



The Roofing Contractor's Ultimate Guide to Getting Paid



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Roofing occupies a unique place in construction. The nature of their business is unlike almost any other contractor in the industry, and not just because it's inherently more dangerous.

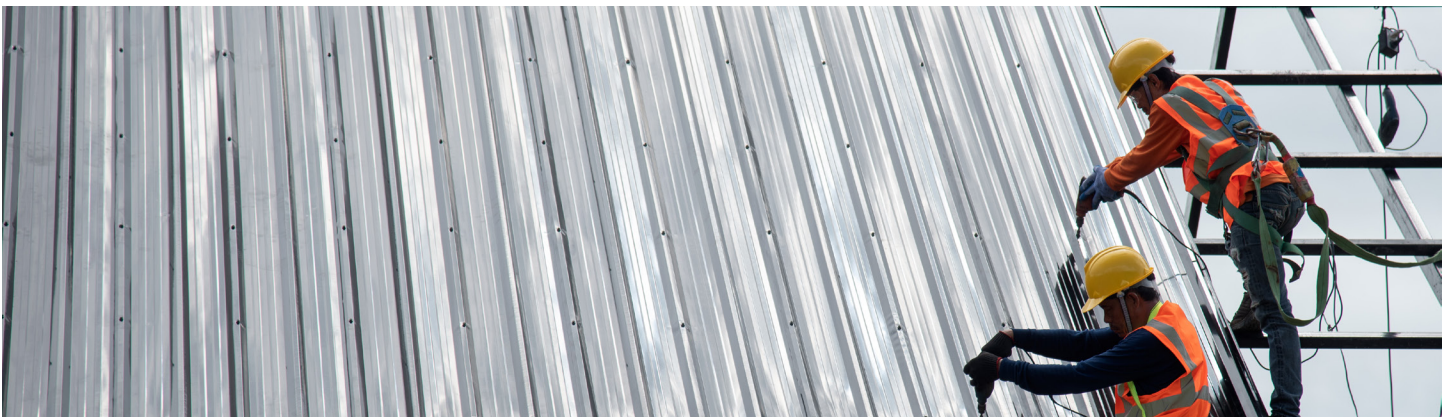
But while the nature of their work might be a little different than others, roofers still have to deal with the same construction payment issues that are so common in the industry: slow payment and non-payment.

This creates a serious cash flow problem. As a result, it's not uncommon for roofing contractors to rely on making repeated phone calls to their customer just to get paid, or, in a worst-case scenario, even turning to collections or writing off the invoice.

After reading this guide, you will be equipped with a simple 4-step process that will get your roofing company paid faster. Whether you're dealing with insurance companies dragging their feet or slow-paying homeowner or GC, you deserve to get paid for your work. You're a pro at doing the work, now let's make you a pro at getting paid.

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1. Set expectations with your customer

The most important step (also the simplest and most often overlooked step) is setting expectations with your customer up front.

If you're working directly for the property owner, chances are your customer doesn't have much experience with roofing work. They don't know how the process works, or how to work with their insurance company to get a claim approved. Helping your customer navigate the process means the insurance company is going to pay them faster, and in turn, you will get paid faster. Help them help you. Plus, advising them through this process builds the type of relationship that pays off through referrals and repeat business.

If you're not dealing with insurance, it's still important to explain your process, what they can expect as well as the payment terms. The goal here is to develop a rapport with your customer and prevent surprises from arising.

In any scenario, make sure you explain that part of your process is sending a preliminary notice. In the next section, we'll dive deeper into preliminary notices.

Insurance

The first step to protecting your payment is to confirm with your customer that the damage is covered by their insurance policy. If insurance won't cover the cost of restoration or only covers some of the cost, your customer needs to be prepared to pay out of pocket or will need to secure another source of funding for the project. Getting on the same page up front saves everyone from headaches later on.

Example Process with Homeowner & Insurance

Walk the customer through the process, so they know exactly what they can expect:



1. Inspection

You (the roofing company) will inspect the property to put together a plan of action, and calculate the amount and cost of materials you'll need to get the job done. The inspection can help you advise the homeowner whether or not a claim is warranted in the first place.



2. Insurance Claim

The property owner will need to contact their insurance company to file a claim. They should let the insurance company know that they are working with you, so you can do the walk-through with the adjuster when they arrive.



