

**SUBSTITUTE FOR  
SENATE BILL NO. 204**

A bill to amend 1998 PA 386, entitled  
"Estates and protected individuals code,"  
by amending section 3805 (MCL 700.3805), as amended by 2000 PA 177.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 3805. (1) If the applicable estate property is  
2       insufficient to pay all claims and allowances in full, the personal  
3       representative shall make payment in the following order of  
4       priority:

5           (a) Costs and expenses of administration.

6           (b) Reasonable funeral and burial expenses.

7           (c) Homestead allowance.

8           (d) Family allowance.

9           (e) Exempt property.

10          (f) Debts and taxes with priority under federal law,

11       **INCLUDING, BUT NOT LIMITED TO, MEDICAL ASSISTANCE PAYMENTS THAT ARE**  
12       **SUBJECT TO ADJUSTMENT OR RECOVERY FROM AN ESTATE UNDER SECTION 1917**

1 **OF THE SOCIAL SECURITY ACT, 42 USC 1396P.**

2 (g) Reasonable and necessary medical and hospital expenses of  
3 the decedent's last illness, including a compensation of persons  
4 attending the decedent.

5 (h) Debts and taxes with priority under other laws of this  
6 state.

7 (i) All other claims.

8 (2) A preference shall not be given in the payment of a claim  
9 over another claim of the same class, and a claim due and payable  
10 is not entitled to a preference over a claim not due.

11 (3) If there are insufficient assets to pay all claims in full  
12 or to satisfy homestead allowance, family allowance, and exempt  
13 property, the personal representative shall certify the amount and  
14 nature of the deficiency to the trustee of a trust described in  
15 section 7501(1) for payment by the trustee in accordance with  
16 section 7502. If the personal representative is aware of other  
17 nonprobate transfers that may be liable for claims and allowances,  
18 then, unless the will provides otherwise, the personal  
19 representative shall proceed to collect the deficiency in a manner  
20 reasonable under the circumstances so that each nonprobate  
21 transfer, including those made under a trust described in section  
22 7501(1), bears a proportionate share or equitable share of the  
23 total burden.

24 Enacting section 1. This amendatory act does not take effect  
25 unless Senate Bill No. 374 of the 94th Legislature is enacted into  
26 law.