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ATTORNEYS AT LAW

LIEN ON ME: USING CONSTRUCTION LIENS TO GET PAID

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Think about any transaction you have ever made in your life. They all have the same basic elements: 1) an agreement is reached, 2) a price is set, 3) the services are performed and 4) payment is made. If every deal proceeded as planned pursuant to this basic formula, the world would have far fewer lawyers. The reality is, however, that a lot of transactions proceed flawlessly until step number 4, when it is time for money to actually exchange hands. In most industries, the solutions for a slow paying or no paying client or customer are pretty limited. You can either beg for payment voluntarily from the debtor, or you can file a lawsuit and a court will enter a judgment if you win.

In the former instance, odds are good that your pleas and demands will be ignored or that you will be forced to offer a discount as incentive for receiving even partial payment. In the latter instance, the idea of attorney fees might prove to be cost prohibitive, the debtor might not be collectible or you might just not have the appetite for litigation.

If you are a contractor, meaning one who provides an improvement to real property (which would include subcontractors, laborers or material suppliers), there is a third option which can prove to be invaluable in helping you get paid. Enter: Michigan's Construction Lien Act. Michigan's Construction Lien Act allows contractors to file a claim of lien against the property upon which the service was provided. The lien acts like a mortgage. The property cannot be sold without satisfying the lien and the lien may be foreclosed if payment is not made.

To be clear, the lien itself does not establish that a debt is owed. What it does do, however, is provide security for that debt. Practically speaking, a construction lien is an attention getter.

If you are having trouble getting paid for services rendered or goods provided, and the property owner is not taking your calls, give us a call. While a construction lien itself can be as short as one page, the Construction Lien Act is filled with timelines and requirements, some of which must be strictly adhered to. Our office can help you navigate through this process and get you paid.