

4 Important Things to Know About Preliens

When it comes to protecting your lien rights and getting paid on every job, the first step is to know notice requirements and send preliens when required. When doing so, there are a few important things to keep in mind!



Don't Limit Your Scope

When you are asked to define your scope of work, do not limit yourself to specific language. Utilize broad, generalized statements of work so the project owner can't refute the work performed wasn't included. As a good rule of thumb, use statements like "including, but not limited to" to cover your bases.

If and when you receive a change order for a significant increase in the estimated project amount, make sure that you amend your notice to protect the full value of your work on a project. In Arizona you should do this when the amount increases by 30% or more. This rule varies by state. Best practice is to amend the prelien at the time of the change order.

Complete Amendments ASAP



Know Who Owns The Property

It is important to know whether your job is on private or public property as it will change the necessary lien documentation. Because in most states you can't file a lien against a public entity (i.e. government or school), make sure to ask for a Performance and Payment Bond as this can help you in filing a Bond Claim if you are not paid. The Surety/Bonding companies should be included on the preliens.

Different types of projects require different contracting regulations in order to ensure your lien rights. For example, in Arizona, if you are working on an owner-occupied residential property, you will need to have a contract with the owner directly in order to have any lien rights, even if you are a subcontractor.

Make Sure You Are Contracted Through The Right Party

