

INTRODUCTION

Construction Lien Digest is designed as a handy desk reference for creditors who supply the construction industry with materials and/or labor. A well-informed credit executive is aware that protecting Lien and Bond rights is crucial in securing the extension of credit.

For each jurisdiction, ***Construction Lien Digest*** is divided into two sections:

- (1) *Construction Liens* for private projects, and
- (2) *Bond Claims* on public projects.

In some cases, a *Lien on Funds* (also known as a *Stop Notice* or *Public Improvement Lien*) may be available. Which state law applies depends upon the location of the project. Federal projects are governed by Federal law (The Miller Act), which pre-empts state bond laws.

The most important consideration in protecting Lien/Bond rights is knowing if a *Preliminary Notice* is required and when it must be filed. ***Construction Lien Digest*** provides this information. ***Construction Lien Digest*** is not a “do-it-yourself” reference guide. When it comes to the actual preparation and filing of documents, we recommend utilizing LienMaster or corporate counsel for the following reasons:

- (1) Each state follows its own unique requirements for protecting Lien/Bond rights.
- (2) Courts require “strict compliance” in order to afford protection to construction creditors, i.e., the “t’s” must be crossed, and the “i’s” must be dotted.
- (3) A *Preliminary Notice* or *Construction Lien* filed incorrectly may be invalid or useless.
- (4) A *Preliminary Notice* or *Construction Lien* filed late may be invalid and useless.
- (5) The job information provided by your customer is helpful, but is usually insufficient to completely secure your rights. Verifying the exact construction chain, the exact street address, the full legal description of the property, or the Payment Bond number; these are all essential ingredients for proper protection, yet such information is usually not provided by your customer.

Construction Lien Digest focuses on providing information to material suppliers and subcontractors for commercial construction. The Lien/Bond laws may vary as applied to general contractors or residential construction.

The “deadlines” provided in ***Construction Lien Digest*** are the last possible date on which specific action must be taken. The specific laws allow and LienMaster strongly recommends that the *Preliminary Notice*, *Construction Lien*, or *Bond Claim* be filed well before the deadline.