompt Payment and Return of Retainage Toolkit

The Disadvantaged Business Enterprise (DBE) program has been authorized by statute since 1982, to ensure nondiscrimination in the award and administration of U.S. Department of Transportation (USDOT)-assisted contracts in the highway, transit, and airport financial assistance programs. The DBE Program has recently been reauthorized in Section 11101 (e) of the Infrastructure Investment and Jobs Act (IIJA), also known as the Bipartisan Infrastructure Law (BIL); and, as in previous legislation, the United States Congress has specifically called out the importance of prompt payment compliance in federally funded transportation contracts. (Sec. 11101(e)(8)(A).)

To support recipient State Departments of Transportation ¹ (State DOTs), their subrecipients, and any other primary recipient in meeting prompt payment monitoring and enforcement requirements, the Federal Highway Administration (FHWA) Office of Civil Rights has created this informational toolkit and an optional monitoring tool. The intention of these materials is to provide clarity on the regulatory requirements in 49 CFR §26.29, related USDOT guidance, and issue an easy to use tool that will help State DOTs monitor prompt payment and return of retainage for all subcontractors on DOT- assisted contracts.

DISCLAIMER: This toolkit does not include any statement of agency policy or interpretation concerning a statute, regulation, or technical matter within the jurisdiction of the agency that is intended to have general applicability and future effect. Use of this form is strictly voluntary. Nonconformity with or non-use of this toolkit will not affect rights and obligations under existing statutes and regulations.

The General Counsel of the Department of Transportation has reviewed this document and approved it as consistent with the language and intent of 49 CFR part 26.

¹ Collectively referred to hereafter as State DOTs or “you.”

