CONSTRUCTION LIEN SPECIALISTS

2025

YOUR RIGHT TO GET PAID:
A COMPREHENSIVE GUIDE

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www.clsnow.com

Construction Lien Specialist (CLS) is a construction services company that legally secures your ability to collect on delinquent payment through a framework of pressure and influence culminating in the filing of a Mechanics Lien

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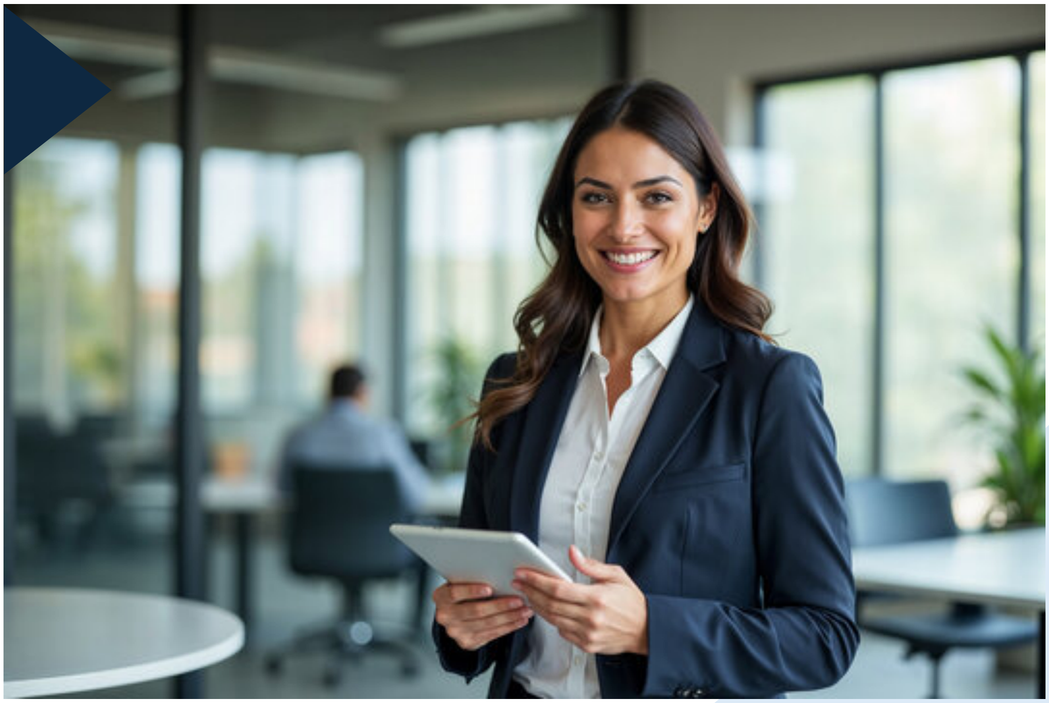

I. OUR COMPANY

OUR COMPANY

Construction Lien Services (CLS) is an innovative Construction Services Company that legally secures your ability to collect by filing Mechanics Liens and providing a framework of pressure and influence to help you get paid. We use our streamlined processes, technology, and expert legal oversight to help secure and recover your payment without racking up the sort of legal fees included by engaging a traditional law firm.

Our model brings access to lien-related services to construction firms of all sizes, materials suppliers and providers of equipment. In an industry plagued by payment delays and disputes, CLS stands out by inherently possessing two key qualities that differentiate us from our competitors. First is our willingness to go beyond providing notice and filings for Mechanics Lien's. In addition to those services, we actively engage your customers in negotiation and use our process to influence and legally encourage them to pay on your behalf. Second, we avoid incurring the cost of a traditional law firm by having in-house council who reviews all correspondence and communication to ensure our process is as effective as possible.

OUR MISSION

At CLS, our mission is to provide construction companies, large and small, the ability to establish the legal and actionable framework for collecting on jobs, backed by the full support of our in-house legal counsel, without the normal law firm price tag. While we aren't a law firm, we are dedicated to simplifying the mechanics lien process, fostering fair payment practices, and enabling our clients to focus on building rather than battling the bureaucracy of being paid for services already rendered. Through accessible, high-quality services overseen by a certified legal specialist, we aim to level the playing field, ensuring that every contractor can safeguard their earnings with confidence and minimal financial burden.

OUR MODEL

Our business model does not discriminate against job size. We will provide your company the same service no matter if the value of the job is $25,000 or $10,000,000. The only variable in cost is the number of progress payments you have written into your contract. From 0-5 progress payments, we start at $1,000 dollars per service and increase by $500 every 5 additional progress payments. Our general flat-fee structure of $1,000 per client ensures affordability and predictability for clients, fostering long-term relationships.

