

The primary types of **LIEN WAIVERS**

WHAT IS A LIEN WAIVER?



A lien waiver is a **signed document** in which the would-be lien claimant **agrees to waive rights to its claim based upon payment received**.

Care must be taken to provide a *carefully* drafted lien waiver that gives up your rights **only once** payment has been received and has cleared.

CONDITIONAL WAIVER

The waiver is **conditioned** upon receipt and clearance of payment.

If the terms of a conditional waiver are not met, the waiver becomes null and void.

For example, if you don't receive payment or payment doesn't clear, you have the right to file a mechanic's lien.



UNCONDITIONAL WAIVER

The waiver is **not conditioned** upon receipt and clearance of payment.

Without conditions, you lose leverage.

If you don't receive payment or the payment doesn't clear, you're unable to file a mechanic's lien because you signed an unconditional waiver and gave up your right to file a mechanic's lien.



PARTIAL VS. FINAL

Partial: the waiver specifies a dollar amount or a certain time period.

Final: the waiver covers final payment.

Lien waivers may be:

- Partial Conditional
- Partial Unconditional
- Final Conditional
- Final Unconditional



WHICH WAIVER IS BETTER

Conditional lien waivers are preferred, because the condition of payment provides leverage in the event you don't receive payment or payment doesn't clear.

Unconditional love is great! Unconditional lien waivers, not so much. In the lien waiver world, conditional is always better.



NCS Credit provides clients with **free** access to manage lien waivers!