

Legislative Analysis



REDEMPTION OF FORECLOSED PROPERTIES: CALCULATION OF REDEMPTION AMOUNT

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House Bill 5267

Sponsor: Rep. Fred Miller

Committee: Intergovernmental and Regional Affairs

Complete to 10-26-09

A SUMMARY OF HOUSE BILL 5267 AS INTRODUCED 8-19-09

House Bill 5267 would amend Chapter 32 of the Revised Judicature Act, which deals with the foreclosure of mortgages by advertisement, to allow a register of deeds to calculate the amount of money necessary to redeem a foreclosed property, in counties with a population of more than 500,000 and less than 1,500,000. (This applies to Kent, Macomb, and Oakland counties.)

Currently under the law, a person can redeem foreclosed property by paying the amount required within the applicable time limits to the purchaser or the purchaser's executors, administrators, or assigns, or to the county register of deeds in whose office the deed is deposited for the benefit of the purchaser. While the law describes the amount that is to be paid (the sale price from the winning bid of the sheriff's sale plus daily interest through the date of redemption based on the mortgage interest, the amount of the sheriff's fee, and an additional \$5 fee if the payment is made to the register of deeds), the law prohibits a county register of deeds from determining the amount of money necessary for the redemption.

House Bill 5267 would allow the appropriate payment to the purchaser or the purchaser's personal representative or assigns, or to the register of deeds. Further, the bill specifies that the register of deeds of a county having a population of more than 500,000 and less than 1,500,000 could determine the amount necessary for redemption. The bill also specifies that a county, a register of deeds, or an employee of a county or of a register of deeds would not be liable for damages proximately caused by an incorrect determination of an amount necessary for redemption. Finally, a register of deeds could charge not more than \$50 for determining the amount necessary for redemption.

House Bill 5267 would also require that a purchaser or the purchaser's heirs or representatives who pay back taxes and certain fees and insurance, file their affidavits, receipts, or cancelled checks evidencing payment with the register of deeds 30 days or more before the last day of the applicable redemption period (if the redemption period is more than 30 days) or, 10 days or more before the last day of the redemption period (if the redemption period is less than 30 days).

MCL 600.3240

FISCAL IMPACT:

House Bill 5267 would have an indeterminate fiscal impact on state and local governments. By allowing the register of deeds of specified counties to determine the amount of money necessary to redeem a foreclosed property, there will likely be increased administrative costs associated with the register of deeds determining the amount necessary for redemption. The register of deeds would be allowed to charge not more than \$50 for determining the amount necessary for redemption, which could offset much, if not all, of the increased costs.

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