

LEVY | VON BECK
COMSTOCK | P.S.

ATTORNEYS

LIEN PERFECTION SERVICES AGREEMENT

May 10, 2017

Dear Client:

This Lien Perfection Services Agreement (“Agreement”) describes Levy | von Beck | Comstock | P.S.’s (“LvBC”) procedures for processing preliminary notices, lien and bond claim requests, and sets out our mutual responsibilities. We will attempt to process all requests for preliminary and final notices of claims and stop notices using the appropriate state forms, and with notice to the correct parties, following the procedures and subject to the limitations described in this Agreement. Please note that our firm is only licensed to practice law in the States of Washington and Oregon. LvBC does not provide legal advice or interpretation of the lien statutes in other states. Rather, our firm will offer to verify construction project information and mail preliminary notices in accordance with the published statutory forms and requirements of the state where the project is located.

With regard to lien claims, there are a number of states that restrict the drafting of lien claims to attorneys that are licensed to practice law in the state where the construction project is located. There are also states that require an appearance in court by a licensed attorney as part of the process for the court to authorize a claim of lien. In those states, our firm will need to forward your referral to associate counsel practicing in the applicable state for further processing. With regards to states where non-attorney agents can prepare lien claims, we can accept your referral and will draft the lien by completing the required elements of the lien form as required by the state statutes. However, in all such instances, the client must verify and sign the lien claim before transmittal for recording. Also, please be aware that our firm cannot provide specific legal advice relating to your legal rights for construction projects outside of Washington and Oregon.

The information in this Agreement is provided to ensure that you understand and acknowledge the procedures LvBC follows for verification and production of preliminary notices, lien and bond claims, and stop notices, and the limitations that apply. The topics reviewed include:

1. Verification of project information;
2. What happens when we cannot achieve reasonably complete verification;
3. How much lead-time is necessary when referring a lien claim;
4. Clarification of our liability in the event that a lien or bond claim is not enforceable; and
5. Fraudulent or frivolous lien filing.

1. Verification of project information. It is essential for clients to recognize that we must have a certain amount of reliable project information at the time of referral of a preliminary or final notice of claim. That information includes:

1. Name, address and telephone number of the client's customer;
2. First date that labor, services and/or materials were furnished;
3. Type of services or materials furnished, and total projected sales;
4. Project name and location in the form of a street address, city and state; and
5. Name and telephone number or address of the prime (general) contractor.

At the present time, nine (9) states require that the property owner or general contractor file a Notice of Commencement ("NOC"), on certain types of construction projects. This is a notarized document providing the names of all parties who must receive a copy of the preliminary notice and/or lien claim. To the extent that an NOC has been signed by the property owner and properly recorded, you can rely on that information for purposes of producing the preliminary notice and notifying required parties.

In states not requiring NOCs, the process for gathering reliable project information involves reaching out to a number of sources that may include but are not limited to:

- Title company;
- Building permits;
- General contractors;
- Property owners;
- Tax assessors;
- Posted notices of construction at the job sites;
- Copies of construction contracts, if available.

We will attempt to utilize more than one of these sources to secure reliable information; however, none of the information gathered from third parties can be considered infallible. Additionally, if a client asks us to refrain from contacting one or more of these sources of information, the verification process may be compromised.

If you are providing a substantial amount of labor, materials or rental equipment, we strongly recommend that you authorize us to purchase a title policy to ensure that we have given notice to the current property owner. Title policies insure that we have the correct owner, lender(s) and legal description of the property.

In most instances, suppliers contracting with at least a first-tier subcontractor will be able to assert lien and bond claims. Our firm cannot verify the tier level of your customer on a project because that is a contractual issue as between your customer and their customer. It is the client's responsibility to ascertain at what level (tier) its customer is participating. If your customer is a supplier, then lien rights may not be available. We will attempt to gather this information at the time of verification and report any issues we identify. It is not, however, the main focus of our efforts, and we do so only as a professional courtesy.

The fact that we have sent a preliminary notice based on your request should not be construed as assurance that you will have lien rights on a particular project.

2. Proof of Mailing the Preliminary Notice. As you know, many states may require proof of mailing of the preliminary notice to certain parties as a pre-condition of asserting a claim of lien. We personally deliver all sealed preliminary notices to the Seattle Post Office and receive a proof of mailing verification stamp. We also subscribe to a postal service that returns a digital copy of the signed return receipt for any party that received and signed for certified mail. However, we do not check for

confirmation that every certified letter was received and signed for by the addressee, because it would be cost prohibitive. As such, we do not accept responsibility for instances where the postal service has lost or misplaced preliminary notices.

