

House Bill 4345

Sponsor: Rep. H. Lynn Jondahl

Committee: Judiciary

Complete to 3-22-91

A SUMMARY OF HOUSE BILL 4345 AS INTRODUCED 2-20-91

Public Act 13 of 1968 (which took effect March 29, 1968) placed limits on the duration of reverter rights in real property conveyances. Reverter rights are created when a conveyance such as the granting of a right-of-way provides that the property interest being conveyed will revert to the grantor or his or her heirs upon the occurrence of a specified contingency. Under the act a right of termination (which may be either a right of reverter or a right of entry contingent on a specified occurrence) is not enforceable if the specified contingency fails to occur within 30 years after the right was created, or within one year after the act took effect, whichever was later. However, a right of reverter could have been preserved an additional 30 years by recording a notice with the local register of deeds within one year after the act took effect, or between 25 and 30 years after the terminable interest was created, whichever was later.

The bill would retain the requirement that 30 years elapse before a right of termination became unenforceable. In addition, before a right of termination could become unenforceable, the owner of the terminable interest would have to take certain steps to notify the original grantor that the owner/grantee was intending to rely on the act's provisions (that is, that the right of termination was about to become unenforceable). The owner would have to give actual notice, post signs on the property, and publish a newspaper notice. The original grantor would then have 90 days in which to notify the register of deeds of a desire to preserve the right of termination.

As noted above, a grantor can preserve his or her right of termination for 30 years by filing a notice with the register of deeds. The bill would allow rights of termination to be preserved for successive 30-year periods by recording a notice with the register of deeds prior to the expiration of each 30-year period. In addition, a right of termination could be preserved for a 30-year period by filing with the register of deeds within three years after the bill took effect. However, under the bill, these various means of preserving a right of termination for thirty years at a time would be available only to an original grantor who was also the owner of property adjacent to the property subject to the right of termination.

The requirements that would have to be met in order for a right of termination to become unenforceable would apply to every right of termination and terminable interest regardless of when it was created. However, the statute could not be construed to affect the rights of a bona fide purchaser of an interest conveyed by a grantor who relied on the act as it was prior to the enactment of the bill.

Certain kinds of conveyances and the rights of reverter or entry contained in them are exempted from the act. The bill would include easements among the exemptions.

MCL 554.63 et al.