



HOUSE BILL No. 5641

February 27, 1996, Introduced by Reps. Lowe, Perricone, DeLange, Bodem, Randall, Dalman and Jersevic and referred to the Committee on Tax Policy.

A bill to amend the title and section 3 of Act No. 125 of the Public Acts of 1966, entitled as amended

"An act to require mortgagees and their agents to furnish annual statements to mortgagors; to require mortgagees, vendors of land contracts, and their agents to make certain adjustments to escrow accounts; and to prescribe certain rights and duties,"

being section 565.163 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. The title and section 3 of Act No. 125 of the
2 Public Acts of 1966, being section 565.163 of the Michigan
3 Compiled Laws, are amended to read as follows:

4 TITLE

5 An act to require mortgagees and their agents to furnish
6 annual statements to mortgagors; to require mortgagees, vendors
7 of land contracts, and their agents to make certain adjustments

1 to escrow accounts; ~~and~~ to prescribe certain rights and duties;
2 AND TO PROVIDE REMEDIES.

3 Sec. 3. (1) If ~~, pursuant to an agreement,~~ a mortgagor
4 has paid sufficient funds into an escrow account MAINTAINED BY
5 THE MORTGAGEE for the purpose of paying THE PROPERTY taxes on THE
6 mortgaged real property, ~~and if the mortgagee or his agent has~~
7 ~~not paid those property taxes, then the person to whom the mort-~~
8 ~~gagor paid the funds shall be liable to the mortgagor for any~~
9 ~~penalties or fees incurred by the mortgagor as a result of that~~
10 ~~failure to pay taxes~~ THE MORTGAGEE SHALL PAY THE PROPERTY TAXES
11 NO LATER THAN THE DATE THE TAXES ARE DUE OR DECEMBER 31 OF THE
12 YEAR IN WHICH THE TAXES ARE DUE, WHICHEVER OCCURS FIRST.

13 (2) NO LATER THAN 7 DAYS FROM THE DATE THE MORTGAGEE
14 RECEIVES THE TAX STATEMENT, THE MORTGAGEE SHALL PROVIDE THE MORT-
15 GAGOR WITH A COPY OF THE TAX STATEMENT AND DO 1 OF THE
16 FOLLOWING:

17 (A) IF SUFFICIENT FUNDS ARE AVAILABLE WITHIN THE ESCROW
18 ACCOUNT, NOTIFY THE MORTGAGOR OF THE DATE BY WHICH THE TAXES WILL
19 BE PAID.

20 (B) IF SUFFICIENT FUNDS ARE NOT AVAILABLE WITHIN THE ESCROW
21 ACCOUNT TO PAY THE TAXES, NOTIFY THE MORTGAGOR OF THE AMOUNT OF
22 SHORTAGE.

23 (3) A MORTGAGEE WHO VIOLATES THIS SECTION IS LIABLE TO THE
24 MORTGAGOR FOR ANY PENALTIES, FEES, OR OTHER DAMAGES INCURRED BY
25 THE MORTGAGOR AS A RESULT OF THE VIOLATION.