

Mechanic's Liens: A Valuable Tool That Must Be Used Carefully and Quickly

By Hayes Edwards

Mechanic's liens are known to be powerful resources to help collect unpaid construction debts. They allow contractors (and others) to create a lien against their customer's property before their claim even gets to a court. Compared with the typical process—where a lien is the result of exhaustive litigation—this procedure allows credits to “start at the end.” But the steps to obtaining a mechanic's lien are not always intuitive, and not all construction companies can qualify. Even worse, a mis-handled lien application can waive valuable rights.

The most sensitive requirement for filing a mechanic's lien is the deadline. Unlike a typical claim for a monetary debt, a mechanic's lien must be filed soon after construction finishes – and this deadline is different for each local jurisdiction. Beyond that, not all properties or projects can be the subject of a mechanic's lien, and this issue can be subject to factual disputes about the value of the work performed. Finally, the filing of a mechanic's lien does not guarantee payment, so creditors need to understand how to use the lien, and how not to use it. Although a lien technically allows for an involuntary sale of the property, that nuclear option is not always in the contractor's interest, and there might be other ways the lien can lead to a positive outcome. An attorney experienced in pursuing unpaid construction debts can help you understand the big picture of how to use the lien as part of a broader effort to get paid.

Paley Rothman helps contractors, subcontractors, materialmen, and other construction creditors identify their lien rights and develop strategies for exercising those rights in the most cost-effective and beneficial way possible. If you or your company is weighing how to pursue an unpaid construction invoice, do not hesitate to contact Hayes Edwards at hedwards@paleyrothman.com.