

Brokers Can Now Place a Lien on Commercial Real Estate

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If you are involved in a real estate transaction, you should take note of a new law in Michigan that allows the broker to place a lien on commercial property as a way to collect an unpaid commission. Senate Bill 610, the Commercial Real Estate Broker Lien Act, passed through the Michigan Legislature in late September, was signed by Governor Granholm on Tuesday and takes effect immediately.

Details

The law allows commercial brokers to place a lien on commercial property before the property changes hands, provided certain conditions are met. The legislation came in response to complaints by commercial brokers who have had trouble collecting commissions on drawn-out deals. About half of U.S. states allow commercial brokers to place liens when commissions aren't paid. The approach is an alternative to suing for breach of contract, which can be both time-consuming and costly to brokers. The entire text of the bill may be found [here](#).

Before closing a commercial real estate transaction involving real estate brokers, a lien waiver from the brokers may be well advised.

More Information

If you are involved in a commercial real estate transaction in Michigan and have questions, you are invited to contact Melissa Collar, Chair of the Real Estate Services Group (mcollar@wnj.com or 616.752.2209) or any other member of the Real Estate Services Group at Warner Norcross & Judd.