SECTION 1

USDOT's Commitment to DBEs, Prompt Payment, and Return of Retainage

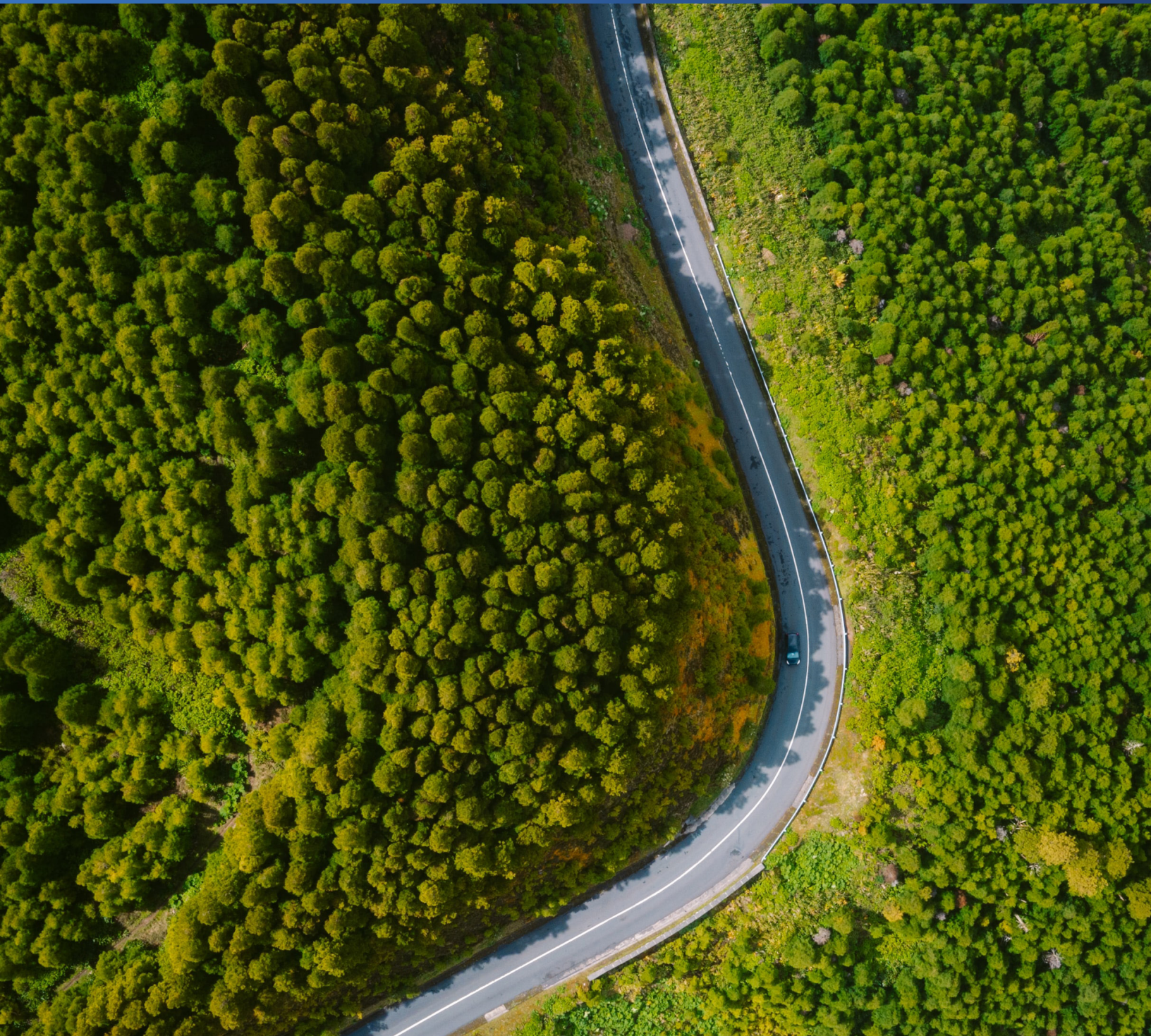


Access to capital has traditionally been a barrier for DBEs and other small businesses, especially in the heavy highway civil construction industry. Prompt payment and return of any withheld retainage are imperative for subcontractors to keep up with expenses like payroll, materials, equipment, and other business costs that are key to their survival. Delayed payments by prime contractors or upper tier subcontractors can result in devastating financial hardship for all subcontractors. It is important to emphasize that prompt payment and return of retainage requirements established by State DOT recipients under 49 CFR §26.29 apply to all subcontractors, not just DBEs.



SECTION 2

Breaking Down the Regulatory Requirements



49 CFR §26.29

Prompt payment and return of retainage regulatory requirements must be included in the State DOT's DBE Program Plan as well as in all federally assisted contracts with prime contractors and upper-tier subcontractors. Below is a description of the requirements, as well as official guidance previously issued by DOT (and available on DOT's DBE website) that conveys the USDOT's interpretation of how recipients should implement these provisions in their DBE programs:

Prompt Payment [49 CFR §26.29(a)]

State DOTs must establish, as a part of their DBE programs, a contract clause that requires prime contractors to pay subcontractors for satisfactory performance no later than 30 days from the receipt of each payment the State DOT makes to the prime contractor that includes the subcontractor's work.

Prompt Payment of Retainage [49 CFR §26.29(b)]

You must ensure prompt and full payment of retainage from prime contractors to subcontractors within 30 days after the subcontractor's work is satisfactorily completed. You must use one of the following methods to comply with this requirement:

- Decline to hold retainage from prime contractors and prohibit prime contractors from holding retainage from subcontractors.
- Decline to hold retainage from prime contractors and require a contract clause obligating prime contractors to make prompt and full payment of any retainage kept by prime contractor to the subcontractor within 30 days after the subcontractor's work is satisfactorily completed.
- Hold retainage from prime contractors and provide for prompt and regular incremental acceptances of portions of the prime contract, pay retainage to prime contractors based on these acceptances, and require a contract

clause obligating the prime contractor to pay all retainage owed to the subcontractor for satisfactory completion of the accepted work within 30 days after your payment to the prime contractor.

Satisfactorily Completed Work [49 CFR §26.29(c)]

For purposes of these provisions, a subcontractor's work is satisfactorily completed when all the tasks called for in the subcontract have been accomplished and documented in accordance with your standards. When you have made an incremental acceptance of a portion of a prime contract, the work of a subcontractor covered by that acceptance is deemed to be satisfactorily completed.

Appropriate Means of Enforcement [49 CFR §26.29(e)]

The State DOT's DBE Program Plan must include appropriate means to enforce prompt payment and prompt return of retainage requirements. This may include appropriate penalties for failure to comply with contract provisions. Your program can also stipulate that any delay or postponement of payment among the parties can only take place for good cause, with your prior written approval.

Additional Mechanisms to Ensure Prompt Payment [49 CFR §26.29(g)]

As part of State DOT's DBE Program Plan, you can establish any of the following additional mechanisms to ensure prompt payment:

- A contract clause that requires prime contractors include language in their subcontracts that stipulates prime contractors and subcontractors will use appropriate alternative dispute resolution mechanisms to resolve payment disputes. You may specify the nature of these mechanisms.

