

# Mechanics' Lien Law:

Changes Effective July 1, 2012



California's laws regarding mechanics' liens have been modified pursuant to Senate Bill 189 ("SB 189"). The changes to the enforcement procedures for mechanics' liens going into effect after July 1, 2012 are substantial, including but not limited to the following:

1. A separate index will be maintained for preliminary notices filed with the county recorder (CC§8214).
2. A mechanics' lien release bond will be in the amount of 125% of the amount of the claim of lien (CC§8424).
3. A notice of completion with required warning language may be recorded on or within 15 days after the date of completion (CC§8182 and 8416).
4. The preliminary notice form and the waiver of release forms for progress payments and final payment have been revised (CC§8132 and 8138).
5. For deeds of trust recorded with priority, an optional advance of funds by the construction lender that is used for construction costs has the same priority as a mandatory advance of funds by the construction lender, provided that the total of all advances does not exceed the amount of the original construction loan (CC§8458).
6. New 20-day requirement for filing a notice of pendency of action (CC§8461).
7. A court may dismiss an action to foreclose a mechanics' lien if it is not brought to trial within two years after commencement of the case.
8. After service of a bonded stop payment notice, a construction lender must give written notice within 30 days of the lender's election to not withhold funds for the claimant.
9. For certain projects involving construction loans in excess of \$5,000,000, an owner may be required to provide security in the form of a surety bond, irrevocable letter of credit, or escrow account. Chapter 697 (SB 189 – Lowenthal).

"CC" stands for California Civil Code



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