

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1602 Session of 2011

INTRODUCED BY KILLION, TURZAI, MILLER, MUSTIO, KRIEGER AND MARSHALL, MAY 25, 2011

AS AMENDED ON SECOND CONSIDERATION, HOUSE OF REPRESENTATIVES, MARCH 27, 2012

AN ACT

1 Amending the act of August 24, 1963 (P.L.1175, No.497), entitled
2 "An act to codify, amend, revise and consolidate the laws
3 relating to mechanics' liens," further providing FOR
4 DEFINITIONS AND for right to lien and amount, for formal
5 notice by subcontractor as condition precedent; PROVIDING
6 FOR STATE CONSTRUCTION NOTICES DIRECTORY AND FOR NOTICE OF
7 COMMENCEMENT AND FURNISHING REQUIREMENTS; AND FURTHER
8 PROVIDING for priority of lien and for discharge of lien on
9 payment into court or entry of security.



10 The General Assembly of the Commonwealth of Pennsylvania
11 hereby enacts as follows:

12 Section 1. Section 301 of the act of August 24, 1963
13 (P.L.1175, No.497), known as the Mechanics' Lien Law of
14 1963, is amended to read:



15 SECTION 1. SECTION 201 OF THE ACT OF AUGUST 24, 1963
16 (P.L.1175, NO.497), KNOWN AS THE MECHANICS' LIEN LAW OF 1963, IS
17 AMENDED BY ADDING PARAGRAPHS TO READ:



18 SECTION 201. DEFINITIONS.--THE FOLLOWING WORDS, TERMS AND
19 PHRASES WHEN USED IN THIS ACT SHALL HAVE THE MEANING ASCRIBED TO
20 THEM IN THIS SECTION, EXCEPT WHERE THE CONTEXT CLEARLY INDICATES
21 A DIFFERENT MEANING:

1 * * *

2 (15) "DEPARTMENT" MEANS THE DEPARTMENT OF LABOR AND
3 INDUSTRY.

4 (16) "DIRECTORY" MEANS THE STATE CONSTRUCTION NOTICES
5 DIRECTORY IN SECTION 501.1.

6 SECTION 2. SECTION 301 OF THE ACT IS AMENDED TO READ:

7 Section 301. Right to Lien; Amount; Subcontractor.--[Every]

8 (a) General Rule. Except as provided under subsection (b),
9 every improvement and the estate or title of the owner in the
10 property shall be subject to a lien, to be perfected as herein
11 provided, for the payment of all debts due by the owner to the
12 contractor or by the contractor to any of his subcontractors for
13 labor or materials furnished in the erection or construction, or
14 the alteration or repair of the improvement, provided that the
15 amount of the claim, other than amounts determined by
16 apportionment under section 306(b) of this act, shall exceed
17 five hundred dollars (\$500).

18 ~~(b) Subcontractor. A subcontractor shall lose the right to a~~ ←
19 ~~lien with respect to an improvement to a residential property~~
20 ~~when the owner has paid the full contract price to the~~
21 ~~contractor.~~

22 Section 2. Sections 501 and 508 of the act, amended June 29,
23 2006 (P.L.210, No.52), are amended to read:

24 Section 501. [Formal] Notice [by Subcontractor as Condition
25 Precedent].—

26 ~~(a) Notice of Commencement.~~

27 ~~(1) Prior to commencing labor or work or furnishing~~
28 ~~materials for an improvement on real property that may give rise~~
29 ~~to a mechanics' lien under this act, the owner or agent of the~~
30 ~~owner may file a notice of commencement with the prothonotary of~~

~~1 the court of common pleas in the judicial district in which the
2 project is located. The notice must include all of the
3 following:~~

~~4 (i) Name, address and telephone number of the contractor.~~

~~5 (ii) Name and location of the project being constructed.~~

~~6 (iii) Legal description of the property upon which the
7 improvements are being made.~~

~~8 (iv) Name and address of the true owner of the property.~~

~~9 (v) Name and address of the person other than the owner at
10 whose instance the improvements are being made, if that person
11 is not the true owner of the property.~~

