



What Are Liens and How Can They Impact Your Property?



Suppose if you recently shifted to your new property but understand that the property still doesn't entirely belong to you. This is exactly what a lien claim does. It could be defined as rightful security that a creditor holds against a property. In simple words if a borrower who has taken money from an entity (such as a bank) and kept his property as collateral fails to make the payment, a [lien on a house](#) will come into play, according to the lien, the lender will have the full rights to seize the property and put it for sale to recover the debts.

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Liens are pretty common, the lien laws can sometimes create a lot of issues while selling or buying a property. It is always advised that a homeowner should closely understand how the lien will work on purchase or sale and what all impact will it bring over your property claims. One should also closely understand that how a lien can be removed.

What is a lien and how does it work?

Putting a **lien on a property** is a security claim put forward by the lenders to make sure that their financial interests are secured. As soon as the debts on the property are fully paid the lien

is lifted. You are under several obligations until the lien on a property is active. Being an owner you are still restricted and can't do much with your property until the debt is not fully paid and the lien remains active. So suppose if you have a plan to sell the property, you technically can't do that because the lender has got a legal stake in the property under the lien agreement.

All these reasons justify why a title company has to perform several searches to know the seller's right over the property and if there is any pending lien issue that has to be resolved. According to data released by the American land title association, more than 25 percent of these searches reveal the pending lien issues. Therefore it is always recommended to take help from a title company to understand the property status before closing down on it.

Paying off the debt remains one of the easiest ways to ward off the lien and then one can file the documents in accordance in the county's recorder office. There are also times when a lien is shown on a property as an error and therefore the seller and the buyer must resolve this issue before coming upon the sale agreements.

Types of liens: voluntary and involuntary

There are a few types of liens that have different impacts and repercussions on your financial well being and the property. They can mainly be divided into 2 categories which are namely recognized as voluntary lien and involuntary lien. Often, you have a choice to choose your lien. One such example could be a voluntary lien in form of a mortgage. This happens when you have agreed to a financing agreement with a lender (say a bank) or any other institution under a lien and now you can finally purchase a house. It is until the debt is not fully repaid the lien remains active and the creditor has all the right to take over the property if the debt is not fully recovered.

In another scenario, the creditor has the right to put a [lien on a house](#) without even your approval. This could happen when you have borrowed from a financing institution and when you are unable to pay, the institution could reach the state agency or a county and can place lien filing to initiate the process of recovering debts. Let's discuss a few common types of liens.

Tax lien

This kind of **lien on your property** is generally initiated by the government in specific cases. Suppose if are not in a position to pay your property tax or income tax or the pending business tax, then a government agency has got the full rights to take action against you. The first warning would be served in form of a written notice and even after that you are not able to take the necessary action towards paying the taxes, the government would be bound to put a lien on your assets.

General judgment lien

This is the case when a lender takes the matter of debt to the court and the judgment of the case comes in his favor. During the judgment, the creditor might be given the right to place a lien and ensure that the remaining payment could be recovered through assets. After the decision the creditor will have the full rights to claim on your property, it will be followed by a complete seizure and sale of the property if you are not able to come up with a satisfactory plan of paying the debt.

Mechanics lien

This kind of lien is also known as the construction lien. This is generally placed by a contractor who has to be paid for construction or renovation work he has done and is still to be paid. It is up to the state laws to recognize when the lien expires. There are also times when contractors forget the removal of lien and which in turn complicates the property sale when being investigated under the title search.

Difference between a good lien and a bad lien

There is a very fine line between a good lien and a bad lien. If there is a proper financial agreement between the two parties over the sum lent over property and a lender subsequently places a [lien on a property](#), then it should be taken a mutually accepted lien which is providing a sense of security to the lender and is wrong to take it negatively. The idea is to make sure that the rights of the lender are protected and there would probably be no issue with any party involved until the borrower is making the regular payments and debt is being recovered smoothly and within the mentioned time frame.

In contrast, the involuntary lien is a different case. It is enforced by the lender when the borrower is not making the payments and because of the escalating tension due to non recovery of the debt, the lender decides to take a legal road to file a lien and seize the property to recover debts or to find a lawful solution for the debts to be recovered according to a proper plan.

Lien can sometimes put a very negative impact on your creditworthiness because liens can easily be found in public records. The past non payments of debt would never go down well with the lender and he might end up denying you a loan.

One should understand it as a matter of fact that lien affects the title and make it difficult for you to sell or finance your property. Tax liens are sometimes put on sale by the municipal organizations in form of auctions to recover the money. If someone ends up buying the tax lien, he may have the right to foreclose the property and set you free.

How to get rid of a lien

If you are wondering that what the easiest way to remove a lien remains, it will of course be to pay off the debt you owe to the lenders. Foreclosing a property remains a long and tedious way, so the lenders usually wish to avoid it and in case prefer to chart out a solution for the payment plan.

Many people might wonder but it is also theoretically possible to sell your property without settling the existing debts. If a seller can convince that the total cost of resolving the lien is adjusted in the selling cost of the property, then it could give the seller a much-needed escape. The owner therefore can pay off the debt through the amount received on the sale of property and the new owners also won't have to worry about any issue related to a **lien on a property**.

It is to be understood that if the buyer ends up buying a property with a clouded title, and which has an existing lien case, it will now be the responsibility of the new owner to deal with the case and the seller will be free of any case.

There are also times when the buyer could not figure out that there is an existing lien case on the property; in that case, he could reach out to the title insurance company. It is the responsibility of the title companies to search to find out the defects and update it to the buyer accordingly. So in such a case, one can easily claim full ownership without any hassle of the lien on the new owner's head. It will be the responsibility of the title insurance company to fight out the case and resolve the lien issue on that property.

Liens do not always bring bad news, but it is our responsibility to understand the term in-depth and be aware of our rights. We at the national lien and bond claim system will be happy to help in any case of [lien in Florida](#). We have a team of experts who are working for the same cause for a lot of years, so we understand your concerns pretty quickly and come up with solutions that are good for all.

Also read for [Questions about the Impact of Sloan v. Liberty Mutual](#)

Reference Url: <https://bit.ly/3rnoA2i>