

**SUBSTITUTE FOR
HOUSE BILL NO. 4799**

A bill to enact the uniform assignment of rents act; to provide for the creation, perfection, and enforcement of security interests in rents; to provide remedies; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act may be cited as the "Michigan uniform
2 assignment of rents act".

3 Sec. 2. As used in this act:

4 (a) "Assignee" means a person entitled to enforce an
5 assignment of rents. Assignee includes the purchaser at a
6 foreclosure sale by operation of law.

7 (b) "Assignment of rents" means a transfer of an interest in
8 rents in connection with an obligation secured by real property



1 located in this state and from which the rents arise.

2 (c) "Assignor" means a person that makes an assignment of
3 rents or the successor owner of the real property from which the
4 rents arise.

5 (d) "Cash proceeds" means proceeds that are money, checks,
6 deposit accounts, or the like.

7 (e) "Day" means calendar day.

8 (f) "Deposit account" means a demand, time, savings, passbook,
9 or similar account maintained with a bank, savings bank, savings
10 and loan association, credit union, or trust company.

11 (g) "Document" means information that is inscribed on a
12 tangible medium or that is stored on an electronic or other medium
13 and is retrievable in perceivable form.

14 (h) "Notification" means a document containing information
15 that this act requires a person to provide to another, signed by
16 the person required to provide the information.

17 (i) "Person" means an individual, corporation, business trust,
18 estate, trust, partnership, limited liability company, association,
19 joint venture, public corporation, government, or governmental
20 subdivision, agency, or instrumentality, or any other legal or
21 commercial entity.

22 (j) "Proceeds" means personal property that is received or
23 collected on account of a tenant's obligation to pay rents.

24 (k) "Purchase" means to take by sale, lease, discount,
25 negotiation, mortgage, pledge, lien, security interest, issue or
26 reissue, gift, or any other voluntary transaction creating an
27 interest in property.

28 (l) "Rental agreement" means an agreement by which a person is
29 obligated to pay rents to the assignor.



1 (m) "Rents" means any of the following:

2 (i) Sums payable for the right to possess or occupy, or for the
3 actual possession or occupation of, real property of another
4 person.

5 (ii) Sums payable to an assignor under a policy of rental
6 interruption insurance covering real property.

7 (iii) Claims arising out of a default in the payment of sums
8 payable for the right to possess or occupy real property of another
9 person.

10 (iv) Sums payable to terminate an agreement to possess or
11 occupy real property of another person.

12 (v) Sums payable to an assignor for payment or reimbursement
13 of expenses incurred in owning, operating, and maintaining, or
14 constructing or installing improvements on, real property.

15 (vi) Fees, charges, accounts, or other payments for the use or
16 occupancy of rooms and other facilities in hotels, motels, or other
17 lodging properties.

18 (vii) Any other sums payable under an agreement relating to the
19 real property of another person that constitute rents under law of
20 this state other than this act.

21 (n) "Secured obligation" means an obligation the performance
22 of which is secured by an assignment of rents.

23 (o) "Security instrument" means a document, however
24 denominated, that creates or provides for a security interest in
25 real property, including a land contract, whether or not it also
26 creates or provides for a security interest in personal property.

27 (p) "Security interest" means an interest in property that
28 arises by agreement and secures performance of an obligation.

29 (q) "Sign" means, with present intent to authenticate or adopt



1 a document, to do either of the following:

2 (i) Execute or adopt a tangible symbol.

3 (ii) Attach to or logically associate with the document an
4 electronic sound, symbol, or process.

5 (r) "State" means a state of the United States, the District
6 of Columbia, Puerto Rico, the United States Virgin Islands, or any
7 territory or insular possession subject to the jurisdiction of the
8 United States.

9 (s) "Submit for recording" means to submit a document
10 complying with applicable legal standards, with required fees and
11 taxes, to the register of deeds for the county in which the real
12 property is located.

13 (t) "Tenant" means a person that has an obligation to pay sums
14 for the right to possess or occupy, or for possessing or occupying,
15 the real property of another person.

16 Sec. 3. (1) Except as otherwise provided in subsections (3)
17 and (4), a person gives a notification or a copy of a notification
18 under this act by doing either of the following:

19 (a) Depositing it with the United States Postal Service or
20 with a commercially reasonable delivery service, properly addressed
21 to the intended recipient's address as specified in subsection (2),
22 with first-class postage or cost of delivery provided for.

