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1995 ASSEMBLY BILL 785

- January 11, 1996 Introduced by Representatives FOTI, RILEY, OLSEN, SCHNEIDERS, SERATTI, GOETSCH, HANSON, PORTER, LADWIG, WASSERMAN, JENSEN, LORGE, LA FAVE, GROTHMAN, KREUSER, F. LASEE, LAZICH, PLOMBON, KAUFERT, HUBER, VRAKAS and WALKER, cosponsored by Senators FITZGERALD, BRESKE, WELCH, DARLING, COWLES, GEORGE, WEEDEN, ROSENZWEIG and PETAK. Referred to Committee on Housing.
- 1 AN ACT to create 779.32 of the statutes; relating to: establishing a commercial
 - real estate broker's commission lien.

Analysis by the Legislative Reference Bureau

This bill establishes a commercial real estate broker's commission lien. (A lien is an interest in property that secures the payment of a debt and is enforceable in a civil action.)

Under the bill, a real estate broker that earns a commission in a commercial real estate transaction may have a lien against the property involved in the transaction for the amount of the unpaid commission.

Commercial real estate is defined to be all real estate except for property that contains 4 or less dwelling units, property that is zoned for residential purposes and that does not contain buildings or property that is zoned for agricultural purposes.

For further information see the *local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

- **SECTION 1.** 779.32 of the statutes is created to read:
- 4 **779.32 Commission liens. (1)** DEFINITIONS. In this section:
 - (a) "Broker" means a real estate broker licensed under ch. 452.
 - (b) "Commercial real estate" means any real property other than any of the fol-
- 7 lowing:
- 8 1. Real property containing 4 or fewer dwelling units.

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2. Real property that is zoned for residential purposes and that does not contain
 any buildings or structures.

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3. Real property that is zoned for agricultural purposes.

4 (2) LIEN. (a) A broker who has earned a commission under a commercial real
5 estate listing contract shall have a lien for the unpaid amount of the commission
6 against the commercial real estate, or the interest in commercial real estate, that is
7 listed with the broker under the contract.

- 8 (b) A broker who has earned a commission under a commercial real estate buy-9 er agency agreement shall have a lien for the unpaid amount of the commission 10 against the commercial real estate, or the interest in commercial real estate, that is 11 acquired as a result of the agreement.
- (3) PERFECTION AND NOTICE. (a) A commission lien is perfected when a broker
 files a notice of lien in the office of the register of deeds for the county in which the
 commercial real estate is located.
- (b) A notice of lien shall be signed by the broker and shall include all of the fol-lowing information:
- 17 1. The name and license number of the broker.
- 18 2. The name of the owner or acquirer of the commercial real estate that is sub-19 ject to the lien.
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3. The legal description of the commercial real estate that is subject to the lien.

- 214. The amount of the lien.
- (c) A broker shall mail a copy of the notice of lien to the owner or acquirer of
 the commercial real estate that is subject to the lien within 72 hours after the filing
 of the notice under par. (a).

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1 (4) PRIORITY. A commission lien shall have priority over all other liens, except 2 tax and special assessment liens, that are filed or recorded after the commission lien 3 is perfected.

4 (5) ESCROW ACCOUNT. If a perfected commission lien prevents the closing of the 5 commercial real estate transaction from which the lien arose, the parties to the 6 transaction shall establish an escrow account from the proceeds of the transaction 7 in an amount sufficient to release the commission lien. An escrow account is not re-8 quired if all parties to the real estate transaction and the broker having the commis-9 sion lien agree to waive the requirement.

10 (6) ENFORCEMENT. Sections 779.09 to 779.12, as they apply to a construction
11 lien, apply to a commission lien.

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SECTION 2. Initial applicability.

(1) This act first applies to a commercial real estate listing contract or a com mercial real estate buyer agency agreement entered into on the effective date of this
 subsection.

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SECTION 3. Effective date.

17 (1) This act takes effect on the first day of the 4th month beginning after publi-18 cation.

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(END)