

**SENATE BILL NO. 1330**

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

A bill to allow for the identification of tax delinquent  
homestead property; to permit an accelerated quiet title process  
for tax delinquent homestead property; to require certain proce-  
dures of certain local units of government; to provide for the  
imposition of certain fees; and to provide for the disposition of  
certain tax delinquent homestead 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 tax delinquent homestead property identification and  
3 accelerated quiet title act".

4       Sec. 2. As used in this act:

5       (a) "Collecting unit" means a city, township, or county that  
6 collects delinquent taxes on tax delinquent homestead property  
7 under this act.

1 (b) "Delinquent taxes" means real property taxes that have  
2 been returned as delinquent under the general property tax act.  
3 Delinquent taxes include any interest, penalty, fee, or other  
4 cost authorized under the general property tax act.

5 (c) "General property tax act" means the general property  
6 tax act, 1893 PA 206, MCL 211.1 to 211.157.

7 (d) "Homestead" means property for which a homestead exemp-  
8 tion is granted under section 7cc of the general property tax  
9 act, MCL 211.7cc.

10 (e) "Lienholder" means a person who purchases a lien on tax  
11 delinquent homestead property pursuant to this act.

12 (f) "Local tax collecting unit" means a city or township, or  
13 a county if the county collects property taxes on behalf of a  
14 city or township.

15 (g) "Local unit of government" means a city, village, or  
16 township.

17 (h) "Occupant" means the person or persons residing in tax  
18 delinquent homestead property.

19 (i) "Owner" means the person or persons who hold legal title  
20 to tax delinquent homestead property.

21 (j) "Person" means an individual, partnership, corporation,  
22 association, governmental entity, or other legal entity.

23 (k) "Tax delinquent homestead property" means a homestead on  
24 which taxes have been returned as delinquent under the general  
25 property tax act.

26 Sec. 3. (1) On or before March 1 in any tax year, a local  
27 tax collecting unit may, by resolution approved at a meeting held

1 pursuant to the open meetings act, 1976 PA 267, MCL 15.261 to  
2 15.275, elect to collect delinquent taxes and to bring an accel-  
3 erated quiet title action on tax delinquent homestead property  
4 under this act.

5 (2) If a local tax collecting unit does not elect to utilize  
6 this act pursuant to subsection (1), the county in which the  
7 local tax collecting unit is located shall collect delinquent  
8 taxes on tax delinquent homestead property under this act.

9 Sec. 4. (1) Delinquent taxes on tax delinquent homestead  
10 property may be collected under this act and the tax delinquent  
11 homestead property is subject to an accelerated quiet title  
12 action under this act if a representative of the collecting unit  
13 made a personal inspection of the tax delinquent homestead prop-  
14 erty under the Michigan abandoned property identification and  
15 accelerated foreclosure act, determined that the occupant of the  
16 tax delinquent homestead property is the owner of the tax delin-  
17 quent homestead property, and determined that the tax delinquent  
18 homestead property is the owner's homestead. The collecting unit  
19 shall determine if the occupant of the tax delinquent homestead  
20 property is the owner of the tax delinquent homestead property  
21 and if the tax delinquent homestead property is the owner's home-  
22 stead by reviewing all of the following:

23 (a) A list of rental properties maintained by the local unit  
24 of government in which the tax delinquent homestead property is  
25 located.

26 (b) Assessing records of the local tax collecting unit.

1 (c) Affidavits for homestead exemptions maintained by the  
2 department of treasury pursuant to section 7cc of the general  
3 property tax act, MCL 211.7cc.

4 (2) If delinquent taxes on tax delinquent homestead property  
5 are not eligible to be collected under this act pursuant to  
6 subsection (1), the delinquent taxes shall be collected under the  
7 general property tax act.

8 Sec. 5. (1) The collecting unit shall provide written  
9 notice to the owner of tax delinquent homestead property by cer-  
10 tified mail, return receipt requested, of both of the following:

11 (a) That delinquent taxes levied on the tax delinquent home-  
12 stead property are subject to collection under this act.

13 (b) Failure to pay the delinquent taxes within 1 year from  
14 the immediately preceding March 1 may result in the sale of the  
15 tax delinquent homestead property and an accelerated quiet title  
16 action against the tax delinquent homestead property.

17 (2) If delinquent taxes levied on tax delinquent homestead  
18 property are not paid within 6 months of the notice provided  
19 under subsection (1), the collecting unit shall send a second  
20 notice to the owner of the tax delinquent homestead property by  
21 certified mail, return receipt requested, providing the same  
22 information set forth in subsection (1).

23 (3) Thirty days prior to March 1, if delinquent taxes levied  
24 on tax delinquent homestead property are not paid, the collecting  
25 unit shall send a third notice to the owner of the tax delinquent  
26 homestead property by certified mail, return receipt requested,

1 advising the owner that the tax delinquent homestead property is  
2 subject to sale under this act on March 1.

3       Sec. 6. (1) On March 1 in each tax year, the collecting  
4 unit or a private vendor under contract with the collecting unit  
5 shall submit for sale to the highest bidder liens on tax delin-  
6 quent homestead property delinquent for taxes assessed in the  
7 immediately preceding tax year and for which notice has been sent  
8 to the owner of the tax delinquent homestead property as required  
9 under section 5.

