

**SUBSTITUTE FOR
HOUSE BILL NO. 4799**

A bill to enact the uniform assignment of rents act; to provide for the creation, perfection, and enforcement of security interests in rents; to provide remedies; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act may be cited as the "Michigan uniform
2 assignment of rents act".

3 Sec. 2. As used in this act:

4 (a) "Assignee" means a person entitled to enforce an
5 assignment of rents. Assignee includes the purchaser at a
6 foreclosure sale by operation of law.

7 (b) "Assignment of rents" means a transfer of an interest in
8 rents in connection with an obligation secured by real property

1 located in this state and from which the rents arise.

2 (c) "Assignor" means a person that makes an assignment of
3 rents or the successor owner of the real property from which the
4 rents arise.

5 (d) "Cash proceeds" means proceeds that are money, checks,
6 deposit accounts, or the like.

7 (e) "Day" means calendar day.

8 (f) "Deposit account" means a demand, time, savings, passbook,
9 or similar account maintained with a bank, savings bank, savings
10 and loan association, credit union, or trust company.

11 (g) "Document" means information that is inscribed on a
12 tangible medium or that is stored on an electronic or other medium
13 and is retrievable in perceivable form.

14 (h) "Notification" means a document containing information
15 that this act requires a person to provide to another, signed by
16 the person required to provide the information.

17 (i) "Person" means an individual, corporation, business trust,
18 estate, trust, partnership, limited liability company, association,
19 joint venture, public corporation, government, or governmental
20 subdivision, agency, or instrumentality, or any other legal or
21 commercial entity.

22 (j) "Proceeds" means personal property that is received or
23 collected on account of a tenant's obligation to pay rents.

24 (k) "Purchase" means to take by sale, lease, discount,
25 negotiation, mortgage, pledge, lien, security interest, issue or
26 reissue, gift, or any other voluntary transaction creating an
27 interest in property.

28 (l) "Rental agreement" means an agreement by which a person is
29 obligated to pay rents to the assignor.

1 (m) "Rents" means any of the following:

2 (i) Sums payable for the right to possess or occupy, or for the
3 actual possession or occupation of, real property of another
4 person.

5 (ii) Sums payable to an assignor under a policy of rental
6 interruption insurance covering real property.

7 (iii) Claims arising out of a default in the payment of sums
8 payable for the right to possess or occupy real property of another
9 person.

10 (iv) Sums payable to terminate an agreement to possess or
11 occupy real property of another person.

12 (v) Sums payable to an assignor for payment or reimbursement
13 of expenses incurred in owning, operating, and maintaining, or
14 constructing or installing improvements on, real property.

15 (vi) Fees, charges, accounts, or other payments for the use or
16 occupancy of rooms and other facilities in hotels, motels, or other
17 lodging properties.

18 (vii) Any other sums payable under an agreement relating to the
19 real property of another person that constitute rents under law of
20 this state other than this act.

21 (n) "Secured obligation" means an obligation the performance
22 of which is secured by an assignment of rents.

23 (o) "Security instrument" means a document, however
24 denominated, that creates or provides for a security interest in
25 real property, including a land contract, whether or not it also
26 creates or provides for a security interest in personal property.

27 (p) "Security interest" means an interest in property that
28 arises by agreement and secures performance of an obligation.

29 (q) "Sign" means, with present intent to authenticate or adopt

1 a document, to do either of the following:

2 (i) Execute or adopt a tangible symbol.

3 (ii) Attach to or logically associate with the document an
4 electronic sound, symbol, or process.

5 (r) "State" means a state of the United States, the District
6 of Columbia, Puerto Rico, the United States Virgin Islands, or any
7 territory or insular possession subject to the jurisdiction of the
8 United States.

9 (s) "Submit for recording" means to submit a document
10 complying with applicable legal standards, with required fees and
11 taxes, to the register of deeds for the county in which the real
12 property is located.

13 (t) "Tenant" means a person that has an obligation to pay sums
14 for the right to possess or occupy, or for possessing or occupying,
15 the real property of another person.

