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Effective January 1, 2013, amendments to the Mechanic's Lien Law created the following changes.

1. Establish a centralized internet-based "Mechanics' Notice and Lien Registry" where all mechanic's liens on residential and commercial construction projects must be posted and where the required notices for Commencement of Work (for general contractors and owner-builders) and Preliminary Notice (for subcontractors) of residential construction must be posted.
2. Requires that general contractors and owner-builders timely issue a "Notice of Commencement of Work" on residential construction projects in order to subsequently assert mechanic's liens.
3. Requires that subcontractors timely issue a new form of "Preliminary Notice" on residential construction projects in order to subsequently assert mechanic's liens.

Mechanics' Notice and Lien Registry

The Mechanics' Notice and Lien Registry (MNL) is an electronic, internet-based database, maintained by the Iowa Secretary of State, where all postings and notices related to mechanic's liens must be posted. Effective January 1, 2013, mechanic's liens and related notices will no longer be filed or accepted by the clerk of the district court where the project is located.

General Contractor's Notice of Commencement of Work for Residential Construction

A new type of notice called a "Notice of Commencement of Work" must be posted to the Mechanics' Notice and Lien Registry by a general contractor or an owner-builder in order to be able to subsequently assert mechanic's lien rights on a residential construction project. This notice must be posted to the Mechanic's Notice and Lien Registry within ten (10) days of commencement of work on the project.

Subcontractor's Preliminary Notice to Residential Construction

The new law requires a subcontractor to provide notice to an owner of an owner-occupied dwelling that the subcontractor is working on the project and may have mechanic's lien rights. The Preliminary Notice requirement still remains, but the content of the notice and how it must be given has been changed. A subcontractor must post a preliminary notice to the MNL in order to assert a mechanic's lien. The information in the Preliminary Notice is similar to the information that must be set forth in the Notice of Commencement of Work. There are no specific requirements as to when the preliminary notice must be posted, however the mechanic's lien is enforceable only to the extent of the balance due the general contractor or the owner-builder at the time of the posting of the preliminary notice. The Secretary of State mails a copy of the owner notice to the property owner (except if the property owner is the owner-builder) and posts proof of service on the MNL. In addition, to enforce the mechanic's lien, the subcontractor bears the burden to prove that the owner received notice. The subcontractor may satisfy the burden of proof by providing separate notice by any of the following means: by certified mail with return receipt; by person service in the manner original notices are required to be served; or by actual notice with a signed receipt from the owner acknowledging notice.

