

**A G & R ABDULAZIZ, GROSSBART & RUDMAN**

**PRIVATE WORKS  
MECHANIC'S LIEN, STOP NOTICE AND BOND CHECKLIST**

**I. WHAT IS A MECHANIC'S LIEN?:**

- A. A Mechanic's Lien is a lien on real estate that has been improved.
- B. At this point, it is well accepted that a Mechanic's Lien is protected by the California constitution.
- C. A Mechanic's Lien cannot be used on public works of improvement.

**II. WHO IS ENTITLED TO A LIEN?:**

- A. Essentially, anyone who contributes to a work of improvement is entitled to a lien. For example, licensed contractors, subcontractors, workers working for contractors or subcontractors, people who supply material to a contractor or subcontractor, as well as people who rent equipment.

**III. DESIGN PROFESSIONALS LIEN:**

- A. This is a special type of lien for design professionals. The design professionals listed in the statute are, architects, registered professional engineers and licensed land surveyors.
- B. They must have a written contract with owner.
- C. Lien may not be recorded unless a building permit or other governmental approval in furtherance of the work of improvement has been obtained based on the particular design professional's work.
- D. This lien expires when work begins. (The design professionals can then utilize the traditional lien.)
- E. Also such a lien is not allowed on single-family residences where construction costs are under \$100,000.00 in value.

**IV. PRELIMINARY TO STARTING:**

These determinations will save you money in the long run.

- A. Obtain the legal description of the property. (Map book and page number, etc.)

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- B. Determine the name of the owner and the extent of his or her interest in the property.
- C. Determine whether the owner is the one who is requesting the improvement. If not, what is the interest of the person requesting it, and, are there any others who claim an interest in the property (lenders, etc.)?
- D. Determine whether you are a prime contractor, subcontractor, laborer or material supplier.
- E. The name of the construction lender, holder of construction funds (if any), and payment bond surety.
- F. Consider the effect of a bond or joint control.

### **V. IF YOU ARE A SUBCONTRACTOR OR MATERIAL SUPPLIER:**

- A. Within twenty (20) days of first furnishing labor or materials:
  - 1. Subcontractors and material suppliers shall send out a Preliminary 20-day Notice to the owner, original contractor, and construction lender or holder of construction funds (if any). Contractors working for an owner/builder shall send out a Preliminary 20-day Notice to the construction lender or holder of construction funds (if any) only. For purposes of collecting on a payment bond, all parties should serve the bonding company as well.

No matter how many deliveries you make, or the time span over which you furnish labor or materials, only one Preliminary Notice is required. However, if you furnish materials or services under separate contracts or with more than one contractor or subcontractor, you must furnish a separate notice for each subcontractor.
  - 2. Service: The most common method is by first class certified or registered mail, return receipt requested, postage prepaid, addressed to the residence or place of business of the person being served, or at the address shown by the building permit, or at an address contained on a recorded mortgage or trust deed. Be sure to keep post office receipts for later use if you need to file a claim and prove it in court. A Preliminary Notice also may be served by personal delivery or by leaving it with "some person in charge" at the residence or place of business of the person you wish to serve (must be an adult).
  - 3. County Recorder: You may file a copy of the Preliminary Notice with the County Recorder so that they will notify you if a Notice of Completion or Notice of Cessation is recorded.
  - 4. Sample Preliminary Notice:

**CALIFORNIA PRELIMINARY 20-DAY NOTICE (PRIVATE WORKS OF IMPROVEMENT)**

**THIS IS NOT A LIEN. THIS NOTICE IS GIVEN PURSUANT TO CIVIL CODE SECTION 3097.**

**NOTICE TO PROPERTY OWNER**

**IF BILLS ARE NOT PAID IN FULL FOR THE LABOR, SERVICES, EQUIPMENT, OR MATERIALS FURNISHED OR TO BE FURNISHED, A MECHANIC'S LIEN LEADING TO THE LOSS, THROUGH COURT FORECLOSURE PROCEEDINGS, OF ALL OR PART OF YOUR PROPERTY BEING SO IMPROVED MAY BE PLACED AGAINST THE PROPERTY EVEN THOUGH YOU HAVE PAID YOUR CONTRACTOR IN FULL. YOU MAY WISH TO PROTECT YOURSELF AGAINST THIS CONSEQUENCE BY (1) REQUIRING YOUR CONTRACTOR TO FURNISH A SIGNED RELEASE BY THE PERSON OR FIRM GIVING YOU THIS NOTICE BEFORE MAKING PAYMENT TO YOUR CONTRACTOR, OR (2) ANY OTHER METHOD OR DEVICE THAT IS APPROPRIATE UNDER THE CIRCUMSTANCES. OTHER THAN RESIDENTIAL HOMEOWNERS OF DWELLINGS CONTAINING FEWER THAN FIVE UNITS, PRIVATE PROJECT OWNERS MUST NOTIFY THE ORIGINAL CONTRACTOR AND ANY LIEN CLAIMANT WHO HAS PROVIDED THE OWNER WITH A PRELIMINARY 20-DAY LIEN NOTICE IN ACCORDANCE WITH SECTION 3097 OF THE CIVIL CODE THAT A NOTICE OF COMPLETION OR NOTICE OF CESSATION HAS BEEN RECORDED WITHIN 10 DAYS OF ITS RECORDATION. NOTICE SHALL BE BY REGISTERED MAIL, CERTIFIED MAIL, OR FIRST-CLASS MAIL, EVIDENCED BY A CERTIFICATE OF MAILING. FAILURE TO NOTIFY WILL EXTEND THE DEADLINES TO RECORD A LIEN.**

DATE \_\_\_\_\_

YOU ARE HEREBY NOTIFIED THAT THE UNDERSIGNED HAS FURNISHED OR WILL FURNISH LABOR, SERVICES, EQUIPMENT OR MATERIAL OF THE FOLLOWING DESCRIPTION:

PERSON FURNISHING LABOR, SERVICES EQUIPMENT OR MATERIAL

(NAME)  
  
(ADDRESS)  
  
(CITY) (STATE) (ZIP)

TO: OWNER OR REPUTED OWNER

TO: PRIME, REPUTED, OR ORIGINAL CONTRACTOR

TO: CONSTRUCTION LENDER OR REPUTED CONSTRUCTION LENDER

IF THIS BOX IS CHECKED, THE NAMES AND ADDRESSES OF ANY LABORERS TO WHOM EMPLOYER PAYMENTS ARE DUE AS OF THE DATE OF THIS NOTICE ARE CONTAINED ON ATTACHMENT "A," WHICH IS INCORPORATED HEREIN AND MADE A PART HEREOF.

DESCRIPTION OF LABOR, SERVICES, EQUIPMENT OR MATERIAL SUPPLIED, OR TO BE SUPPLIED

THE NAME AND ADDRESS OF PERSON CONTRACTING FOR THE ABOVE (YOUR CUSTOMER) IS:

JOBSITE (STREET AND LEGAL DESCRIPTION (IF KNOWN)):

AN ESTIMATE OF THE TOTAL PRICE OF THE LABOR, SERVICES, EQUIPMENT OR MATERIALS FURNISHED OR TO BE FURNISHED IS: \$ \_\_\_\_\_

TRUST FUNDS TO WHICH SUPPLEMENTAL FRINGE BENEFITS ARE PAYABLE

(NAME AND ADDRESS)

(ONLY SUBCONTRACTORS ARE REQUIRED TO IDENTIFY THE TRUST FUND)

\_\_\_\_\_  
(Signature) (Date)

\_\_\_\_\_  
(Name of Person Signing) (Title)

**PROOF OF SERVICE AFFIDAVIT (CIVIL CODE § 3097.1)**

I, \_\_\_\_\_, declare that I served copies of the above PRELIMINARY NOTICE (check appropriate box).

