
SENATE BILL 6694

State of Washington **58th Legislature** **2004 Regular Session**

By Senators Fraser, Winsley, Prentice, Kohl-Welles and Kline

Read first time 01/30/2004. Referred to Committee on Commerce & Trade.

1 AN ACT Relating to protecting homeowners who hire contractors to
2 remodel or build their homes; amending RCW 60.04.021, 60.04.250,
3 18.27.020, 60.04.035, 60.04.011, and 60.04.031; adding new sections to
4 chapter 60.04 RCW; creating a new section; and prescribing penalties.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 **PART I - CONTRACTORS' FIDUCIARY DUTY AND PERSONAL LIABILITY**

7 NEW SECTION. **Sec. 1.** The legislature finds that the vast majority
8 of contractors engaged in the business of constructing or remodeling
9 owner-occupied single-family homes are both technically proficient in
10 their trade and able to manage their business dealings in accordance
11 with the highest standards. The legislature also finds, however, that
12 in those relatively few, but all-too-frequent, instances where prime
13 contractors on such construction or remodeling projects intentionally
14 or unintentionally mismanage payments received from homeowners that are
15 intended for subcontractors, suppliers, and others, existing provisions
16 are inadequate to protect homeowners. Additionally, the toll on an
17 individual homeowner's personal economic and emotional condition that
18 such financial mismanagement by this small fraction of prime

1 contractors is not adequately balanced against the responsibilities,
2 obligations, and possible penalties that contractors bear for such
3 mismanagement. Consequently, the legislature finds that it is
4 necessary to (1) clearly establish that prime contractors have a duty
5 to properly manage funds received from homeowners that are intended for
6 suppliers, subcontractors, and others, and to hold those who fail in
7 this duty personally responsible for such financial mismanagement; (2)
8 reduce the exposure of homeowners to lien liability, particularly when
9 contractors fail to pay suppliers and subcontractors as promised; (3)
10 clarify the right of homeowners to require that prime contractors
11 maintain deposits and other similar payments in a trust account for the
12 homeowner, when the homeowner elects to do so; and (4) increase
13 opportunities for homeowners to become better educated about ways to
14 protect themselves from financial mismanagement by those few
15 contractors who are unable or unwilling to meet the financial
16 management standards set by the vast majority of residential
17 contractors in this state.

18 NEW SECTION. **Sec. 2.** A new section is added to chapter 60.04 RCW
19 to read as follows:

20 (1) A prime contractor, and a prime contractor's principals,
21 partners, officers, directors, managers, vice principals, and
22 authorized purchasing agents, have the duty to act in the best interest
23 of a residential homeowner in the management and disbursement of all
24 amounts paid by the homeowner to the prime contractor for labor,
25 professional services, materials, or equipment supplied by a potential
26 lien claimant. A prime contractor shall defend the homeowner against
27 all such lien claims for which the homeowner paid the prime contractor.

28 (2) Funds paid to a prime contractor by a residential homeowner for
29 labor, professional services, materials, or equipment supplied by a
30 potential lien claimant shall not be used by the prime contractor for
31 any other purpose.

32 (3) All funds paid to a prime contractor by a residential homeowner
33 shall be presumed to be for labor, professional services, materials, or
34 equipment supplied by potential lien claimants unless, before accepting
35 payment from a residential homeowner, a prime contractor provides
36 written notice to the homeowner identifying:

1 (a) The amount of the homeowner's payment that the prime contractor
2 will retain in compensation for services provided by the prime
3 contractor;

4 (b) The potential lien claimants, if any, to which payment is due,
5 and the amounts due to each potential lien claimant; and

6 (c) Which of such potential lien claimants the prime contractor (i)
7 does not intend to fully pay from the homeowner's payment, and the
8 reason for less than full payment; and (ii) intends to fully pay from
9 the homeowner's payment.

10 (4) A prime contractor and its principals, partners, officers,
11 directors, managers, vice principals, and authorized purchasing agents
12 are liable for the full amount of any lien claim filed pursuant to RCW
13 60.04.091 if the prime contractor, or any principal, partner, officer,
14 director, manager, vice principal, or authorized purchasing agent of
15 the prime contractor, having knowledge of such use of funds or failure
16 to comply:

17 (a) Permits the use of or uses for any other purpose funds paid to
18 the prime contractor by a residential homeowner for labor, professional
19 services, materials, or equipment supplied by a potential lien claimant
20 and a notice of claim of lien is filed, pursuant to RCW 60.04.091,
21 against a homeowner by a potential lien claimant to which payment was
22 due when the prime contractor received payment from the homeowner; or

23 (b) Fails to comply or otherwise interferes with the lien
24 protection choice made by the homeowner under RCW 60.04.250.

