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BILL ANALYSIS

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Senate Bill 1203 (as reported without amendment)
Sponsor: Senator Alan L. Cropsy
Committee: Judiciary

CONTENT

The bill would amend Chapter 32 (Foreclosure of Mortgages by Advertisement) of the Revised Judicature Act to refer to residential property, rather than residential property not exceeding four units and not more than three acres in size, in several provisions pertaining to the redemption period for abandoned property. The bill also would revise requirements concerning notice from a mortgagee to a mortgagor, and notice from a mortgagor to a mortgagee, regarding the abandonment of property.

If property is sold at a foreclosure sale, the mortgagor (or the mortgagor's heirs, executors, or administrators, or a person lawfully claiming under the mortgagor or one of the other parties) may redeem the property by paying the redemption amount and required fees within a specified period. The redemption period depends, in some cases, on whether the property is abandoned.

If the property is presumed to be abandoned before foreclosure proceedings have begun, for a mortgage on residential property not exceeding four units and not more than three acres in size, the redemption period is three months, or, if the amount claimed to be due on the mortgage is more than 66-2/3% of the original debt, the redemption period is one month. Under the bill, these provisions would apply to all residential property.

If foreclosure proceedings have been commenced against residential property not exceeding four units and not more than three acres in size, abandonment is conclusively presumed if the mortgagee makes a personal inspection and notifies the mortgagor that the mortgagee considers the premises abandoned and the mortgagor will lose all rights of ownership 30 days after the foreclosure sale, unless the mortgagor notifies the mortgagee within 15 days after receiving the notice that the premises are not abandoned. Under the bill, these provisions would apply to all residential property. The notice given by the mortgagee would have to state that the mortgagee would consider the premises abandoned and the mortgagor would lose all ownership rights either 30 days after the foreclosure sale or when the time expired for the mortgagor to notify the mortgagee that the premises were not abandoned, whichever was later. The mortgagor would have to give this notice within 15 days after the mortgagee's notice was posted and mailed.

MCL 600.3240 & 600.3241a

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Date Completed: 5-3-06

Fiscal Analyst: David Zin

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Analysis available @ <http://www.michiganlegislature.org>

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.

