

Instructions for Preliminary Notice & Stop Notice

Is 20-day Preliminary Notice required?

Is your contract directly with the project owner or are you a subcontractor?

- If direct with project owner: Preliminary Notice is optional. Go on to step 2.
- If subcontractor: Serve Preliminary Notice to owner, general contractor, and lender within 20 days after you start work. (If it's been more than 20 days, serve it anyway; you can still reach funds for work or material furnished from 20 days ago until the project ends)

Service Requirements for Stop Notice

How to serve: Serve the original Stop Notice on the owner and/or lender. You can have the notice served by registered or certified mail, or by personal service if time is short. Make a copy of the Stop Notice for your records. Keep that along with the proof of mailing (registered receipt or return receipt).

When to serve: You can serve it before the project ends. In fact, the Stop Notice only covers funds that were in the account when it was served, so do it before the lender pays out money.

You must serve it within 90 days of project completion if the owner does not record a Notice of Completion or Cessation, or within 30 days (if you are a subcontractor) or 60 days (if you are a direct contractor) after such a notice is filed.

Who to serve: If you are a direct contractor with the owner, you can only serve it on the lender. If you are a subcontractor, you can serve it on the owner, the lender, or both.

Do you need a bond?

If you are serving the lender, consider getting a bond, and consider using a corporate surety. Without a bond, the lender *may*, but is *not required* to, withhold the money. While you are not required to use a corporate surety, if you do not, the lender can reject it. Ask your insurance broker for a recommendation. This requirement does not apply if you are serving the owner only.

Enforce the Stop Notice if not paid: Short statute of limitations

When to file suit: You must file the enforcement lawsuit within 90 days after your time limit to serve the notice. If the owner does not record a Notice of Completion or Cessation, you have 90 days to serve the notice, and another 90 to file a lawsuit, for a total of 180 days after completion.

If the owner does file a Notice of Completion or Cessation, subcontractors have 30 days to serve the Stop Notice, and another 90 to file a lawsuit, for a total of 120 days after the Notice of Completion or Cessation is filed. Contractors have 60 days to serve the Stop Notice, and another 90 to file a lawsuit, for a total of 150 days after the Notice of Completion or Cessation is filed.

See an attorney or use a book such as California Mechanics' Liens and Related Construction Remedies from CEB Publishing for more information about enforcement.

Stop Notice
Legal Notice to Withhold Construction Funds
Public or Private Works – California Civil Code Section 3103

- To Owner: _____ [NAME OF OWNER OF PROJECT]
- To Lending Institution _____ [NAME OF PROJECT LENDER]

YOU ARE HEREBY NOTIFIED that :

Claimant _____ [USE NAME OF PERSON ON CSLB LICENSE] , who is located at
 _____ [CONTRACTOR OR SUBCONTRACTORS' ADDRESS]

Has performed labor and/or furnished materials for a work of improvement located at
 _____ [NAME AND LOCATION OF PROJECT]

The labor and/or materials furnished by the claimant are of the following general kind:
 _____ [DESCRIBE SERVICES AND/OR MATERIAL FURNISHED]

The labor and/or materials were furnished to/for the following party:
 _____ [NAME OF THE PARTY WHO ORDERED THE SERVICES AND/OR MATERIAL]

Total value of the whole amount of labor and materials agreed to be furnished:...\$ [\$ AMOUNT]

The value of the labor and materials furnished to date.....\$ [\$ AMOUNT]

Claimant has been paid the sum of..... \$ [\$ AMOUNT]

Due, owing and unpaid is the sum of.....\$ [\$ AMOUNT]

You are required to set aside sufficient funds to satisfy this claim with interest, court costs, and reasonable costs of litigation, as provided by law. You are also notified that claimant claims an equitable lien against any construction fund for this project which are in your hands.

VERIFICATION

I, the undersigned, say: I am the [TITLE OF PERSON SIGNING] of the claimant named in the foregoing Stop Notice. I have read said Stop Notice and know the contents thereof; the same is true of my own knowledge. I declare, under penalty of perjury under the laws of the State of California, that the foregoing is true and correct.

Executed on _____ [DATE] _____, 20 [YR] at _____ [COUNTY] _____, California.

 Signature

Proof of Service of Stop Notice

I, [USE NAME OF PERSON ON CSLB LICENSE], declare that I served copies of the above stop notice on:

(Owner)

[NAME OF OWNER OF PROJECT]

(Lender)

[NAME OF CONSTRUCTION LENDER]

By personally delivering a copy to Owner at [OWNER ADDRESS]

Lender at [LENDER ADDRESS]

By First Class Certified or Registered Mail service, postage prepaid, addressed to:

Owner at [OWNER ADDRESS]

on [DATE], 20[YR]

Lender at [LENDER ADDRESS]

on [DATE], 20[YR]

Verification [CCP§ 446]

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, this [DATE], day of [MONTH], 20[YR], at [COUNTY], California.

Signature

Stop Notice Timeline for Contractors and Subcontractors

