

# Consumer's Guide to the Michigan Construction Lien Act & The Homeowner Construction Lien Recovery Fund



Department of Labor & Economic Growth  
Homeowner Construction Lien Recovery Fund  
P.O. Box 30018- Lansing, MI 48909  
(517) 241-9241  
[www.michigan.gov/conlien](http://www.michigan.gov/conlien)  
BCS/LLF-600(05/07)

This booklet and other public information materials on the Construction Lien Recovery Fund are prepared by the Michigan Department of Labor & Economic Growth, Bureau of Commercial Services.

**STATE OF MICHIGAN  
CONSTRUCTION LIEN RECOVERY FUND PROGRAM  
DEPARTMENT OF LABOR & ECONOMIC GROWTH**  
P.O. BOX 30018  
Lansing, MI 48909  
(517) 241-9241  
FAX: (517) 241-0290

or, download the booklet and the Construction Lien Act from the Construction Lien Program web site at:

**<http://www.michigan.gov/conlien>**

The information in this publication is printed under the authority of the Construction Lien Act, PA 497 of 1980, as amended.

May 2007

The Department of Labor & Economic Growth will not discriminate against any individual or group because of race, sex, religion, age, national origin, color, marital status, disability or political beliefs. If you need assistance with reading, writing, hearing, etc. under the Americans with Disabilities Act, you may make your needs known to this agency.

## **WHAT IS THE CONSTRUCTION LIEN RECOVERY FUND?**

In 1982 the HOMEOWNER CONSTRUCTION LIEN RECOVERY FUND (hereafter referred to as FUND) was established under the Construction Lien Act (PA 497 of 1980) to provide a means of redress in the event that all debts owed on a home building or remodeling project are not paid by the licensed contractor. Work, supplies, or equipment needed for the project are purchased by the contractor that the homeowner has hired to do the work. However, if that contractor does not pay for the work or materials provided, the subcontractors, suppliers, and laborers have no recourse but to try to get the homeowner to pay them "after all, their goods are permanently attached to the property. To get a homeowner to pay, the law allows them to place a "construction lien" on the property. This legal device clouds the title to the property just as unpaid taxes do. The unpaid claimant may go to court to "foreclose" on the lien and force the property owner to sell the home to pay the debts if they could not pay otherwise.

The FUND was created to protect both the homeowners who have contracted with a licensed builder or remodeler for construction or improvements on a home, and the subcontractors, suppliers and laborers who have provided materials or labor on the job. The FUND does not protect from losses on apartment buildings, "spec" homes or commercial construction.

In the past, if a homeowner had completely paid the contractor for the work done, but the subcontractors, suppliers or laborers were not paid for materials or labor they had furnished, the loss was often borne by the homeowner who had to pay twice to protect his or her property from a lien. Now, under the Construction Lien Act, unpaid subcontractors, suppliers or laborers may present their claims to the FUND. Every licensed residential builder, electrical contractor, plumbing contractor and mechanical contractor is required to contribute into the FUND. Provisions in the law also allow subcontractors, suppliers and laborers to join and participate in the benefits of the FUND.

Learn how the homeowner, subcontractor or supplier of goods or services can be protected from loss. This Guide will give a brief overview of the basic steps that must be followed to comply with the Construction Lien Law. Samples of the necessary forms are illustrated to assist in explaining steps to the Construction Lien process.

Necessary blank forms related to the Construction Lien process are now available on the Department's website at <http://www.michigan.gov/conlien>. You may download the blank forms in the "Forms and Publications" section under the Construction Lien Fund Program. Users will be able to download, print, and fill-in or, fill-in and print the construction lien forms using the Adobe Acrobat Reader program. You may also obtain the blank forms at the following:

- Local office supply stores
- Builder association offices
- Title insurance companies
- Legal forms publishing companies
- Bookstores
- Attorney office

Or, you may type your own using a format similar to the examples in this booklet. Please note: The Construction Lien Program office will not print or supply "paper" blank forms.

## What's new in the Construction Lien Act?

Amendments to the Michigan Construction Lien Act, Public Act 497 of 1980 were enacted on January 3, 2007. Below listed are the significant issues addressed by amendments from Public Act 497 of 2006 and Public Act 572 of 2006.

### General Changes:

- A payment from the Homeowner Construction Lien Recovery Fund could not include interest on the unpaid principal amount due, including time price differential or a finance charge that accrued after 90 days after a claim of lien was recorded. [Legal Cite: MCL 570.1203 (6)]
- Require that the person to establish that the contractor or subcontractor with whom the person claiming the construction lien is the same individual or business entity with whom the owner or lessee contracted. If a person who brings action to recover for the performance of an act or contract for which a license is required shall allege in the complaint and has the burden of proving that he or she was properly licensed. [MCL 570.1203 (3)(h) & (i)]
- Increase the maximum Fund payment to subcontractors, suppliers, and laborers from \$75,000 to \$100,000 per residential structure. [MCL 570.1204]
- Require the Department of Labor and Economic Growth (DLEG) to maintain a website and post the name and license numbers of contractors that failed to pay subcontractors or suppliers, resulting in payment from the Fund. [MCL 570.1206]
- Require an owner or lessee or designee upon receipt of the sworn statement, to give notice in writing, by telephone or personally, to each subcontractor, supplier or laborer that provided a notice of furnishing or if notice of furnishing was excused by Section 570.1108 or 570.1108a, to each subcontractors, suppliers, or laborers named in the sworn statement (which a contractor must give to the owner or lessee when requesting payment), that the statement was received. If these subcontractors, suppliers, or laborers make a request for a copy of the sworn statement within 10 days after receiving notice, the owner, lessee or designee must provide a copy of the sworn statement to the requestor. [MCL 570.1110 (6)]
- Provide that an owner, lessee, or designee may not accept a full or partial waiver of lien from a person other than the lien claimant named in the waiver, without verifying its authenticity. [MCL 570.1115 (7)]
- Require the subcontractor, supplier or laborer who seeks to enforce a construction lien on a residential structure must join the Fund as a defendant party in the foreclosure action no later than one year after the date the claim of lien was recorded. [MCL 570.1203 (4)]
- The homeowner, lessee or designee must include a copy of the written contract and any proof of payment to the contractor when submitting the homeowner's affidavit as pursuant to Section 570.1203. [MCL 570.1203(1)(a)]
- Each Fund member must report any name, address or form of business organization change in writing to the Fund's office within 30 days of the change. Licensees, if required by law, must also notify the appropriate licensing agency. [MCL 570.1201 (3)]

