## 27-314B-07

1 A bill to be entitled 2 An act relating to construction liens; amending s. 255.05, F.S.; requiring a performance bond 3 for certain contracts with private entities for 4 5 specified public works projects; requiring that 6 certain notices by claimants be in writing; 7 amending s. 713.01, F.S.; defining the term "final furnishing"; creating s. 713.012, F.S.; 8 9 requiring that certain notices, demands, or 10 requests be in writing; amending s. 713.015, F.S.; requiring that certain notices pertaining 11 12 to direct contracts for improvements to certain 13 property be in writing; amending s. 713.02, F.S.; providing for an owner and contractor to 14 agree to the furnishing of a payment bond; 15 exempting an owner who agrees from certain 16 17 statutory provisions; amending s. 713.07, F.S.; providing for the recommencement of 18 construction following the termination of 19 certain contracts; amending s. 713.08, F.S.; 20 21 requiring that certain claims of lien be sworn 22 to or affirmed; revising and conforming certain 23 exceptions to a time limitation on recording of a claim of lien; amending s. 713.13, F.S.; 2.4 requiring that notices of commencement include 25 the tax folio number; providing for the 26 27 recording of amended notices of commencement; 2.8 amending s. 713.16, F.S.; revising provisions relating to a lienor's right to demand a 29 statement of account; requiring that the claim 30 of lien be recorded; deleting provisions 31

1 relating to the failure to furnish the 2 statement; amending s. 713.18, F.S.; providing 3 procedures for service of notices and other 4 instruments upon a limited liability company; 5 amending s. 713.22, F.S.; extending the 6 duration of certain liens for which amended 7 claims of lien are filed; amending s. 713.31, 8 F.S.; providing for the award of attorney's fees and costs to prevailing parties in certain 9 10 actions relating to fraudulent liens; amending s. 713.36, F.S.; deleting certain obsolete 11 12 provisions; providing an effective date. 13 Be It Enacted by the Legislature of the State of Florida: 14 15 Section 1. Paragraph (a) of subsection (1) and 16 17 paragraph (a) of subsection (2) of section 255.05, Florida 18 Statutes, are amended to read: 255.05 Bond of contractor constructing public 19 buildings; form; action by materialmen. --20 21 (1)(a) Any person entering into a formal contract with 22 the state or any county, city, or political subdivision 23 thereof, or other public authority or private entity, for the construction of a public building, for the prosecution and 2.4 completion of a public work, or for repairs upon a public 25 building or public work shall be required, before commencing 26 27 the work or before recommencing the work after a default or 2.8 abandonment, to execute, deliver to the public owner, and record in the public records of the county where the 29 improvement is located, a payment and performance bond with a 30 surety insurer authorized to do business in this state as

surety. A public entity may not require a contractor to secure 2 a surety bond under this section from a specific agent or bonding company. The bond must state on its front page: the 3 name, principal business address, and phone number of the 4 5 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 8 public entity; and a description of the project sufficient to identify it, such as a legal description or the street address 9 of the property being improved, and a general description of 10 the improvement. Such bond shall be conditioned upon the 11 12 contractor's performance of the construction work in the time 13 and manner prescribed in the contract and promptly making payments to all persons defined in s. 713.01 who furnish 14 labor, services, or materials for the prosecution of the work 15 16 provided for in the contract. Any claimant may apply to the governmental entity having charge of the work for copies of 18 the contract and bond and shall thereupon be furnished with a certified copy of the contract and bond. The claimant shall 19 have a right of action against the contractor and surety for 20 21 the amount due him or her, including unpaid finance charges 22 due under the claimant's contract. Such action shall not 23 involve the public authority in any expense. When such work is done for the state and the contract is for \$100,000 or less, 2.4 no payment and performance bond shall be required. At the 25 discretion of the official or board awarding such contract 26 27 when such work is done for any county, city, political 2.8 subdivision, or public authority, any person entering into 29 such a contract which is for \$200,000 or less may be exempted from executing the payment and performance bond. When such 30 work is done for the state, the Secretary of the Department of

