

Virginia Mechanic's Liens Survive Bankruptcy

Unfortunately, developer bankruptcies are very much in the news these days. This news, while unsurprising in today's economy and given the housing issues that hit last year, can give heartburn to those contractors that perform the site work, pave the roads, and of course build the houses at these developments. Like Musings has [discussed](#) before, bankruptcy of an owner or developer is a real possibility for which contractors and subcontractors must prepare.

However, contractors in Virginia may have a silver lining for the bankruptcy cloud. Virginia mechanic's liens, being creatures of [statute](#), *survive* bankruptcy and remain in force even after the owner of the property files for bankruptcy. Even more importantly, the 6 month statute of limitations on filing a case to enforce your [mechanic's lien](#) stops running as of the date that bankruptcy is filed.

Even more importantly, aside from [certain specific situations](#), mechanic's liens in Virginia gain priority over all other secured liens.

In short, in today's climate, contractors should not feel that they are completely helpless in the bankruptcy fight. Filing a mechanic's lien after consultation with an experienced [attorney](#) can put a contractor or subcontractor in as good a position as possible should he owner of a project file for bankruptcy.