

Guide To The



CALIFORNIA Mechanics Lien & Getting PAID

zlien
LIEN SMART. GET PAID.

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Introduction to the California Mechanics Lien

The California mechanics lien law can be tricky so when it's time to move forward with a payment claim, project participants should tread carefully. [The Golden State has a lot of grey areas when it comes to lien law](#) so it's important that the lien is completed accurately – Any little mistake can invalidate the lien and put your receivables at risk.

That being said, do not be intimidated! *The Lien and Credit Journal* has published a wealth of information about how your mechanics lien and bond claim rights can empower you to get paid.

This guide we will not only determine whether or not you qualified for a California mechanics lien, but it will provide step by step instructions to help you manage accounts from start to finish.

What Is A Mechanics Lien?

Mechanics liens are a staple in the construction industry, and while everyone in the industry knows liens exist, it's sometimes surprising how little folks know about these instruments. Unfortunately, that's probably because there is just so much to know about liens.

But in this short eBook, we want to clear through all the clutter, the deadlines and the hyper-technical requirements and just talk to you about the basics of a mechanics lien.

What Mechanics Liens Do

Attorneys and contractors alike call liens the *most powerful collection tool* available to contractors and suppliers. Why?

"If you didn't have a lien, you'd have to file a lawsuit against the property owner, win and then put the judgment against the property to get the benefits of the lien instrument. Filing a construction lien gives you this benefit from day one of the dispute, which is a huge advantage."

The power of the mechanics lien can be reduced to two explanations.

First, filing a mechanics lien gives you a privilege against the property where work was performed. You get a lien on the property similar to a bank's mortgage, and that means the property can't be sold, transferred, refinanced – and construction loans can't be converted to standard loans – until your lien is resolved.

Now, liens expire. [They do NOT stay on the property forever.](#) Sometimes, they expire very quickly. However, you can file a suit to enforce your lien, and the lien will stick around on the property until the lawsuit is resolved. This is called a [Lien Foreclosure](#) action. While some may see this foreclosure process as a downgrading of the mechanics liens' effectiveness, the truth is just the opposite. If you don't have a lien, you have to file a lawsuit against the property owner, win and then put the judgment against the property to get

the benefits of the lien instrument. Filing a construction lien gives you this benefit from day one of the dispute, which is a huge advantage.

Second, a mechanics lien gives you the right to sue more people.

When someone breaches a contract and doesn't pay you money owed, you can always sue that person. But you can't sue anyone else – because they don't owe you anything. They don't have a contract with you, and they didn't breach any obligations.

In construction, the property owner has a contract with the prime contractor, but not with all the subs and suppliers. So, the subs and suppliers can't sue the property owner, right? *Wrong.*

If you file a mechanics lien, you can sue the person you contracted with and everyone else up the chain. This can create a very delicate situation for the prime contractor and the property owner, which usually results in squeezing you payment.

This is just a quick overview of what a mechanics lien actually does. We go into a lot more depth about other effects to filing a mechanics lien, which act to get you paid. You can read more on this topic at [17 Ways A Mechanics Lien Works To Get You Paid](#).



Why a Mechanics Lien Is Important

Construction, unlike nearly every other industry, is statutorily given this mechanics lien remedy. The remedy is unique to common law countries, like the US and England, but the rest of the world doesn't really have this. It's a very powerful remedy that is in contrast to the usual workings of the law.

It's powerful, and that's why it's important. You should use this remedy.

Chart: Mechanics Lien & Preliminary Notice Requirements

Preliminary Notice	Mechanics Lien
Prime Contractor	Prime Contractor
Preliminary 20-Day notice must only be served on the construction lender (if any) within 20 days of first providing materials or labor. Tardy notice only effective for work done in the preceding 20 days.	Must be filed within 60 days from filing of Notice of Completion or Cessation, or if neither are filed, within 90 days from completion of the work. Action to enforce due 90 days after recording of claim.
Sub/Laborer	Sub/Laborer
Preliminary 20-Day notice must be served on owner, prime contractor and lender (if any) within 20 days of first providing materials or labor. Tardy notice only effective for work done in the preceding 20 days.	Must be filed within 30 days from filing of Notice of Completion or Cessation, or if neither are filed, within 90 days from completion of the work. Action to enforce due 90 days after recording of claim.
Supplier/Other	Supplier/Other
Preliminary 20-Day notice must be served on owner, prime contractor and lender (if any) within 20 days of first providing materials or labor. Tardy notice only effective for work done in the preceding 20 days.	Must be filed within 30 days from filing of Notice of Completion or Cessation, or if neither are filed, within 90 days from completion of the work. Action to enforce due 90 days after recording of claim.

Step 1: Can You File a California Mechanics Lien?

A company must first analyze whether they have a mechanics lien rights under law before filing. Some states have very strict requirements about who is and is not entitled to present a mechanics lien claims, while other states are very liberal.