23 (b) If the recipient agreed to receive notification by
24 facsimile transmission, email, or other electronic transmission,
25 sending it to the recipient in the agreed manner at the address
26 specified in the agreement.

27 (2) The following rules determine the proper address for
28 giving a notification under subsection (1):

29 (a) A person giving a notification to an assignee shall use



1 the address for notices to the assignee provided in the document
2 creating the assignment of rents, but, if the assignee has provided
3 the person giving the notification with a more recent address for
4 notices, the person giving the notification shall use that address.

5 (b) A person giving a notification to an assignor shall use
6 the address for notices to the assignor provided in the document
7 creating the assignment of rents, but, if the assignor has provided
8 the person giving the notification with a more recent address for
9 notices, the person giving the notification shall use that address.

10 (c) If a tenant's agreement with an assignor provides an
11 address for notices to the tenant and the person giving
12 notification has received a copy of the agreement or knows the
13 address for notices specified in the agreement, the person giving
14 the notification shall use that address in giving a notification to
15 the tenant. Otherwise, the person shall use the address of the
16 premises covered by the agreement.

17 (3) If a person giving a notification pursuant to this act and
18 the recipient have agreed to the method for giving a notification,
19 any notification must be given by that method.

20 (4) If a notification is received by the recipient, it is
21 effective even if it was not given in accordance with subsection
22 (1) or (3).

23 Sec. 4. (1) An assignment of rents is created by an assignment
24 in either an enforceable security instrument that grants a security
25 interest in rents or a document that grants a security interest in
26 rents which is signed in connection with an enforceable security
27 instrument as to any real property described in the document
28 creating the assignment of rents.

29 (2) Except as provided in subsection (5), an assignment of



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

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

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

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

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

24 (i) Redemption from the foreclosure sale.

25 (ii) Expiration of the redemption period without redemption.

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

29 (a) The interest is used for agricultural, commercial,



1 industrial, or mineral-extraction purposes, other than incidental
2 uses by an assignor occupying the property as the assignor's
3 primary residence.

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

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

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

13 Sec. 5. (1) A document creating an assignment of rents may be
14 submitted for recording to the register of deeds in the same manner
15 as any other document evidencing a conveyance of an interest in
16 real property.

17 (2) Upon recording, the security interest in rents created by
18 an assignment of rents is fully perfected, even if a provision of
19 the document creating the assignment or law of this state other
20 than this act would preclude or defer enforcement of the security
21 interest until the occurrence of a subsequent event, including a
22 subsequent default of the assignor, the assignee's obtaining
23 possession of the real property, or the appointment of a receiver.

24 (3) Except as otherwise provided in subsection (4), a
25 perfected security interest in rents takes priority over the rights
26 of a person that, after the security interest is perfected, does
27 either of the following:

28 (a) Acquires a judicial lien against the rents or the real
29 property from which the rents arise.



1 (b) Purchases an interest in the rents or the real property
2 from which the rents arise.

3 (4) A perfected security interest in rents has priority over
4 the rights of a person described in subsection (3) with respect to
5 future advances to the same extent as the assignee's security
6 interest in the real property has priority over the rights of that
7 person with respect to future advances.

8 Sec. 6. (1) An assignee may enforce an assignment of rents
9 using 1 or more of the methods specified in sections 7, 8, and 9 or
10 any other method sufficient to enforce the assignment under law of
11 this state other than this act.

12 (2) From the first date of enforcement, the assignee or, in
13 the case of enforcement by appointment of a receiver under section
14 7, the receiver, is entitled to collect all of the following:

15 (a) Rents that have accrued but remain unpaid on that date.

16 (b) Rents that accrue on or after that date, as those rents
17 accrue.

18 (3) From the first date of enforcement, a modification of the
19 rental agreement is not binding on the assignee without the written
20 consent of the assignee.

21 Sec. 7. (1) An assignee is entitled to the appointment of a
22 receiver for the real property subject to the assignment of rents
23 if either of the following applies:

24 (a) The assignor is in default and any of the following apply:

25 (i) The assignor has agreed in a signed document to the
26 appointment of a receiver in the event of the assignor's default.

27 (ii) It appears likely that the real property and any other
28 collateral granted by the assignor to the assignee may not be
29 sufficient to satisfy the secured obligation.



1 (iii) The assignor has failed to turn over to the assignee
2 proceeds that the assignee was entitled to collect under this act.

3 (iv) A subordinate assignee of rents obtains the appointment of
4 a receiver for the real property.

5 (b) Other circumstances exist that would justify the
6 appointment of a receiver under law of this state other than this
7 act.

