Mechanic's Lien Flowchart (MD)

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A Flowchart outlining the mechanic's lien process in Maryland. This Flowchart includes preliminary notice requirements and the procedures for perfecting, enforcing, and releasing a mechanic's lien.

Mechanic's Lien In Maryland, a claimant may use a mechanic's lien to secure payment for the labor, services, materials, or equipment it provides to improve privately owned real property (lienable work). Potential claimants include: Contractors. ■ Subcontractors (any tier). ■ Laborers. ■ Suppliers. Design and other construction professionals. Consider the Project Confirm the claimant performed lienable work under a contract to either: Construct a new building. Repair, rebuild, or improve an existing building. The total cost of all repairs and improvements (including by other project participants) must be at least: • 15% of the building's value; or • if ordered by a tenant or its employee, 25% of the building's value. Any contract for lienable work between a contractor and subcontractor cannot: Require the subcontractor to waive its rights to claim a mechanic's lien or sue on the contractor's bond. Include a pay-if-paid provision that infringes on those rights. **Evaluate the Property** Consider obtaining a title search to determine: The subject property's legal description. The extent of the owner's interest in the property. Whether the owner has filed a notice to establish boundaries designating the lienable portion of the property. ■ Whether there are any deeds of trust, mortgages, or other liens or encumbrances against the property. ■ The property may be exempt from the claimant's lien if the owner transfers legal title to a bona fide purchaser for value before the court establishes ■ The claimant may lose its right to assert a lien if the owner transfers equitable title to the property to a bona fide purchaser for value (for example, by entering into a purchase and sale agreement).



Designate the Lienable Property (Optional)

After construction starts, consider filing a motion to designate the lienable portion of the property with the circuit court. Also:

- Request a writ of survey in the motion.
- Serve the motion on all necessary parties, such as the owner and other mechanic's lien claimants.
- If necessary, file another motion asking the court to adjust the proposed boundaries within 15 days after receiving the surveyor's report.

Serve a Notice of Intention (Subcontractor)

If the claimant is a subcontractor, serve a notice of intention to claim a lien (notice of intention):

- In the required form and manner.
- On the owner or the owner's agent.
- Within 120 days after the claimant completes its lienable work.

Provide the notice of intention:

- Shortly after starting work on an owner-occupied single-family residence.
 The owner may limit or prevent a subcontractor's lien through payment to the contractor.
- To each unit owner if seeking a mechanic's lien against a condominium building.

File a Petition to Establish Mechanic's Lien

File a petition to establish mechanic's lien (petition to establish):

- In the circuit court for the county where the property is located.
- Within 180 days after the claimant completes its lienable work.

Consider filing a petition to enforce mechanic's lien (petition to enforce) together with the petition to establish.

Name the Necessary Parties

- Name the owner as the defendant.
- Review the title search and consider adding to the action any other person that may have:
- an interest in the property; and
- the right to share in the proceeds when the property is sold.
- Join all unit owners if asserting a lien against a condominium building.

Provide Supporting Information

Plead all required facts and attach:

- A supporting affidavit.
- The material papers forming the basis of the lien, such as:
- the contract;
- change orders;
- payment applications; and
- a copy of the notice of intention (if applicable).
- A proposed show cause order.

Calculate the Lien Amount

When determining the lien amount:

- Include prejudgment interest and deduct any credits.
- Allocate balances due for lienable work performed on multiple properties owned by the same person.
- If the claimant is a contractor, follow any pricing method specified in the contract (for example, lump sum or cost-plus).

Serve a Show Cause Order

- Receive a show cause order from the court. Supplement or explain any portion of the record, if necessary.
- Serve the show cause order (with copies of the petition to establish and all other pleadings and exhibits) on all defendants in the same manner as a civil complaint
- Attend the show cause hearing if the owner or another defendant files an

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Obtain a Judgment

Confirm the court enters a judgment establishing the claimant's lien. If the court:

- Enters a judgment denying the lien, consider appealing the court's decision.
- Dismisses the petition to establish because the claimant failed to demonstrate probable cause it is entitled to a lien, consider filing a request within 30 days to assign the matter for trial.

Review an Interlocutory Order (If Necessary)

If the court issues an interlocutory order instead of a judgment or dismissal, verify the order.

- Establishes the claimant's lien.
- Schedules a trial to take place within six months.
- Sets the amount for a lien release bond.
- Contains the additional elements required by statute and court rule.

Set the Bond Amount (If Applicable)

Ensure the amount of any lien release bond set by the court sufficiently protects the claimant.

File a motion requesting an additional bond if the claimant objects to either:

- The bond amount.
- The surety

Attach the Lien to Property in Another County (If Applicable)

Attach the claimant's lien to any portion of the property located in another county by filing certified copies in that county of:

- The docket entries for the lien action.
- The court's judgment or order establishing the lien.
- Any required bond.

Owner's Remedies (Optional)

The owner or another interested person may file:

- A lien release bond in the amount set by the court.
- A motion to:
- release the claimant's lien; or
- modify or dissolve a lien created by an interlocutory order.

Enforce the Lien

After the judgment and within one year after filing the petition to establish, file either:

- A petition to enforce with a request for an order to sell the property (if not already filed with the petition to establish).
- A petition to execute on a lien release bond (if applicable).

If there is no lien release bond, satisfy the judgment by following the ordinary procedures for judicial sales. Comply with the postsale requirements for foreclosures, including:

- Filing a report of sale.
- Ratifying the sale.
- Enabling the court-appointed auditor to prepare a final account.

Release the Lien (If Applicable)

- File an order of satisfaction releasing the claimant's lien if the lien amount is paid or otherwise satisfied.
- A fully paid contractor must provide the owner with signed lien releases from all subcontractors.

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