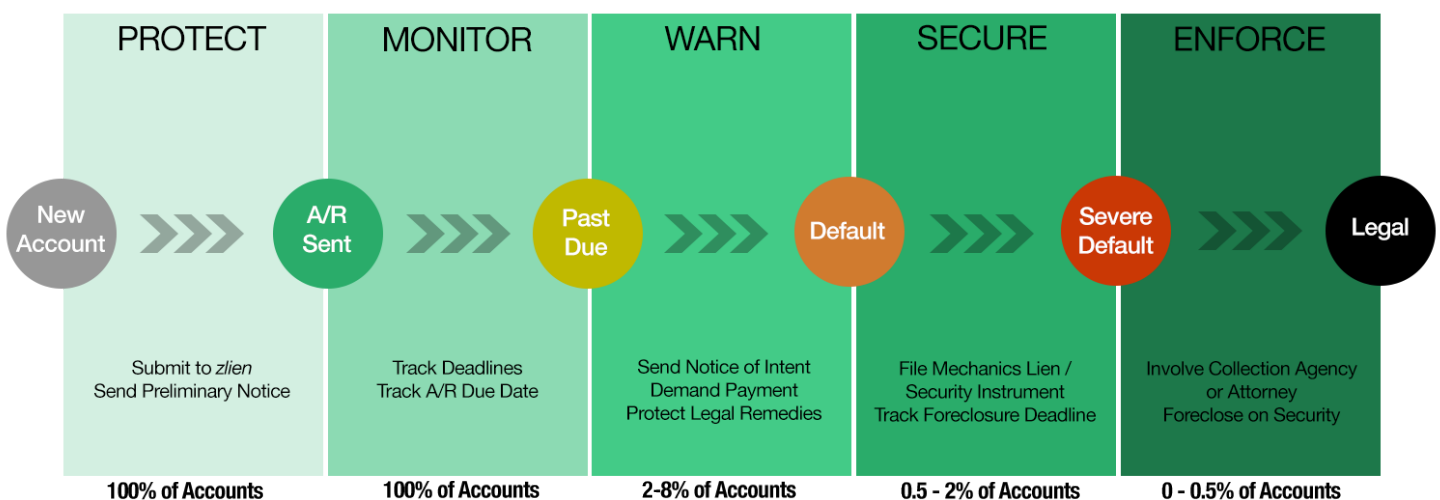
The following parties are entitled to mechanics lien rights in California: Direct Contractor; Subcontractor; Material Supplier; Equipment Lessor; Laborer; Design Professional; Person providing work authorized for a site improvement.

For all parties, of course, it is required that the party provided work authorized for a work of improvement. In California, this means that if you are a supplier your materials must actually be used on the project.

Step 2: Do You Need To Send Any Preliminary Notices?

The mechanics lien compliance framework is virtually the same in every state. If you qualify for mechanics lien rights (see Step 1 above), you have a “security interest” in the project. However, the state’s law will require you to take certain measures to preserve that right.

This infographic outlines the general process of lien security:



As you can see, the process starts with a “protection” element. **Those qualified to file a mechanics lien must take precautions at the very start of a project** to “protect” or “preserve” the lien right on that project.

Each state has unique rules set forth as to what claimants must do to protect these lien rights. In most instances, some type of “preliminary notice” is required.

California law generally requires that every project participant send a preliminary notice prior to recording a mechanics lien, giving stop payment notice, or asserting a claim against a payment bond as a prerequisite for validity. The failure to provide a preliminary notice to all required parties, and in compliance with the form and time requirements set forth is fatal to a lien in California.

This infographic provides an overview of when to send preliminary notice, who to send it to, and how to send it:



The notice must be given no later than 20 days after the claimant has first furnished labor or materials to fully protect the lien claimant. A lien claimant who failed to provide a 20-day notice within 20 days of first providing labor or materials may provide the notice at a later date, but will only retain lien rights for materials and/or labor furnished within the 20 days preceding the late notice, and the labor and/or materials provided thereafter.

California's preliminary notice requires that the claimant identify the contract amount or "estimated contract amount" on the notice itself. Unlike the law in Arizona that has a 20% rule requiring the estimated amount to be within 20% of the final total, California doesn't have any restrictions or guidance as to when this disclosed amount will be unsatisfactory.

To read more about estimating your contract amount read this article, [Is a Second California Preliminary Notice Required If Change Order Increase Contract Price?](#)

The answer appears to be no, but it is certainly a gray area and eyebrows will eventually be raised when an estimated contract amount is significantly different than a final lien claim.

How and To Whom Notices Must Be Sent in California

Understanding how construction and preliminary notices are treated within a state is only half the battle. The next step is to practically perform the preservation work required by sending off the notices. This requires a lot of practical knowledge about the state's notice requirements, such as:

- Who must receive your notices?
- How exactly must the notice be sent?
- Is notice considered sent when it is mailed, or delivered?
- What to do if the mail piece is returned or unclaimed?

This section of the guidebook will explore this practical need-to-know information for California.

Who Must Receive The Notices?

The person receiving notice will be different depending on your place in the contracting chain. Generally speaking, the lower you go into the contracting chain, the greater number of parties must receive your notices. This makes perfect sense in the mechanics lien context, as construction notices are designed to keep project participants informed about who is on the project below them. In these types of situations, it is a best practice to send notice to *everyone* above you on the contracting chain, even if only a selection of parties are required.

In California, the preliminary notice must be given to the owner or reputed owner, the direct contractor, and the construction lender (if any).

To learn more about the ins and outs of California preliminary notice check out this article [California Preliminary Notice: A Very Important Document.](#)

How Must Notice Be Sent?

All preliminary notices should be sent by registered or certified mail.

The Preliminary 20-day Notice shall be given by registered or certified mail, express mail, or overnight delivery by an express service carrier.

Why You Need To Be Careful When Sending California Preliminary Notices by USPS (link)

Is Notice Requirement Met When the Notice is Mailed...or Actually Delivered?

This is a tricky question in mechanics lien and preliminary notice law. Sometimes, notice periods can be quite short and the mailing system can be unpredictable. Whether the notice requirement is considered met when a mail piece is *sent* by you, or actually delivered to the recipient, can make a big difference in a party's lien rights....and, perhaps more importantly, in demonstrating compliance with the notice requirement. After all, it may be a lot easier to prove a notice was sent than it is to prove it was delivered.

In California, the preliminary notice must be SENT within the 20 day notice period, and actual delivery is not required within the period. The requirement is considered met if properly sent within the period.

What to Do If a Mail Piece Is Returned or Unclaimed?

State requirements everywhere set forth preliminary notice and construction notice requirements that leave a lot to be desired in addressing practical issues that arise when it comes to compliance. This is especially true with respect to the actual delivery of a notice.

