

Mark D. Thompson, Esq.  
WEST, BROWN, HUNTLEY & THOMPSON, P.C.  
100 South Ridge Street, Suite 204  
P.O. Box 588  
Breckenridge, CO 80424  
(970) 453-2901

### MECHANIC'S LIENS AND THE STATUTE

1. As a very general rule, the deadline for *recording* a mechanic's lien is the date four months from the date of last *substantial* work on the project
  - A. The lien statute requires that you provide 10 day's notice to the owner and prime contractor *before* recording the lien - do not record the lien and then send it to the owner - do not wait until the last minute
  - B. Lien forms must be completed correctly - you must accurately name the owner and the prime contractor, and you must correctly identify the property.
2. The amount of the lien claim is of critical importance and must be accurate
  - A. An excessive lien may be void
  - B. Items of your work that are not incorporated into the work of the project are not lienable. For example, including charges for a table saw or other piece of equipment in a lien is not supported by the statute. Likewise, your attorney's fees and costs of collection are not lienable. Interest at your contract rate can, however, be included.
  - C. Be especially cautious with lien amounts where defective workmanship is alleged as a basis for non-payment.
  - D. Calculate your lien amount carefully and keep a specific record of how the amount was calculated
3. In addition to liens, there are other remedies under the Colorado Mechanic's Lien Statute that should be kept in mind. Most notably is the "notice to disburser". If you are on a project with financing and a "notice of disburser" has been recorded, one tool that may be effective for payment is to give the disburser notice of your claim. By doing so, the statute requires the disburser (i.e. the construction lender) to take certain steps to make sure your claim is addressed before disbursing additional funds
3. The Colorado Mechanic's Lien Statute also imposes a very important statutory duty of trust on contractors which provides that all funds disbursed to a contractor are to be held in trust for the payments relating to the project. Be very careful about co-mingling funds and do NOT use funds from one project to pay for something on another, or to for something unrelated to the project. There are serious potential penalties for violation of this provision, including: personal liability and exposure to treble damages and attorney's fees. This is especially important in cost-plus contracts.

Mechanic's liens are a powerful tool, but it is easy to make a mistake. This document is intended to provide very general guidance and not legal advice. If you are in a situation that merits a lien, contact legal counsel and get specific advice to address the claim.