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HOUSE BILL NO. 928

House Amendments in [] — February 2, 2012

A *BILL to amend and reenact § 43-3 of the Code of Virginia, relating to mechanics' liens against individual lots in a development or condominium units for site development improvements.*

Patron Prior to Engrossment—Delegate Lingamfelter

Referred to Committee for Courts of Justice

Be it enacted by the General Assembly of Virginia:**1. That § 43-3 of the Code of Virginia is amended and reenacted as follows:**

§ 43-3. Lien for work done and materials furnished; waiver of right to file or enforce lien.

A. All persons performing labor or furnishing materials of the value of \$150 or more, including the reasonable rental or use value of equipment, for the construction, removal, repair or improvement of any building or structure permanently annexed to the freehold, and all persons performing any labor or furnishing materials of like value for the construction of any railroad, shall have a lien, if perfected as hereinafter provided, upon such building or structure, and so much land therewith as shall be necessary for the convenient use and enjoyment thereof, and upon such railroad and franchises for the work done and materials furnished, subject to the provisions of § 43-20. But when the claim is for repairs or improvements to existing structures only, no lien shall attach to the property repaired or improved unless such repairs or improvements were ordered or authorized by the owner, or his agent.

If the building or structure being constructed, removed or repaired is part of a condominium as defined in § 55-79.41 or under the Horizontal Property Act (§§ 55-79.1 through 55-79.38), any person providing labor or furnishing material to one or more units or limited common elements within the condominium pursuant to a single contract may perfect a single lien encumbering the one or more units which are the subject of the contract or to which those limited common elements pertain, and for which payment has not been made. All persons providing labor or furnishing materials for the common elements pertaining to all the units may perfect a single lien encumbering all such condominium units. Whenever a lien has been or may be perfected encumbering two or more units, the proportionate amount of the indebtedness attributable to each unit shall be the ratio that the percentage liability for common expenses appertaining to that unit computed pursuant to subsection D of § 55-79.83 bears to the total percentage liabilities for all units which are encumbered by the lien. The lien claimant shall release from a perfected lien an encumbered unit upon request of the unit owner as provided in subsection B of § 55-79.46 upon receipt of payment equal to that portion of the indebtedness evidenced by the lien attributable to such unit determined as herein provided. In the event the lien is not perfected, the lien claimant shall upon request of any interested party execute lien releases for one or more units upon receipt of payment equal to that portion of the indebtedness attributable to such unit or units determined as herein provided but no such release shall preclude the lien claimant from perfecting a single lien against the unreleased unit or units for the remaining portion of the indebtedness.

B. Any person providing labor or materials for site development improvements or for streets, stormwater facilities, sanitary sewers or water lines for the purpose of providing access or service to the individual lots in a development or condominium units as defined in § 55-79.41 or under the Horizontal Property Act (§§ 55-79.1 through 55-79.38) shall have a lien on each individual lot in the development for ~~that the~~ fractional part of the total ~~cost of such labor or materials~~ [*contract amount for the work value of the work done or to be done by the claimant in the subdivision*] as is obtained by using "one" as the numerator and the number of lots *being developed* as the denominator and in the case of a condominium on each individual unit in an amount computed by reference to the liability of that unit for common expenses appertaining to that condominium pursuant to subsection D of § 55-79.83; provided, however, no such lien shall be valid as to any lot or condominium unit unless the person providing such ~~labor or materials work~~ shall, prior to the sale of such lot or condominium unit [*to the homeowner*], file with the clerk of the circuit court of the jurisdiction in which such land lies a document setting forth a full disclosure of the nature of the lien ~~to which may be claimed~~, the total [~~contract amount~~ *value of the work done or to be done by the claimant in the subdivision*] ~~claimed against each lot or condominium unit [for the work]~~ and the portion thereof allocated to each lot as required herein, and a description of the development or condominium, and shall, thereafter, comply with all other applicable provisions of this chapter. "Site development improvements" means improvements which are provided for the development, such as project site grading, *traffic signalization, and installation of electric, gas, cable, or other utilities, for the benefit of the development* rather than for an individual lot. *In determining the individual lots in the development for the purpose of allocating*

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59 [~~contract amounts~~ value of the work done or to be done by the claimant] , parcels of land within the
60 development which are common area, or which are being developed for the benefit of the development
61 as a whole and not for resale, shall not be included in the denominator of the disclosure statement.

62 Nothing contained herein shall be construed to prevent the filing of a ~~mechanic's~~ mechanics' lien
63 under the provisions of subsection A, or require the lien claimant to elect under which subsection the
64 lien may be enforced.

65 C. Any right to file or enforce any ~~mechanic's~~ mechanics' lien granted hereunder may be waived in
66 whole or in part at any time by any person entitled to such lien. *In the event that payments are made to*
67 *the contractor without designating to which lot the payments are to be applied, the payments shall be*
68 *deemed to apply to any lot previously sold by the developer such that the remaining lots continue to*
69 *bear liability for an amount up to but not exceeding the amount set forth in any disclosure statement*
70 *filed under the provisions of subsection B.*