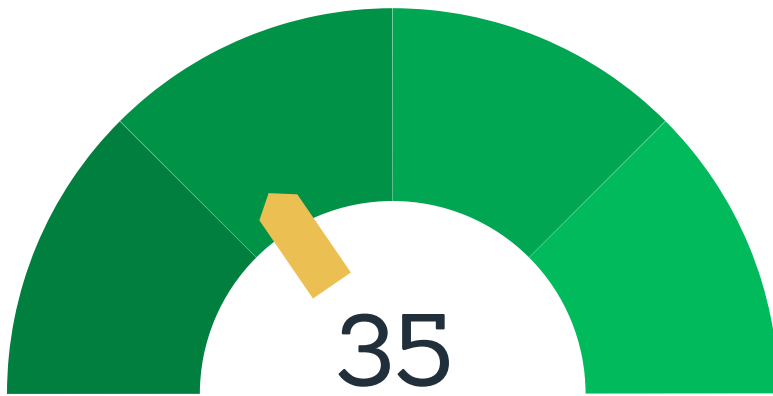


The Lien Index

powered by LienFinder™



NCS Credit's Lien Index is derived from carefully monitored national and regional mechanic's lien activity, construction economic data from various sources, and general economic trends. The Lien Index compares mechanic's lien data, quarter over quarter. The standard is fifty ("50"), with a number greater than 50 representing an increase in mechanic's lien activity, and less than 50 representing a decrease in mechanic's lien activity.



The Lien Index Q2 2022

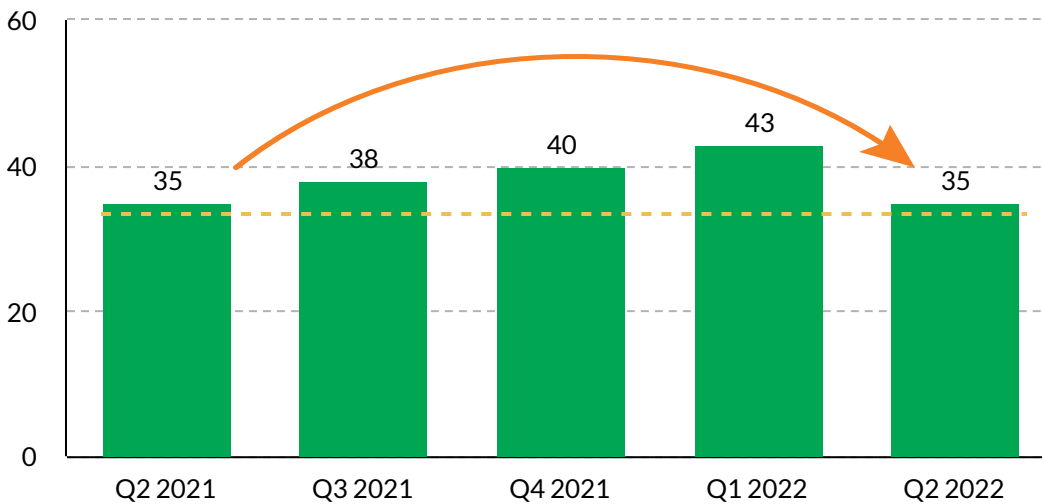
The Lien Index decreased 8 points in Q2 2022, a 19% drop over Q1 2022.

Despite the significant drop in mechanic's lien filings in Q2, the overall activity level is average for this time of year; nearly no change year over year.

In fact, the anomaly over the last 18 months was Q1 2022, when mechanic's lien activity hit its highest point since Q3 2020.

