

UNDERSTANDING MECHANICS' LIENS



California Mechanics' Lien law provides special protection for contractors, sub-contractors, laborers and suppliers who furnish labor or materials to repair, remodel or build your home.

If any of these people are not paid for the services or materials they have provided, your home may be subject to a mechanics' lien and eventual sale in a legal proceeding to enforce the lien. This result can occur even where full payment for the work of improvement has been made by the homeowner.

The mechanics' lien is a right that California gives to workers and suppliers to record alien to ensure payment. This lien may be recorded where the property owner has paid the contractor in full and the contractor then fails to pay the subcontractors, suppliers, or laborers. Thus, in the worst case, a homeowner may actually end up paying twice for the same work.

Why, you may ask, can a homeowner be placed in the impossible situation of having to pay twice for the same work? The answer lies in the Constitution and laws of California. The overriding theory behind the mechanics' lien law is that between two potentially blameless parties, the homeowner who has ordered the work and made full payment of the agreed amount and obtained the value of the work is in a better position to bear the loss than the laborer or supplier who has provided work or materials to the job site and has not been paid for his efforts by the contractor. It is the homeowner who bears the ultimate responsibility for making payment for services rendered. The theory is that the value of the property upon which the labor or materials have been bestowed has been increased by virtue of these efforts and the homeowner who has reaped this benefit is required in return to act as the ultimate guarantor of full payment to the persons responsible for this increase in value.

In practice, a homeowner faced with a valid mechanics' lien may be compelled to pay the lien claimant and then pursue conventional legal remedies against the contractor or subcontractor who initially failed to pay the lien claimant but who himself was paid by the homeowner. Another justification for this result relates to the relative financial strengths of the parties to a work of improvement. The law views the property owner as being in a better situation to absorb the financial setback occasioned by having to pay the amount of a valid mechanics' lien, as opposed to a laborer or materialman who is viewed as being less able to absorb the financial burdens occasioned by not being paid for services or materials provided in connection with a work of improvement.