



# The Homeowner Construction Lien Recovery Fund

*...providing protection to subcontractors, contractors, material suppliers and building trade workers*

## Membership Information and Application

Homeowner Construction Lien Recovery Fund  
(517) 241-9241

Commercial Enforcement Division  
(517) 241-9202

<http://www.michigan.gov/constructionlienfund>

This publication is issued for your information under the authority of Public Act 497 of 1980, as amended.

Homeowner Construction Lien Recovery Fund  
Department of Labor & Economic Growth  
Bureau of Commercial Services  
P.O. Box 30018  
Lansing, MI 48909

## CONSTRUCTION LIEN RECOVERY FUND

Presently, the Construction Lien Fund has over 93,000 active members including licensed residential builders, maintenance & alteration contractors, electrical contractors, plumbing contractors, mechanical contractors, material suppliers and subcontractors.

The Construction Lien Recovery Fund is a special fund established by the Construction Lien Act (PA 497 of 1980, as amended) to provide a means of redress for suppliers, subcontractors and laborers in the event that all debts owed on a home building or remodeling project are not paid by the licensed contractor. The Fund seeks to provide dual protection to both the subcontractor, supplier or laborer who does not receive payment from the contractor, and to the homeowner so that he or she does not have to pay twice for the same service.

## FOR ADDITIONAL INFORMATION:

A GUIDE TO THE HOMEOWNER CONSTRUCTION LIEN RECOVERY FUND, containing detailed information on the lien process, and the CONSTRUCTION LIEN ACT (PA 497 of 1980, as amended) are available upon request by writing to:

Homeowner Construction Lien Recovery Fund  
Department of Labor & Economic Growth  
Bureau of Commercial Services  
P.O. Box 30018  
Lansing, MI 48909

Or calling (517) 241-9241. Necessary blank forms are now available on the Department's website at <http://www.michigan.gov/constructionlienfund> you may download blank forms under the Forms and Publications Section. Users will be able to download, fill-in and print the Construction Lien forms. These forms are available only via the website; paper forms are not available in our office. You may also obtain forms from local office supply stores, builders association offices, title insurance companies, or you may prepare your own forms in accordance with the statutory guidelines.

<http://www.michigan.gov/constructionlienfund>

### NOTICE:

Public Act 497 of 1980 requires all Residential Builders, Residential Maintenance & Alterations Contractors, Plumbing Contractors, Electrical Contractors and Mechanical Contractors to maintain a membership in the Construction Lien Recovery Fund, as a condition of licensure.

### PAYMENTS:

You must pay a membership fee for each legal business entity that you operate, regardless of the number of licenses issued to that entity. You should contact the HCLRF office if you have questions regarding a waiver of additional membership fees.

### REFUNDS:

Fees are entered upon receipt and are not refunded except under rules promulgated by the Department.

### AUTHORITY:

The information requested on this form is required under 1980 PA 497, as amended, and will be used to process your Fund Membership. FAILURE TO PROVIDE THE REQUESTED INFORMATION MAY RESULT IN DENIAL OF YOUR APPLICATION FOR MEMBERSHIP. Information provided on this form may be released to the public in accordance with the Freedom of Information Act, 1976 PA 442, as amended.

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 American with Disabilities Act, you may make your needs known to this agency.

FEE PAYMENT INFORMATION

FEE \$50.00 (71-7001-16)

FOR OFFICE USE ONLY - VALIDATION

## HOMEOWNER CONSTRUCTION LIEN RECOVERY FUND

If you have worked as a subcontractor, laborer or have supplied materials on a residential construction project, you may have problems collecting for labor or materials. The Construction Lien Act (PA 497 of 1980, as amended) created the Homeowner Construction Lien Recovery Fund to help you get paid when you work on home construction or remodeling.

### HOW CAN YOU MAKE CERTAIN THAT YOU WILL ALWAYS GET PAID FOR YOUR LABOR OR MATERIALS?

Typically, you will be paid by the general contractor as agreed. However, if you are not paid by the contractor for labor or materials that you have provided, you may place a construction lien on the property (a claim against the property.) If the homeowner has not paid the general contractor as agreed, you may enforce the lien, requiring the homeowner to pay you. If the homeowner has already paid the contractor, you may be paid from the Construction Lien Recovery Fund, provided you have followed certain steps. No claims can be made against the Fund for apartment buildings, "spec homes" or commercial construction.