16 Sec. 3. (1) Except as otherwise provided in subsections (3)
17 and (4), a person gives a notification or a copy of a notification
18 under this act by doing either of the following:

19 (a) Depositing it with the United States Postal Service or
20 with a commercially reasonable delivery service, properly addressed
21 to the intended recipient's address as specified in subsection (2),
22 with first-class postage or cost of delivery provided for.

23 (b) If the recipient agreed to receive notification by
24 facsimile transmission, email, or other electronic transmission,
25 sending it to the recipient in the agreed manner at the address
26 specified in the agreement.

27 (2) The following rules determine the proper address for
28 giving a notification under subsection (1):

29 (a) A person giving a notification to an assignee shall use

1 the address for notices to the assignee provided in the document
2 creating the assignment of rents, but, if the assignee has provided
3 the person giving the notification with a more recent address for
4 notices, the person giving the notification shall use that address.

5 (b) A person giving a notification to an assignor shall use
6 the address for notices to the assignor provided in the document
7 creating the assignment of rents, but, if the assignor has provided
8 the person giving the notification with a more recent address for
9 notices, the person giving the notification shall use that address.

10 (c) If a tenant's agreement with an assignor provides an
11 address for notices to the tenant and the person giving
12 notification has received a copy of the agreement or knows the
13 address for notices specified in the agreement, the person giving
14 the notification shall use that address in giving a notification to
15 the tenant. Otherwise, the person shall use the address of the
16 premises covered by the agreement.

17 (3) If a person giving a notification pursuant to this act and
18 the recipient have agreed to the method for giving a notification,
19 any notification must be given by that method.

20 (4) If a notification is received by the recipient, it is
21 effective even if it was not given in accordance with subsection
22 (1) or (3).

23 Sec. 4. (1) An assignment of rents is created by an assignment
24 in either an enforceable security instrument that grants a security
25 interest in rents or a document that grants a security interest in
26 rents which is signed in connection with an enforceable security
27 instrument as to any real property described in the document
28 creating the assignment of rents.

29 (2) Except as provided in subsection (5), an assignment of

1 rents creates a presently effective security interest in all
2 accrued and unaccrued rents arising from the real property
3 described in the document creating the assignment, regardless of
4 whether the document is in the form of an absolute assignment, an
5 absolute assignment conditioned upon default, an assignment as
6 additional security, or any other form. The security interest in
7 rents is separate and distinct from any security interest held by
8 the assignee in the real property.

9 (3) A discharge of a security instrument discharges by
10 operation of law any assignment of rents made in connection with
11 the discharged security instrument.

12 (4) Upon a foreclosure of the security instrument, all of the
13 following apply:

14 (a) The assignment of rents made in connection with the
15 security instrument continues to be effective to the extent of the
16 remaining secured obligation and transfers to the purchaser at the
17 foreclosure sale by operation of law whether or not the foreclosure
18 notice makes reference to the assignment of rents. Any transfer of
19 the foreclosure deed by the holder of the deed also transfers the
20 assignment of rents to the transferee by operation of law.

21 (b) The assignment of rents made in connection with the
22 security instrument automatically terminates upon the earlier of
23 the following:

24 (i) Redemption from the foreclosure sale.

25 (ii) Expiration of the redemption period without redemption.

26 For purposes of this subparagraph, the assignment of rents in
27 connection with any subordinate security instrument automatically
28 terminates.

29 (5) This act does not apply to an assignment of rents

1 regarding an interest in real property improved by 1 to 4 dwelling
2 units unless 1 or more of the following apply:

3 (a) The interest is used for agricultural, commercial,
4 industrial, or mineral-extraction purposes, other than incidental
5 uses by an assignor occupying the property as the assignor's
6 primary residence.

7 (b) The interest secures an obligation incurred at a time when
8 the property was used or planned for use for agricultural,
9 commercial, industrial, or mineral-extraction purposes.

10 (c) The assignor planned or is planning to develop the
11 property into 1 or more dwelling units to be sold or leased in the
12 ordinary course of the owner's business.