II. OUR PROCESS

INTRODUCTION

To define our company as a Mechanics Lien company would not genuinely describe our services. Instead, what we provide is a framework that includes the preliminary notice requirements and actual filing of a mechanics lien, with a lot more sandwiched in between. As you make your way through our process, be aware that each step is overseen by our inhouse counsel, so every letter bears the weight of a law firm and a lawyer without the expense of using a traditional firm. Additionally, we have an innate understanding of where to apply pressure to produce the most significant results.

a. PROJECT INTAKE & CONTRACT REVIEW

The first step with any new project is to complete a Project Intake Form and send us your Project Contract for review. Not only does this allow us to understand the payment terms, but also the scope of the work your firm has undertaken and the expected dates of payments.

As we process your intake form and create an outline plan to implement on your behalf, we will provide you monthly updates as to the status of your project. You will be responsible for communicating failed or delinquent payments, pressure from clients over change orders, and issues that may arise with the project. Together, we can move forward and make sure you get paid for services rendered.

b. PAYMENT

Once we have reviewed your contract and assessed the number of progress payments attached to the job, we will provide an invoice and affirm payment with your point of contact. No payments will be taken without your express approval. Once Payment is collected, we will implement the plan our team has created for your project.

c. PRELIMINARY NOTICE

Under California Civil Code §8000-9566, a preliminary 20-Day Notice must be mailed, certified with receipt requested, to the identified property owner, general contractor and lender on the project. The notice preserves your right to file a Mechanics Lien and secure future payment. The notice must be served within 20 days of first furnishing labor, materials, or equipment to the project.

This first filing is generally where most non-attorney backed firms stop their services. They make this initial filing for a fee and leave you to fend for yourself to convince the property owner to pay. Our firm is different. We continue well beyond the preliminary notice requirement set by statute and aggressively use all methods available to recover your money before your project progresses to a Mechanics Lien.

But why work hard when a Mechanics Lien secures payment? While a Mechanics Lien absolutely secures payment, the enforcement of the mechanism requires court appearances, and foreclosure of the subject property to compel payment. This is a scorched earth approach where we are willing to destroy the subject property, the project, and potentially the owner’s financial ability to recover. The recovery process is not cheap and requires the engagement of a law firm. While we are willing to pursue a Mechanics Lien up to the point of enforcement, it is much more lucrative for you to settle payment issues with leverage and communication rather than the end all be all approach.

Statistically, 30% of all projects face payment issues, and of those, 70% can be resolved with minimal negotiation and communication. Our express purpose is to negotiate payment before true enforcement and legal foreclosure action so that relationships can be preserved, money can be saved, and both parties can move on satisfied. If 70% of project payment issues can be settled with minimal communication, imagine what a comprehensive, planned campaign of pressure can produce.

d. DEMAND FOR PAYMENT

To be clear, a great deal of projects will progress through completion and payment without any payment issues. But statistics and experience tell us that the ones that do suffer some sort of delay in payment must be taken care of immediately, or we risk a potentially expensive road to recovering revenue. That is where CLS comes in. We are the diligence, and the first defense we have is a Letter of Demand.

For several reasons, property owners, whether commercial or residential, may withhold payment from general contractors, sub-contractors, materials suppliers or equipment lenders due to disputes over work quality, contract terms, scope changes, financial issues, contractor negligence, or attempts to negotiate better terms.

CLS is here to cut through those reasons and get to the heart of the issue quickly by using our proprietary tactics and expert process. Our in-house consul can articulate your rights under the contract and our vast experience can exploited the points of leverage that make the most impact to open lines of communication absent emotion and relying only on fact.

We pursue remedies such as, but not limited to: negotiating a new payment schedule, paying the amount in full, suggesting a Stop Work Order to shut down the project until payment is made, enter into mediation, file a mechanics lien, or inform the homeowner that this will result in a foreclosure action and they will lose the project unless payment is made.

e. STOP WORK ORDER

A Stop Work Notice (also known as a Stop Notice or a Stop Payment) is a powerful legal remedy under California Civil Code §§ 8500–8560 that allows unpaid contractors, subcontractors, material suppliers lenders of equipment to secure payment for labor, materials, or services provided on private and public construction projects.

A Stop Work Notice is distinct from a Mechanics Lien, as it targets project funds rather than the property itself, compelling the owner or lender to withhold funds from the general contractor or upstream parties until the claimant’s payment dispute is resolved. It is a formal demand served by an unpaid party to instruct the property owner (on private projects) or public entity (on public works) to withhold funds owed to the general contractor or another party responsible for payment.

f. ATTACKING THE BOND

If the source of non-payment is the general contractor, and not the owner, we have an alternative method of collection where we attack the surety bond each contractor is mandated to carry. We can pursue a claim against a contractor's surety bond if the contractor has failed to fulfill their obligations under your contract, such as by abandoning the job, performing substandard work, or failing to pay subcontractors/suppliers.