(a) [ ] By personally delivering copies to \_\_\_\_\_ (name and title of person served) at \_\_\_\_\_

\_\_\_\_\_ (date), at \_\_\_\_\_ (time). (Address) on \_\_\_\_\_

(b) [ ] By First Class Certified or Registered Mail service, postage prepaid, addressed to each of the parties at the address shown above on \_\_\_\_\_.

I declare under penalty of perjury under the laws of the state of California that the foregoing is true and correct.

Signed at \_\_\_\_\_, California, on \_\_\_\_\_.

**[ATTACH RECEIPTS OF CERTIFIED OR REGISTERED MAIL WHEN RETURNED]**

SIGNATURE OF PERSON MAKING SERVICE

**ATTACHMENT "A" TO CALIFORNIA PRELIMINARY 20-DAY NOTICE (PRIVATE WORKS)**

Pursuant to Civil Code section 3097, notice is given that employer payments are due to the following laborers as of this date for the project:

_____	_____
(Name)	(Address)
_____	_____
(Name)	(Address)
_____	_____
(Name)	(Address)
_____	_____
(Name)	(Address)
_____	_____
(Name)	(Address)
_____	_____
(Name)	(Address)
_____	_____
(Name)	(Address)
_____	_____
(Name)	(Address)
_____	_____
(Name)	(Address)
_____	_____
(Name)	(Address)
_____	_____
(Name)	(Address)
_____	_____
(Name)	(Address)
_____	_____
(Name)	(Address)
_____	_____
(Name)	(Address)
_____	_____
(Name)	(Address)
_____	_____
(Name)	(Address)

**ADDITIONAL NAMES (IF ANY) CONTINUE ON ATTACHMENT SHEET(S)**

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- B. After work is completed or work ceases, if you are a contractor working for an owner/builder go to Section VI below dealing with prime contractors, otherwise follow the procedure below:
1. If the owner records a Notice of Completion after completion of the work of improvement (requires signature of owner or his agent) you should not do additional work under the contract. (While this Notice provision is designed to primarily protect the owner, it might serve to increase the funds accessible to satisfy your claim, and indicate that you have performed your contractual obligations.)
  2. If the owner records a Notice of Cessation of Labor or a Notice of Completion, then: (NOTE: Labor must have ceased for at least thirty (30) days before the owner is entitled to record the Notice of Cessation.)
    - a. Within thirty (30) days of recording of either of these, the subcontractor or material supplier must record a Claim of Lien in the office of the County Recorder. Also at this time, serve Stop Notices (see below). Important note: Except for residential home owners of dwellings fewer than five units, when an owner records a Notice of Cessation of Labor or a Notice of Completion, the owner must serve the prime contractor and all subcontractors or material suppliers who provided a Preliminary 20-Day Notice, with Notice that he/she has recorded such a Notice. Service of the owner's Notice must be sent within ten days of recordation by registered or certified mail, return receipt requested, or by first class mail with a Certificate of Mailing. We recommend that you always send the Notices by certified or registered mail, return receipt requested, so that you can prove that it was sent and the date that it was sent. If the owner fails to send the Notice to the lien claimants, then the normal 90-day period of time in which a Mechanic's Liens may be recorded will apply as discussed in paragraph three below. If you receive such a Notice, we recommend that you keep the envelope in which the Notice was received so that you can prove by way of the postmark, when it was mailed. We also recommend that you note when it was received.
    - b. File Lien Foreclosure action within ninety (90) days of recording Claim of Lien, and record a *Lis Pendens* at the same time. You must also file an action on the Stop Notice at this time if applicable. If you want more than ninety (90) days in which to foreclose, then after recording lien, but before ninety (90) days elapses, give credit to the owner and record a notice of the fact and terms of credit. The code section that provides for the Notice of Extension of Credit might lead one to believe that the lien claimant (contractor, subcontractor, supplier, etc.) can unilaterally extend credit by recording a Notice of that. Most construction attorneys do not believe that that is the case and believe that you should get the owner's agreement to the extension of credit as well. To the best of our knowledge, there are no cases that have decided this either way. We believe that you should get your signature and the owner's signature on the Notice notarized and then recorded. It seems prudent to either get the owner's

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notarized signature on the document, or file suit before ninety (90) days has elapsed. Within ninety (90) days after your Notice of Extension of Credit expires, you must file suit to foreclose. You can keep granting extensions by the above procedure, but you must file suit to foreclose within one (1) year after work is completed.

This action should be brought to trial within two (2) years after commencement.

3. If no Notice of Completion or Cessation is recorded and:
  - a. The project is actually completed; or
  - b. Labor ceases and owner or agent uses work of improvement, or:
  - c. Owner or agent accepts improvement, or:
  - d. Labor ceases for a continuous period of sixty (60) days, then:
    - (1) Within ninety (90) days of any of the above acts, record a Claim of Lien. Also at this time, serve a Stop Notice. (See below)
    - (2) Within ninety (90) days of recording lien, file a Lien Foreclosure action, and record a Lis Pendens at the same time.

If you want to extend the time in which to file a foreclosure action, after you record the claim of lien, but before ninety (90) days elapses, give credit to the owner and record a notice of the fact and terms of credit. The code section that provides for the Notice of Extension of Credit might lead one to believe that the lien claimant (contractor, subcontractor, supplier, etc.) can unilaterally extend credit by recording a Notice. Most construction attorneys do not believe that that is the case and believe that you should get the owner's agreement to the extension of credit as well. To the best of our knowledge, there are no cases that have decided this either way. We believe that you should get your signature and the owner's signature on the Notice notarized and then recorded. It seems prudent to either get the owner's notarized signature on the document, or file suit before ninety (90) days has elapsed.

The extension will be for ninety (90) days after the credit expires, but even with extensions you must file suit to foreclose within one (1) year after the work is completed.

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The action should be brought to trial within two (2) years after commencement.

### 4. Stop Notices

- a. Serve Stop Notices on owner, bonded Stop Notice on construction lender, or anyone holding funds. If you are recording the Notice of Completion for the owner, of residential housing of fewer than five units, you must serve a copy of the Notice of Completion on any lien claimants who served Preliminary 20-Day Notices by registered or certified U.S. mail, return receipt requested.
- b. If no Mechanic's Lien has been recorded, and a payment bond has been recorded, then the Notice must be served on the surety.
- c. File suit on the Stop Notice at the same time that you file a lien foreclosure action.
- d. Any person who fails to serve a Stop Notice after the Owner makes a written demand therefor will forfeit his/her right to a Mechanic's Lien.

### 5. See Section VII on Payment Bond, Below

## **VI. IF YOU ARE A PRIME CONTRACTOR AND WORK IS COMPLETED OR CEASED:**

- A. Within ten (10) days after completion, you may wish to have a Notice of Completion recorded. (While this Notice provision is designed to primarily protect the owner, it might serve to increase the funds accessible to satisfy your claim, and indicate that you have performed your contractual obligations.)

Do not do additional work under the contract. This notice requires the signature of the owner or his agent.

- B. If the owner records a Notice of Cessation of Labor or a Notice of Completion, then: (NOTE: Labor must have ceased for at least thirty (30) days before the owner is entitled to record the Notice of Cessation.)
  1. Within sixty (60) days of recording of a Notice of Cessation or a Notice of Completion, the contractor must record a Claim of Lien. You should also serve a bonded Stop Notice on the construction lender if applicable. Except on residential properties of fewer than five units, if the Notice of Cessation or Notice of Completion was not served on lien claimants by registered or certified U.S. mail, return receipt requested, then you will have 90 days. However, it is preferable to use the 60-day period so that you do not have to argue with the owner over the validity of their Notice of Completion or Cessation.