It is common when sending mail that mail will be lost, returned, undeliverable because of address problems, or, in the case of certified and returned mail, returned because the recipient refuses delivery or never was around to sign for it (i.e. “unclaimed”).

What is a construction participant to do about this?

Understand Why the Mail Piece Was Not Delivered

The first thing you need to do is understand why the mail piece was returned. When mail pieces are returned to you, they are marked with a “code” or “endorsement.” These [endorsements are explained on the USPS website](#).

Here is a chart of those endorsements with our categorization notes:

USPS Endorsement	USPS Explanation	Our Category
Defective Mailing		
Attempted – Not Known	Delivery attempted, addresses not known at place of address	Defective Mailing
Moved, Left No Address	Addressee moved and filed no change-of-address order	Defective Mailing
Insufficient Address	Mail without number, street, box number, route number, or geographical section of city/state omitted and correct address not known	Defective Mailing
Illegible	Address not readable	Defective Mailing
No Such Number	Addressed to non-existent number and correct number not known	Defective Mailing
No Such Office in State	Addressed to non-existent post office	Defective Mailing
No Such Street	Addressed to non-existent street	Defective Mailing

	and correct street not known	
Not Deliverable As Addressed – Unable to Forward	Mail undeliverable at address given; no change-of-address order on file; forwarding order expired.	Defective Mailing
Returned for Better Address	Mail of local origin incompletely addressed for distribution or delivery	Defective Mailing
Undeliverable as Addressed, Missing PMB or #Sign	Failure to comply with postal requirements	Defective Mailing
Returned for Postage	Mail without postage or indication that postage fell off	Defective Mailing
Recipient Action		
Refused	Addressee refused to accept mail or pay postage charges on it	Recipient Action
Unclaimed	Addressee abandoned or failed to call for mail	Recipient Action
Box Closed – No Order	Post office box closed for nonpayment of rent	Recipient Action
No Mail Receptacle	Addressee failed to provide a receptacle for receipt of mail	Recipient Action
Suspect Mail Piece		
Outside Delivery Limits	Addressed to location outside delivery limits of post office of address	Suspect Mail Piece
Temporarily Away	Addressee temporarily away and period for holding mail expired	Suspect Mail Piece
Vacant	House, apartment, office, or building not occupied	Suspect Mail Piece
Deceased	Used only when known that addressee is deceased and mail is not properly deliverable to another person	Suspect Mail Piece

Defective Mailing: Try Resending When the Deliverability of the Construction Notice Relates to a Defect with the Addressing Of the Mail Piece

If the mail piece is returned to you because it was not properly addressed, the best practice is to correct the deficiency and to send the notice again. Example endorsements from the USPS that likely fall into this category are marked on the above chart as “Defective Mailing.”

Most states may not require that you get a construction notice in the recipient's hands, but they will require that you address the mail piece properly and set it on its way. If the preliminary notice or construction notice is returned because of one of these defective mailing reasons, it is a best practice to conduct some research into the address and the recipient, and get it resent.

Recipient Action: Keep Your Mailing Records, Post Your Notice, And Try Sending Regular US Mail When Recipient Action Causes the Return of Your Notices

You are required to properly address a construction notice or preliminary notice, and to stick it in the mail according to state rules. You cannot control whether the recipient accepts the document, and for this reason, most states will not require any further action if you properly mailed a notice and it is returned to you.

Nevertheless, here are three best practices to follow when a construction or preliminary notice is returned to you because of a recipient's action:

1. Keep evidence of mailing. You will later need to prove that you sent this notice. Keep evidence of your attempt, including the evidence you have that connects the notice recipient to the address where delivery was attempted;
2. Put a copy into regular US mail: Preliminary notices must usually be sent by certified mail, which can be refused or unclaimed. However, regular first class mail pieces cannot be refused or unclaimed. Take your returned notice, put it in a first class envelope, and resend it. Keep evidence of your first class mailing to prove you took this extra step, it may be the evidence that saves your lien claim.
3. Post a copy of the notice at the jobsite. This is easier for subcontractors than it is for material suppliers. In 99.9% of cases, it is not a requirement, so don't break your back trying to do this.

Suspect Mail Piece: Double Check Your Preliminary Notice's Information When Mail is Returned for Suspect Reasons

The endorsements above labeled as “Suspect Mail Piece” are not commonly returned to folks who send preliminary notices. Therefore, if you receive this endorsement, double-check your research and your information about the notice recipient.

If your information is incorrect, treat it like a Defective Mailing. If your information is correct, treat it like a Recipient Action return.

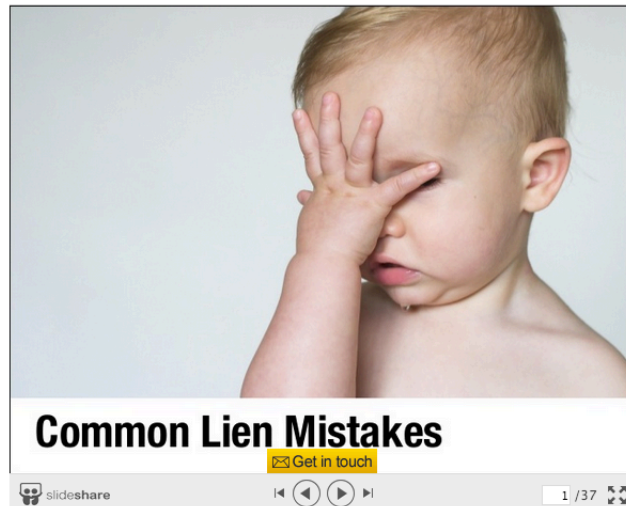
Step 3: Draft Your Mechanics Lien Form

Now it's time for the big show – drafting and preparing your mechanics lien document for filing. The mechanics lien form is very important because there are so many details that must be remembered during preparation. It is very common for businesses to prepare their own lien claims and make mistakes, overlook requirements and technicalities, and more.