10       (2) The minimum acceptable bid for a lien on tax delinquent  
11 homestead property is the amount of delinquent taxes due on that  
12 tax delinquent homestead property. A person bidding for a lien  
13 on tax delinquent homestead property may bid more than the amount  
14 of delinquent taxes due on that tax delinquent homestead  
15 property. If a lien on tax delinquent homestead property is sold  
16 for more than the amount of delinquent taxes due, the amount  
17 received greater than the amount of delinquent taxes due shall be  
18 applied as follows:

19       (a) First, to cover the administrative costs of the sale.

20       (b) Any remaining balance shall be applied to other adminis-  
21 trative costs of tax collection under this act.

22       (3) The highest bidder for a lien on tax delinquent home-  
23 stead property shall receive a lien on that tax delinquent home-  
24 stead property that conveys a 100% interest in that tax delin-  
25 quent homestead property if not redeemed as provided in this  
26 act.

1       (4) If no minimum acceptable bid is offered for a lien on  
2 tax delinquent homestead property, the lien for that tax  
3 delinquent homestead property shall be considered bid off to the  
4 collecting unit for the amount of delinquent taxes due on that  
5 tax delinquent homestead property.

6       Sec. 7. After the sale provided for in section 6, the col-  
7 lecting unit shall send a fourth notice to the owner of the tax  
8 delinquent homestead property by certified mail, return receipt  
9 requested, informing the owner that a lien on the tax delinquent  
10 homestead property was either sold to a lienholder pursuant to  
11 section 6(3) or was bid off to the collecting unit pursuant to  
12 section 6(4), and that the tax delinquent homestead property is  
13 subject to an accelerated quiet title action as provided in this  
14 act if not redeemed.

15       Sec. 8. (1) Unless redeemed, 1 year after the notice pro-  
16 vided for in section 7, the collecting unit shall issue a tax  
17 deed to the lienholder or to the collecting unit if the lien on  
18 that tax delinquent homestead property was bid off to the col-  
19 lecting unit.

20       (2) A tax deed issued to a lienholder under subsection (1)  
21 is valid for 1 year after it is issued. If the lien on the tax  
22 delinquent homestead property is not redeemed as provided under  
23 this act, the lienholder shall perfect title to the tax delin-  
24 quent homestead property as provided under this act or surrender  
25 the tax deed to the collecting unit without refund of the pur-  
26 chase amount.

1       (3) After the collecting unit issues a tax deed pursuant to  
2 subsection (1), the lienholder or the collecting unit if the lien  
3 on the tax delinquent homestead property was bid off to the col-  
4 lecting unit shall perform a title search on the tax delinquent  
5 homestead property. If the title search required under this sub-  
6 section is performed by the lienholder, the lienholder shall pro-  
7 vide the results of the title search to the collecting unit.

8       Sec. 9. (1) After the title search required under section 8  
9 is performed, the collecting unit shall send a fifth notice by  
10 certified mail, return receipt requested, to the owner and to all  
11 persons with a legal interest in each parcel of tax delinquent  
12 homestead property subject to the collection of delinquent taxes  
13 under this act. If the collecting unit is unable to ascertain  
14 the whereabouts or the post office address of the owner or any  
15 person with a legal interest in the tax delinquent homestead  
16 property subject to the collection of delinquent taxes under this  
17 act, service of the notice shall be made by publication. The  
18 notice shall be published for 4 successive weeks, once each week,  
19 in a newspaper published and circulated in the county in which  
20 the tax delinquent homestead property is located, if there is  
21 one. If no newspaper is published in that county, publication  
22 shall be made in a newspaper published and circulated in an  
23 adjoining county. Proof of publication, by affidavit of the  
24 printer or publisher of the newspaper, shall be filed with the  
25 register of deeds in the county in which the tax delinquent home-  
26 stead property is located. This publication shall be instead of  
27 personal service on the owner or any person with a legal interest

1 in the tax delinquent homestead property whose whereabouts cannot  
2 be ascertained.

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

5 (a) A statement that a tax deed to the tax delinquent home-  
6 stead property was issued to either the lienholder or the col-  
7 lecting unit.

8 (b) A statement that the lienholder or the collecting unit  
9 may bring an action in the circuit court in the county in which  
10 the tax delinquent homestead property is located to quiet title  
11 to that tax delinquent homestead property.

12 (c) Instructions for redemption, including a statement of  
13 all delinquent taxes, costs, and fees due.

14 (d) If the lien on the tax delinquent homestead property was  
15 bid off to the collecting unit, the time, date, and location of  
16 the hearing required under section 11 at which the owner or a  
17 person with a legal interest in the tax delinquent homestead  
18 property may object to absolute title to the tax delinquent home-  
19 stead property vesting in the local unit of government in which  
20 the tax delinquent homestead property is located for any of the  
21 reasons set forth in section 98 of the general property tax act,  
22 MCL 211.98.