8 (2) An assignee may file a petition for the appointment of a
9 receiver if any of the following apply:

10 (a) The petition is filed in connection with an action to
11 foreclose the security instrument.

12 (b) The petition is filed in connection with an action for
13 specific performance of the assignment.

14 (c) The petition is filed in connection with an action seeking
15 a remedy on account of waste or threatened waste of the real
16 property subject to the assignment.

17 (d) The petition is filed in connection with an action to
18 otherwise enforce the secured obligation or the assignee's remedies
19 arising from the assignment.

20 (e) Other circumstances exist that would justify the
21 appointment of a receiver under law of this state other than this
22 act.

23 (3) An assignee that files a petition for the appointment of a
24 receiver shall also give a copy of the petition in the manner
25 specified in section 3 to any other person that, 10 days before the
26 date the petition is filed, held a recorded assignment of rents
27 arising from the real property.

28 (4) If an assignee enforces an assignment of rents by seeking
29 the appointment of a receiver, the date of enforcement is the date



1 on which the assignee files a petition to appoint a receiver as to
2 the assignment of rents if the court enters an order appointing a
3 receiver for the real property subject to the assignment.

4 (5) From the date of its appointment, a receiver is entitled
5 to collect rents as provided in section 6(2). The receiver also has
6 the authority provided in the order of appointment and law of this
7 state other than this act.

8 (6) The following rules govern priority among receivers:

9 (a) If more than 1 assignee qualify under this section for the
10 appointment of a receiver, a receivership requested by an assignee
11 entitled to priority in rents under this act has priority over a
12 receivership requested by a subordinate assignee, even if a court
13 has previously appointed a receiver for the subordinate assignee.

14 (b) If a subordinate assignee obtains the appointment of a
15 receiver, the receiver may collect the rents and apply the proceeds
16 in the manner specified in the order appointing the receiver until
17 a receiver is appointed under a senior assignment of rents.

18 Sec. 8. (1) Upon the assignor's default, or as otherwise
19 agreed by the assignor, the assignee may give the assignor a notice
20 demanding that the assignor pay over the proceeds of any rents that
21 the assignee is entitled to collect under section 6. The assignee
22 shall record the notice in the office of the register of deeds in
23 the same manner as the security instrument is recorded. The filing
24 of a petition for appointment of a receiver, if it is served in the
25 manner provided in section 3 within 10 days after it is filed,
26 constitutes a recorded notification demanding that the assignor pay
27 over the proceeds of any rents that the assignee is entitled to
28 collect under section 6. The assignee shall also give a copy of the
29 recorded or filed notification to any other person that, 10 days



1 before the notification date, held a recorded assignment of rents
2 arising from the real property.

3 (2) If an assignee enforces an assignment of rents under this
4 section, the date of enforcement is the date on which the assignor
5 receives a notification under subsection (1). If the notification
6 was served in the manner provided in section 3 within 10 days after
7 it was recorded, the date of enforcement is the date of recording.

8 (3) An assignee's failure to give a notification under
9 subsection (1) to any person holding a recorded assignment of rents
10 does not affect the effectiveness of the notification as to the
11 assignor, but the other person is entitled to any relief permitted
12 under law of this state other than this act.

13 Sec. 9. (1) Upon the assignor's default, or as otherwise
14 agreed by the assignor, the assignee may give to a tenant of the
15 real property a notification demanding that the tenant pay to the
16 assignee all unpaid accrued rents and all unaccrued rents as they
17 accrue. The assignee shall give a copy of the notification to the
18 assignor and to any other person that, 10 days before the
19 notification date, held a recorded assignment of rents arising from
20 the real property. The notification must be signed by the assignee
21 and do all of the following:

22 (a) Identify the tenant, assignor, assignee, premises covered
23 by the agreement between the tenant and the assignor, and
24 assignment of rents being enforced.

25 (b) Provide the recording data for the document creating the
26 assignment or other reasonable proof that the assignment was made.

27 (c) State that the assignee has the right to collect rents in
28 accordance with the assignment.

29 (d) Direct the tenant to pay to the assignee all unpaid



1 accrued rents and all unaccrued rents as they accrue.

2 (e) Describe the manner in which subsections (3) and (4)
3 affect the tenant's payment obligations.

4 (f) Provide the name and telephone number of a contact person
5 and an address to which the tenant can direct payment of rents and
6 any inquiry for additional information about the assignment or the
7 assignee's right to enforce the assignment.