Don't do this!

Of course, that is easier said than done.

We have a presentation on the most common mechanics lien mistakes. While this presentation refers to mechanics lien claims generally and not with regard to any specific state, it is useful. While lien laws and requirements vary significantly from state-to-state, the mistakes are rather common and uniform.



Here are the 5 “Common Lien Mistakes” reviewed in that presentation:

1. **Center of the world syndrome:** Mistakes are made when people think they understand the lien laws and don't respect the nuances. Rumors, “common knowledge,” “what you did in the past,” and other things like this are perfect traps.
2. **Details, Details, Details:** The smallest of things can make the biggest difference with mechanics lien filings. Consider a recent case where “A&L Construction Corp.” was used instead of “A. & L. Construction Corp.,” which invalidated the claim!
3. **Property Descriptions:** The mechanics lien document must identify the property, and that doesn't mean giving its mailing address or the cross streets. A formal legal description is usually required, which identifies features such as lot number, range, square, township, subdivision, and

more.

4. **Not Having The Lien Right:** This goes back to “Step 1” of this guide, which requires determination of whether a party does or does not have a mechanics lien right. A common mistake is filing a mechanics lien without the actual right to do so.
5. **Being Greedy:** Don’t stuff a mechanics lien with penalties, interest, fees, filing fees, attorney fees, or otherwise. Most likely, all of these things cannot be added to the lien. It may be recoverable under contract, but not in the lien. Stick to the principle amount and don’t pad the lien amount.

In California, the law is quite clear that the lien is limited to the reasonable value of the work provided by the claimant, or the price agreed to by the claimant and the person who contracted for the work (less payments already received). However, if you foreclose on the lien, the court may award the prevailing party the money paid for recording the lien, and attorney’s fees, as costs.

California has a relatively short time in which to enforce a valid Mechanics Lien. In California, it is required that a mechanic’s lien be enforced within Ninety (90) days from the date on which the lien was recorded. If this 90-day period passes without an action being commenced to enforce the lien, the lien expires. However, in California it is possible to extend the time in which an action to enforce must be commenced if the claimant and the owner agree to extend credit pursuant to California law. In this instance the action to enforce must be commenced within 90 days after the expiration of the credit, but in no case more than 1 year after completion of the work of improvement.

Once an action to enforce the lien has been filed in the appropriate court, the complaint must be served on the defendant within 60 days of the filing. Further, proof of serving the summons and complaint on the defendant must be filed with the court within 60 days of the service on the defendant.

Step 4: File and Serve Your Mechanics Lien

Your mechanics lien form is now prepared and ready to go. It's time to file your document, and then to serve (i.e. deliver) your document upon relevant parties.

The Deadline to File Your Mechanics Lien

You'll want to file your mechanics lien on time, of course. Calculating your mechanics lien deadline is a fairly easy task, although it is important to remember that the filing period is different in every state, and even differs depending on the characteristics of your project.

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The Practical Information You Need To File

There is a lot of non-legal practical know-how required to get your mechanics lien document successfully recorded. Here is a list of the most important practical information you need:

- Where to file it?
- What margin/paper size requirements does the county have?
- When is the recording office opened and closed?

- What is the filing fee?
- Must it be served after it is filed? To who, and how?

You'll want to pay close attention to details when filing your mechanics lien because there is little consistency between county recorders within a single state. Counties may have different margin and paper size recording requirements, and they will almost certainly have different filing fees. Sometimes, they even adhere to different holiday schedules!

Here is some of the practical information you need to know when filing a mechanics lien in California:

Where to File: CA liens should be filed with the county recorder's office (not the clerk of court) county clerk could be misleading

Margin/Paper Size: Differs, contact county

Open/Closed Office: Closed on weekends, county holidays differ

Filing Fees: Differs, contact county

Must The Lien Be Served After Filing: Yes. A copy of the Claim of Mechanics Lien (including the required Notice of Mechanics Lien wording) must be served on the owner or reputed owner of the property. Service may be accomplished by sending the lien registered mail, certified mail, or first-class mail, evidenced by a certificate of mailing, postage prepaid, addressed to the owner or reputed owner at the owner's or reputed owner's residence or place of business address or at the address shown by the building permit on file with the authority issuing a building permit for the work. Service is complete at the time of mailing.

Failure to comply with these service requirements will cause a California Mechanics Lien to be unenforceable as a matter of law.

Top Questions for the County Recorder



When it comes to filing a mechanics lien there are a lot of legal considerations and trap but one of the most difficult parts of filing your lien may be the actual filing process. Specifically, working with county recorders can be like trying to order a specialty drink in a foreign tongue, and no matter how frustrated you get they are the gatekeepers to getting your document filed.

Frankly, recorders are tricky and picky. The smallest error can result in a rejected mechanics lien, and if you have a fast-approaching deadline, that could cause quite the conundrum. With this list of what to ask the county recorders, your path to a recorded lien will be smooth. Or, you can outsource your notice and lien compliance and leave the job of dealing with the (usually) cantankerous county recorders to somebody else.

1. "Is this the correct office in which to record a mechanics lien?"

If you find the number of the county recorder, it seems like you should be in the clear. But many times your call can end up going to the courthouse, town hall general operator, a secretary who doesn't have the answers, or even a different department period. You should note that, in some states, the county recorder is not even who you want to talk to, even if

you are directly connected – in Pennsylvania, you need to contact the prothonotary. When you try to ask the wrong party for information, you will be transferred all over the court house or town hall. Save time and ask, “Is this is where I can record my lien?” If it’s not, have them transfer you. And be sure to write down that extension in case you need to call again.

2. “What are your filing fees to record a mechanics lien?”