25 **Sec. 3.** RCW 60.04.021 and 1991 c 281 s 2 are each amended to read
26 as follows:

27 (1) Except as provided in subsections (2) and (3) of this section
28 and RCW 60.04.031, any person furnishing labor, professional services,
29 materials, or equipment for the improvement of real property shall have
30 a lien upon the improvement for the contract price of labor,
31 professional services, materials, or equipment furnished at the
32 instance of the owner, or the agent or construction agent of the owner.

33 (2)(a) With respect to labor, professional services, materials, or
34 equipment for the improvement of an owner-occupied single-family
35 residence where the aggregate lien claims relating to transactions
36 constituting violations of section 2 of this act exceed twelve thousand

1 dollars, any person furnishing labor, professional services, materials,
2 or equipment for the improvement of an owner-occupied single-family
3 residence shall have a lien:

4 (i) In the amount of the contract price of labor, professional
5 services, materials, or equipment furnished at the instance of the
6 owner, or the agent or construction agent of the owner, upon any real
7 property owned by the prime contractor, and any real property owned in
8 their respective personal capacities by: (A) The owner if the prime
9 contractor is an individual proprietorship; (B) each partner if the
10 prime contractor is a firm or partnership; (C) the corporate officers
11 if the prime contractor is a corporation; and (D) all members of any
12 other business entities; and

13 (ii) Upon the improvement for no more than one-half of such
14 contract price.

15 (b) No lien against improvement to an owner-occupied single-family
16 residence shall be foreclosed unless the lien claim or claims against
17 all of the entities and persons identified in (a)(i) of this subsection
18 are insufficient to satisfy the lien.

19 (3) No person furnishing labor, professional services, materials,
20 or equipment for the improvement of an owner-occupied single-family
21 residence shall have a lien upon the improvement for labor,
22 professional services, materials, or equipment furnished on behalf of
23 the homeowner at the instance of a prime contractor or construction
24 agent employed by a prime contractor if the person knew or should have
25 known that the prime contractor had been the prime contractor or
26 construction agent on a single-family residential improvement project
27 with respect to which (a) a residential homeowner paid the prime
28 contractor for goods or services supplied by a potential lien claimant;
29 (b) the prime contractor failed to pay the potential lien claimant; and
30 (c) the potential lien claimant filed or otherwise pursued a claim of
31 lien against the homeowner in the previous three years.

32 **PART II - HOMEOWNERS' DUTIES**

33 NEW SECTION. Sec. 4. A new section is added to chapter 60.04 RCW
34 to read as follows:

35 (1) At the option of the residential homeowner, a prime contractor
36 shall deposit in a trust account, or other accounts authorized by rule,

1 maintained in a federally insured financial institution located in
2 Washington state all sums received from the residential homeowner for
3 services not yet provided or goods not yet received.

4 (2) The trust account shall be established and maintained for the
5 benefit of residential homeowners paying money to the prime contractor
6 for services not yet provided or goods not yet received. The prime
7 contractor shall not in any manner encumber the amounts in trust and
8 shall not withdraw money from the account, except the following amounts
9 may be withdrawn at any time:

10 (a) Partial or full payment to a potential lien claimant that has
11 provided goods or services to the homeowner;

12 (b) Refunds of amounts to the homeowner;

13 (c) Interest earned and credited to the trust account; or

14 (d) Remaining funds of a homeowner owed to the prime contractor,
15 provided all potential liens against the homeowner have been released.

16 (3) The prime contractor may deposit nonhomeowner funds into the
17 trust account, or other approved account, as needed in an amount equal
18 to a deficiency resulting from dishonored homeowner payments made by
19 check, draft, credit card, debit card, or other negotiable instrument.

20 (4) The prime contractor shall notify the department of any change
21 in the account number or location of the trust account, or other
22 approved account, within one business day of the change.

23 (5) The director, by rule, may allow for the use of other types of
24 funds or accounts only if the protection for consumers is no less than
25 that provided by this section.

