



**House
Legislative
Analysis
Section**

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**REQ. MORTGAGEE TO DISCLOSE
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House Bill 5641
Sponsor: Rep. Allen Lowe
Committee: Commerce

Complete to 3-4-96

A SUMMARY OF HOUSE BILL 5641 AS INTRODUCED 2-27-96

Public Act 125 of 1966 currently provides that if a mortgagor has paid sufficient funds into an escrow account for purposes of paying property taxes on mortgaged real property, and if the mortgagee has not paid those property taxes, then the person to whom the mortgagor paid the funds is liable to the mortgagor for any penalties or fees incurred by the mortgagor because the taxes were not paid. House Bill 5641 would amend the act to require, if sufficient funds were available in the escrow account for paying property taxes, the mortgagee to pay the taxes no later than the date they were due or December 31 of the year in which they were due, whichever occurred first.

In addition, the bill specifies that no later than seven days from the date the mortgagee received a tax statement, he or she would have to provide a copy of it to the mortgagor and do one of the following: if the escrow contained sufficient funds, notify the mortgagor of the date by which the taxes would be paid; or if the escrow did not contain enough money to pay the taxes, notify the mortgagor of the amount of the shortage. A mortgagee who violated the bill would be liable to the mortgagor for any penalties, fees, or other damages incurred by the mortgagor due to the violation.

MCL 565.163

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