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2. File a Lien Foreclosure action, within ninety (90) days of recording Claim of Lien, and record a *Lis Pendens* at the same time. As part of the action, you should also file suit on the Stop Notice if applicable.
3. If you want more than ninety (90) days in which to foreclose, then after recording the Lien, but before the first ninety (90) days elapses, give credit to the owner and record a notice of the fact and terms of credit. The code section that provides for the Notice of Extension of Credit might lead one to believe that the lien claimant (contractor, subcontractor, supplier, etc.) can unilaterally extend credit by recording a Notice. Most construction attorneys do not believe that that is the case and believe that you should get the owner's agreement to the extension of credit as well. To the best of our knowledge, there are no cases that have decided this either way. We believe that you should get your signature and the owner's signature on the Notice notarized and then recorded. It seems prudent to either get the owner's notarized signature on the document, or file suit before ninety (90) days has elapsed. Within ninety (90) days after your "extension of credit" expires, you must foreclose. You can keep granting extensions by the above procedure, but you must file suit to foreclose within one (1) year after work is completed.

The action should be brought to trial two (2) years after commencement.

4. Stop Notices
  - a. Serve bonded Stop Notice on construction lender, or anyone holding funds.
  - b. If no Mechanic's Lien has been recorded, and a surety on a payment bond has been recorded, then the Notice must be served on the surety.
  - c. File suit on the Stop Notice at the same time that you file a lien foreclosure action.
  - d. Any person who fails to serve a Stop Notice after the Owner makes a written demand therefore will forfeit his/her right to a Mechanic's Lien.

C. If no Notice of Completion or Cessation is recorded, and:

1. The project is actually completed; or,
2. Labor ceases and owner or agent uses the work of improvement; or,
3. Owner or agent accepts improvement; or,
4. Labor ceases for a continuous period of sixty (60) days, then:



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- a. Within ninety (90) days of any of the above acts, record Claim of Lien and serve a bonded Stop Notice on the construction lender at the same time, if applicable.
- b. File Lien Foreclosure action within ninety (90) days of recording Claim of Lien and record a *Lis Pendens* at the same time, you should also include an action to foreclose on the Stop Notice if applicable.
- c. If you want more than ninety (90) days in which to foreclose, then after recording lien, but before ninety (90) days elapses, give credit to the owner and record a notice of the fact and terms of credit. The code section that provides for the Notice of Extension of Credit might lead one to believe that the lien claimant (contractor, subcontractor, supplier, etc.) can unilaterally extend credit by recording a Notice. Most construction attorneys do not believe that that is the case and believe that you should get the owner's agreement to the extension of credit as well. To the best of our knowledge, there are no cases that have decided this either way. We believe that you should get your signature and the owner's signature on the Notice notarized and then recorded. It seems prudent to either get the owner's notarized signature on the document, or file suit before ninety (90) days has elapsed. Within ninety (90) days after your Notice of Extension of Credit expires, you must file suit to foreclose. You can keep granting extensions by the above procedure, but you must file suit to foreclose within one (1) year after work is completed.

The action should be brought to trial within two (2) years after commencement.

### **VII. FILING SUIT ON PAYMENT BOND IF APPLICABLE**

This is only applicable to subcontractors and material suppliers. Prime contractors cannot file suit to recover on a payment or performance bond.

- A. The Preliminary 20 Day Notice given to the bonding company as indicated in Section V A 1 will be sufficient notice to the bonding company.
- B. If you didn't give the Preliminary 20 Day Notice indicated above, then you must serve the notice on the bonding company within fifteen (15) days after recordation of a Notice of Completion. If no Notice of Completion is recorded, this time is extended to seventy-five (75) days after completion.
- C. You must then file your lawsuit before the expiration of six (6) months after the period in which Stop Notices must be filed. If you will recall, Stop Notices must be filed within thirty (30) days after the recording of a Notice of Completion, Notice of Acceptance, or Notice of Cessation, or ninety (90) days after the completion of the work of improvement if no notices were recorded.

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### **VIII. WHAT IS A STOP NOTICE ON PRIVATE WORKS?**

- A. A Mechanic's Lien is a lien on real estate. A Stop Notice is a lien on construction funds. A Stop Notice is also called a "Notice to Withhold."
- B. One Court has held that a Stop Notice is a substitute for a Mechanic's Lien and therefore constitutionally protected.

### **IX. BENEFITS AND DETRIMENT OF A STOP NOTICE**

- A. While a Mechanic's Lien attaches to real estate, it does not physically affect the work of improvement. A Stop Notice has an immediate effect in that it keeps money designated for construction from being paid to anyone. This is even before suit is filed.
- B. A bonded stop notice allows for attorneys fees to the prevailing party. A Mechanic's Lien does not.
- C. If the holder of the construction funds is a lender, you will have to put up a bond with the lender. [A construction lender on private works may ignore an unbonded Stop Notice.]
- D. Any person who fails to serve a Stop Notice after the Owner makes a written demand therefore will forfeit his/her right to a Mechanic's Lien.

### **X. WHO IS ENTITLED TO A STOP NOTICE?**

- A. If the holder of the construction funds is a Construction lender, which includes an escrow and others as set forth in the statutes defining a construction lender, then everyone who is entitled to a Mechanic's Lien is also entitled to a Stop Notice.
- B. If the holder of the construction funds is the owner, then everyone who is entitled to a Mechanic's Lien, **other than the prime contractor** is entitled to a Stop Notice.

### **XI. TIMING FOR SERVING A STOP NOTICE AND FILING SUIT IS IDENTICAL TO THAT OF THE MECHANIC'S LIEN.**

**As stated previously, you should become thoroughly familiar with procedures yourself and discuss them with a construction attorney prior to putting the checklist to work in your office.**

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**STOP NOTICE AND BOND CHECKLIST  
(California Public Works)**

**The prime contractor has no Stop Notice or Bond Rights on California Public Works of Improvement. This checklist pertains only to material suppliers and subcontractors.**

**I. PRELIMINARY TO STARTING:**

These determinations will save you money in the long run.

- A. Obtain the legal description of the property.
- B. Determine the name of the contracting officer.
- C. Determine whether you are a prime contractor, subcontractor, laborer or materialman.
- D. Get all information regarding the Payment Bond (name of bonding company, address of bonding company and bond number)

**II. STOP NOTICE:**

- A. Within twenty (20) days from first furnishing labor or materials:

- 1. First tier subcontractors do not have to send a Preliminary 20-day Notice. However, all other subcontractors and material suppliers shall send out a Preliminary 20-day Notice to the public entity and original contractor. All claimants should serve the bonding company as well. Remember first tier subcontractors are listed and therefore do not have to give a Preliminary Notice, except Notice must be given to the payment bond surety by either a preliminary notice or by a bond notice within 15 days of the recording of a Notice of Completion or 75 days of actual completion.

No matter how many deliveries you make, or the time span over which you furnish labor or materials, only one Preliminary Notice is required. If you furnish materials or services under separate contracts or with more than one contractor or subcontractor, you must furnish a separate notice for each subcontractor. However, the amount stated on the preliminary notice must have been a reasonable estimate of the labor or materials to be furnished, and must be based upon information provided to you.

