



**NCS**  
CREDIT

## **The Importance of Gathering Job Information**

# The Importance of Gathering Job Information

### Add New Job ✕

**New Job Name**  
NCS Building Expansion

**Form Logo**  
NCS Default ▾

**Location**  
006397 - Inventory Manufacturers dba The Construction People \*\*DEMO CLIENT\*\* (Clevela ▾

**Contact**  
Ms. Kristin Alford ▾

**Customer Reference #**  
PO555555

**Customer Auto-fill**  
Search Customers ✕

<b>First Furnishing Date</b> 04/08/2020 <input checked="" type="checkbox"/> Check if estimated	<b>Last Furnishing Date</b> 04/15/2020 <input checked="" type="checkbox"/> Check if estimated
--	---

<b>Total Contract Amount</b> 500000.00	<b>Total Claim Amount (Amount currently owed)</b> 0.00
---	---

[Collapse Advanced Options ▲](#)

Save Cancel

# Why we Capture Job Information

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01

Gather detailed knowledge of all parties that may need notified to preserve lien rights

02

Evaluate creditworthiness of the parties on the ladder of supply.

03

Identify and develop key contacts to leverage in the event of payment, delivery or material issues



- What Are Credit Managers Saying?
- What Is Job Information?
- Gathering Job Information Is Critical
- Gathering Job Information: Best Practices
- Job Information: Sources
- Job Information: Additional Sources
- Essential Elements of Job Information
- Secondary Job Information
- Utilizing Job Information

# What Are Credit Managers Saying?

## Tendencies that seem consistent in the construction industry:

- It's difficult to maintain integrity of A/R. Back charges and disputes are prevalent.
- Very long payment cycles. It's not unusual to see days' sales outstanding of 60 or more.
- Lean profit margins. Low bid gets the job.



# Architectural Billings Index

○ Aug 48.1	○ Feb 49.5
○ Sep 44.8	○ Mar 43.6
○ Oct 44.3	○ Apr 48.3
○ Nov 45.3	○ May 42.4
○ Dec 45.4	○ Jun 46.4
○ Jan 46.2	○ July 48.2

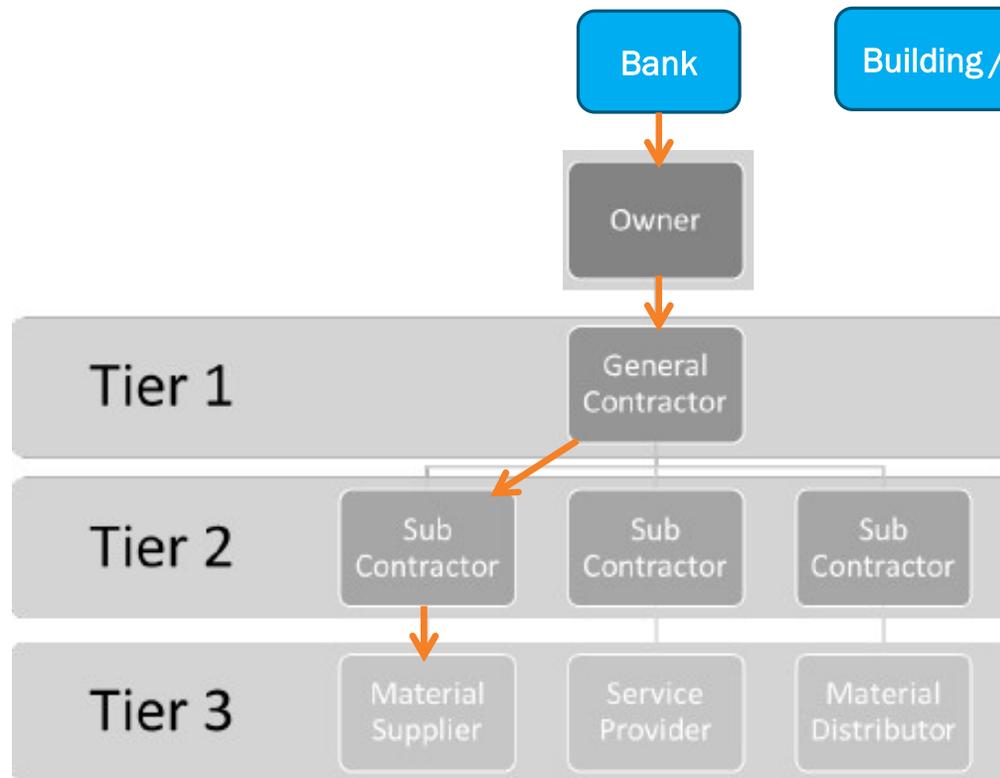


# What Are Credit Managers Saying?

- 1 It's difficult to get audited financials, or other solid credit information.
- 2 Insufficient assets—typically lease buildings, vehicles, etc.
- 3 Business can be exited quickly and easily—no recourse unless you have filed notices and possibly liens.
- 4 Undisciplined cash flow—good tradesmen tend to be poor administrators.
- 5 Very thinly capitalized—ergo, “Pay when paid.”



# Mechanic's Lien Process



*Claims filed below this line may be questionable.*

# What Is Job Information?

A list of relevant parties and detailed information related to a given construction project. This information may include:

- Project owner/leasehold interest
- Project type: Public, Private or Federal
- Project name
- General Contractor
- Sub-Contractor
- Architect, Designee, Lender
- Details of project: New construction vs. Improvement
- One building, multiple buildings, highway project, etc.
- Surety/Bonding company
- Furnishing dates



# Gathering Job Information Is Critical



Gather detailed knowledge of all parties involved in the construction project



Understand the contractual chain of payment and how money will flow through the construction project



Develop key contacts to leverage in the event of payment, delivery or material issues

and, most importantly...

# Gathering Job Information Is Critical

**Job information provides the necessary information to protect mechanic's lien and bond claim rights**



Many states require multiple parties be served via a notice of furnishing at the beginning of a project to protect lien/bond rights



In the event of a bond claim, having surety information is critical in knowing how to pursue relief under the payment bond



When filing a mechanic's lien claim, having the correct project owner address and/or leasehold interest address is paramount

# Gathering Job Information: Best Practices

- Create a policy to consistently gather project information
- For consistency, set a threshold and manage by exception
  - All jobs >\$25,000
- Communicate your process to both new and existing customers:
  - Include the threshold on your job information sheet
  - Add language to your quote explaining your process
  - Send a form letter
- Create job accounts when project value exceeds your pre-defined threshold.



# Gathering Job Information: Best Practices

- Choose a point person or department that will be responsible for obtaining this information on each project
  - Sales Rep
  - Credit Analyst
  - Project Administrator
- Be sure that all the appropriate job information is gathered prior to shipping material/providing labor
- Determine a decision maker for exceptions
  - Controller/CFO
  - VP of Sales
  - Credit Manager
  - Other



# Job Information: Sources

**Your customer is your first resource**

**01**

- Likely, they are contracted directly with the GC or Owner



- Notice of Commencement (only applicable in certain states)

**02**

**Other documents that may assist**

# Notice of Commencement

## Contains:

- Property owner(s)
- Improvement
- Contractors
- Financing agent(s)
- Surety

**NOTICE OF COMMENCEMENT**

PERMIT NO. \_\_\_\_\_ TAX PLOID NO. \_\_\_\_\_

STATE OF FLORIDA  
COUNTY OF BREVARD

THE UNDERSIGNED hereby gives notice that improvement will be made to certain real property, and in accordance with Chap 713, Florida Statutes, the following information is provided in this Notice of Commencement:

- Description of property (legal description of the property and street address if available) \_\_\_\_\_
- General description of improvement: \_\_\_\_\_
- Owner information: a) Name and address: \_\_\_\_\_  
b) Interest in property: \_\_\_\_\_  
c) Name and address of fee simple titleholder (if other than owner): \_\_\_\_\_
- Contractor (Name and address): \_\_\_\_\_
- Surety: \_\_\_\_\_  
a) Name and address: \_\_\_\_\_  
b) Amount of bond: \_\_\_\_\_
- Lender (Name and address): \_\_\_\_\_
- Persons within the State of Florida designated by Owner upon whom notices or other documents may be served as provided by Section 713.13 (1) (a) (7), Florida Statutes (Name and address): \_\_\_\_\_
- In addition to himself, Owner designates \_\_\_\_\_ of \_\_\_\_\_ to receive a copy of the Liened Notice as provided in Section 713.13 (1) (b), Florida Statutes.
- Expiration of date of notice on commencement (the expiration date is 1 year from the date of recording unless a different date is specified): \_\_\_\_\_

WARNING TO OWNER: ANY PAYMENTS MADE BY THE OWNER AFTER THE EXPIRATION OF THE NOTICE OF COMMENCEMENT CONSIDERED IMPROPER PAYMENTS UNDER CHAPTER 713, PART I, SECTION 713.13, FLORIDA STATUTES, AND CAN RESULT IN YOUR PAYING TWICE FOR IMPROVEMENTS TO YOUR PROPERTY. A NOTICE OF COMMENCEMENT MUST BE RECORDED POSTED ON THE JOB SITE BEFORE THE FIRST INSPECTION. IF YOU INTEND TO OBTAIN FINANCING, CONSULT WITH YOUR LENDER OR AN ATTORNEY BEFORE COMMENCING WORK OR RECORDING YOUR NOTICE OF COMMENCEMENT.

\_\_\_\_\_  
Signature of Owner or Owner's Authorized Officer/Director/Partner/Manager

\_\_\_\_\_  
Signatory's Title/Office

STATE OF FLORIDA  
COUNTY OF BREVARD

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 20\_\_ by \_\_\_\_\_ (name of person as \_\_\_\_\_ (type of activity eg. official, trustee, attorney in fact) for \_\_\_\_\_ (name of party on behalf of whom instrument was executed).

\_\_\_\_\_  
Signature of Notary  
Print, Type or Stamp Commissioned Name of Notary Public -  
Commission Number \_\_\_\_\_  
Personally Known \_\_\_\_\_ or Produced Identification \_\_\_\_\_

See Statute Focused to Section 61.222 Florida Statutes

Under penalty of perjury, I declare that I have read the foregoing and that the facts stated herein are to the best of my knowledge and belief.

