

First District Court of Appeal Interprets Florida's Construction Lien Law

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The First District Court of Appeal recently issued an opinion in *JAX Utilities Management, Inc. v. Hancock Bank*, 164 So. 3d 1266 (Fla. 1st DCA 2015) that has significant implications on a bank's liability with respect to construction loan disbursements. More specifically, the appellate decision interprets Florida Statute section 713.3471, which establishes that if a lender stops giving advances on a construction loan before all of the proceeds have been distributed, then it will not be liable to a contractor, provided the lender gives the contractor proper notice within five (5) business days of the lender's decision. The statute also sets guidelines for liability in the event such notice is not given.

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