



Senate Fiscal Agency  
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**BILL ANALYSIS**

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House Bill 5381 (Substitute H-1 as reported without amendment)  
Sponsor: Representative Charles LaSata  
House Committee: Judiciary  
Senate Committee: Judiciary

**CONTENT**

The bill would add Chapter 28 ("Judgment Liens") to the Revised Judicature Act (RJA) to provide for the establishment and dissolution of a judgment lien (an encumbrance against a judgment debtor's interest in real property, including after-acquired property, in favor of a judgment creditor). The bill would take effect on September 1, 2004.

The bill specifies that a judgment lien would attach to a judgment debtor's interest in real property, if a judgment lien notice were filed with the county register of deeds. A court clerk would have to certify a notice of judgment lien that was filed with the court and met certain criteria; and a judgment lien notice would have to be served on the debtor by certified mail or, if the judgment were for \$25,000 or more, by personal service. A judgment lien would have priority over a lien recorded with the register of deeds after the notice of judgment lien was recorded, subject to certain exceptions, including a purchase money mortgage, a construction lien, and a State or Federal tax lien.

Proceeds of the sale or refinancing of property subject to a judgment lien would be due to the judgment creditor up to the amount of the judgment debtor's equity in the property after all senior liens, property taxes, and costs and fees were paid or extinguished. There would be no right to foreclose a judgment lien.

A judgment lien would expire five years after it was recorded, and could be rerecorded once. If the judgment expired before the lien, the lien would expire on that date. A judgment lien would be extinguished when the judgment was satisfied or the judgment lien was discharged by the creditor, his or her attorney, or a court. A creditor would have to record a discharge within 28 days after the judgment was paid in full, or within 14 days after that, after receiving a written request from the debtor. A judgment creditor that failed to comply would be liable to the judgment debtor for \$300 plus actual damages and costs.

Proposed MCL 600.2801-600.2819

Legislative Analyst: Patrick Affholter

**FISCAL IMPACT**

The bill would have an indeterminate fiscal impact on State and local government. To the extent that it would create additional administrative requirements for courts, the bill could increase costs for court funding units.

Date Completed: 5-24-04

Fiscal Analyst: Bethany Wicksall

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