

FIRST REGULAR SESSION

HOUSE BILL NO. 991

96TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES LICHTENEGGER (Sponsor),
SCHUPP AND FUHR (Co-sponsors).

0126L.01I

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To repeal section 429.016, RSMo, and to enact in lieu thereof one new section relating to mechanic's liens.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Section 429.016, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 429.016, to read as follows:

429.016. 1. The provisions of this section shall only apply to mechanic's liens asserted against residential real property, other than mechanic's liens for the repair, remodeling, or addition to owner-occupied residential property of four units or less which are governed by section 429.013 and other applicable sections of this chapter.

2. As used in this section, the term "residential real property" means any [parcel of real estate, improved or unimproved, that is intended to be used or is used for the construction of residential structures and related improvements which support the residential use of the land where such residential structures are intended, upon completion, either to be occupied or sold by the current owner. Such residential structures shall include any residential dwelling of four units or less, whether or not a unit is occupied by an owner, and shall also include any structures consisting solely of residential condominiums, townhouses or cooperatives regardless of the number of units. The definition of "residential real estate" shall exclude any mixed use or planned unit developments except to the extent that any residential uses of such developments are, or will be, located on separate, identifiable parcels from the nonresidential uses and then only as to those residential uses. Residential real property shall also include any streets,

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

16 sidewalks, utility services, improved common areas, or other facilities which are constructed
17 within the defined residential use structures or located on or within the separate and identifiable
18 parcels identified as for residential use] **new residential subdivision that has not been platted**
19 **or recorded or a residential subdivision for which an application for final plat has been**
20 **submitted.**

21 **3. Except for any tradesperson who begins providing labor or materials after the**
22 **property owner posts a notice of sale**, any person or entity, hereinafter referred to as claimant,
23 who seeks to retain the right to assert a mechanic's lien against residential real property,
24 hereinafter referred to as property, shall record a notice of rights in the office of the recorder of
25 deeds for the county in which the property is located, not less than five calendar days prior to the
26 intended date of closing stated in a notice of intended sale as contemplated in this section.

27 4. Notwithstanding subsection 3 of this section, a claimant that is accurately identified
28 in any previously recorded notice of rights recorded as to the property is relieved of its duty to
29 record a notice of rights.

30 5. If the last day to record the notice of rights falls on a Saturday, Sunday, or legal
31 holiday recognized by the state of Missouri, the notice of rights shall be recorded not later than
32 the next day that the office of the recorder of deeds is open for business.

33 6. Any claimant that fails to record such notice of rights shall be deemed to waive and
34 forfeit any right to assert a mechanic's lien against such property. Despite any such waiver and
35 forfeiture of mechanic's lien rights, the claimant shall retain all other rights and remedies allowed
36 by law to collect payment for its work, labor, and materials. **However, if the lien claimant,**
37 **under subdivision (3) of subsection 11 of this section, requests the property owner to**
38 **provide such claimant with a notice of sale and the owner fails to do so in sufficient time**
39 **for the lien claimant to record its notice of rights, then the notice of sale is ineffective as to**
40 **that lien claimant, and the lien claimant does not forfeit its mechanic's lien rights; provided**
41 **such claimant shall prove delivery of his or her request to the property owner by certified**
42 **mail, process server, or any other delivery means requiring a signature or other proof of**
43 **delivery.**

44 7. Notwithstanding any other provision of this section **except subsection 6 of this**
45 **section**, a notice of rights recorded after the owner's conveyance of the property to a bona fide
46 purchaser for value shall not be effective to preserve the claimant's mechanic's lien rights to the
47 property. **A lien claimant's attorney's fees shall be recoverable. Such fees may be set forth**
48 **on the lien claim, but shall be awarded to the successful lien claimant. The lien claimant's**
49 **attorney's fees shall be treated like interest. Interest is awarded at nine percent per**
50 **annum.**

51 8. The notice of rights shall comply with section 59.310 and be on a form substantially
52 as follows:

