



STATE OF MICHIGAN
DEPARTMENT OF LABOR & ECONOMIC GROWTH
LANSING

JENNIFER M. GRANHOLM
GOVERNOR

ROBERT W. SWANSON
DIRECTOR

February 13, 2007

Mr. James A. Crawford
Karoub Associates
121 W. Allegan Street
Lansing, Michigan 48933

Dear Jim:

This letter is a follow up to our conversation last week regarding Public Act 572 of 2006.

The Bureau of Commercial Services, which administers the Homeowner Construction Lien Recovery Fund, discussed the issue of whether provisions in Public Act 572 apply to other types of projects. Most of the first portion of the act has always applied across the board. The provisions relating to a sworn statement apply to contractors on residential and commercial projects and always have. The new wrinkle in Section 110 (6) is the obligation of the owner to give notice of the receipt of the sworn statement to each subcontractor, supplier, and laborer who has provided a notice of furnishing, assuming of course that such notices have been provided.

Most changes in Public Act 572 and Public Act 497 were intended to address structural problems in the Homeowner Construction Lien Recovery Fund, which is covered in the second part of the act. The requirement in Subsection 6 is intended to further protect the homeowner from the filing of a lien by an unpaid subcontractor, supplier, or laborer. The language should probably have included a clarifying provision that the subsection was limited to residential projects.

The department has no authority to enforce the requirement in Section 110 (6) and does not intend to try to do so. We would not oppose a bill to clarify this, but great care should be exercised in opening up this act. It was extraordinarily difficult to reach agreement with various parties on the changes we wanted enacted.

Sincerely,

A handwritten signature in black ink that reads "R. Thomas Martin".

R. Thomas Martin
Director

cc Senator Valde Garcia