- 2. Service: The most common method is by first class certified or registered mail, return receipt requested, postage prepaid, addressed to the residence or place of business of the person being served, or at the address shown by the building permit, or at an address contained on a recorded mortgage or trust deed. Be sure to keep post office receipts for later use if you need to file a claim and prove it in court. A Preliminary Notice also may be served by personal delivery or by leaving it with "some person in charge" at the residence or place of business of the person you wish to serve (must be an adult).
- 3. County Recorder: You may file a copy of the Preliminary Notice with the County Recorder so that they will notify you if a Notice of Completion or Notice of Cessation is recorded.

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- B. If you are a subcontractor or material supplier:
1. If the owner files a Notice of Cessation of Labor, a Notice of Completion, or a Notice of Acceptance, then: (NOTE: Labor must have ceased for at least thirty (30) days before the owner is entitled to record the Notice of Cessation.) Within thirty (30) days of recording of any of these notices, the subcontractor and material supplier must serve Stop Notices.
  2. If no Notice of Completion, Notice of Acceptance, or Cessation is recorded and:
    - a. The project is actually completed; or
    - b. Labor ceases and owner or agent uses work of improvement, or:
    - c. Owner or agent accepts improvement, or:
    - d. Labor ceases for a continuous period of sixty (60) days, then:
    - e. Within ninety (90) days of any of the above acts, serve Stop Notice on the public agency.
  3. You must file suit on the Stop Notice within ninety (90) days of the time within which one has to record a Mechanics' Lien.

### **III. PAYMENT BOND**

The action on the Payment Bond can be filed at the same time as your action on the Stop Notice. However, the following applies:

- A. You must serve a Bond Notice on the bonding company and the prime contractor. This must be done either personally, or by certified or registered mail. The Bond Notice must be served within fifteen (15) days after the recording of a Notice of Completion or a Notice of Acceptance. If no Notice of Completion or Notice of Acceptance is recorded, the time is extended to seventy-five (75) days. We believe that if you have timely served the bonding company with the 20-Day Preliminary Notice, you do not have to serve this Bond Notice.
- B. You must then file suit on the Payment Bond before the expiration of six months after the period in which Stop Notices must be filed. If you recall, Stop Notices must be filed within thirty (30) days after the recording of a Notice Completion, Notice of Acceptance, or a Notice of Cessation, or ninety (90) days after the completion of the work of improvement if no notices were recorded.

**As stated previously, you should become thoroughly familiar with procedures yourself and discuss them with a construction attorney prior to putting the checklist to work in your office.**

**Abdulaziz, Grossbart & Rudman provides this information as a service to its friends & clients. It is of a general nature and should not be used as a substitute for specific research or consultation with construction counsel. The firm can be reached at Abdulaziz, Grossbart & Rudman, P.O. Box 15458, North Hollywood, CA 91615-5458; (818) 760-2000; Facsimile (818) 760-3908; or by E-Mail at [info@agrlaw.net](mailto:info@agrlaw.net) website [www.agrlaw.net](http://www.agrlaw.net)**

# Mechanic's Lien Flow Chart

## Subcontractors and Material Suppliers (Private Works)

This Chart Provided By:  
Law Offices of

**Abdulaziz,  
Grossbart & Rudman**

P.O. Box 15458

North Hollywood, CA 91615-5458  
(818) 760-2000; FAX (818) 760-3908

Abdulaziz, Grossbart & Rudman provides this information as a service to its friends & clients. It is of a general nature and should not be used as a substitute for specific legal advice. We can also be reached by E-Mail at [info@agrlaw.net](mailto:info@agrlaw.net). On the Internet, visit our Website at [www.agrlaw.net](http://www.agrlaw.net).

### PRELIMINARY TO STARTING:

- Determine whether you are a prime contractor, subcontractor, laborer, or materialman.
- Prior to commencement on the project, obtain the following information which will be important to record a Mechanic's Lien in the event you are unpaid:
  - Obtain the legal description of the property (Map book and page number, etc.). If you cannot get this, a good street address of the project you are working on is sufficient.
  - Obtain the name of the owner and the extent of his, her, or its interest in the property.
  - Determine whether the owner is the one who is requesting the improvement. If not, what is the interest of the person requesting it, and are there any others who claim an interest in the property (lenders, tenants, landlords, etc.)?
  - The name of the construction lender or holder of construction funds (if any).
  - Consider the effect of a bond or a joint control.

Start of Project Involvement

20 DAYS

### UPON COMMENCEMENT OF WORK

Within twenty (20) days of commencement of work, serve a Preliminary Notice upon the owner (if the contract is for tenant improvements, both the tenant as well as the landlord should each be served), construction lender, or other holder of construction funds, payment bond surety, and prime contractor.

You may also file the Preliminary Notice with the County Recorder.

**SERVICE:** The most common method is by first-class certified or registered mail, return receipt requested, postage prepaid, addressed to the residence or place of business of the person being served, or at the address shown by the building permit, or at an address contained on a recorded mortgage or trust deed. Be sure to keep post office receipts for later use if you need to file a claim and prove it in court. A Preliminary Notice may also be served by personal delivery or by leaving it with "some person in charge" at the residence or place of business of the person you wish to serve (must be an adult).

Work Stopped

**Yes**

**No**

### PROJECT COMPLETION:

DID OWNER RECORD A NOTICE OF COMPLETION OR A NOTICE OF CESSATION OF LABOR?

30 days \*

90 days

### IF THE OWNER HAS RECORDED A NOTICE OF COMPLETION OR A NOTICE OF CESSATION OF LABOR:

If such notices were recorded, the Mechanic's Lien must be recorded in the office of the County Recorder within thirty (30) days of their recording. Also at this time, serve, in the same manner that a Preliminary 20-Day Notice is served (see above), a Stop Notice on the owner, and Bonded Stop Notice on the construction lender, or anyone holding funds. (See Stop Notice Flow Chart)

