
Commerce & Labor Committee

HB 1309

Brief Description: Limiting lien authority against a residential homeowner.

Sponsors: Representatives Conway, Hudgins, McCoy, Wood and Chase; by request of Department of Labor & Industries.

Brief Summary of Bill

- Changes the date after which notice of the right to claim a lien on certain residential construction projects protects that right.
- Limits the amounts from which subcontractors and suppliers on certain residential construction projects may satisfy liens, and the amounts that they may recover.

Hearing Date: 1/26/05

Staff: Jill Reinmuth (786-7134).

Background:

Persons who furnish labor or materials for residential construction projects have lien rights that are subject to certain requirements.

State law requires subcontractors and suppliers who do not contract directly with an owner to give the owner notice of the right to claim a lien. The notice protects the right to claim the lien for services, materials, or equipment supplied after a specific date. For the new construction of a single-family residence, the date is ten days before the notice was mailed or delivered to the owner.

State law limits the amount from which subcontractors and suppliers may satisfy certain liens. For the repair, alteration, or remodel of a single-family residence or appurtenant garage, it is limited to the amount not yet paid to the prime contractor at the time the notice is received.

State law does not otherwise limit the amount that subcontractors and suppliers may recover.

Summary of Bill:

The requirements applicable to the lien rights of persons who furnish labor or materials for residential construction projects are modified as follows:

The date after which a notice of the right to claim a lien protects that right is changed. Subcontractors and suppliers who give notice protect the right to claim a lien for services, materials, or equipment supplied after the notice was mailed or delivered. This change to the lien notice requirement is also made applicable to: (1) the repair, alteration, or remodel of a single-family residence; and (2) the construction, repair, alteration, or remodel of an appurtenant garage.

The limit on the amount from which a lien may be satisfied is changed. Subcontractors and suppliers may satisfy liens only from the actual amount designated in the contract for the services, materials, or equipment supplied upon which the lien is based and not yet paid to the prime contractor by the owner at the time the owner receives the notice of the right to claim the lien. The limit is also made applicable to the new construction of a single-family residence.

The amount that may be recovered is limited. Subcontractors and suppliers may recover only the lesser of: (1) the full amount of the claim; or (2) 10 percent of the actual amounts designed in the contract for the services, materials, or equipment. The limit applies to the construction, repair, alteration, or remodel of a single-family residence or appurtenant garage.

The form of the notice of right to claim a lien is modified accordingly.

Definitions of "commercial property" and "residential homeowner" are added.

Rules Authority: The bill does not address the rule-making powers of an agency.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.