\_\_\_\_\_  
Signature of Notary Public (Signing State)

**NOTICE OF COMMENCEMENT STATES**

A notice of commencement is typically recorded by the owner of a construction project, in the county where the project is located, prior to materials or services being provided to the project. The information provided in the notice of commencement assists in the preparation and service of the preliminary notice, the lien or the bond claim.

The notice of commencement generally provides the property description, the name and address of the owner, the prime contractor, and any other parties that need to be served with a preliminary notice (e.g., designee), and surety information if the project is bonded.

The requirements for the notice of commencement vary by state, and the recording of the document sometimes triggers the requirement for those working on the project to serve a preliminary notice. A copy of the notice of commencement typically is to be made available upon request, or a copy may be posted on the jobsite.

The following list displays those states, for Private Commercial Projects and Public Projects, where the statute provides for a Notice of Commencement. Please refer to the state provisions page for complete information.

Private Commercial Projects	Public Projects
Florida	Florida
Georgia	Georgia
Michigan	Ohio
Nebraska*	South Carolina
Ohio	Utah
Pennsylvania	
South Carolina	
South Dakota	

\* The Nebraska Notice of Commencement relates to the priority of the lien, as opposed to the notice requirements.



The above is designed to provide a quick listing of the notice of commencements required by state and does not address all variables. It is provided with the understanding that the publisher is not engaged in rendering legal advice. Action required in perfecting a lien or bond claim varies from state to state and from case to case. NCS recommends retaining an attorney for each case.

# Job Information: Sources

01

## Your customer is your first resource

- Likely, they are contracted directly with the GC or Owner

02

## Other documents that may assist

- Notice of Commencement (only applicable in certain states)
- Payment bonds

03

## Online searches may help fill the gaps

- Addresses
- Contact information



# Job Information: Additional Sources



Sales staff – Dodge reports



Architects may have details on parties involved



NCS assists clients with ownership verification, requesting notices of commencement & obtaining payment bonds



## Essential Elements of Job Information

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- Property owner and/or leasehold interest
- General Contractor name and address
- Sub-Contractor name and address
- Project name and address/location
- Project type – private, public or federal
- Furnishing dates – when will material/labor be supplied?
- Contract amount



# Property Owner

- Who is the fee owner?
- Is there a leasehold interest?
- Where is the owner located?
- Private, public or federally owned?

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100 Water St.  
Canaan, CT 06026  
860.831.7600  
NCScredit.com

**JOB INFORMATION SHEET**

The following is required on all jobs:

- This job information sheet needs to be filled out completely.
- A signed purchase order identifying the project and stating the approximate material requirements.

**1. Project Type**  Private  Public  Federal  Residential  Commercial  Rental  
 One Building  Multiple Buildings  New Construction  Improvement  Copy of Payment Bond

**2. Materials to be Furnished**  Materials  Labor  Mat'l & Labor  Spec. Fab. Mat'l  Spec. Fab. Mat'l & Labor  
 amount \$ \_\_\_\_\_ Starting Date \_\_\_\_\_

Description \_\_\_\_\_

**2. Customer Information**  
 name \_\_\_\_\_ Phone \_\_\_\_\_  
 address \_\_\_\_\_  
 city \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_ Email \_\_\_\_\_

**3. Customer's Relationship to Job**  
 Owner  General Contractor  Subcontractor  Other (specify): \_\_\_\_\_  
 Is the customer installing materials (if applicable)?  Yes  No

**1. Job Location**  
 name \_\_\_\_\_ Phone \_\_\_\_\_  
 address \_\_\_\_\_  
 city \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_ County \_\_\_\_\_ Email \_\_\_\_\_

**1. Owner/Awarding Authority**  
 name \_\_\_\_\_ Phone \_\_\_\_\_  
 address \_\_\_\_\_  
 city \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_ Email \_\_\_\_\_

**3. Lending Company**  
 name \_\_\_\_\_ Phone \_\_\_\_\_  
 address \_\_\_\_\_  
 city \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_ Email \_\_\_\_\_

**4. General Contractor**  
 1. Name \_\_\_\_\_ Phone \_\_\_\_\_  
 address \_\_\_\_\_  
 city \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_ Email \_\_\_\_\_  
 1. Surety Name \_\_\_\_\_ Bond # \_\_\_\_\_  
 address \_\_\_\_\_ Phone \_\_\_\_\_  
 city \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_ Email \_\_\_\_\_

**Contractor (if other than customer)**  
 1. Name \_\_\_\_\_ Phone \_\_\_\_\_  
 address \_\_\_\_\_  
 city \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_ Email \_\_\_\_\_  
 1. Surety Name \_\_\_\_\_ Bond # \_\_\_\_\_  
 address \_\_\_\_\_ Phone \_\_\_\_\_  
 city \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_ Email \_\_\_\_\_

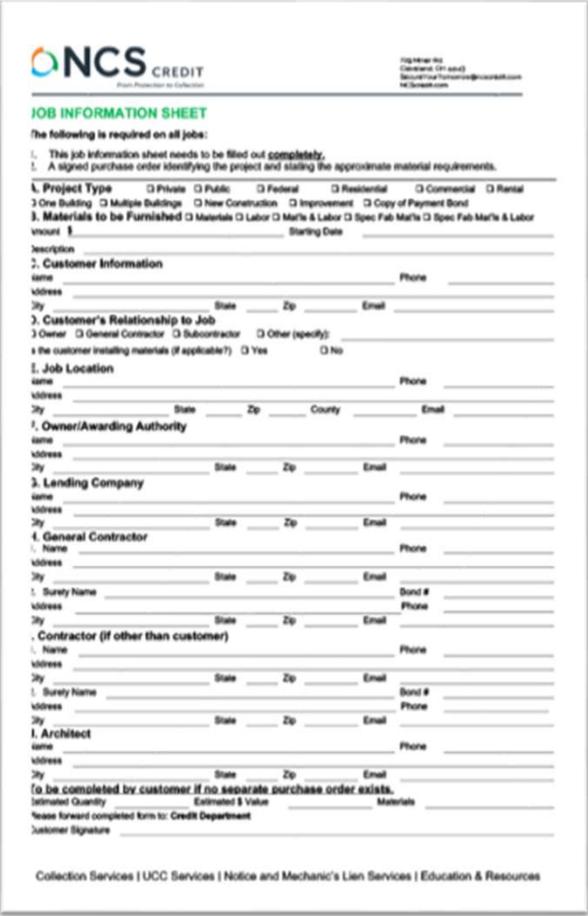
**1. Architect**  
 name \_\_\_\_\_ Phone \_\_\_\_\_  
 address \_\_\_\_\_  
 city \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_ Email \_\_\_\_\_

To be completed by customer if no separate purchase order exists.  
 Estimated Quantity \_\_\_\_\_ Estimated \$ Value \_\_\_\_\_ Materials \_\_\_\_\_  
 Please forward completed form to: Credit Department  
 Customer Signature \_\_\_\_\_

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# General or Prime Contractor

- Where are they located?
- Are they contracted directly with the owner?
- Are they hiring the sub-contractors?
- If there is a payment bond, are they listed as the principal?



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Cleveland, OH 44115  
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NCScredit.com

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 One Building  Multiple Buildings  New Construction  Improvement  Copy of Payment Bond

**2. Materials to be Furnished**  Materials  Labor  Mat'l & Labor  Spec. Fab. Mat'l  Spec. Fab. Mat'l & Labor  
Amount: \$ \_\_\_\_\_ Starting Date: \_\_\_\_\_

**Description** \_\_\_\_\_

**2. Customer Information**  
Name: \_\_\_\_\_ Phone: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ Email: \_\_\_\_\_

**3. Customer's Relationship to Job**  
 Owner  General Contractor  Subcontractor  Other (specify): \_\_\_\_\_  
Is the customer installing materials (if applicable)?  Yes  No

**4. Job Location**  
Name: \_\_\_\_\_ Phone: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ County: \_\_\_\_\_ Email: \_\_\_\_\_

**5. Owner/Awarding Authority**  
Name: \_\_\_\_\_ Phone: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ Email: \_\_\_\_\_

**6. Lending Company**  
Name: \_\_\_\_\_ Phone: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ Email: \_\_\_\_\_

**7. General Contractor**  
1. Name: \_\_\_\_\_ Phone: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ Email: \_\_\_\_\_  
1. Surety Name: \_\_\_\_\_ Bond #: \_\_\_\_\_  
Address: \_\_\_\_\_ Phone: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ Email: \_\_\_\_\_

**8. Contractor (if other than customer)**  
1. Name: \_\_\_\_\_ Phone: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ Email: \_\_\_\_\_  
1. Surety Name: \_\_\_\_\_ Bond #: \_\_\_\_\_  
Address: \_\_\_\_\_ Phone: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ Email: \_\_\_\_\_

**9. Architect**  
Name: \_\_\_\_\_ Phone: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ Email: \_\_\_\_\_

To be completed by customer if no separate purchase order exists.  
Estimated Quantity: \_\_\_\_\_ Estimated \$ Value: \_\_\_\_\_ Materials: \_\_\_\_\_

Please forward completed form to: Credit Department  
Customer Signature: \_\_\_\_\_

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# Project

- Where is the project located?
- New construction or an improvement?
- One building or multiple buildings?
- Road or highway project?