### IF NO NOTICE OF COMPLETION OR CESSATION IS RECORDED, AND:

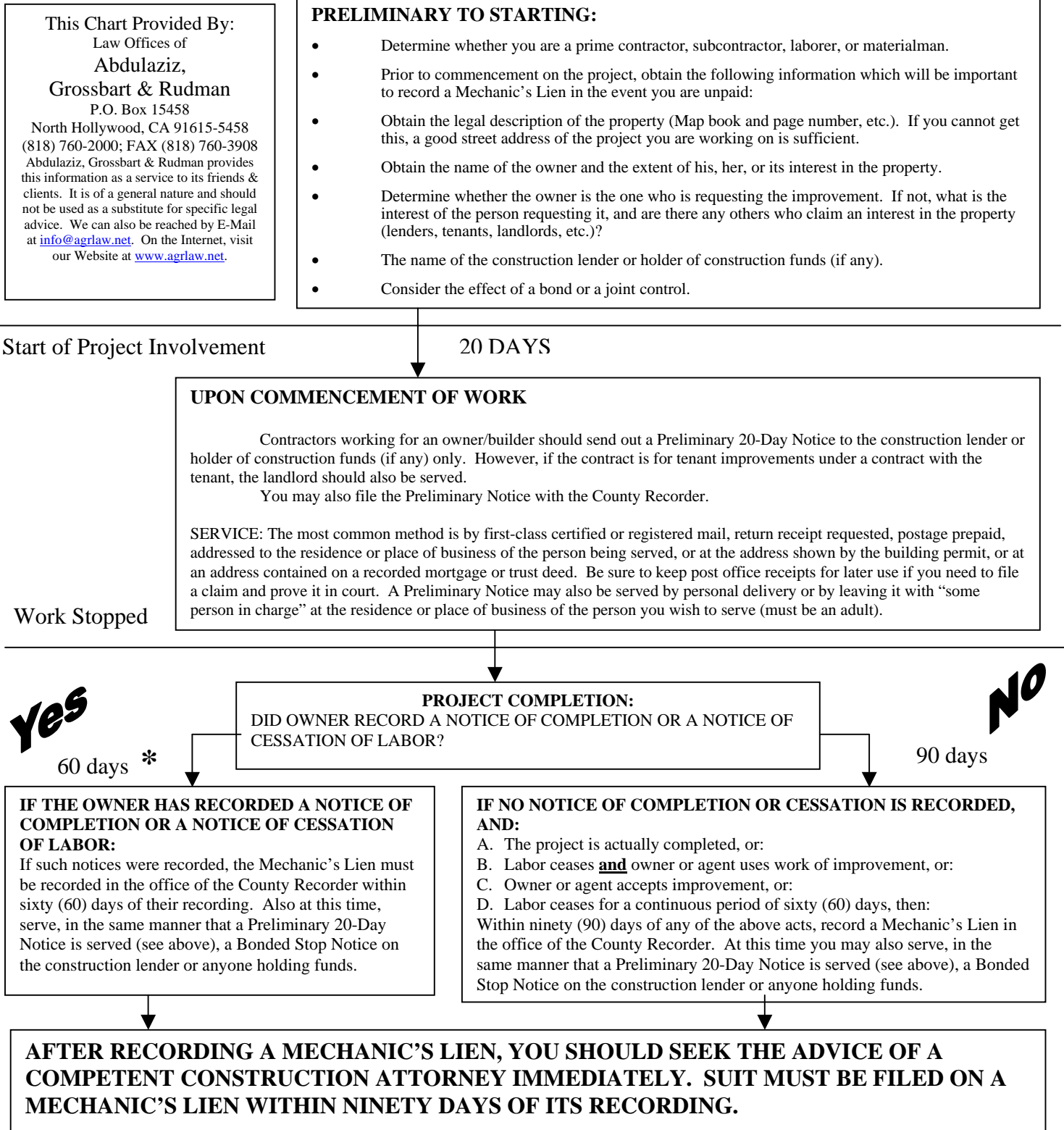
- The project is actually completed, or;
  - Labor ceases **and** owner or agent uses work of improvement, or;
  - Owner or agent accepts improvement, or;
  - Labor ceases for a continuous period of sixty (60) days, then:
- Within ninety (90) days of any of the above acts, record a Mechanic's Lien in the office of the County Recorder. At this time you may also serve, in the same manner that a Preliminary 20-Day Notice is served (see above), a Stop Notice on the owner and a Bonded Stop Notice on the construction lender, or anyone holding funds. (See Stop Notice Flow Chart)

**AFTER RECORDING A MECHANIC'S LIEN, YOU SHOULD SEEK THE ADVICE OF A COMPETENT CONSTRUCTION ATTORNEY IMMEDIATELY. SUIT MUST BE FILED ON A MECHANIC'S LIEN WITHIN NINETY DAYS OF ITS RECORDING.**

\* Except for projects performed for residential homeowners or on other dwellings containing fewer than five units, private property owners must notify, by certified or registered mail, return receipt requested, or by first class mail with a Certificate of Mailing, the prime contractor and any lien claimant who served a Preliminary 20-Day Notice, within 10 days of recording a Notice of Completion or Notice of Cessation. Otherwise, the time may not be shortened. We recommend that you send the Notices by certified or registered mail, return receipt requested, so that you can prove that it was sent and the date that it was sent. If you get a Notice, we recommend that you retain the envelope to confirm the date of mailing by way of the postmark and also note the date in which it was received.

# Mechanic's Lien Flow Chart

Prime Contractors or Contractors Working for an Owner/Builder (Private Works)



\* Except for projects performed for residential homeowners or on other dwellings containing fewer than five units, private property owners must notify, by certified or registered mail, return receipt requested, or by first class mail with a Certificate of Mailing, the prime contractor and any lien claimant who served a Preliminary 20-Day Notice, within 10 days of recording a Notice of Completion or Notice of Cessation. Otherwise, the time may not be shortened. We recommend that you send the Notices by certified or registered mail, return receipt requested, so that you can prove that it was sent and the date that it was sent. If you get a Notice, we recommend that you retain the envelope to confirm the date of mailing by way of the postmark and also note the date in which it was received.



# Stop Notice Flow Chart

## Subcontractors and Material Suppliers – Private Works of Improvement

This Chart Provided By:

Law Offices of

Abdulaziz,

Grossbart & Rudman

P.O. Box 15458

North Hollywood, CA 91615-5458

(818) 760-2000; FAX (818) 760-3908

Abdulaziz, Grossbart & Rudman provides this information as a service to its friends & clients. It is of a general nature and should not be used as a substitute for specific legal advice. We can also be reached by E-Mail at [info@agrlaw.net](mailto:info@agrlaw.net). On the Internet, visit our Website at [www.agrlaw.net](http://www.agrlaw.net).

### PRELIMINARY TO STARTING:

- Determine whether you are a prime contractor, subcontractor, laborer, or materialman.
- Prior to commencement on the project, obtain the following information which will be important to record a Stop Notice in the event you are unpaid:
- Obtain the legal description of the property (Map book and page number, etc.). If you cannot get this, a good street address of the project you are working on is sufficient.
- Obtain the name of the owner and the extent of his, her, or its interest in the property.
- Determine whether the owner is the one who is requesting the improvement. If not, what is the interest of the person requesting it, and are there any others who claim an interest in the property (lenders, tenants, landlords, etc.)?
- The name of the construction lender or holder of construction funds (if any).
- The name of any surety issuing a payment bond.

Start of Project Involvement

20 DAYS

### UPON COMMENCEMENT OF WORK

Within twenty (20) days of commencement of work, serve a Preliminary Notice upon the owner (if the contract is for tenant improvements, both the tenant as well as the landlord should each be served), construction lender, or other holder of construction funds, payment bond surety, and prime contractor.

You may also file the Preliminary Notice with the County Recorder.

**SERVICE:** The most common method is by first-class certified or registered mail, return receipt requested, postage prepaid, addressed to the residence or place of business of the person being served, or at the address shown by the building permit, or at an address contained on a recorded mortgage or trust deed. Be sure to keep post office receipts for later use if you need to file a claim and prove it in court. A Preliminary Notice may also be served by personal delivery or by leaving it with "some person in charge" at the residence or place of business of the person you wish to serve (must be an adult).

Work Stopped

UPON COMPLETION OF YOUR WORK, PROVIDE NOTICE TO ANY SURETY ISSUING A PAYMENT BOND THAT YOU ARE UNPAID.

### PROJECT COMPLETION:

DID OWNER RECORD A NOTICE OF COMPLETION OR A NOTICE OF CESSATION OF LABOR?

**Yes**

30 days \*

**No**

90 days

#### IF THE OWNER HAS RECORDED A NOTICE OF COMPLETION OR A NOTICE OF CESSATION OF LABOR:

- A. You may serve a Stop Notice at any time after you have stopped work; however, if the notices mentioned above were recorded, the Stop Notice must be served within thirty (30) days of their recording.
- B. Serve, in the same manner that a Preliminary 20-Day Notice is served (see above), a Stop Notice on the owner, and a Bonded Stop Notice on a construction lender or anyone holding funds.
- C. If a payment bond has been recorded in the office of the County Recorder by a surety, then the Stop Notice should also be served on the surety that wrote the payment bond.

#### IF NO NOTICE OF COMPLETION OR CESSATION IS RECORDED, AND:

- A. The project is actually completed, or:
- B. Labor ceases **and** owner or agent uses work of improvement, or:
- C. Owner or agent accepts improvement, or:
- D. Labor ceases for a continuous period of sixty (60) days, then:

You may serve a Stop Notice at any time after you stop work; however, within ninety (90) days of any of the above acts, you must serve, in the same manner that a Preliminary 20-Day Notice is served (see above), a Stop Notice on the owner and a Bonded Stop Notice on the construction lender or anyone holding funds. If a payment bond was recorded in the office of the County Recorder by a surety, then the Stop Notice should also be served on the surety.

