

UNGARETTI & HARRIS

3500 Three First National Plaza
Chicago, Illinois 60602
www.uhlaw.com

Contact: Richard H. Levy
Partner

(312) 977-4872
rhlevy@uhlaw.com

Jennifer C. Morrison
Marketing Manager

(312) 977-4392
jcmorrison@uhlaw.com

For Immediate Release

TREND: IL Real Estate Environment Ripe for Rising Instance of Mechanics Lien Litigation

Top three ways for property owners to reduce exposure

Chicago, May 15, 2009 – Since 2008, over 21% of mechanics lien litigation reported in the U.S. occurred in Illinois, according to a search on Thompson Reuters' litigation database. As the Illinois real estate market struggles to turn around, developers, contractors and homeowners alike should be aware of the possibility of having a mechanics lien placed on their property.

The probability of this is rising due to the current economy. Many companies are “pulling the plug” on new construction projects and facing payment problems for work on completed projects. These issues can lead to disputes about what may be owed to contractors, who turn to mechanics liens and lawsuits in order to seek payment. Even if a property owner has paid a contractor in full, it is possible to have a lien placed on the property.

These lawsuits can be very costly and time consuming if not handled correctly. A mechanics lien not only costs money and eats valuable time, but can also affect an owner's ability to refinance a loan, borrow money, or sell/lease a property.

Real estate attorney [Richard H. Levy](#) and litigation attorney [John Ruskusky](#), both of Chicago law firm Ungaretti & Harris, suggest **three keys to reducing exposure to mechanics liens**:

1. Pay subcontractors directly or through a title company escrow.

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2. Require contractors to provide a sworn statement with the names of all parties furnishing material or services and the amounts due to them.
3. Do not make final payment without receiving final lien waivers from the general contractor, all subcontractors and all suppliers.

To help lenders, property owners and management companies understand how to address mechanics liens and limit their costs, Levy and Ruskusky will present a seminar on June 11, 2009, “Dealing with Mechanics Liens in Difficult Times: How to Avoid Mechanics Liens . . . and How to Limit Costs When a Lien is Threatened on Your Property.” Details about the seminar can be found at www.uhlaw.com/mechanicsliens.

Ungaretti & Harris is a mid-sized Chicago-based law firm with national [business](#), [healthcare](#), [litigation](#), and [government](#) practices. The firm represents domestic and international clients including Fortune 500, mid-market, and small businesses; professional organizations; healthcare providers; energy companies; real estate companies; financial institutions; private equity groups; and government agencies.

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