

ANNUAL STATEMENTS TO MORTGAGORS (EXCERPT)
Act 125 of 1966

565.164 Adjustment to escrow account.

Sec. 4.

(1) Not later than March 1, 1994, a mortgagee, a vendor of a land contract, or their agent shall adjust the escrow account maintained for the payment of real property taxes to be levied in the 1994 calendar year by an amount that the mortgagee, vendor, or agent reasonably anticipates to be paid during the 1994 calendar year.

(2) An adjustment to the escrow account pursuant to subsection (1) shall become effective for the periodic payment that is due not later than April 30, 1994.

(3) Any adjustments made to the escrow account shall be considered reasonable if the adjustment is a reduction of not less than 35% of the total property taxes levied for the 1993 calendar year.

(4) Upon the receipt of a written request by a mortgagor or a vendee of a land contract, the mortgagee, vendor, or their agent shall, within a reasonable time, adjust the escrow account maintained for the payment of the 1994 real property taxes by reducing the amount required to be escrowed based upon the actual amount of taxes levied on the property in 1993 for local school district and intermediate school district operating purposes. An adjustment under this subdivision is required only if the mortgagor or vendee includes with the written request either of the following:

(a) The 1993 tax statements that state the actual dollar amount of real property tax levied for local school district and intermediate school district operating purposes.

(b) A certificate by the local taxing authority that states the actual dollar amount of real property tax levied for local school district and intermediate school district operating purposes.

(5) This section shall not be construed to prohibit a mortgagee, a vendor of a land contract, or their agent from adjusting the escrow account if information is or becomes available regarding the actual amount of real property tax levied or to be levied on the property for local school district and intermediate school district operating purposes.

(6) This section shall not be construed to require a mortgagee, a vendor of a land contract, or their agent to adjust the escrow account for a periodic payment that is due before April 1, 1994.

History: Add. 1993, Act 285, Imd. Eff. Dec. 28, 1993