26 **Sec. 5.** RCW 60.04.250 and 1990 c 81 s 1 are each amended to read
27 as follows:

28 The department of labor and industries shall prepare a master
29 document(~~(s)~~) that provides informational material about the basics of
30 a construction project, construction lien laws, and a list of available
31 safeguards against real property lien claims(~~(. The material shall~~
32 ~~include methods of protection against lien claims, including obtaining~~
33 ~~lien release documents, performance bonds, joint payee checks, the~~
34 ~~opportunity to require contractor disclosure of all potential lien~~
35 ~~claimants as a condition of payment, and lender supervision under RCW~~
36 ~~60.04.200 and 60.04.210. The material)), which the homeowner must
37 consider, reject, or select. Before any building permit may be issued~~

1 for the construction of a new owner-occupied single-family residence or
2 for the improvement to an owner-occupied single-family residence for an
3 amount in excess of one thousand dollars, if the construction will
4 involve the services of a prime contractor, the permit issuing agency
5 shall not issue any permit until the homeowner has personally, and not
6 through an agent, acknowledged receipt of the document. If the
7 homeowner completes the document by making selections, as indicated in
8 the document, and submits it to the agency, the permit issuing agency
9 shall maintain a copy of the completed document in the file of the
10 permit issuing agency relating to the homeowner's permit application.
11 The document shall be in substantially the following form and shall
12 also include ((sources of)) information describing the scope and limits
13 of state contractor bonding requirements, the provisions of this act,
14 and the availability of further information, including the department
15 of labor and industries and the office of the attorney general.

16 Dear Homeowner:

17 You must complete the items below and select from the options below
18 what protection, if any, you want against potential lien claims on your
19 property as a result of the construction work for which you are
20 contracting. If your contractor fails to pay subcontractors,
21 suppliers, or laborers or neglects to make other legally required
22 payments, those who are owed money can file a lien against your
23 property for payment, even if you have paid your contractor in full.
24 Anyone filing a valid lien claim may force the sale of your property to
25 recover the unpaid amount. This is true if you have hired a contractor
26 to build a new home or are buying a newly built home. It is also true
27 when you remodel or improve your property, although the amount of your
28 liability may be limited to the amount you owe the prime contractor at
29 the time a lien is filed.

30 Under Washington laws, those who work on your property or provide
31 materials and are not paid have a right to enforce their claim for
32 payment against your property. This claim is known as a construction
33 lien.

34 People who supply materials or labor ordered by your contractor are
35 permitted by law to file a lien only if they do so within ninety days
36 of cessation of performance or delivery of materials. The time frame
37 is spelled out in RCW 60.04.091.

1 If you enter into a contract to buy a newly built home, you may not
2 receive a notice of a lien based on a claim by a contractor or material
3 handler. Be aware that a lien may be claimed even though you have not
4 received a notice. Before making final payment on the project, obtain
5 a completed lien release form from each contractor and material
6 supplier. A sample of this release of lien form is available from the
7 department of labor and industries, contractor registration section.

8 You have final responsibility for seeing that all bills are paid
9 even if you have paid your contractor in full.

10 If you are dealing with a lending institution, ask your loan
11 officer what precautions the lending institution takes to verify that
12 subcontractors and material suppliers are being paid when mortgage
13 money is paid to your contractor. You may want to request lender
14 supervision if your lending institution is providing interim or
15 construction financing.

16 If you receive a notice to enforce a lien, take the notice
17 seriously. Let your contractor know you have received the notice.
18 Find out what arrangements are being made to pay the sender of the
19 notice.

20 When in doubt, or if you need more details, consult your attorney.
21 When and how to pay your contractor is a decision that requires serious
22 consideration. Washington law, RCW 18.27.114, requires contractors to
23 give you this disclosure statement if your contract exceeds one
24 thousand dollars.

25 Complete the following information, select below how you want to
26 protect yourself from possible lien claims on your property, and inform
27 your contractor of your selections or discuss your selections with your
28 contractor.

29 I, (owner's name),
30 am agreeing to have (contractor's name)
31 perform the following construction work (basic description)
32 at (location of your property using an address, legal description
33 or approximate address)
34 in the amount of \$ including all federal, state,
35 and local taxes, and this amount may be adjusted only if authorized by
36 me in writing.