~~12 (vi) Name and the address of a surety for the performance
13 and payment bonds.~~

~~14 (2) The owner or contractor must conspicuously post a copy
15 of the notice at the project site at the time that physical work
16 commences upon the property and the owner shall ensure that the
17 copy of the notice remains posted for the duration of the
18 project.~~

~~19 (3) The owner must deliver a copy of the notice of
20 commencement to the contractor within seven (7) days after the
21 notice is filed, or within seven (7) days after entering into a
22 contract with a subsequent contractor. If the notice is not
23 delivered to a contractor within the seven day period,
24 subsection (b) shall not apply to a subcontractor associated
25 with the contractor.~~

~~26 (4) The owner or contractor who has been provided with a
27 notice of commencement shall provide a copy of a notice of
28 commencement to a subcontractor within ten (10) days after the
29 subcontractor makes a written request for a copy of the notice.
30 The owner or contractor who fails to provide the notice under~~

~~1 this paragraph shall be liable for all costs incurred by a
2 subcontractor, including attorney fees, in obtaining the
3 information necessary to serve a notice of furnishing under
4 subsection (b).~~

~~5 (5) A subcontractor, which has received a copy of a notice
6 of commencement from an owner or contractor, shall provide a
7 copy of the notice within ten (10) days to a subcontractor that
8 makes a written request. If a subcontractor fails to provide the
9 notice as required by this paragraph, he shall be liable for all
10 costs incurred by the requesting subcontractor, including
11 attorney fees, in obtaining the information necessary to serve a
12 notice of furnishing under subsection (b).~~

~~13 (b) Notice of Furnishing. If a notice is filed under
14 subsection (a) (1) and posted under subsection (a) (2), a
15 subcontractor that performs work or services or provides
16 material or equipment in furtherance of an improvement to
17 property must, as a condition of retaining lien rights under
18 section 301, substantially comply with all of the following to
19 file a notice of furnishing:~~

~~20 (1) Subject to paragraph (5) (ii), the subcontractor must
21 serve the notice upon the owner within twenty (20) days after
22 first performing work or services or first providing materials
23 or equipment in connection with the improvement of the property
24 or within twenty (20) days after being provided with a notice of
25 commencement if the subcontractor first performed work or
26 services or provided materials or equipment before receiving a
27 copy of notice of commencement.~~

~~28 (2) The notice must be served in one of the following
29 manners:~~

~~30 (i) Certified mail to owner's address.~~

1 ~~(ii) Personal delivery to the owner. Evidence of delivery~~
2 ~~must be an acknowledgment signed by the owner.~~

3 ~~(3) The notice must contain, at a minimum, the following:~~

4 ~~(i) A general description of the labor, skill, materials,~~
5 ~~fixtures, machinery or tools furnished.~~

6 ~~(ii) Name and address of the person supplying items in~~
7 ~~subparagraph (i).~~

8 ~~(iii) Name and address of the person that contracted for the~~
9 ~~items in subparagraph (i).~~

10 ~~(iv) A description sufficient to identify the property which~~
11 ~~is being improved.~~

12 ~~(4) Notice must be substantially in the following form:~~

13 ~~Notice of Furnishing~~

14 ~~(For use in connection with improvements to property other~~
15 ~~than public improvements)~~

