

Letter of Intent to Lien

YOUR QUESTIONS, ANSWERED.

1 What is a letter of intent?

Simply put, a letter of intent (aka notice of intent) is a payment demand letter. When your client hasn't paid you for your work, you can send this document as a warning that if payment isn't made, a lien is right around the corner. It is often effective as it is mailed to all parties in the construction chain (not just to your client).

2 Am I required to send a letter of intent?

In Arizona, it is not required that a letter of intent be sent prior to filing a lien, but a few states do require it. It is important that you are aware and understand the state statutes and lien timeframes for the state you are working in.

3 Is it a good idea to send a letter of intent?

If you haven't been paid for your work, you may want to consider sending a letter of intent to lien for the following reasons:



It may be enough to obtain payment without filing a Mechanics Lien



They are a fraction of the cost that comes with filing a Mechanics Lien



They can help business relationships by creating open communication and transparency

4 How does it differ from a prelien?

While both documents help obtain project payment that is owed, they aren't the same thing.

PRELIEN



Document that notifies all parties involved of your involvement in the permanent improvement of real property that's sent to all parties on the project protects your lien rights should you need to file a lien.



Should be sent within 20 days of the start of a project in Arizona, before any payment is due.



Required in AZ and several other states in order to protect your lien rights.

LETTER OF INTENT



Document that warns all parties that if payment isn't made, a mechanics lien will be filed.



Is sent after a prelien is mailed and right before a lien is filed.



Is sent before a lien is filed, and is not required in Arizona, but is very effective in obtaining payment without having to file a lien.

While a letter of intent is a helpful tool to get you paid, it still may not be enough; in which case you may still choose to file a Mechanics Lien!