

Legislative Analysis



MARKETABLE RECORD TITLE

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Senate Bill 721 as reported from House committee
Sponsor: Sen. Jeremy Moss
House Committee: Local Government and Municipal Finance
Senate Committee: Local Government
Complete to 3-12-24

Analysis available at
<http://www.legislature.mi.gov>

(Enacted as Public Act 20 of 2024)

SUMMARY:

Senate Bill 721 would amend 1945 PA 200, known as the marketable record title act, to extend the date by which a person can preserve an interest, claim, or charge in a marketable record title.

Marketable record title generally refers to an ownership interest in land that can be transferred to a new owner without the likelihood that another person can claim an interest in the property. Under the act, a person possesses a marketable record title to an interest in land if they have an unbroken chain of title to the interest for 40 years or, for mineral interests, 20 years. In other words, a document creating that person's interest has been recorded within the 40- or 20-year period, and nothing that would conflict with or deny the person's interest (or "purport to divest" the interest) has been recorded within that period. Subject to exceptions, the act extinguishes a claim that may affect the person's interest if the claim depends on an event or transaction preceding the 40- or 20-year period, unless, within that period, a notice of claim has been recorded.

Under the act, a marketable record title is subject to interests recorded by March 29, 2021, in addition to the 20-year period for recording mineral interests and the 40-year period for recording other interests. A person may preserve an interest, claim, or charge by filing a written notice, verified by oath, setting forth the nature of the claim by March 29, 2024, or during the 20- or 40-year period.

The bill would extend both the March 2021 and the March 2024 deadlines to on or before September 29, 2025.

MCL 565.101 and 565.103

BRIEF DISCUSSION:

According to House committee testimony, amendments to the marketable record title act that were made by 2018 PA 572¹ to impose new requirements for a notice of claim to preserve property interests have resulted in a need for broader reforms to the act, which are currently being worked on by legislators and other interested entities. The 2018 changes allowed for a grace period to file notices of claim until March 29, 2024; however, an extension of this

¹ See:

[http://www.legislature.mi.gov/\(S\(xkxibjqrokyuw1adrp2i0k2n\)\)/mileg.aspx?page=getObject&objectName=2017-SB-0671](http://www.legislature.mi.gov/(S(xkxibjqrokyuw1adrp2i0k2n))/mileg.aspx?page=getObject&objectName=2017-SB-0671).

deadline until September 29, 2025, is reportedly necessary while the reform legislation is still being developed.

FISCAL IMPACT:

Senate Bill 721 is unlikely to affect costs or revenues for units of state or local government.

POSITIONS:

A representative of the State Bar of Michigan Real Property Law Section testified in support of the bill. (3-6-24)

The International Council of Shopping Centers indicated support for the bill. (3-6-24)

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.