3. Sign an agreement

You will provide the customer with a scope of work, detailing exactly what needs to be done, the materials required, and a rough timeline for the repair or replacement.
Insurance adjustment

The insurance company will send an adjuster to review the damage and confirm or adjust the scope of work.



4. Construction & warranties

You will perform the construction according to the scope of work in your agreement. Once you're finished, the customer will receive warranties for all of the work and materials that you provided.



5. Collecting payment

The property owner will need to pay the deductible to you, which is the only out-of-pocket expense that should be required. After verifying that the work is complete, the insurance company will issue a check for the Actual Cash Value (the replacement cost minus depreciation) to the homeowner, which they will then pay to you.



2. Exchanging insurance information (if applicable)

Collect bank & insurance info

Ask the property owner to provide a copy of their insurance policy and confirmation of the claim. Because the insurance company is the party who will be issuing the majority of the payment for your work (minus the property owner's deductible), it's critical to confirm that the policy covers the restoration work.

If the owner has a mortgage on the property, get contact information for the bank as well.

You will need this information in order to prepare and send your preliminary notice to the right people.

Bonus: It's also good to collect your customer's email address. This will allow you to share documentation, paperwork, or preliminary notice with them electronically. Plus, you can add them to your marketing email list!

Provide paperwork for the bank and insurance provider

The insurance company and/or bank likely needs some paperwork from you before they approve a claim and release payment. Having all of the paperwork on hand - or even providing it proactively - will save time and speed up the payment process.

Most common paperwork needed by the bank or insurance company:

- Contract for your client to review and sign
- Copy of your Contractor's License
- W-9 form if possible (these should be provided to the homeowner from their bank)
- Make sure both the insurance company and the bank have your contact information so that they can reach out to you to easily confirm completion of the work and release final payment. Sending them a preliminary notice is a great way to do this. (More on preliminary notices below.)



3. Send a preliminary notice

A preliminary notice is a document that contractors send at the beginning of a construction job to inform others (e.g. insurance companies and banks) of their work on the project. You may also hear them referred to as a Notice to Owner (NTO), Notice of Furnishing, pre-lien notice, or something similar.

Preliminary notices are excellent tools to make your company look professional and let your customer know that you're proactive and serious about getting paid.

How does sending a preliminary notice get you paid?



1. It informs the insurance company of your work and provides them with your contact information.

Communication is key when you want payment to flow smoothly. The notice lets the insurance company know that you're working on the job. It provides them with your contact information so that they can reach out to you to easily confirm completion of the work and release final payment, or contact you for any other reason.



2. It lets the insurance company know that you are a professional and run a tight ship.

Insurance companies and mortgage banks have seen it all when it comes to restoration contractors. They know to look for certain signals that help them identify whether a contractor is reliable or not. Sending a preliminary notice lets them know that you pay attention to details, and have business processes that you follow. Sending a notice is smart business.



3. It tells the people in charge that you're serious about getting paid.

Take it from Albert C., a subcontractor in South Florida. He was having trouble getting paid on a big project, so he visited the accounts payable manager in the general contractor's office. He saw two piles of invoices on her desk, so he asked her what they meant. She pointed to one pile, saying "This stack here is invoices from subs that have also sent me preliminary notices. We pay these invoices first." Then she pointed to the other. "This stack is invoices from companies that did not send a preliminary notice," she said. "We pay these invoices when we get around to it."

Whether you're trying to get paid by a general contractor or an insurance company, the same principle holds true. Sending a preliminary notice tells the person who is cutting your check that you have policies in place to protect your payments, and there will be consequences for failing to pay on time.