Contractor bonds act like financial guarantees—similar to insurance—to protect clients, workers, and vendors from losses due to the contractor's misconduct. However, success depends on factors like your location, the type of bond, the specifics of the dispute, and strict deadlines (often 6–12 months from the incident).

The process begins by collecting evidence such as your signed contract, payment records (e.g., checks or bank statements), photos/videos of the work/issues, correspondence with the contractor, and any inspection reports. This proves the breach and your damages. Then we would notify the General contractor and provide a letter of demand. Then we would locate the actual bond and file a claim. Escalation is dependent on the receptivity of the general contractor.

The cost of filing a claim against a General Contractor's bond is not included in the flat fee service.

g. MECHANICS LIEN

Finally, after failed attempts at negotiation and overt persuasion payment still is not made, we will draft and file a Mechanics Lien against the subject property. This lien attaches to the property itself, effectively securing the unpaid debt against the property's value. If left unresolved, the lien can greatly impair the property owner's ability to refinance, sell, or transfer the property. In extreme cases, it may result in foreclosure, which allows the property to be sold to satisfy the debt.

Filing a Mechanics Lien in California involves certain costs, which can vary based on location and method of filing. These costs are not associated with the base price of project protection.

- **Recording Fees**: On average are around $150, depending on the county.
- **Mailing Costs**: Certified mail fees start at around $10 per recipient.
- **Legal Fees**: If enforcement becomes necessary, attorney costs can escalate but may be recoverable if you
  win the case.

When you find yourself on the wrong side of a delinquent payment, you will most likely stand alone, with no armament or knowledge of how to enforce your lien. Engaging CLS means that you have a partner to stand by your side wherever the path may lead, even to and through the foreclosure process. We don't stop at notice, we file, enforce and resolve your issue and you know what you are getting before you pay.

The lien document must include specific information regarding the property, job, property owner and contractor. When completed, it must be filed with the county recorder in the county where the property sits.

h. LAWSUIT

If the debt remains unpaid, you may need to file a lawsuit to enforce the lien through a foreclosure action. This lawsuit also has a deadline. A successful action can result in the property being sold to satisfy the debt.

i. PAYMENT & RELEASE

Once paid, you are generally required to file a Release of Mechanics Lien with the county recorder's office to clear the property title.

III. OUR VALUE

OUR QUALIFICATIONS

CLS is exceptionally qualified to execute this framework because our founding team has the depth of experience, practical first-hand knowledge of the industry and the tenacity to challenge the status quo. We combine a stream of knowledge across law, accounting, and construction—three pillars essential for a comprehensive and aggressive representation. Kevin Kelley's 40+ years of accounting experience includes the management and operational control of construction firms large and small. Eric Schultz has 20 years of experience with a family run Electrical Controls Company which gives him on-site practical knowledge of the industry. Sean Kelley has 10 years in law guarantee compliant, high-quality services that go beyond competitors' notice-only offerings, incorporating negotiations and legal leverage for faster resolutions. With a lean structure primed for growth, the team can achieve our goal of delivering affordable, full-service services that fill a market gap.

OUR DIFFERENCE

We leverage the legal process as a bargaining chip to negotiation. The idea is that we are going to collect, one way or the other, and you may as well pay us now rather than prolonging the inevitable. Most if not all non-law related firms' services stop at preliminary notice of your rights. Firms want up-front fees to go to battle where, win or lose, they get paid. CLS provides a framework to success using negotiation and mediation to speed up when you get paid.

The goal with negotiating through contract mandated negotiation or mediation is to speed up the timeline for you to get paid. We know that every day you don't get paid you risk your company's future. Our goal is to shorten that gap, help companies large and small get paid, and to do it for a reasonable fee everyone can afford.

IV. WHERE TO START

WHAT YOU DO

1. New Customers: All new customers need to complete a **Customer Intake Form**
2. New Project: If or are a new or existing customer, you need to complete a **Project Intake Form** for every new project we undertake.

BASE FEE:

$1,000 base fee for services described below:

1. Contract Review
2. Preliminary Notice
3. Demand Letter
4. Stop Work Order
5. Negotiation & Mediation
6. Collect Payment & Release

PLUS:

$500 each additional five (5) progress payments due under the contract.

ADDITIONAL COSTS

Additional costs described herein are passthrough fees. We do not up-charge or make any money on the service rendered but simply pass the fee on to you the customer.