16 ~~TO: _____~~

17 ~~(Name of owner)~~

18 ~~_____~~

19 ~~(Address of owner)~~

20 ~~Please take notice that the undersigned is performing~~

21 ~~certain work or labor or furnishing certain materials~~

22 ~~to _____ (Name and address of other contracting~~

23 ~~party) in connection with the improvement to the real property~~

24 ~~located at _____ . The labor, work or materials~~

25 ~~were performed or furnished first, or will be furnished first on~~

26 ~~(date).~~

27 ~~WARNING TO OWNER: THIS NOTICE IS REQUIRED BY THE PENNSYLVANIA~~

28 ~~MECHANICS' LIEN LAW. IF YOU HAVE ANY QUESTIONS ABOUT YOUR RIGHTS~~

29 ~~OR DUTIES UNDER THESE STATUTES YOU SHOULD SEEK LEGAL ASSISTANCE~~

30 ~~TO PROTECT YOU FROM THE POSSIBILITY OF PAYING TWICE FOR~~

1 ~~IMPROVEMENTS TO YOUR PROPERTY.~~

2 _____

3 ~~(Name and Address of Lien Claimant~~

4 ~~By~~

5 ~~(Name and capacity of party signing for lien claimant)~~

6 _____

7 ~~(Address of Signing Party)~~

8 _____

9 ~~(Date)~~

10 ~~(5) Filing of a notice under this subsection preserves the~~
11 ~~lien rights of a subcontractor in compliance with this act as~~
12 ~~follows:~~

13 ~~(i) For amounts owing for work and services performed and~~
14 ~~materials and equipment furnished from the date the work or~~
15 ~~services were first performed or materials or equipment were~~
16 ~~first furnished through the date of service of the notice of~~
17 ~~furnishing and thereafter.~~

18 ~~(ii) A notice delivered outside the time frame under~~
19 ~~paragraph (1) preserves the right to file a lien which is only~~
20 ~~enforceable for the services or materials furnished within the~~
21 ~~period of twenty (20) days before the date on which notice is~~
22 ~~given.~~

23 ~~(6) If a subcontractor does not substantially comply with~~
24 ~~this subsection, the subcontractor forfeits the right to file a~~
25 ~~lien claim.~~

26 ~~(b.1) Time Period of Formal Notice. No claim by a~~
27 ~~subcontractor, whether for erection or construction or for~~
28 ~~alterations or repairs, shall be valid unless, at least thirty~~
29 ~~(30) days before the same is filed, he shall have given to the~~
30 ~~owner a formal written notice of his intention to file a claim,~~

1 ~~except that such notice shall not be required where the claim is~~
2 ~~filed pursuant to a rule to do so as provided by section 506.~~

3 ~~(c) Contents of Formal Notice. The formal notice shall~~
4 ~~state:~~

5 ~~(1) the name of the party claimant;~~

6 ~~(2) the name of the person with whom he contracted;~~

7 ~~(3) the amount claimed to be due;~~

8 ~~(4) the general nature and character of the labor or~~
9 ~~materials furnished;~~

10 ~~(5) the date of completion of the work for which his claim~~
11 ~~is made;~~

12 ~~(6) a brief description sufficient to identify the property~~
13 ~~claimed to be subject to the lien.~~

14 ~~(d) Service of Notice. The notice provided by this section~~
15 ~~may be served by first class, registered or certified mail on~~
16 ~~the owner or his agent or by an adult in the same manner as a~~
17 ~~writ of summons in assumpsit, or if service cannot be so made~~
18 ~~then by posting upon a conspicuous public part of the~~
19 ~~improvement.~~

20 (B) SUBCONTRACTOR. A SUBCONTRACTOR DOES NOT HAVE THE RIGHT
21 TO A LIEN WITH RESPECT TO AN IMPROVEMENT TO A RESIDENTIAL
22 PROPERTY IF:

23 (1) THE OWNER OR TENANT PAID THE FULL CONTRACT PRICE TO THE
24 CONTRACTOR; AND

25 (2) THE PROPERTY IS OR IS INTENDED TO BE USED AS THE
26 RESIDENCE OF THE OWNER OR TENANT.

27 SECTION 3. THE ACT IS AMENDED BY ADDING SECTIONS TO READ:

28 SECTION 501.1. STATE CONSTRUCTION NOTICES DIRECTORY.--

29 (A) ESTABLISHMENT OF DIRECTORY. THE DEPARTMENT SHALL
30 ESTABLISH AN INTERNET WEBSITE TO BE KNOWN AS THE STATE



1 CONSTRUCTION NOTICES DIRECTORY.

2 (B) THIRD-PARTY ADMINISTRATION. THE DEPARTMENT MAY CONTRACT
3 WITH A THIRD-PARTY VENDOR TO ESTABLISH AND ADMINISTER THE
4 INTERNET WEBSITE.

