



Senate Fiscal Agency
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**BILL ANALYSIS**

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House Bill 4765 (Substitute H-1 as passed by the House)
House Bill 4766 (Substitute H-2 as passed by the House)
Sponsor: Representative Jeff Farrington (H.B. 4765)
Representative Mike Calton (H.B. 4766)
House Committee: Financial Services

CONTENT

The bills would amend Chapter 32 of the Revised Judicature Act to extend the State's residential mortgage loan modification program until June 30, 2014, and prescribe conditions that certain foreclosing parties would have to meet in order to foreclose on property in which the first notice was published after January 9, 2014.

The bills are tie-barred to each other and Senate Bills 380 and 383, which also would amend Chapter 32. (Senate Bill 380 (H-1) would extend the sunset on conditions for beginning foreclosure proceedings from June 30, 2013, to January 10, 2014, and require that beginning January 10, 2014, the foreclosing party comply with Section 3206 (proposed by House Bill 4766), if subject to that section. Senate Bill 383 (H-1) would allow the purchaser of foreclosed property to bring an action for summary possession if necessary to protect the property from damage, and require the court to extinguish the redemption period if it entered a judgment for possession.)

House Bill 4765 (H-1) would delay the sunset on the mortgage loan modification program until June 30, 2014.

Specifically, Sections 3205a to 3205d provide for the mortgage modification program, and are scheduled to be repealed on June 30, 2013. The bill would change that date to June 30, 2014.

Also, under the bill, Sections 3205a to 3205d would not apply to proceedings in which the first notice was published after January 9, 2014.

House Bill 4766 (H-2) would add Section 3206 to establish requirements for loss mitigation procedures occurring before the foreclosure of a mortgage under Chapter 32. A person foreclosing a mortgage would have to meet the requirements if all of the following applied: 1) the mortgaged property was claimed as a principal residence, 2) the first notice of foreclosure sale was published after January 9, 2014, and 3) the servicing agent was a defendant (or a successor in interest) that entered into a consent judgment in *U.S. v. Bank of America*.

Under the requirements, the foreclosing party would have to do the following: 1) designate an agent to serve as a contact; 2) authorize the contact to facilitate negotiations and attend meetings with the mortgagor; 3) provide the designated agent's contact information, and a statement that the mortgagor could request a meeting to attempt to work out a modification, in the written notice for late payment as required by 12 CFR 1024.390(b).

If the mortgagor requested a meeting, foreclosure proceedings could not be commenced unless the meeting had been held. This would not apply, however, if either 1) the mortgagor did not cooperate by scheduling a meeting convenient for all parties, or in the county where the property was located; or 2) the mortgagor failed to attend a scheduled meeting.

Proposed MCL 600.3205e (H.B. 4765)
Proposed MCL 600.3206 (H.B. 4766)

Legislative Analyst: Glenn Steffens

FISCAL IMPACT

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

Date Completed: 6-18-13

Fiscal Analyst: Josh Sefton

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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.