

AMENDED IN SENATE MAY 20, 2002

AMENDED IN SENATE APRIL 8, 2002

AMENDED IN ASSEMBLY MAY 2, 2001

AMENDED IN ASSEMBLY MARCH 27, 2001

CALIFORNIA LEGISLATURE—2001–02 REGULAR SESSION

ASSEMBLY BILL

No. 568

**Introduced by Assembly Member Dutra
(Principal coauthor: Assembly Member Vargas)**

February 21, 2001

An act to add Section ~~3113~~ 3125 to the Civil Code, relating to mechanics' liens.

LEGISLATIVE COUNSEL'S DIGEST

AB 568, as amended, Dutra. Mechanics' liens.

The California Constitution gives workmen the right to a mechanics' lien for the value of labor and materials provided for the improvement of real property.

Existing law sets forth the procedures for the enforcement of this right, as specified. Under these procedures, existing law requires that a person record a preliminary 20-day notice, as specified, prior to the recording of a mechanics' lien, prior to filing a stop notice, and prior to asserting a claim against a payment bond, as specified.

This bill would provide that if a home improvement contract, as defined, is executed in an amount not exceeding \$25,000, *regardless of later increases in the contract price*, the homeowner may setoff the amount of good-faith payments to the original contractor against the

aggregate amount of enforceable mechanic’s liens and stop notice claims, in an amount not exceeding \$25,000, *as specified*.

The bill would also provide that a homeowner’s receipt of a preliminary 20-day notice does not affect the good-faith nature of payment by the owner.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section ~~3443~~ 3125 is added to the Civil Code,
2 to read:
3 ~~3443.~~
4 3125. (a) Notwithstanding any other provision of this title, if
5 a home improvement contract is executed in an amount not
6 exceeding twenty-five thousand dollars (\$25,000), the owner may
7 setoff the amount of good-faith payments to the original contractor
8 against the aggregate amount of enforceable mechanic’s liens and
9 stop notice claims, ~~in an amount not~~ *regardless of whether changes*
10 *in the contract have increased the contract price to an amount*
11 *exceeding twenty-five thousand dollars (\$25,000), subject to the*
12 *following limitations:*
13 (1) *The setoff may not exceed twenty-five thousand dollars*
14 *(\$25,000).*
15 (2) *The setoff does not apply to amounts that are due and*
16 *unpaid by the owner under the home improvement contract.*
17 (b) An owner’s receipt of a preliminary 20-day notice does not
18 affect the good-faith nature of a payment by the owner.
19 (c) As used in this section, “home improvement contract” has
20 the meaning provided by Section 7151.2 of the Business and
21 Professions Code.

