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How to Deal with Mechanic's Liens and Bond Claims on Public Work

Ohio gives subcontractors and suppliers on public work the right to lien the public funds or collect against the contractor's payment bond—but only if those lien and bond rights are properly perfected. Unlike private work, public real estate (i.e. city hall) is not allowed to be liened or foreclosed.

Any supplier or subcontractor wanting to perfect lien or bond rights must provide a simple form called a Notice of Furnishing (NOF) to the prime contractor within 21 days of first work if:

1. The potential lien claimant does not have a contract directly with the prime contractor; and
2. The amount of the contract or purchase order collectively exceeds \$30,000.

Contractors who receive a NOF must be careful to secure lien waivers from anyone serving a NOF.

If a NOF is required and has been timely provided, the potential lien claimant must file its lien within 120 days of his last work and its bond claim within 60 days of acceptance of the project by the public authority. If a lien is filed after the project funds are fully paid out, the lien has no value.

Once a lien has been asserted, the public owner (i.e. city, ODOT) is to set aside the lien amount in escrow until the lien claimant and the contractor come to a resolution or the court orders a disbursement.


However, contractors are cautioned that they must dispute the lien within 20 days or the public owner may pay the money directly to the lien claimant. Contractors can also bond off the lien by posting an additional bond or cash deposit in one-and-a-half times the lien amount.

Subcontractors and suppliers are cautioned that they must file suit within one year of project acceptance or the



bond claim will be considered untimely and that a suit must be filed on the lien within:

1. 60 days of receipt of a Notice to Commence Suit; and
2. Six years of the filing of the lien in any event.

Mechanic's liens and payment bond claims give subcontractors and suppliers (who protect their rights) special leverage, but contractors also have tools to ensure that they do not pay twice for work performed once. Effective use of those tools often makes the difference between a successful or unsuccessful project. 

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