- A contract clause providing that the prime contractor will not be reimbursed for work performed by subcontractors unless and until the prime contractor ensures that subcontractors are promptly paid for the work they have performed.
- Other mechanisms, consistent with DOT's DBE regulations and state and local law.

PROMPT PAYMENT AND RETAINAGE GUIDANCE FREQUENTLY ASKED QUESTIONS (FAQS)

In March 2016, USDOT issued a comprehensive guidance document that covered mechanisms for implementing and enforcing prompt payment and return of retainage. It also addressed the issues of access to project information related to prompt payment and available remedies for noncompliance. Included below are excerpts from some key questions and answers from the guidance:

When are prime contractors required to return retainage to subcontractors?

- Withholding a certain percentage of the payment that is owed to the prime contractor or the subcontractor until all the work of the prime contractor has been satisfactorily completed is known as "retainage." The prompt payment provision of the DBE rule is intended to change when retainage is released. Prime contractors' traditional practice of holding retainage until the recipient has made final payment to the prime contractor, even though the subcontractor's work may have been satisfactorily completed months or years earlier, is not permitted.

- Recipients that hold retainage must make incremental acceptances of portions of the prime contract as the work is completed so that retainage that covers that work is released before final payment for completion of the entire contract.
- If retainage is held by the recipient against the prime contractor or held by the prime contractor against the subcontractor, there must be a contract clause obligating the payment of retainage within 30 days of the recipient's incremental acceptance of the work performed by the subcontractor (option three under 49 C.F.R. § 26.29(b)) or payment of retainage by the prime contractor (option two or three under 49 C.F.R. § 26.29(b)) within 30 days of satisfactory completion of the work performed by the subcontractor.

Does the prompt payment and release of retainage requirements apply only to DBE subcontractors?

- No. The prompt payment and release of retainage (where applicable) obligation is a race- and gender-neutral requirement that applies to DBE and non-DBE subcontractors alike. It is intended to apply to all subcontractors at all tiers.

When does the time period for payment or release of retainage begin to run?

- The 30-day period for payment of subcontractors begins when the contractor receives payment from the recipient for satisfactory completion of the work.
- In the case of a second or third tier subcontractor, the 30-day time period begins to run when the 1st tier subcontractor receives payment from the prime contractor or when the 2nd tier subcontractor receives payment from the 1st tier subcontractor.

What effect does the absence of a direct relationship between the recipient and the subcontractor have on the obligation imposed on the recipient under the DBE program regulations?

- None. The prompt payment and release of retainage obligation is both a regulatory requirement that recipients are expected to comply with in administering their DBE Program and a contractual obligation recipients are expected to enforce.

Is the obligation to promptly pay subcontractors a material term of a DOT-assisted contract?

- Yes. Every DOT-assisted contract must include a commitment by the parties to carry out all applicable requirements of 49 C.F.R. Part 26 in the administration of the contract. See 49 CFR §26.13.
- Failure by the contractor to honor this commitment is considered a material breach of the contract, subject to the penalties, sanctions, and remedies listed in section 26.13 and any other equally effective remedies the recipient deems appropriate.
- The contractual commitment is a material term of the contract between you and the prime contractor, and between the prime contractor and the subcontractor under 49 CFR §26.13.

Is relying on complaints an appropriate means of enforcing the prompt payment and retainage requirements of the rule?

- No. Relying only on complaints or notifications from subcontractors about a contractor's failure to comply with prompt payment and retainage requirements is not a sufficient mechanism to enforce the requirements.

- Subcontractors are often reluctant to complain about contractors for fear that doing so will make it more difficult to get work in the future, despite the prohibition in the regulations against retaliation against individuals who file a complaint. This may result in you not receiving complaints that would timely alert you to noncompliance by contractors.

What records should you and contractors retain to document compliance with the prompt payment requirement?

- To ensure compliance with the prompt payment provision, you may require prime contractors to provide information concerning payments to subcontractors and release of retainage where held.
- Data collected from contractors may include copies of cancelled checks.
- All participants in a State DOT's DBE Program Plan, including contractors, are required to cooperate fully and promptly with requests for information pursuant to 49 CFR §26.109(c).

TIPS ON SATISFACTORY COMPLETION

How is “satisfactory completion” defined?

Satisfactory completion is defined by the regulations as “when all tasks called for in the subcontract have been accomplished and documented as required by the recipient.”

What happens when there is a dispute over the satisfactory completion of the work performed by the subcontractor?

