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BILL ANALYSIS

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Senate Bill 350 (as introduced 3-10-09)
Sponsor: Senator Nancy Cassis
Committee: Banking and Financial Institutions

Date Completed: 12-8-09

CONTENT

The bill would amend Chapter 32 (Foreclosure of Mortgages by Advertisement) of the Revised Judicature Act to permit the county register of deeds in Oakland, Macomb, and Kent Counties to determine the amount necessary for the redemption of property by a mortgagor, if the property had been sold at a foreclosure sale.

Under Chapter 32, property may be foreclosed by advertisement if the mortgagor defaults on the mortgage. If the property is sold at a foreclosure sale, the mortgagor or the mortgagor's heirs, executors, or administrators may redeem the premises by paying the redemption amount within a specified time period.

If the property is redeemed within that period, the purchaser's deed to the property is void. The amount required to be paid to redeem the property is the amount that was bid at the foreclosure sale for the entire premises, with interest from the date of sale at the mortgage interest rate, together with a sheriff's fee and an additional \$5 fee if the payment is made to the register of deeds.

If, after the sale, the purchaser pays taxes assessed against the property, amounts necessary to redeem senior liens from foreclosure, condominium assessments, homeowner association assessments, community association assessments, or insurance premiums that were required under the terms of the mortgage, the redemption must include those amounts with interest from the date of payment to the date of redemption, if an affidavit showing the amount and items paid and other documents are filed with the register of deeds.

Under the bill, that provision would not apply unless those documents were filed at least 30 days before the last day of the redemption period if the period were more than 30 days, or at least 10 days before the last day of the redemption period if it were 30 days or less.

Currently, the register of deeds may not determine the amount necessary for redemption.

The bill would permit the register of deeds of a county with a population of more than 500,000 and less than 1.5 million to determine the amount necessary for redemption. (Oakland, Macomb, and Kent Counties are the only counties that currently meet those population criteria, according to data from the U.S. Census Bureau.)

A county, a register of deeds, or an employee of a county or register of deeds would not be liable for damages proximately caused by an incorrect determination of an amount necessary for redemption.

A register of deeds could charge up to \$50 for determining a redemption amount.

The bill also would refer to a mortgagor's personal representative, rather than executors or administrators.

MCL 600.3240

Legislative Analyst: Curtis Walker

FISCAL IMPACT

The bill would increase both local unit revenue and local unit expenses by an unknown amount, depending on the number of foreclosures recorded within affected local units, the number of individuals attempting to redeem their foreclosed property, and how many individuals would elect to have the register of deeds compute the redemption amount.

Fiscal Analyst: David Zin

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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.