A bill to be entitled 1 2 An act relating to construction liens; amending s. 255.05, 3 F.S.; requiring a performance bond for certain contracts with private entities for specified public works projects; 4 requiring that certain notices by claimants be in writing; 5 amending s. 713.01, F.S.; defining the term "final 6 7 furnishing"; creating s. 713.012, F.S.; requiring that certain notices, demands, or requests be in writing; 8 9 amending s. 713.015, F.S.; requiring that certain notices pertaining to direct contracts for improvements to certain 10 property be in writing; amending s. 713.02, F.S.; 11 providing for an owner and contractor to agree to the 12 furnishing of a payment bond; exempting an owner who 13 agrees from certain statutory provisions; amending s. 14 713.07, F.S.; providing for the recommencement of 15 16 construction following the termination of certain contracts; amending s. 713.08, F.S.; requiring that 17 certain claims of lien be sworn to or affirmed; revising 18 19 and conforming certain exceptions to a time limitation on 20 recording of a claim of lien; amending s. 713.13, F.S.; requiring that notices of commencement include the tax 21 folio number; providing for the recording of amended 22 notices of commencement; amending s. 713.16, F.S.; 23 24 revising provisions relating to a lienor's right to demand 25 a statement of account; requiring that the claim of lien be recorded; deleting provisions relating to the failure 26 to furnish the statement; amending s. 713.18, F.S.; 27 providing procedures for service of notices and other 28

Page 1 of 17

instruments upon a limited liability company; amending s. 713.22, F.S.; extending the duration of certain liens for which amended claims of lien are filed; amending s. 713.31, F.S.; providing for the award of attorney's fees and costs to prevailing parties in certain actions relating to fraudulent liens; repealing s. 713.36, F.S., relating to an effective date, to delete an obsolete provision; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Paragraph (a) of subsection (1) and paragraph (a) of subsection (2) of section 255.05, Florida Statutes, are amended to read:

 255.05 Bond of contractor constructing public buildings; form; action by materialmen.--

(1) (a) Any person entering into a formal contract with the state or any county, city, or political subdivision thereof, or other public authority or private entity, for the construction of a public building, for the prosecution and completion of a public work, or for repairs upon a public building or public work shall be required, before commencing the work or before recommencing the work after a default or abandonment, to execute, deliver to the public owner, and record in the public records of the county where the improvement is located, a payment and performance bond with a surety insurer authorized to do business in this state as surety. A public entity may not require a contractor to secure a surety bond under this section

Page 2 of 17

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from a specific agent or bonding company. The bond must state on its front page: the name, principal business address, and phone number of the contractor, the surety, the owner of the property being improved, and, if different from the owner, the contracting public entity; the contract number assigned by the contracting public entity; and a description of the project sufficient to identify it, such as a legal description or the street address of the property being improved, and a general description of the improvement. Such bond shall be conditioned upon the contractor's performance of the construction work in the time and manner prescribed in the contract and promptly making payments to all persons defined in s. 713.01 who furnish labor, services, or materials for the prosecution of the work provided for in the contract. Any claimant may apply to the governmental entity having charge of the work for copies of the contract and bond and shall thereupon be furnished with a certified copy of the contract and bond. The claimant shall have a right of action against the contractor and surety for the amount due him or her, including unpaid finance charges due under the claimant's contract. Such action shall not involve the public authority in any expense. When such work is done for the state and the contract is for \$100,000 or less, no payment and performance bond shall be required. At the discretion of the official or board awarding such contract when such work is done for any county, city, political subdivision, or public authority, any person entering into such a contract which is for \$200,000 or less may be exempted from executing the payment and performance bond. When such work is done for the state, the

Page 3 of 17

Secretary of the Department of Management Services may delegate to state agencies the authority to exempt any person entering into such a contract amounting to more than \$100,000 but less than \$200,000 from executing the payment and performance bond. In the event such exemption is granted, the officer or officials shall not be personally liable to persons suffering loss because of granting such exemption. The Department of Management Services shall maintain information on the number of requests by state agencies for delegation of authority to waive the bond requirements by agency and project number and whether any request for delegation was denied and the justification for the denial. Any provision in a payment bond furnished for public work contracts as provided by this subsection which restricts the classes of persons as defined in s. 713.01 protected by the bond or the venue of any proceeding relating to such bond is unenforceable.