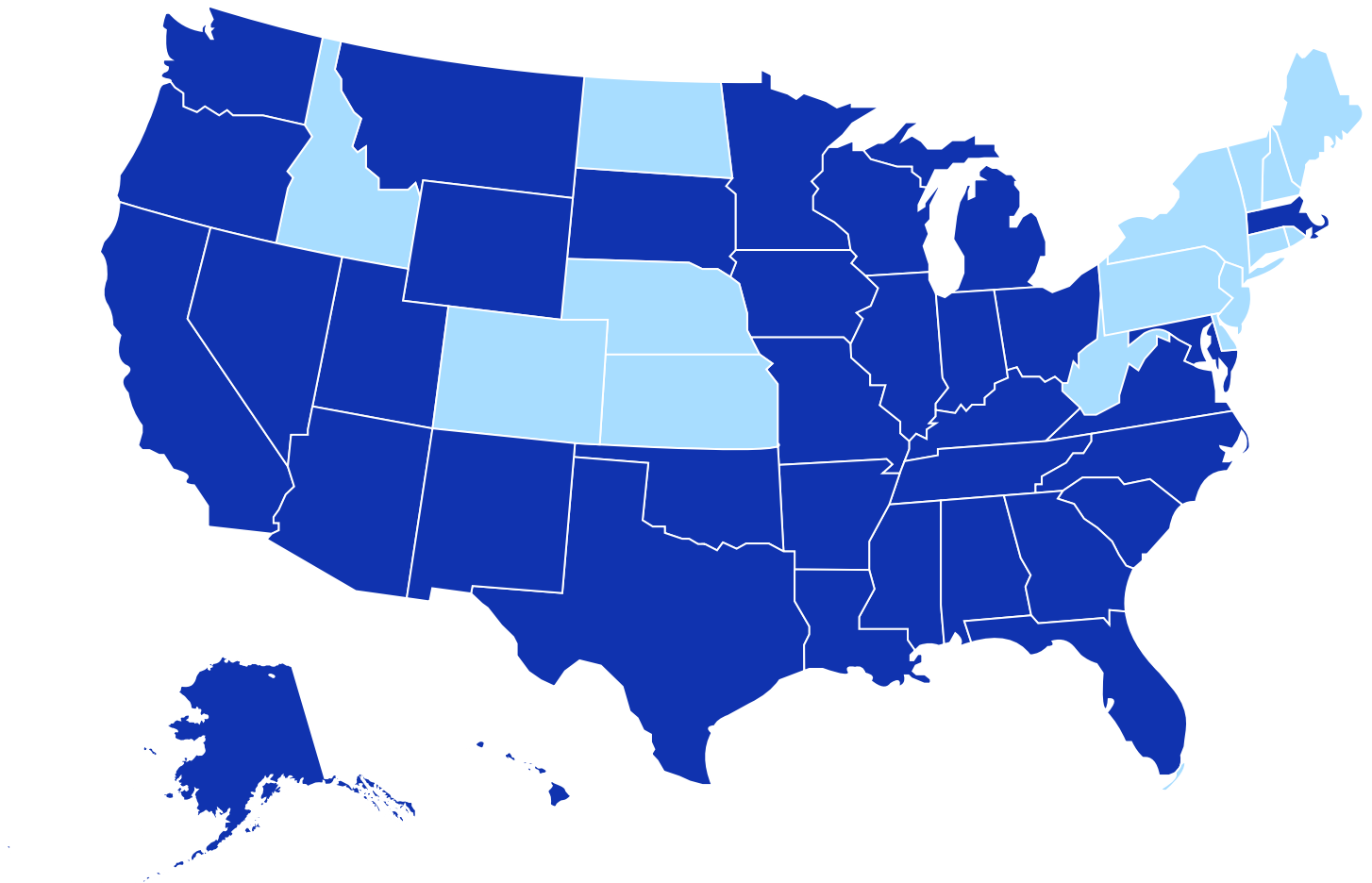
4. In the majority of states, sending a notice in some capacity is required to secure your lien rights.

No one wants to get to the point where you have to file a lien. But restoration is an unpredictable business and you never know what kind of payment problems are going to pop up. If required, it's important to send your notices according to legal requirements so you at least have the option to file a lien if you need to.

If you were hired directly by the property owner, like most restoration companies, see the list below of states with notice requirements.*

● Preliminary notice required

● Preliminary notice NOT required



*Note: If you are not hired by the homeowner, your notice requirements may be different. [Click here to find out more.](#)

When to send:

It's a good practice to send your notice within 20 days of starting the job OR before you send your first invoice, whichever is sooner. Also keep in mind that if you are in a state with a required notice, you must meet the state mandated deadline. Below are the various state requirements.