The obligation to promptly pay subcontractors or to release retainage does not arise if there is a legitimate dispute over the subcontractor’s performance. You are encouraged to develop a dispute resolution process as a mechanism to ensure compliance with the purpose and intent of the prompt payment and release of retainage requirements. The process used should be described in the DBE Program Plan and in the relevant contract document.

Example: A prime contractor may not withhold payment to a subcontractor that has satisfactorily completed work on the contract (contract A) to address a dispute between the prime contractor on an unrelated contract (contract B). That would not constitute a legitimate dispute over the subcontractor’s performance on contract A.

You must release retainage when a subcontractor satisfactorily completes their portion of the project. Withholding a certain percentage of the payment that is owed to the prime contractor or the subcontractor until all the work of the prime contractor has been satisfactorily completed is known as “retainage” and is common industry practice. The prompt payment provision of the DBE rule is intended to alter common industry practice regarding when retainage is released from both you and the prime contractor. If you hold retainage, you must conduct incremental releases to primes so that primes can promptly return any applicable retainage held from subcontractors when the subcontractors’ work is complete. The traditional practice of holding retainage until the end of a project, even though the subcontractor’s work may have been satisfactorily completed months or years earlier, is not permitted.

SECTION 3

DBE Program Plan Requirements



PROMPT PAYMENT SAMPLE TEMPLATE FOR DBE PROGRAM PLANS

In April 2018, USDOT issued optional template language for the prompt payment section of State DOT DBE Program Plans that it encourages States to use. This includes language for prompt payment provisions, monitoring mechanisms, dispute resolution, complaints, and enforcement. The template is included in Section 11 of this Guidebook.

The State DOT's DBE Program Plan must address several areas concerning prompt payment and return of retainage. See 49 CFR §26.29. These important components are included below.

Selection of prompt payment timeframes

You must determine within how many days of receiving payment from you that a prime contractor must pay its subcontractors whose work was included in that payment. You have flexibility in the number of days to include in your DBE Program Plan, but it must not exceed 30 days. If you choose a number that is less than 30 days, FHWA will expect your monitoring and enforcement procedures to conform to that number.

Selection of return of retainage method

You must choose only one of the three methods listed below that will apply to all of your DOT- assisted contracts and contracts let by any subrecipients, to ensure that retainage is returned to subcontractors promptly. In summary, the three options to choose from are:

1. Decline to withhold retainage from prime contractors and prohibit primes from withholding retainage from subcontractors.
2. Decline to withhold retainage from prime

contractors and allow prime contractors to withhold retainage from subcontractors. You must require that the prime contractor promptly return retainage to subcontractors when the subcontractors' work is satisfactorily complete. You must also determine the number of days to be considered 'prompt'. This determination shall not exceed 30 calendar days.

3. Withhold retainage from the prime contractor and conduct a phased and incremental acceptance of work and return the proportionate amount of retainage to the prime contractor. You must then require that the prime 'promptly' (number of days to be determined by the recipient – not to exceed 30) return retainage to applicable subcontractors for satisfactory completion of the accepted work.

Determination of appropriate monitoring mechanisms. [49 CFR §26.37(a)]. You must describe in your DBE Program Plan how you will monitor prompt payment and return of retainage. These mechanisms should include:

1. Reviewing contract and subcontract documents for inclusion of appropriate prompt payment and return of retainage clauses.
2. Reviewing payments to subcontractors from prime contractors to determine amount and time of payments.
3. Appropriately monitoring the return of retainage based on which of the three options you have chosen for your program:
 - a. Ensuring that neither you nor the prime are withholding retainage from subcontractors.
 - b. Ensuring that primes are promptly returning retainage withheld from subcontractors when the subcontractor's work is satisfactorily completed.

- c. Ensuring that you conduct phased acceptances of work and return applicable retainage to prime contractors, and that primes return the applicable retainage promptly to subcontractors for satisfactory completion of the accepted work.

Determination of Appropriate Remedies and Enforcements

You must describe in your DBE Program Plan the means you will use to enforce the prompt payment and return of retainage requirements.

[49 CFR §26.29(e)]. These means may include appropriate penalties for failure to comply, the terms and conditions of which you set. Your program may also provide that any delay or postponement of payment among the parties may take place only for good cause, with your prior written approval.