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www.ncscredit.com

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 One Building  Multiple Buildings  New Construction  Improvement  Copy of Payment Bond

**2. Materials to be Furnished**  Materials  Labor  Mat'l & Labor  Spec. Fab. Mat'l's  Spec. Fab. Mat'l's & Labor  
Amount: \$ \_\_\_\_\_ Starting Date: \_\_\_\_\_

Description: \_\_\_\_\_

**2. Customer Information**  
Name: \_\_\_\_\_ Phone: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ Email: \_\_\_\_\_

**3. Customer's Relationship to Job**  
 Owner  General Contractor  Subcontractor  Other (specify): \_\_\_\_\_  
Is the customer installing materials (if applicable)?  Yes  No

**1. Job Location**  
Name: \_\_\_\_\_ Phone: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ County: \_\_\_\_\_ Email: \_\_\_\_\_

**1. Owner/Awarding Authority**  
Name: \_\_\_\_\_ Phone: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ Email: \_\_\_\_\_

**3. Lending Company**  
Name: \_\_\_\_\_ Phone: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ Email: \_\_\_\_\_

**4. General Contractor**  
1. Name: \_\_\_\_\_ Phone: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ Email: \_\_\_\_\_  
1. Surety Name: \_\_\_\_\_ Bond #: \_\_\_\_\_  
Address: \_\_\_\_\_ Phone: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ Email: \_\_\_\_\_

**Contractor (if other than customer)**  
1. Name: \_\_\_\_\_ Phone: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ Email: \_\_\_\_\_  
1. Surety Name: \_\_\_\_\_ Bond #: \_\_\_\_\_  
Address: \_\_\_\_\_ Phone: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ Email: \_\_\_\_\_

**1. Architect**  
Name: \_\_\_\_\_ Phone: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ Email: \_\_\_\_\_

To be completed by customer if no separate purchase order exists.  
Estimated Quantity: \_\_\_\_\_ Estimated \$ Value: \_\_\_\_\_ Materials: \_\_\_\_\_  
Please forward completed form to: Credit Department  
Customer Signature: \_\_\_\_\_

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# Furnishing Dates

- 🔄 What did we furnish?
- 🔄 Material, labor, rental equipment?
- 🔄 When did we first furnish to the job?
- 🔄 Projected last furnishing date?



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**1. Project Type**     Private     Public     Federal     Residential     Commercial     Rental  
 One Building     Multiple Buildings     New Construction     Improvement     Copy of Payment Bond

**2. Materials to be Furnished**     Materials     Labor     Mat'l & Labor     Spec. Fab. Mat'l     Spec. Fab. Mat'l & Labor  
 Amount: \$ \_\_\_\_\_ Starting Date: \_\_\_\_\_

Description: \_\_\_\_\_

**2. Customer Information**  
 Name: \_\_\_\_\_ Phone: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ Email: \_\_\_\_\_

**3. Customer's Relationship to Job**  
 Owner     General Contractor     Subcontractor     Other (specify): \_\_\_\_\_  
 Is the customer installing materials (if applicable)?     Yes     No

**4. Job Location**  
 Name: \_\_\_\_\_ Phone: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ County: \_\_\_\_\_ Email: \_\_\_\_\_

**5. Owner/Awarding Authority**  
 Name: \_\_\_\_\_ Phone: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ Email: \_\_\_\_\_

**6. Lending Company**  
 Name: \_\_\_\_\_ Phone: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ Email: \_\_\_\_\_

**7. General Contractor**  
 1. Name: \_\_\_\_\_ Phone: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ Email: \_\_\_\_\_  
 2. Surety Name: \_\_\_\_\_ Bond #: \_\_\_\_\_  
 Address: \_\_\_\_\_ Phone: \_\_\_\_\_  
 City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ Email: \_\_\_\_\_

**8. Contractor (if other than customer)**  
 1. Name: \_\_\_\_\_ Phone: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ Email: \_\_\_\_\_  
 2. Surety Name: \_\_\_\_\_ Bond #: \_\_\_\_\_  
 Address: \_\_\_\_\_ Phone: \_\_\_\_\_  
 City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ Email: \_\_\_\_\_

**9. Architect**  
 Name: \_\_\_\_\_ Phone: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ Email: \_\_\_\_\_

To be completed by customer if no separate purchase order exists.  
 Estimated Quantity: \_\_\_\_\_ Estimated \$ Value: \_\_\_\_\_ Materials: \_\_\_\_\_  
 Please forward completed form to: Credit Department  
 Customer Signature: \_\_\_\_\_

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# Secondary Job Information

## Architect

- Helps manage project payments
- Typically gets copies of pertinent documents like bonds/notice of commencement

## Designee (may be a required party in certain cases)

- May be designated by owner or lessee to receive a copy of the notice

## Lender (may be a required party in certain states)

- Provides funding to the project

## Surety/Bonding company

- An insurance company, agreeing to answer for the debt/default of another party



## Utilizing Job Information

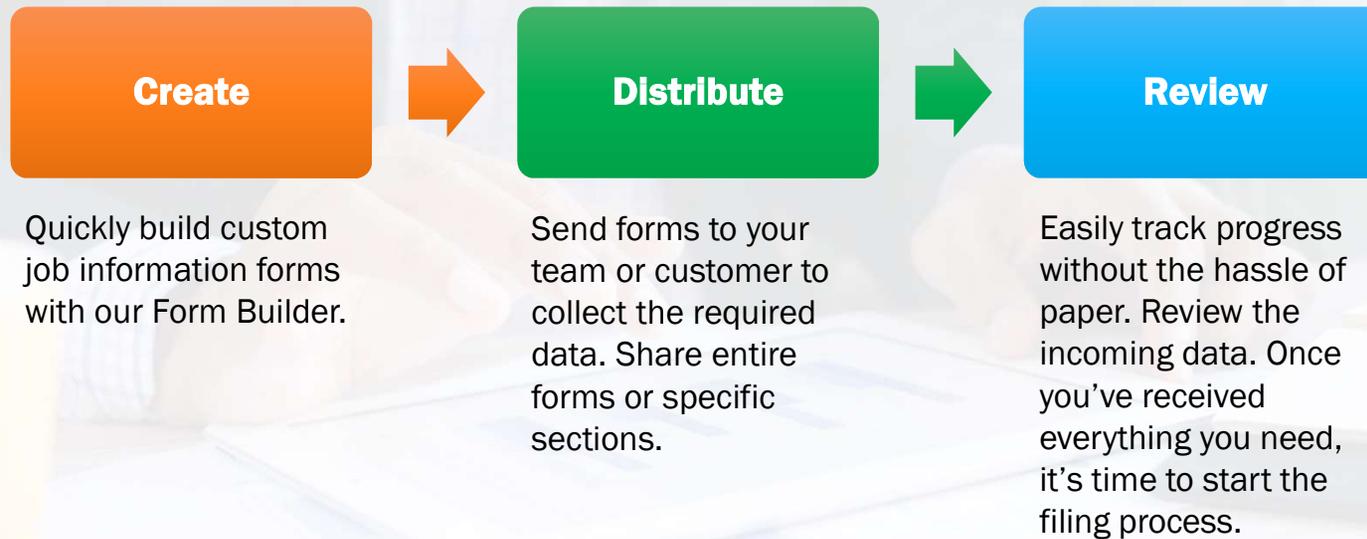
- Create a file housing documentation specific to the project
  - Payment Bond
  - Notice of Commencement
  - Names/addresses of pertinent parties
- Based on statutory requirements, serve necessary preliminary notices to protect lien/bond rights
- Utilize this information throughout the life of the project, as questions/issues arise



# NCS Job App

## Eliminate Manual Tasks

No more printing, hand-writing, scanning, and emailing job information forms.



# Request A Job App Demonstration

To request a demonstration of the NCS Job App, email: [secureyourtomorrow@ncscredit.com](mailto:secureyourtomorrow@ncscredit.com)

**Add New Job** [Close]

**New Job Name**  
NCS Building Expansion

**Form Logo**  
NCS Default

**Location**  
006397 - Inventory Manufacturers dba The Construction People \*\*DEMO CLIENT\*\* (Clevela

**Contact**  
Ms. Kristin Alford

**Customer Reference #**  
PO555555

**Customer Auto-fill**  
Search Customers [Close]

**First Furnishing Date**  
04/08/2020

**Last Furnishing Date**  
04/15/2020

Check if estimated

Check if estimated

**Total Contract Amount**  
500000.00

**Total Claim Amount (Amount currently owed)**  
0.00

[Collapse Advanced Options](#) [Up Arrow]

**Save** **Cancel**



# The Objection

I can't pay you until I get paid!



# What Are Credit Managers Saying?

## Tendencies that seem consistent in the construction industry:

- It's difficult to maintain integrity of A/R. Back charges and disputes are prevalent.
- Very long payment cycles. It's not unusual to see days sales outstanding of 60 or more.
- Lean profit margins. Low bid gets the job.