Alaska	Notice of Lien Rights may be served on owner & filed before providing labor or materials. This notice makes enforcement of the lien easier and can extend the time the lien claimant has to file the lien.
Arizona	Arizona 20-day Preliminary Notice must be delivered to the owner and construction lender within 20 days of providing labor services or materials. A tardy notice only effective for work done in the preceding 20 days.
Arkansas	Notice of Intent to Lien is required 10 days before filing a lien. On Residential Projects, a Pre-Construction Notice to Owner is required before work. On other projects, Notice to Owner and Contractor is due within 75 days of last furnishing work and materials.
California	Preliminary 20-Day notice must be served on the construction lender (if any) within 20 days of first providing materials or labor. Tardy notice only effective for work done in the preceding 20 days.
Florida	Must provide a list of all subs and suppliers within 10 days of request.
Idaho	On residential projects, must give Residential Disclosure before entering contract for more than \$2000.
Iowa	On owner-occupied residential projects, the GC must provide notice of lien rights and identity of subs to be used, in the contract, or within 10 days of commencement of work.
Louisiana	Notice of Contract must be filed before work begins if a contract is more than \$25,000.00.
Minnesota	Notice must be in contract, or served on the owner within 10 days after work is agreed upon.
Mississippi	May need to provide a list of subs, if requested from the owner.
Missouri	Disclosure notice served on owner prior to first payment.
Montana	Notice of Lien Rights served on the owner within 20 days of first delivering materials or labor and filed with recorder within 5 days of delivery to the owner.
North Carolina	Notice to Lien Agent required within 15 days of first furnishing labor and/or materials.
Oklahoma	None, but unclear if notice is required on owner-occupied projects – best practice to send.

Oregon	Information Notice to Owner is due at time of contract execution for residential projects.
Rhode Island	Notice of Possible Mechanic's Lien required within 10 days of commencing work. Notice of Intent must be given to the owner within the same 200-day period as a lien.
South Carolina	Notice of project commencement is due 15 days after commencement. This provides additional protections to the general contractor against potential lien claimants.
South Dakota	Optional notice of project commencement is due 30 days after commencement. Location Notice must be displayed at the jobsite.
Tennessee	Notice to Owner must be sent prior to commencing work.
Texas	Generally none. GCs must file a copy of the contract with the county clerk for a lien on a homestead. GCs must provide a list of subs/suppliers to the owner of residential property unless the owner waived that right.
Virginia	On residential projects, when a Mechanic Lien Agent is identified in a building permit, a 30 day preliminary notice is required.
Washington	Under some circumstances, Notice to Owner is required before commencing work. Model Disclosure Statement is due before work begins on all residential projects, and commercial projects under \$60,000.
Wisconsin	Preliminary Notice in original contract or served on owner within 10 days after beginning work (if oral contract) Notice of intent to lien required 30 days before lien.
Wyoming	Preliminary Notice to Owner of Right to File Lien is required prior to receiving any payment from the owner (including advances). Notice of Intent to lien is required 20 days prior to filing lien.

How to send:

If your state doesn't require a notice, you can send the document via email, physical mail, or both. Sending a preliminary notice electronically is fastest and you don't have to pay postage. [Click here to send a preliminary notice through Levelset for free](#) or [download a notice template here](#) to email or mail yourself. Always be sure to send the notice to the insurance adjuster as well as the homeowner, and anyone else who is involved in getting you paid.

If you are in a state where it is required, [go here to send a free preliminary notice for your state](#). These states often have specific requirements about how to serve the notice on the property owner, so review the rules before you deliver it. In some cases, it must be served by the county sheriff or filed with the county recorder's office. Make sure you follow the state regulations for how to send the notice (e.g. certified mail, certified mail return receipt. etc) and who to send the notice to (legal property owner, etc.).

If you follow the first 4 steps, you'll get paid faster on most of your jobs. But what happens if getting paid is dragging out? These next two steps walk you through how to escalate the issue to get paid.

4. Send a Notice of Intent to Lien

What is a Notice of Intent to Lien?

You can think of a Notice of Intent to Lien (NOI) as a demand letter, but with more teeth. It essentially notifies your customer, insurance company, and bank that if you don't receive payment, you are going to place a lien on the property where the work was performed.

Filing a lien is a last resort. Nobody ever wants a payment issue to go that far. That's what makes NOIs so effective. Everyone will try to avoid a lien: the owner or bank doesn't want a lien on their property, and the insurance company doesn't want an angry client blaming them for the lien. Plus, sending an NOI is a lot easier and cheaper than filing a lien.

Because a Notice of Intent to Lien is rarely required, many restoration contractors aren't aware of this secret weapon. It's extremely effective. A recent survey showed that 47% of companies that sent NOIs got paid within 20 days of sending.

When to send a Notice of Intent:

Send a NOI after payment is late and when you are ready to escalate the situation. It's a good idea to speak with the homeowner before sending the NOI. Tell them that you don't want to file a lien, but that you performed the work and need to get paid.