37 To protect myself against possible lien claims in the future for
38 this work, I (select one):

1 department of labor and industries office. See listings under
2 "Washington state of" in the government section or the white pages of
3 the telephone book.

4 Signed by (property owner):
5 Date signed:

6 **PART III - PENALTIES**

7 **Sec. 6.** RCW 18.27.020 and 1997 c 314 s 3 are each amended to read
8 as follows:

9 (1) Every contractor shall register with the department.

10 (2) It is a gross misdemeanor for any contractor to:

11 (a) Advertise, offer to do work, submit a bid, or perform any work
12 as a contractor without being registered as required by this chapter;

13 (b) Advertise, offer to do work, submit a bid, or perform any work
14 as a contractor when the contractor's registration is suspended or
15 revoked;

16 (c) Use a false or expired registration number in purchasing or
17 offering to purchase an advertisement for which a contractor
18 registration number is required; or

19 (d) Transfer a valid registration to an unregistered contractor or
20 allow an unregistered contractor to work under a registration issued to
21 another contractor.

22 (3) It is not unlawful for a general contractor to employ an
23 unregistered contractor who was registered at the time he or she
24 entered into a contract with the general contractor, unless the general
25 contractor or his or her representative has been notified in writing by
26 the department of labor and industries that the contractor has become
27 unregistered.

28 (4) All (~~misdemeanor~~) actions under this chapter shall be
29 prosecuted in the county where the infraction occurs.

30 (5) A person is guilty of a separate gross misdemeanor for each day
31 worked if, after the person receives a citation from the department,
32 the person works while unregistered, or while his or her registration
33 is suspended or revoked, or works under a registration issued to
34 another contractor. A person is guilty of a separate misdemeanor for
35 each worksite on which he or she violates subsection (2) of this
36 section. Nothing in this subsection applies to a registered
37 contractor.

1 (6) The director by rule shall establish a two-year audit and
2 monitoring program for a contractor not registered under this chapter
3 who becomes registered after receiving an infraction or conviction
4 under this chapter as an unregistered contractor. The director shall
5 notify the departments of revenue and employment security of the
6 infractions or convictions and shall cooperate with these departments
7 to determine whether any taxes or registration, license, or other fees
8 or penalties are owed the state.

9 **Sec. 7.** RCW 60.04.035 and 1992 c 126 s 3 are each amended to read
10 as follows:

11 (1) The legislature finds that acts of coercion or attempted
12 coercion, including threats to withhold future contracts, made by a
13 contractor or developer to discourage a contractor, subcontractor, or
14 material or equipment supplier from giving an owner the notice of right
15 to claim a lien required by RCW 60.04.031, or from filing a claim of
16 lien under this chapter are matters vitally affecting the public
17 interest for the purpose of applying the consumer protection act,
18 chapter 19.86 RCW.

19 (2) The legislature further finds that acts of coercion or
20 attempted coercion by a lien claimant or potential lien claimant
21 against a residential homeowner, including but not limited to threats
22 to include or actually including interest, collection costs, or any
23 amount other than the actual price charged under the agreement between
24 the lien claimant and the homeowner for the goods and services
25 provided, are matters vitally affecting the public interest for the
26 purpose of applying the consumer protection act, chapter 19.86 RCW.

27 (3) These acts of coercion are not reasonable in relation to the
28 development and preservation of business. These acts of coercion shall
29 constitute an unfair or deceptive act or practice in trade or commerce
30 for the purpose of applying the consumer protection act, chapter 19.86
31 RCW.

32 **Sec. 8.** RCW 60.04.011 and 1992 c 126 s 1 are each amended to read
33 as follows:

34 Unless the context requires otherwise, the definitions in this
35 section apply throughout this chapter.

1 (1) "Construction agent" means any registered or licensed
2 contractor, registered or licensed subcontractor, architect, engineer,
3 or other person having charge of any improvement to real property, who
4 shall be deemed the agent of the owner for the limited purpose of
5 establishing the lien created by this chapter.

6 (2) "Contract price" means the amount agreed upon by the
7 contracting parties, or if no amount is agreed upon, then the customary
8 and reasonable charge therefor, but in no case shall "contract price"
9 include any amount payable under the contract, or otherwise, in the
10 event of nonpayment or late payment.

11 (3) "Draws" means periodic disbursements of interim or construction
12 financing by a lender.

