



Types of Liens

• PROPERTY TAX LIEN

As you might suspect, this concerns the right of the government to collect taxes from owners of real estate. How this works might surprise many. At the start of each tax year, such a tax lien is placed on all taxable property. And only removed after the payable taxes are paid. If the liable taxes are not paid, the government reserves the power to enforce the selling of the property in question so as to collect the taxes long overdue.

• MECHANIC'S LIEN

This law allows any contracted third party who has contributed to the improvement of the property the right to place a lien if payment has not been paid. Third parties who often enforce this right include contractors, builders, material suppliers, surveyors, engineers, architects, etc. The legal theory behind this is that materials, labor, and expertise provided enhances the property. For this key reason, the house should rightly be a security for payment. Otherwise, it is not fair to put so much burden of potential risks on the shoulders of these third parties. In the absence of payment, this lien can be enforced with a court-supervised sale via foreclosure.

• JUDGMENT LIEN

These usually come from lawsuits where monetary damages are awarded. This means that if an individual is liable to pay monetary damages, the law permits a hold to be placed on his personal property until the judgment is paid off. In most practices, the lien is only placed on properties in the country where the judgment was made. However, there are cases where creditors have extended it to properties in other countries. This is done by filing a notice of lien in each of the countries identified by the claimant. If after all these, the debtor does not voluntarily repay the awarded damages. It gets a little more messy. A creditor can then request the issue of a writ of execution from the court. This directs the relevant local authorities to seize and liquidate a portion of the debtor's property to repay the debt.

• MORTGAGE LIEN

This is in the playground of lenders including banks and financial institutions. When mortgages are granted for purchase of a house, or when a home equity loan is taken against a property, a lender can place such a lien on it. Basically, this can apply to almost any type of loans or credit facilities whereby the property is used as security. Should the proceeds collected from a sale be insufficient to fully cover the amount owed, the creditor can then petition the court for the balance due via a judgment lien.

Liens can be either voluntary or involuntary. A mortgage lien is an example of a voluntary lien where the owner knowingly offers the house as collateral. A judgment lien is an example of involuntary lien where it is forced on the debtor.



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