Everything in life comes with a price, and mechanics liens are no different. Asking for filing fees is not black and white. For example, if the county recorder says the recording fee is \$15.00, be sure to ask if \$15.00 is a flat rate or if the \$15.00 is only for the first page. Be particularly persistent when it comes to the state of Massachusetts. Massachusetts requires two documents to file one lien (“Notice of Written Contract” and “Statement of Account”). When the recorder tells you the fee is \$75.00, be sure to ask if the \$75.00 is a flat rate, or \$75.00 for each document. For reference, most Massachusetts recorders require you to pay separately for each document. That turns into a whopping \$150.00 to record your mechanics lien.

3. “Do you keep the original or must I provide a copy to stamp and return?”

You worked hard putting these documents together, and you want a stamped and recorded document to show for it. Be sure to have the recorder return either the original, or a stamped copy. It’s probably up to you to determine which recorders are not forthcoming with this information. If they do keep the original, ask if there is a fee to stamp the copy, and don’t forget to send a self-addressed, stamped envelope so they’ll mail it back.

“You work hard putting these documents together, and you want a stamped and recorded document to show for it.”

4. “Do you accept out of state business (or personal) checks?”

Many times, the project giving rise to the potential mechanics lien is not in the same state as the party claiming the lien. If this occurs, you need to make sure you ask about the form of payment that the county recorder accepts. Some only accept money orders or attorney checks.

5. "Who do I make the check out to?"

States vary. For example, some Massachusetts counties require "Commonwealth of Massachusetts" on their checks, while some counties in New York use "NY County Clerk." You want to be sure that the payment is made out appropriately, because even if everything else is perfect, the county will reject your document if the payment is not proper.

6. "Do you record the day it is received or are you backlogged?"

Naturally you hope your document is being recorded promptly, but some counties can be two weeks, or even more, behind. Find this out because if you have a close deadline, you might want to think about hiring a courier or rushing your document.

7. "Do you have any margin requirements (and what are they)?"

Most counties just need 3" at the top of the first page of your document, just enough room for a stamp. Be wary though, other states need 2" at the bottom, or need a half page space on the first page. Then again, other recorders I have spoken with have never been asked that question before. Be sure to ask, and you shouldn't have any problems.

8. "I have to send this via FedEx, what is the best address to send to?"

Many county offices use P.O. boxes. That can cause a problem if you're sending your document FedEx because FedEx does not deliver to P.O. boxes. Be sure not to accept a P.O. address when sending your document, with enough searching, there is always a physical address to which your document can be sent.

By using this list of questions as a guide and starting point, you should be well on your way to getting the right information from your county recorder. Keep in mind, however, that these questions, and their corresponding answers, can help you get a mechanics lien filed, but if it doesn't meet the statutory requirements of your state, it still may not be enforceable.

Step 5: Get Paid or Enforce Your Mechanics Lien Claim



Filing a mechanics lien is an effective way to get paid if confronted with a non-paying project, but that doesn't mean you can just file the lien document and forget about it. Like anything else, follow-up is required.

1: Send the Mechanics Lien to Everyone

This one is a no-brainer. In many cases, state law mandates that mechanics liens be served upon certain parties like the property owner or the general contractor. Of course, comply with these requirements, but also go a step further by sending copies of the mechanics lien to all potentially interested parties, including subcontractors, construction managers, property managers, lenders, and more.

The magic of the mechanics lien is that it gets multiple parties involved with your debt. Sending the lien claim along to these parties insures that is accomplished.

Once you start distributing the mechanics lien claim, give it a little time. You want to give the mail service a chance to deliver the lien, and then give each recipient some time to review the claim and to talk about it internally. By the way, if you filed your mechanics lien with *zlien*, you can skip this step because our liens are mailed off to all interested parties on your project.

2: Call the Person Most Likely to Pay; Then Call the Property Owner

Once you've given the mechanics lien claim some time to get distributed to everyone on the project, you'll want to follow-up with a call to some key parties.

The most important party here is the person who is most likely to pay you. Typically, this is the party that hired you to work on the project. While they may have been tough negotiators before, filing the mechanics lien probably shifted the leverage, and you may have some more wiggle room. Talk to them and see what their payment plans are post-lien.

If that conversation goes nowhere, or if you just want to make sure the pressure stays on, give the property owner a call as well. While many folks in the construction world understand the mechanics lien instrument, property owners are sometimes perplexed. It's a good idea to give the property owner a call. Explain to the owner that you'd rather not involved him or her, but if you don't get payment from someone else on the project, you'll be required to enforce your lien against the owner directly. This usually gets their attention.

Phone calls and emails are important and you should give them time, but if talks are dragging on for longer than 10-14 days without any payment commitments, you want to move onto the next step.

3: Send Letter Warning of Foreclosure

If your phone calls or emails don't elicit payment or a payment plan, it's time to escalate the claim. Do this by sending a letter to the property owner, the prime contractor and any other interested parties warning that the mechanics lien will be foreclosed if you don't receive payment. Send it certified mail.

Folks get intimidated sometimes when writing letters. You don't have to be Mark Twain here, something simple like the following will work:

Dear Sir or Madam:

Having not received payment for the services furnished to your construction project located at _____, our company filed a mechanics lien against the property. Attempts to collect this debt from relevant parties following this filing has thus far failed.

Please be advised that our company intends to proceed with foreclosure of this claim if payment is not arranged within the next seven (7) days. At the end of any such action to foreclosure, a judgment may be rendered against the property in the amount of our mechanics lien claim plus attorneys fees, costs and interest, and the property may be sold to satisfy our claim.



A *Demand on Mechanics Lien* template is provided with this guidebook.

Mark 7 days on your calendar. Make another phone call or send another email if you think it's worth it. If 7 days come and go and payment isn't arranged, move onto Step 4.

