



Pennsylvania
Association of
REALTORS®

*The Voice for Real Estate
in Pennsylvania*

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Pennsylvania Association of REALTORS® (PAR)

Testimony on House Bill 1602

Presented by Greg Herb

Good morning Chairman Miller and members of the House Labor and Industry Committee. My name is Greg Herb and I have been in the real estate business for over 30 years. I am the Legislative Chair of the Pennsylvania Association of Realtors® (PAR) and previously served as the association president in 2009.

On behalf of nearly 30,000 Realtors® in Pennsylvania, I am here to present testimony on mechanics' lien. I would like to take this opportunity to share some of our observations on the use of mechanics' lien and how they affect innocent consumers.

First and foremost, the Pennsylvania Association of Realtors® is not advocating in any manner for eliminating the right of contractors or subcontractors to file mechanics' liens against parties who have not paid in full for work or materials. Contractors and subcontractors who are not paid by the offending party for work and materials should continue to utilize this tool.

It has come to our attention that unsuspecting homeowners have mechanics' liens placed on their homes by subcontractors who have not been paid by the general contractor. This has become prevalent throughout the commonwealth. Consumers are purchasing new residential construction and even though the buyer purchases title insurance guaranteeing the property to be free and clear of all liens, some months may pass and the owner finds that there is a lien on their new home.

PAR believes that homebuyers who have purchased a newly-constructed home should be protected from mechanics' liens being filed against the property by subcontractors once closing has occurred.

Homeowners who hire a contractor to remodel their home can also be unfairly subject to a mechanics' lien. PAR wants to protect the homeowner from a mechanics' lien being filed by a subcontractor when the consumer has paid the general contractor in full for all work and materials.

Another consequence of these unfair liens or threats against a consumer's property is that consumers are unable to purchase mechanics' lien insurance. In essence, in order to remove the lien the homeowner must pay a bill that they have already paid. This situation also makes it difficult for consumers to receive services for any work still under warranty and owed to them by the subcontractor.

PAR looks forward to working with Representative Killion and other members of the House Labor and Industry Committee to explore possible solutions to this growing problem.

Thank you again for the opportunity to comment on what Realtors® are seeing in regards to mechanics' lien.