



Lien Smarter...Get Paid

Deliver the Model Disclosure Statement in Washington...Or Else

The Model Disclosure What?

That's what a lot of Washington contractors say when they give my law office a call and ask whether they have lien rights. Sadly, most contractors (especially the smaller outfits) have no idea that they're required to provide this on each and every project before work begins.

What happens if it's not provided? Unfortunately, quite a lot.

First, if the [Model Disclosure Statement](#) is not required, you can lose your lien rights. Second, you can be fined by the Department of Labor and Industries. And for a third thought, what about possibly being exposed to a civil consumer protection act claim, or something like that?

This may seem harsh, but I'm here to tell you that it's quite difficult to wiggle away from this requirement. If you are a contractor of any shape and size (even a handyman), and you're working on a residential project worth more than \$1k or a commercial project worth *less* than \$60k, the Model Disclosure Statement must be provided, it must be signed by the owner, and you must retain a record of the signed statement for two years!

I just got finished posting on this subject at my law firm's blog, the [Construction Law Monitor](#). That post, [Model Disclosure Statement Required In Washington When Contracting With Owner](#), offers a good analysis of when the MDS must be provided.

Getting a copy of a Model Disclosure Statement is not tricky. You can [download it for free from the Department of Labor & Industries](#), or [download it right from this site](#).. Filling it out is a cinch.

If you're in Washington state, do it or risk your lien rights.



MODEL DISCLOSURE STATEMENT NOTICE TO CUSTOMER

This contractor is registered with the state of Washington, registration no. _____, and has posted with the state a bond or deposit of _____ for the purpose of satisfying claims against the contractor for breach of contract including negligent or improper work in the conduct of the contractor's business. The expiration date of this contractor's registration is _____.

THIS BOND OR DEPOSIT MIGHT NOT BE SUFFICIENT TO COVER A CLAIM THAT MIGHT ARISE FROM THE WORK DONE UNDER YOUR CONTRACT.

This bond or deposit is not for your exclusive use because it covers all work performed by this contractor. The bond or deposit is intended to pay valid claims up to _____ that you and other customers, suppliers, subcontractors, or taxing authorities may have.

FOR GREATER PROTECTION YOU MAY WITHHOLD A PERCENTAGE OF YOUR CONTRACT.

You may withhold a contractually defined percentage of your construction contract as retainage for a stated period of time to provide protection to you and help insure that your project will be completed as required by your contract.

YOUR PROPERTY MAY BE LIENED.

If a supplier of materials used in your construction project or an employee or subcontractor of your contractor or subcontractors is not paid, your property may be liened to force payment and you could pay twice for the same work.

FOR ADDITIONAL PROTECTION YOU MAY REQUEST THE CONTRACTOR TO PROVIDE YOU WITH ORIGINAL "LIEN RELEASE" DOCUMENTS FROM EACH SUPPLIER OR SUBCONTRACTOR AT YOUR PROJECT.

The contractor is required to provide you with further information about lien release document if you request it. General information is also available from the state Department of Labor and Industries.

I have received a copy of this disclosure statement.

Dated this _____ day of _____ of the year _____.

Signature of Customer

The contractor must retain a signed copy of the disclosure statement in his or her files for a minimum of three years, and produce a signed or electronic signature copy of the disclosure statement to the department upon request.