13 (4) "Furnishing labor, professional services, materials, or
14 equipment" means the performance of any labor or professional services,
15 the contribution owed to any employee benefit plan on account of any
16 labor, the provision of any supplies or materials, and the renting,
17 leasing, or otherwise supplying of equipment for the improvement of
18 real property.

19 (5) "Improvement" means: (a) Constructing, altering, repairing,
20 remodeling, demolishing, clearing, grading, or filling in, of, to, or
21 upon any real property or street or road in front of or adjoining the
22 same; (b) planting of trees, vines, shrubs, plants, hedges, or lawns,
23 or providing other landscaping materials on any real property; and (c)
24 providing professional services upon real property or in preparation
25 for or in conjunction with the intended activities in (a) or (b) of
26 this subsection.

27 (6) "Interim or construction financing" means that portion of money
28 secured by a mortgage, deed of trust, or other encumbrance to finance
29 improvement of, or to real property, but does not include:

30 (a) Funds to acquire real property;

31 (b) Funds to pay interest, insurance premiums, lease deposits,
32 taxes, assessments, or prior encumbrances;

33 (c) Funds to pay loan, commitment, title, legal, closing,
34 recording, or appraisal fees;

35 (d) Funds to pay other customary fees, which pursuant to agreement
36 with the owner or borrower are to be paid by the lender from time to
37 time;

1 (e) Funds to acquire personal property for which the potential lien
2 claimant may not claim a lien pursuant to this chapter.

3 (7) "Labor" means exertion of the powers of body or mind performed
4 at the site for compensation. "Labor" includes amounts due and owed to
5 any employee benefit plan on account of such labor performed.

6 (8) "Mortgagee" means a person who has a valid mortgage of record
7 or deed of trust of record securing a loan.

8 (9) "Owner-occupied" means a single-family residence occupied by
9 the owner as his or her principal residence.

10 (10) "Payment bond" means a surety bond issued by a surety licensed
11 to issue surety bonds in the state of Washington that confers upon
12 potential claimants the rights of third party beneficiaries.

13 (11) "Potential lien claimant" means any person or entity entitled
14 to assert lien rights under this chapter who has otherwise complied
15 with the provisions of this chapter and is registered or licensed if
16 required to be licensed or registered by the provisions of the laws of
17 the state of Washington.

18 (12) "Prime contractor" includes all contractors, general
19 contractors, and specialty contractors, as defined by chapter 18.27 or
20 19.28 RCW, or who are otherwise required to be registered or licensed
21 by law, who contract directly with a property owner or their common law
22 agent to assume primary responsibility for the creation of an
23 improvement to real property, and includes property owners or their
24 common law agents who are contractors, general contractors, or
25 specialty contractors as defined in chapter 18.27 or 19.28 RCW, or who
26 are otherwise required to be registered or licensed by law, who offer
27 to sell their property without occupying or using the structures,
28 projects, developments, or improvements for more than one year.

29 (13) "Professional services" means surveying, establishing or
30 marking the boundaries of, preparing maps, plans, or specifications
31 for, or inspecting, testing, or otherwise performing any other
32 architectural or engineering services for the improvement of real
33 property.

34 (14) "Real property lender" means a bank, savings bank, savings and
35 loan association, credit union, mortgage company, or other corporation,
36 association, partnership, trust, or individual that makes loans secured
37 by real property located in the state of Washington.

1 (15) "Residential homeowner" or "homeowner" means the owner or
2 potential owner who occupies or will occupy a single-family residence
3 at the completion of the new construction, repair, alteration, or
4 remodel of the single-family residence or garage appurtenant to the
5 residence.

6 (16) "Site" means the real property which is or is to be improved.

7 (~~(16)~~) (17) "Subcontractor" means a general contractor or
8 specialty contractor as defined by chapter 18.27 or 19.28 RCW, or who
9 is otherwise required to be registered or licensed by law, who
10 contracts for the improvement of real property with someone other than
11 the owner of the property or their common law agent.

