

# California Appellate Court Limits Public Agency's Right To Withhold Retention Only As Security For Stop Notice Claims And Deficiencies In Contract Performance

*Education Law Alert*

The California Court of Appeal in *East West Bank v. Rio School District* (2015) (2015 DJDAR 3677) recently ruled that the grounds for public agencies to withhold retention funds under Public Contract Code section 7107 prompt payment requirements are limited. The Court held in part, "Public Contract Code section 7107 allows a public entity to withhold funds due to a contractor when there are liens on the property or a good faith dispute concerning whether the work was properly performed."

Download

RELATED PRACTICES

Education Law
Construction Law

RELATED PEOPLE

Deirdre Joan Cox

© 2025 Burke, Williams & Sorensen, LLP. All rights reserved.