13 (d) The assignor is collecting or has the right to collect
14 rents or other income from the property from a person other than an
15 affiliate of the assignor.

16 Sec. 5. (1) A document creating an assignment of rents may be
17 submitted for recording to the register of deeds in the same manner
18 as any other document evidencing a conveyance of an interest in
19 real property.

20 (2) Upon recording, the security interest in rents created by
21 an assignment of rents is fully perfected, even if a provision of
22 the document creating the assignment or law of this state other
23 than this act would preclude or defer enforcement of the security
24 interest until the occurrence of a subsequent event, including a
25 subsequent default of the assignor, the assignee's obtaining
26 possession of the real property, or the appointment of a receiver.

27 (3) Except as otherwise provided in subsection (4), a
28 perfected security interest in rents takes priority over the rights
29 of a person that, after the security interest is perfected, does

1 either of the following:

2 (a) Acquires a judicial lien against the rents or the real
3 property from which the rents arise. If the judicial lien arises
4 out of a construction lien, the priority of the security interests
5 in the rents must be determined under the construction lien act,
6 1980 PA 497, MCL 570.1101 to 570.1305.

7 (b) Purchases an interest in the rents or the real property
8 from which the rents arise.

9 (4) A perfected security interest in rents has priority over
10 the rights of a person described in subsection (3) with respect to
11 future advances to the same extent as the assignee's security
12 interest in the real property has priority over the rights of that
13 person with respect to future advances.

14 Sec. 6. (1) An assignee may enforce an assignment of rents
15 using 1 or more of the methods specified in sections 7, 8, and 9 or
16 any other method sufficient to enforce the assignment under law of
17 this state other than this act.

18 (2) From the first date of enforcement, the assignee or, in
19 the case of enforcement by appointment of a receiver under section
20 7, the receiver, is entitled to collect all of the following:

21 (a) Rents that have accrued but remain unpaid on that date.

22 (b) Rents that accrue on or after that date, as those rents
23 accrue.

24 (3) From the first date of enforcement, a modification of the
25 rental agreement is not binding on the assignee without the written
26 consent of the assignee.

27 Sec. 7. (1) An assignee is entitled to the appointment of a
28 receiver for the real property subject to the assignment of rents
29 if either of the following applies:

1 (a) The assignor is in default and any of the following apply:

2 (i) The assignor has agreed in a signed document to the
3 appointment of a receiver in the event of the assignor's default.

4 (ii) It appears likely that the real property and any other
5 collateral granted by the assignor to the assignee may not be
6 sufficient to satisfy the secured obligation.

7 (iii) The assignor has failed to turn over to the assignee
8 proceeds that the assignee was entitled to collect under this act.

9 (iv) A subordinate assignee of rents obtains the appointment of
10 a receiver for the real property.

11 (b) Other circumstances exist that would justify the
12 appointment of a receiver under law of this state other than this
13 act.

14 (2) An assignee may file a petition for the appointment of a
15 receiver if any of the following apply:

16 (a) The petition is filed in connection with an action to
17 foreclose the security instrument.

18 (b) The petition is filed in connection with an action for
19 specific performance of the assignment.

20 (c) The petition is filed in connection with an action seeking
21 a remedy on account of waste or threatened waste of the real
22 property subject to the assignment.

23 (d) The petition is filed in connection with an action to
24 otherwise enforce the secured obligation or the assignee's remedies
25 arising from the assignment.

26 (e) Other circumstances exist that would justify the
27 appointment of a receiver under law of this state other than this
28 act.

29 (3) An assignee that files a petition for the appointment of a

1 receiver shall also give a copy of the petition in the manner
2 specified in section 3 to any other person that, 10 days before the
3 date the petition is filed, held a recorded assignment of rents
4 arising from the real property.

5 (4) If an assignee enforces an assignment of rents by seeking
6 the appointment of a receiver, the date of enforcement is the date
7 on which the assignee files a petition to appoint a receiver as to
8 the assignment of rents if the court enters an order appointing a
9 receiver for the real property subject to the assignment.

10 (5) From the date of its appointment, a receiver is entitled
11 to collect rents as provided in section 6(2). The receiver also has
12 the authority provided in the order of appointment and law of this
13 state other than this act.

