

HOUSE BILL No. 5021

September 28, 2011, Introduced by Rep. Farrington and referred to the Committee on Banking and Financial Services.

A bill to amend 1961 PA 236, entitled "Revised judicature act of 1961," by amending section 3240 (MCL 600.3240), as amended by 2010 PA 303.

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 or personal representative, or any person
3 lawfully claiming under the mortgagor or the mortgagor's heirs or
4 personal representative redeems the entire premises sold by paying
5 the amount required under subsection (2) and any amount required
6 under subsection (4), within the applicable time limit prescribed
7 in subsections (7) to (12), to the purchaser or the purchaser's
8 personal representative or assigns, or to the register of deeds in
9 whose office the deed is deposited for the benefit of the

1 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. Except as provided in subsection
9 (14), the register of deeds shall not determine the amount
10 necessary for redemption. The purchaser shall attach an affidavit
11 with the deed to be recorded under this section that states the
12 exact amount required to redeem the property under this subsection,
13 including any daily per diem amounts, and the date by which the
14 property must be redeemed shall be stated on the certificate of
15 sale. The purchaser may include in the affidavit the name of a
16 designee responsible on behalf of the purchaser to assist the
17 person redeeming the property in computing the exact amount
18 required to redeem the property. The designee may charge a fee as
19 stated in the affidavit and may be authorized by the purchaser to
20 receive redemption funds. The purchaser shall accept the amount
21 computed by the designee. **AN AFFIDAVIT UNDER THIS SECTION SHALL BE**
22 **DELIVERED TO THE REGISTER OF DEEDS NOT LATER THAN 15 DAYS BEFORE**
23 **THE EXPIRATION OF THE APPLICABLE REDEMPTION PERIOD.**

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

27 (4) If, after the sale, the purchaser, the purchaser's heirs

1 or personal representative, or any person lawfully claiming under
2 the purchaser or the purchaser's heirs or personal representative
3 pays taxes assessed against the property, amounts necessary to
4 redeem senior liens from foreclosure, condominium assessments,
5 homeowner association assessments, community association
6 assessments, or premiums on an insurance policy covering any
7 buildings located on the property that under the terms of the
8 mortgage it would have been the duty of the mortgagor to pay if the
9 mortgage had not been foreclosed and that are necessary to keep the
10 policy in force until the expiration of the period of redemption,
11 redemption shall be made only upon payment of the sum specified in
12 subsection (2) plus the amounts specified in this subsection with
13 interest on the amounts specified in this subsection from the date
14 of the payment to the date of redemption at the interest rate
15 specified in the mortgage. This subsection does not apply unless
16 all of the following are filed with the register of deeds with whom
17 the deed is deposited **NOT LATER THAN 15 DAYS BEFORE THE EXPIRATION**
18 **OF THE APPLICABLE REDEMPTION PERIOD:**

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

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

27 (c) An affidavit of an insurance agent of the insurance

1 company stating that the payment was made and what portion of the
2 payment covers the premium for the period before the expiration of
3 the period of redemption.

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

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

15 (7) For a mortgage executed on or after January 1, 1965, on
16 commercial or industrial property, or multifamily residential
17 property in excess of 4 units, the redemption period is 6 months
18 from the date of the sale.

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

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

1 (10) For a mortgage on residential property not exceeding 4
2 units, if the amount claimed to be due on the mortgage at the date
3 of the notice of foreclosure is more than 66-2/3% of the original
4 indebtedness secured by the mortgage and the property is abandoned
5 as determined under section 3241, the redemption period is 1 month.

6 (11) If the property is abandoned as determined under section
7 3241a, the redemption period is 30 days or until the time to
8 provide the notice required by section 3241a(c) expires, whichever
9 is later.

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

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

15 (14) The register of deeds of a county having a population of
16 more than 750,000 and less than 1,500,000, at the request of a
17 person entitled to redeem the property under this section, shall
18 determine the amount necessary for redemption. In determining the
19 amount, the register of deeds shall consider only the affidavits
20 recorded under subsections (2) and (4). A county, register of
21 deeds, or employee of a county or register of deeds is not liable
22 for damages proximately caused by an incorrect determination of an
23 amount necessary for redemption under subsection (2).

24 (15) A register of deeds may charge not more than \$50.00 for
25 determining the amount necessary for redemption under this section.