LIEN INTO IT—UNDERSTANDING NEW JERSEY'S CONSTRUCTION LIEN LAW



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You've invested heavily in your property. The work is done, the space looks sharp—and then a subcontractor you never hired files a lien against your building. What just happened?

Welcome to the world of construction liens, an area of New Jersey law that surprises owners and safeguards contractors. The New Jersey Construction Lien Law (N.J.S.A. 2A:44A-1 et seq.) governs this terrain. And while it may not make for light beach reading, it's essential knowledge for anyone improving or owning real estate.

The law serves two purposes:

(1) to secure payment for contractors, subcontractors, and suppliers who add value to a property; and

(2) to impose structure so that owners don't end up paying multiple times for the same work.

Signed Means Signed

To be valid, a lien claim must be based on a signed written contract. No oral agreements, no unsigned change orders—even if everyone agreed verbally. If you're a contractor and you want to include additional work in your lien, get it signed.

Time Is Tight

Deadlines matter. For commercial projects, a lien must be filed within 90 days of the last day of contract work.

Minor repairs or punch list items won't extend the clock. For residential jobs, the process is more complex: a Notice of Unpaid Balance and Demand for Arbitration must be filed within 60 days, with any lien recorded within 120 days after last work.

Where to File

Construction liens are not filed with the courts. They're recorded with the County Clerk where the property is located. And if the lienor doesn't file a foreclosure action within one year of last work, the lien becomes unenforceable.

The Lien Fund

If multiple lien claims are filed on the same project, New Jersey law limits the owner's exposure through the lien fund concept. It caps the total liability to the amount actually owed under the contract for work completed, regardless of how many claims are made.

Get It Right—Or Else

A flawed lien can lead to penalties. If a claim is willfully overstated, or if a defense is frivolous, the responsible party may face attorneys' fees, interest, and damages. The lien form may look simple, but the risks are real.

Bottom Line

Whether you're an owner, contractor, or supplier, construction liens are more than just paperwork—they're legal instruments that can dramatically shift leverage. Filing one (or facing one) without understanding the rules is a gamble.

If you're planning work—or already deep into it—talk to counsel early. You'll save time, avoid disputes, and protect your bottom line.

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