

# What's the Difference Between a Lien Waiver and Lien Release?



## THE PROBLEM

When it comes to lien waivers and lien releases, the terminology used for both documents isn't standardized across the industry. Some people use the terms interchangeably, but they are actually two completely different documents. To avoid mixing up a lien waiver with a lien release, it's important to know how they differ from each other.

## Lien Waivers

Lien waivers are like glorified receipts. Typically, before a payment is issued or an invoice is sent, lien waivers may be exchanged. When a lien waiver is signed, the signing party waives their right to file a mechanics lien.



### Real World Example

A general contractor pays a subcontractor for laying tile. The subcontractor then signs a lien waiver, giving up his lien rights on the amount they were paid.

## Lien Releases

Lien releases are documents that remove a mechanics lien from a property. Typically, a lien release is filed when the mechanic's lien was effective in its job of prompting payment. In some states, it's a legal obligation that has consequences if not obeyed.



A mechanics lien is placed on a property for unpaid work. In response, the property owner makes the payment and a lien release is filed to remove the lien from the property.

## SNAPSHOT COMPARISON

- Legal document that forfeits your lien rights when signed
- Document that removes a mechanic's lien from a property
- Used when payments are exchanged and acts similar to a receipt
- Used when a mechanics lien has already been filed and payment has been made
- Takes a mechanics lien out of the equation by revoking lien rights
- Takes a mechanics lien out of the equation by removing an existing lien
- Usually used while a project is in progress and before payment conflict has arisen
- Usually used when a project has been completed and after payment conflict is resolved
- Isn't a strict requirement statewide
- Mandatory requirement in some states