



Newsletter

Special Edition

AUGUST 2019

CONSTRUCTION COLLECTIONS

RCS is a results-oriented collection agency located in Arizona.

OWNER OCCUPANT ARS 33-1002 B

*No lien is allowed against the residence of an "owner-occupant" residence, unless the lien claimant has a **written** contract with the owner-occupant. If the homeowner holds title to the property prior to the commencement of construction, and intends to reside in the dwelling for at least 30 days within 1 year of the completion of the home, IT IS CONSIDERED OWNER OCCUPIED BY AZ STATUTES.*

By Lee Goldblatt, President RCS

I hear this so many times: *Why should I prelien an owner occupied residence, if I don't have lien rights?*

Here is why:

It lets the owner know you are supplying labor/materials to the home. This is huge, especially for a lower tiered sub or supplier. The prelien notice lets the General Contractor know the claimant supplied labor/material.

The Owner or General Contractor should request lien waivers to make sure everyone is paid, before their next draw.

If the owner sells the property during construction or within 120 days from completion, you can place a lien on the new owner, provided you sent a timely prelien notice.

Not many contractors know this, but the sub can only go after the GC's ROC bond if a **timely prelien has been sent.**

You can get around this exemption by having the Owner sign a "Sale to Builder and Owner Occupant" letter. We have suggested language to use when you go through a builder on a residence.

RCS can also help you with construction debt prevention by following the very complex state mechanic's lien law.

Let RCS handle your lien needs. There are numerous pitfalls in lien law. Let our 28 years of collection & lien experience help you avoid costly errors and missed filing deadlines. We can help streamline your lien filing and collection processes so you can spend more time selling construction, instead of collecting debt.

Lien law statutes were initially created by state legislators to protect builders against the property owner. Parties that supply labor, materials, professional services, fixtures or tools for the improvement of real property may assert a lien claim against an owner's property, **provided** they follow the necessary steps.

A contractor/supplier has a much better chance at collection from a debtor when a prelien is sent correctly.

Don't gamble by not sending a timely-correct prelien.

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