

Minnesota Supreme Court Decision Requires Strict Compliance for Payment Bond Notice Requirements

In *Safety Signs, LLC v. Niles-Wiese Construction Co., Inc.*, No. A12-0370, the Minnesota Supreme Court was, for the first time, asked to interpret the notice requirements in the Minnesota payment bond statute, Minnesota Statute 574.31, subd. 2(a). The Court determined that it had no choice but to interpret the statute as requiring strict compliance with the requirement that a potential payment bond claimant provide notice to the surety and contractor at the address listed **on the bond**.

In *Safety Signs, LLC*, Safety Signs, a subcontractor on a project, was not paid by Niles-Wiese Construction Company, the general contractor on the project. As a result, Safety Sign sent a notice to Niles-Wiese's surety and Niles-Wiese. However, Safety Sign sent the notice to Niles-Wiese at the address listed on its subcontract, rather than the address listed on the bond. The Minnesota Supreme Court determined that Safety Sign's notice was insufficient as it failed to strictly comply with the notice requirement of Minnesota's payment bond statute, which requires that notice be provided to the contractor "at their addresses as stated in the bond specifying the nature and amount of the claim . . ." Minn. Stat. 574.31, subd. 2(a). Because Safety Sign failed to strictly adhere to this requirement, their claim was invalid.

As a result of the *Safety Signs, LLC* decision, it is critical that all parties that may be beneficiaries of a payment bond, whether they be contractors, subcontractors, or materials suppliers, ensure that the bond notices are served on the address provided on the bond, not the address provided in their contract.

Of course, the *Safety Signs, LLC* decision is limited to those matters concerning payment bonds. As a result, it does not alter the notice requirements for mechanics' liens, which expressly permit good faith efforts, rather than strict compliance. See Minn. Stat. 514.011, subd. 2(b).