For example, one water restoration company in California reaches out to their customer when payment is 10 days late. At that time, they also let the customer know that they will send a Notice of Intent to lien if the payment isn't made in 5 more days (on day 15).

If you are hired directly by the property owner, there are only 5 states where a Notice of Intent to Lien is required before filing a mechanics lien: Arkansas, Colorado, North Dakota, Wisconsin, and Wyoming.

How to send a Notice of Intent to Lien:

If your state doesn't require an NOI, you can use any Notice of Intent form and send it via email, physical mail, or both. Sending NOIs electronically is fastest and you don't have to pay postage. Click here to [send an NOI through Levelset for free](#) or [download a NOI template](#) to email or mail yourself.

If you are in a state where it is required, [go here to download free Notice of Intent to Lien forms for each state](#). These states often have specific requirements about how to serve the notice on the property owner, so review the rules before you deliver it. In some cases, it must be served by the county sheriff or filed with the county recorder's office. You also need to make sure you follow the state regulations for how to send the notice (e.g. certified mail, certified mail return receipt. etc) and who to send the notice to (legal property owner, etc.). [Find more information about your state's Notice of Intent to Lien requirements here](#). You can also [send an NOI for free here](#).

5. File a Mechanics Lien

If you have sent a NOI and payment still isn't in your hands, it's time to file a mechanics lien. There's no other tool that's quite as powerful as a mechanics lien when it comes to making sure that you receive your hard-earned payment. Leveraging your lien rights works.

Keep in mind, that if you follow the steps outlined above, you should rarely have to file a mechanics lien. However it's good to have this step in your back pocket if and when you might need it. Problems with payment can come out of nowhere on the most unexpected of jobs.

What is a mechanics lien?

A mechanics lien is a legal claim for unpaid construction work. When you file a mechanics lien, the document is actually recorded with land records and appears on a title search of the property. Anyone who buys or accepts the property after the recording of your lien claim (and sometimes, in some states even before the recording), accepts it subject to the claim. As a practical measure, this means the property cannot be sold, refinanced or otherwise transferred without the mechanic's lien claim being paid or addressed.

How does filing a lien get you paid?

Mechanics liens are incredibly powerful. Here are just a few of the reasons they are so good at getting restoration companies paid. A mechanics lien claim:

- Encumbers the property
- Gets the everyone's attention (insurance, property owner, bank)
- Sets a firm deadline for payment
- Creates urgency for the property owner
- Is hard to challenge
- May entitle you to attorney fees and other costs

[Read more about the 17 Ways a Lien Gets You Paid.](#)

When should I file a mechanics lien?

Every state has a window in which liens can legally be filed. In most states, the window begins when the claimant's work on the job is complete, and lasts for several months or even years. It's a good idea to know the lien deadline that applies to you, but if you file within 3 months of finishing work, you're probably in the clear, legally.\

How to file a lien:

The lien process can be quite “legal” and technical. Even minor lien mistakes [can invalidate your non-payment claim](#). With that in mind, there are 3 main ways you can file a mechanics lien:

1. **Do-it-yourself:** Download a free template, fill it out, and deliver it to the county clerk or recorder’s office for filing. Read the step-by-step guide in [How to File a Mechanics Lien in Any State](#). This option is the least expensive, but full of opportunities to make a mistake that could affect the validity of your lien — and your ability to get paid.
2. **Hire an attorney:** Hiring an attorney is the most expensive route, as you’ll have to pay for the attorney’s time. However, it’s a good option if you want to be completely hands off. [Search our nationwide network of construction attorneys](#) to find one in your area.
3. **Use a service provider (like Levelset):** Here at Levelset, we have helped contractors file over 200,000 liens across the country. We take pride in helping contractors and suppliers get paid what they’ve earned. You answer a few simple questions about your job on our website, and our team researches and verifies the job information and takes care of filing the lien with the recorder’s office. [Learn more about filing a lien with Levelset](#).



Do these steps really work?

You don't have to just take our word for it. Check out this report of a restoration contractor in Ohio. This covers his process and how he reduced his time to payment by 81%.

Annual Report 2019

For a Restoration Contractor in Ohio
From April 9, 2018 to April 9, 2019



LEVELSET

You reduced time to payment by **81%!**

With Levelset, you're getting paid **5x faster** than you were before.

