

Legislative Analysis



TECHNICAL REVISIONS TO RJA MORTGAGE FORECLOSURE SALE & REDEMPTION PROVISIONS

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House Bill 5794 without amendment
Sponsor: Rep. Mike Callton

House Bill 5795 without amendment
Sponsor: Rep. Lisa Posthumus Lyons

Committee: Financial Services
Complete to 9-26-14

A SUMMARY OF HOUSE BILLS 5794 & 5795 AS REPORTED FROM COMMITTEE

Each bill would amend the Revised Judicature Act to make technical amendments to provisions related to the mortgage foreclosure and redemption process.

House Bill 5794 would amend Section 3238, within Chapter 32 of the Revised Judicature Act, a chapter that deals with the foreclosure of mortgages by advertisement (as contrasted with judicial foreclosure). Section 3238 was added earlier this legislative session by Public Act 125 of 2014 (House Bill 5277). That section deals with the ability of a purchaser to inspect foreclosed-upon property purchased at a tax sale during the period the mortgagor (or borrower) has the right to redeem the property. In one subsection, the act currently refers to a "mortgagor" where it should refer to a "purchaser." The bill would fix that.

House Bill 5795 would amend Section 3140, within Chapter 31 of the RJA, which addresses judicial foreclosures (by the circuit court). The section currently allows the mortgagor, the mortgagor's heirs, or "any person lawfully claiming from or under the mortgagor or mortgagor's heirs" to redeem the premises sold at a tax sale from the purchaser at the tax sale. The bill would refer instead to ". . . any person that has a recorded interest in the property lawfully claiming from or under the mortgagor or mortgagor's heirs." (The underlined language is new.)

Both bills would, in several places, replace references to "executor" and "administrator" with references to "personal representative," which is a more generic term that embraces the other two.

FISCAL IMPACT:

The bills would have no fiscal impact on the state or local units of government.

POSITIONS:

Indicating support for the bills to the committee on 9-24-14 were: the Michigan Credit Union League, the Michigan Bankers Association, and the Michigan Mortgage Lenders Association.

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.