- Allow the owner of residential property or a person affected by the lien, to bring an action to discharge a lien that has been recorded by an unlicensed person, and provide that the unlicensed person is liable to the plaintiff for all damages that result from the recording and any attempts to enforce the lien, including actual costs and legal fees. [MCL 570.1114a]
- Eliminate the authority of the DLEG Director to require additional special assessments when the Fund balance was under \$1.0 million. The \$50 special assessment fee is being replaced with a \$10 per year membership renewal fee to be paid at the time of license renewals. Requires a \$10 per year membership renewal fee to be collected at the time of license renewal or on June 1st every three years. The renewal fee will be suspended if the Fund balance exceeds \$6 million, until it is under \$4 million. [MCL 570.1201 (1)(d) and 570.1201 (6)]

**Supplier Members:**

- If a supplier conducts business from more than 1 retail location, each retail location is required to maintain a separate membership for the purposes of paying fees and renewal fees for Fund membership. [MCL 570.1201 (1)(c)]
- Require a supplier to have documentary proof that he or she has obtained a credit application from the contractor or subcontractor before providing the material or equipment and if a corporation with publicly traded shares, obtain a credit report from a nationally or regionally recognized organization that provides credit ratings on business, or if not a corporation with publicly traded shares, obtain a credit report on the owner, qualifying officer, or principal partners, officers, shareholders or members of the subcontractor or contractor to determine the financial stability of the subcontractor or contractor. If the company is less than 4 years old, a personal guaranty from the owner or 1 or more of the partners, officers, directors, managing members, trustees or shareholders of the subcontractor or contractor. In order to recover from the Fund, the credit report shall not disclose any of the following: insolvency at the time of application or had been within 2 years of the application; receivership or total delinquent judgments of more than \$1000. [MCL 570.1203 (3)(j)]
- Limit payment to a supplier who did not require advance payment from a contractor or subcontractor who was already indebted to the supplier in an amount equal to or greater than the credit limit established by the supplier for the contractor or subcontractor when the material or equipment was supplied or, if the contractor or subcontractor was delinquent more than the following days following the first business day following the shipment of materials or equipment: in 2007, 180 days; in 2008, 150 days; in 2009, 120 days; in 2010 and subsequent years, 90 days, in paying a debt to the supplier at the time the material or equipment was supplied. [MCL 570.1203 (7)]
- Require laborers and other lien claimants (suppliers and non-licensed subcontractors) to pay a \$30 renewal fee on June 1st every three years. If initial membership in the Fund, prior to June 1, 2006, first renewal fee of \$30 will be due by June 1, 2009 and a \$30 renewal fee by June 1 every third year thereafter. A person paying the initial fee after June 1, 2006, must pay the \$30 renewal fee by the first June 1 following the third anniversary date of the initial payment and a \$30 renewal fee by June 1 of every third year after the first renewal payment. If after the membership renewal notice will be sent by ordinary mail to the last reported address. [MCL 570.1201 (1)(c)]

Licensed Contractors:

- Require licensed contractors to pay a \$10 fee upon initial licensure and a \$10 fee for each year of license renewal, rather than a \$50 fee upon initial licensure, for deposit in the Homeowner Construction Lien Recovery Fund. [MCL 570.1201]

Homeowners/Lessees/Designees:

- Upon receipt of a sworn statement from the contractor, notify each party who has sent a Notice of Furnishing or if a party is excused from a Notice of Furnishing to each party listed on the sworn statement in writing, by telephone or personal contact. If any notified party wishes to obtain a copy of the sworn statement, they must make a request and the owner, lessee or designee must provide a copy of the sworn statement within 10 business days after receiving the request [MCL 570.1110(6)]
- The homeowner, lessee or designee must include a copy of the written contract and any proof of payment to the contractor when submitting the homeowner's affidavit as pursuant to Section 570.1203. [MCL 570.1203(1)(a)]
- A homeowner on which a construction lien had been recorded by a person who was not licensed as required by this Act, or any person affected by the lien, could bring action to discharge the lien. If the court determines the person who recorded the lien was not licensed as required, that person could be liable for damages that resulted from the recording of the lien and any attempts to enforce the lien, including actual costs and legal fees. [MCL 570.1114a]
- Provide that an owner, lessee or designee may not accept a full or partial waiver of lien from a person other than the lien claimant named in the waiver, without verifying its authenticity. [MCL 570.1115(7)]

## **ROLE OF THE HOMEOWNER**

If there is a problem that cannot be worked out with the contractor, the homeowner may withhold funds; file a formal complaint against the licensee with the Michigan Department of Labor & Economic Growth, Commercial Enforcement Division (517) 241-9202; ask the local building official to help; complain to a private arbitration mediation program; or may consult an attorney for assistance.

