

SENATE BILL No. 1390

June 17, 2008, Introduced by Senators CASSIS and GARCIA and referred to the Committee on Banking and Financial Institutions.

A bill to amend 1961 PA 236, entitled
"Revised judicature act of 1961,"
by amending section 3240 (MCL 600.3240), as amended by 2006 PA 579.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 3240. (1) A purchaser's deed is void if the mortgagor,
2 the mortgagor's heirs ~~, executors, or administrators~~ **PERSONAL**
3 **REPRESENTATIVE**, or any person lawfully claiming under the mortgagor
4 or the mortgagor's heirs ~~, executors, or administrators~~ **PERSONAL**
5 **REPRESENTATIVE** redeems the entire premises sold by paying the
6 amount required under subsection (2) **AND ANY AMOUNT REQUIRED UNDER**
7 **SUBSECTION (4)**, within the applicable time limit prescribed in
8 subsections (7) to (12), to the purchaser or the purchaser's
9 ~~executors, administrators,~~ **PERSONAL REPRESENTATIVE** or assigns, or
10 to the register of deeds in whose office the deed is deposited for

1 the benefit of the purchaser.

2 (2) The amount required to be paid under subsection (1) is the
3 sum that was bid for the entire premises sold, with interest from
4 the date of the sale at the interest rate provided for by the
5 mortgage, together with the amount of the sheriff's fee paid by the
6 purchaser under section 2558(2)(q), and an additional \$5.00 as a
7 fee for the care and custody of the redemption money if the payment
8 is made to the register of deeds. The register of deeds ~~shall not~~
9 **MAY** determine the amount necessary for redemption. The purchaser
10 shall attach an affidavit with the deed to be recorded under this
11 section that states the exact amount required to redeem the
12 property under this subsection, including any daily per diem
13 amounts, and the date by which the property must be redeemed shall
14 be stated on the certificate of sale. The purchaser may include in
15 the affidavit the name of a designee responsible on behalf of the
16 purchaser to assist the person redeeming the property in computing
17 the exact amount required to redeem the property. The designee may
18 charge a fee as stated in the affidavit and may be authorized by
19 the purchaser to receive redemption funds. The purchaser shall
20 accept the amount computed by the designee.

21 (3) If a distinct lot or parcel separately sold is redeemed,
22 leaving a portion of the premises unredeemed, the deed shall be
23 void only to the redeemed parcel or parcels.

24 (4) If, after the sale **AND AT LEAST 30 DAYS BEFORE THE LAST**
25 **DAY TO REDEEM**, the purchaser, the purchaser's heirs, ~~executors,~~ or
26 ~~administrators~~ **PERSONAL REPRESENTATIVE**, or any person lawfully
27 claiming under the purchaser or the purchaser's heirs, ~~executors,~~

1 or ~~administrators~~ **PERSONAL REPRESENTATIVE** pays taxes assessed
2 against the property, amounts necessary to redeem senior liens from
3 foreclosure, condominium assessments, homeowner association
4 assessments, community association assessments, or premiums on an
5 insurance policy covering any buildings located on the property
6 that under the terms of the mortgage it would have been the duty of
7 the mortgagor to pay if the mortgage had not been foreclosed and
8 that are necessary to keep the policy in force until the expiration
9 of the period of redemption, redemption shall be made only upon
10 payment of the sum specified in subsection (2) plus the amounts
11 specified in this subsection with interest on the amounts specified
12 in this subsection from the date of the payment to the date of
13 redemption at the interest rate specified in the mortgage, if all
14 of the following are filed with the register of deeds with whom the
15 deed is deposited:

16 (a) An affidavit by the purchaser or someone in his or her
17 behalf who has knowledge of the facts of the payment showing the
18 amount and items paid.

19 (b) The receipt or copy of the canceled check evidencing the
20 payment of the taxes, amounts necessary to redeem senior liens from
21 foreclosure, condominium assessments, homeowner association
22 assessments, community association assessments, or insurance
23 premiums.

24 (c) An affidavit of an insurance agent of the insurance
25 company stating that the payment was made and what portion of the
26 payment covers the premium for the period before the expiration of
27 the period of redemption.

1 (5) If the redemption payment in subsection (4) includes an
2 amount used to redeem a senior lien from a nonjudicial foreclosure,
3 the mortgagor shall have the same defenses against the purchaser
4 with respect to the amount used to redeem the senior lien as the
5 mortgagor would have had against the senior lien.

6 (6) The register of deeds shall indorse on the documents filed
7 under subsection (4) the time they are received. The register of
8 deeds shall record the affidavit of the purchaser only and shall
9 preserve in his or her files the recorded affidavit, receipts,
10 insurance receipts, and insurance agent's affidavit until
11 expiration of the period of redemption.

12 (7) Subject to subsections (9) to (11), for a mortgage
13 executed on or after January 1, 1965, on commercial or industrial
14 property, or multifamily residential property in excess of 4 units,
15 the redemption period is 6 months from the date of the sale.

16 (8) Subject to subsections (9) to (11), for a mortgage
17 executed on or after January 1, 1965, on residential property not
18 exceeding 4 units and not more than 3 acres in size, if the amount
19 claimed to be due on the mortgage at the date of the notice of
20 foreclosure is more than 66-2/3% of the original indebtedness
21 secured by the mortgage, the redemption period is 6 months.

22 (9) Subject to subsection (10), for a mortgage on residential
23 property not exceeding 4 units, if the property is abandoned as
24 determined under section 3241, the redemption period is 3 months.

25 (10) For a mortgage on residential property not exceeding 4
26 units, if the amount claimed to be due on the mortgage at the date
27 of the notice of foreclosure is more than 66-2/3% of the original

1 indebtedness secured by the mortgage and the property is abandoned
2 as determined under section 3241, the redemption period is 1 month.

3 (11) If the property is abandoned as determined under section
4 3241a, the redemption period is 30 days or until the time to
5 provide the notice required by section 3241a(c) expires, whichever
6 is later.

7 (12) If subsections (7) to (11) do not apply, the redemption
8 period is 1 year from the date of the sale.

9 (13) The amount stated in any affidavits recorded under this
10 section shall be the amount necessary to satisfy the requirements
11 for redemption under this section.

12 (14) IF A REGISTER OF DEEDS INCORRECTLY DETERMINES THE AMOUNT
13 NECESSARY FOR REDEMPTION UNDER SUBSECTION (2) AND THE CORRECT
14 AMOUNT IS LESS THAN \$50.00 MORE THAN THE INCORRECTLY DETERMINED
15 AMOUNT, THE APPLICABLE REDEMPTION PERIOD UNDER THIS SECTION IS
16 EXTENDED BY 3 DAYS. THE REGISTER OF DEEDS SHALL GIVE THE PURCHASER
17 AND EVERY PERSON KNOWN TO THE REGISTER TO HAVE A RIGHT TO REDEEM
18 THE PROPERTY UNDER SUBSECTION (1) NOTICE BY MAIL OF THE EXTENDED
19 REDEMPTION PERIOD.