

SUBSTITUTE FOR  
HOUSE BILL NO. 4492

A bill to create an urban homestead bankrupt property program; to permit certain local governmental units to hold, rent, and transfer certain property; to prescribe the powers and duties of certain state entities and local governmental units; and to provide for the disposition of personal and real property.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 1. This act shall be known and may be cited as the  
2 "urban homestead for bankrupt property act".

3       Sec. 2. As used in this act:

4       (a) "Local governmental unit" means a county or a city orga-  
5 nized under the home rule city act, 1909 PA 279, MCL 117.1 to  
6 117.38.

7       (b) "Urban homestead act" means the urban homestead act.

8       Sec. 3. (1) A local governmental unit may accept transfers  
9 of property under section 80 of the general property tax act,

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1 1893 PA 206, MCL 211.1 to 211.157. A local governmental unit may  
2 rent, sell, or transfer property to an administrator under an  
3 urban homestead program as described in the urban homestead act.

4 (2) In anticipation of the transfer of property described in  
5 subsection (1) to an administrator under the urban homestead act,  
6 a local governmental unit may agree with a person who holds a  
7 mortgage or land contract on the property to pay that person a  
8 portion of the net revenue generated by the transferred  
9 property.

10 (3) The local governmental unit shall bring a quiet title  
11 action to obtain marketable title for each property acquired  
12 under subsection (1).

13 (4) The local governmental unit shall establish an escrow  
14 account for deposit of the proceeds of rental receipts and subse-  
15 quent sale of properties acquired pursuant to subsection (1).

16 (5) A person who is renting a property at the time it is  
17 transferred to a local governmental unit under subsection (1)  
18 shall be offered the opportunity to purchase the property. If  
19 the person does not agree to purchase the property, the local  
20 governmental unit may rent or sell the property.

21 (6) If the property is not rented at the time it is trans-  
22 ferred to the local governmental unit, the local governmental  
23 unit may rent or sell the property.

24 Sec. 5. (1) The local governmental unit shall maintain an  
25 accounting of the rental receipts and the proceeds of a sale for  
26 each property transferred to the local governmental unit under  
27 section 3(1). The proceeds of a sale of property shall be

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1 distributed within 90 days following the sale of the property as  
2 follows:

3       (a) First, to pay the local governmental unit's costs of  
4 managing and selling the property.

5       (b) Second, to discharge mechanics liens outstanding for  
6 materials and services provided to repair, maintain, or enhance  
7 the property. If the funds are insufficient to pay all these  
8 debts in full, then each such creditor shall receive a pro rata  
9 share of the funds.