When a person decides to work with a contractor to build or improve a home, there are several things that should be considered:

- Make sure the contractor is licensed. State law requires residential builders, home improvement contractors (when labor and materials equal \$600 or more), electrical contractors, mechanical contractors and plumbing contractors to be licensed. Contractors are issued licenses to be displayed at the place of business and contractors are required to carry a pocket license at all times. To check if a residential builder or maintenance and alteration contractor is properly licensed, contact the Michigan Department of Labor & Economic Growth Licensing Division at 517-241-9288, or the Department's License Information web site ([www.michigan.gov/licensing](http://www.michigan.gov/licensing)). Working with an unlicensed contractor could prove to be very risky!
- Make sure the contract and any changes are in writing. If different materials or design changes are decided upon, those changes should be written down and agreed to by both the homeowner and the contractor. The homeowner should be given a copy of the contract and any changes to the contract to keep. The contractor's license number should be written on the contract. (*Legal Reference: Construction Lien Act [570.1114](#)*)
- With the contract, the homeowner may be asked to provide information that is used to prepare a NOTICE OF COMMENCEMENT. This document is a formal notice that work is beginning on the property and notifies everyone involved in the project of the name and address of the owner (or his or her designee) so that the proper legal notices and bills can be sent. Be sure the information is filled out completely and correctly! Post the Notice of Commencement at the work site. (*Reference: Construction Lien Act [570.1108a](#)*)
- As work progresses the homeowner should receive a NOTICE OF FURNISHING from each person or company providing labor or materials. These notices should be retained so that the homeowner can check whether or not these people are paid. (*Reference: Construction Lien Act [570.1109](#)*)
- When the contractor asks for any payment, he or she is required to provide a SWORN STATEMENT, which is a notarized document showing every subcontractor, supplier and laborer who provided labor and materials to the project. Upon receipt of the Sworn Statement, the owner or lessee (or designee) must notify each subcontractor, supplier or laborer listed on the sworn statement of the receipt of the statement and provide a copy of this statement upon written request within 10 business days.
- This statement should be checked against the **Notices of Furnishing** to see if each subcontractor, supplier or laborer is getting paid. The homeowner should not make any payments to the contractor until a **Sworn Statement** is received. (*Reference: Construction Lien Act [570.1110](#)*)
- Upon reviewing the information on the **Sworn Statement** and advising the homeowner as to what arrangements are being made with each supplier and subcontractor, the contractor will ask the homeowner for a payment – the contractor's "draw". Payment options for the homeowner could be: (1) pay all bills through the contractor, OR (2) upon giving the contractor 5 days written notice, pay the subcontractors, suppliers and laborers directly. (*Reference: Construction Lien Act [570.1110\(6\)](#)*)

No matter what payment plan is used, Waivers of Lien should be given. These forms are agreements by the subcontractors, suppliers or laborers that they will not file claims of lien against the property because they have already been paid or have an agreement with the contractor on how they will be paid. WAIVERS may be complete and unconditional if the subcontractor, supplier or laborer has been paid in full; or partial and conditional stating terms under which the contractor will be making payments. If a waiver is received by owner or lessee from anyone other than the lien claimant, the owner or lessee is required to contact the party to verify the authenticity of the waiver. (*Reference: Construction Lien Act [570.1115](#)*)

## **What happens if the contractor leaves unpaid bills behind?**

- The first notice will be filing of a CLAIM OF LIEN on the homeowner's property. This legal notice informs the homeowner that a person who furnished labor or materials has not been paid. If no **Claim of Lien** has been filed within 120 days (90 days to file the lien, 15 - 30 days for service) after the job has been completed, one can assume that everything has been paid for properly. A **Claim of Lien** is recorded with the county Register of Deeds so that a person buying the property would become aware of unpaid liens during the title search process. (*Construction Lien Act [570.1111](#)*)
- When a homeowner receives notice that a claim of lien was filed against their property, he or she may wish to first consult an attorney. This information is no substitute for legal counsel in the event a lien is filed, but it explains the basic steps that must be followed to make sure everyone has complied with the law. You should always contact an attorney for legal advice relating to your personal situation.
- The lien claimant who wishes to enforce the claim of lien on the property must file a lawsuit in circuit court within one year to foreclose on the lien. The foreclosure action will first determine whether the lien is valid. The court will make the determination as to who should make payments. (*Construction Lien Act [570.1117](#)*)
- If a lawsuit is not filed within one year from the date of recording the Claim of Lien the property owner or that person's agent may request an affidavit from the county clerk stating that legal proceedings to enforce the lien were not started as required by law. The affidavit of the county clerk should be then filed with the register of deeds office to invalidate (discharge) the claim of lien. (*Construction Lien Act [570.1128](#)*)

If a lien is placed against a home and the homeowner has already paid the contractor, their attorney should make certain that the lien claimant has included the Fund as a defendant party to the lawsuit so that the Fund is notified of the action against the homeowner and will then be able to represent the Fund in court. To gain the protection offered by the Fund, be certain to choose a licensed contractor. Carefully monitor the work and the payments being made. If you have any problems, you may wish to consult an attorney, or check with the lending institution that is helping finance the project for advice.

## **USE OF THE FUND - SUPPLIERS/SUBCONTRACTORS/LABORERS**

As subcontractors, suppliers or laborers, it is imperative to always work with a licensed contractor in order to collect from the FUND. You should check the wall license posted at the place of business, or the pocket card that licensed contractors are required to carry. Working with an unlicensed contractor could prove to be very risky and costly if he or she does not pay the bills.

In order to file a claim against the FUND you must be an active member prior to the date of the contract for which you are making a claim. If you are a subcontractor or supplier and are not already a member of the FUND, you may obtain a membership application from the Michigan Department of Labor & Economic Growth, Construction Lien Program. Membership applications may be downloaded from the HCLRF webpage at [www.michigan.gov/conlien](http://www.michigan.gov/conlien). Subcontractors and suppliers must pay an initial membership fee of \$50.00 and a renewal fee of \$30.00 every 3 years. Suppliers who conduct business in multiple locations are required to pay a separate membership fees for each retail location. Laborers are not required to be members of the FUND before making claims; however, a fee of \$15 will be withheld from any money awarded to laborers from the FUND. The laborer would be responsible for paying a renewal fee of \$30 every three years thereafter.