12 **Sec. 9.** RCW 60.04.031 and 1992 c 126 s 2 are each amended to read
13 as follows:

14 (1) Except as otherwise provided in this section, every person
15 furnishing professional services, materials, or equipment for the
16 improvement of real property shall give the owner or reputed owner
17 notice in writing of the right to claim a lien. If the prime
18 contractor is in compliance with the requirements of RCW 19.27.095,
19 60.04.230, and 60.04.261, this notice shall also be given to the prime
20 contractor as described in this subsection unless the potential lien
21 claimant has contracted directly with the prime contractor. The notice
22 may be given at any time but only protects the right to claim a lien
23 for professional services, materials, or equipment supplied after the
24 date which is sixty days before:

25 (a) Mailing the notice by certified or registered mail to the owner
26 or reputed owner; or

27 (b) Delivering or serving the notice personally upon the owner or
28 reputed owner and obtaining evidence of delivery in the form of a
29 receipt or other acknowledgement signed by the owner or reputed owner
30 or an affidavit of service.

31 In the case of new construction, repair, alteration, or remodel of
32 a single-family residence or garage appurtenant to a single-family
33 residence, the notice of a right to claim a lien may be given at any
34 time but only protects the right to claim a lien for professional
35 services, materials, or equipment supplied after a date which is ten
36 days before the notice is given as described in this subsection.

37 (2) Notices of a right to claim a lien shall not be required of:

1 (a) Persons who contract directly with the owner or the owner's
2 common law agent;

3 (b) Laborers whose claim of lien is based solely on performing
4 labor; or

5 (c) Subcontractors who contract for the improvement of real
6 property directly with the prime contractor, except as provided in
7 subsection (3)(b) of this section.

8 (3) Persons who furnish professional services, materials, or
9 equipment in connection with the new construction, repair, alteration,
10 or remodel of (~~(an existing owner-occupied)~~) a single-family residence
11 or appurtenant garage:

12 (a) Who contract directly with the (~~(owner-occupier or their)~~)
13 owner or the owner's common law agent shall not be required to send a
14 written notice of the right to claim a lien and shall have a lien for
15 the full amount due under their contract, as provided in RCW 60.04.021;
16 or

17 (b) Who do not contract directly with the (~~(owner-occupier or~~
18 ~~their)~~) owner or the owner's common law agent shall give notice of the
19 right to claim a lien to the (~~(owner-occupier)~~) owner. (~~(Liens of)~~)
20 Persons furnishing professional services, materials, or equipment who
21 do not contract directly with the (~~(owner-occupier or their)~~) owner or
22 the owner's common law agent have a lien for such amounts as provided
23 in RCW 60.04.021, which may only be satisfied from amounts not yet paid
24 to the prime contractor by the owner at the time the notice described
25 in this section is received, regardless of whether amounts not yet paid
26 to the prime contractor are due. For the purposes of this subsection
27 "received" means actual receipt of notice by personal service, or
28 registered or certified mail, or three days after mailing by registered
29 or certified mail, excluding Saturdays, Sundays, or legal holidays.

30 (4) The notice of right to claim a lien described in subsection (1)
31 of this section, shall include but not be limited to the following
32 information and shall substantially be in the following form, using
33 lower-case and upper-case ten-point type where appropriate.

34 NOTICE TO OWNER

35 IMPORTANT: READ BOTH SIDES OF THIS NOTICE
36 CAREFULLY.

37 PROTECT YOURSELF FROM PAYING TWICE

1 To: Date:
2 Re: (description of property: Street address or general location.)
3 From:

4 AT THE REQUEST OF: (Name of person ordering the professional
5 services, materials, or equipment)

6 THIS IS NOT A LIEN--THIS NOTICE IS MEANT TO PROVIDE YOU WITH
7 INFORMATION NECESSARY TO PROPERLY MANAGE YOUR CONSTRUCTION PROJECT:

8 This notice is sent to you to tell you who is providing professional
9 services, materials, or equipment for the improvement of your property
10 and to advise you of the rights of these persons and your
11 responsibilities. Also take note that laborers on your project may
12 claim a lien without sending you a notice.

13 OWNER/OCCUPIER OF EXISTING
14 RESIDENTIAL PROPERTY AND/OR
15 NEW RESIDENTIAL PROPERTY
16

17 Under Washington law, those who furnish labor, professional services,
18 materials, or equipment for the repair, remodel, or alteration of your
19 owner-occupied principal residence and who are not paid, have a right
20 to enforce their claim for payment against your property. This claim
21 is known as a construction lien.