23 (3) The collecting unit may utilize the qualified voter file  
24 established under section 509o of the Michigan election law, 1954  
25 PA 116, MCL 168.509o, to confirm the address of the owner and any  
26 person with a legal interest in each parcel of tax delinquent



1 homestead property subject to the collection of delinquent taxes  
2 under this act.

3       Sec. 10. (1) If a tax deed is issued to a lienholder pursu-  
4 ant to section 8, 6 months after the fifth notice required under  
5 section 9 is sent the lienholder may bring an action in the cir-  
6 cuit court in the county in which the tax delinquent homestead  
7 property is located to quiet title to that tax delinquent home-  
8 stead property in the lienholder.

9       (2) If the tax delinquent homestead property is occupied by  
10 the owner, not less than 60 days before the circuit court enters  
11 an order quieting title to tax delinquent homestead property the  
12 lienholder shall notify the family independence agency that an  
13 action to quiet title to that tax delinquent homestead property  
14 is pending. The family independence agency shall not take any  
15 action to diminish the lienholder's interest in the tax delin-  
16 quent homestead property, but the family independence agency may  
17 assist the owner in redeeming the tax delinquent homestead  
18 property.

19       (3) If a lienholder brings a quiet title action under sub-  
20 section (1) and the circuit court enters a judgment vesting abso-  
21 lute title to the tax delinquent homestead property in the lien-  
22 holder, all prior interests in the tax delinquent homestead prop-  
23 erty are terminated.

24       Sec. 11. (1) If a tax deed is issued to a collecting unit  
25 pursuant to section 8, 90 days after the fifth notice required  
26 under section 9 is sent the collecting unit may schedule a  
27 hearing to show cause why absolute title to the tax delinquent

1 homestead property should not vest in the local unit of  
2 government in which the tax delinquent homestead property is  
3 located.

4       (2) A hearing under subsection (1) may be conducted by an  
5 existing department within the collecting unit, an entity created  
6 by the collecting unit for that purpose, or a private vendor  
7 under contract with the collecting unit or entity created by the  
8 collecting unit.

9       (3) The owner or any person with a legal interest in the tax  
10 delinquent homestead property may appear at the hearing held  
11 under this section and redeem the tax delinquent homestead prop-  
12 erty or show cause why title to the tax delinquent homestead  
13 property should not vest in the local unit of government in which  
14 the tax delinquent homestead property is located for any of the  
15 reasons set forth in section 98 of the general property tax act,  
16 MCL 211.98.

17       (4) Any determination made at the hearing conducted under  
18 this section is prima facie evidence in a quiet title action  
19 brought pursuant to section 12.

20       Sec. 12. (1) After the hearing required under section 11, a  
21 collecting unit may bring a quiet title action in the circuit  
22 court in the county in which the tax delinquent homestead prop-  
23 erty is located. A quiet title action under this section shall  
24 determine title for all parcels of tax delinquent homestead prop-  
25 erty set forth on a separate attachment to the complaint and  
26 incorporated into the complaint by reference.

1       (2) If the tax delinquent homestead property is occupied by  
2 the owner, not less than 60 days before the circuit court enters  
3 an order quieting title to tax delinquent homestead property the  
4 collecting unit shall notify the family independence agency that  
5 an action to quiet title to that tax delinquent homestead prop-  
6 erty is pending. The family independence agency shall not take  
7 any action to diminish the collecting unit's interest in the tax  
8 delinquent homestead property, but the family independence agency  
9 may assist the owner in redeeming the tax delinquent homestead  
10 property.

11       (3) If a collecting unit brings a quiet title action under  
12 subsection (1) and the circuit court enters a judgment vesting  
13 absolute title to the tax delinquent homestead property in the  
14 local unit of government in which the tax delinquent homestead  
15 property is located, all prior interests in the tax delinquent  
16 homestead property are canceled.

17       Sec. 13. If a circuit court enters a judgment quieting  
18 title to the tax delinquent homestead property in the local unit  
19 of government in which the tax delinquent homestead property is  
20 located pursuant to section 12, the local unit of government may  
21 do 1 or more of the following with the tax delinquent homestead  
22 property:

23       (a) Demolish any unsafe structure located on the tax delin-  
24 quent homestead property.

25       (b) Remediate any environmental contamination found on the  
26 tax delinquent homestead property or notify the department of  
27 environmental quality or other appropriate organization regarding

1 the existence of environmental contamination on the tax  
2 delinquent homestead property.

3 (c) Sell the tax delinquent homestead property to a private  
4 purchaser by auction or direct marketing.

5 (d) Transfer the tax delinquent homestead property to a  
6 homestead program if a homestead program exists and the tax  
7 delinquent homestead property meets the specifications of the  
8 homestead program.

9 (e) Transfer the tax delinquent homestead property to a non-  
10 profit organization for rehabilitation and reuse.

11 (f) Retain the tax delinquent homestead property for a spe-  
12 cific public purpose, including, but not limited to, a park, zoo,  
13 or university, or as part of an existing project with an antici-  
14 pated completion date of not more than 2 years after the date  
15 title to the tax delinquent homestead property vests in the local  
16 unit of government.