

**SENATE BILL REPORT**

**SHB 1241**

**AS OF APRIL 1, 1991**

**Brief Description:** Concerning construction liens for improvements on a single-family home.

**SPONSORS:** House Committee on Commerce & Labor (originally sponsored by Representatives Heavey, Cole, Jacobsen, Wang, Jones, R. Meyers, Appelwick, Fraser, Phillips and Cantwell).

**HOUSE COMMITTEE ON COMMERCE & LABOR**

**SENATE COMMITTEE ON COMMERCE & LABOR**

**Staff:** Dave Cheal (786-7576)

**Hearing Dates:** April 2, 1991

**BACKGROUND:**

Washington law creates a mechanics' and materialmen's lien to benefit any person who furnishes labor or materials for a private construction project. If a laborer or material supplier does not receive payment for the services or materials, the lien procedures may be used to recover the payment. To claim a lien, the potential lien claimant must provide notice of the potential lien to the owner within required time periods, file the lien within 90 days after work has ceased on the project, and initiate a lien action within eight months of filing the lien. If a lien has been properly created and is not discharged by paying the claim, then the property may be sold to satisfy the lien. In Washington, the owner's property may be subject to a lien by a subcontractor, material supplier, or laborer even if the owner has paid the prime contractor in full for the construction project. To avoid a sale of the property, an owner may be forced to pay for the work twice.

The construction lien system used in Washington is known as the "Pennsylvania system." About half of the states use another system, the "New York system." Under the New York lien laws, the owner's property may not be subject to construction liens that exceed the value of the construction project price. The lien is limited to the amount that is still owed on the construction contract at the time the lien is filed.

**SUMMARY:**

Materialmen's liens for furnishing materials, supplies or equipment for the alteration or repair of a single family residence may not exceed the amount of the construction contract. Liens may be enforced against the property only to

the extent of the balance of the contract price not yet paid when the lien notice is given.

**Appropriation:** none

**Revenue:** none

**Fiscal Note:** none requested