**SPECIAL NOTE ON STOP NOTICES FOR PRIVATE WORKS OF IMPROVEMENT** ~~~~ Stop Notices for Private Works of improvement served on a "holder of construction funds," which includes a construction lender or a builder's escrow, must be bonded. This means that a surety bond in an amount of 125% of the Stop Notice claim must be purchased and served along with the Stop Notice.

**AFTER SERVICE OF A STOP NOTICE, YOU SHOULD SEEK THE ADVICE OF A COMPETENT CONSTRUCTION ATTORNEY IMMEDIATELY. THERE ARE TIME LIMITATIONS FOR FILING SUIT THAT MAY BE AS SHORT AS NINETY DAYS.**

\*

Except for projects performed for residential homeowners or on other dwellings containing fewer than five units, private property owners must notify, by certified or registered mail, return receipt requested, or by first class mail with a Certificate of Mailing, the prime contractor and any lien claimant who served a Preliminary 20-Day Notice, within 10 days of recording a Notice of Completion or Notice of Cessation. Otherwise, the time may not be shortened. We recommend that you send the Notices by certified or registered mail, return receipt requested, so that you can prove that it was sent and the date that it was sent. If you get a Notice, we recommend that you retain the envelope to confirm the date of mailing by way of the postmark and also note the date in which it was received.

# Stop Notice Flow Chart

## Subcontractors and Material Suppliers – Public Works of Improvement

This Chart Provided By:

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at [info@agrlaw.net](mailto:info@agrlaw.net). On the Internet, visit

our Website at [www.agrlaw.net](http://www.agrlaw.net).

### PRELIMINARY TO STARTING:

- Prior to commencement on the project, obtain the following information which will be important to record a Stop Notice or to make a bond claim in the event you are unpaid:
- The name of any surety issuing a payment bond.
- The complete name and address of the public entity contracting for the work of improvement.

Start of Project Involvement

20 DAYS

### UPON COMMENCEMENT OF WORK

If you are a listed subcontractor, the public entity already knows who you are and thus you do not have to serve a Preliminary Notice. However, all second-tier subcontractors or materialmen must serve, within twenty (20) days of commencement of work, a Preliminary Notice upon the public entity, payment bond surety, and prime contractor.

**SERVICE:** The most common method is by first-class certified or registered mail, return receipt requested, postage prepaid, addressed to the residence or place of business of the person being served, or at the address shown by the building permit, or at an address contained on a recorded mortgage or trust deed. Be sure to keep post office receipts for later use if you need to file a claim and prove it in court. A Preliminary Notice may also be served by personal delivery or by leaving it with "some person in charge" at the residence or place of business of the person you wish to serve (must be an adult).

Work Stopped

UPON COMPLETION OF YOUR WORK, PROVIDE NOTICE TO ANY SURETY ISSUING A PAYMENT BOND THAT YOU ARE UNPAID.

**Yes**

**No**

### PROJECT COMPLETION:

DID THE PUBLIC ENTITY (OWNER) RECORD OR ISSUE A NOTICE OF ACCEPTANCE, OR RECORD NOTICES OF COMPLETION OR CESSATION OF LABOR?

30 days

90 days

#### IF THE PUBLIC ENTITY HAS RECORDED OR ISSUED A NOTICE OF ACCEPTANCE OR HAS RECORDED NOTICES OF COMPLETION OR CESSATION:

**A.** You may serve a Stop Notice at any time after you have stopped work; however, if the notices mentioned above were issued or recorded, the Stop Notice must be served within thirty (30) days of their recording.

**B.** Serve, in the same manner that a Preliminary 20-Day Notice is served (see above), a Stop Notice on the public entity.

#### IF NO NOTICE OF ACCEPTANCE IS RECORDED OR ISSUED, OR NOTICES OF COMPLETION OR CESSATION ARE NOT RECORDED, AND:

- A.** The project is actually completed, or:  
**B.** Labor ceases and owner or agent uses work of improvement, or:  
**C.** Owner or agent accepts improvement, or:  
**D.** Labor ceases for a continuous period of thirty (30) days on a contract awarded under the State Contract Act, then:

You may serve a Stop Notice at any time after you stop work; however, within ninety (90) days of any of the above acts, you must serve, in the same manner that a Preliminary 20-Day Notice is served (see above), a Stop Notice on the public entity.

**AFTER SERVICE OF A STOP NOTICE, YOU SHOULD SEEK THE ADVICE OF A COMPETENT CONSTRUCTION ATTORNEY IMMEDIATELY. THERE ARE TIME LIMITATIONS FOR FILING SUIT THAT MAY BE AS SHORT AS NINETY DAYS.**



**CALIFORNIA PRELIMINARY 20-DAY NOTICE (PRIVATE WORKS OF IMPROVEMENT)**

**THIS IS NOT A LIEN. THIS NOTICE IS GIVEN PURSUANT TO CIVIL CODE SECTION 3097.**

**NOTICE TO PROPERTY OWNER**

**IF BILLS ARE NOT PAID IN FULL FOR THE LABOR, SERVICES, EQUIPMENT, OR MATERIALS FURNISHED OR TO BE FURNISHED, A MECHANIC'S LIEN LEADING TO THE LOSS, THROUGH COURT FORECLOSURE PROCEEDINGS, OF ALL OR PART OF YOUR PROPERTY BEING SO IMPROVED MAY BE PLACED AGAINST THE PROPERTY EVEN THOUGH YOU HAVE PAID YOUR CONTRACTOR IN FULL. YOU MAY WISH TO PROTECT YOURSELF AGAINST THIS CONSEQUENCE BY (1) REQUIRING YOUR CONTRACTOR TO FURNISH A SIGNED RELEASE BY THE PERSON OR FIRM GIVING YOU THIS NOTICE BEFORE MAKING PAYMENT TO YOUR CONTRACTOR, OR (2) ANY OTHER METHOD OR DEVICE THAT IS APPROPRIATE UNDER THE CIRCUMSTANCES. OTHER THAN RESIDENTIAL HOMEOWNERS OF DWELLINGS CONTAINING FEWER THAN FIVE UNITS, PRIVATE PROJECT OWNERS MUST NOTIFY THE ORIGINAL CONTRACTOR AND ANY LIEN CLAIMANT WHO HAS PROVIDED THE OWNER WITH A PRELIMINARY 20-DAY LIEN NOTICE IN ACCORDANCE WITH SECTION 3097 OF THE CIVIL CODE THAT A NOTICE OF COMPLETION OR NOTICE OF CESSATION HAS BEEN RECORDED WITHIN 10 DAYS OF ITS RECORDATION. NOTICE SHALL BE BY REGISTERED MAIL, CERTIFIED MAIL, OR FIRST-CLASS MAIL, EVIDENCED BY A CERTIFICATE OF MAILING. FAILURE TO NOTIFY WILL EXTEND THE DEADLINES TO RECORD A LIEN.**

DATE \_\_\_\_\_

YOU ARE HEREBY NOTIFIED THAT THE UNDERSIGNED HAS FURNISHED OR WILL FURNISH LABOR, SERVICES, EQUIPMENT OR MATERIAL OF THE FOLLOWING DESCRIPTION:

PERSON FURNISHING LABOR, SERVICES EQUIPMENT OR MATERIAL

(NAME)  
  
(ADDRESS)  
  
(CITY) (STATE) (ZIP)

TO: OWNER OR REPUTED OWNER

TO: PRIME, REPUTED, OR ORIGINAL CONTRACTOR

TO: CONSTRUCTION LENDER OR REPUTED CONSTRUCTION LENDER

IF THIS BOX IS CHECKED, THE NAMES AND ADDRESSES OF ANY LABORERS TO WHOM EMPLOYER PAYMENTS ARE DUE AS OF THE DATE OF THIS NOTICE ARE CONTAINED ON ATTACHMENT "A," WHICH IS INCORPORATED HEREIN AND MADE A PART HEREOF.