National Mechanic's Lien Activity

National Mechanic's Lien Activity by Quarter



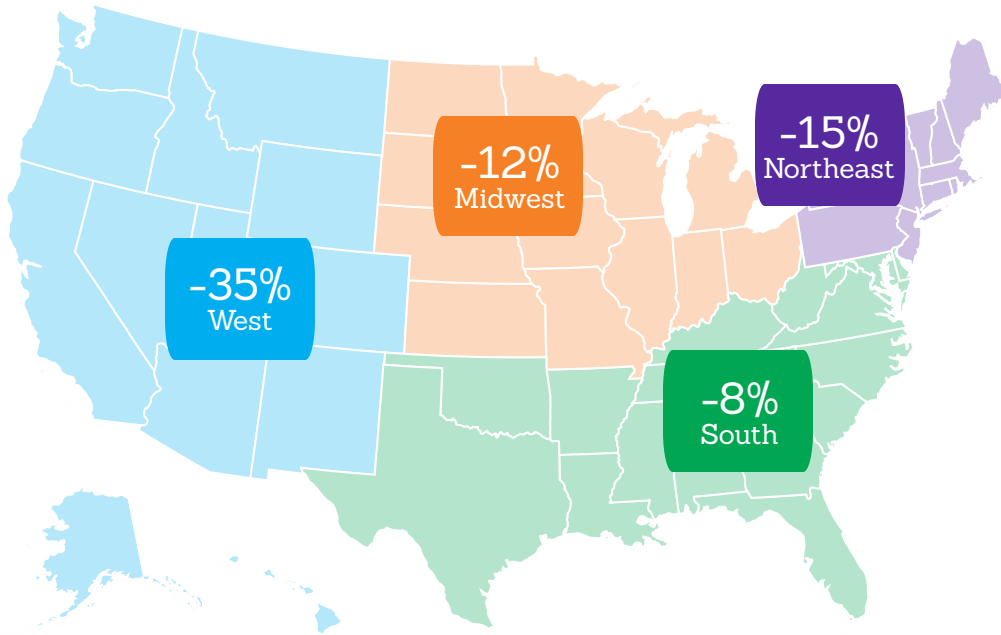
In review of the last 5 quarters, national mechanic's lien activity rose quarter over quarter from Q2 2021, with the expected cyclical decline in Q2 2022.

This graph, which depicts the last 5 quarters, shows the activity increase, then drop dramatically. But, note, the near identical activity in Q2 2021 and Q2 2022.

Increases are expected in Q3, as the market contracts and confidence begins to wane.

As bankruptcy firms prepare for an increase in filings and inflation continues its rapid rise, squeezing thin profit margins, you should expect mechanic's lien activity to increase in Q3 2022.

Regional Mechanic's Lien Activity

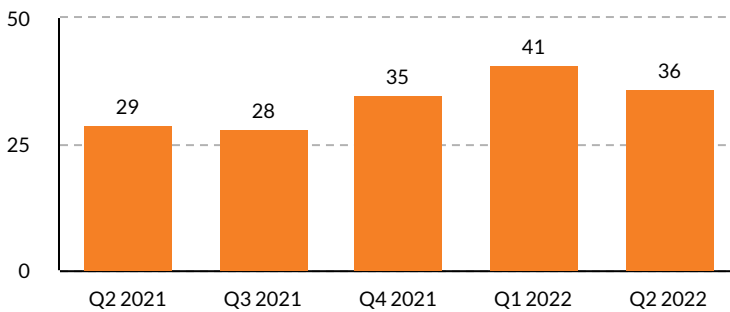


Lien activity remained relatively flat year over year, with a significant drop from Q1 to Q2. The drop was driven by the overwhelming **35% decrease** in the **Western** region

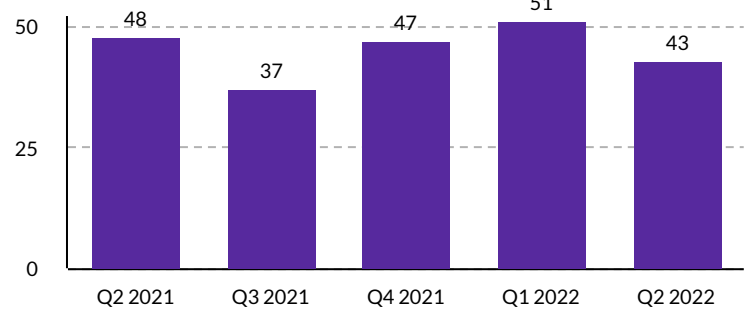
The West experienced the greatest decline in activity, followed by the Northeast, Midwest, and South.

Although each region's activity declined, the softest decline came from the South. In fact, over the last 5 quarters, the Southern region depicts the exact cyclical model we'd expect to see, with peak lien activity in Q4/Q1.

