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Senate Bill 1390 (as introduced 6-17-08)  
Sponsor: Senator Nancy Cassis  
Committee: Banking and Financial Institutions

Date Completed: 11-10-08

## **CONTENT**

**The bill would amend the Revised Judicature Act to do the following:**

- Allow a register of deeds to determine the amount necessary to redeem property sold at a foreclosure sale.**
- Provide for a three-day extension of the redemption period if the register of deeds incorrectly determined the redemption amount and the correct amount were less than \$50 more than the incorrectly determined amount.**
- Require a purchaser to pay taxes, assessments, and insurance premiums at least 30 days before the last day to redeem, for the repayment of those amounts to be necessary for redemption.**

Chapter 32 of the Act governs the foreclosure of mortgages by advertisement (rather than by the commencement of court proceedings). Foreclosure by advertisement requires the mortgagee to publish specified notices in a newspaper and post them on the premises. If the property is sold at a foreclosure sale, the mortgagor (or the mortgagor's heirs, executors, or administrators, or a person lawfully claiming under the mortgagor or one of the other parties) may recover, or "redeem", the property by paying the redemption amount and required fees within a specified period. The redemption period ranges from one month to one year, depending on the size and type of the property, the percentage of the original debt still owed, and whether the property is abandoned.

The amount that must be paid is the sum that was bid for the premises sold, with interest from the date of the sale at the rate provided for in the mortgage, plus the amount of the sheriff's fee paid by the purchaser, and an additional \$5 fee for the care and custody of the redemption amount if the payment is made to the register of deeds. The Act prohibits the register of deeds from determining the amount necessary for redemption. The bill would allow the register of deeds to make this determination.

If the register of deeds incorrectly determined the amount necessary for redemption, and the correct amount were less than \$50 more than the incorrectly determined amount, the applicable redemption period would be extended by three days. The register of deeds would have to mail notice of the extended redemption period to the purchaser and every person known to the purchaser to have a right to redeem the property.

Under the Act, if, after the sale, the purchaser, the purchaser's heirs, executors, or administrators, or anyone claiming lawfully under any of them, pays taxes assessed against the property, amounts necessary to redeem senior liens from foreclosure, condominium assessments, homeowner association assessments, community association assessments, or

insurance premiums that the mortgagor would have been responsible for paying if the mortgage had not been foreclosed, the property may be redeemed only upon the payment of the amount specified above plus these amounts with interest. Under the bill, this would apply if the purchaser or one of the other people listed made these payments after the sale and at least 30 days before the last day to redeem.

The bill also would replace references to "executors" and "administrators" with the term "personal representative".

MCL 600.3240

Legislative Analyst: Suzanne Lowe

### **FISCAL IMPACT**

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: David Zin