DESCRIPTION OF LABOR, SERVICES, EQUIPMENT OR MATERIAL SUPPLIED, OR TO BE SUPPLIED

THE NAME AND ADDRESS OF PERSON CONTRACTING FOR THE ABOVE (YOUR CUSTOMER) IS:

JOBSITE (STREET AND LEGAL DESCRIPTION (IF KNOWN)):

AN ESTIMATE OF THE TOTAL PRICE OF THE LABOR, SERVICES, EQUIPMENT OR MATERIALS FURNISHED OR TO BE FURNISHED IS: \$ \_\_\_\_\_

TRUST FUNDS TO WHICH SUPPLEMENTAL FRINGE BENEFITS ARE PAYABLE

(NAME AND ADDRESS)

(ONLY SUBCONTRACTORS ARE REQUIRED TO IDENTIFY THE TRUST FUND)

\_\_\_\_\_  
(Signature) (Date)

\_\_\_\_\_  
(Name of Person Signing) (Title)

**PROOF OF SERVICE AFFIDAVIT (CIVIL CODE § 3097.1)**

I, \_\_\_\_\_, declare that I served copies of the above PRELIMINARY NOTICE (check appropriate box).

(a)  By personally delivering copies to \_\_\_\_\_ (name and title of person served) at \_\_\_\_\_

\_\_\_\_\_ (Address) on \_\_\_\_\_ (date), at \_\_\_\_\_ (time).

(b)  By First Class Certified or Registered Mail service, postage prepaid, addressed to each of the parties at the address shown above on \_\_\_\_\_.

I declare under penalty of perjury under the laws of the state of California that the foregoing is true and correct.

Signed at \_\_\_\_\_, California, on \_\_\_\_\_.

**[ATTACH RECEIPTS OF CERTIFIED OR REGISTERED MAIL WHEN RETURNED]**

SIGNATURE OF PERSON MAKING SERVICE

## **Instructions for Completion and Service of the Preliminary 20-Day Notice – Private Works**

Because of recent Legislation, we are recommending that Contractors serve a different Preliminary 20-Day Notice for Private Works than for Public Works.

This form is for Private Works only. In the event that you have any doubt as to whether your project is a Public Works or Private Works project, particularly if you are doing work where public funds are involved (as an example HUD projects), you may want to use both forms.

If you are a subcontractor, and on the date that you serve the Preliminary Notice you owe any amounts to your workers, then you must provide an attachment that includes the names and addresses of all your laborers to whom employer payments are due. There is a check box on the front of the form to indicate that the attachment is provided.

It is also important that your estimate of the total price of the labor, services, equipment or materials to be furnished is an accurate estimate, either based upon purchase orders from your contractor, or based upon your experience dealing with the particular type of project and your relationship with your customer. You should not merely guess just to fill in a number.

**Service of the Preliminary Notice is most important.** Failure to serve the notice properly will most likely result in a determination that the Preliminary Notice was served improperly and keep you from recording a valid Mechanic's Lien on a Private Work.

Preliminary Notices are generally served in one of two ways. The first is by personal service and the second is by First Class Certified or Registered Mail with a return receipt. Whether you choose the first method or the second method, a Proof of Service Affidavit must be filled out by all persons and/or entities who serve the Preliminary Notice. The Proof of Service Affidavit is found on the bottom of the Preliminary Notice.

To personally serve a Preliminary Notice for a Private Work you must actually hand the Preliminary Notice to the following three persons or entities: 1) owner, reputed owner; 2) the prime contractor or reputed or original contractor; and 3) the construction lender or reputed construction lender.

Service by mail of a Preliminary Notice for a Private Work must be done by First Class Certified or Registered Mail with a return receipt. The law provides that you must mail in this manner. The notice, if sent by mail, must be addressed to the person to whom notice is to be given at his or her residence or place of business address or at the address shown by the building permit on file with the authority issuing a building permit for the work, or at an address recorded pursuant to securing a construction loan. The law does not provide that the mailing must be accepted by the recipient. Therefore, if the certified or registered mail envelope is refused, you should take the return envelope and put it in your job file and keep it there sealed. Service is complete at the time of the deposit of that registered or certified mail. If you choose to serve by mail, you must serve every person and/or entity referred to in the Preliminary Notice and then attach the receipts of the Certified or Registered Mail to your copy of the Preliminary Notice when returned.

You may also "file" this Preliminary Notice with the County Recorder where the site is located. The Recorder should then send you a postcard if a Notice of Cessation or Notice of Completion is recorded on the project.

**If there is a bond on the project, you should also serve this notice on the bonding company in lieu of serving a separate bond notice.**

**REMEMBER YOU SHOULD SERVE YOUR TWENTY (20) DAY PRELIMINARY NOTICE WITHIN 20 DAYS OF WHEN YOU FIRST PROVIDE LABOR OR SUPPLY MATERIALS TO THE JOBSITE. SERVING THE NOTICE AFTER THIS TIME WILL RESULT IN YOUR LIEN OR STOP NOTICE RIGHTS TO APPLY ONLY TO THE PERIOD OF TIME STARTING 20 DAYS PRIOR TO THE TIME YOU SERVED THE PRELIMINARY 20-DAY NOTICE.**

**ATTACHMENT "A" TO CALIFORNIA PRELIMINARY 20-DAY NOTICE (PRIVATE WORKS)**

Pursuant to Civil Code section 3097, notice is given that employer payments are due to the following laborers as of this date for the project:

_____	_____
(Name)	(Address)
_____	_____
(Name)	(Address)
_____	_____
(Name)	(Address)
_____	_____
(Name)	(Address)
_____	_____
(Name)	(Address)
_____	_____
(Name)	(Address)
_____	_____
(Name)	(Address)
_____	_____
(Name)	(Address)
_____	_____
(Name)	(Address)
_____	_____
(Name)	(Address)
_____	_____
(Name)	(Address)
_____	_____
(Name)	(Address)
_____	_____
(Name)	(Address)
_____	_____
(Name)	(Address)
_____	_____
(Name)	(Address)
_____	_____
(Name)	(Address)

**ADDITIONAL NAMES (IF ANY) CONTINUE ON ATTACHMENT SHEET(S)**

**CALIFORNIA PRELIMINARY 20-DAY NOTICE (PUBLIC WORKS OF IMPROVEMENT)**

**THIS IS NOT A LIEN. THIS NOTICE IS GIVEN PURSUANT TO CIVIL CODE SECTION 3097.**

DATE \_\_\_\_\_

YOU ARE HEREBY NOTIFIED THAT THE UNDERSIGNED HAS FURNISHED OR WILL FURNISH LABOR, SERVICES, EQUIPMENT OR MATERIAL OF THE FOLLOWING DESCRIPTION:

PERSON FURNISHING LABOR, SERVICES EQUIPMENT OR MATERIAL

(NAME)
(ADDRESS)
(CITY) (STATE) (ZIP)

