

## LEGAL UPDATE: CALIFORNIA MECHANIC'S LIEN LAW IS CHANGING

**Effective July 1, 2012**, California's Mechanics' Lien Law will have a new look—and some substantively new rules. Those who furnish materials and labor in connection with the improvement of real property, *i.e.*, who receive the creditor's benefits of the mechanics' lien remedies, need to be familiar with these changes.

For the most part, the change is more in the look than in the substance of the law. The existing statutes will be moved from existing Civil Code sections 3082 - 3267 to new Civil Code sections 8000 - 8848 (General Provisions and Private Works) and 9000 - 9566 (Public Works). [Related portions of the Code of Civil Procedure, Education Code, Government Code, Health & Safety Code, Insurance Code, Labor Code, Public Contract Code and Streets & Highways Code have also been amended to ensure compatibility with the revised mechanics' lien law.] However, there are some substantive changes, some changes in definitions and some revisions to the commonly used forms.

Without listing all substantive changes, **key revisions include:**

- An entirely new set of sections dealing specifically with **notice requirements** (new sections 8100 - 8118), including the requirement that certain specified information be included in any notice (new section 8102). Further, the question of when notices served by mail are deemed complete is now expressly addressed (new section 8116).
- A change in the **time** frame (15 days instead of the prior 10 days) for an owner **to file a Notice of Completion** (new section 8182)
- A decrease in the **size of release bonds** on private works (new section 8424) from 150% to 125% of the amount of the lien claim. That brings the private works requirement into conformity with the existing (and continued) 125% requirement for public works (new section 9364).

Changes in definitions include:

### New

"Direct Contractor," meaning anyone who contracts directly with an owner  
(section 8084)

"Landscape Architect" added to definition of "Design Professional" (section 8014)

### Old

"Original Contractor"  
(section 3095)

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“Stop payment notice”  
(sections 8044 and 8502)

“Stop notice”

Revised forms:

- the notice requirements referred to above will lead to a change in all forms, both those that have a specific statutory form and those that do not
- the statutory lien waiver and release forms have been revised (new sections 8132, 8134, 8136 and 8138)
- the 20-day preliminary notice forms have been revised (new section 8202)

While the essence of the mechanics’ lien law remains the same, it will take some time to get used to the new section locations, some revised terminology and those substantive changes that have been implemented. You should contact legal counsel to ensure that your forms are updated and you understand those changes that may impact you and your business

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