

SUBSTITUTE FOR
SENATE BILL NO. 383

A bill to amend 1961 PA 236, entitled
"Revised judicature act of 1961,"
by amending section 3240 (MCL 600.3240), as amended by 2011 PA 303.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 3240. (1) A purchaser's deed **UNDER SECTION 3232** is void
2 if the mortgagor, the mortgagor's heirs or personal representative,
3 or any person lawfully claiming under the mortgagor or the
4 mortgagor's heirs or personal representative redeems the entire
5 premises sold by paying the amount required under subsection (2)
6 and any amount required under subsection (4), within the applicable
7 time limit prescribed in subsections (7) to ~~(13)~~, **(12)**, to the
8 purchaser or the purchaser's personal representative or assigns, or
9 to the register of deeds in whose office the deed is deposited for

1 the benefit of the purchaser.

2 (2) The amount required to be paid under subsection (1) is the
3 ~~sum~~**AMOUNT** that was bid for the entire premises sold, ~~with~~ interest
4 from the date of the sale at the interest rate provided for by the
5 mortgage, ~~together with~~ the amount of the sheriff's fee paid by the
6 purchaser under section 2558(2)(q), and an additional \$5.00 as a
7 fee for the care and custody of the redemption money if the payment
8 is made to the register of deeds. Except as provided in subsection
9 (15), the register of deeds shall not determine the amount
10 necessary for redemption. The purchaser shall ~~attach~~**PROVIDE** an
11 affidavit with the deed to be recorded under this section that
12 states the exact amount required to redeem the property under this
13 subsection, including any daily per diem amounts, and the date by
14 which the property must be redeemed shall be stated on the
15 certificate of sale. The purchaser may include in the affidavit the
16 name of a designee responsible on behalf of the purchaser to assist
17 the person redeeming the property in computing the exact amount
18 required to redeem the property. The designee may charge a fee as
19 stated in the affidavit and may be authorized by the purchaser to
20 receive redemption ~~funds~~**MONEY**. The purchaser shall accept the
21 amount computed by the designee.

22 (3) If a distinct lot or parcel separately sold is redeemed,
23 leaving a portion of the premises unredeemed, the deed ~~shall be~~**IS**
24 void only to the redeemed parcel or parcels.

25 (4) If, after ~~the~~**A** sale **UNDER SECTION 3220**, the purchaser,
26 the purchaser's heirs or personal representative, or any person
27 lawfully claiming under the purchaser or the purchaser's heirs or

1 personal representative pays taxes assessed against the property,
2 amounts necessary to redeem senior liens from foreclosure,
3 condominium assessments, homeowner association assessments,
4 community association assessments, or premiums on an insurance
5 policy covering any buildings located on the property that under
6 the terms of the mortgage it would have been the duty of the
7 mortgagor to pay if the mortgage had not been foreclosed and that
8 are necessary to keep the policy in force until the expiration of
9 the period of redemption, redemption shall be made only upon
10 payment of the sum specified in subsection (2) plus the amounts
11 specified in this subsection with interest on the amounts specified
12 in this subsection from the date of the payment to the date of
13 redemption at the interest rate specified in the mortgage. This
14 subsection does not apply unless all of the following are filed
15 with the register of deeds with whom the deed is deposited:

16 (a) An affidavit by the purchaser or someone in his or her
17 behalf who has knowledge of the facts of the payment showing the
18 amount and items paid.

19 (b) The receipt or copy of the canceled check evidencing the
20 payment of the taxes, amounts necessary to redeem senior liens from
21 foreclosure, condominium assessments, homeowner association
22 assessments, community association assessments, or insurance
23 premiums.

24 (c) An affidavit of an insurance agent of the insurance
25 company stating that the payment was made and what portion of the
26 payment covers the premium for the period before the expiration of
27 the period of redemption.

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1 (5) If the redemption payment in subsection (4) includes an
2 amount used to redeem a senior lien from a nonjudicial foreclosure,
3 the mortgagor ~~shall have~~ **HAS** the same defenses against the
4 purchaser with respect to the amount used to redeem the senior lien
5 as the mortgagor would have had against the senior lien.

6 (6) The register of deeds shall indorse on ~~the~~ documents filed
7 under subsection (4) the time they are received. The register of
8 deeds shall record the affidavit of the purchaser only and shall
9 preserve in his or her files the recorded affidavit, receipts,
10 insurance receipts, and insurance agent's affidavit until
11 expiration of the period of redemption.

12 (7) ~~For~~ **SUBJECT TO SUBSECTION (13), <<FOR>>** a mortgage executed
13 on or after January 1, 1965, of commercial or industrial property, or
14 multifamily residential property in excess of 4 units, the
15 redemption period is 6 months from the date of the sale.

16 (8) Subject to subsections (9) to ~~(12)~~, **(11) AND (13)**, for a
17 mortgage executed on or after January 1, 1965, of residential
18 property not exceeding 4 units, if the amount claimed to be due on
19 the mortgage at the date of the notice of foreclosure is more than
20 66-2/3% of the original indebtedness secured by the mortgage, the
21 redemption period is 6 months.