To protect your rights under the law, be sure that all necessary records have been kept and that you have filled out the necessary forms in a timely manner and provided them to the proper parties. Once you have become familiar with the process and the forms used, the procedures will not seem so complicated.

We hope that the information in this book will help to simplify the process for you. If you have any questions, you may wish to contact your professional organization, your business agent or an attorney. The information given in this book is a guide to the requirements of the law, but it is not a substitute for legal advice.

## **IMPORTANT TIME LIMITS TO REMEMBER**

<b>Document</b>	<b>Sub/Supplier</b>	<b>Laborer</b>	<b>Homeowner/Designee</b>
Notice of Furnishing	20 days from first providing goods or services	within 30 days after wages are due	
Sworn Statement	upon request of payment		Must notify each subcontractor, supplier. Laborer listed on sworn statement receipt and provide a copy upon request within 10 business days
Waiver of Lien	When payment is received		If received from anyone other than the lien claimant, must verify the authenticity of the waiver of lien
Claim of Lien	within 90 days after the last day goods and services are provided	within 90 days after the last day on the job	
Proof of Service	documents must be served within 15 days of filing	documents must be served within 15 days of filing	

**Important Note:**

The Register of Deeds has specific legal requirements for preparing, filing and recording of documents.

**NEW RECORDING REQUIREMENTS (effective 4/1/97):**

- 1) Minimum 2 1/2 inch top blank margin
- 2) Remaining margins minimum 2 inch
- 3) White paper color, 8.5" X 11" to 8.5" X 14" size
- 4) Black color of type or printing
- 5) Minimum 10 pt. type size

You should check with your Register of Deeds office if you have questions regarding these requirements BEFORE your forms are prepared and recorded.

## **NOTICE OF COMMENCEMENT**

A Notice of Commencement announces that work is about to begin on a home building or remodeling project and provides interested parties with information needed to follow the construction lien procedures properly. The document can be requested by any of the parties involved in the building project, the written request should be sent by certified mail and must be accompanied by a blank NOTICE OF FURNISHING form. The homeowner is required to complete and return a copy of the NOTICE OF COMMENCEMENT and the blank NOTICE OF FURNISHING form to the requestor within 10 days. A copy of the Notice of Commencement should be posted at a conspicuous place at the job site.

### **NOTICE OF COMMENCEMENT**

State of Michigan

} §

County of Ingham

Harry Smith, being duly sworn, deposes and says:

To lien claimants and subsequent purchasers:

Take notice that work is about to commence on an improvement to the real property described in this instrument. A person having a construction lien may preserve the lien by providing a notice of furnishing to the below named designee and the general contractor, if any, and by timely recording a claim of lien, in accordance with the law.

A person having a construction lien arising by virtue of work performed on this improvement should refer to the name of the owner or lessee and the legal description appearing in this notice. A person subsequently acquiring an interest in the land described is not required to be named in the claim of lien.

A copy of this notice with an attached form for notice of furnishing may be obtained upon making a written request by certified mail to the named owner or lessee; the designee; or the person with whom you have contracted.

The legal description of the real property on which the improvement is to be made is:

Lot 27, Grandview Acres Subdivision Okemos Michigan, Ingham County, Section 35 T5N, R10E as Recorded in Liber 69 Page 157 of Plats of Ingham County.  
Sidwell #296543

The name, address and capacity of the owner or lessee of the real property contracting for the improvement is:

Name: Harry Smith

Address: 1024 Main Street

Capacity: Lansing, Michigan 48901

The name and address of the fee owner of the real property if the person contracting for the improvement is a land contract or lessee, is:

Name:

Address:

The name and address of the owner's or lessee's designee is:

Name:

Address:

The name and address of the general contractor, if any is:

Name: United Builders, Inc.

Address: 152 Capitol Avenue  
Lansing, Michigan 48933

### **WARNING TO THE HOMEOWNER**

#### **MICHIGAN LAW REQUIRES THAT YOU DO THE FOLLOWING:**

- 1. COMPLETE AND RETURN THIS FORM TO THE PERSON WHO ASKED FOR IT WITHIN 10 DAYS AFTER THE POSTMARK ON THE REQUEST.**
- 2. IF YOU DO NOT COMPLETE AND RETURN THIS FORM WITHIN THE TEN (10) DAYS YOU MAY HAVE TO PAY THE EXPENSES INCURRED IN GETTING THE INFORMATION.**
- 3. IF YOU DO NOT LIVE AT THE SITE OF THE IMPROVEMENT, YOU MUST POST A COPY OF THIS FORM IN A CONSPICUOUS PLACE AT THAT SITE.**

#### **YOU ARE NOT REQUIRED TO BUT SHOULD DO THE FOLLOWING:**

- 1. COMPLETE AND POST A COPY OF THIS FORM AT THE PLACE WHERE THE IMPROVEMENT IS BEING MADE, EVEN IF YOU LIVE THERE.**

Harry Smith, Owner

(Printed Name/Signature)(name and capacity)

**Prepared by:**

**Name:** Mary Smith

**Address:** 1024 Main Street Lansing

Subscribed, sworn to and acknowledged before me this 5<sup>th</sup> day of April, 2005

**NOTARY PUBLIC:**

Linda Block

(Signature/Printed Name)

My commission expires: January 31, 2006.

Ingham County, Michigan.

## **NOTICE OF FURNISHING**

A Notice of Furnishing provides proof that a supplier, subcontractor or laborer has provided labor or materials towards a construction project.

