

Mechanic's Liens



What is a Mechanic's Lien?

A lien is a specific legal process that can be used by contractors and others as a lawful remedy for securing payment for labor or materials that have been used to improve another person's property. If the owner's property is improved, the owner should not receive the benefit without paying for it. Lien laws are designed to give protection to laborers and material suppliers in the event of default by the contractor or property owner.

When a lien is recorded with the appropriate governmental agency, it serves as a dark cloud on the owner's title to the property. In worst cases, the property can be foreclosed and sold and the money used to pay laborers and material suppliers. If a contractor or someone else places a lien against the owner's property, the threat of foreclosure by the holder of the lien will make it difficult for the owner to sell that property or borrow against it. Lien foreclosures can happen even if the owner has paid the prime contractor in full, but the prime contractor has not paid laborers or material suppliers.

Who is entitled to file a lien?

Any contractor, laborer, material supplier or other individual who furnishes labor, skills or materials contributing to the improvement of real estate is entitled to place a lien upon the premises located on that real estate.

Property Subject to Lien

The improvement itself and the land on which the improvement is situated are subject to the lien. If there is a contract, the amount of the lien will be subject to the unpaid amount of the contract. If there is no contract, the amount of the lien will be equal to the fair market value of the labor, skills and materials provided.

Notification of Owner

Contractors must notify a customer of the possibility of a lien being filed.

1. If there is a contract, the information should be part of the contract.

2. If there is no contract, the contractor must deliver the required noticed personally or by certified mail within 10 days of the agreement to provide the services.
3. Subcontractors not under direct contract to the owner must deliver the required notice of commencing work within 45 days of first furnishing the labor, skills or materials, but no later than the time that the general contractor has been paid in full.

*****IT IS THE HOMEOWNER'S RESPONSIBILITY TO NOTIFY CASTLE UPON RECEIPT AND TO SUPPLY A COPY TO CASTLE OF ANY PRE-LIEN NOTICES RECEIVED BY THE OWNER FROM CASTLE TRADE PARTNERS AND/OR MATERIAL SUPPLIERS. DOING SO ENSURES THAT CASTLE CAN OBTAIN LIEN WAIVERS UPON PAYMENT TO TRADE PARTNERS AND/OR MATERIAL SUPPLIERS WHO HAVE SENT PRE-LIEN NOTICES. IF YOU DO NOT INFORM CASTLE OF PRE-LIEN NOTICES RECEIVED, CASTLE CAN NOT GUARANTEE THAT MATERIAL PROVIDERS USED BY CASTLE TRADE PARTNERS ARE PAID IN FULL, RUNNING THE RISK OF A LIEN BEING FILED AGAINST YOUR HOME.**

Lien Waivers

The owner is not required to pay the prime contractor for work performed by those who gave proper notice of commencing work to the owner until 120 days from completion of the improvement, **UNLESS** the prime contractor furnishes the owner waivers of lien claims signed by those who furnished labor, skills and materials and who gives the required notice of commencing work to the owner.

Number of days allowed to file a lien:

For materials providers, 120 days from date of invoice for material provided.

For subcontractors, 120 days from the last date of work on the project.