Your Process



Provide visibility on every job by sending a **preliminary notice** to the property owner when your work is complete to remind them that they still owe money.



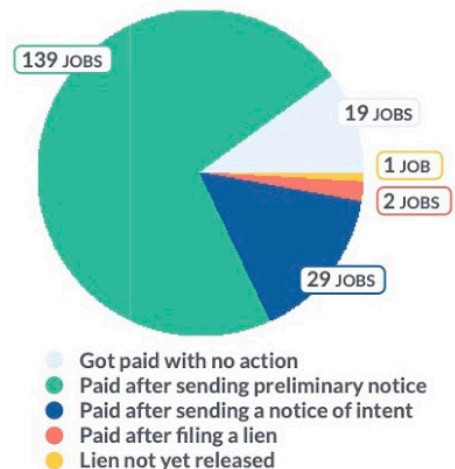
Get ahead of payment delays by sending a **notice of intent** to the property owner and insurance adjuster if not paid. This notice informs them of the outstanding debt and warns that you're prepared to take further action if not paid.



Escalate the situation by filing a **lien or bond claim** to claim payment if you still aren't paid.

Your Activity

193 jobs	Way to go! You secured \$1,314,916 with Levelset.
174 Preliminary Notices	You sent notices on 90% of your jobs in 2019.
35 Notices of Intent	You only sent NOIs on 18% of jobs. This means preliminary notices are working to speed up payment.
6 Liens / Bond Claims	You only had to file liens on 3% of jobs.
4 Lien Releases	Filing a lien got you paid on 4 of 6 jobs.



Resources

[Download preliminary notice template for free](#)

[Send a preliminary notice for free](#)

[Download a NOI template for free](#)

[Send an NOI for free](#)

[Free mechanics lien template](#)

[File a mechanics lien](#)

[17 Ways a mechanics lien gets you paid](#)

Levelset makes it easy to follow a clear, simple process that works.

“ We’ve had immediate returns when we send a notice of intent to lien.

People call us back. ‘Will that be cash or charge?’

Literally, I mean the **payment has been that quick.**

- Jim Bauer

How it works

COMMUNICATE

Send a **Preliminary Notice** to the property owner and insurance adjuster to remind them what they owe you.

WARN

If you aren’t paid on time, send a **Notice of Intent** to the property owner and insurance adjuster as a reminder and warning.

SECURE

If you still don’t get paid, file a **Mechanics Lien** or **Bond Claim** to claim payment.

Your notice is ready
Estimated to be mailed by April 10, 2019

Rush ☐ Send Notice

Document preview: Send document to:

Property Owner: Big Finance Inc.
US Certified Mail to: 2314 Lamp St, Gruene, TX
Email to: jimbob@bigfinance.com

Required

Your Customer: General Contractor

Add Recipient

Missing or Incorrect Data? Visit lien.zlien.com/fix - Reference Number: 547116

PRELIMINARY 20 DAY NOTICE

CUSTOM MESSAGE HERE

IN ACCORDANCE WITH SECTIONS 8200 et seq., and 8300 et seq., CALIFORNIA CIVIL CODE, THIS IS NOT A REFLECTION OF THE INTEGRITY OF ANY CONTRACTOR OR SUBCONTRACTOR.

This is Not a Lien. This is a notice required to be sent by State law to inform you of our involvement on a construction project.

NOTICE TO: Property Owner Requested

Direct Contractor Requested

Construction Lender (if applicable) Requested

NOTICE FROM: Claimant The Lien Lab 4000 Durrant Street New Orleans, Louisiana 70115 Telephone: 504-239-4009

YOU ARE HEREBY NOTIFIED THAT the CLAIMANT has furnished or will be furnishing labor, services, equipment, or materials, of the following general description: Materials and labor associated with piling.

Services contracted for by Hiring Party: jben 1121 Josephine Street New Orleans, Louisiana 70130

An estimate of the total price of the labor, services, equipment or material furnished or to be furnished to: \$1,000,000.00

Property Address where labor, services, equipment, or materials are furnished or to be furnished ("Property"): 123 Main Street Beverly Hills, California 90210 County: Los Angeles County Project Name: No (f any) Test Project

Important Notice on Reverse / Following Page

Roofing contractors use Levelset for **payment help.**

Your process could be better. Roofing contractors across the country use Levelset to exchange payment paperwork with customers, insurance, and banks to get payments moving.

Want help with your payment process? **Let's talk!**