



NEVADA STATE CONTRACTORS BOARD

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CONSUMER INFORMATION CONCERNING MECHANICS' AND MATERIALMEN'S LIEN LAW

Under the Nevada Mechanics' and Materialmen's Lien Law, NRS Chapter 108, any contractor, subcontractor, laborer, supplier, or other person or entity who performs work or furnishes materials of \$500.00 or more to improve the value of your property but is not paid for his or her work or supplies, has a right to place a lien on your home, land, or property where the work was performed and to sue you in court to obtain payment.

This means that after a court hearing, your home, land, and property could be sold by a court officer and the proceeds of the sale used to satisfy what you owe. This can happen even if you have paid your contractor in full but did not ask for and receive lien releases from the contractor's subcontractors, laborers, or suppliers.

To preserve their rights to file a claim or lien against your property, certain claimants such as subcontractors or material suppliers are each required to provide you with a document called a "Preliminary or Pre-lien Notice." A preliminary or pre-lien notice is not a lien against your property. Its purpose is to notify you of persons or entities who may have a right to file a lien against your property if they are not paid. In order to perfect their lien rights, contractors, subcontractors, suppliers, or laborers must file mechanics' liens with the county recorder, which then become recorded liens against your property. Generally, the maximum time allowed for filing a mechanics' lien against your property is 90 days after substantial completion of your project.

To insure extra protection for yourself and your property, you may wish to take one or more of the following steps:

1. Request that your contractor supply you with a payment and performance bond (not a license/surety bond), which guarantees completion of the project and payment of the subcontractors, materialmen, and laborers. A payment and performance bond provides that the contractor either complete the project or the bonding company will pay damages up to the amount of the bond. This payment and performance bond as well as a copy of the construction contract should be filed with the county recorder for your further protection. There is a fee for a payment and performance bond. The cost is usually from 1 to 6 percent of the contract amount, depending on the contractor's bonding ability.
2. Require that payments be made directly to subcontractors and material suppliers through a construction control. Funding services may be available, for a fee, in your area, which will establish voucher or other means of payment to your contractor. These services may also provide you with lien waivers and other forms of protection.
3. Issue joint checks for payment, made out to both your contractor and subcontractors or material suppliers involved in the project. The joint checks should be made payable to the persons or entities which send preliminary notices to you. These persons or entities have indicated that they may have lien rights on your property, therefore you need to protect yourself. This will help to insure that all persons due payment are actually paid.
4. Upon making payment on any completed phase of the project, and before making any further payments, require your contractor to provide you with unconditional "Waiver and Release" (lien release) forms signed by each material supplier, subcontractor, and laborer involved in that portion of the work for which payment was made.

Some stationary stores will sell the "Waiver and Release" forms if your contractor does not have them. The material suppliers, subcontractors, and laborers that you obtain releases from are those persons or entities who have filed preliminary notices with you. If you are not certain of the material suppliers, subcontractors, and laborers working on your project, you may obtain a list from your contractor. On projects involving improvements to a single-family residence or a duplex owned by individuals, the persons signing these releases lose the right to file a mechanics' lien claim against your property. In other types of construction, this protection may still be important, but may not be as complete. To protect yourself under this option, you must be certain that all material suppliers, subcontractors, and laborers have signed the "Waiver and Release" or "Lien Release" form. If a mechanics' lien has been filed against your property, it can only be voluntarily released by a recorded "Release of Mechanics' Lien" signed by the person or entity that filed the mechanics'