1	Management Services may delegate to state agencies the
2	authority to exempt any person entering into such a contract
3	amounting to more than \$100,000 but less than \$200,000 from
4	executing the payment and performance bond. In the event such
5	exemption is granted, the officer or officials shall not be
6	personally liable to persons suffering loss because of
7	granting such exemption. The Department of Management Services
8	shall maintain information on the number of requests by state
9	agencies for delegation of authority to waive the bond
10	requirements by agency and project number and whether any
11	request for delegation was denied and the justification for
12	the denial. Any provision in a payment bond furnished for
13	public work contracts as provided by this subsection which
14	restricts the classes of persons as defined in s. 713.01
15	protected by the bond or the venue of any proceeding relating
16	to such bond is unenforceable.
17	(2)(a)1. If a claimant is no longer furnishing labor,
18	services, or materials on a project, a contractor or the
19	contractor's agent or attorney may elect to shorten the
20	prescribed time in this paragraph within which an action to
21	enforce any claim against a payment bond provided pursuant to
22	this section may be commenced by recording in the clerk's
23	office a notice in substantially the following form:
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25	NOTICE OF CONTEST OF CLAIM
26	AGAINST PAYMENT BOND
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28	To:(Name and address of claimant)
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30	You are notified that the undersigned contests your
31	notice of nonpayment, dated, and served

on the undersigned on ....., and that the time within which you may file suit to enforce your claim is limited to 60 days after the date of service of this notice.

DATED on ....., .....

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Signed:...(Contractor or Attorney)...

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The claim of any claimant upon whom such notice is served and who fails to institute a suit to enforce his or her claim against the payment bond within 60 days after service of such notice shall be extinguished automatically. The clerk shall mail a copy of the notice of contest to the claimant at the address shown in the notice of nonpayment or most recent amendment thereto and shall certify to such service on the face of such notice and record the notice. Service is complete upon mailing.

2. A claimant, except a laborer, who is not in privity with the contractor shall, before commencing or not later than 45 days after commencing to furnish labor, materials, or supplies for the prosecution of the work, furnish the contractor with a written notice that he or she intends to look to the bond for protection. A claimant who is not in privity with the contractor and who has not received payment for his or her labor, materials, or supplies shall deliver to the contractor and to the surety written notice of the performance of the labor 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 3 rental equipment was last on the job site available for use. 4 Any notice of nonpayment served by a claimant who is not in 5 6 privity with the contractor which includes sums for retainage must specify the portion of the amount claimed for retainage. 8 No action for the labor, materials, or supplies may be instituted against the contractor or the surety unless both 9 notices have been given. Notices required or permitted under 10 this section may be served in accordance with s. 713.18. A 11 12 claimant may not waive in advance his or her right to bring an 13 action under the bond against the surety. In any action brought to enforce a claim against a payment bond under this 14 section, the prevailing party is entitled to recover a 15 reasonable fee for the services of his or her attorney for 16 trial and appeal or for arbitration, in an amount to be 18 determined by the court, which fee must be taxed as part of the prevailing party's costs, as allowed in equitable actions. 19 The time periods for service of a notice of nonpayment or for 20 21 bringing an action against a contractor or a surety shall be 22 measured from the last day of furnishing labor, services, or 23 materials by the claimant and shall not be measured by other standards, such as the issuance of a certificate of occupancy 2.4 or the issuance of a certificate of substantial completion. 25 Section 2. Present subsections (12)-(28) of section 26 27 713.01, Florida Statutes, are redesignated as subsections 2.8 (13)-(29), respectively, and a new subsection (12) is added to that section, to read: 29 30 713.01 Definitions.--As used in this part, the term:

1	(12) "Final furnishing" means the last date that the
2	lienor furnishes labor, services, or materials. Such date may
3	not be measured by other standards, such as the issuance of a
4	certificate of occupancy or the issuance of a certificate of
5	final completion, and does not include correction of
6	deficiencies in the lienor's previously performed work or
7	materials supplied. With respect to rental equipment, the term
8	means the date that the rental equipment was last on the job
9	site and available for use.
10	Section 3. Section 713.012, Florida Statutes, is
11	created to read:
12	713.012 Written notices, demands, or
13	requests Notices, demands, or requests permitted or required
14	under this part, except any required by s. 713.04, must be in
15	writing.
16	Section 4. Section 713.015, Florida Statutes, is
17	amended to read:
18	713.015 Mandatory provisions for direct contracts
19	(1) Any direct contract between an owner and a
20	contractor, related to improvements to real property
21	consisting of single or multiple family dwellings up to and
22	including four units, must contain the following notice
23	provision printed in no less than 14-point, capitalized,
24	boldfaced type on the front page of the contract:
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26	ACCORDING TO FLORIDA'S CONSTRUCTION LIEN LAW (SECTIONS
27	713.001-713.37, FLORIDA STATUTES), THOSE WHO WORK ON YOUR
28	PROPERTY OR PROVIDE MATERIALS AND ARE NOT PAID IN FULL HAVE A
29	RIGHT TO ENFORCE THEIR CLAIM FOR PAYMENT AGAINST YOUR
30	PROPERTY. IF YOUR CONTRACTOR OR A SUBCONTRACTOR FAILS TO PAY
31	SUBCONTRACTORS, SUB-SUBCONTRACTORS, OR MATERIAL SUPPLIERS, THE

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- PEOPLE WHO ARE OWED MONEY MAY LOOK TO YOUR PROPERTY FOR PAYMENT, EVEN IF YOU HAVE ALREADY PAID YOUR CONTRACTOR IN 2 FULL. IF YOU FAIL TO PAY YOUR CONTRACTOR, YOUR CONTRACTOR MAY 3 ALSO HAVE A LIEN ON YOUR PROPERTY. THIS MEANS IF A LIEN IS 4 FILED YOUR PROPERTY COULD BE SOLD AGAINST YOUR WILL TO PAY FOR 5 6 LABOR, MATERIALS, OR OTHER SERVICES THAT YOUR CONTRACTOR OR A 7 SUBCONTRACTOR MAY HAVE FAILED TO PAY. TO PROTECT YOURSELF, YOU SHOULD STIPULATE IN THIS CONTRACT THAT BEFORE ANY PAYMENT IS 8 MADE, YOUR CONTRACTOR IS REQUIRED TO PROVIDE YOU WITH A 9 WRITTEN RELEASE OF LIEN FROM ANY PERSON OR COMPANY THAT HAS 10 PROVIDED TO YOU A "NOTICE TO OWNER." FLORIDA'S CONSTRUCTION 11 12 LIEN LAW IS COMPLEX, AND IT IS RECOMMENDED THAT YOU CONSULT AN 13 ATTORNEY.
  - (2)(a) If the contract is written, the notice must be in the contract document. If the contract is oral or implied, the notice must be provided in a document referencing the contract.
  - (b) The failure to provide such written notice does

    not bar the enforcement of a lien against a person who has not

    been adversely affected.
  - (c) 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 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.--
- 30 (6) In any direct contract The owner and contractor
  31 may agree that require the contractor shall to furnish a

payment bond as provided in s. 713.23, and upon receipt of the 2 bond the owner is shall be exempt from the other provisions of this part as to that direct contract, but this does not exempt 3 the owner from the lien of the contractor who furnishes the 4 bond. If the bond is provided, it shall secure all liens 5 subsequently accruing under this part as provided in s. 7 713.23. 8 Section 6. Subsection (4) of section 713.07, Florida Statutes, is amended to read: 9 10 713.07 Priority of liens.--(4) If construction ceases or the direct contract is 11 12 terminated before completion and the owner desires to 13 recommence construction, he or she may pay all lienors in full or pro rata in accordance with s. 713.06(4) prior to 14 recommencement in which event all liens for the recommenced 15 construction shall take priority from such recommencement; or 16 17 the owner may record an affidavit in the clerk's office 18 stating his or her intention to recommence construction and that all lienors giving notice have been paid in full except 19 those listed therein as not having been so paid in which event 20

acquiring any interest, lien, or encumbrance on 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

30 days after such recording, the rights of any person

26 period. A copy of said affidavit shall be served on each

27 lienor named therein. Before recommencing, the owner shall

record and post a notice of commencement for the recommenced

29 construction, as provided in s. 713.13.

