

SUBJECT: Mechanic's Liens; Vehicle Towing & Storage Liens

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INTRODUCTION

This release applies to all credit unions. It describes when mechanic's liens, and liens on vehicles for towing and storage, are given priority over credit union liens under state law.

CREATION OF MECHANIC'S LIEN

Wisconsin law provides for the right of any mechanic, keeper of a garage or shop, or employer of a mechanic to what is known as a mechanic's lien to secure payment for certain services that have remained unpaid. The lien applies to any such person who transports, makes, alters, repairs or does any work on personal property, such as a vehicle, at the request of the owner (or legal possessor) of the personal property. The mechanic's lien rights must be for just and reasonable charges including any parts, accessories, materials or supplies furnished in connection with the personal property. Wis. Stats. §779.41 Under these provisions a mechanic's lien would impair the credit union's access to the security for a loan when the member had services performed on the property and did not pay for such repair. The lien includes the right to retain possession until the charges are paid.

PRIORITY

The lien takes priority over a valid credit union lien if the credit union expressly consents to have the work done. Even if the credit union does not consent to having the work done, a 2026 mechanic's lien has priority for the first \$3,050, or, in the following cases, higher amounts:

- A trailer or semitrailer designed for use with a road tractor, for charges in excess \$9,140.
- Road machinery, including mobile cranes and trench hoes, farm tractors, machines of husbandry, or off-highway construction vehicles and equipment, for charges in excess of \$15,200.

A motor vehicle, not included above, with a manufacturer's gross weight rating:

- More than 10,000 and less than 20,000 pounds, for charges in excess of \$6,080.
- 20,000 pounds or more but less than 40,000 pounds, for charges in excess of \$12,000.
- 40,000 pounds or more but less than 60,000 pounds, for charges in excess of \$19,600.
- 60,000 pounds or more, for charges in excess of \$23,600.

The lien limits are adjusted each January 1 by the Department of Agriculture Trade and Consumer Protection, based on the annual change in the Consumer Price Index. The figures above are accurate for the calendar year of the date of this release. §779.41(1m)

A keeper of a garage or repair shop also has lien rights for repair or work on any detached accessory, fitting or part of any motor vehicle at the request of the owner (or legal possessor). The law permits those making the repair or adding the accessory to retain possession of it until charges are paid. §779.41(2)

If the mechanic retains possession and the lien is within the above limitations for the type of property or services, the mechanic's lien will take priority over any perfected security interest held by a credit union. In the event the mechanic's lien exceeds the limitations specified, the excess portion of the lien will not have priority over a perfected security interest.

The only exception would be a case in which the credit union, with a perfected security interest, permits the work to be performed prior to the time repairs are made.

Two months after the debt is incurred, the lienholder may enforce the lien rights by sale of the property, if full payment for services has not been made. The sale of the property shall be either a public or a private sale as permitted under the Uniform Commercial Code Article 9 default section. Sale or disposition, including the method, manner, time, place and terms must be commercially reasonable, with notification to known lienholders. If the proceeds of the sale exceed the amount necessary to satisfy the mechanic's lien, the excess will be submitted to the secured lienholder. §779.48(2)

TOWING AND STORAGE LIENS

A separate law addresses the ability of a motor carrier, licensed motor vehicle salvage dealer, or licensed motor vehicle dealer to have liens vehicles for towing and storage. As with mechanic's liens, these liens may have some priority over credit union liens, but the dollar limits on that priority status are lower. The 2026 limits are as follows:

- *Towing liens* have priority over credit union liens only for the first \$150 on vehicles with a manufacturer's gross weight rating of 20,000 pounds or less. On larger vehicles, they have priority for \$510.
- *Storage liens* have priority over perfected credit union liens for \$14 per day, up to \$880 for vehicles with a manufacturer's gross weight rating of 20,000 pounds or less. On larger vehicles, they have priority for \$37 per day, up to a maximum of \$2,190. §779.415(1g)(a). If the vehicle's value exceeds \$1,090, the lien may be enforced by sale under Wis. Stats. § 779.48(2). If the value does not exceed that amount, the lien may be enforced by sale or junking under Wis. Stats. § 779.415(2).

The dollar limits above are adjusted annually on January 1.

Notice to lienholder

Within 30 days after taking possession of the vehicle, the party claiming the towing or storage lien must send written notice to the titled owner of the vehicle and the holder of the senior lien on the vehicle informing them that they must take steps to obtain the release of the vehicle. §779.415 (1m)(a).

To repossess the vehicle (*if it has the legal right to do so*), a credit union that is senior lienholder must pay:

- all towing and storage charges that have priority as detailed above, and
- all reasonable storage charges that have accrued after 60 days from the date on which possession of the vehicle was taken.

Failure to notify the senior lienholder as provided above renders void, with respect to the senior lienholder, any lien to which the motor carrier, licensed motor vehicle salvage dealer, or licensed motor vehicle dealer would otherwise be entitled. §779.415(1m)(b).

Enforcement of towing or storage lien

Enforcement of towing and storage liens may be by the same procedures as described earlier for mechanic's liens if the value of the vehicle exceeds \$1,090. (This amount applies for towing or storage services commenced on or after Jan. 1, 2026. It is adjusted annually.) §779.415 (1g)(a).

The law requires a procedure for sale or junking if the value of the vehicle is \$1,090 or lower, with 20 days advance notice to the registered owner and to any properly perfected lienholder by certified mail.

The notice must state that unless the vehicle owner (or the owner's agent) pays all reasonable towing and storage charges for the vehicle within said 20 days the vehicle will be exposed for sale or junked, as the case may be. If the proceeds of the sale exceed the charges, the balance shall be paid to the senior perfected lienholder, and if none, then to the registered owner of the vehicle. §779.415(2).

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Legal Affairs Department

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