If you are a subcontractor or supplier provide the Notice of Furnishing within 20 days of the first delivery of goods or services. If you are a laborer, send your Notice of Furnishing within 30 days after wages are due. (Special provisions in the law allow later filings in case a union representative files for unpaid fringe benefits for a group of workers.) The failure of a lien claimant to provide a notice of furnishing within the time specified by law will not defeat the lien claimant's right to a construction lien, however may affect the amount you can collect on your claim.

### **NOTICE OF FURNISHING**

TO: William F. Swan (Owner)  
\*(name of designee (or owner or lessee) from notice of commencement)

2419 Greenlake Dr.  
(address from notice of commencement)

Clarkston, Michigan 46401

Please take notice that the undersigned is furnishing to Standard Builders  
1524 Main Dr., Clarkston, Michigan  
(name & address of other contracting party)

certain labor or material for Residential Structure  
(describe type of work)

in connection with the improvement of the real property described by the notice of commencement\*\*, a copy of which is attached or which is recorded in Liber 69, on page 247, Oakland County  
(name of county)

records or a copy of the legal description of \_\_\_\_\_

the real property subject to this lien is attached hereto.\*\*

**WARNING: THIS NOTICE IS REQUIRED BY THE MICHIGAN CONSTRUCTION LIEN ACT. IF YOU HAVE ANY QUESTIONS ABOUT YOUR RIGHTS AND DUTIES UNDER THIS ACT, YOU SHOULD CONTACT AN ATTORNEY TO PROTECT YOU FROM THE POSSIBILITY OF PAYING TWICE FOR THE IMPROVEMENT TO YOUR PROPERTY.**

Acme Lumber Co., 10 First St., Clarkston, MI  
(name and address of lien claimant)

**By:** Joseph Q. Wood, Vice -President  
(name & capacity of party signing)

Date: September 15, 2006  
10 First Street,  
Clarkston, MI  
(address of party signing)

\*If no designee is named in the Notice of Commencement, use owner or lessee named. If no Notice of Commencement recorded or given, use name of address from County records.

\*\* If liber and page of recording are not available, a copy of the Notice of Commencement may be attached. If no Notice of Commencement is available or if legal description thereon is not correct, a correct legal description should be attached.

\*\*\*Notice of Furnishing is required to be provided to the General Contractor, if any, as named in the Notice of Commencement.

The PROOF OF SERVICE OF NOTICE OF FURNISHING is a notarized form which verifies that the Notice of Furnishing was sent to the contractor, owner, or other responsible party. If a Claim of Lien is filed later, this document will be necessary to establish the lien rights of the plaintiff. If the Claim of Lien is filed by a Subcontractor, Supplier or Laborer a Proof of Service of Notice of Furnishing should also be filed along with the Claim of Lien.

## **PROOF OF SERVICE OF NOTICE OF FURNISHING**

State of Michigan

} §

County of Kent

Harry Smith, a person of suitable age and discretion, as the duly authorized agent for United Supply Co., a Michigan Corp.

being first duly sworn in accordance with the law, deposes and says:

\*That on the 17<sup>th</sup> day of October, A.D. 2006 he/she mailed\* a Notice of Furnishing (a true and exact copy of which is attached hereto) by U.S. Certified Mail and with postage fully prepaid thereon to the following person(s) with the certified number as indicated:

<b>Addresses/Address</b>	<b>Certified Number</b>	<b>Indicate whether Designee or Contractor</b>
John Q. Public 210 Center Rd. Wyoming MI	B 279-425-167	Designee-owner
Albert Housebuilder 10 Main St. Grand Rapids MI	B279-425-166	General Contractor

**OR**

\*\*That on the 12<sup>th</sup> day of October, A.D. 2006 he/she \*\*personally served a true copy of the Notice of Furnishing (a true and exact copy of which is attached hereto) upon the following person(s) by handing said true copy of said Notice of Furnishing to John Q. Public, Owner personally.

<b>Addresses/Address</b>	<b>Indicate whether Designee or Contractor</b>
John Q. Public 210 Center Rd. Wyoming MI	Designee-owner

Harry Smith, Partner  
(Signature/Printed Name)

Subscribed and sworn to before me  
This 12<sup>th</sup> day of October, A.D. 2006  
Marion Jones

Notary Public, Kent County, Michigan  
My Commission expires: December 30, 2009

\*Use if service was by certified mail.

\*\*Use if service was made personally.

## **SWORN STATEMENT**

The Sworn Statement is an itemized list of all individuals who have provided improvements, materials or labor and an accounting of all monies due to them. Upon receipt of the sworn statement, the owner, lessee or designee is required to notify each party listed on the sworn statement or to each party who provided a Notice of Furnishing, in writing, by phone or in person,

A homeowner, upon paying the contractor, should expect him or her to pay the subcontractors, suppliers or laborers on the construction project. The Sworn Statement indicates who is owed money, the amounts, and for what supplies or work done. This gives an official record of the items for which the contractor is billing the homeowner.

**Homeowners please note:** If you choose to pay a subcontractor, supplier or laborer directly without obtaining a Sworn Statement you are taking a risk! Be sure to obtain one before making any payments to avoid having to pay twice if any problems should arise later.