8 (g) Contain a statement that the tenant may consult a lawyer
9 if the tenant has questions about its rights and obligations.

10 (h) Have attached a copy of the recorded or filed notification
11 to the assignor as provided in section 8.

12 (2) If an assignee enforces an assignment of rents under this
13 section, the date of enforcement as to the tenant is the date on
14 which the tenant receives a notification substantially complying
15 with subsection (1).

16 (3) Subject to subsection (4) and any other claim or defense
17 that a tenant has under an agreement enforceable against the
18 assignee or under the law of this state other than this act,
19 following receipt of a notification substantially complying with
20 subsection (1), all of the following apply:

21 (a) A tenant is obligated to pay to the assignee all unpaid
22 accrued rents and all unaccrued rents as they accrue, unless the
23 tenant has previously received a notification from another assignee
24 of rents given by that assignee in accordance with this section and
25 the other assignee has not canceled that notification.

26 (b) A tenant that pays rents to the assignor is not discharged
27 from the obligation to pay rents to the assignee.

28 (c) A tenant's payment to the assignee of rents then due
29 satisfies the tenant's obligation under the tenant's rental



1 agreement to the extent of the payment made.

2 (d) A tenant's obligation to pay rents to the assignee
3 continues until the tenant receives a court order directing the
4 tenant to pay the rent in a different manner or a signed document
5 from the assignee canceling its notification, whichever occurs
6 first.

7 (e) A modification of the rental agreement is not binding on
8 the assignee without the assignee's written consent.

9 (4) A tenant that has received a notification under subsection
10 (1) is not in default under its rental agreement for nonpayment of
11 rents accruing within 30 days after the date the notification is
12 received before the earlier of the following:

13 (a) Ten days after the date the next regularly scheduled
14 rental payment would be due.

15 (b) Thirty days after the date the tenant receives the
16 notification.

17 (5) Upon receiving a notification from another creditor that
18 is entitled to priority under section 5(3) that the other creditor
19 has enforced and is continuing to enforce its interest in rents, an
20 assignee that has given a notification to a tenant under subsection
21 (1) shall immediately give another notification to the tenant
22 canceling the earlier notification.

23 (6) An assignee's failure to give a notification under
24 subsection (1) to any person holding a recorded assignment of rents
25 does not affect the effectiveness of the notification as to the
26 assignor and those tenants receiving the notification. However, the
27 person entitled to the notification is entitled to any relief
28 permitted by law of this state other than this act.

29 Sec. 10. No particular phrasing is required for the



notification specified in section 9. However, the following form of notification, when properly completed, is sufficient to satisfy the requirements of section 9:

NOTIFICATION TO PAY RENTS TO PERSON OTHER THAN LANDLORD

Tenant: _____

Name of Tenant

Property Occupied by Tenant (the "Premises"): _____

Address

Landlord: _____

Name of Landlord

Assignee: _____

Name of Assignee

Address of Assignee and Telephone Number of Contact Person:

Address of Assignee

Telephone Number of Person to Contact

1. The Assignee named above has become the person entitled to collect your rents on the Premises listed above under

Name of Document

(the "Assignment of Rents") dated _____, and recorded in

Date

the records of the _____ County Register of Deeds at

County

Recording Data

You may obtain additional information about the Assignment of Rents and the Assignee's right to enforce it at the address listed



1 above.

2 2. The Landlord is in default under the Assignment of Rents.
3 Under the Assignment of Rents, the Assignee is entitled to collect
4 rents from the Premises.

5 3. This notification affects your rights and obligations under
6 the rental agreement under which you occupy the Premises (your
7 "Rental Agreement"). In order to provide you with an opportunity to
8 consult with a lawyer, if your next scheduled rental payment is due
9 within 30 days after you receive this notification, neither the
10 Assignee nor the Landlord can hold you in default under your Rental
11 Agreement for nonpayment of that rental payment until 10 days after
12 the due date of that payment or 30 days following the date you
13 receive this notification, whichever occurs first. You may consult
14 a lawyer at your expense concerning your rights and obligations
15 under your Rental Agreement and the effect of this notification.

16 4. You must pay to the Assignee at the address listed above
17 all rents under your Rental Agreement which are due and payable on
18 the date you receive this notification and all rents accruing under
19 your Rental Agreement after you receive this notification. If you
20 pay rents to the Assignee after receiving this notification, the
21 payment will satisfy your rental obligation to the extent of that
22 payment.

