

HOUSE BILL 2552

By Mannis

AN ACT to amend Tennessee Code Annotated, Section 66-34-104, relative to retention of a portion of contract price in escrow.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 66-34-104(a), is amended by deleting the subsection and substituting:

(a) Whenever, in a contract for the improvement of real property, a certain amount or percentage of the contract price is retained, that retained amount must be deposited in a separate, interest-bearing, escrow account with a third party that is established upon the withholding of the retainage, unless the party withholding the retained funds and the contractor to whom the funds are owed agree on another arrangement.

SECTION 2. This act takes effect upon becoming a law, the public welfare requiring it.