### **SWORN STATEMENT**

State of Michigan

} §

County of Wayne

Albert M. Housebuilder,(deponent), being sworn, states the following:

Wonder Construction Company , Detroit, MI

is the (contractor)(subcontractor) for an improvement to the following real property in Wayne County, Michigan, described as follows: Lot 94

Lakeshore Subdivision, Detroit, Wayne County

#264-098-777 Section 98-N 10, E-2

The following is a statement of each subcontractor, supplier and laborer, for whom payment of wages or fringe benefits and withholdings is due but unpaid, with whom the (contractor) (subcontractor) has (contracted)(subcontracted) for performance under the contract with the owner or lessee, and the amounts due to the persons as of the date of this statement are correctly and fully set forth opposite their names:

Name, Address & Phone Number of Subcontractor, Supplier or Laborer	Type of Improvement Furnished	Total Contract Price	Amount Already Paid	Amount Currently Owing	Balance to complete (optional)	Amount of Laborer Wages Due but unpaid	Amount of Laborer Fringe Benefits and Withholdings Due But Unpaid
Acme Lumber 123 Main St, Onetown, MI 48888 (999)123-4567	Building Supplies	\$3,500	\$1,000.00	\$2,500.00			
Smith Plumbing Co. 987 1st St Anytown, MI 49999 (999) 999-3698	Pipe & Fixtures	\$1,9000		\$1,900.00			
John Smith 654 3 <sup>rd</sup> St One, MI 47777 (999)987-6543	Carpentry	\$1,250	\$475.00	\$775.00		\$700.00	\$75.00
Brick & Masonry Co. 555 One St Town, MI 41111 (999) 654-3210	Masonry	\$3,000	\$1,500.00	\$1,500.00		\$7,50.00	\$12,750.00
Totals		\$9,650	\$2,975.00	\$6,675.00		\$1,450.00	\$12,825.00

(Some columns may not be applicable to all persons listed)

The contractor has not procured material from, or subcontracted with, any person other than those set forth and owes no money for the improvement other than the sums set forth.\*

I make this statement at the (contractor)(subcontractor) or as Agent of the (contractor)(subcontractor) to represent to the owner or lessee of the property and his or her agents that the property is free from claims of construction liens, or the possibility of construction liens, except as specifically set forth in this statement and except for claims of construction liens by laborers that may be provided under Section 109 of the Construction Lien Act, 1980 PA 497, MCL 570.1109.

**WARNING TO OWNER OR LESSEE: AN OWNER OR LESSEE OF THE PROPERTY MAY NOT RELY ON THIS SWORN STATEMENT TO AVOID THE CLAIM OF A SUBCONTRACTOR, SUPPLIER OR LABORER WHO HAS PROVIDED A NOTICE OF FURNISHING OR A LABORER WHO MAY PROVIDE A NOTICE OF FURNISHING UNDER SECTION 109 OF THE CONSTRUCTION LIEN ACT, 1980 PA 497, MCL 570.1109 TO THE DESIGNEE OR TO THE OWNER OR LESSEE IF THE DESIGNEE IS NOT NAMED OR HAS DIED.**

**ON RECEIPT OF THIS SWORN STATEMENT, THE OWNER OR LESSEE, OR THE OWNER'S OR LESSEE'S DESIGNEE MUST GIVE NOTICE OF ITS RECEIPT, EITHER IN WRITING, OR BY TELEPHONE, OR PERSONALLY, TO EACH SUBCONTRACTOR, SUPPLIER, AND LABORER WHO HAS PROVIDED A NOTICE OF FURNISHING UNDER SECTION 109 OR, IF A NOTICE OF FURNISHING IS EXCUSED UNDER SECTION 108 OR 108A, TO EACH SUBCONTRACTOR, SUPPLIER, AND LABORER NAMED IN THE SWORN STATEMENT. IF A SUBCONTRACTOR, SUPPLIER WHO HAS PROVIDED A NOTICE OF FURNISHING OR WHO IS NAMED IN THE SWORN STATEMENT MAKES A REQUEST, THE OWNER, LESSEE, OR DESIGNEE SHALL PROVIDE THE REQUESTER A COPY OF THE SWORN STATEMENT WITHIN 10 BUSINESS DAYS AFTER RECEIVING THE REQUEST.**

ALBERT M. HOUSEBUILDER

Deponent Printed Name

ALBERT M. HOUSEBUILDER

Deponent Signature

**WARNING TO DEPONENT: A PERSON WHO GIVES A FALSE SWORN STATEMENT WITH INTENT TO DEFRAUD IS SUBJECT TO CRIMINAL PENALTIES AS PROVIDED IN SECTION 110 OF THE CONSTRUCTION LIEN ACT, 1980 PA 497, MCL 570.1110.**

Subscribed and sworn to before me this

2<sup>nd</sup> day of July, 2006

Henrietta Johnson

Notary Public, Wayne County, Michigan  
My Commission Expires:

December 31, 2008

\*Materials furnished by a contractor or a subcontractor out of his or her own inventory, and which has not been purchased specifically for the purpose of performing the contract, need not be listed.

## **WAIVERS**

A Waiver is given by a contractor, subcontractor or supplier whenever payment is made. In simple terms, it is a receipt for payment. But most importantly, it announces to the homeowner that the construction lien rights are being relinquished either in full, if full payment is received; or in part, if partial payment was received. Waivers should be provided directly to the owner, lessee or designee from the lien claimant named on the waiver. If the waiver is provided by anyone other the lien claimant, the owner, lessee or designee shall contact the lien claimant to verify the authenticity of the waiver.

Waivers are legal documents and must use proscribed wording. To be considered legal documents, and to serve the purpose for which they were designed, use the appropriate type of waiver as identified below. Be certain of the kind of Waiver you sign is appropriate to the situation.

**FULL UNCONDITIONAL WAIVER** states that full payment has been received and that there is no claim of lien against the homeowner's property.

### **FULL UNCONDITIONAL WAIVER**

My/our contract with Standard Builders, Inc. to provide

Window/doors for the improvement of the property described as Lot 41, Pinetree

Lake Subdivision, Detroit, Wayne County, Michigan, #246-89-04

having been

fully paid and satisfied, by signing this waiver, all my/our construction lien rights against such property are hereby waived and released.

If the owner or lessee of the property or the owner's or lessee's designee has received a notice of furnishing from me/one of us or if I/we are not required to provide one, and the owner, lessee, or designee has not received this waiver directly from me/one of us, the owner, lessee, or designee may not rely upon it without contacting me/one of us, either in writing, by telephone, or personally, to verify that it is authentic.

