



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536



Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

Senate Bill 398 (Substitute S-2 as reported)
Sponsor: Senator Mike Green
Committee: Banking and Financial Institutions

(as enacted)

CONTENT

The bill would amend Chapter 32 (Foreclosure of Mortgages by Advertisement) of the Revised Judicature Act to delay for six months, until January 5, 2012, the sunset on sections that provide for the modification of residential mortgage loans.

Under Chapter 32, a mortgage of real property may be foreclosed by advertisement (rather than judicial process) if the mortgage document contains a "power of sale", and notice is posted and published as required. Public Acts 29, 30, and 31 of 2009 amended Chapter 32 to establish procedures under which a borrower must be given an opportunity to meet with the lender regarding modification of a mortgage loan on a principal residence, before the mortgage is foreclosed.

Sections 3205a to 3205d, which were enacted by Public Acts 30 and 31, are scheduled to be repealed on July 5, 2011. The bill would delay the sunset until January 5, 2012.

Public Act 29 amended Section 3204 to prohibit a party from beginning foreclosure proceedings on a primary residence if the required procedures have not been followed, applicable time limits have not expired, or the parties have agreed to modify the loan and the borrower is not in default. These provisions apply only to proceedings in which the first notice of a mortgage sale is published after July 5, 2009 (the Act's effective date) and before July 5, 2011. The bill would extend the provisions to proceedings in which the first notice was published before January 5, 2012.

MCL 600.3204 & 600.3205

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Date Completed: 6-13-11

Fiscal Analyst: Josh Sefton