Overview

The bill gives real estate brokers a lien against commercial property for unpaid commission or leasing or management fees. It provides for giving notice of the lien, perfecting and satisfying the lien, and extinguishing it if no action is taken to enforce the lien.

1 Definitions. The bill covers licensed real estate brokers. It applies to commercial real estate, defined as any real property other than (1) a building with eight or fewer dwelling units, (2) land zoned residential and not containing buildings, and (3) land zoned agricultural.

2 Commission Lien. Gives a broker who has earned a commission under a written commercial real estate listing contract, a lien for the unpaid commission against the property or interest in the property listed with the broker under the contract.

Gives a broker who has earned a commission under a written commercial real estate buyer agency agreement, a lien for the unpaid of the commission. against the property or interest in property acquired through the agreement.

Gives a broker who has earned a commission under a written lease agreement for commercial real estate, a lien for the unpaid amount of compensation against the commercial real estate for which leasing or management services were provided under the agreement.

3 Notice and perfection.

Subd. 1. Notice of intent to claim lien. Requires a broker to file or record notice of intent to claim the first two kinds of lien in section 2 at the office of the county recorder or registrar of titles where the commercial real estate is located. Requires delivery of a copy to the person owing the commission. To claim a lien for leasing or management services, the broker only needs to notify the person who owes the compensation.

Specifies the content of notice and when it must be provided.

Subd. Perfection of lien. Provides that a lien is perfected by filing notice of lien with the county auditor or registrar of titles where the real estate is located. Specifies the deadline for perfecting.
Requires the notice to be signed by the broker and contain specified information. Requires mailing the notice to the owner of acquirer of the real estate within 72 hours after the notice is filed under this subdivision. Makes the lien effective from the date it is perfected under this subdivision. A perfected lien secures all unpaid commission or compensation, whether or not it was earned at the time of filing.

4 **Priority and satisfaction of lien.**

**Subd. 1. Priority.** Gives a broker's lien priority over all other liens on the property except those listed here or given priority under other law (e.g., taxes, special assessments, mortgages, liens filed before this one).

**Subd. 2. Satisfaction of the lien.** Requires the broker to execute a deliver a lien satisfaction if specified conditions are met: payment in full, payment of 125 of the amount owed to an escrow account, or agreement to binding arbitration with a party other than the broker to pay for arbitration. Makes the broker liable for half the amount claimed under the lien if the broker does not provide the required satisfaction within the specified time.

**Subd. 3. Extinguishment of lien.** Extinguishes the lien if the broker does not start an action to enforce it within two years after the lien is perfected.

5 **Effective date.** Applies to transactions entered on or after August 1, 1999.