State DOT's may use mechanisms or practices used to enforce other contract terms, such as using a tiered enforcement process starting with written notifications, cure notices, withholding of payments, and stop work orders. If you have similar enforcements and remedies used for other contract terms you can improve the likelihood that they can be efficiently and consistently implemented.



SECTION 4

Synergy Between Contract and Bid Documents



The same prompt payment and return of retainage provisions included in the State DOT's DBE Program Plan must be included as provisions in FHWA-funded contracts, including those contracts issued by subrecipients [68 Fed. Reg. 35542, 35549 (June 16, 2003); 79 Fed. Reg. 59566, 59580 (Oct. 2, 2014)]. These provisions apply to all types of contracts funded by FHWA, including but not limited to construction and professional services contracts.

Prompt payment and return of retainage requirements apply to all forms of contractual agreements (e.g., truck leasing agreements, task orders, etc.) and cannot be waived.

Effective practices to ensure the inclusion of correct prompt payment and return of retainage clauses include:

- Noting these clauses as required clauses in your procurement policies and procedures.
- Reviewing a prime contractor's subcontracts to ensure that payment and retainage terms do not conflict with regulatory requirements.



SECTION 5

Understanding Subrecipients

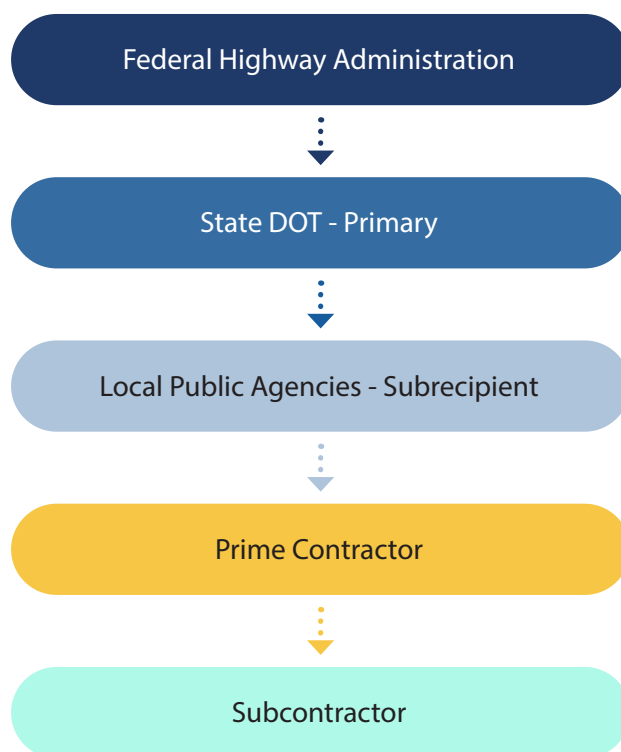


FHWA recipients may pass through a portion of their FHWA annual funds apportionments to subrecipients to execute approved projects. A subrecipient is a non-Federal entity, such as a Local Public Agency (LPA), that receives a subaward from a State DOT to carry out part of the State's federal-aid program.

How prompt payment applies to LPA procurements

- Subrecipients must adopt the entirety of State DOT's DBE Program Plan, including its prompt payment and return of retainage provisions [See 68 Fed. Reg. 35542, 35549 (June 16, 2003); 79 Fed. Reg. 59566, 59580 (Oct. 2, 2014)]. Specifically, subcontractors must abide by the same number of days for prompt payment from prime contractors to subcontractors and the same method of return of retainage.
- In addition to adopting the same prompt payment provisions, subrecipients must also perform monitoring and enforcement of the implementation of these requirements by their own agency and prime contractors. [49 CFR §26.37(a)]
- You must also monitor subrecipients to ensure that they are complying with prompt payment requirements through inclusion of correct terms in contracts and monitoring their implementation. [49 CFR §26.37(b)]