14 (6) The following rules govern priority among receivers:

15 (a) If more than 1 assignee qualify under this section for the
16 appointment of a receiver, a receivership requested by an assignee
17 entitled to priority in rents under this act has priority over a
18 receivership requested by a subordinate assignee, even if a court
19 has previously appointed a receiver for the subordinate assignee.

20 (b) If a subordinate assignee obtains the appointment of a
21 receiver, the receiver may collect the rents and apply the proceeds
22 in the manner specified in the order appointing the receiver until
23 a receiver is appointed under a senior assignment of rents.

24 Sec. 8. (1) Upon the assignor's default, or as otherwise
25 agreed by the assignor, the assignee may give the assignor a notice
26 demanding that the assignor pay over the proceeds of any rents that
27 the assignee is entitled to collect under section 6. The assignee
28 shall record the notice in the office of the register of deeds in
29 the same manner as the security instrument is recorded. The filing

1 of a petition for appointment of a receiver, if it is served in the
2 manner provided in section 3 within 10 days after it is filed,
3 constitutes a recorded notification demanding that the assignor pay
4 over the proceeds of any rents that the assignee is entitled to
5 collect under section 6. The assignee shall also give a copy of the
6 recorded or filed notification to any other person that, 10 days
7 before the notification date, held a recorded assignment of rents
8 arising from the real property.

9 (2) If an assignee enforces an assignment of rents under this
10 section, the date of enforcement is the date on which the assignor
11 receives a notification under subsection (1). If the notification
12 was served in the manner provided in section 3 within 10 days after
13 it was recorded, the date of enforcement is the date of recording.

14 (3) An assignee's failure to give a notification under
15 subsection (1) to any person holding a recorded assignment of rents
16 does not affect the effectiveness of the notification as to the
17 assignor, but the other person is entitled to any relief permitted
18 under law of this state other than this act.

19 Sec. 9. (1) Upon the assignor's default, or as otherwise
20 agreed by the assignor, the assignee may give to a tenant of the
21 real property a notification demanding that the tenant pay to the
22 assignee all unpaid accrued rents and all unaccrued rents as they
23 accrue. The assignee shall give a copy of the notification to the
24 assignor and to any other person that, 10 days before the
25 notification date, held a recorded assignment of rents arising from
26 the real property. The notification must be signed by the assignee
27 and do all of the following:

28 (a) Identify the tenant, assignor, assignee, premises covered
29 by the agreement between the tenant and the assignor, and

1 assignment of rents being enforced.

2 (b) Provide the recording data for the document creating the
3 assignment or other reasonable proof that the assignment was made.

4 (c) State that the assignee has the right to collect rents in
5 accordance with the assignment.

6 (d) Direct the tenant to pay to the assignee all unpaid
7 accrued rents and all unaccrued rents as they accrue.

8 (e) Describe the manner in which subsections (3) and (4)
9 affect the tenant's payment obligations.

10 (f) Provide the name and telephone number of a contact person
11 and an address to which the tenant can direct payment of rents and
12 any inquiry for additional information about the assignment or the
13 assignee's right to enforce the assignment.

14 (g) Contain a statement that the tenant may consult a lawyer
15 if the tenant has questions about its rights and obligations.

16 (h) Have attached a copy of the recorded or filed notification
17 to the assignor as provided in section 8.

18 (2) If an assignee enforces an assignment of rents under this
19 section, the date of enforcement as to the tenant is the date on
20 which the tenant receives a notification substantially complying
21 with subsection (1).

22 (3) Subject to subsection (4) and any other claim or defense
23 that a tenant has under an agreement enforceable against the
24 assignee or under the law of the United States or this state other
25 than this act, following receipt of a notification substantially
26 complying with subsection (1), all of the following apply:

27 (a) A tenant is obligated to pay to the assignee all unpaid
28 accrued rents and all unaccrued rents as they accrue, unless the
29 tenant has previously received a notification from another assignee

1 of rents given by that assignee in accordance with this section and
2 the other assignee has not canceled that notification.