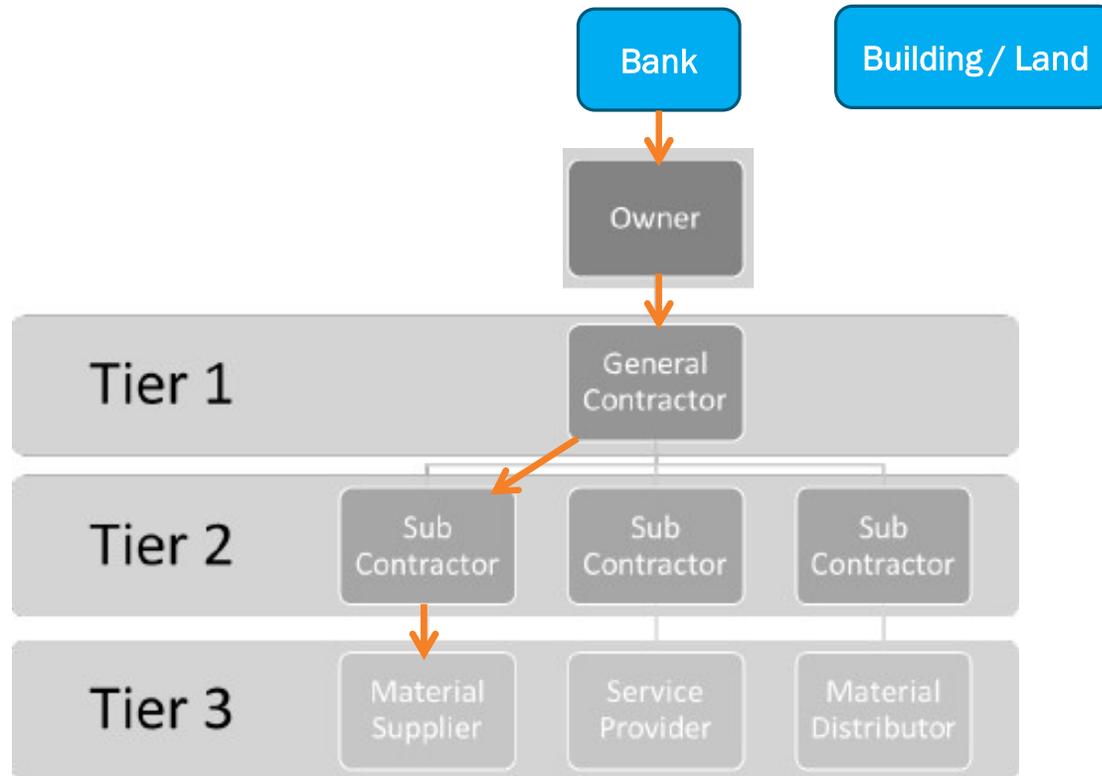




# How do you justify the credit?



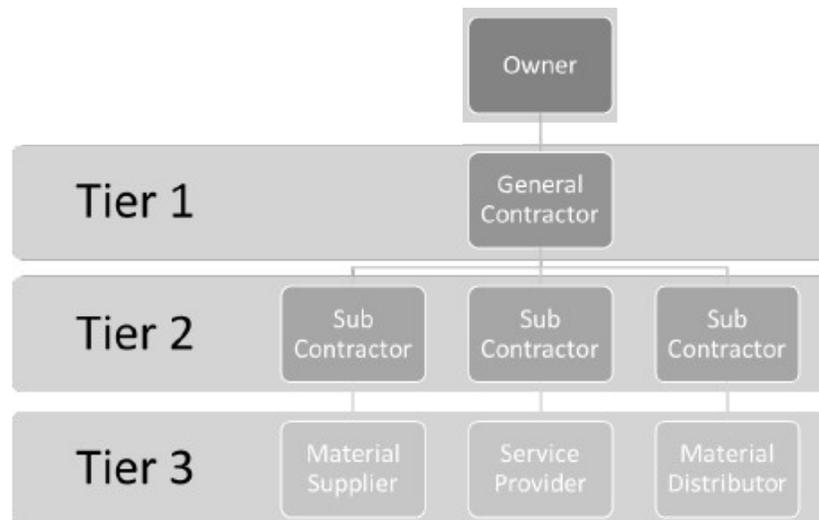
# Mechanic's Lien Process: The Ladder of Supply



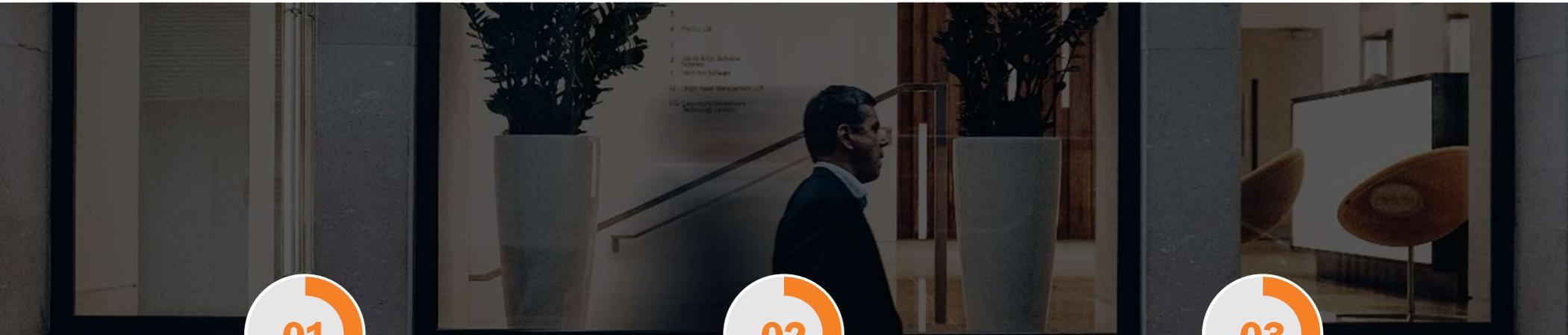
*Claims filed below this line may be questionable.*

# Mechanic's Liens: A Defined Right

Within three tiers of the owner



# Mechanic's Liens: A Defined Right



Within three tiers of the owner



Tangible goods must be affixed (glued down, plumbed, not freestanding)



No suppliers-to-suppliers

# Mechanic's Lien Filing Process: Three Steps



## Notice

### Notice

20 days from first furnishing



## LIEN

### LIEN

90 days from last furnishing



## Foreclosure

### Foreclosure

One year from lien filing

*Above deadlines are examples*



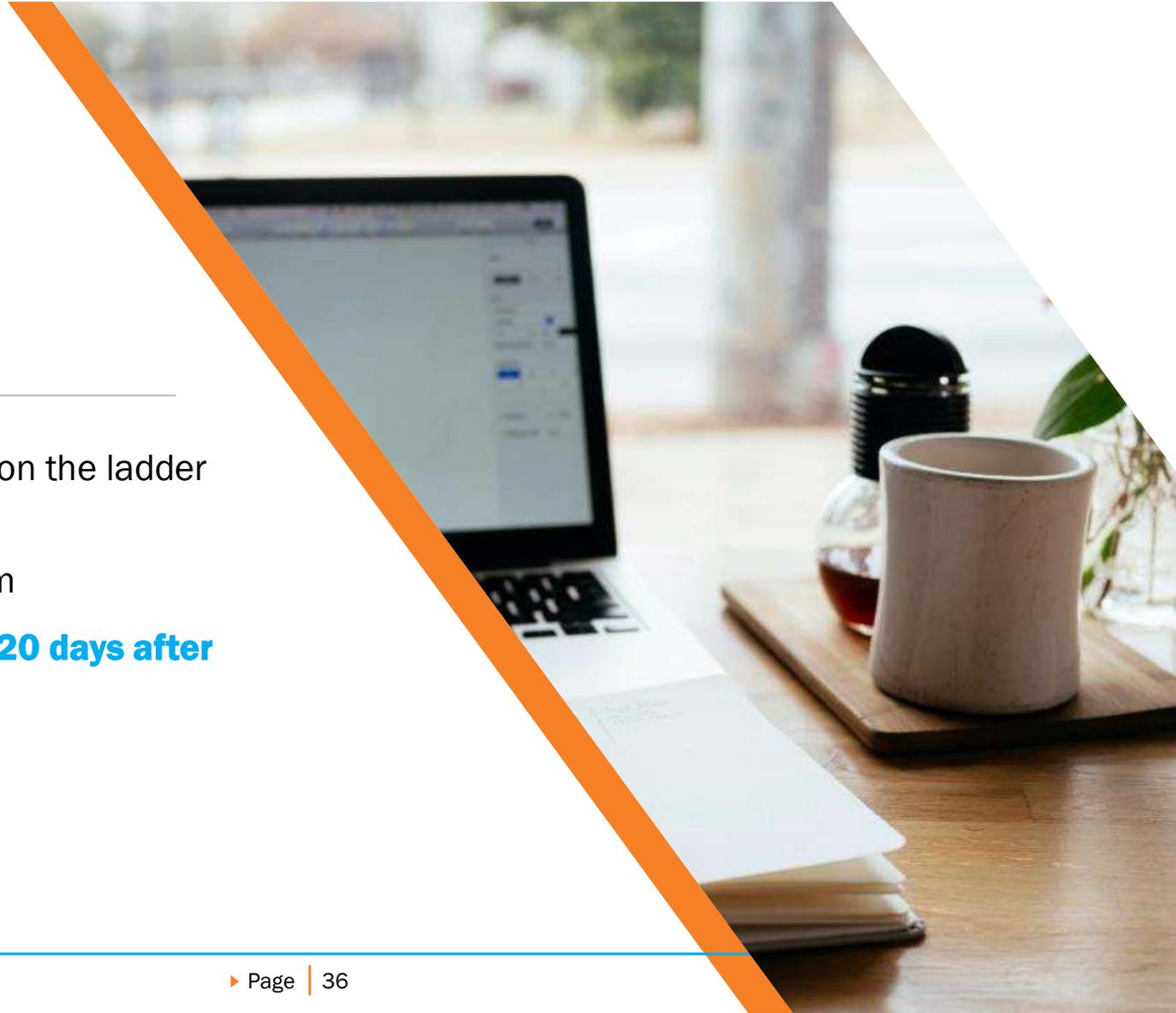
# Notice to Owner or Preliminary Notice?

A way for owners of construction projects to identify potential lien claimants and ensure they get paid.

## Notice to Owner or Preliminary Notice?

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- Notice given to various parties on the ladder of supply
- Prerequisite to filing a lien claim
- Typically required to be served **20 days after** first furnishing or greater



## Reasons to Serve Notices

- Notices initiate compliance with state lien laws and preserve your right to lien if needed.
- Notices identify you to the owner of the property, who wants to ensure you receive payment.
- Notices make you a priority for payment from your customers.