USDOT Funding Flow Chart



SECTION 6

Effective Monitoring Practices

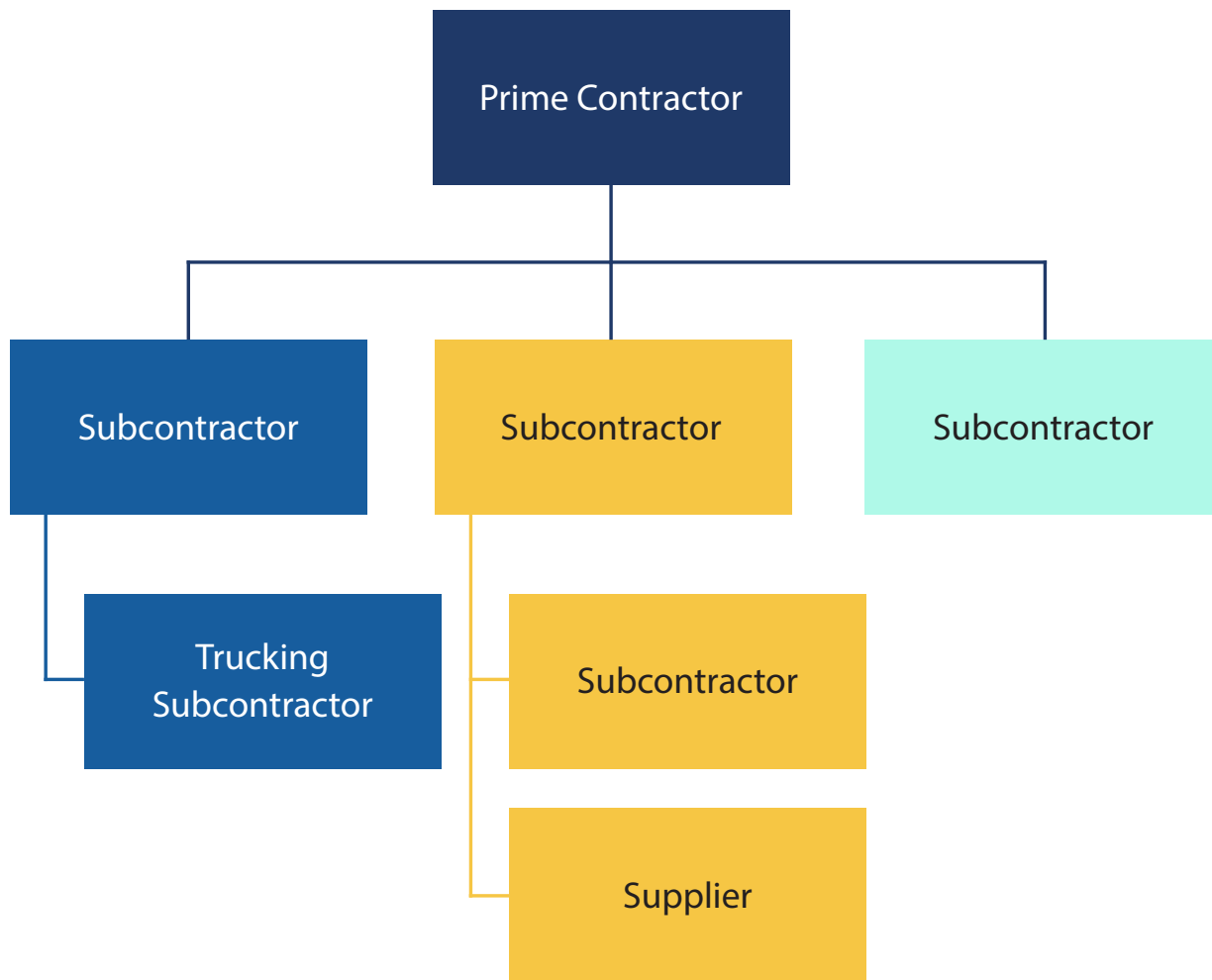


While USDOT does not mandate that you employ a specific type of mechanism for monitoring prompt payment, you are expected to be proactive in the monitoring and enforcing of prompt payment and retainage requirements. Below are tips for effective monitoring practices:

- Posting prime contractor payment information on your website, database, or other place accessible to subcontractors is effective in alerting participating subcontractors to the start of the 30-day clock (or lesser time as provided by the State DOT's DBE Program Plan) in which they can expect payment for their satisfactorily-performed work during the timeframe. For this system to be more effective, the State should institute an auditing practice of contracting subcontractors to ensure full payment was timely received.
- Use of automated systems that require real time entry of payments to, and receipts by, prime contractors and require real time receipt by subcontractors has been very effective for some States. These systems can assist with proactive compliance by flagging late or non-conforming entries and acceptances. The use of such systems is costly, however, and is only effective if the State DOT identifies staff to regularly monitor the system, follow up on potential problems, and tie to enforcement.
- Obtaining notarized certification from the prime contractor that payment was made to subcontractors the previous month before authorizing payment can be an

effective practice, if enforced. For this system to be more effective, the State should institute an auditing practice of contracting subcontractors to ensure full payment was timely received.