3 (b) Unless a tenant occupies the premises as the tenant's
4 primary residence, a tenant that pays rents to the assignor is not
5 discharged from the obligation to pay rents to the assignee.

6 (c) A tenant's payment to the assignee of rents then due
7 satisfies the tenant's obligation under the tenant's rental
8 agreement to the extent of the payment made.

9 (d) A tenant's obligation to pay rents to the assignee
10 continues until the tenant receives a court order directing the
11 tenant to pay the rent in a different manner or a signed document
12 from the assignee canceling its notification, whichever occurs
13 first.

14 (e) A modification of the rental agreement is not binding on
15 the assignee without the assignee's written consent.

16 (4) A tenant that has received a notification under subsection
17 (1) is not in default under its rental agreement for nonpayment of
18 rents accruing within 30 days after the date the notification is
19 received before the earlier of the following:

20 (a) Ten days after the date the next regularly scheduled
21 rental payment would be due.

22 (b) Thirty days after the date the tenant receives the
23 notification.

24 (5) Upon receiving a notification from another creditor that
25 is entitled to priority under section 5(3) that the other creditor
26 has enforced and is continuing to enforce its interest in rents, an
27 assignee that has given a notification to a tenant under subsection
28 (1) shall immediately give another notification to the tenant
29 canceling the earlier notification.

1 (6) An assignee's failure to give a notification under
2 subsection (1) to any person holding a recorded assignment of rents
3 does not affect the effectiveness of the notification as to the
4 assignor and those tenants receiving the notification. However, the
5 person entitled to the notification is entitled to any relief
6 permitted by law of this state other than this act.

7 Sec. 10. No particular phrasing is required for the
8 notification specified in section 9. However, the following form of
9 notification, when properly completed, is sufficient to satisfy the
10 requirements of section 9:

11 NOTIFICATION TO PAY RENTS TO PERSON OTHER THAN LANDLORD

12 Your landlord, _____, owes a debt to _____
13 (the assignee). In the landlord's and assignee's agreement about the
14 debt owed by your landlord, there is a provision about "assignment
15 of rents" that provides that if the landlord defaults in the
16 landlord's obligations under the landlord's and assignee's
17 agreement, the assignee has a right to collect rent directly from
18 the landlord's tenants.

Pursuant to this notice, the assignee is enforcing the assignee's rights to collect rent directly from the landlord's tenants. You are now required to pay rent directly to the assignee, as instructed by this notice. This is because you now have a legal duty to pay your rent directly to the assignee rather than to your landlord. If you pay your rent directly to the assignee after receipt of this notice, your landlord cannot legally claim that you owe rent during the period you paid your rent directly to the assignee. You must continue paying rent directly to the assignee until you receive an order from the court telling you to stop paying your rent directly to the assignee or instructing you on whom to pay rent to, or the assignee sends you a written notice that you should stop paying rent directly to the assignee.

Tenant: _____

Name of Tenant

Property Occupied by Tenant (the "Premises"): _____

Address

Landlord: _____

Name of Landlord

Assignee: _____

Name of Assignee

Address of Assignee and Telephone Number of Contact Person:

Address of Assignee

Telephone Number of Person to Contact

1. The Assignee named above has become the person entitled to collect your rents on the Premises listed above under

2. The Landlord is in default under the Assignment of Rents. Under the Assignment of Rents, the Assignee is entitled to collect rents from the Premises.

4. You must pay to the Assignee at the address listed above all rents under your Rental Agreement which are due and payable on the date you receive this notification and all rents accruing under your Rental Agreement after you receive this notification. If you pay rents to the Assignee after receiving this notification, the

1 payment will satisfy your rental obligation to the extent of that
2 payment.

3 5. Unless you occupy the premises as your primary residence,
4 if you pay any rents to the Landlord after receiving this
5 notification, your payment to the Landlord will not discharge your
6 rental obligation, and the Assignee may hold you liable for that
7 rental obligation notwithstanding your payment to the Landlord.

8 6. Any modification of the Rental Agreement is not binding on
9 the Assignee without the Assignee's written consent.