53 NOTICE OF RIGHTS Date: The date of the document. Owner: Identify Property
54 owner, as "Grantor" by correct name. Claimant: Identify Claimant, as "Grantee" by correct
55 name, current address, contact persons, and current telephone number. Property: The legal
56 description of the property. Person Contracting with Claimant for Work: Identify person or
57 entity contracting with Claimant by correct name, current address, and current telephone number.
58 Persons performing work for or supplying materials to Claimant: Claimant may, but is not
59 obligated to, identify any persons or entities which have or will be performing work or supplying
60 materials on behalf of Claimant for the Property. Said persons or entities must be identified by
61 correct legal name, address, and current telephone number. A recorded notice correctly identifies
62 a person or entity so long as the identifying information in the notice is neither deceptively
63 similar to another person or entity reasonably likely to provide labor, materials, supplies, or
64 equipment for the improvement of property nor so deficient in information as to make it
65 unreasonably difficult to identify such person or entity. The form shall be signed by a person
66 authorized to execute the form on behalf of the claimant, and such signature shall be notarized.
67 The name of the person signing the form shall be printed legibly or typed immediately below the
68 signature.

69 9. The notice of rights shall be recorded by the claimant in the office of the recorder of
70 deeds of the county in which the property is located. **The recorder of deeds shall charge a**
71 **nominal sum not to exceed five dollars. There shall be a five dollar fee to file a mechanic's**
72 **lien with the clerk regardless of the number of pages.**

73 10. The recorder of deeds shall record such notice of rights in the land records and index
74 notice of rights such that owners shall be deemed grantors and claimants shall be deemed
75 grantees, and the grantor's signature shall not be required for recording.

76 11. (1) **Any general contractor at the beginning of any job shall provide the record**
77 **title owner of residential real property, hereinafter the owner, a sworn affidavit of the**
78 **names and addresses of all subcontractors and material suppliers known to be working on**
79 **the jobsite. The general contractor shall have a continuing obligation to update such**
80 **affidavit to the owner as to new subcontractors or suppliers. If the general contractor fails**
81 **to provide the owner with such affidavit, it shall be the owner's obligation to demand the**
82 **affidavit from the general contractor before being obligated to pay the general contractor**
83 **in whole or in part. If the general contractor does not provide the affidavit and the owner**
84 **does not demand the affidavit from the general contractor, then any notice of sale posted**
85 **shall be ineffective as to any subcontractor or supplier who was actually known but not**
86 **notified. Any payments made by the owner to the general contractor are presumptively**

87 **fraudulent as to subcontractors and suppliers who were known but not so advised.** If the
88 [record title owner of residential real property, hereinafter the] owner[,] has contracted with a
89 claimant for the performance or provision of work, labor, or materials for the improvement of
90 such property in order to facilitate the owner's sale of such property to a bona fide purchaser for
91 value as contemplated in this section, then the owner or such owner's designated agent shall
92 record a notice of intended sale in the office of the recorder of deeds for the county in which the
93 property is located. The notice of intended sale shall be recorded not less than forty-five calendar
94 days prior to the earliest calendar date the owner intends to close on the sale of such property to
95 such purchaser. The notice of intended sale shall state the calendar date on which the owner
96 intends to close on the sale of such property to such purchaser. Only one notice of intended sale
97 shall be recorded, even if the intended date of closing stated therein is postponed to a date later
98 than that stated in the notice of intended sale. **If the closing is postponed, the owner shall be**
99 **obligated to advise all subcontractors and suppliers of the postponement and the new**
100 **closing date, if known. If the sale is postponed, any party not having timely filed a notice**
101 **of rights by the date of the original sale may file a notice of rights within five days of the**
102 **new sale date.** The owner's, or its designated agent's, recording of a notice of intended sale as
103 to the subject property, as contemplated herein, is a condition precedent to a claimant's obligation
104 to record a notice of rights as to the subject property in order to retain a claimant's mechanic's
105 lien rights as to such property.

106 (2) The owner, or its designated agent, shall post on the subject property, or at an
107 entrance to the subject property, or at any jobsite office located at or near the subject property,
108 a copy of the owner's notice of intended sale.

