

CHANGE ORDER LAW GUIDE

Navigating Washington's New Change Order Law

A Comprehensive Guide to Change Orders and Timely Payments

In Washington, public agencies must issue change orders no later than **30 days** after additional work that has been completed and receipt of a change order request. If the public agency does not issue a change order within the 30 days, interest accrues on the dollar amount of the additional work completed and not in dispute until the change order is issued.

Prior to being amended in June 2024, the change order statute (RCW 39.04.360) only applied to prime contractors on public projects to ensure timely issuance of change orders. The updated law now extends these protections to private projects (excluding residential projects with 12 units or fewer), as well as to subcontractors and suppliers.

What Contractors Need to Know

The most significant update to the change order statute (RCW 39.04.360) focuses on the **timeliness of both requesting and issuing change orders**. Contractors, subcontractors, and suppliers need to be aware of new deadlines and the potential consequences of failing to comply with them.

The New 30-30-10 Day Rule:

- **30 Days:** Contractors must issue a change order request to the owner or upper-tier contractor within 30 days of completing the additional work.
- **30 Days for Owners:** Owners must issue a change order no later than 30 days after satisfactory completion of the additional work and receipt of the change order request.
- **10 Days for Upper Tier Contractors:** Upper-tier contractors have 10 days to issue a change order to the lower-tier contractors after receiving an approved change order from the owner or upper-tier contractor.

The Impact of Delays

Failure to meet these deadlines results in **interest charges** and **legal fees** on overdue payments. Contractors should be proactive in managing their change orders and payment timelines.

Interest on Late Payments: 12% per annum (or 1% per month) interest on the dollar amount of the additional work satisfactorily completed and not in dispute until a change order is issued.

Legal Fees: Contractors can now bring an action in court for violations of this statute to seek relief, including legal fees and costs.

Avoid liability on interest: A contractor that requests a change order from the owner or upper-tier contractor within 30 days of receiving the request from a lower-tier contractor is not liable for any interest on the unpaid amount.

IN CONCLUSION

Washington's new change order statute puts clear deadlines on change orders and payments. By following the 30-30-10 day timeline, contractors and subcontractors can protect themselves from delays, avoid unnecessary interest, and keep projects moving smoothly.

Staying organized, using the provided template "Change Order Request and Notice of Completion," and acting quickly on change order requests will help ensure you get paid fairly and on time.

CHANGE ORDER REQUEST AND NOTICE OF COMPLETION TEMPLATE

We've developed a template to streamline change order requests and notifications to the owner after completion of additional work. This form notifies the owner or upper-tier contractor of their legal obligations and starts the clock for issuing a timely change order.

PROJECT DETAILS: Include project name, contract number, and owner information.

NOTICE TEXT: Clearly request a change order for completion of the additional work.

PAYMENT TERMS: Be specific about the due dates for change orders and payments.