10 7. If you have previously received a notification from another
11 person that also holds an assignment of the rents due under your
12 Rental Agreement, you should continue paying your rents to the
13 person that sent that notification until that person cancels that
14 notification. Once that notification is canceled, you must begin
15 paying rents to the Assignee in accordance with this notification.

16 8. Your obligation to pay rents to the Assignee will continue
17 until you receive either:

18 (a) a written order from a court directing you to pay the rent
19 in a manner specified in that order; or

20 (b) written instructions from the Assignee canceling this
21 notification.

22 _____
23 Name of Assignee

24 By: _____

25 Signature of Officer/Authorized Representative of Assignee

26 _____
27 Name and Title of Officer/Authorized Representative

28 Sec. 11. The enforcement of an assignment of rents by 1 or
29 more of the methods identified in sections 7, 8, and 9, the

1 application of proceeds by the assignee under section 12 after
2 enforcement, the payment of expenses under section 13, or an action
3 under section 14(4) does not do any of the following:

4 (a) Make the assignee a mortgagee in possession of the real
5 property.

6 (b) Make the assignee an agent of the assignor.

7 (c) Constitute an election of remedies that precludes a later
8 action to enforce the secured obligation or the security
9 instrument.

10 (d) Make the secured obligation or the security instrument
11 unenforceable.

12 (e) Limit any right available to the assignee with respect to
13 the secured obligation.

14 Sec. 12. Unless otherwise agreed, an assignee that collects
15 rents under this act or collects upon a judgment in an action under
16 section 14(4) shall apply the sums collected in the following
17 order:

18 (a) To the assignee's reasonable expenses of enforcing its
19 assignment of rents, including, to the extent provided for by
20 agreement and not prohibited by law of this state other than this
21 act, reasonable attorney fees and costs incurred by the assignee.

22 (b) To reimbursement of any expenses incurred by the assignee
23 to protect or maintain the real property subject to the assignment.

24 (c) To payment of the secured obligation.

25 (d) To payment of any obligation secured by a subordinate
26 security interest or other lien on the rents if, before
27 distribution of the proceeds, the assignor and assignee receive a
28 notification from the holder of the interest or lien demanding
29 payment of the proceeds.

1 (e) To the assignor.

2 Sec. 13. (1) Unless otherwise agreed by the assignee, and
3 subject to subsection (3), an assignee that collects rents
4 following enforcement under section 8 or 9 need not apply them to
5 the payment of expenses of protecting or maintaining the real
6 property subject to the assignment.

7 (2) Unless a tenant has made an enforceable agreement not to
8 assert claims or defenses, the right of the assignee to collect
9 rents from the tenant is subject to the terms of the agreement
10 between the assignor and tenant and any claim or defense arising
11 from the assignor's nonperformance of that agreement.

12 (3) This act does not limit the standing or right of a tenant,
13 assignor, or other affected person to request a court to appoint a
14 receiver for the real property subject to the assignment or to seek
15 other relief on the ground that the assignee's nonpayment of
16 expenses of protecting or maintaining the real property has caused
17 or threatened harm to the tenant's, assignor's, or other affected
18 person's interest in the property.

19 Sec. 14. (1) In this section, "good faith" means honesty in
20 fact and the observance of reasonable commercial standards of fair
21 dealing.

22 (2) If an assignor collects rents that the assignee is
23 entitled to collect under this act, both of the following apply:

24 (a) The assignor shall turn over the proceeds to the assignee,
25 less any amount representing payment of expenses authorized by the
26 assignee.

27 (b) The assignee continues to have a security interest in the
28 proceeds so long as they are identifiable.

29 (3) For purposes of this act, cash proceeds are identifiable

1 if they are maintained in a segregated account or, if commingled
2 with other funds, to the extent the assignee can identify them by a
3 method of tracing, including application of equitable principles,
4 that is permitted under law of this state other than this act with
5 respect to commingled funds.

