

**MICHIGAN UNIFORM ASSIGNMENT OF RENTS ACT (EXCERPT)**  
**Act 115 of 2022**

**554.1054 Assignment of rents; enforceable security interest; discharge; foreclosure; applicability.**

Sec. 4.

(1) An assignment of rents is created by an assignment in either an enforceable security instrument that grants a security interest in rents or a document that grants a security interest in rents which is signed in connection with an enforceable security instrument as to any real property described in the document creating the assignment of rents.

(2) Except as provided in subsection (5), an assignment of rents creates a presently effective security interest in all accrued and unaccrued rents arising from the real property described in the document creating the assignment, regardless of whether the document is in the form of an absolute assignment, an absolute assignment conditioned upon default, an assignment as additional security, or any other form. The security interest in rents is separate and distinct from any security interest held by the assignee in the real property.

(3) A discharge of a security instrument discharges by operation of law any assignment of rents made in connection with the discharged security instrument.

(4) Upon a foreclosure of the security instrument, all of the following apply:

(a) The assignment of rents made in connection with the security instrument continues to be effective to the extent of the remaining secured obligation and transfers to the purchaser at the foreclosure sale by operation of law whether or not the foreclosure notice makes reference to the assignment of rents. Any transfer of the foreclosure deed by the holder of the deed also transfers the assignment of rents to the transferee by operation of law.

(b) The assignment of rents made in connection with the security instrument automatically terminates upon the earlier of the following:

(i) Redemption from the foreclosure sale.

(ii) Expiration of the redemption period without redemption. For purposes of this subparagraph, the assignment of rents in connection with any subordinate security instrument automatically terminates.

(5) This act does not apply to an assignment of rents regarding an interest in real property improved by 1 to 4 dwelling units unless 1 or more of the following apply:

(a) The interest is used for agricultural, commercial, industrial, or mineral-extraction purposes, other than incidental uses by an assignor occupying the property as the assignor's primary residence.

(b) The interest secures an obligation incurred at a time when the property was used or planned for use for agricultural, commercial, industrial, or mineral-extraction purposes.

(c) The assignor planned or is planning to develop the property into 1 or more dwelling units to be sold or leased in the ordinary course of the owner's business.

(d) The assignor is collecting or has the right to collect rents or other income from the property from a person other than an affiliate of the assignor.

**History:** 2022, Act 115, Eff. Sept. 22, 2022