

**SFA**

BILL ANALYSIS

Senate Fiscal Agency

• Lansing, Michigan 48909

• (517) 373-5383

Senate Bill 940

Sponsor: Senator Dick Posthumus

Committee: Commerce and Technology

Date Completed: 5-1-90

RECEIVED

JUN 28 1990

Mich State Law Library

SUMMARY OF SENATE BILL 940 as introduced 5-2-90:

The bill would create a new act to provide that a mortgage recorded on or after June 1, 1990, that secures a future advance would have priority with respect to the advance as of the date the mortgage was recorded with the register of deeds. Further, if an existing mortgage were amended on or after June 1, 1990, to secure future advances, it would have priority with respect to the advances as of the date the amendment was recorded. "Future advance" would be defined as "an indebtedness or other obligation secured by a mortgage and arises or is incurred after the mortgage has been recorded, whether or not the future advance was obligatory or optional on the part of the mortgagee".

The bill specifies that it would not apply to a mortgage governed by provisions in the Construction Lien Act that pertain to the priority of construction liens or in Public Act 122 of 1941 that pertain to taxes as liens.

Legislative Analyst: L. Burghardt

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: J. Schultz

S.B. 940 (5-1-90)

S8990\S940SA

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.