1. File Fee (county dependent) for Attacking General Contractors Bond
2. File Fee (county dependent) for Mechanics Lien

OUTSIDE SERVICES

If your case progresses beyond the filing of a Mechanics Lien, and a foreclosure action must be initiated, your case will be handed over to Kelley & Associates, PLC. They will use the information gathered and organized on your behalf to pursue your case. Keep in mind that the losing party MUST pay all fees, including attorney's fees, for the case.

V. INDUSTRY TERMS

NOTICE OF COMPLETION

At the end of the job when the scope of work to be performed by the General Contractor has been completed, the Property Owner has fifteen (15) days to file a Notice of Completion with the county recorder, in the county where the subject property is located. A Notice of Completion filing notifies potential mechanics lien claimants that a construction project has been completed and that they now have a limited period of time to collect on outstanding and unpaid invoices.

Residential property owners with limited units are not required to file a Notice of Completion. Although this is the only prudent way to start the clock on Contractors and Sub-Contractors to file their mechanics liens for unpaid or overdue invoices.

Upon filing a Notice of Completion, Contractors have sixty (60) days to file a mechanics lien and a Sub-Contractor has thirty (30) days. The general mechanics lien filing period is ninety days as of the completion of the project.

Note: Notice of Completions are filed with the county recorder by the homeowner. Notice of this filing must be given to all Contractors and Subcontracts who provided initial notice of the right to impose a mechanics lien for non-payment to the homeowner.

NOTICE OF CESSATION

Notice of Cessation is a document filed by a property owner to indicate that construction work has ceased for a continuous period of at least thirty (30) days. To be clear, where any Contractors and Sub-Contracts has stopped work for thirty (30) or more days in a row, a Notice of Cessation can be filed by the homeowner

Similar to the Notice of Completion, the Notice of Cessation dramatically effects the time in which the Contractors and Sub-Contractos ability to file a mechanics lien. Once a document such as this is filed, the Contractor and Sub-Contractors have but thirty (30) days to file their liens, rather than the normal ninety (90) days.

Note: Notice of Completions are filed with the county recorder by the homeowner. Notice of this filing must be given to all Contractors and Subcontracts who provided initial notice of the right to impose a mechanics lien for non-payment to the homeowner.

STOP NOTICES

Unique to California, stop notices are used in cases of state public works jobs and commercial/residential jobs when there is a financial lender. Mechanics' Liens cannot be filed on public works projects because land is publicly owned. Instead of a lien, the contractors remedy to non-payment is a stop notice, and it is put in place to stop the money from the public entity or issuer of the funds from being dispersed to the general contractor.

How does it work?

- Freezes Funds: A properly served stop notice requires the recipient to withhold the amount specified in the notice from payments intended for the general contractor or subcontractors, potentially disrupting the project's funding flow and creating an incentive for all parties to resolve the payment issue.
- Applies to Undisbursed Funds: It only affects funds that haven't yet been paid out on the project, making timely service crucial.

- Served, Not Recorded: Stop notices are sent directly to the relevant parties (owner, lender, or public entity) and not typically filed in property records.
- Requires Preliminary Notice: In most cases, a preliminary 20-day notice is a prerequisite for a stop notice to be effective in California.
- Public and Private Projects: Stop notices can be utilized on both private and public works projects in California, a notable advantage as mechanics liens are generally not applicable to public projects.

When is a Stop Notice Effective?

- When facing non-payment from a general contractor or another party higher up the payment chain.
- When there are concerns about the financial stability of the party responsible for payment.
- On public works projects, where mechanic's liens are not an option.
- As a supplemental remedy alongside a mechanic's lien on private projects, providing an additional layer of security by affecting both the property (through the lien) and the project funds (through the stop notice).

BOND CLAIM

Filing a bond claim is common across many states, including California. It’s an assurance used on state public works, and large commercial or residential jobs. In the event that the general contractor fails to fulfill its obligations, the bond will be used to pay the suppliers, subcontractors, and ultimately finish the project.

MILLER ACT BOND CLAIM

Enacted in 1935, the Miller Act requires general contractors of Federal construction projects to post Performance Bonds and Payment Bonds (“PNP Bonds”) to guarantee the performance of their contractual duties and the payment to subcontractors and material suppliers. Miller Act bond claims are universal across all states, although the nuances of state-specific Little Miller Acts may vary.

LIEN RELEASES

Once you receive payment and you no longer need the lien recorded, Kelley & Associates, PLC can help you release your lien. If you are told to release the lien by an attorney or judge after the lien has been paid or timeframes have expired, and you do not do so, you may face penalties.