109 (3) The owner, or its designated agent, shall provide any claimant with a copy of the
110 notice of intended sale and a copy of a legal description of the subject property, within five
111 calendar days after the date the owner, or its designated agent, receives a written request for the
112 same from any such claimant. The information contemplated herein shall be transmitted by U.S.
113 mail addressed to the claimant's registered agent or principal place of business or transmitted by
114 other commercially reasonable means. A claimant shall, in turn, provide any person or entity
115 with which it has contracted to perform or provide work, labor, or materials for the improvement
116 of the subject property with written notice in the same form and manner, and containing the same
117 information, as the written notice issued by the owner, all within ten calendar days after the date
118 the claimant receives a written request for the same from any such person or entity. **If a**
119 **subcontractor or supplier provides the owner with a written request to be advised of any**
120 **intended sale of the property and requests the owner to provide him or her with a copy of**
121 **the notice of sale and the owner fails to do so within five days of the request, the**
122 **subcontractor's or supplier's failure to timely file a notice of rights shall not cause the**

123 **subcontractor or supplier to forfeit his or her lien rights. The subcontractor or supplier**
124 **shall retain his or her mechanic's lien rights as though no notice of sale had ever been filed.**

125 (4) [If any owner, or its designated agent, fails to comply with the requirements of this
126 section, a claimant shall be entitled to receive, as its sole and exclusive remedy for such failure
127 to comply with the section, the claimant's actual and reasonable costs, excluding attorney fees,
128 to obtain a legal description of the subject property necessary for the claimant to record its notice
129 of rights. The costs described in this section shall be lienable expenses. The owner's or its
130 designated agent's failure to post or mail or transmit the information contemplated in this section
131 shall not relieve, and is not a condition precedent to, a claimant's obligation to record its notice
132 of right in order to retain claimant's mechanic lien rights as to such property.

133 (5) The] **If the** owner, or its designated agent, [shall not be liable to any claimant, or
134 other person, for any error, omission, or inaccuracy in the content of the information provided
135 and disclosed by the owner, or its designated agent, except as otherwise expressly provided in
136 this section. If a claimant receives a copy of the notice of intended sale and a legal description
137 of the subject property from the owner or its designated agent as contemplated in this section and
138 the claimant relies in good faith upon the legal description and includes such legal description
139 in a notice of rights as required in this section, and the claimant's notice of rights otherwise
140 complies with the requirements of this section, then any such claimant's notice of rights shall be
141 deemed to comply with the requirements of this section, and such claimant's right to assert a
142 mechanic's lien as to the subject residential real property shall be retained even if subsequently
143 it is determined that such legal description is in error or inaccurate as to the subject residential
144 real property] **provides inaccurate information such that the subcontractor or the supplier**
145 **files an ineffective notice of rights attributable to inaccurate information provided by the**
146 **owner, then the lien claimant retains its mechanic's lien rights.**

147 12. The recording of a notice of rights shall not extend the time for filing a mechanic's
148 lien as provided under section 429.080.

149 13. A [separate notice of rights shall be recorded for each lot or parcel of residential real
150 property upon which the claimant performs its work. Nothing herein shall be construed to
151 prohibit the claimant from providing a notice of rights covering multiple lots in the same
152 subdivision if common ownership of lots exists. If the] claimant [commences its] **commencing**
153 work prior to **or after** the platting or subdivision of a tract of land comprising residential real
154 property[, the claimant] is only required to record one notice of rights provided that the entire
155 tract of land upon which any such lien is to be asserted is described in such notice of rights.

156 14. [The claimant shall not be required to provide the notice required under section
157 429.100, but compliance with the requirements of this section shall not relieve the claimant of

158 its duty to comply with all other applicable sections of this chapter, except as specifically
159 modified herein, in order to preserve, assert, and enforce its mechanic's lien rights.