# Notice Formats

**CALIFORNIA PRELIMINARY NOTICE**  
 USE PROOF OF SERVICE AFFIDAVIT OF CALIFORNIA PRELIMINARY NOTICE  
 (PRIVATE AND PUBLIC WORK - IN ACCORDANCE WITH SECTION 8034, 8102, 8116 AND 8200 ET SEQ. AND  
 8034, 8612 AND 8300 ET SEQ. CALIFORNIA CIVIL CODE)

**CONSTRUCTION LENDER**  
 (Or Reputed Construction Lender, if Any)

Construction loan no. \_\_\_\_\_ (if known)

**OWNER or PUBLIC AGENCY**  
 (Or Reputed Owner)  
 (On Private Work) (On Public Work)

**DIRECT CONTRACTOR**  
 (Or Reputed Direct Contractor)

**SUBCONTRACTOR**  
 (Or Reputed Subcontractor)

**SUB-SUBCONTRACTOR**  
 (Or Reputed Sub-Subcontractor)

**BOND COMPANY**

An estimate of the total price of the labor, services, equipment or materials furnished or to be furnished is:

\$0.00

An estimate of the amount currently owing to claimant for providing through the date of this notice the above Work, after deducting payments and offsets, is:

\$43,310.00

**YOU ARE HEREBY NOTIFIED THAT...**  
**INVENTORY MANUFACTURERS DBA THE CONSTRUCTION PEOPLE**  
 PO BOX 24101  
 CLEVELAND, OH 44124  
 (MS. JANE SMITH at (440) 461 - 9661)  
 (name and address of person or firm - sender)

has furnished or will furnish MATERIALS AND LABOR of the following general description:

**PIECES, PARTS AND THINGAMAJIGS**

for the building, structure or other work of improvement located at:

The name of the person or firm who contracted for the purchase of such labor, services, equipment or materials:

**NOTICE TO PROPERTY OWNER**  
**EVEN THOUGH YOU HAVE PAID YOUR CONTRACTOR IN FULL**, if the person or firm that has given you this notice is not paid in full for labor, service, equipment, or material provided or to be provided to your construction project, a lien may be placed on your property. Forfeiture of the lien may lead to loss of all or part of your property. You may wish to protect yourself against this by (1) requiring your contractor to provide a signed release by the person or firm that has given you this notice before making payment to your contractor, or (2) any other method that is appropriate under the circumstances.

This notice is required by law to be served by the undersigned as a statement of your legal rights. This notice is not intended to reflect upon the financial condition of the contractor or the person employed by you on the construction project.

If you record a notice of cessation or completion of your construction project, you must within 10 days after recording, send a copy of the notice of completion to your contractor and the person or firm that has given you this notice. The notice must be sent by registered or certified mail. Failure to send the notice will extend the deadline to record a claim of lien. You are not required to send the notice if you are a residential homeowner of a dwelling containing four or fewer units.

Claimant's Notice of unpaid compensation & employer payments owing to laborers & entities (described in Civil Code §4202.3): The names and addresses of the laborer(s) and the Trust Fund to whom compensation and employer payments are due and payable are:

(Name) \_\_\_\_\_  
 (Address) \_\_\_\_\_

Mailed this date: JANUARY 5, 2016

\_\_\_\_\_, Agent

(Signature)

Our Reference: (L196149) ORDER 345-394

**NCS CREDIT**

720 Main St.  
 Cleveland, OH 44114  
 www.ncscredit.com

JANUARY 5, 2016

**ILLINOIS - Notice of Furnishing**

VIA CERTIFIED MAIL  
 DEBTOR CONSTRUCTION  
 357 SOUTH DRIVE  
 CLEVELAND, OH 44143

Re: JERRY'S BIG BUILDING  
 123 MAIN ST  
 CHICAGO, IL 60604

Dear Sir or Madam:

INVENTORY MANUFACTURERS DBA THE CONSTRUCTION has or will be furnishing to you MATERIALS AND LABOR (STUFF, SUPPLIES AND THINGAMAJIGS) for the above project. The purpose of this letter is not in any way intended to be a reflection on your creditworthiness, but is intended merely to protect the rights of INVENTORY MANUFACTURERS DBA THE CONSTRUCTION PEOPLE, under applicable lien, bond or other laws. We request that you please provide a copy of any payment bonds for this project to:

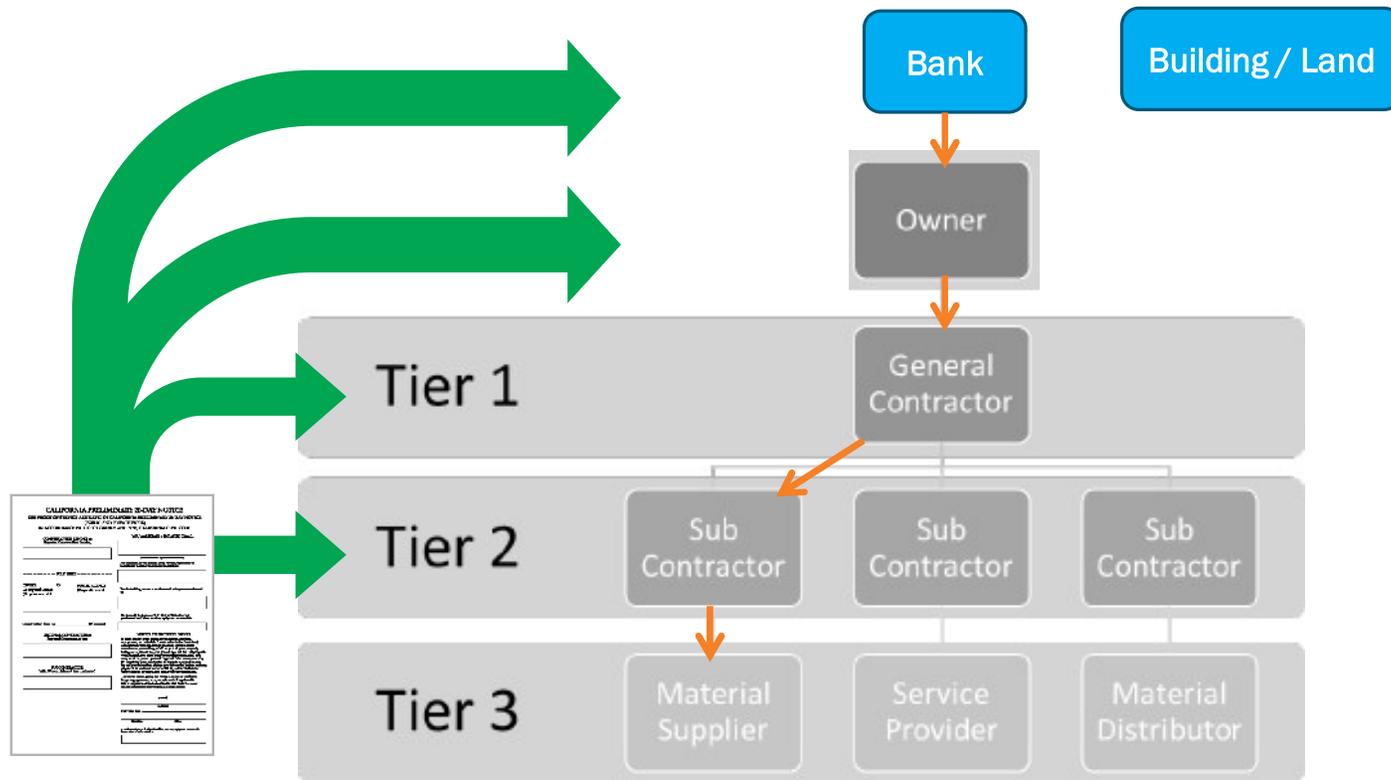
Attn: Bob Jones  
 P. O. Box 24101  
 Cleveland, OH 44124

It is requested that timely payment be made in accordance with the terms of INVENTORY MANUFACTURERS DBA THE CONSTRUCTION PEOPLE's invoice(s). In the event the invoices are not paid in accordance with the terms, INVENTORY MANUFACTURERS DBA THE CONSTRUCTION PEOPLE reserves its rights under the mechanic's lien law, any payment bond, and any other possible remedies.

Should you have any questions regarding this notice, please contact MS. JANE SMITH at the address listed below.

Sincerely,  
*Bob Jones*  
 Bob Jones, (c/o bjonas@ncscredit.com) Agent for  
 INVENTORY MANUFACTURERS DBA THE CONSTRUCTION PEOPLE  
 PO BOX 24101  
 CLEVELAND, OH 44124  
 Contact: MS. JANE SMITH at (440) 461 - 9661  
 Reference #: L196149 S.O. 23-345

# Justifying the Credit



*Claims filed below this line may be questionable.*

# Mechanic's Lien Filing Process: Three Steps

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## Notice

### Notice

20 days from first furnishing



## LIEN

### LIEN

90 days from last furnishing



## Foreclosure

### Foreclosure

One year from lien filing

*Above deadlines are examples*

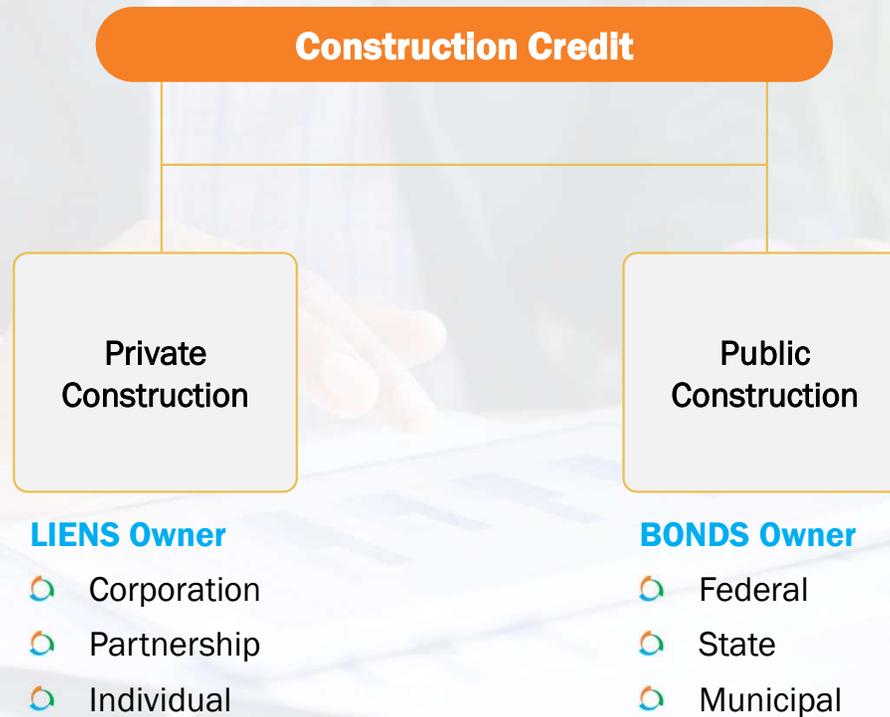
# Mechanic's Lien: Knot or Binding

Liens are tools for general contractors, subcontractors, material suppliers and laborers **for the value of work or materials installed** on real estate.