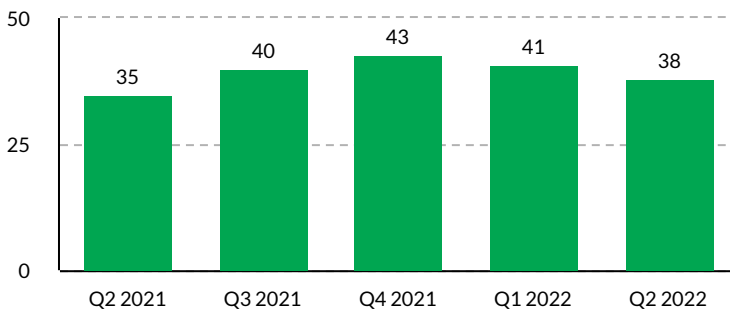
Midwest



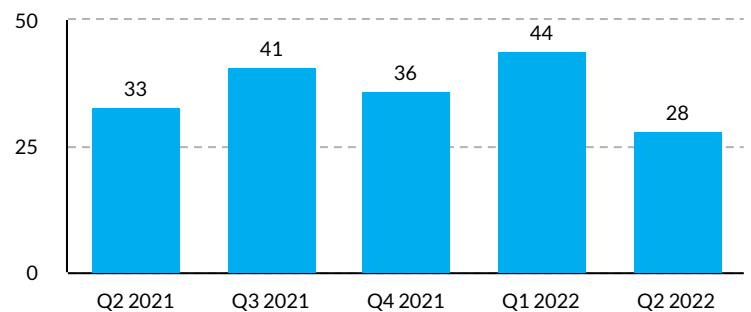
Northeast



South



West



Texas maintains its quarter-over-quarter reign as the state with highest lien activity, followed by **Florida**, **California**, **Nevada**, and **New York**.

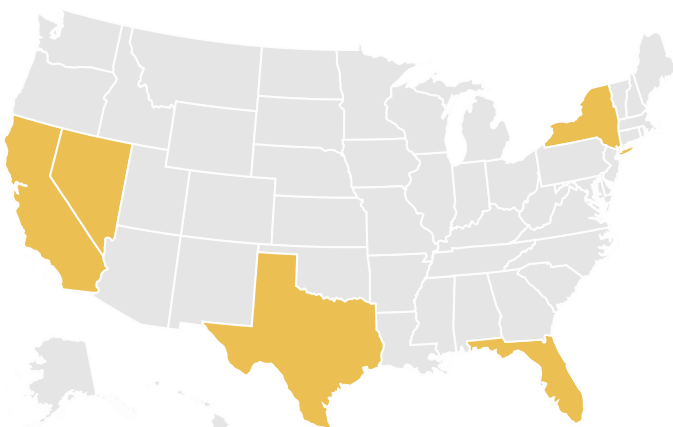
Top 3 States by Region

Midwest: Iowa, Ohio, Illinois

Northeast: New York, Massachusetts, New Jersey

South: Texas, Florida, South Carolina

West: California, Nevada, Colorado



Serve preliminary notices on EVERY project, EVERY time.

Be Prepared

The story remains the same: inflation, material shortages, and labor shortages. Although there's a slight ease in the shortages, these constraints are bearing down on the construction industry and it's beginning to show. According to Associated Builders and Contractors, contractor confidence declined at the end of Q2 as backlogs dropped and profit margins fell.

While contractor confidence declined, the **Dodge Momentum Index** hit a 14 year high in Q2, and the **Architecture Billings Index** reported modest billings growth throughout the quarter. Though the growth is slowing, it does offer a glimmer of hope as we continue to navigate the tumultuous economy.

Bankruptcy filings have remained lower than anticipated, Epiq Bankruptcy reported filings are down year over year, but, we are seeing an increase in filings month over month. Unsurprisingly, the tightening credit markets are forcing companies to dip into reserves. Additional reports indicate bankruptcy firms are hiring, prepping for the impending increase.

We continue to hear the "R" (recession) word as interest rates and inflation clash. The delays in construction are causing delays in payment, and the further narrowing of already thin profit margins is significantly impacting cash flow across the industry. Word to the wise, don't wait to secure your payment rights.

- Carefully identify and evaluate credit for all parties within the ladder of supply. Construction is wrought with payment issues because the credit relationship is between more than you and your customer; it includes every party between you and the project owner. Timely payment is at the mercy of the weakest link in the payment chain.
- Obtain as much information as possible on the project and all parties within the ladder of supply. Recognize these large-scale projects will likely cover multiple parcels across multiple states.
- Serve preliminary notices on both public and private projects to secure bond claim and mechanic's lien rights respectively.
- Continue to monitor activity on your existing projects and customers. We are seeing an uptick in fund shifting (project to project), which is escalating payment issues. As you prepare and file mechanic's liens, ensure you have sufficient documentation to support your claim.



Carefully identify and evaluate credit for all parties within the ladder of supply.



Obtain as much project and party information as possible.



Serve preliminary notices on every project, every time.



Continue to monitor payment activity on existing projects & customers.

LienFinder™: Innovation & Business Intelligence Like You've Never Seen

LienFinder™ is an online database that captures construction project data nationwide, from hundreds of recording offices daily. Locate essential project information and avoid potential payment risks, through the review of national mechanic's lien activity. **Contact us today to learn more about this revolutionary database!**

From Protection to Collection, NCS Credit has Your Business Covered.

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