5 (C) PURPOSE OF DIRECTORY. THE DIRECTORY SHALL:

6 (1) SERVE PRIMARILY AS A MEANS FOR CONTRACTORS AND
7 SUBCONTRACTORS TO READILY LOCATE NOTICES OF COMMENCEMENT FILED
8 UNDER SECTION 501.2(A).

9 (2) ACT AS A CENTRAL STATEWIDE REPOSITORY FOR NOTICES FILED
10 UNDER SECTION 501.2.

11 (D) OPERATIONAL DATE. THE DEPARTMENT SHALL HAVE THE
12 DIRECTORY OPERATIONAL ON JULY 1, 2013. THE DEPARTMENT MAY,
13 HOWEVER, ESTABLISH A LATER EFFECTIVE DATE, IF IT PROVIDES
14 SUFFICIENT REASONS FOR THE DELAY IN THE IMPLEMENTATION OF THE
15 PROGRAM IN A NOTICE TO THE CHAIRMAN AND MINORITY CHAIRMAN OF THE
16 LABOR AND INDUSTRY COMMITTEE OF THE SENATE AND THE CHAIRMAN AND
17 MINORITY CHAIRMAN OF THE LABOR AND INDUSTRY COMMITTEE OF THE
18 HOUSE OF REPRESENTATIVES.

19 (E) PUBLIC AWARENESS. WHEN APPROPRIATE, THE DEPARTMENT SHALL
20 PUBLISH NOTICE IN THE PENNSYLVANIA BULLETIN ADVISING THE PUBLIC
21 OF PLANS FOR AND THE EXISTENCE OF THE DIRECTORY. THE DEPARTMENT
22 SHALL TAKE REASONABLE MEASURES TO INFORM THE GENERAL PUBLIC OF
23 THE DIRECTORY AND ITS PURPOSE.

24 (F) DIRECTORY FEES. THE DEPARTMENT MAY ASSESS FILING FEES TO
25 OWNERS FILING NOTICES UNDER SECTION 501.2(A) TO COVER THE COSTS
26 OF ADMINISTRATION. IF A CONTRACTED THIRD-PARTY VENDOR IS
27 ADMINISTERING THE WEBSITE, THE ASSESSED FEES MUST BE DESIGNATED
28 IN THE CONTRACT. THE DEPARTMENT SHALL:

29 (1) CONSIDER THE FEE LEVELS IN AWARDING A CONTRACT.

30 (2) ENSURE THE FEE LEVELS ARE AS FAVORABLE AS POSSIBLE TO

1 USERS.

2 (G) POSTING OF NOTICES. THE DIRECTORY SHALL:

3 (1) MAKE PUBLIC NOTICES FILED UNDER SECTION 501.2 IN A JOB
4 SITE SPECIFIC FORMAT.

5 (2) PROVIDE COPIES OF THE FILINGS OF NOTICE OF FURNISHING
6 UNDER SECTION 501.2(B) TO AN OWNER WHO FILES A NOTICE OF
7 COMMENCEMENT UNDER SECTION 501.2(A).

8 (3) PROVIDE HARD COPY PRINTING OF ELECTRONIC RECEIPTS FOR AN
9 INDIVIDUAL FILING EVIDENCING THE DATE AND TIME OF THE INDIVIDUAL
10 FILING AND THE CONTENT OF THE INDIVIDUAL FILING.

11 (4) LIST THE NOTICES OF FURNISHING FILED WITH A NOTICE OF
12 COMMENCEMENT.

13 (H) INDEX. THE DIRECTORY MUST BE PRIMARILY INDEXED BY COUNTY
14 AND A NOTICE OF COMMENCEMENT FILED WITH THE DIRECTORY SHALL BE
15 SEARCHABLE BY OWNER NAME, CONTRACTOR NAME, PROPERTY ADDRESS OR
16 OTHER IDENTIFYING FEATURES THAT THE DEPARTMENT BELIEVES ARE
17 NECESSARY.

18 SECTION 501.2. NOTICE OF COMMENCEMENT AND FURNISHING
19 REQUIREMENTS.--

20 (A) NOTICE OF COMMENCEMENT.

