

HOUSE BILL NO. 6011

September 26, 2024, Introduced by Reps. Tsernoglou, Rheingans, Paiz, Brenda Carter, Andrews, Byrnes, Breen, Arbit, Dievendorf, Hope, Conlin, Wilson and Young and referred to the Committee on Judiciary.

A bill to amend 1998 PA 386, entitled
"Estates and protected individuals code,"
(MCL 700.1101 to 700.8206) by adding section 7908a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 **Sec. 7908a. (1) A trustee may obtain a settlement of its**
2 **accounts in accordance with subsection (2) when any of the**
3 **following occur:**

- 4 **(a) A trust terminates under the terms of the trust.**
5 **(b) A trust terminates early under section 7414.**
6 **(c) A trustee resigns or is removed.**
7 **(d) A trustee seeks discharge of an interim accounting period**

1 when the trust is continuing.

2 (2) A trustee that elects to proceed under this section shall
3 provide all of the following to the qualified trust beneficiaries,
4 any co-trustee of the trust, and the successor trustee, if
5 applicable, within a reasonable time after termination of the trust
6 under the terms of the trust, the resignation or removal of the
7 trustee, or the end of the period for which the trustee is seeking
8 discharge:

9 (a) A statement showing the fair market value of the net
10 assets to be distributed from a terminating trust or to a successor
11 trustee.

12 (b) A report of the trust for the prior 2 years showing all
13 receipts and disbursements and inventory value of the net assets.

14 (c) An estimate for any items reasonably anticipated to be
15 received or disbursed.

16 (d) The amount of any fees, including trustee fees, remaining
17 to be paid.

18 (e) Notice that the trust is terminating, or that the trustee
19 has resigned or been removed, the time period for which the trustee
20 seeks discharge of its accounts, and a statement providing that
21 claims against a trustee under sections 7604 and 7905, if
22 applicable, will be barred if no objections are received within the
23 time period described in subsection (4).

24 (f) The name and mailing address of the trustee.

25 (g) The name and telephone number of a person that may be
26 contacted for additional information.

27 (3) The trustee may also provide the statement and notice
28 described in subsection (2) to any other person that the trustee
29 reasonably believes may have an interest in the trust.

1 (4) If, after receiving the notice and trust information
2 described in subsection (2), a qualified trust beneficiary or any
3 other party that received the notice and trust information objects
4 to a disclosed act or omission, the qualified trust beneficiary or
5 any other party shall provide written notice of the objection to
6 the trustee not later than 45 days after the notice was sent by the
7 trustee. If no written objection is provided in the 45-day time
8 period, the information provided under subsection (2) is considered
9 approved by the recipient. The trustee, within a reasonable period
10 of time following the expiration of the 45-day time period, shall
11 distribute the assets as provided in the trust or to the successor
12 trustee. If an objecting party gives the trustee a written
13 objection within the applicable 45-day time period, the trustee or
14 the objecting party may do either of the following:

15 (a) Submit the written objection to the court for resolution
16 and charge the expense of commencing a proceeding to the trust.

17 (b) Resolve the objection by a nonjudicial settlement
18 agreement or other written agreement.

19 (5) Any agreement entered into under subsection (4)(b) may
20 include a release, an indemnity clause, or both, on the part of the
21 objecting party against the trustee relating to the trust. If the
22 parties agree to a nonjudicial settlement agreement or other
23 written agreement, any related expenses must be charged to the
24 trust. On a resolution of an objection under this subsection,
25 within a reasonable period of time, the trustee shall distribute
26 the remaining trust assets as provided in the trust or to the
27 successor trustee.

28 (6) A successor trustee may rely on the statement or
29 accounting received from the trustee for purposes of locating trust

1 property under section 7813. If no qualified trust beneficiary or
2 other party who received the notice and trust information objects
3 within the 45-day time period, the successor trustee will be
4 released from all liability for not objecting.

5 (7) The trustee may rely on the written statement of a person
6 receiving notice that the person does not object.

7 (8) When a trustee distributes assets of a terminating trust
8 or to the successor trustee after complying with this article and
9 having received no objections, each person who received notice and
10 either consented or failed to object under this section is barred
11 from doing either of the following:

12 (a) Bringing a claim against the trustee or challenging the
13 validity of the trust to the same extent and with the same
14 preclusive effect as if the court had entered a final order
15 approving the trustee's final account.

16 (b) Bringing a claim against the trustee for the period of
17 such interim accounts to the same extent and with the same
18 preclusive effect as if the court had entered a final order
19 approving the trustee's interim accounts.

20 (9) This section does not prevent a trustee from proceeding
21 under section 7201 to have the trustee's accounts reviewed and
22 settled by the court.