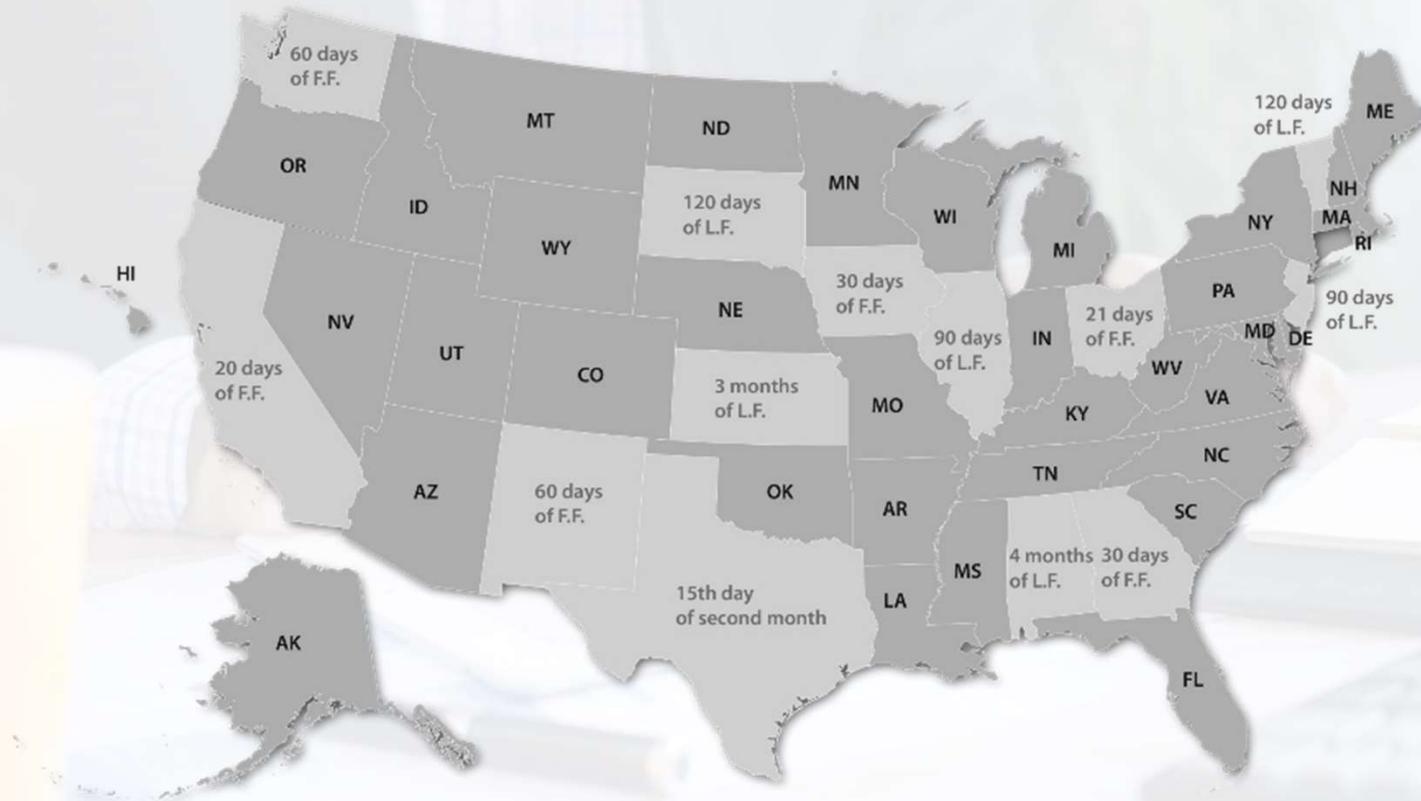
- 🔄 **Material manufacturer**
- 🔄 **Sub contractor**
- 🔄 **General contractor**



# Construction Credit



# Consistencies and Procedures



# What is a Mechanic's Lien?

- 1 A right given by state law
- 2 Applies to suppliers of goods or services
- 3 Allows supplier to impose (a lien) on property improved by their goods or services where payment has not been received
- 4 Applies even if there is no contractual agreement between the owner and the creditor

**The claim attached to the land as well as the buildings and improvements on that land..**



# Mechanic's Lien Filing Process: Three Steps



## Notice

**Notice**

20 days from first furnishing



## LIEN

**LIEN**

90 days from last furnishing



## Foreclosure

**Foreclosure**

One year from lien filing

*Above deadlines are examples*

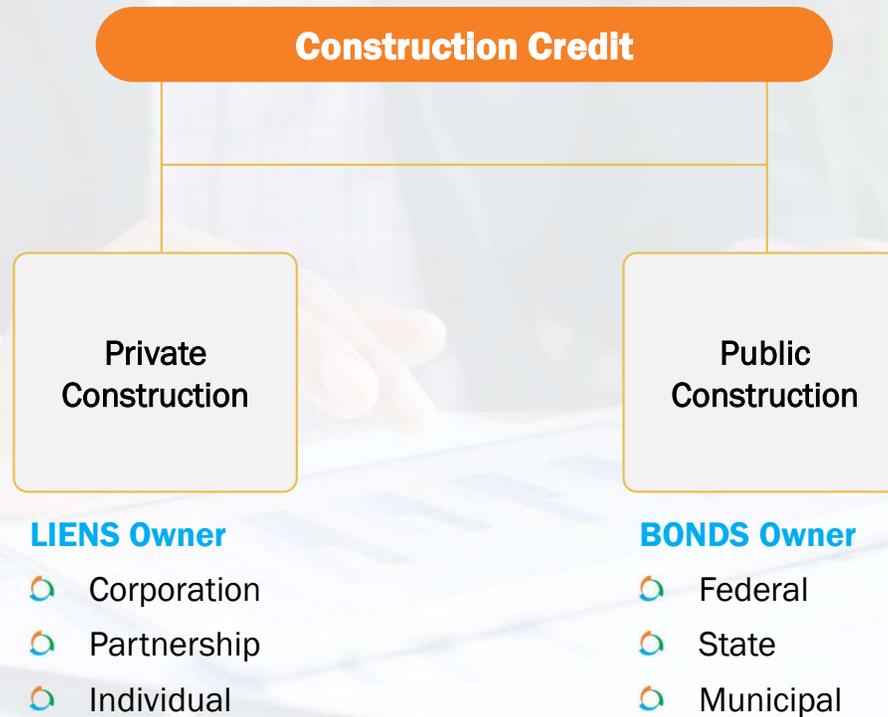


## Mechanic's Lien Filing Process

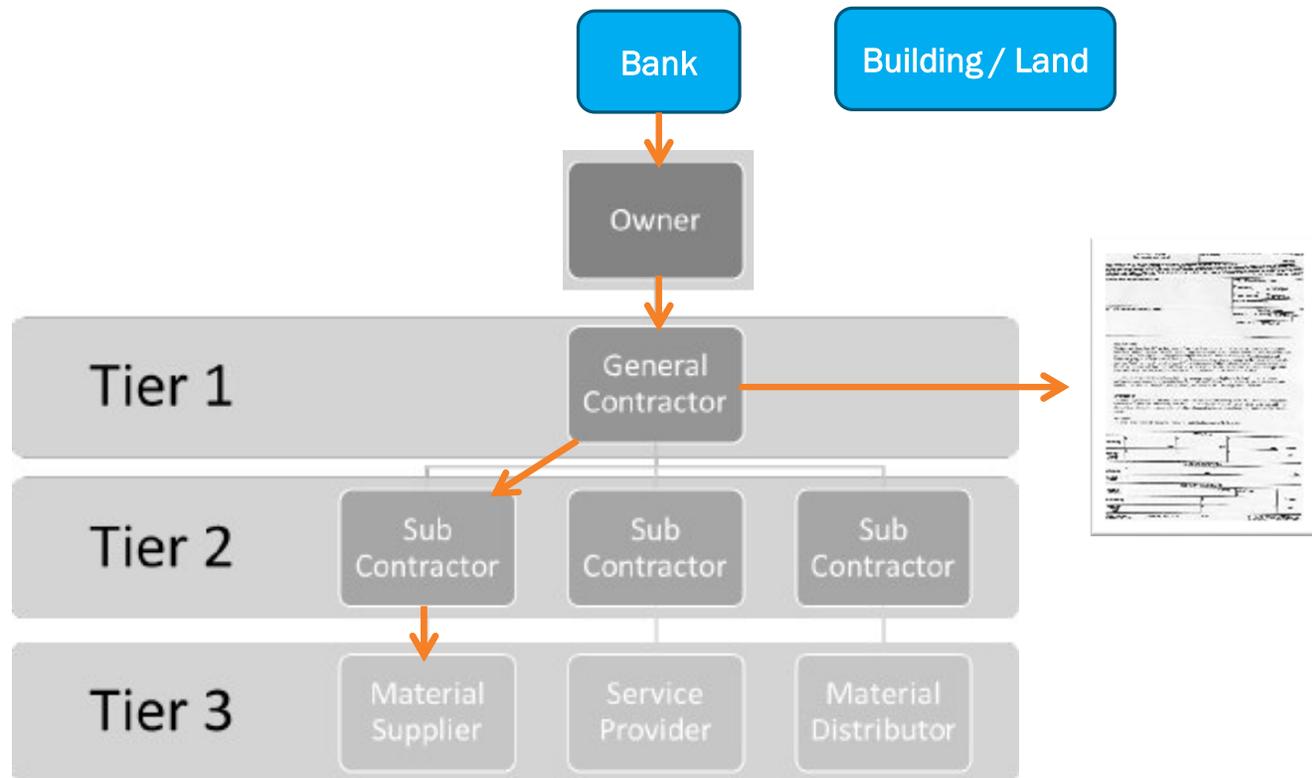
### Foreclosure:

A legal action to enforce a Mechanic's Lien against real property. This usually involves a forced sale of the property at public auction with the proceeds of the sale being applied to satisfy lien.