23 5. If you pay any rents to the Landlord after receiving this
24 notification, your payment to the Landlord will not discharge your
25 rental obligation, and the Assignee may hold you liable for that
26 rental obligation notwithstanding your payment to the Landlord.

27 6. Any modification of the Rental Agreement is not binding on
28 the Assignee without the Assignee's written consent.

29 7. If you have previously received a notification from another



1 person that also holds an assignment of the rents due under your
 2 Rental Agreement, you should continue paying your rents to the
 3 person that sent that notification until that person cancels that
 4 notification. Once that notification is canceled, you must begin
 5 paying rents to the Assignee in accordance with this notification.

6 8. Your obligation to pay rents to the Assignee will continue
 7 until you receive either:

8 (a) a written order from a court directing you to pay the rent
 9 in a manner specified in that order; or

10 (b) written instructions from the Assignee canceling this
 11 notification.

12 _____
 13 Name of Assignee

14 By: _____

15 Signature of Officer/Authorized Representative of Assignee

16 _____
 17 Name and Title of Officer/Authorized Representative

18 Sec. 11. The enforcement of an assignment of rents by 1 or
 19 more of the methods identified in sections 7, 8, and 9, the
 20 application of proceeds by the assignee under section 12 after
 21 enforcement, the payment of expenses under section 13, or an action
 22 under section 14(4) does not do any of the following:

23 (a) Make the assignee a mortgagee in possession of the real
 24 property.

25 (b) Make the assignee an agent of the assignor.

26 (c) Constitute an election of remedies that precludes a later
 27 action to enforce the secured obligation or the security
 28 instrument.

29 (d) Make the secured obligation or the security instrument



1 unenforceable.

2 (e) Limit any right available to the assignee with respect to
3 the secured obligation.

4 Sec. 12. Unless otherwise agreed, an assignee that collects
5 rents under this act or collects upon a judgment in an action under
6 section 14(4) shall apply the sums collected in the following
7 order:

8 (a) To the assignee's reasonable expenses of enforcing its
9 assignment of rents, including, to the extent provided for by
10 agreement and not prohibited by law of this state other than this
11 act, reasonable attorney fees and costs incurred by the assignee.

12 (b) To reimbursement of any expenses incurred by the assignee
13 to protect or maintain the real property subject to the assignment.

14 (c) To payment of the secured obligation.

15 (d) To payment of any obligation secured by a subordinate
16 security interest or other lien on the rents if, before
17 distribution of the proceeds, the assignor and assignee receive a
18 notification from the holder of the interest or lien demanding
19 payment of the proceeds.

20 (e) To the assignor.

21 Sec. 13. (1) Unless otherwise agreed by the assignee, and
22 subject to subsection (3), an assignee that collects rents
23 following enforcement under section 8 or 9 need not apply them to
24 the payment of expenses of protecting or maintaining the real
25 property subject to the assignment.

26 (2) Unless a tenant has made an enforceable agreement not to
27 assert claims or defenses, the right of the assignee to collect
28 rents from the tenant is subject to the terms of the agreement
29 between the assignor and tenant and any claim or defense arising



1 from the assignor's nonperformance of that agreement.

2 (3) This act does not limit the standing or right of a tenant,
3 assignor, or other affected person to request a court to appoint a
4 receiver for the real property subject to the assignment or to seek
5 other relief on the ground that the assignee's nonpayment of
6 expenses of protecting or maintaining the real property has caused
7 or threatened harm to the tenant's, assignor's, or other affected
8 person's interest in the property.

9 Sec. 14. (1) In this section, "good faith" means honesty in
10 fact and the observance of reasonable commercial standards of fair
11 dealing.

12 (2) If an assignor collects rents that the assignee is
13 entitled to collect under this act, both of the following apply:

14 (a) The assignor shall turn over the proceeds to the assignee,
15 less any amount representing payment of expenses authorized by the
16 assignee.

17 (b) The assignee continues to have a security interest in the
18 proceeds so long as they are identifiable.

19 (3) For purposes of this act, cash proceeds are identifiable
20 if they are maintained in a segregated account or, if commingled
21 with other funds, to the extent the assignee can identify them by a
22 method of tracing, including application of equitable principles,
23 that is permitted under law of this state other than this act with
24 respect to commingled funds.

25 (4) In addition to any other remedy available to the assignee
26 under law of this state other than this act, if an assignor fails
27 to turn over proceeds to the assignee as required by subsection
28 (2), the assignee may recover from the assignor or a person liable
29 under the uniform voidable transactions act, 1998 PA 434, MCL



1 566.31 to 566.45, or both, in a civil action, both of the
2 following:

3 (a) The proceeds, or an amount equal to the proceeds, that the
4 assignor was obligated to turn over under subsection (2).