- Reviewing your contracts, task orders, etc. for the inclusion of correct prompt payment and return of retainage clauses and remedies should be a regular monitoring activity.
- Reviewing or auditing subcontracts to ensure that the contract terms regarding payment and retainage do not conflict with DBE regulatory requirements should also be a part of a state's regular monitoring activity. It is possible that prime contractors or upper tier subcontractors use the same boilerplate language in their federally assisted contracts as they do in state or local-funded contracts that do not include federal requirements. Often subcontractors believe that signing these contracts absolves the prime contractor of following regulatory requirements pertaining to the timing of payment or release of retainage. It is an effective practice to advise subcontractors to alert the State DOT civil rights staff if they are asked to sign a contract that conflicts with federal law.
- Ensure prime contractors do not withhold payment from a subcontractor to resolve a dispute on a separate contract. Disputes on other contracts must be resolved between the parties in a manner that does not conflict with prompt payment and return of retainage requirements on current contracts.



SECTION 7

Enforcement Obligations



Standardized enforcement procedures can encourage prompt payment and return of retainage and provide a solid foundation for any necessary remedies. Remedies for prompt payment violations are required to be detailed in the DBE Program Plan and mirrored in all contract documents. [49 CFR 26.29(e)]

It is important that all prompt payment and return of retainage, monitoring, enforcement requirements, and remedies are understood by all relevant offices within the agency, not just the civil rights office. Any violations and enforcement considerations should be communicated to all relevant offices for input to reach a determination consistent with DBE Program Plan and contractual requirements.

You may impose the below contractual remedies when a subcontractor is not promptly paid [49 CFR 26.13(b)]:

1. Terminating the contract
2. Withholding progress payments
3. Assessing sanctions
4. Imposing liquidated damages
5. Disqualifying the contractor from bidding on future contracts, or
6. Other remedies the recipient deems appropriate



SECTION 8

Case Studies



Dealing with Multiple Subcontractors

A prime contractor contracts with two subcontractors, one of whom subcontracts 20 percent of their work to a 2nd tier subcontractor.

DO

Ensure that the prime contractor is paying its subcontractors promptly and that the subcontractor includes the correct prompt payment and return of retainage clause in its contract with the 2nd tier subcontractor. Also instruct the prime contractor to reinforce compliance by monitoring payments to the 2nd tier subcontractor.

DON'T

Assume that the prime contractor and subcontractor have the correct prompt payment and return of retainage contract clause and are monitoring payments to 2nd tier subcontractors.

Proactive Monitoring and Contract Coordination

The State DOT's DBE Program Plan identifies that the State has chosen retainage method one, i.e., the State will not withhold retainage from prime contractors and will not allow prime contractors to withhold retainage from their subcontractors. At the beginning of the project, after reviewing all subcontract documents, you note that the prime contractor included a clause to withhold five percent retainage from each payment to the subcontractor.

DO

Review and revise your solicitation documents to note that prime contractors are prohibited from withholding retainage from subcontractors. Send a notification to the prime contractor requiring that it revise its contract terms immediately. Continue to perform routine payment reviews and periodically check payments to the subcontractor to ensure that retainage is not being withheld.

DON'T

Assume that every employee working for your prime and subcontractors has read and is following the DBE Program Plan. If you notice an error, do not assume it will be rectified without sending notifications.

Monitoring Prompt Payment

The State DOT established a 10-day prompt payment timeframe in its DBE Program Plan and included this timeframe in its contract documents. While reviewing your cloud-based payment tracking system, you notice the prime contractor routinely paid its subcontractors, on average, 20 days after receiving your payment. Several subcontractors were aware that the payments were late but didn't want to 'rock the boat' by contacting the agency.

DO

Contact the subcontractors to verify payment information. Then, notify the prime contractor in writing that they are in non-compliance with the DBE Program Plan and unless corrected, there are administrative actions that can be taken, which include termination.

DON'T

Assume the subcontractor has been paid and wait for complaints from subcontractors.

Setting the Tone at the Pre-Construction Conference

A new project has been awarded and a pre-construction conference has been scheduled. The State DOT DBE Program Plan indicates that it has chosen retainage method three, i.e., the State withholds retainage from the prime and provides for incremental acceptances of portions of the prime contract, pays retainage to the prime contractor based on these acceptances, and requires the prime contractor to return retainage to the subcontractors for satisfactory completion of the accepted work within 30 days.