4: Escalate To Collections

Some people don't like collection agencies, but that's because they've worked with the wrong collection agencies. A [quality collections partner](#) can help your company collect debt instead of writing it off, and without incurring expensive attorney fees.

Why? Because a commercial collections agency can escalate the importance of your debt by reporting the company to credit bureaus, by acting as a third party neutral to negotiate the issues holding up payment, and by simply acting as an indication to the non-paying party that you're willing to escalate the debt.

Send your account to commercial collections as the next step. Give this process between 20-45 days.



5: File Foreclosure Lawsuit

[Most mechanics lien claims get paid before a foreclosure action is ever required.](#) However, there are those instances when none of the above measures work, and foreclosing on your lien claim is necessary.

While you may be unfamiliar with foreclosure lawsuits and the legal process in general, that's not a reason to let your mechanics lien claim expire and to just write off this debt. The debt may have its challenges, but it is not dead. Just as the mechanics lien filing is effective at getting most companies paid, escalating a lien claim to a foreclosure action is successful at getting most of those types of debts paid.

To file a foreclosure action you'll need to hire an attorney. In most cases, even if your claim value is very low, [this is not something you can pursue in small claims court alone](#).

If you are collecting your debt through *zlien*, [zlien's collections program](#) will find an attorney practicing in the area of the construction project to proceed with the lien foreclosure action. This is an extension of the collections program, so it won't cost you any hourly attorney fees.

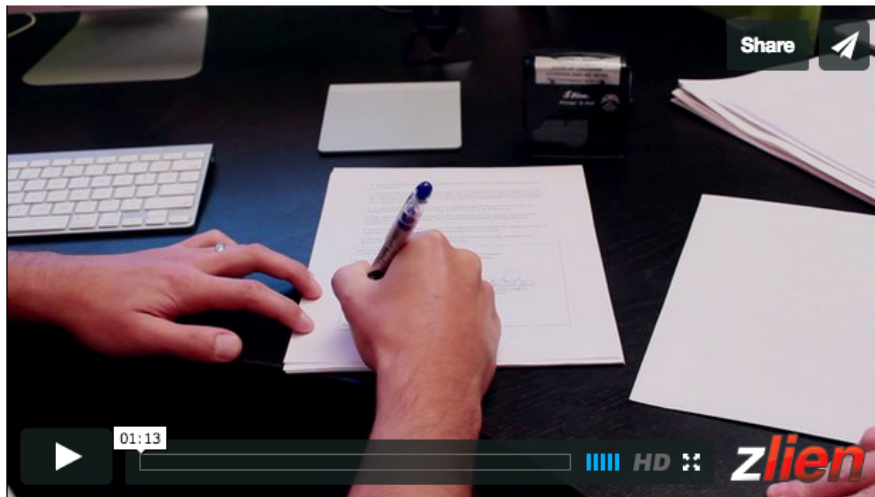
California has a relatively short time in which to enforce a valid Mechanics Lien. In California, it is required that a mechanic's lien be enforced within Ninety (90) days from the date on which the lien was recorded. If this 90-day period passes without an action being commenced to enforce the lien, the lien expires. However, in California it is possible to extend the time in which an action to enforce must be commenced if the claimant and the owner agree to extend credit pursuant to California law. In this instance the action to enforce must be commenced within 90 days after the expiration of the credit, but in no case more than 1 year after completion of the work of improvement.

Once an action to enforce the lien has been filed in the appropriate court, the complaint must be served on the defendant within 60 days of the filing. Further, proof of serving the summons and complaint on the defendant must be filed with the court within 60 days of the service on the defendant.

Get Smart: File Your Mechanics Lien Online

This guidebook provides a comprehensive discussion and guide to the mechanics lien process. This closing section addresses a tool you can use to file your mechanics liens easily, and online. In other words, you can avoid all of the nuances and practical challenges to filing a mechanics lien, and leverage technology to accomplish the filing in minutes.

You Can File Your Mechanics Lien Online



zlien allows contractors, material suppliers and others in the construction industry to file their mechanics lien online. To do so, simply [complete an online interview about your construction project](#). After entering your project information, *zlien* will research the project, generate the mechanics lien form, and get the document recorded.

In many cases, your mechanics lien claim is even electronically recorded with the county recorder's office, as more than 790 county recorders now allow e-recording. Here is a video summarizing how *zlien* processes your mechanics lien claim:

Do I Need An Attorney To File My Mechanics Lien?

Thanks to technological advances, a lot of work that used to be reserved for attorneys has been automated and commoditized. Filing a lien in the past meant contacting an attorney, negotiating an hourly rate, conducting an interview to collect information about your project, and on and on. The end product, however, was simply manipulating a form.

zlien's software does all the tough work in preparing your mechanics lien claim. This allows you to represent yourself and get the mechanics lien filed without hiring an attorney. And since *zlien* is an authorized Submitter for electronic recording in counties across the country, we can take your lien document and get it promptly filed.

You can still hire an attorney, of course, and sometimes you should even with *zlien's* service available. We addressed this in a previous post titled: [Construction Attorney or Lien Service: The Pros and Cons.](#)

Will A Mechanics Lien Get Us Paid?

This is a tough question because every situation is unique and there cannot be a single answer to a question like this. Nevertheless, we have some statistics and information that may help you.



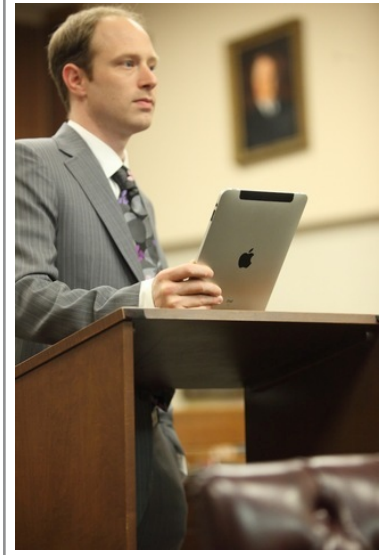
FILE A LIEN

First, a mechanics lien has a lot of effects, and these effects push the parties on the construction project to pay your debt.