22 The law limits the amount that a lien claimant can claim against your
23 property. If the improvement to your property is new construction,
24 repair, alteration, or remodel of a single-family residence or its
25 appurtenant garage, a lien may be claimed for some or all professional
26 services, materials, or equipment furnished after a date that is ten
27 days before this notice was given to you or mailed to you. Claims may
28 only be made against that portion of the contract price you have not
29 yet paid to your prime contractor as of the time this notice was given
30 to you or three days after this notice was mailed to you. Review the
31 back of this notice for more information and ways to avoid lien claims.

32 COMMERCIAL (~~AND/OR NEW~~
33 ~~RESIDENTIAL~~) PROPERTY

34 We have or will be providing professional services, materials, or
35 equipment for the improvement of your commercial (~~or new residential~~)

1 project. In the event you or your contractor fail to pay us, we may
2 file a lien against your property. A lien may be claimed for all
3 professional services, materials, or equipment furnished after a date
4 that is sixty days before this notice was given to you or mailed to
5 you(~~(, unless the improvement to your property is the construction of~~
6 ~~a new single family residence, then ten days before this notice was~~
7 ~~given to you or mailed to you)).~~

8 Sender:
9 Address:
10 Telephone:

11 Brief description of professional services, materials, or equipment
12 provided or to be provided:

13 IMPORTANT INFORMATION
14 ON REVERSE SIDE
15 IMPORTANT INFORMATION
16 FOR YOUR PROTECTION

17 This notice is sent to inform you that we have or will provide
18 professional services, materials, or equipment for the improvement of
19 your property. We expect to be paid by the person who ordered our
20 services, but if we are not paid, we have the right to enforce our
21 claim by filing a construction lien against your property.

22 LEARN more about the lien laws and the meaning of this notice by
23 discussing them with your contractor, suppliers, Department of Labor
24 and Industries, the firm sending you this notice, your lender, or your
25 attorney.

26 COMMON METHODS TO AVOID CONSTRUCTION LIENS: There are several methods
27 available to protect your property from construction liens. The
28 following are two of the more commonly used methods.

29 DUAL PAYCHECKS (Joint Checks): When paying your contractor for
30 services or materials, you may make checks payable jointly to
31 the contractor and the firms furnishing you this notice.

32 LIEN RELEASES: You may require your contractor to provide lien
33 releases signed by all the suppliers and subcontractors from
34 whom you have received this notice. If they cannot obtain lien

1 releases because you have not paid them, you may use the dual
2 payee check method to protect yourself.

3 YOU SHOULD TAKE APPROPRIATE STEPS TO PROTECT YOUR PROPERTY FROM LIENS.
4 YOUR PRIME CONTRACTOR AND YOUR CONSTRUCTION LENDER ARE REQUIRED BY LAW
5 TO GIVE YOU WRITTEN INFORMATION ABOUT LIEN CLAIMS. IF YOU HAVE NOT
6 RECEIVED IT, ASK THEM FOR IT.

7 * * * * *

8 (5) Every potential lien claimant providing professional services
9 where no improvement as defined in RCW 60.04.011(5) (a) or (b) has been
10 commenced, and the professional services provided are not visible from
11 an inspection of the real property may record in the real property
12 records of the county where the property is located a notice which
13 shall contain the professional service provider's name, address,
14 telephone number, legal description of the property, the owner or
15 reputed owner's name, and the general nature of the professional
16 services provided. If such notice is not recorded, the lien claimed
17 shall be subordinate to the interest of any subsequent mortgagee and
18 invalid as to the interest of any subsequent purchaser if the mortgagee
19 or purchaser acts in good faith and for a valuable consideration
20 acquires an interest in the property prior to the commencement of an
21 improvement as defined in RCW 60.04.011(5) (a) or (b) without notice of
22 the professional services being provided. The notice described in this
23 subsection shall be substantially in the following form:

24 NOTICE OF FURNISHING
25 PROFESSIONAL SERVICES

26 That on the ____ (day) ____ day of ____ (month and year) ____, ____ (name of
27 provider) ____ began providing professional services upon or for the
28 improvement of real property legally described as follows:

29 [Legal Description
30 is mandatory]

31 The general nature of the professional services provided is . . .
32 The owner or reputed owner of the real property is
33

34

1
2
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7
8
9

(Signature)

.....

(Name of Claimant)

.....

(Street Address)

.....

(City, State, Zip Code)

.....

(Phone Number)

10 (6) A lien authorized by this chapter shall not be enforced unless
11 the lien claimant has complied with the applicable provisions of this
12 section.

--- END ---