(2)(a)1. If a claimant is no longer furnishing labor, services, or materials on a project, a contractor or the contractor's agent or attorney may elect to shorten the prescribed time in this paragraph within which an action to enforce any claim against a payment bond provided pursuant to this section may be commenced by recording in the clerk's office a notice in substantially the following form:

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NOTICE OF CONTEST OF CLAIM AGAINST PAYMENT BOND

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To: (Name and address of claimant)

Page 4 of 17

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114	You are notified that the undersigned contests your notice
115	of nonpayment, dated,, and served on
116	the undersigned on,, and that the
117	time within which you may file suit to enforce your claim is
118	limited to 60 days after the date of service of this notice.
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120	DATED on,
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122	Signed: (Contractor or Attorney)
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124	The claim of any claimant upon whom such notice is served and
125	who fails to institute a suit to enforce his or her claim
126	against the payment bond within 60 days after service of such
127	notice shall be extinguished automatically. The clerk shall mail
128	a copy of the notice of contest to the claimant at the address
129	shown in the notice of nonpayment or most recent amendment
130	thereto and shall certify to such service on the face of such
131	notice and record the notice. Service is complete upon mailing.
132	2. A claimant, except a laborer, who is not in privity
133	with the contractor shall, before commencing or not later than
134	45 days after commencing to furnish labor, materials, or
135	supplies for the prosecution of the work, furnish the contractor
136	with a $\underline{\text{written}}$ notice that he or she intends to look to the bond
137	for protection. A claimant who is not in privity with the
138	contractor and who has not received payment for his or her
139	labor, materials, or supplies shall deliver to the contractor
140	and to the surety written notice of the performance of the labor

Page 5 of 17

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or delivery of the materials or supplies and of the nonpayment. The notice of nonpayment may be served at any time during the progress of the work or thereafter but not before 45 days after the first furnishing of labor, services, or materials, and not later than 90 days after the final furnishing of the labor, services, or materials by the claimant or, with respect to rental equipment, not later than 90 days after the date that the rental equipment was last on the job site available for use. Any notice of nonpayment served by a claimant who is not in privity with the contractor which includes sums for retainage must specify the portion of the amount claimed for retainage. No action for the labor, materials, or supplies may be instituted against the contractor or the surety unless both notices have been given. Notices required or permitted under this section may be served in accordance with s. 713.18. A claimant may not waive in advance his or her right to bring an action under the bond against the surety. In any action brought to enforce a claim against a payment bond under this section, the prevailing party is entitled to recover a reasonable fee for the services of his or her attorney for trial and appeal or for arbitration, in an amount to be determined by the court, which fee must be taxed as part of the prevailing party's costs, as allowed in equitable actions. The time periods for service of a notice of nonpayment or for bringing an action against a contractor or a surety shall be measured from the last day of furnishing labor, services, or materials by the claimant and shall not be measured by other standards, such as the issuance of a certificate of occupancy or the issuance of a certificate of substantial completion.

Section 2. Subsections (12) through (28) of section 713.01, Florida Statutes, are renumbered as subsections (13) through (29), respectively, and a new subsection (12) is added to that section, to read:

- 713.01 Definitions.--As used in this part, the term:
- (12) "Final furnishing" means the last date that the lienor furnishes labor, services, or materials. Such date may not be measured by other standards, such as the issuance of a certificate of occupancy or the issuance of a certificate of final completion, and does not include correction of deficiencies in the lienor's previously performed work or materials supplied. With respect to rental equipment, the term means the date that the rental equipment was last on the job site and available for use.
- Section 3. Section 713.012, Florida Statutes, is created to read:
- 713.012 Written notices, demands, or requests.--Notices, demands, or requests permitted or required under this part, except any required by s. 713.04, must be in writing.
- Section 4. Section 713.015, Florida Statutes, is amended to read:
 - 713.015 Mandatory provisions for direct contracts.--
- (1) Any direct contract between an owner and a contractor, related to improvements to real property consisting of single or multiple family dwellings up to and including four units, must contain the following notice provision printed in no less than 14-point, capitalized, boldfaced type on the front page of the contract:

Page 7 of 17

HB 1285 2007

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ACCORDING TO FLORIDA'S CONSTRUCTION LIEN LAW (SECTIONS 713.001-713.37, FLORIDA STATUTES), THOSE WHO WORK ON YOUR PROPERTY OR PROVIDE MATERIALS AND ARE NOT PAID IN FULL HAVE A RIGHT TO ENFORCE THEIR CLAIM FOR PAYMENT AGAINST YOUR PROPERTY. IF YOUR CONTRACTOR OR A SUBCONTRACTOR FAILS TO PAY SUBCONTRACTORS, SUB-SUBCONTRACTORS, OR MATERIAL SUPPLIERS, THE PEOPLE WHO ARE OWED MONEY MAY LOOK TO YOUR PROPERTY FOR PAYMENT, EVEN IF YOU HAVE ALREADY PAID YOUR CONTRACTOR IN FULL. IF YOU FAIL TO PAY YOUR CONTRACTOR, YOUR CONTRACTOR MAY ALSO HAVE A LIEN ON YOUR PROPERTY. THIS MEANS IF A LIEN IS FILED YOUR PROPERTY COULD BE SOLD AGAINST YOUR WILL TO PAY FOR LABOR, MATERIALS, OR OTHER SERVICES THAT YOUR CONTRACTOR OR A SUBCONTRACTOR MAY HAVE FAILED TO PAY. TO PROTECT YOURSELF, YOU SHOULD STIPULATE IN THIS CONTRACT THAT BEFORE ANY PAYMENT IS MADE, YOUR CONTRACTOR IS REQUIRED TO PROVIDE YOU WITH A WRITTEN RELEASE OF LIEN FROM ANY PERSON OR COMPANY THAT HAS PROVIDED TO YOU A "NOTICE TO OWNER." FLORIDA'S CONSTRUCTION LIEN LAW IS COMPLEX, AND IT IS RECOMMENDED THAT YOU CONSULT AN ATTORNEY.

- 216 217 the contract document. If the contract is oral or implied, the
 - notice must be provided in a document referencing the contract. The failure to provide such written notice does not bar the enforcement of a lien against a person who has not been

If the contract is written, the notice must be in

221 adversely affected.

> Nothing in This section may not shall be construed to adversely affect the lien and bond rights of lienors who are not in privity with the owner. This section does not apply when the

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owner is a contractor licensed under chapter 489 or is a person who created parcels or offers parcels for sale or lease in the ordinary course of business.

Section 5. Subsection (6) of section 713.02, Florida Statutes, is amended to read:

713.02 Types of lienors and exemptions.--

agree that require the contractor shall to furnish a payment bond as provided in s. 713.23, and upon receipt of the bond the owner is shall be exempt from the other provisions of this part as to that direct contract, but this does not exempt the owner from the lien of the contractor who furnishes the bond. If the bond is provided, it shall secure all liens subsequently accruing under this part as provided in s. 713.23.

Section 6. Subsection (4) of section 713.07, Florida Statutes, is amended to read:

713.07 Priority of liens.--

terminated before completion and the owner desires to recommence construction, he or she may pay all lienors in full or pro rata in accordance with s. 713.06(4) prior to recommencement in which event all liens for the recommenced construction shall take priority from such recommencement; or the owner may record an affidavit in the clerk's office stating his or her intention to recommence construction and that all lienors giving notice have been paid in full except those listed therein as not having been so paid in which event 30 days after such recording, the rights of any person acquiring any interest, lien, or encumbrance on

Page 9 of 17

said property or of any lienor on the recommenced construction shall be paramount to any lien on the prior construction unless such prior lienor records a claim of lien within said 30-day period. A copy of said affidavit shall be served on each lienor named therein. Before recommencing, the owner shall record and post a notice of commencement for the recommenced construction, as provided in s. 713.13.

Section 7. Subsections (2) and (5) of section 713.08, Florida Statutes, are amended to read:

713.08 Claim of lien.--

- (2) The claim of lien shall be signed and sworn to or affirmed verified by the lienor or the lienor's her or his agent acquainted with the facts stated therein.
- (5) The claim of lien may be recorded at any time during the progress of the work or thereafter but not later than 90 days after the final furnishing of the labor or services or materials by the lienor. However,; or, with respect to rental equipment, within 90 days after the date that the rental equipment was last on the job site available for use; provided if the original contractor defaults or the contract is terminated under s. 713.07(4), a no claim for a lien attaching prior to such termination may not default shall be recorded after 90 days following from the date of such termination default or 90 days after the final performance of labor or services or furnishing of materials, whichever occurs first. The time period for recording a claim of lien shall be measured from the last day of furnishing of labor, services, or materials by the lienor, whichever occurs first and shall not be measured by