21 (1) PRIOR TO COMMENCING LABOR OR WORK OR FURNISHING
22 MATERIALS FOR AN IMPROVEMENT ON REAL PROPERTY THAT MAY GIVE RISE
23 TO A MECHANICS' LIEN UNDER THIS ACT, THE OWNER OR AGENT OF THE
24 OWNER MAY FILE A NOTICE OF COMMENCEMENT WITH THE STATE
25 CONSTRUCTION NOTICES DIRECTORY. THE NOTICE MUST INCLUDE THE
26 FOLLOWING:

27 (I) NAME, ADDRESS AND E-MAIL ADDRESS OF THE CONTRACTOR.

28 (II) NAME AND LOCATION OF THE PROJECT BEING CONSTRUCTED.

29 (III) LEGAL DESCRIPTION OF THE PROPERTY UPON WHICH THE
30 IMPROVEMENTS ARE BEING MADE.

1 (IV) NAME, ADDRESS AND E-MAIL ADDRESS OF THE LEGAL RECORD
2 OWNER OF THE PROPERTY.

3 (V) NAME, ADDRESS AND E-MAIL ADDRESS OF THE PERSON OTHER
4 THAN THE OWNER AT WHOSE DIRECTION THE IMPROVEMENTS ARE BEING
5 MADE, IF THAT PERSON IS NOT THE TRUE LEGAL RECORD OWNER OF THE
6 PROPERTY.

7 (VI) IF APPLICABLE, THE NAME, ADDRESS AND E-MAIL ADDRESS OF
8 A SURETY FOR THE PERFORMANCE AND PAYMENT BONDS.

9 (2) THE OWNER SHALL CONSPICUOUSLY POST A COPY OF THE NOTICE
10 AT THE PROJECT SITE BEFORE PHYSICAL WORK COMMENCES UPON THE
11 PROPERTY, AND THE OWNER SHALL TAKE REASONABLE MEASURES TO INSURE
12 THAT THE COPY OF THE NOTICE OF COMMENCEMENT REMAINS POSTED AT
13 THE PROJECT SITE FOR THE DURATION OF THE PROJECT. FOR THE
14 PURPOSES OF THIS PARAGRAPH, THE TERM "REASONABLE MEASURES" MEANS
15 THE REPOSTING OF NOTICE BY THE OWNER WITHIN 48 HOURS AFTER BEING
16 NOTIFIED IN WRITING OR E-MAIL THAT THE NOTICE IS NOT POSTED.

17 (B) NOTICE OF FURNISHING. A SUBCONTRACTOR THAT PERFORMS WORK
18 OR SERVICES OR PROVIDES MATERIAL IN FURTHERANCE OF AN
19 IMPROVEMENT TO PROPERTY SHALL, IF A NOTICE OF COMMENCEMENT HAS
20 BEEN PROPERLY AND TIMELY FILED UNDER SUBSECTION (A), AS A
21 CONDITION OF RETAINING LIEN RIGHTS UNDER SECTION 301:

22 (1) HAVE A POSITIVE DUTY TO MONITOR THE STATE CONSTRUCTION
23 NOTICES DIRECTORY TO IDENTIFY APPROPRIATE NOTICES OF
24 COMMENCEMENT.

25 (2) SUBSTANTIALLY COMPLY WITH THE FOLLOWING TO FILE A NOTICE
26 OF FURNISHING:

27 (I) SUBJECT TO SUBPARAGRAPH (V) (A), THE SUBCONTRACTOR SHALL
28 FILE NOTICE UPON THE OWNER WITHIN TWENTY (20) DAYS AFTER FIRST
29 PERFORMING WORK OR SERVICES OR FIRST PROVIDING MATERIALS IN
30 CONNECTION WITH THE IMPROVEMENT OF THE PROPERTY.

1 (II) THE NOTICE MUST BE SERVED IN ONE OF THE FOLLOWING
2 MANNERS:

3 (A) CERTIFIED MAIL TO THE OWNER'S ADDRESS.

4 (B) PERSONAL DELIVERY TO THE OWNER. EVIDENCE OF DELIVERY
5 MUST BE AN ACKNOWLEDGMENT SIGNED BY THE OWNER.