Second, we've seen the success of mechanics lien claims first hand and conducted a survey recently on the success of mechanics lien claims filed by our service. Even though many file liens after they have tried every other avenue for payment, and thus the debts are highly unlikely to get paid, [over 64% of them are paid within 90 days without any further legal or collection efforts.](#) Even more are paid thereafter.

About The Author:

Scott Wolfe is the CEO of *zlien*, the provider of software and services that help building material supply and construction companies reduce their credit risk and default receivables through the management of mechanics lien and bond claim compliance. A licensed attorney in six states, Scott is a founding partner of Wolfe Law Group, a boutique construction law firm. He has extensive experience in corporate credit management and collection laws, construction litigation, and utilizing mechanics liens, UCC filings, and other security instruments to control bottom line performance. He is the founding author of the *Lien & Credit Journal*, a leading online publication about liens, security instruments, and using leverage to control payment. His writing has also appeared in the *New York Times*, CFMA's *Building Profits* magazine, *Credit Today*, *Supply House Times*, Construction Executive's *Risk Management* eNewsletter, *MultiBriefs*, Hanley Wood's *Professional Deck Magazine*, and the *Puget Sound Business Journal*.



About *zlien*:

zlien's mission is to empower organizations to get what they have earned. To accomplish this, they publish an enterprise-class platform that enables construction industry participants to leverage their lien and security rights in order to control DSOs, credit risk, collection rates, and bottom line success. Founded by experienced construction attorneys, *zlien* is the leading publisher of mechanics lien and bond claim resources and analysis. The company has led the industry in innovating credit risk management solutions by utilizing lien and bond claim laws. Learn more about *zlien* at <http://www.zlien.com>.



Forms and Templates:

This guidebook includes many free forms and templates for use in the state to preserve, protect, and enforce a company's mechanics lien rights. These forms, of course, are all provided subject to *zlien's* [Terms of Use](#).

California Notice of Completion

California Notice of Credit

California Notice of Intent to Lien

California Mechanics Lien

California Notice of Non-Responsibility

California Mechanics Lien Release

Demand on Mechanics Lien

California Civil Code 3093

California Civil Code 3092

PROPERTY OWNER ("Owner")

Property Address and Legal Description where Work was Performed:

ORIGINAL CONTRACTOR

DATE LABOR CEASED OR WAS COMPLETED ON THE IMPROVEMENT

____/____/20____

(the "Date")

County of _____
State of California

("Property")

VERIFICATION

I, as a disclosed Agent of the Owner, state that I have read this Notice and that upon information and belief, I certify that I believe the facts therein are true under penalty of perjury.

Signed this ____ day of _____,
20____.

_____, Agent for Owner

Signed by: _____

NOTICE OF CREDIT

LIEN CLAIMANT ("Claimant") _____ _____ _____	Property Address and Legal Description where Work is Being Performed: _____ _____ _____ _____ _____ _____ _____ _____ _____ _____
PROPERTY OWNER ("Owner") _____ _____ _____	
THE CLAIM OF LIEN ("Lien") Book _____ Page _____ Other _____ Amount \$ _____ Dated: ____/____/20____	County of _____ State of California ("Property")

THE LIEN above described was recorded by the Claimant against the Property, owned by the Owner. Pursuant to the provisions of California Civil Code §3144, the Owner and Claimant agree to provide a credit of 90 days from the date of this Notice's filing, thereby extending the lien's validity for 90 days following the expiration of that 90-day credit period. The Owner waives any right to object to the lien on the grounds of timeliness of any action to foreclose the Lien brought within 90 days after the expiration of the 90-day credit period.

<p>Signed on this ____ day of _____, 20____.</p> <p>_____ Property Owner</p> <p>Sworn to and subscribed before me, Notary Public, on the date inscribed above.</p> <p>_____ Notary</p>	<p>Signed this ____ day of _____, 20____.</p> <p>_____ _____, Agent for Claimant</p> <p>Signed by: _____</p> <p>Sworn to and subscribed before me, Notary Public, on the date inscribed above.</p> <p>_____ Notary</p>
--	--

NOTICE OF INTENT TO LIEN

THIS IS NOT A LIEN

Notice To:

Name and Mailing Address of Party Providing
Notice and Selling Materials ("Noticing Party"):

Address Where Materials Delivered ("Property"):

Description of Services or Materials Provided:

Certified Mail No: _____

Total Amount Owed to Notifying Party ("Debt"):

The notice is provided to inform you that the Notifying Party has provided the above-described materials and/or services to the Property, and that payment for these services and/or materials, the "Debt," is due and owing to the Notifying Party.

This is a notice to you that the Notifying Party is owed the Debt, and that payment has not been made to the Notifying Party on the Debt.

If payment is not made to the Notifying Party, a Claim of Lien, commonly referred to as a Mechanics Lien, will be filed against the Property in ten (10) days after delivery of this notice as per California Statutes.

_____, agent for Noticing Party
Signed by _____

Instrument Prepared By
And Recording Requested By:

Space Above For Recorder's Use

Statement of Mechanics Lien
California Civil Code Section 8416

<u>Claimant:</u> (Name and Address)	<u>Property Liened</u> (Property): State of California County:
<u>Property Owner:</u> (Name and Address)	Legal Description:

NOTICE IS HEREBY GIVEN that Claimant claims a lien for labor, service, equipment or materials under Section 8416 et seq. of the Civil Code of the State of California, upon the Property, above-described, and upon every estate or interest in such structures, improvements and premises held by any party holding any estate therein. The labor, service, equipment or materials were furnished for the construction of those certain buildings, improvements, or structures, now upon that certain parcel of land above-described as the Property.