160 15. For purposes of any mechanic's liens against residential real property only, a claimant
161 satisfies the just and true account requirement contained in section 429.080 by providing the
162 following information and documentation as part of its mechanic's lien claim filed with the clerk
163 of the circuit court:

164 (1) A photocopy of the file-stamped notice of rights and any renewals of notice of rights
165 recorded by or identifying claimant;

166 (2) The name and address of the person or entity which claimant contracted with to
167 perform work on the property;

168 (3) A copy of any contract or contracts, purchase order or orders, or proposal or
169 proposals, hereinafter collectively referred to as agreements, and any agreed change orders or
170 modifications to such agreement or agreements under which claimant performed its work on the
171 property;

172 (4) In the absence of any written agreement or agreements, a general description of the
173 scope of work agreed to be performed by claimant on the property and the basis for payment for
174 such work as agreed to by claimant and the contracting party;

175 (5) All invoices submitted by claimant for its work on the property;

176 (6) An accurate statement of account which shows all payments or credits against
177 amounts otherwise due to claimant for the work performed on the property and the calculation
178 or basis for the amount claimed by claimant in its mechanic's lien statement; and

179 (7) The last date that claimant performed any work or labor upon, or provided any
180 materials or equipment to, the property;

181 (8) The claimant shall attach a file-stamped copy of his or her notice of rights to
182 claimant's mechanic's lien statement if and when filed with the circuit clerk under section
183 429.080.

184 16.] To the extent that any error in the information contained in the claimant's notice of
185 rights prejudices the owner, any lender, disbursing company, title insurance company, or
186 subsequent purchaser of the property, the claimant's rights to assert a mechanic's lien shall be
187 forfeited to the extent of the prejudice caused by such error.

188 [17.] **15.** A person having an interest in any residential real property against which a
189 mechanic's lien has been filed may release such residential real property from any such
190 mechanic's lien by:

191 (1) Depositing in the office of the circuit clerk a sum of money, in cash or certified
192 check, an irrevocable letter of credit, which may be secured, issued by a federally or
193 state-chartered bank, savings and loan association or savings bank, referred to hereafter as a

194 bank, authorized to and doing business in the state of Missouri, or a surety bond issued by a
195 surety company authorized to do surety business in the state of Missouri and having a certificate
196 of authority to do business with the United States government in accordance with 31 CFR
197 Section 223.1, in an amount not less than one hundred fifty percent of the amount of the
198 mechanic's lien being released; and

199 (2) Recording with the recorder of deeds and filing with the circuit clerk a certificate of
200 deposit signed by the circuit clerk which provides the following information:

201 (a) Amount of money deposited, amount of the letter of credit deposited, or penal sum
202 of the bond deposited, along with the name and address of the bank issuing the letter of credit
203 or surety company issuing the bond, as well as a service address for the bank or surety company;

204 (b) Name of claimant, number assigned to the mechanic's lien being released, and the
205 amount of the mechanic's lien being released;

206 (c) Legal description of the property against which the mechanic's lien was filed;

207 (d) Name, address, and property interest of the person making the deposit of money,
208 providing the letter of credit or providing the surety bond; and

209 (e) A certification by the person making the deposit of money, providing the letter of
210 credit, or providing the surety bond that they have mailed a copy of the certificate of deposit to
211 the claimant at the address listed on the mechanic's lien being released, along with a copy of any
212 letter of credit or bond deposited by said person.

213 [18.] **16.** Any surety bond deposited as substitute collateral shall obligate the surety
214 company, to the extent of the penal sum of the bond, to pay any judgment entered under section
215 429.210.

216 [19.] **17.** Any letter of credit deposited as substitute collateral shall obligate the issuing
217 bank, to the extent of the amount of the letter of credit, to pay any judgment entered under
218 section 429.210.

219 [20.] **18.** Upon release of the residential real property from a mechanic's lien by the
220 deposit of substitute collateral, the claimant's rights are transferred from the residential real
221 property to the substitute collateral.

222 [21.] **19.** Upon determination of the amount of claimant's claim, if any, against the
223 substitute collateral, the court shall either:

224 (1) Order the circuit clerk to pay the claimant any sums awarded out of the deposited
225 funds and release any remainder to the person or entity who made the cash deposit;

226 (2) Order the bank to issue payment under the letter of credit for the awarded amount but
227 not exceeding the amount of the letter of credit;

228 (3) Render judgment against the surety company on the bond for the amount awarded
229 up to but not exceeding the penal sum of the bond; or

230 (4) Release the substitute collateral all as deemed appropriate by the court.

