ANNUAL STATEMENTS TO MORTGAGORS
Act 125 of 1966

An act to require mortgagees and their agents to furnish annual statements to mortgagors; to require mortgagees, vendors of land contracts, and their agents to make certain adjustments to escrow accounts; and to prescribe certain rights and duties.

History: 1966, Act 125, Eff. Mar. 10, 1967;—Am. 1976, Act 112, Imd. Eff. May 14, 1976;—Am. 1993, Act 285, Imd. Eff. Dec. 28, 1993.

The People of the State of Michigan enact:

565.161 Annual statements to mortgagor; when required, contents.

Sec. 1. Where, by the terms of a mortgage on real property, the mortgagor is required to make periodic payments which include sums to be allocated to an escrow account for the purpose of paying taxes, insurance or improvements to the property, or any combination of such purposes, the mortgagee or agent receiving the periodic payments shall furnish the mortgagor with a statement within 60 days of the close of the calendar year, showing the beginning balance of the escrow fund, total receipts received by the fund during the calendar year, an itemized statement of all expenditures from the fund during the calendar year and the balance in the fund at the end of the calendar year.

History: 1966, Act 125, Eff. Mar. 10, 1967.

565.162 Annual statements to mortgagor; exceptions to furnishing.

Sec. 2. The annual statement specified in section 1 is not required where the mortgagor is provided with a monthly billing form or mortgagor passbook either of which provides the escrow fund balance and record of expenditures for taxes.

History: 1966, Act 125, Eff. Mar. 10, 1967.

565.163 Failure of mortgagee or agent to pay property taxes; liability for penalties or fees.

Sec. 3. If, pursuant to an agreement, a mortgagor has paid sufficient funds into an escrow account for the purpose of paying taxes on mortgaged real property, and if the mortgagee or his agent has not paid those property taxes, then the person to whom the mortgagor paid the funds shall be liable to the mortgagor for any penalties or fees incurred by the mortgagor as a result of that failure to pay taxes.

History: Add. 1976, Act 112, Imd. Eff. May 14, 1976.

565.164 Adjustment to escrow account.

Sec. 4. (1) Not later than March 1, 1994, a mortgagee, a vendor of a land contract, or their agent shall adjust the escrow account maintained for the payment of real property taxes to be levied in the 1994 calendar year by an amount that the mortgagee, vendor, or agent reasonably anticipates to be paid during the 1994 calendar year.

(2) An adjustment to the escrow account pursuant to subsection (1) shall become effective for the periodic payment that is due not later than April 30, 1994.

(3) Any adjustments made to the escrow account shall be considered reasonable if the adjustment is a reduction of not less than 35% of the total property taxes levied for the 1993 calendar year.

(4) Upon the receipt of a written request by a mortgagor or a vendee of a land contract, the mortgagee, vendor, or their agent shall, within a reasonable time, adjust the escrow account maintained for the payment of the 1994 real property taxes by reducing the amount required to be escrowed based upon the actual amount of taxes levied on the property in 1993 for local school district and intermediate school district operating purposes. An adjustment under this subdivision is required only if the mortgagor or vendee includes with the written request either of the following:

(a) The 1993 tax statements that state the actual dollar amount of real property tax levied for local school district and intermediate school district operating purposes.

(b) A certificate by the local taxing authority that states the actual dollar amount of real property tax levied for local school district and intermediate school district operating purposes.

(5) This section shall not be construed to prohibit a mortgagee, a vendor of a land contract, or their agent from adjusting the escrow account if information is or becomes available regarding the actual amount of real property tax levied or to be levied on the property for local school district and intermediate school district operating purposes.

(6) This section shall not be construed to require a mortgagee, a vendor of a land contract, or their agent to

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adjust the escrow account for a periodic payment that is due before April 1, 1994.

History: Add. 1993, Act 285, Imd. Eff. Dec. 28, 1993.

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