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Section 7. Subsections (2) and (5) of section 713.08, 31 Florida Statutes, are amended to read:

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713.08 Claim of lien.--

- (2) The claim of lien shall be signed and <u>sworn to or</u> <u>affirmed verified</u> by the lienor or <u>the lienor's</u> <u>her or his</u> 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  $\frac{1}{100}$  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 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.

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Section 8. Paragraph (a) of subsection (1) of section 713.13, Florida Statutes, is amended, present subsections (5) and (6) of that section are redesignated 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 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.

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- 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.
- within the effective period may be amended to extend the effective period, to change erroneous information in the original notice, or to 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 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.--
- 27 (5)(a) Any lienor who has recorded filed a claim of
  28 lien may make written demand on the owner for a written
  29 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  $\underline{\text{must be}}$   $\underline{\text{provided}}$ .
- (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 attorney's fees under s. 713.29. The written demand must include the following warning in conspicuous type in substantially the following form:

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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.

"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.

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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, with postage prepaid, or by overnight or second-day delivery with evidence of delivery, which may be in an electronic format.
- (c) If neither method can 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

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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," "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 instrument notice was sent.

## (c) If none of the foregoing methods can be accomplished, by posting on the premises.

(4)(2) 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, 2 services, or materials, unless within that time an action to enforce the lien is commenced in a court of competent 3 jurisdiction. The continuation of the lien effected by the 4 commencement of the action shall not be good against creditors 5 or subsequent purchasers for a valuable consideration and 7 without notice, unless a notice of lis pendens is recorded. 8 Section 12. Paragraph (c) of subsection (2) of section 9 713.31, is amended to read: 10 713.31 Remedies in case of fraud or collusion.--11 (2) 12 (c) An owner against whose interest in real property a 13 fraudulent lien is filed, or any contractor, subcontractor, or sub-subcontractor who suffers damages as a result of the 14 filing of the fraudulent lien, shall have a right of action 15 for damages occasioned thereby. The action may be instituted 16 independently of any other action, or in connection with a 18 summons to show cause under s. 713.21, or as a counterclaim or cross-claim to any action to enforce or to determine the 19 validity of the lien. The prevailing party in an action under 20 21 this paragraph may recover reasonable attorney's fees and 22 costs. If the lienor who files a fraudulent lien is not the 23 prevailing party, the lienor shall be liable to the owner or the defrauded party who prevails in an action under this 2.4 subsection in damages, which shall include court costs, 25 clerk's fees, a reasonable attorney's fee and costs for 26 27 services in securing the discharge of the lien, the amount of 2.8 any premium for a bond given to obtain the discharge of the lien, interest on any money deposited for the purpose of 29 discharging the lien, and punitive damages in an amount not 30

exceeding the difference between the amount claimed by the

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lienor to be due or to become due and the amount actually due
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    or to become due.
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            Section 13. Section 713.36, is amended to read:
            713.36 Effective date. Chapter 63 135 shall take
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    effect at 12:01 a.m., October 1, 1963. The rights of all
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    persons with respect to an improvement that has a time of
    visible commencement prior to October 1, 1963, shall be
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    determined and enforced as provided in former ss. 84.01 84.35,
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       they existed prior to October 1, 1963. As to all other
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    rights, former ss. 84.01 84.35 are repealed concurrently with
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    the effective time of this part.
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            Section 14. This act shall take effect July 1, 2007.
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                                SENATE SUMMARY
      Revises provision relating to the Construction Lien Law.
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      Revises performance bond and notice requirements.
      Establishes procedures related to the recommencement of construction. Provides bond requirements. Requires that
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      certain notices, requests, or demands be in writing.
      Requires that certain claims of lien be sworn to or affirmed. Provides notice of commencement requirements.
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      Provides requirements for recording amended notices of
      commencement. Revises requirement for lienors to demand statements of account. Provides procedures for service on
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      a limited liability company. Extends the duration of certain liens. Provides for the award of attorney's fees
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       in certain actions. Deletes certain obsolete provisions.
       (See bill for details.)
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