



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



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

House Bill 5336 (Substitute S-1 as reported)
Sponsor: Representative Brandt Iden
House Committee: Judiciary
Senate Committee: Judiciary and Public Safety

CONTENT

The bill would rename the "Uniform Commercial Real Estate Receivership Act" as the "Commercial Receivership Act", and would amend the Act to do the following:

- Expand the scope of the Act to apply to a receivership for an interest in personal property and fixtures.
- Delete a provision prohibiting a court from appointing a person as a receiver unless the person submits to the court a statement that he or she is not disqualified and, instead, require a court to select a receiver through a prescribed process if it determined there was good cause to appoint a receiver.
- Allow the party moving for the appointment of a receiver to request, or allow the parties to stipulate to, the selection of a receiver.
- Require the court to appoint the receiver nominated by the party or parties if the nonmoving party did not file an objection to the moving party's nominated receiver within 14 days or if the parties stipulated to the selection of the receiver, unless the court determined that a different receiver should be appointed.
- Require an owner to deliver to a receiver, within seven days after the entry of an order appointing the receiver, a list containing the name and address of all creditors and other known interested parties of the receivership estate, in addition to currently prescribed duties.
- Allow a receiver to transfer receivership property with court approval and after notice and an opportunity for a hearing was given to all creditors and other known interested parties unless the court ordered otherwise for cause.
- Require a receiver to file required interim report quarterly, except as otherwise ordered by a court for cause.
- Allow a court to order payment of any fees and expenses of a professional engaged to assist the receiver in performing a duty or exercising a power.
- Specify that a request by a mortgagee for appointment of a receiver, the appointment of a receiver, or application by a mortgagee of receivership property or proceeds to the secured obligation also would not impose any duty on the secured party under Section 9207 of the Uniform Commercial Code.

MCL 554.1011 et al.

Legislative Analyst: Stephen Jackson

FISCAL IMPACT

The bill would have an indeterminate, though likely minor, fiscal impact on the State and local court systems. The bill would expand upon the 2018 codification of the appropriate procedure for the appointment and regulation of commercial receiverships. The bill would expand the statutory procedure to include noncommercial receivership matters, including those involving

personal property, such as a personal vehicle. Before Public Act 16 of 2018, the appointment of receivers in commercial property disputes was governed by case law and court rules.

Testimony from the Michigan Judges Association indicated that the codification of these procedures likely has saved time and resources for courts and litigants. The bill would expand the application of these statutes to more receivership matters handled by courts, including those for personal property. This likely would standardize further the procedures by which receivers are appointed in property disputes.

Date Completed: 7-15-20

Fiscal Analyst: Michael Siracuse