United Window Company  
(Printed Name of Lien Claimant)

United Window Company  
(Signature of Lien Claimant)

Signed on: May 27, 2006

Address: 16 Main Street

Northville MI 48203

Telephone: (313) 842-1902

**DO NOT SIGN BLANK OR INCOMPLETE FORMS. RETAIN A COPY.**

**FULL CONDITIONAL WAIVER** states that as soon as full payment is received, or some condition of payment as agreed upon is met, there will be no claim of lien against the homeowner's property.

**FULL CONDITIONAL WAIVER**

My/our contract with Standard Builders, Inc.

to provide cement/tiles/brick

for the improvement of the property described as: Lot 94, Charlestown Manor

Subdivision Northville, Oakland County, #224-82-190

has been fully paid and satisfied, by signing this waiver, all my/our construction lien rights against such property are hereby waived and released.

This waiver is conditioned on actual payment of \$987.94.

If the owner or lessee of the property or the owner's or lessee's designee has received a notice of furnishing from me/on of us or if I/we are not required to provide one, and the owner, lessee, or designee has not received this waiver directly from me/one of us, the owner, lessee, or designee may not rely upon it without contacting me/one of us, either in writing, by telephone, or personally, to verify that it is authentic.

Bob Montrose, Hill Brick Co.  
(Printed name of lien claimant)

Bob Montrose, \_\_\_\_\_.  
(Signature of lien claimant)

Signed on April 12, 2006 Address: 195 Hill Street

Anytown, MI

Telephone: (313) 243-8900

**DO NOT SIGN BLANK OR INCOMPLETE FORMS. RETAIN A COPY.**

**PARTIAL UNCONDITIONAL WAIVER** is a "receipt" for partial payment which may still have a condition pending, or will be effective as soon as payment is received.

### **PARTIAL UNCONDITIONAL WAIVER**

I/we have a contract with Standard Builders, Inc.  
to provide labor for plumbing installations for the improvements to the  
property described as Lot 243, Green Lawn Farm Subdivision,  
Centerville, Muskegon County, Michigan  
#242-19-8763  
and by signing this waiver, waive my/our construction lien to the amount of \$6,250.00  
for labor/materials provided through August 30, 2006  
(date of draw cutoff or actual payment)

This waiver, together with all previous waivers, if any, (circle one) does/does not cover all amounts due to me/us for contract improvement provided through the date shown above.

If the owner or lessee of the property or the owner's or lessee's designee has received a notice of furnishing from me/one of us or if I/we are not required to provide one, and the owner, lessee, or designee has not received this waiver directly from me/one of us, the owner, lessee, or designee may not rely upon it without contacting me/one of us, either in writing, by telephone, or personally, to verify that it is authentic.

#### **STATEMENT OF ACCOUNT**

Contract Price	<u>\$ 10,000</u>
Extras	<u>\$ _____</u>
Deduct Credit	<u>\$ 0</u>
Previously Paid	<u>\$ 983</u>
Retention	<u>\$ 0</u>
Balance	<u>\$ 0</u>
This Payment	<u>\$ 6,250</u>
Balance to Become Due	<u>\$ 2,767 + 167 fringes</u>

Signed on: November 10, 2006 Merton Drane  
(Printed Name of Lien Claimant)

Merton Drane  
(Signature of Lien Claimant)

Address: 97 Mail Street  
Centerville MI 48439

Telephone: (616) 214-3902

**DO NOT SIGN BLANK OR INCOMPLETE FORMS. RETAIN A COPY.**

**PARTIAL CONDITIONAL WAIVER** is a "receipt" for partial payment which may still have a condition pending, or will be effective as soon as payment is received. With partial waivers a balance may still owed, or more work may remain to be done. A lien right still exists for any unpaid debts until the contract is paid in full.

### **PARTIAL CONDITIONAL WAIVER**

I/we have a contract with Master Construction, Inc.  
(other contracting party)

to provide Roofing and insulation

for the improvement to the property described as: \_\_\_\_\_

Lot 26, Green Acres Subdivision, Saginaw Heights, Bay County, Michigan Sidwell

#267-43-02 Plat 27 (commonly known as 456 Stoney St, Saginaw, MI)

and by signing this waiver, waive my/our construction lien to the amount of  
\$ 1,243.90, for labor/materials provided through October 31, 2006.  
(date of draw cutoff or actual payment)

This waiver, together with all previous waivers, if any, (circle one) does/does not cover all amounts due to me/us for contract improvement provided through the date shown above. This waiver is conditioned on actual payment of the amount shown above.

If the owner or lessee of the property or the owner's or lessee's designee has received a notice of furnishing from me/one of us, or if I/we are not required to provide one, and the owner, lessee, or designee has not received this waiver directly from me/one of us, the owner, lessee, or designee may not rely upon it without contracting me/one of us, either in writing, by telephone, or personally, to verify that it is authentic.

Price Roofing, Supplier  
(printed name of lien claimant)

Samuel R. Price  
(signature of lien claimant)

Signed on: November 12, 2006 Address: 1629 Shorelake Rd.

Saginaw MI 48437

Telephone: (517) 321-4369

**DO NOT SIGN BLANK OR INCOMPLETE FORMS. RETAIN A COPY.**

## **CLAIM OF LIEN**

The Construction Lien Act provides legal recourse for an individual subcontractor, a group of subcontractors, laborers or suppliers who were not paid for their goods or services. A Claim of Lien should be prepared and recorded at the county Register of Deeds ([Michigan County Websites](#), <http://www.statelocalgov.net/state-mi.cfm>) within **90 days** after furnishing labor or materials for a job. The Lien will not be valid unless it is filed with the County within the specified time.

The Claim of Lien must be properly signed, dated and notarized. If the Claim of Lien is filled by a Subcontractor, Supplier or Laborer a Proof of Service of Notice of Furnishing should also be filed along with the Claim of Lien. A Proof of Service of Claim of Lien should also be prepared to prove that all parties have been properly notified.

