



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536



BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

Senate Bills 929, 930, and 931 (as introduced 1-28-04)
Sponsor: Senator Bev Hammerstrom
Committee: Local, Urban and State Affairs

Date Completed: 11-10-04

CONTENT

Senate Bills 929, 930, and 931 would amend the Revised Judicature Act, the Michigan Estate Tax Act, and the State Housing Development Authority Act, respectively, to eliminate the county register of deeds as a payment recipient when a mortgagor or a successor in interest redeems property following a foreclosure sale, in cases in which the deed of sale was deposited in the register's office for the benefit of the purchaser.

Senate Bill 929

Under the Revised Judicature Act, a mortgagor or the vendee of a land contract, his or her heirs, executors, administrators, or any person lawfully claiming from or under them, may redeem the entire premises sold at a foreclosure sale by paying the amount that was bid plus interest, within six months from the time of the sale, to the purchaser, his or her executors, administrators, or assigns, or the register of deeds in whose office the deed of sale is deposited for the benefit of the purchaser. The bill would delete reference to the register in these provisions and the \$5 fee the register may retain for the care and custody of the redemption money.

Currently, a purchaser's deed is void if the mortgagor, the mortgagor's heirs, executors, or administrators, or any person lawfully claiming under the mortgagor, the mortgagor's heirs, executors, or administrators, redeems the entire premises by paying the sum that was bid for the premises sold (along with interest and the sheriff's fee paid by the purchaser) by paying the required amount within the applicable time period to the purchaser, the purchaser's executors, administrators, or assigns, or to the register of deeds in whose office the deed is deposited for the benefit of the purchaser. Under the bill, the mortgagor or his or her successors in interest could no longer redeem the mortgage through payment to the register of deeds. The bill also would eliminate the \$3 fee the register of deeds may charge for the care and custody of the redemption money.

Within one year from the time when sale on execution is made, the real estate sold or any distinct lot, tract, or portion that is separately sold may be redeemed by payment to the purchaser, his or her personal representatives or assigns, or the officer who makes the sale, or the register of deeds in whose office the certificate of sale is recorded for the use of such purchaser, of the amount bid on the sale of the lot or tract, plus interest. The bill would delete reference to the register of deeds.

The Act also provides that certain judgment creditors may acquire the interest of the original purchaser. The amount required to be paid may be paid to the purchaser or

creditor, his or her representatives or assigns, the officer who made the sale, or the register of deeds in whose office the certificate of sale is recorded. The bill would remove reference to the register of deeds.

The bill would repeal Sections 3272 (which requires that the register of deeds give notice of redemption payments received) and 6058 (which provides for payment to the register in certain instances when real estate is redeemed that had previously been contracted to be sold) of the Revised Judicature Act.

Senate Bill 930

The Michigan Estate Tax Act authorizes the circuit court to order the sale of property for the nonpayment of inheritance taxes, according to procedures prescribed by the Act. The deed is void, however, if the person or persons owning the property or an interest in it, or the person's heirs, executors, administrators, or a person lawfully claiming from or under that person, within six months after the sale redeems the entire premises sold, by paying to the register of deeds in whose office the deed is deposited for the benefit of the purchaser or the purchaser's executors, administrators, or assigns the amount that was bid plus interest, a \$1 fee for the care and custody of the redemption money, and the recording fee paid by the purchaser. The bill would eliminate the requirement that the property owner or other person pay the register of deeds to redeem the property. Instead, he or she would have to pay the purchaser or his or her executors, administrators, or assigns the amount that was bid plus interest.

Senate Bill 931

The State Housing Development Authority Act authorizes the circuit court to foreclose mortgages and land contracts held by the Authority. A mortgagor or the vendee of a land contract, his or her heirs, executors, or administrators, or any person lawfully claiming from or under the mortgagor or vendee or the heirs, executors or administrators, may redeem the entire premises sold by paying, within six months of the sale, the amount bid plus interest to the purchaser, the purchaser's executors, administrators, or assigns, or the register of deeds in whose office the deed of sale is deposited for the benefit of the purchaser. The bill would remove the register of deeds as one of the parties to whom the mortgagor or vendee may make the redemption payment. The bill also would eliminate the \$5 fee the register may retain for the care and custody of the redemption money.

The deed is void if the mortgagor, his or her heirs, executors, or administrators, or any person lawfully claiming from or under the mortgagor or the mortgagor's heirs, executors, or administrators, redeems the entire premises sold within the applicable time limit by paying to the purchaser, the purchaser's executors, administrators, or assigns, or the register of deeds in whose office the deed is deposited for the benefit of the purchaser the amount bid for the premises plus interest. The bill would delete reference to the register of deeds and the \$5 fee the register may retain for the care and custody of the redemption money.

MCL 125.1448i & 125.1449j (S.B. 931)
MCL 205.203 (S.B. 930)
MCL 600.3140 et al. (S.B. 929)

Legislative Analyst: J.P. Finet

FISCAL IMPACT

The bills would have no effect on State revenue or expenditures. The bills would reduce local government revenue by an unknown and likely negligible amount, as well as reduce local unit responsibilities, presumably also lowering local unit expenditures. It is unknown the number of transactions, or their amount, that use current law to have the register of

deeds hold money under the provisions affected by the bills. To the extent that the current revenue exactly funds the services required under current law (and would be eliminated under the bills), the bills would have no net effect on local units of government.

This analysis is preliminary and will be revised as new information becomes available.

Fiscal Analyst: David Zin

S0304\sb929sa

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.