22 (9) ~~Subject to subsection (10), for~~ **FOR** a mortgage of
23 residential property not exceeding 4 units, if the property is
24 abandoned as determined under section 3241, the redemption period
25 is ~~3 months~~. **1 MONTH.**

26 ~~—— (10) For a mortgage of residential property not exceeding 4~~
27 ~~units, if the amount claimed to be due on the mortgage at the date~~

1 ~~of the notice of foreclosure is more than 66 2/3% of the original~~
2 ~~indebtedness secured by the mortgage and the property is abandoned~~
3 ~~as determined under section 3241, the redemption period is 1 month.~~

4 (10) ~~(11)~~ If the property is abandoned as determined under
5 section 3241a, the redemption period is ~~30 days~~ **1 MONTH** or until
6 the time to provide the notice required by section 3241a(c)
7 expires, whichever is later.

8 (11) ~~(12)~~ **FOR SUBJECT TO SUBSECTION (13),** FOR a mortgage of
9 property that is used for agricultural purposes, the redemption
10 period is 1 year from the date of the sale.

11 (12) ~~(13)~~ If subsections (7) to ~~(12)~~ **(11)** do not apply, **AND**
12 **SUBJECT TO SUBSECTION (13),** the redemption period is 1 year from
13 the date of the sale.

14 (13) **AFTER THE SALE UNDER SECTION 3220 AND PERIODICALLY**
15 **THROUGHOUT THE REDEMPTION PERIOD, THE PURCHASER AT THE SALE MAY**
16 **INSPECT THE EXTERIOR AND INTERIOR OF THE PROPERTY AND ALL ANCILLARY**
17 **STRUCTURES. IF INSPECTION IS UNREASONABLY REFUSED OR IF DAMAGE TO**
18 **THE PROPERTY IS IMMINENT OR HAS OCCURRED, THE PURCHASER MAY**
19 **IMMEDIATELY COMMENCE SUMMARY PROCEEDINGS FOR POSSESSION OF THE**
20 **PROPERTY UNDER CHAPTER 57 OR FILE AN ACTION FOR ANY OTHER RELIEF**
21 **NECESSARY TO PROTECT THE PROPERTY FROM DAMAGE. IF A JUDGMENT FOR**
22 **POSSESSION IS ENTERED IN FAVOR OF THE PURCHASER, THE RIGHT OF**
23 **REDEMPTION IS EXTINGUISHED AND FULL TITLE TO THE PROPERTY VESTS IN**
24 **THE PURCHASER. AS USED IN THIS SUBSECTION, "DAMAGE" INCLUDES, BUT**
25 **IS NOT LIMITED TO, ANY OF THE FOLLOWING:**

26 (A) **THE FAILURE TO COMPLY WITH LOCAL ORDINANCES REGARDING**
27 **MAINTENANCE OF THE PROPERTY, IF THE FAILURE IS THE SUBJECT OF**

1 ENFORCEMENT ACTION BY THE APPROPRIATE GOVERNMENTAL UNIT.

2 (B) A BOARDED UP OR CLOSED OFF WINDOW OR ENTRANCE.

3 (C) MULTIPLE BROKEN AND UNREPAIRED WINDOW PANES.

4 (D) A SMASHED THROUGH, BROKEN OFF, OR UNHINGED DOOR.

5 (E) ACCUMULATED RUBBISH, TRASH, OR DEBRIS.

6 (F) STRIPPED PLUMBING, ELECTRICAL WIRING, SIDING, OR OTHER
7 METAL MATERIAL.

8 (G) MISSING FIXTURES, INCLUDING, BUT NOT LIMITED TO, A
9 FURNACE, WATER HEATER, OR AIR CONDITIONING UNIT.

10 (H) DETERIORATION BELOW, OR BEING IN IMMINENT DANGER OF
11 DETERIORATING BELOW, COMMUNITY STANDARDS FOR PUBLIC SAFETY AND
12 SANITATION.

13 (I) A CONDITION THAT WOULD JUSTIFY RECOVERY OF THE PREMISES
14 UNDER SECTION 5714 (1) (D) .

15 (14) The amount stated in any affidavits recorded under this
16 section shall be the amount necessary to satisfy the requirements
17 for redemption under this section.

18 (15) The register of deeds of a county ~~having~~ **WITH** a
19 population of more than 750,000 and less than 1,500,000, at the
20 request of a person entitled to redeem the property under this
21 section, shall determine the amount necessary for redemption. In
22 determining the amount, the register of deeds shall consider only
23 the affidavits recorded under subsections (2) and (4) . A county,
24 register of deeds, or employee of a county or register of deeds is
25 not liable for damages proximately caused by an incorrect
26 determination of an amount necessary for redemption under
27 subsection (2) .

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1 (16) A register of deeds may charge not more than \$50.00 for
2 determining the amount necessary for redemption under this section.

3 (17) For purposes of this section, there is a presumption that
4 the property is used for agricultural purposes if, before the
5 foreclosure sale under this chapter, the mortgagor provides the
6 party foreclosing the mortgage and the foreclosing party's attorney
7 proof that the mortgagor filed a schedule F to the mortgagor's
8 federal income tax form 1040 for the year preceding the year in
9 which the proceedings to foreclose the mortgage were commenced and
10 records an affidavit with the register of deeds for the county in
11 which the property is located stating that the proof has been
12 delivered. If the mortgagor fails to provide proof and record an
13 affidavit as required by this subsection before the foreclosure
14 sale, there is a presumption that the property is not used for
15 agricultural purposes. The party foreclosing the mortgage or the
16 mortgagor may file a civil action to produce evidence to rebut a
17 presumption created by this subsection. An action under this
18 section shall be filed before the expiration of the redemption
19 period that would apply if the property is determined not to be
20 used for agricultural purposes.

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