Page 10 of 17

other standards, such as the issuance of a certificate of occupancy or the issuance of a certificate of substantial completion. The claim of lien shall be recorded in the clerk's office. If such real property is situated in two or more counties, the claim of lien shall be recorded in the clerk's office in each of such counties. The recording of the claim of lien shall be constructive notice to all persons of the contents and effect of such claim. The validity of the lien and the right to record a claim therefor shall not be affected by the insolvency, bankruptcy, or death of the owner before the claim of lien is recorded.

Section 8. Paragraph (a) of subsection (1) of section 713.13, Florida Statutes, is amended, subsections (5) and (6) of that section are renumbered as subsections (6) and (7), respectively, and a new subsection (5) is added to that section, to read:

713.13 Notice of commencement. --

(1) (a) Except for an improvement that is exempt pursuant to s. 713.02(5), an owner or the owner's authorized agent before actually commencing to improve any real property, or recommencing completion of any improvement after default or abandonment, whether or not a project has a payment bond complying with s. 713.23, shall record a notice of commencement in the clerk's office and forthwith post either a certified copy thereof or a notarized statement that the notice of commencement has been filed for recording along with a copy thereof. The notice of commencement shall contain the following information:

1. A description sufficient for identification of the real

Page 11 of 17

property to be improved. The description should include the legal description of the property and also should include the street address and tax folio number of the property if available or, if there is no street address available, such additional information as will describe the physical location of the real property to be improved.

2. A general description of the improvement.

- 3. The name and address of the owner, the owner's interest in the site of the improvement, and the name and address of the fee simple titleholder, if other than such owner.
 - 4. The name and address of the contractor.
- 5. The name and address of the surety on the payment bond under s. 713.23, if any, and the amount of such bond.
- 6. The name and address of any person making a loan for the construction of the improvements.
- 7. The name and address within the state of a person other than himself or herself who may be designated by the owner as the person upon whom notices or other documents may be served under this part; and service upon the person so designated constitutes service upon the owner.
- (5) (a) A notice of commencement that is recorded within the effective period may be amended to extend the effective period, change erroneous information in the original notice, or add information that was omitted from the original notice.

 However, in order to change contractors, a new notice of commencement or notice of recommencement must be executed and recorded.
 - (b) The amended notice must identify the official records

Page 12 of 17

book and page where the original notice of commencement is recorded, and a copy of the amended notice must be served by the owner upon the contractor and each lienor who serves notice before or within 30 days after the date the amended notice is recorded.

- Section 9. Subsections (5) and (6) of section 713.16, Florida Statutes, are amended to read:
- 713.16 Demand for copy of contract and statements of account; form.--

- (5) (a) Any lienor who has recorded filed a claim of lien may make written demand on the owner for a written statement under oath showing:
- 1. The amount of the all direct contract under which the lien was recorded; contracts; the amount paid by or on behalf of the owner for all labor, services, and materials furnished pursuant to the direct contracts;
- $\underline{2}$. The dates and amounts paid or to be paid by or on behalf of the owner for all improvements described in $\underline{\text{the}}$ any direct contract $\underline{\text{contracts}}$; and
- 3. The reasonable estimated costs of completing the, according to the terms and specifications of same, any direct contract under which the lien was claimed pursuant to the scope of the direct contract; and construction has ceased.
- $\underline{4.}$ If known, the actual cost of completion must be provided.
- (b) Any owner who does not provide the statement within 30 days after demand, or who provides a false or fraudulent statement, is not a prevailing party for purposes of an award of

Page 13 of 17

attorney's fees under s. 713.29. The written demand must include the following warning in conspicuous type in substantially the following form:

WARNING: YOUR FAILURE TO FURNISH THE REQUESTED STATEMENT WITHIN 30 DAYS OR THE FURNISHING OF A FALSE STATEMENT WILL RESULT IN THE LOSS OF YOUR RIGHT TO RECOVER ATTORNEY FEES IN ANY ACTION TO ENFORCE THE CLAIM OF LIEN OF THE PERSON REQUESTING THIS STATEMENT.

