

Can a Lien Exist Without A Debt for it to be Secure?

“The question of does a lien exist without a debt for it to secure is a complicated issue that unfortunately does not have a universal answer.” discusses Vincent E. Mauer in Frost Brown Todd’s *blog*.

“Commercial lawyers know that a properly constructed consensual mortgage or security interest can secure the debt created by funds loaned after the lien is granted. This is common in commercial revolving loan situations and real estate lines of credit. The lien continues to exist and dates back to its recording or filing for priority purposes even if the amount owed goes to zero and back up again.”

“What happens in a situation where the lien arguably is not consensual and structured to meet the legal requirements that may permit the lien to continuously exist even when there is no debt to secure?”

Read the article.