# Construction Credit



# Payment Bonds



*Claims filed below this line may be questionable.*

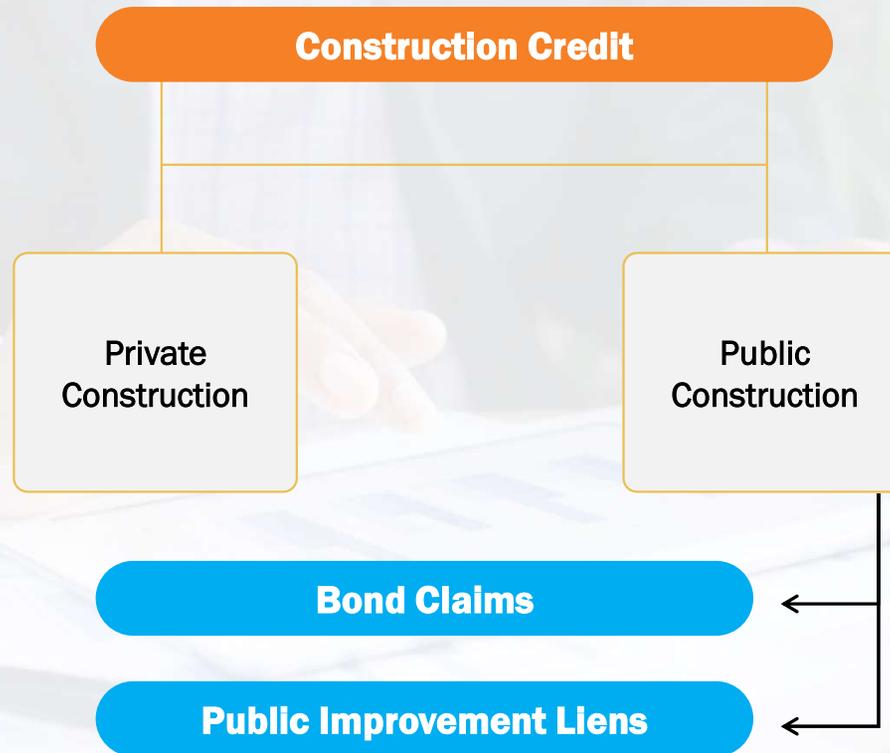
## What is a bond?

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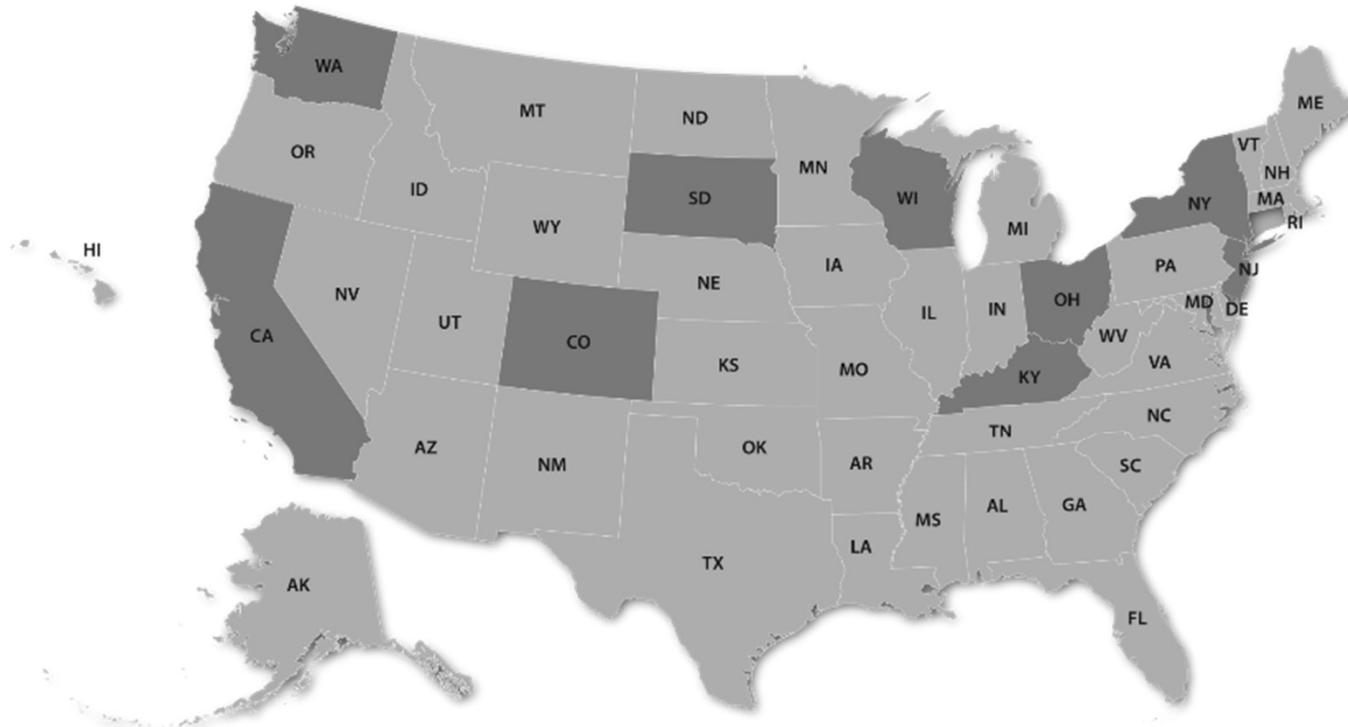
- A **contract, a surety, or a guarantee agreement** that contains the promise of a third-party (bonding company or surety) to pay a fixed sum if certain acts are not performed.
- The acts are typically non-performance or non-payment.



# Construction Credit



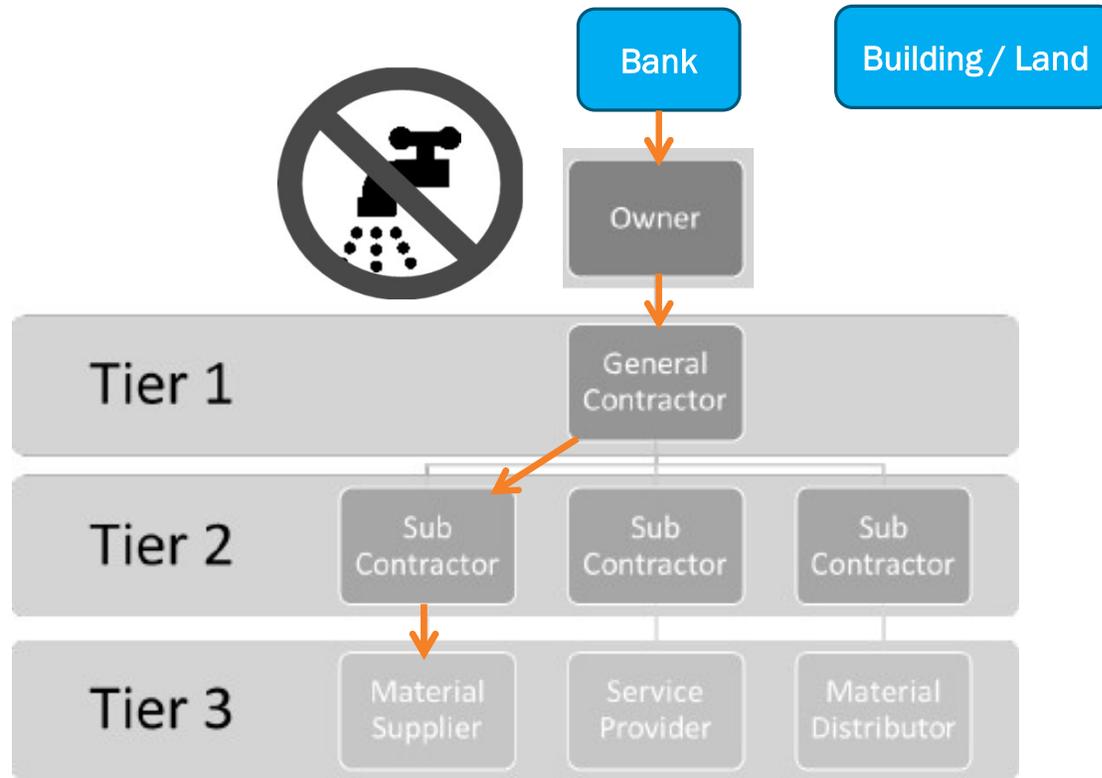
# Public Improvement Liens



States that allow liens on funds for **public** projects

*California will allow for "Stop Notices" on public projects, as well as private.*

# Mechanic's Lien Process



*Claims filed below this line may be questionable.*

## Times when a UCC would be practical in construction:

- You have many jobs with one particular customer
- You're in the 4<sup>th</sup> tier
- Some of your products are not affixed and not lienable
- Unpaid balance lien states
- Payment bond isn't for the full contract amount
- Building materials sitting in inventory and not yet incorporated into project.

### THRESHOLDS FOR PAYMENT BONDS ON PUBLIC PROJECTS

Each state has its own statutes requiring payment bonds on construction projects. Some statutes may require that the general contractor obtain a payment bond on every construction project, and other states may only require a payment bond when the total value of the construction project exceeds a certain threshold. Additionally, the states vary in their requirements for the penal sum of the bond. The following is a guideline for public and federal projects. Please be aware that in some states, special statutes may apply for governmental entities not listed below.