231 [22.] **20.** The deposit of substitute collateral and release of claimant's mechanic's lien
232 shall not modify any aspect of the priority of claimant's interest, claimant's burden of proving
233 compliance with the mechanic's lien statutes, or claimant's obligations with respect to
234 enforcement of its mechanic's lien claim, including, but not limited to, time for filing suit to
235 enforce and necessary parties to the suit to enforce. It is the intent only that the deposited
236 substitute collateral shall be the ultimate source of any potential recovery by claimant instead of
237 the funds generated by foreclosure of the residential real property.

238 [23. A release of a mechanic's lien under the deposit of substitute collateral shall not
239 relieve any claimant of potential liability for slander of title or otherwise due to the filing of
240 claimant's mechanic's lien.

241 [24.] **21.** The surety company for any bond or the bank which issued the letter of credit
242 deposited under this section shall be made a party to any mechanic's lien enforcement action with
243 respect to any mechanic's lien released by the deposit of said bond or letter of credit.

244 [25. Any claimant may waive its right to assert a mechanic's lien against residential real
245 property by executing a partial or full waiver of mechanic's lien rights, whether conditioned upon
246 receipt of payment or unconditional, provided that a waiver of mechanic's lien rights shall not
247 be deemed or interpreted to waive or release mechanic's lien rights in exchange for a payment
248 of less than the amount claimed due at that time unless such mechanic's lien waiver is an
249 unconditional, final mechanic's lien waiver in compliance with this section.

250 26. An unconditional, final lien waiver is a complete and absolute waiver of any
251 mechanic's lien rights against the residential real property described in the mechanic's lien
252 waiver, including any rights which might otherwise arise from remedial or additional labor,
253 services, or materials provided to the residential real property, or which might benefit the
254 residential real property, under either an initial agreement or a supplemental agreement entered
255 into by the same parties prior to the execution of the unconditional, final mechanic's lien waiver.

256 27. An unconditional, final mechanic's lien waiver shall only be valid if it is on a form
257 that is substantially as follows:

258 UNCONDITIONAL FINAL LIEN WAIVER FOR RESIDENTIAL REAL PROPERTY
259 Claimant (provide legal name and address of Claimant) hereby fully, finally, and unconditionally
260 waives and releases any right to assert or enforce a mechanic's lien claim against the residential
261 real property identified below for all work performed by Claimant prior to the date set forth
262 below and for any work hereafter performed by or on behalf of Claimant under any agreements
263 executed by Claimant prior to said date set forth below: (Provide legal description of the
264 Property) Claimant's legal name and the name, title or position, address, and telephone number
265 of the person executing the unconditional final lien waiver on behalf of claimant shall be typed

266 or legibly printed immediately above or below the signature, and the date that the document was
267 signed shall be typed or legibly printed immediately adjacent to the signature.

268 28. A claimant executing an unconditional, final mechanic's lien waiver for less than full
269 consideration shall be bound by such mechanic's lien waiver as it relates to any rights to assert
270 a mechanic's lien against the property, but such mechanic's lien waiver shall not constitute a
271 waiver or release of any other claim, remedy, or cause of action.

272 29. An unconditional, final mechanic's lien waiver meeting the requirements of this
273 section is valid and enforceable as to claimant's mechanic's lien rights as to the property
274 identified on the unconditional, final mechanic's lien waiver notwithstanding claimant's failure
275 to receive any promised payment or other consideration.

276 30. Any claimant who has recorded a notice of rights and who has been paid in full for
277 the work performed on the property shall timely execute an unconditional, final mechanic's lien
278 waiver, shall not unreasonably withhold such a waiver when circumstances require prompt
279 execution, and in no event shall fail to provide a waiver any later than five calendar days after
280 claimant's receipt of a written request to do so by any person or entity. A claimant who fails or
281 refuses timely to execute an unconditional, final lien waiver when such claimant has been paid
282 in full for any labor, materials, services, or equipment supplied or used in the improvement to
283 the property shall be presumed liable for slander of title and for any damages sustained as a result
284 thereof, together with a statutory penalty of five hundred dollars.

285 31.] **22.** The provisions of this section shall apply to any residential real property
286 conveyance closing on or after November 1, [2010] **2011.**