

SENATE BILL NO. 1329

September 23, 1998, Introduced by Senators PETERS, EMMONS and SCHUETTE and referred to the Committee on Economic Development, International Trade and Regulatory Affairs.

A bill to allow for the identification of abandoned real property; to permit the accelerated foreclosure of abandoned real property; to require certain procedures of certain local governmental units; to provide for the imposition of certain fees; and to provide for the disposition of foreclosed abandoned property.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the
2 "Michigan abandoned property identification and accelerated fore-
3 closure act".

4 Sec. 2. As used in this act:

5 (a) "Abandoned property" means property that is vacant or
6 dilapidated and open to entrance or trespass, and that has been
7 determined to be abandoned under the procedures set forth in
8 section 5.

1 (b) "Collecting unit" means a city, township, or county that
2 elects to utilize this act pursuant to section 3 for the
3 accelerated foreclosure of abandoned property to enforce and col-
4 lect delinquent taxes.

5 (c) "Delinquent taxes" means real property taxes that have
6 been returned as delinquent under the general property tax act.

7 (d) "General property tax act" means the general property
8 tax act, 1893 PA 206, MCL 211.1 to 211.157.

9 (e) "Local tax collecting unit" means a city or township.

10 Sec. 3. (1) On or before March 1 in any tax year, a local
11 tax collecting unit may, by resolution approved at a meeting held
12 pursuant to the open meetings act, 1976 PA 267, MCL 15.261 to
13 15.275, elect to utilize this act for the accelerated foreclosure
14 of abandoned property to enforce and collect delinquent taxes.

15 (2) If a local tax collecting unit does not elect to utilize
16 this act pursuant to subsection (1), on or before March 1 in any
17 tax year, the county in which the local tax collecting unit is
18 located may, by resolution approved at a meeting held pursuant to
19 the open meetings act, 1976 PA 267, MCL 15.261 to 15.275, elect
20 to utilize this act for the accelerated foreclosure of abandoned
21 property to enforce and collect delinquent taxes.

22 (3) If a local tax collecting unit does not elect to utilize
23 this act pursuant to subsection (1) and the county in which the
24 local tax collecting unit is located does not elect to utilize
25 this act pursuant to subsection (2), the delinquent taxes on the
26 abandoned property shall be collected pursuant to the general
27 property tax act.

1 Sec. 4. A collecting unit that undertakes a personal
2 inspection of property as provided in section 5 to determine if
3 the property is abandoned and subject to accelerated foreclosure
4 under this act may levy on that parcel a \$25.00 special adminis-
5 tration and collection fee in addition to any fee authorized
6 under the general property tax act. Proceeds from the special
7 tax administration and collection fee shall be used for inspec-
8 tions, notice requirements, and any necessary title work.

9 Sec. 5. (1) Abandoned property is subject to accelerated
10 foreclosure under this act if all of the following procedures are
11 complied with:

12 (a) A representative of the collecting unit made a personal
13 inspection of the property and determined that the property is
14 abandoned.

15 (b) A notice was posted on the property at the time of the
16 personal inspection by a representative of the collecting unit
17 and a notice was sent by certified mail by the collecting unit to
18 each owner and person with a legal interest in the property
19 according to the records of the treasurer of the local tax col-
20 lecting unit in which the property is located. The notice shall
21 include all of the following information:

22 (i) The legal description and street address of the
23 property.

24 (ii) A statement that the property is abandoned.

25 (iii) A statement that, due to abandonment, the property is
26 subject to accelerated foreclosure for enforcement and collection
27 of delinquent property taxes as provided in this act.

1 (iv) A statement that the property will be presumed
2 abandoned unless the owner or a person claiming a legal interest
3 responds by May 1 with an affidavit filed with or sent by
4 first-class mail to the treasurer of the collecting unit stating
5 that the owner or person with a legal interest in the property is
6 occupying or intends to occupy the property.

7 (c) The owner or a person claiming a legal interest in the
8 property has not claimed the property is not abandoned by filing
9 the affidavit required by subdivision (b)(iv).

10 (2) If the representative of the collecting unit determines
11 during the personal inspection that the property is occupied by a
12 person with a legal interest in the property, the representative
13 shall do all of the following:

14 (a) Provide written notice to that occupant that taxes
15 levied on that property are delinquent, which, if not redeemed,
16 could result in the sale or foreclosure of the property and
17 eviction.

18 (b) Notify the collecting unit that the parcel of property
19 is not abandoned and is not eligible for accelerated foreclosure
20 under this act.

21 Sec. 6. (1) If the owner or a person claiming a legal
22 interest in the property has not claimed that the property is not
23 abandoned by filing the affidavit required by section
24 5(1)(b)(iv), the collecting unit shall conduct, or contract with
25 a private vendor to conduct, a title search for each parcel of
26 abandoned property subject to accelerated foreclosure under this
27 act.

1 (2) The collecting unit shall pay the costs of the title
2 search from the special administration and collection fee autho-
3 rized under section 4.