TO: OWNER OR REPUTED OWNER


TO: PRIME, REPUTED, OR ORIGINAL CONTRACTOR


TO: CONSTRUCTION LENDER OR REPUTED CONSTRUCTION LENDER


DESCRIPTION OF LABOR, SERVICES, EQUIPMENT OR MATERIAL SUPPLIED, OR TO BE SUPPLIED


THE NAME AND ADDRESS OF PERSON CONTRACTING FOR THE ABOVE (YOUR CUSTOMER) IS:


JOBSITE (STREET AND LEGAL DESCRIPTION (IF KNOWN)):


AN ESTIMATE OF THE TOTAL PRICE OF THE LABOR, SERVICES, EQUIPMENT OR MATERIALS FURNISHED OR TO BE FURNISHED IS: \$ \_\_\_\_\_

TRUST FUNDS TO WHICH SUPPLEMENTAL FRINGE BENEFITS ARE PAYABLE

(NAME AND ADDRESS)

(ONLY SUBCONTRACTORS ARE REQUIRED TO IDENTIFY THE TRUST FUND)

\_\_\_\_\_  
(Signature) (Date)

\_\_\_\_\_  
(Name of Person Signing) (Title)

**PROOF OF SERVICE AFFIDAVIT** (CIVIL CODE § 3097.1)

I, \_\_\_\_\_, declare that I served copies of the above PRELIMINARY NOTICE (check appropriate box).

(a)  By personally delivering copies to \_\_\_\_\_ (name and title of person served) at \_\_\_\_\_ (Address) on \_\_\_\_\_ (date), at \_\_\_\_\_ (time).

(b)  By First Class Certified or Registered Mail service, postage prepaid, addressed to each of the parties at the address shown above on \_\_\_\_\_.

I declare under penalty of perjury under the laws of the state of California that the foregoing is true and correct.

Signed at \_\_\_\_\_, California, on \_\_\_\_\_.

[ATTACH RECEIPTS OF CERTIFIED OR REGISTERED MAIL WHEN RETURNED]

SIGNATURE OF PERSON MAKING SERVICE

## **Instructions for Completion and Service of the Preliminary 20-Day Notice – Public Works**

Because of recent Legislation, we are recommending that Contractors serve a different Preliminary 20-Day Notice for Public Works than for Private Works.

This form is for Public Works only. In the event that you have any doubt as to whether your project is a Public Works or Private Works project, particularly if you are doing work where public funds are involved (as an example HUD projects), you may want to use both forms.

It is also important that your estimate of the total price of the labor, services, equipment or materials to be furnished is an accurate estimate, either based upon purchase orders from your contractor, or based upon your experience dealing with the particular type of project and your relationship with your customer. You should not merely guess just to fill in a number.

**Service of the Preliminary Notice is most important.** Failure to serve a Preliminary Notice within 20 days after you first furnish labor, services, equipment or supplies on a Public Work may prevent the government entity from withholding funds from the contractor.

Preliminary Notices are generally served in one of two ways. The first is by personal service and the second is by First Class Mail, Certified, or Registered Mail with a return receipt. Whether you choose the first method or the second method, a Proof of Service Affidavit must be filled out by all persons and/or entities who serve the Preliminary Notice. The Proof of Service Affidavit is found on the bottom of the Preliminary Notice.

To personally serve the Preliminary Notice for Public Works, hand the Preliminary Notice to the contracting officer of the public agency, and the prime contractor, or reputed or original contractor.

Service by mail of a Preliminary Notice for a Public Work must be done by First Class Mail, Certified, or Registered Mail with a return receipt. The law provides that you must mail in this manner. The law does not provide that the mailing must be accepted by the recipient. Therefore, if the certified or registered mail envelope is refused, you should take the return envelope and put it in your job file and keep it there sealed. Service is complete at the time of the deposit of the registered or certified mail. If you choose to serve by mail, you must serve every person and/or entity referred to in the Preliminary Notice and then attach the receipts of the Certified or Registered Mail to your copy of the Preliminary Notice when returned.

In the case of a Public Work, the prime, or reputed or original contractor with whom you contracted, may be served at his/her office, home or place where he/she conducts business. The contracting officer can be served at the address of the agency.

To serve a Preliminary Notice for a work constructed by the Department of Public Works or the Department of General Services of the State, either personally deliver or mail in the same manner as above, the Preliminary Notice to the disbursing officer of the department in charge of the project.

**If there is a bond on the project, you should also serve this notice on the bonding company in lieu of serving a separate bond notice.**

**REMEMBER YOU SHOULD SERVE YOUR TWENTY (20) DAY PRELIMINARY NOTICE WITHIN 20 DAYS OF WHEN YOU FIRST PROVIDE LABOR OR SUPPLY MATERIALS TO THE JOBSITE. SERVING THE NOTICE AFTER THIS TIME WILL RESULT IN YOUR LIEN OR STOP NOTICE RIGHTS TO APPLY ONLY TO THE PERIOD OF TIME STARTING 20 DAYS PRIOR TO THE TIME YOU SERVED THE PRELIMINARY 20-DAY NOTICE.**

**CONDITIONAL WAIVER AND RELEASE UPON PROGRESS PAYMENT**

Upon receipt by the undersigned of a check from \_\_\_\_\_  
(Maker of Check)

in the sum \_\_\_\_\_ payable to \_\_\_\_\_  
(Amount of Check) (Payee or Payees of Check)

and when the check has been properly endorsed and has been paid by the bank upon which it is drawn, this document shall become effective to release any mechanic's lien, stop notice, or bond right the undersigned has on the job of

\_\_\_\_\_  
(Owner)

located at \_\_\_\_\_  
(Job Description)

to the following extent. This release covers a progress payment for labor, services, equipment, or

material furnished to \_\_\_\_\_ through \_\_\_\_\_  
(Your Customer) (Date)

only and does not cover any retentions retained before or after the release date; extras furnished before the release date for which payment has not been received; extras or items furnished after the release date. Rights based upon work performed or items furnished under a written change order which has been fully executed by the parties prior to the release date are covered by this release unless specifically reserved by the claimant in this release. This release of any mechanic's lien, stop notice, or bond right shall not otherwise affect the contract rights, including rights between parties to the contract based upon a rescission, abandonment, or breach of the contract, or the right of the undersigned to recover compensation for furnished labor, services, equipment, or material covered by this release if that furnished labor, services, equipment, or material was not compensated by the progress payment. Before any recipient of this document relies on it, said party should verify evidence of payment to the undersigned.

DATED: \_\_\_\_\_  
(Company Name)

\_\_\_\_\_  
(Signature)

By: \_\_\_\_\_  
(Name, Title)

## CONSTRUCTION DICTIONARY

1. **CONTRACTOR:** A gambler who never got to shuffle, cut, or deal.
2. **BID OPENING:** A poker game in which the losing hand wins.
3. **BID:** A wild guess carried out to two decimal places.
4. **LOW BIDDER:** A contractor who is wondering what he left out.
5. **ENGINEER'S ESTIMATE:** The cost of construction in heaven.
6. **PROJECT MANAGER:** The conductor of an orchestra in which every musician is in a different union.
7. **CRITICAL PATH METHOD:** A management technique for losing your shirt under perfect control.
8. **OSHA:** A protective coating made by half-baking a mixture of fine prints, red tape, split hairs, and baloney equally applied at random with a shotgun.
9. **STRIKE:** An effort to increase egg production by strangling the chicken.
10. **DELAYED PAYMENT:** A tourniquet applied at the pockets.
11. **COMPLETION DATE:** The point at which liquidated damages begins.
12. **LIQUIDATED DAMAGES:** A penalty for failing to achieve the impossible.
13. **AUDITOR:** People who go in after the war is lost and bayonet the wounded.
14. **LAWYER:** People who go in after the auditor and strip the bodies.