(6) For purposes of this section, the term "information" means the nature and quantity of the labor, services, and materials furnished or to be furnished by a lienor and the amount paid, the amount due, and the amount to become due on the lienor's account. The failure to furnish the statement under oath does not constitute an omission of information and shall deprive the lienor of his or her lien.

Section 10. Section 713.18, Florida Statutes, is amended to read:

- 713.18 Manner of serving notices and other instruments .--
- (1) Service of notices, claims of lien, affidavits, assignments, and other instruments permitted or required under this part, or copies thereof when so permitted or required, unless otherwise specifically provided in this part, must be made by one of the following methods:
- (a) By actual delivery to the person to be served; or, if a partnership, to one of the partners; or, if a corporation, to an officer, director, managing agent, or business agent; or, if a limited liability company, to a member or manager thereof.
 - (b) By sending the same by registered or certified mail,

Page 14 of 17

with postage prepaid, or by overnight or second-day delivery with evidence of delivery, which may be in an electronic format.

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- (c) If the method specified in paragraph (a) or paragraph
 (b) cannot be accomplished, by posting on the premises.
- (2) 1. Notwithstanding subsection (1), if a notice to owner, a notice to contractor under s. 713.23, or a preliminary notice under s. 255.05 is mailed by registered or certified mail with postage prepaid to the person to be served at any of the addresses set forth in subsection (3) subparagraph 2. within 40 days after the date the lienor first furnishes labor, services, or materials, service of that notice is effective as of the date of mailing if the person who served the notice maintains a registered or certified mail log that shows the registered or certified mail number issued by the United States Postal Service, the name and address of the person served, and the date stamp of the United States Postal Service confirming the date of mailing or if the person who served the notice maintains electronic tracking records generated through use of the United States Postal Service Confirm service or a similar service containing the postal tracking number, the name and address of the person served, and verification of the date of receipt by the United States Postal Service.
- (3)2. If an instrument served pursuant to this section to the last address shown in the notice of commencement or any amendment thereto or, in the absence of a notice of commencement, to the last address shown in the building permit application, or to the last known address of the person to be served, is not received, but is returned as being "refused,"

Page 15 of 17

"moved, not forwardable," or "unclaimed," or is otherwise not delivered or deliverable through no fault of the person serving the item, then service is effective on the date the <u>instrument</u> notice was sent.

- (c) If none of the foregoing methods can be accomplished, by posting on the premises.
- $\underline{(4)}$ If the real property is owned by more than one person or a partnership, a lienor may serve any notices or other papers under this part on any one of such owners or partners, and such notice is deemed notice to all owners and partners.
- Section 11. Subsection (1) of section 713.22, Florida Statutes, is amended to read:
 - 713.22 Duration of lien.--
- (1) No lien provided by this part shall continue for a longer period than 1 year after the claim of lien has been recorded or 1 year after the recording of an amended claim of lien that shows a later date of final furnishing of labor, services, or materials, unless within that time an action to enforce the lien is commenced in a court of competent jurisdiction. The continuation of the lien effected by the commencement of the action shall not be good against creditors or subsequent purchasers for a valuable consideration and without notice, unless a notice of lis pendens is recorded.
- Section 12. Paragraph (c) of subsection (2) of section 713.31, is amended to read:
- 446 713.31 Remedies in case of fraud or collusion.--
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(c) An owner against whose interest in real property a

Page 16 of 17

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fraudulent lien is filed, or any contractor, subcontractor, or sub-subcontractor who suffers damages as a result of the filing of the fraudulent lien, shall have a right of action for damages occasioned thereby. The action may be instituted independently of any other action, or in connection with a summons to show cause under s. 713.21, or as a counterclaim or cross-claim to any action to enforce or to determine the validity of the lien. The prevailing party in an action under this paragraph may recover reasonable attorney's fees and costs. If the lienor who files a fraudulent lien is not the prevailing party, the lienor shall be liable to the owner or the defrauded party who prevails in an action under this subsection in damages, which shall include court costs, clerk's fees, a reasonable attorney's fee and costs for services in securing the discharge of the lien, the amount of any premium for a bond given to obtain the discharge of the lien, interest on any money deposited for the purpose of discharging the lien, and punitive damages in an amount not exceeding the difference between the amount claimed by the lienor to be due or to become due and the amount actually due or to become due.

Section 13. <u>Section 713.36</u>, Florida Statutes, is repealed. Section 14. This act shall take effect July 1, 2007.

Page 17 of 17