

## 10 Simple Mechanic's Lien Rules for Contractors and Subcontractors Doing Construction Business in the State of Arizona

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1. A **Preliminary 20-Day Lien Notice** (Private Work) must be served to all legal parties on a project (Customer, Owner, General Contractor, Lender) within 20 days after first furnishing construction related labor, professional services, materials, machinery, fixtures or tools to a jobsite. Each day after the 20th day, you lose 1/20 of your financial interest in the financial value of construction related labor, services, equipment or materials your company provided for the project. A Preliminary Notice may be given out at a later point in time, but your financial recovery for a Mechanic's Lien, if filed, can only be for the 20 day period prior to the Preliminary Notice being filed. If you underestimate the total value of labor, materials or services provided for a project, you are limited to 120% of the original amount in the initial Preliminary 20-Day Lien Notice. You may file a second Preliminary 20-Day Lien Notice if your total value of labor or materials provided exceeds 120% of the original amount.
2. A **Notice and Claim of Lien** (Mechanic's Lien). If the Owner has recorded a Notice of Completion or a Notice of Cessation, you have 60 days to file a Notice and Claim of Lien (Mechanic's Lien) with the County Recorders Office. If a Notice of Completion or a Notice Of Cessation has not been recorded by the Owner, you have 120 days after completion of the "improvement" to file a Notice and Claim of Lien (Mechanic's Lien) with the County Recorders Office.
3. A **Notice and Claim of Lien** (Mechanic's Lien) cannot be filed for projects that are City, County, State or Federal related. Additionally, if a payment bond has been recorded for a private construction project, that project may not be liened. A Mechanic's Lien may also not be filed for a residential project unless you have a contract to provide of construction related labor, services, equipment or materials directly with the owner-occupant.
4. A party who supplies **materials to another supplier** does not have Mechanic's Lien rights in Arizona.
5. The completion of the **entire construction project** is considered the starting date for the Mechanic's Lien filing period. You then have 120 days to file a Notice and Claim of Lien. If a Notice of Completion has been recorded, the deadline is 60 days.
6. An **unlicensed contractor** can not use the Mechanic's Lien process in Arizona.
7. A **Complaint to Foreclose a Mechanic's Lien** (legal perfection of a Lien) must be filed within six months of filing a Notice and Claim of Lien (Mechanic's Lien) at the County Recorders Office in the county where a project you provided construction related construction related labor, professional services, materials, machinery, fixtures or tools.
8. The **Conditional Waiver and Release Upon Progress Payment** can be requested by the legal parties on a project who have been served a Preliminary 20-day Lien Notice through a promise to make a partial payment for furnishing construction related labor, professional services, materials, machinery, fixtures or tools.
9. The **Unconditional Waiver and Release Upon Progress Payment** can be requested by the legal parties on a project who have been served a Preliminary 20-day Lien Notice for a received partial payment for furnishing construction related labor, professional services, materials, machinery, fixtures or tools.
10. You may produce a **Stop Notice** to the Owner or Construction Lender when you have not received payment for furnishing construction related labor, professional services, materials, machinery, fixtures or tools. It may be given with or without a bond. You may "Bond" a Stop Notice if it is accompanied by a bond in the amount of 125% of the amount stated in the Stop Notice. When a Bonded Stop Notice is sent to a construction lender, the construction lender is required to withhold payments to the General Contractor in response to the Stop Notice.