6 (C) FILING OF NOTICE ON STATE CONSTRUCTION NOTICES
7 DIRECTORY.

8 (III) THE NOTICE MUST CONTAIN, AT A MINIMUM, THE FOLLOWING:

9 (A) A GENERAL DESCRIPTION OF THE LABOR, SKILL, MATERIALS,
10 FIXTURES, MACHINERY OR TOOLS FURNISHED.

11 (B) NAME AND ADDRESS OF THE PERSON SUPPLYING ITEMS IN CLAUSE
12 (A).

13 (C) NAME AND ADDRESS OF THE PERSON THAT CONTRACTED FOR THE
14 ITEMS IN CLAUSE (A).

15 (D) A DESCRIPTION SUFFICIENT TO IDENTIFY THE PROPERTY WHICH
16 IS BEING IMPROVED.

17 (IV) NOTICE MUST BE SUBSTANTIALLY IN THE FOLLOWING FORM:
18 NOTICE OF FURNISHING

19 (FOR USE IN CONNECTION WITH IMPROVEMENTS TO PROPERTY OTHER
20 THAN PUBLIC IMPROVEMENTS)

21 TO: _____

22 (NAME OF OWNER)

23 _____

24 (ADDRESS OF OWNER)

25 PLEASE TAKE NOTICE THAT THE UNDERSIGNED IS PERFORMING

26 CERTAIN WORK OR LABOR OR FURNISHING CERTAIN MATERIALS

27 TO _____ (NAME AND ADDRESS OF OTHER CONTRACTING

28 PARTY) IN CONNECTION WITH THE IMPROVEMENT TO THE REAL PROPERTY

29 LOCATED AT _____ . THE LABOR, WORK OR MATERIALS

30 WERE PERFORMED OR FURNISHED FIRST, OR WILL BE FURNISHED FIRST ON

1 (DATE) .

2 _____

3 (NAME AND ADDRESS OF LIEN CLAIMANT

4 BY

5 (NAME AND CAPACITY OF PARTY SIGNING FOR LIEN CLAIMANT)

6 _____

7 (ADDRESS OF SIGNING PARTY)

8 _____

9 (DATE)

10 (V) FILING OF A NOTICE UNDER THIS SUBSECTION PRESERVES THE
11 LIEN RIGHTS OF A SUBCONTRACTOR IN COMPLIANCE WITH THIS ACT AS
12 FOLLOWS:

13 (A) FOR AMOUNTS OWING FOR WORK AND SERVICES PERFORMED AND
14 MATERIALS FURNISHED FROM THE DATE THE WORK OR SERVICES WERE
15 FIRST PERFORMED OR MATERIALS WERE FIRST FURNISHED THROUGH THE
16 DATE OF SERVICE OF THE NOTICE OF FURNISHING AND THEREAFTER.

17 (B) A NOTICE DELIVERED OUTSIDE THE TIME FRAME UNDER
18 SUBPARAGRAPH (I) PRESERVES THE RIGHT TO FILE A LIEN WHICH IS
19 ONLY ENFORCEABLE FOR THE SERVICES OR MATERIALS FURNISHED WITHIN
20 THE PERIOD OF TWENTY (20) DAYS BEFORE THE DATE ON WHICH NOTICE
21 IS GIVEN AND THEREAFTER.

22 (VI) IF A SUBCONTRACTOR DOES NOT SUBSTANTIALLY COMPLY WITH
23 THIS SUBSECTION, THE SUBCONTRACTOR FORFEITS THE RIGHT TO FILE A
24 LIEN CLAIM.

25 (C) CONSTRUCTION. SUBSECTION (B) MAY NOT BE INTERPRETED TO
26 AFFECT THE ABILITY OF A SUBCONTRACTOR OR CONTRACTOR TO WAIVE HIS
27 LIEN RIGHTS UNDER SECTIONS 401 AND 402.

28 (D) PUBLIC POLICY.