### LOOK FOR THE LICENSE

The state license must be displayed in a place of business and all contractors and their salespeople must carry a pocket license card, which you should ask to see. If they cannot show you a license, call the Department of Labor & Economic Growth, Builders Unit at (517) 241-9254, or visit our website at [www.michigan.gov/builders](http://www.michigan.gov/builders) (select "Verify a License" on the right-hand side of the page), to confirm that an individual or company has a license.

Working with an unlicensed builder, or contractor is done at your own risk!

## STEPS TO THE CONSTRUCTION LIEN PROCESS

**1** If you are not already a member of the Fund, you may join by paying a \$50.00 membership fee. Remember, if you wish to file a claim against the Fund for any contract, you **MUST** be a member of before the date of the contract.

**2** Always deal with properly licensed contractors and be certain that all persons who are required by law to be licensed actually are. In order to collect from the FUND you must be properly licensed, if required, and deal with properly licensed contractors.

**3** Make sure that the general contractor has a written contract with the homeowner and that any changes to the contract are also put in writing.

**4** Ask for a copy of a NOTICE OF COMMENCMENT from the homeowner or the general contractor. This notice must be posted at the construction site and give you the information you will need to file the appropriate paperwork during the course of the job. Keep this information so you know where to send your construction lien documents.

**5** Prepare and provide a NOTICE OF FURNISHING to the homeowner and general contractor to notify them that you are providing labor or materials. If you are a subcontractor or supplier, provide this notice within 20 days of your first delivery of materials or labor. Deliver the notice in person, or send by certified mail. Laborers must provide this document within 30 days after wages were due, but not paid. To prove service of your NOTICE OF FURNISHING you should prepare and keep a PROOF OF SERVICE OF NOTICE OF FURNISHING. If you should have to file a Claim of Lien you will be required to include a copy of the PROOF OF SERVICE and the NOTICE OF FURNISHING.

**6** Subcontractors are required to provide a SWORN STATEMENT to the contractor whenever payment is due, and to the homeowner when requested. The Sworn Statement lists all of your subcontractors, suppliers, and laborers; the amounts owed for wages, the fringe benefits or withholdings and amounts already paid.

**7** Upon full payment under the contract you must provide a WAIVER OF LIEN. There are several types of waivers that may be requested. KNOW WHAT YOU ARE SIGNING AND KEEP A COPY.

**8** If the contractor does NOT pay as agreed, prepare and record your CLAIM OF LIEN within 90 calendar days after the date you last worked on the project, or delivered materials. If you do not file your Claim of Lien within 90 days, it will be considered invalid. You should consult an attorney if you need assistance in filing your Claim of Lien. The homeowner must be served with a copy of the Claim of Lien and a PROOF OF SERVICE OF NOTICE OF FURNISHING within 15 days of recording the lien. Both forms must be served in person or by certified mail, return receipt requested. (If you serve the Claim of Lien by certified mail, service is complete upon mailing.)

**9** You must file a lawsuit in Circuit Court to foreclose on your Claim of Lien within 1 year of the date of recording. After 1 year, your claim expires and the lien becomes invalid. You may not renew a Claim of Lien. Your membership with the Construction Lien Recovery Fund allows you to name the FUND as a defendant party to the lawsuit. If the homeowner has fully paid the contractor according to a Sworn Statement, and your lien is found valid in court, you may collect from the FUND. If, however, the homeowner did not pay the contractor, you may attempt to recover directly from the homeowner or the contractor.

**To join the FUND, complete and return the attached membership application with the appropriate fee.**

MAIL TO: Michigan Department of Labor & Economic Growth  
CONSTRUCTION LIEN RECOVERY FUND  
P.O. Box 30018 – Lansing, MI 48909  
(517) 241-9241

BCS/LLF-050 (12/03)

### SUPPLIER/SUBCONTRACTOR MEMBERSHIP APPLICATION FEE \$50.00 (71-7001-16)

Complete all items requested on this form. Do not leave any item blank. Be sure to read the information printed on the reverse side of this form.		<input type="checkbox"/> Individual <input type="checkbox"/> Corporation <input type="checkbox"/> Supplier <input type="checkbox"/> Partnership <input type="checkbox"/> LLC/Part.	
Full Company Name		Fund Membership ID Number (For Office Use Only)	
Name (Contact Person, i.e., President, Owner, Manager)		Social Security Number/Federal ID Number	
Business Address		Daytime Telephone (include area code)	
City, State Zip		Enclose Your Check or Money Order Payable to: STATE OF MICHIGAN – CONSTRUCTION LIEN FUND	
List any licenses for which you have previously paid into the Construction Lien Fund. (SEND A COPY OF THE LICENSE WITH THIS APPLICATION)			