3. When reasonably complete verification cannot be achieved. We will notify the client by email or with an attachment to your copy of the preliminary notice if we are unable to secure what appears to be reliable project information.

4. Amount of lead-time necessary when referring a lien claim. The earlier we receive your request that a final lien claim be filed, the more likely it will be that we complete it on time and get it out to the correct parties. As a general rule, 10 business days should provide adequate time for filing claims in Washington, with 15 business days lead time for filing in other states. However, clients need to be aware that many recording offices are backlogged and do not record documents on the date they are received. We do not take responsibility for ensuring recordation by a specific date and recommend that you do not wait until the midnight hour to refer your lien claims to us.

5. Limitation of liability. For LvBC to ensure the accuracy of all project information, we would have to spend many hours per project to verify it, and we would have to charge far more than we do. Consequently, LvBC expressly denies any and all warranties and responsibility for the project information conveyed and not obtained due to an error or act of negligence on LvBC's part. Under no circumstances shall our firm be liable for special, indirect, or consequential damages.

The client understands and acknowledges that we do not insure the collectability of client accounts. The client further acknowledges that it has read and understands the above information and is expressly waiving any and all claims against us in connection with project information used in the production of preliminary or final notices of claim that results, directly or indirectly, in a loss from a compromised or defective claim, and that was not due to an error or act of negligence on LvBC's part. For value received, the client, its heirs, successors, and agents acknowledge and consent to this limitation of liability.

Should a court determine that either a preliminary or final notice of claim or stop notice that LvBC prepared was defective and unenforceable due to an error or act of negligence on LvBC's part and resulted in a loss by the client after the client makes all reasonable efforts to recover the account from all other possible sources, the maximum liability of LvBC shall be \$2,500. Under no circumstance will LvBC be liable to the client for compromised or defective lien rights resulting from inaccurate information gathered by or furnished to LvBC by the client or third parties and, in all cases, the client must first exhaust all efforts to recover the project balance owed by its customer as soon as the customer's job account is past due or out of terms. In addition, we urge all clients to adhere to their credit policies when managing accounts and not to allow job accounts to age out beyond 90 days simply because their lien or bond claim rights have not expired. Doing so will, at the very least, make recovery more difficult and costly. In addition, a number of states limit enforceable claims to the contract balance owed by the property owner at the time a lien is recorded.

6. Fraudulent or frivolous lien filing. Lien claims encumber property and potentially affect the property owner's rights. A bad lien, especially a frivolous lien, may lead to a claim for damages against the lien-filing party. Therefore, we make every attempt possible to verify the accuracy and validity of a claim before we prepare it. Before LvBC files a claim, we will ask for written documentation to support the claim and inquire about any specific facts or circumstances relating to a dispute with the client's customer, the general contractor, property owner, etc. We also reserve the

right to reject a request to file a lien or bond claim if we are uncomfortable with the accuracy or quality of the project information, or the validity of the client's claim. It is the client's duty to bring to our attention any and all information related to the claim, including any alleged contractual breaches by the client. Failure to report such information to LvBC at the time of referral may result in a counterclaim or claim for a fraudulent or frivolous lien against the client.

7. Hold harmless and indemnification agreement. In the unlikely event that a third party commences a legal proceeding against LvBC arising out of LvBC's work in preparing and sending either preliminary notices, interim or final notices of claim or stop notices, or any other work product, on the client's behalf, the client agrees to defend, indemnify, and hold LvBC harmless from any and all liability, claims for damages, and losses of any kind, including but not limited to attorney's fees and costs, related to any such legal proceeding.

8. Severability. If any provision of this Agreement is or becomes invalid under any provision of federal, state or local law, such invalidity shall not affect the validity or enforceability of any other provision hereof.

9. Choice of law and venue. This Agreement shall be governed by the laws of the State of Washington, and the client agrees that the venue for any action against the Firm shall be laid in King County, Washington.

10. Effective date. All new requests for preliminary and final notices of claim will be governed by this Agreement. This Agreement is posted at www.levy-law.com.

I have read and concur with the above description of services as well as the limit of professional liability assumed by Levy | von Beck | Comstock | P.S. I understand that perfection of lien rights is not an exact science. Levy | von Beck | Comstock | P.S. requests that all lien and bond claims to be filed within the State of Washington be submitted at least 10 business days before the filing deadline to ensure adequate time for verification and document production. Claims filed outside of the State of Washington will require additional time for mailing and processing by the clerk/recorder.

Date: _____

Client: _____

By: _____

Print Name: _____

Title: _____