29 (1) IT IS AGAINST PUBLIC POLICY AND UNLAWFUL FOR A
30 CONTRACTOR OR SUBCONTRACTOR TO REQUEST OR REQUIRE THAT A

1 SUBCONTRACTOR NOT FILE A NOTICE OF FURNISHING AS REQUIRED TO
2 MAINTAIN HIS LIEN RIGHTS, IN ORDER THAT THE SUBCONTRACTOR MAY
3 ENTER INTO OR MAINTAIN A CONTRACT FOR WORK OR FURNISHING OF
4 MATERIALS ON AN IMPROVEMENT.

5 (2) A SUBCONTRACTOR HAS THE RIGHT TO FILE A LIEN FOR THE
6 WORK AND SERVICES PERFORMED AND THE MATERIALS FURNISHED UNDER
7 THIS ACT, IRRESPECTIVE OF COMPLIANCE WITH SECTION 501.2(B), IF
8 HE PROVES THAT THE FAILURE TO COMPLY WITH SECTION 501.2(B) WAS
9 DIRECTLY THE RESULT OF A CONTRACTOR OR SUBCONTRACTOR VIOLATING
10 PARAGRAPH (1).

11 SECTION 4. SECTION 508 OF THE ACT, AMENDED JUNE 29, 2006
12 (P.L.210, NO.52), IS AMENDED TO READ:

13 Section 508. Priority of Lien.--The lien of a claim filed
14 under this act shall take effect and have priority as follows:

15 (a) Except as set forth in subsection (c), in the case of
16 the erection or construction of an improvement, as of the date
17 of the visible commencement upon the ground of the work of
18 erecting or constructing the improvement.

19 (b) Except as set forth in subsection (c), in the case of
20 the alteration or repair of an improvement, as of the date of
21 the filing of the claim.

22 (c) Any lien obtained under this act by a contractor or
23 subcontractor shall be subordinate to the following:

24 (1) A purchase money mortgage as defined in 42 Pa.C.S. §
25 8141(1) (relating to time from which liens have priority).

26 (2) An open-end mortgage as defined in 42 Pa.C.S. § 8143(f)
27 (relating to open-end mortgages), of the proceeds of which are
28 used to pay all or part of the cost of completing erection,
29 construction, alteration or repair of the mortgaged premises
30 secured by the open-end mortgage.

1 (3) The refinance or modification of a purchase money
2 mortgage as defined in 42 Pa.C.S. § 8141(1) or open-end mortgage
3 as defined in 42 Pa.C.S. § 8143(f) notwithstanding that:

4 (i) the new principal amount of the mortgage may exceed the
5 stated amount of the original mortgage; and

6 (ii) advances made under the mortgage may be used for
7 purposes unrelated to the cost of completing erection,
8 construction, alteration or repair of the mortgaged premises.

9 Section 3 5. Section 510 heading of the act is amended and ←
10 the section is amended by adding a subsection to read:

11 Section 510. Discharge of Lien [on Payment into Court or
12 Entry of Security].--

13 * * *

14 (f) Residential property. A claim filed under this act with
15 respect to an improvement to a residential property SUBJECT TO ←
16 SECTION 301(B) shall, upon petition or motion to the court by
17 the owner or a party in interest, be discharged as a lien
18 against the property when:

19 (1) the owner OR TENANT has paid the full contract price to ←
20 the contractor; or

21 (2) the lien shall be reduced to the amount of the unpaid
22 contract price owed by the owner OR TENANT to the contractor. ←

23 Section 4 6. This act shall apply as follows: ←

24 (1) The amendment of sections 301, 508 and 510 of the
25 act shall apply to contracts entered into on or after the
26 effective date of this section.

27 ~~(2) The amendment of section 501 of the act shall apply~~ ←
28 ~~to contracts entered into or renewed on or after the~~
29 ~~effective date of this paragraph.~~

30 ~~Section 5. This act shall take effect January 1, 2012.~~

1 (2) THE ADDITION OF SECTION 501.2 OF THE ACT SHALL TAKE ←
2 EFFECT JULY 1, 2013, OR ON THE DATE DESIGNATED BY THE
3 DEPARTMENT OF LABOR AND INDUSTRY.
4 SECTION 7. THIS ACT SHALL TAKE EFFECT IN 60 DAYS.