# MAINE STATE LEGISLATURE

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## 122nd MAINE LEGISLATURE

## **FIRST REGULAR SESSION-2005**

Legislative Document

No. 570

S.P. 178

In Senate, February 3, 2005

An Act To Require the Fair Application of the Mechanic's Lien Law

Reference to the Committee on Judiciary suggested and ordered printed.

JOY J. O'BRIEN Secretary of the Senate

Presented by Senator COWGER of Kennebec.
Cosponsored by Representative SMITH of Monmouth and
Senators: BROMLEY of Cumberland, CLUKEY of Aroostook, DOW of Lincoln, NUTTING
of Androscoggin, Representatives: FARRINGTON of Gorham, MOODY of Manchester,
RECTOR of Thomaston, SCHATZ of Blue Hill.

### Be it enacted by the People of the State of Maine as follows:

Sec. 1. 10 MRSA §3255, sub-§3, as enacted by PL 1975, c. 734, is amended to read:

Notice to owner. If the labor, materials or services were not performed or furnished by a contract with the owner of the property affected, the lien described in this chapter may only be enforced against the property affected to the extent of the balance due to the person with whom the owner has directly contracted to perform or furnish the labor, materials and services on which that lien claim is based. The defense established by this subsection shall is only be available with respect to sums paid by the owner to the person with whom the owner has directly contracted where when payment was made prior to commencement of an action to enforce such lien by the person performing or furnishing labor, materials or services without a contract with the owner or a written notice from the person performing or furnishing labor, materials or services without a contract with the owner which that sets forth a description of the property sufficiently accurate to identify it; the names of the owners; that the person giving notice is going to perform or furnish, is performing or furnishing or has performed or furnished labor, materials or services; that the person giving notice may claim a lien therefor on the affected property for the labor, materials or services and which-shall that must contain the following warning at the top of the notice:

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Under Maine law, your failure to assure <u>ensure</u> that ...... (name of claimant giving notice) is paid before further payment by you to ...... (name of contractor) may result in your paying twice.

In no case shall may the total amount due from the owner to those performing or furnishing labor, materials or services without a contract with the owner exceed the balance due from the owner to the person with whom he the owner has directly contracted at the time of service of process on the owner in a lien action or receipt of the written notice described above, whichever occurs first.

If the owner does not reside in the place where the property is located, but has a known agent therein, notice may be given to the agent or to the owner at the place where he the owner resides. If the notice provided by this subsection is given, the lien claimant must also comply with the notice requirements of section 3253 and commence the legal action required by subsection 1 to the extent that this compliance is required in order to preserve his the lien claim.

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This--subsection--shall--not--apply-where--labor,--materials--or services--are--performed--or--furnished--to--the--premises--for--a business,--commercial--or--industrial--purpose--unless--the--owner resides-on-the-premises-affected.

#### **SUMMARY**

The mechanic's lien law permits a subcontractor or material supplier to collect from a residential customer directly when that subcontractor or material supplier has not been paid by the general contractor, even if the residential customer has paid the general contractor. Thus, the residential customer may end up paying twice for services or materials, but only if the residential customer is first given prior notice of this possibility.

Commercial customers are not entitled to receive such prior notice before they can be required to pay twice. This bill eliminates the nonresidential exemption to the prior notice requirement.