State	Payment Bonds are generally required for general contracts:	The partial sum of the payment bond must be:
Alabama	\$50,000 or more	at least 50% of contract price
Alaska	exceeding \$100,000 (municipalities may exempt bond requirement on projects not exceeding \$400,000)	50% of contracts < \$1,000,000 40% of contracts < \$5,000,000 \$2,500,000 on contracts >: \$5,000,000
Arizona	\$50,000 or more	equal to contract amount
Arkansas	> \$50,000	equal to contract amount
California	exceeding \$25,000	equal to contract amount
Colorado	> \$50,000 (local public works projects) > \$150,000 (state projects) > \$150,000 (local public-private partnerships)	50% of contract price
Connecticut	> \$100,000 for general contracts	equal to contract amount
Delaware	> \$100,000	equal to contract amount
District of Columbia	> \$25,000 > \$100,000 District Government Procurement Regulations	Contracts less than \$1,000,000, 50% of contract Contracts more than \$1,000,000, but less than \$5,000,000, 40% of contract Contracts more than \$5,000,000, \$2,500,000
Florida	> \$100,000 > \$250,000 Department of Transportation	equal to contract amount
Georgia	> \$100,000	equal to contract amount
Hawaii	> \$25,000	equal to contract amount
Idaho	> \$50,000 or more	85% of contract amount
Illinois	> \$50,000	amount fixed by public entity
Indiana	> \$200,000	equal to contract amount
Iowa	> \$25,000	75% of contract price
Kansas	> \$100,000 > \$25,000 - County road projects > \$1,000 - State Highway projects	equal to contract amount

*continued...*

The above is designed to provide a quick comparison of the requirements by state and does not address all variables. It is provided with the understanding that the publisher is not engaged in rendering legal advice. Action required in perfecting a claim varies from state to state and from case to case. NCS recommends retaining an attorney for each case.

A photograph of two men in a meeting, overlaid with a blue tint. The man on the left is smiling and looking towards the man on the right, who is gesturing with his hands.

# Jeopardizing Lien Rights



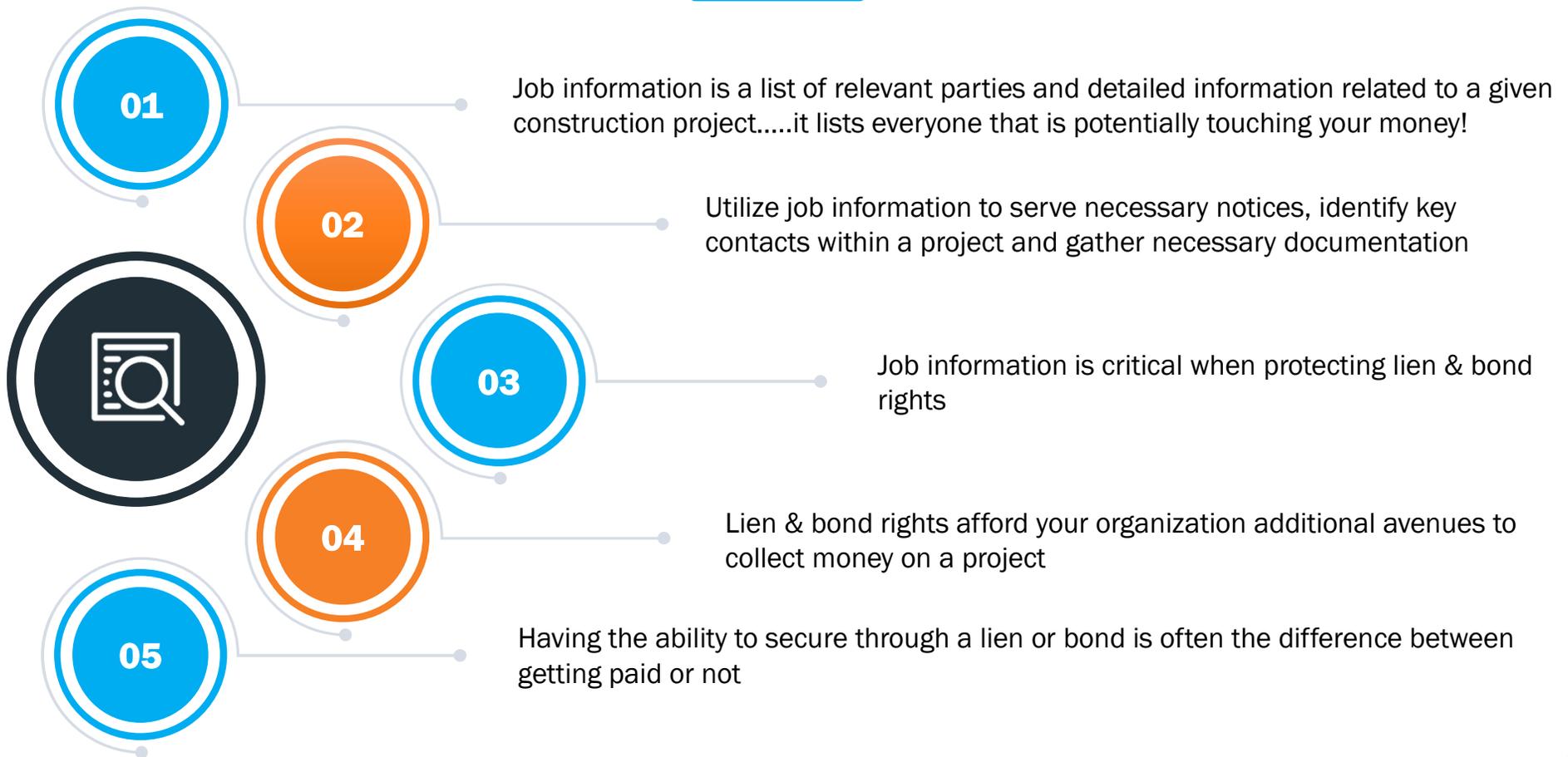
-  Failing to serve notices in a timely manner
-  Missing lien deadlines
-  Contract
-  Lien waiver

## Lien Waivers: Types

- All lien waivers are not created equal
- Circumstances dictate the type of waiver
- There are four main types of lien waivers:
  - Final
  - Partial
  - Conditional
  - Unconditional



# Review of Topics Covered



# Review of Topics Covered

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01

The construction industry carries a great deal of risk.

02

Approving credit sales can be difficult unless you make certain you have lien and bond claim rights available.

03

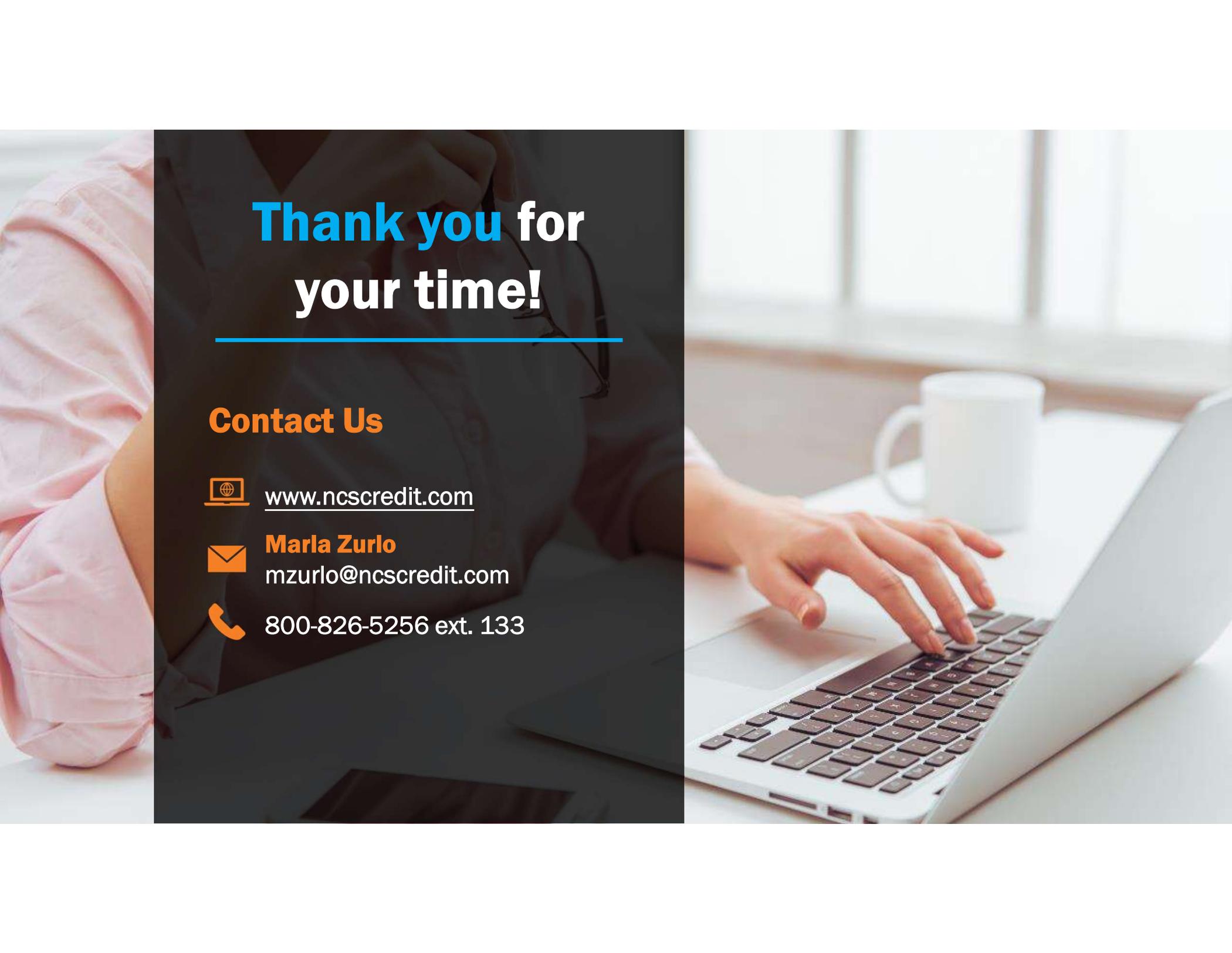
Understanding the lien laws in a given state and the nuances involved are critical to assure payments are received.

04

Actions required in each state must be performed in a timely fashion and done accurately or lien rights will be jeopardized.



# QUESTIONS



**Thank you for  
your time!**

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## Contact Us



[www.ncscredit.com](http://www.ncscredit.com)



**Marla Zurlo**  
mzurlo@ncscredit.com



800-826-5256 ext. 133

## Education & Resources

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- Don't miss our upcoming webinars!

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<http://www.youtube.com/user/NCSCredit>

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