Within 15 days of filing the Claim of Lien, a subcontractor, supplier or laborer must present a copy of the recorded Claim of Lien to the homeowner or designee (listed on the Notice of Commencement).

If a lawsuit is not filed within one year from the date of recording the Claim of Lien, the property owner or that person's agent or attorney may present an affidavit to the County Clerk to request the County Clerk to examine the court records to confirm the absence of a filing of a lawsuit to foreclose on the claim of lien and issue a certificate of fact bearing the seal of the circuit court. The certificate should be recorded in the county register of deeds to serve as a discharge of the claim of lien.

## CLAIM OF LIEN

NOTICE IS HEREBY GIVEN that on the 4<sup>th</sup> day of August, 2006,  
Acme Lumber Company, 123 Fourth Street, Marquette, Michigan  
(Name and Address of Lien Claimant)

first provided labor or material for an improvement to Lot 27 Appletree Farms Subdivision, Marquette, Marquette County, MI 49621 Sidwell #03-48-105-009, the (owner/lessee) of which is  
Mary P. Jones, 2410 Superior Ave., Marquette, MI 49621  
(Name of Owner or Lessee from Notice of Commencement)

The last day of providing labor or material was on the 30<sup>th</sup> day of November, 2006.

**Contractors, Subcontractors, or Suppliers:**

The lien claimant's amount, including extras, is \$ 5,297.50. The lien claimant has received payment thereon in the total of \$ 0 and therefore claims a construction lien upon the above-described real property in the amount of \$ 5,297.50.

**Laborers:**

The lien claimant's hourly rate, including fringe benefits and withholding is \$                 . There is due and owing to or on behalf of the laborer the sum of \$                  for which the laborer claims a construction lien upon the above described real property.

\*\*

Acme Lumber Company, A MI Corp  
(Lien Claimant)  
By: John Doe, Owner/President  
(printed name/signature/capacity)  
Address: 123 Fourth Street  
Marquette, MI 49606

Date: 11/30/2006

State of Michigan

} §

County of Marquette

Subscribed and sworn to before me this 30<sup>th</sup> day of November, 2006

Mary P. Harris Notary Public, Marquette County, Michigan  
My Commission Expires: December 30, 2009

PREPARED BY:

Name: John Doe – Acme Lumber Co.

Address: 123 Fourth St. Marquette, MI 49602

\*\*If the claim of lien has been assigned insert here: "The construction lien having been assigned, this claim of lien is made by \_\_\_\_\_ as assignee thereof.

**Proof of Service of Notice of Furnishing, if required by law, must be attached.**

## PROOF OF SERVICE OF CLAIM OF LIEN

State of Michigan

} §

County of Bay

James D. Underwood, a person of suitable age and discretion, as the duly authorized agent for J. D. Underwood Enterprises, being first duly sworn in accordance with the law, deposes and says:

That on the 16<sup>th</sup> day of March A.D. 2006 he/she has served a Claim of Lien upon the owner/designee named in the Notice of Commencement, (a true and exact copy of which is attached hereto) by U.S. Certified Mail, Return Receipt requested, and with postage fully prepaid thereon to the following person(s) with the certified number as indicated:

<b>Addressee/Address</b>	<b>Certified Mail Number</b>	<b>Indicate whether Owner, Designee or Contractor</b>
Tom Smithson 4321 Davus St. Bay, MI	P-65473	Owner
RC Construction 12390 Justin Rd. Bay, MI	P-65472	Contractor

**OR**

\*\*That on the \_\_\_\_\_ day of \_\_\_\_\_ A.D. 20\_\_\_\_ he/she personally served a true copy of the Claim of Lien (a true and exact copy of which is attached hereto) upon the following person(s) by handing personally said true copy of said Claim of Lien to:

<b>Addressee/Address</b>	<b>Indicate whether Owner, Designee or Contractor</b>
--------------------------	---

John D. Underwood  
(Printed name/signature of Deponent)

Subscribed and sworn to before  
Linda Titus,  
Notary Public, Ingham  
County, Michigan  
My Commission Expires:  
December 31, 2008

\*Use if service was by certified mail.

\*\*Use if service was made personally.

## **DISCHARGE OF LIEN**

When the Claim of Lien has been fully paid, the lien claimant must deliver to the owner or lessee, (or owner's agent) a Discharge of Lien. This releases all rights to the property and informs all parties that the debt has been paid.

The Discharge of Lien should be recorded by the lien claimant at the county Register of Deeds to officially release the lien from the property. The lien claimant is responsible for providing a copy of the filed "Discharge of Lien" to the owner, lessee, or owner's agent.

### **DISCHARGE OF CONSTRUCTION LIEN**

Notice is hereby given that the Construction Lien filed by Acme Lumber Co. on the 29<sup>th</sup> day of August, 2006 in the office of Register of Deeds, County of Clinton, State of Michigan, said lien being recorded in Liber 0067, Page 6589 against the following described premises: (Property Description Attached) is **RELEASED AND DISCHARGED.**

Sandra L. Shermaniscku  
Lien Claimant or Agent (name printed)

Date: October 4, 2006

State of Michigan

**} §**

County of Ingham

On this 4<sup>th</sup> day of October, 2006, before me, a Notary Public, in the County personally appeared Sandra L. Shermaniscku on behalf of Acme Lumber Co., know to me to be the person who executed the foregoing instrument and acknowledged the same to be his/her free act and deed.

Paula Stonney  
(printed name/signature)  
Notary Public, Ingham County, MI  
My Commission expires: 7/31/2009

Drafted by and, when recorded,  
Return this document to:  
Sandra L. Shermaniscku  
45678 Johnson Rd.  
Denton, MI 49333