DO

Review the prompt payment requirements and conduct an overview of how incremental return of retainage will be conducted by your team. Discuss the timeframe for returning the applicable portion of that retainage to subcontractors promptly and the monitoring process, the process for entering payment information into a shared file for tracking and monitoring, and the expectation that subcontracts and payment information (invoices and checks) will be selected for review and monitoring.

DON'T

Leave prompt payment and return of retainage up for interpretation. Do not assume that everyone on your prime contractor's team understands the DBE Program Plan and its requirements.

SECTION 9

Monitoring Tool



FHWA has developed a template prompt payment tool that, while not required, may assist recipients in monitoring compliance. This tool has been developed as an integrated spreadsheet to offer a wide range of applications, from direct use, to use in reviewing items evaluated in current software used by recipients.

The tool includes templates for reviewing contracts, subcontracts, and subrecipients' procurements. It also contains detailed steps in the process for validating the timing and amount of payments between primes and subcontractors. Additionally, portions of the tool are designed to evaluate the prompt return of retainage—with provisions for compliance oversight depending on which retainage option has been chosen.



SECTION 10

“Top Tips” Fact Sheet



The tips sheet included on the following page is a printable form that can be provided to your agency staff as an easy to read, print, and distribute document to post throughout the office, or used as a digital resource.



U.S. Department of Transportation
Federal Highway Administration

DBE PROMPT PAYMENT AND RETURN OF RETAINAGE MONITORING—TOP TIPS

To support the U.S. Department of Transportation's (USDOT) commitment to prompt payment and return of retainage to Disadvantaged Business Enterprises (DBEs) and all subcontractors, take note of the following rules and tips included below.

1. Prompt payment is a contractual requirement on USDOT-funded projects.
2. Prompt-payment is for all subcontractors, not just DBEs.
3. Payment to a subcontractor should not be conditioned on resolving disputes with the prime on other contracts.
4. You must select **ONLY** one of the three allowable methods of return of retainage and apply it to every DOT-assisted contract:
 - a. Do include the chosen retainage method in your DBE Program Plan and contract specifications.
 - b. Don't create a different retainage method or combine portions of each option.
 - c. Don't allow primes to withhold retainage from their subcontractors until the end of the entire project.
5. Do not rely on subcontractor complaints as the only means of monitoring prompt payment and return of retainage.
6. Do use monitoring methods that are pro-active (check out FHWA's prompt payment tool, available at XXXX).
7. Train your field staff in understanding prompt payment and return of retainage requirements and engage them in monitoring; it should be an agency-coordinated effort.
8. There is a difference between approving payments to prime contractors and monitoring that subcontractors have been paid promptly.
9. You should audit subrecipients to ensure they are monitoring subcontractor prompt payment and prompt return of retainage.
10. Ensure that subrecipients have adopted your DBE Program Plan's prompt payment timeframes and chosen retainage method.
11. At post-award or pre-construction meetings, review prompt payment and return of retainage provisions with all contractors.
12. Review subcontracts to ensure that the correct payment and retainage provisions are included.

For questions regarding prompt payment and return of retainage monitoring, visit or contact:



[DBE Program Best Practices | US Department of Transportation](#)



(202) 366-4648

SECTION 11

Information Sources



Official USDOT guidance:

<https://www.transportation.gov/sites/dot.gov/files/docs/mission/civil-rights/civil-rights-learning-center/307421/guidance-prompt-payment-and-retainage-final.pdf>

Prompt Payment Section Sample Template:

<https://www.transportation.gov/civil-rights/disadvantaged-business-enterprise/prompt-payment-section-sample-template>



SECTION 12

Important Definitions



Contractor: one who participates, through a contract or subcontract (at any tier), in a DOT-assisted highway, transit, or airport program.

DOT-assisted Contract: a contract, in any form, between a recipient and a contractor funded in whole or in part with DOT financial assistance, except a contract solely for the purchase of land.

Prime Contractor: primary contractor on the project.

Recipient: any entity, public or private, to which DOT financial assistance is extended, whether directly or through another recipient, through the programs of the FAA, FHWA, or FTA, or who has applied for such assistance.

Retainage: the withholding of a portion of payments to ensure a contractor or subcontractor has finished a construction project completely and correctly.

Subcontractor: a firm under agreement, in any form, to perform a portion of another firm's contract.

Subrecipient: any entity, public or private, to which DOT financial assistance is extended through another recipient, through the programs of the FAA, FHWA, or FTA, or who has applied for such assistance.





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