4 Sec. 7. (1) Not less than 14 days before conducting a hear-
5 ing pursuant to section 8, the collecting unit, or a private
6 vendor under contract with the collecting unit, shall send notice
7 by certified mail, return receipt requested, to the owner and to
8 all persons with a legal interest in each parcel of abandoned
9 property subject to accelerated foreclosure under this act. If
10 the collecting unit or private vendor under contract with the
11 collecting unit is unable to ascertain the whereabouts or the
12 post office address of the owner or any person with a legal
13 interest in the abandoned property subject to accelerated fore-
14 closure under this act, service of the notice shall be made by
15 publication. The notice shall be published for 4 successive
16 weeks, once each week, in a newspaper published and circulated in
17 the county in which the abandoned property is located, if there
18 is one. If no newspaper is published in that county, publication
19 shall be made in a newspaper published and circulated in an
20 adjoining county, and proof of publication, by affidavit of the
21 printer or publisher of the newspaper, shall be filed with the
22 register of deeds in the county in which the abandoned property
23 is located. This publication shall be instead of personal serv-
24 ice on the person or persons with a legal property interest whose
25 whereabouts cannot be ascertained.

26 (2) The collecting unit or private vendor under contract
27 with the collecting unit may utilize the qualified voter file

1 established under section 509o of the Michigan election law, 1954
2 PA 116, MCL 168.509o, to confirm the address of the owner and any
3 person with a legal interest in each parcel of abandoned property
4 subject to accelerated foreclosure under this act.

5 (3) The notice required under subsection (1) shall include,
6 but is not limited to, all of the following:

7 (a) A statement that the property is scheduled for acceler-
8 ated foreclosure because the property has been determined to be
9 abandoned.

10 (b) Instructions for redemption, including a statement of
11 all taxes, interest, penalties, fees, and other costs due.

12 (c) The time, date, and location of the hearing authorized
13 under section 8 at which the owner or a person with a legal
14 interest in the property may object to the accelerated
15 foreclosure.

16 Sec. 8. (1) If notice is provided to the owner and to all
17 persons with a legal interest in each parcel of tax reverted
18 abandoned property as provided in section 7, the collecting unit
19 may schedule a hearing not sooner than September 1 to show cause
20 why absolute title to the abandoned property should not vest in
21 the local unit of government in which the abandoned property is
22 located.

23 (2) A hearing under subsection (1) may be conducted by an
24 existing department within the collecting unit, an entity created
25 by the collecting unit for that purpose, or a private vendor
26 under contract with the collecting unit or entity created by the
27 collecting unit.

1 (3) The owner and any person with a legal interest in the
2 abandoned property may appear at the hearing held pursuant to
3 this section and redeem the abandoned property or show cause why
4 the property is not abandoned or why title to the abandoned prop-
5 erty should not vest in the local unit of government in which the
6 property is located for any of the reasons set forth in section
7 98 of the general property tax act, MCL 211.98.

8 (4) Any determination made at the hearing conducted under
9 this section is prima facie evidence in a quiet title action
10 brought in the circuit court in the county in which the abandoned
11 property is located.

12 Sec. 9. (1) After the hearing provided for in section 8, a
13 collecting unit may bring a quiet title action in the county in
14 which the abandoned property is located. A quiet title action
15 under this section shall determine title for all parcels of aban-
16 doned property set forth on a separate attachment to the com-
17 plaint and incorporated into the complaint by reference.

18 (2) If a collecting unit brings a quiet title action in the
19 county in which abandoned property is located pursuant to subsec-
20 tion (1) and the circuit court enters a judgment vesting absolute
21 title to the abandoned property in the local unit of government
22 in which the abandoned property is located, all prior interests
23 in the abandoned property are canceled.

24 Sec. 10. If a collecting unit brings a quiet title action
25 in the county in which abandoned property is located pursuant to
26 section 9 and the circuit court enters a judgment vesting
27 absolute title to the abandoned property in the local unit of

1 government in which the abandoned property is located, the local
2 unit of government may do 1 or more of the following with the
3 abandoned property:

4 (a) Demolish any unsafe structure located on the abandoned
5 property.

6 (b) Remediate any environmental contamination found on the
7 abandoned property or notify the department of environmental
8 quality or other appropriate organization regarding the existence
9 of environmental contamination on the abandoned property.

10 (c) Sell the abandoned property to a private purchaser by
11 auction or direct marketing.

12 (d) Make the abandoned property available to qualified
13 buyers under the Michigan urban homestead act.

14 (e) Transfer the abandoned property to a nonprofit organiza-
15 tion for rehabilitation and reuse.

16 (f) Retain the tax reverted abandoned property for a spe-
17 cific public purpose, including, but not limited to, a park, zoo,
18 or university, or as part of an existing project with an antici-
19 pated completion date of not more than 2 years after the date
20 title to the abandoned property vests in the local unit of
21 government.