5 (b) Reasonable attorney fees and costs incurred by the
6 assignee to the extent provided for by agreement and not prohibited
7 by law of this state other than this act.

8 (5) The assignee may maintain an action under subsection (4)
9 without bringing an action to foreclose any security interest that
10 it may have in the real property, and an action under subsection
11 (4) does not bar a foreclosure by advertisement under chapter 32 of
12 the revised judicature act of 1961, 1961 PA 236, MCL 600.3201 to
13 600.3285. Any sums recovered in the action must be applied in the
14 manner specified in section 12.

15 (6) Unless otherwise agreed, if an assignee entitled to
16 priority under section 5(3) enforces its interest in rents after
17 another creditor holding a subordinate security interest in rents
18 has enforced its interest under section 8 or 9, the creditor
19 holding the subordinate security interest in rents is not obligated
20 to turn over any proceeds that it collects in good faith before the
21 creditor receives notification that the senior assignee has
22 enforced its interest in rents. The creditor shall turn over to the
23 senior assignee any proceeds that it collects after it receives the
24 notification.

25 Sec. 15. (1) As used in this section:

26 (a) "Article 9" means article 9 of the uniform commercial
27 code, 1962 PA 174, MCL 440.9101 to 440.9809, or, to the extent
28 applicable to any particular issue, article 9 of the uniform
29 commercial code as adopted by the state whose laws govern that



1 issue under the choice-of-laws rules contained in article 9 as
2 adopted by this state.

3 (b) "Conflicting interest" means an interest in proceeds, held
4 by a person other than an assignee, that is either of the
5 following:

6 (i) A security interest arising under article 9.

7 (ii) Any other interest if article 9 resolves the priority
8 conflict between that person and a secured party with a conflicting
9 security interest in the proceeds.

10 (2) An assignee's security interest in identifiable cash
11 proceeds is perfected if its security interest in rents is
12 perfected. An assignee's security interest in identifiable noncash
13 proceeds is perfected only if the assignee perfects that interest
14 in accordance with article 9.

15 (3) Except as otherwise provided in subsection (4), priority
16 between an assignee's security interest in identifiable proceeds
17 and a conflicting interest is governed by the priority rules in
18 article 9.

19 (4) An assignee's perfected security interest in identifiable
20 cash proceeds is subordinate to a conflicting interest that is
21 perfected by control under article 9 but has priority over a
22 conflicting interest that is perfected other than by control.

23 Sec. 16. This act does not preclude subordination by agreement
24 as to rents or proceeds.

25 Sec. 17. In applying and construing this uniform act,
26 consideration must be given to the need to promote uniformity of
27 the law with respect to its subject matter among states that enact
28 it.

29 Sec. 18. This act modifies, limits, or supersedes the



1 electronic signatures in global and national commerce act, 15 USC
2 7001 to 7031, but does not modify, limit, or supersede 15 USC
3 7001(c), or authorize electronic delivery of any of the notices
4 described in 15 USC 7003(b).

5 Sec. 19. (1) Except as otherwise provided in this section,
6 this act governs the enforcement of an assignment of rents and the
7 perfection and priority of a security interest in rents, even if
8 the document creating the assignment was signed and delivered
9 before the effective date of this act.

10 (2) This act does not affect an action or proceeding commenced
11 before the effective date of this act.

12 (3) This act does not affect any of the following:

13 (a) The enforceability of an assignee's security interest in
14 rents or proceeds if, immediately before the effective date of this
15 act, that security interest was enforceable.

16 (b) The perfection of an assignee's security interest in rents
17 or proceeds if, immediately before the effective date of this act,
18 that security interest was perfected.

19 (c) The priority of an assignee's security interest in rents
20 or proceeds with respect to the interest of another person if,
21 immediately before the effective date of this act, the interest of
22 the other person was enforceable and perfected, and that priority
23 was established.

24 Sec. 20. The following acts are repealed:

25 (a) 1925 PA 228, MCL 554.211 to 554.214.

26 (b) 1953 PA 210, MCL 554.231 to 554.233.

27 Enacting section 1. This act takes effect 90 days after the
28 date it is enacted into law.

29 Enacting section 2. This act does not take effect unless House



1 Bill No. 4800 of the 101st Legislature is enacted into law.



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Final Page
H02585'21 (H-1)

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