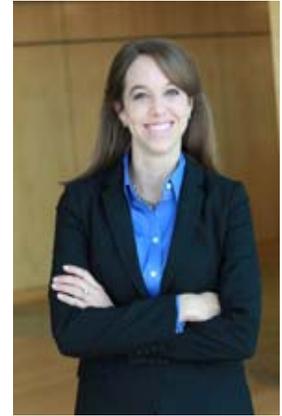


FIVE THINGS YOU NEED TO KNOW ABOUT IOWA'S NEW MECHANIC'S LIEN LAW

JODIE McDUGAL, ATTORNEY, DAVIS BROWN LAW FIRM (4/2013)

(1) New Online Filing System. All mechanic's liens, pre-lien notices (for residential projects), and other lien-related filings (other than district court filings) must be filed or "posted" on a new, centralized online registry, termed the Mechanic's Notice and Lien Registry (or MNLR). The MNLR is at www.sos.iowa.gov/mnlr, and the help line for the MNLR is: 888-767-8683.



(2) The Two Relevant Categories of Residential Construction Companies. For pre-lien notice purposes (see #3 and #4), you must know whether you are a general contractor or a subcontractor for a project. In short, a "general contractor" is anyone who furnishes labor or materials directly to an owner, and a "subcontractor" is anyone who furnishes labor or materials to a general contractor, owner-builder, or anyone other than an owner (such as another subcontractor).

(3) Two Notice Requirements for Residential General Contractors. Pursuant to the new law and administrative rules effective January 2, 2013, in order to preserve the right to later file a lien, all general contractors who utilize subcontractors on residential projects must (1) post a "Commencement of Work" Notice to the MNLR *within ten (10) days of commencement of work on each project*, and (2) also provide an "owner notice" to the owner, via a construction contract or separate notice, at the outset of the project, as was required under the old law. Below is the new owner notice language to be included in the contract. A separate owner notice form can be found at: <http://www.davisbrownlaw.com/Jodie-Clark-McDougal>.

Persons or companies furnishing labor or materials for the improvement of real property may enforce a lien upon the improved property if they are not paid for their contributions, even if the parties have no direct contractual relationship with the owner. The state construction registry provides a listing of all persons or companies furnishing labor or materials who have posted a lien or who may post a lien upon the improved property.

The state construction registry, called Mechanic's Notice and Lien Registry, can be found at www.sos.iowa.gov/mnlr, and the toll-free telephone number for this state construction registry is 888-767-8683.

(4) One Notice Requirement for Residential Subcontractors. All residential subcontractors (including suppliers) working under a general contractor or owner-builder are required to post a "Preliminary Notice" to the MNLR if they want to preserve their lien rights. This notice should be posted as soon as possible, which currently means, as soon as labor or materials are furnished to or for a project.

(5) Mechanic's Liens. General contractors and subcontractors must post their mechanic's liens on the MNLR within 90 days as of the date of last work to ensure their lien is enforceable to the largest extent possible under the law. To be clear, if one fails to timely post a commencement or preliminary notice for a residential project, such person loses the right to post & enforce a mechanic's lien for the project.

ATTORNEY JODIE McDUGAL WORKS WITH RESIDENTIAL AND COMMERCIAL CONTRACTORS, SUBCONTRACTORS, ARCHITECTS, AND DEVELOPERS ON A VARIETY OF MATTERS INCLUDING: PREPARATION OF CONSTRUCTION AGREEMENTS, WARRANTIES, AND SUBCONTRACTS; MECHANIC'S LIENS; PUBLIC LIENS; DEFENSE OF DEFECTIVE CONSTRUCTION CLAIMS; AND OTHER LITIGATION MATTERS.

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