<p><u>Services:</u> The lien is claimed for the following labor, services, equipment or materials:</p>	<p><u>Amount Due:</u> Amount due after deducting all just credits and offsets:</p> <p>\$</p>	<p><u>Hiring Party:</u> Name and Address of person or entity to whom Claimant furnished labor, services, equipment and/or materials:</p>
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<p>I, the undersigned, as a disclosed and authorized agent of the Claimant, state that I have read the foregoing Claim of Lien, that I have been provided information regarding the facts and contents therein, and that based thereupon, I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.</p> <p>Signed:</p> <p>_____ Claimant Print Name: Date:</p>	<p>Name of Claimant: (Company Name)</p> <p>Signed:</p> <p>_____ Claimant Print Name: Date:</p>
--	---

NOTICE OF MECHANICS LIEN
ATTENTION!

Upon the recording of the enclosed MECHANIC'S LIEN with the county recorder's office of the county where the property is located, your property is subject to the filing of a legal action seeking a court-ordered foreclosure sale of the real property on which the lien has been recorded. That legal action must be filed with the court no later than 90 days after the date the Mechanic's Lien is recorded.

The party identified in the Mechanic's Lien may have provided labor or materials for improvements to your property and may not have been paid for these items. You are receiving this notice because it is a required step in filing a Mechanic's Lien foreclosure action against your property. The foreclosure action will seek a sale of your property in order to pay for unpaid labor, materials, or improvements provided to your property. This may affect your ability to borrow against, refinance, or sell the property until the Mechanic's Lien is released.

BECAUSE THE LIEN AFFECTS YOUR PROPERTY, YOU MAY WISH TO SPEAK WITH YOUR CONTRACTOR IMMEDIATELY OR CONTACT AN ATTORNEY, OR FOR MORE INFORMATION ON MECHANIC'S LIENS GO TO THE CONTRACTORS' STATE LICENSE BOARD WEBSITE AT www.cslb.ca.gov.

NOTICE OF NON-RESPONSIBILITY

California Civil Code § 3129

<u>PROPERTY OWNER</u> ("Owner") _____ _____ _____ The Property Owner is the Fee Owner of the Property. The work to the improvement, made subject of this Notice of Non-Responsibility, is being furnished at the request of the Tenant/Lessee: <u>TENANT/LESSEE</u> ("Tenant") Causing the Work to be Performed on the Improvement: _____ _____ _____	Property Address and Legal Description where Work is Being Performed: _____ _____ _____ _____ _____ _____ _____ _____ County of _____ State of California ("Property")
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NOTICE IS HEREBY GIVEN that the Property Owner has learned within the ten days preceding this notice that construction materials, services, labor, equipment, tools and/or other work is being performed on the real estate described in this notice as the Property. The Owner owns this Property, and the Tenant is causing the work to be performed thereupon. Pursuant to California Civil Code § 3129, the Owner gives notice that it will **NOT BE RESPONSIBLE FOR ANY CLAIMS** arising from the work.

Verification: I, as a disclosed Agent of the Claimant, that I have read the Claim of Lien, and that upon information and belief, I certify that I believe that the facts therein are true under penalty of perjury.	Signed this ____ day of _____, 20____. _____ Express Lien, Inc., Agent for Claimant Signed by: _____
--	---

Please Return To:
Recording Requested By:

SPACE ABOVE FOR RECORDER'S USE

RELEASE OF MECHANICS LIEN
California Civil Code Section 8146 et seq.

Claimant

(Give name & address)

Property Owner (Owner)

(Give name & address)

Property Liened (Property)

(Give municipal address & legal description)

State of California
County of _____

The Claimant, undersigned, hereby releases, discharges, and/or acknowledges satisfaction of that certain notice and claim of mechanic's recorded on the ____ day of _____, 20____, against the Owner, at the office of the County Recorder of _____ County in Book _____ of Official Records, page _____, as instrument number _____, affecting the Property. The aforesaid notice and claim of mechanic's lien is released, discharged and/or satisfied as follows: (Give reason for cancellation)

☐ Lien has been paid and satisfied

☐ Claimant did not file suit to enforce lien within 90 days from filing, and seeks the release of the instrument as per the California Civil Code

☐ Claimant wishes to release the Claim of Lien for other reasons, but reserves any rights available to Claimant under law to pursue collection of the claim amount.

Notary: On the ____ day of _____, 20____, In the State of _____, County of _____, before me, undersigned Notary Public, personally appeared _____, Agent for Claimant, appearing herein through _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to within the instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under the PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signed this ____ day of _____, 20____.

_____, Agent for Claimant

Signed by: _____

Demand on Mechanics Lien Template

Date: _____

Sent via Certified Mail No: _____

Dear Sir or Madam:

Having not received payment for the services furnished to your construction project located at _____, our company filed a mechanics lien against the property. Attempts to collect this debt from relevant parties following this filing has thus far failed.

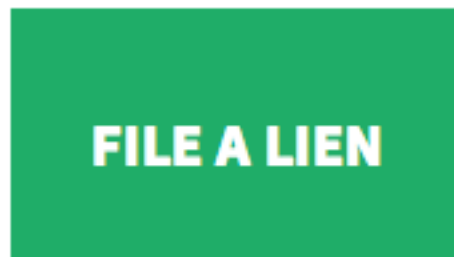
Please be advised that our company intends to proceed with foreclosure of this claim if payment is not arranged within the next seven (7) days. At the end of any such action to foreclosure, a judgment may be rendered against the property in the amount of our mechanics lien claim plus attorneys fees, costs and interest, and the property may be sold to satisfy our claim.

Sincerely,



**Thousands of companies trust zlien
every year to secure billions of
dollars in receivables.**

Now, it's your turn.



[Click to File A Lien](#)