

AGENT UNDERWRITING BULLETIN

Mechanic's Lien Reminder

Based upon the current state of the economy, and in particular, the affect on the real estate market, it is important to remember the proper procedures when dealing with new construction, or property upon which work has recently been done.

In accordance with local bar association customs, in any residential transaction in which you are representing a buyer who is purchasing a property upon which work has been performed or services rendered during a ninety (90) day period immediately preceding the date of closing for which a lien could be recorded, the seller is obligated to deliver to the purchaser a completed and absolute mechanic's lien waiver at closing.

A form of the mechanic's lien waiver that should be used follows. The signatures of all persons who have performed work on the premises, including that of the general contractor and all sub-contractors need to be obtained.

Please be advised that a blanket indemnity from only the general contractor which does not waive lien rights is not sufficient. Further, if work has been done within the ninety (90) period that has purportedly been paid for in full, then receipts of such payment should be obtained. Questions regarding work being done on the property should be asked early and often. Lien waivers can be difficult to obtain, thus the more lead time the better.

If you are involved in a transaction where you have any questions regarding Mechanic's Liens, please contact a Chicago Title underwriter before proceeding.

CHICAGO TITLE INSURANCE COMPANY

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