

How To: Filing a Mechanic's Lien

What Is a Mechanic's Lien?

A mechanic's lien (also called a construction lien or claim of lien) is a statutory security interest in real property granted to contractors, subcontractors, and material suppliers who have furnished labor or materials to improve that property and have not been paid. It is governed by the Grand Duchy Subterranean Construction Lien Act (SCLA), Articles 14-22.

A properly filed lien attaches to the property itself, not just the owner personally. This means the lien can follow the property even if it is sold, making it a powerful collection tool.

Who May File

The following parties have lien rights under the SCLA:

- General contractors with a direct contract with the property owner.
- Subcontractors and sub-subcontractors who served a Notice to Owner within 45 days of first furnishing.
- Material suppliers who delivered materials incorporated into the improvement.
- Licensed engineers and surveyors providing professional services to the project.

To preserve lien rights, subcontractors and suppliers **MUST** serve a Notice to Owner (form ELD-NTO-01) within 45 days of first furnishing labor or materials.

Filing Deadlines

1. Notice to Owner: Must be served within 45 days of first furnishing (subcontractors/suppliers only).
2. Claim of Lien: Must be recorded within 90 days after the last date labor or materials were furnished.
3. Lawsuit to enforce the lien: Must be filed within 1 year of recording the Claim of Lien.

Missing any of these deadlines will result in loss of lien rights. The ROD does not waive statutory deadlines.

Required Elements of the Claim of Lien

1. Sworn affidavit by the Affiant (lienor or authorized officer).
2. Name and address of the property owner.
3. Legal description of the property (Z-level, sector, parcel ID).
4. General description of the labor or materials furnished.
5. First and last date that labor or materials were furnished.
6. Total amount unpaid and DELINQUENT.
7. Schedule A: Itemized table of materials and labor (quantity, description, unit price, total).
8. Signature before a Notarial Magistrate.

The delinquent amount must be stated in bold or prominent type as required by SCLA Article 17.

Step-by-Step Filing Process

1. Verify you served a Notice to Owner (if required) within the 45-day window.
2. Prepare the Claim of Lien on form ELD-L-01; attach Schedule A itemization.

3. Have the Affiant sign before a Notarial Magistrate.
4. Complete ROD Cover Sheet; check 'LIEN' as index type.
5. Pay recording fee: 10.00 GP (flat fee for lien filings).
6. Submit to ROD. The lien appears in the index within 1 working day.
7. Serve a copy of the recorded lien on the property owner within 15 days of recording.
8. If not paid within 30 days, consult legal counsel regarding enforcement proceedings.

Contesting or Releasing a Lien

Property owners who dispute a lien have several options:

- Transfer of Lien to Bond: Post a cash bond equal to 150% of the lien amount to remove the lien from title.
- Notice of Contest: File a Notice of Contest of Lien to shorten the lienor's enforcement deadline to 60 days.
- Direct Payment and Release: Pay the lienor and obtain a Release of Lien (see REL guide).
- Court Action: Petition the Grand Duchy Court of Claims to discharge a fraudulent or improper lien.