6 (4) In addition to any other remedy available to the assignee
7 under law of this state other than this act, if an assignor fails
8 to turn over proceeds to the assignee as required by subsection
9 (2), the assignee may recover from the assignor or a person liable
10 under the uniform voidable transactions act, 1998 PA 434, MCL
11 566.31 to 566.45, or both, in a civil action, both of the
12 following:

13 (a) The proceeds, or an amount equal to the proceeds, that the
14 assignor was obligated to turn over under subsection (2).

15 (b) Reasonable attorney fees and costs incurred by the
16 assignee to the extent provided for by agreement and not prohibited
17 by law of this state other than this act.

18 (5) The assignee may maintain an action under subsection (4)
19 without bringing an action to foreclose any security interest that
20 it may have in the real property, and an action under subsection
21 (4) does not bar a foreclosure by advertisement under chapter 32 of
22 the revised judicature act of 1961, 1961 PA 236, MCL 600.3201 to
23 600.3285. Any sums recovered in the action must be applied in the
24 manner specified in section 12.

25 (6) Unless otherwise agreed, if an assignee entitled to
26 priority under section 5(3) enforces its interest in rents after
27 another creditor holding a subordinate security interest in rents
28 has enforced its interest under section 8 or 9, the creditor
29 holding the subordinate security interest in rents is not obligated

1 to turn over any proceeds that it collects in good faith before the
2 creditor receives notification that the senior assignee has
3 enforced its interest in rents. The creditor shall turn over to the
4 senior assignee any proceeds that it collects after it receives the
5 notification.

6 Sec. 15. (1) As used in this section:

7 (a) "Article 9" means article 9 of the uniform commercial
8 code, 1962 PA 174, MCL 440.9101 to 440.9809, or, to the extent
9 applicable to any particular issue, article 9 of the uniform
10 commercial code as adopted by the state whose laws govern that
11 issue under the choice-of-laws rules contained in article 9 as
12 adopted by this state.

13 (b) "Conflicting interest" means an interest in proceeds, held
14 by a person other than an assignee, that is either of the
15 following:

16 (i) A security interest arising under article 9.

17 (ii) Any other interest if article 9 resolves the priority
18 conflict between that person and a secured party with a conflicting
19 security interest in the proceeds.

20 (2) An assignee's security interest in identifiable cash
21 proceeds is perfected if its security interest in rents is
22 perfected. An assignee's security interest in identifiable noncash
23 proceeds is perfected only if the assignee perfects that interest
24 in accordance with article 9.

25 (3) Except as otherwise provided in subsection (4), priority
26 between an assignee's security interest in identifiable proceeds
27 and a conflicting interest is governed by the priority rules in
28 article 9.

29 (4) An assignee's perfected security interest in identifiable

1 cash proceeds is subordinate to a conflicting interest that is
2 perfected by control under article 9 but has priority over a
3 conflicting interest that is perfected other than by control.

4 Sec. 16. This act does not preclude subordination by agreement
5 as to rents or proceeds.

6 Sec. 17. In applying and construing this uniform act,
7 consideration must be given to the need to promote uniformity of
8 the law with respect to its subject matter among states that enact
9 it.

10 Sec. 18. This act modifies, limits, or supersedes the
11 electronic signatures in global and national commerce act, 15 USC
12 7001 to 7031, but does not modify, limit, or supersede 15 USC
13 7001(c), or authorize electronic delivery of any of the notices
14 described in 15 USC 7003(b).

15 Sec. 19. (1) Except as otherwise provided in this section,
16 this act governs the enforcement of an assignment of rents and the
17 perfection and priority of a security interest in rents, even if
18 the document creating the assignment was signed and delivered
19 before the effective date of this act.

20 (2) This act does not affect an action or proceeding commenced
21 before the effective date of this act.

22 (3) This act does not affect any of the following:

23 (a) The enforceability of an assignee's security interest in
24 rents or proceeds if, immediately before the effective date of this
25 act, that security interest was enforceable.

26 (b) The perfection of an assignee's security interest in rents
27 or proceeds if, immediately before the effective date of this act,
28 that security interest was perfected.

29 (c) The priority of an assignee's security interest in rents

1 or proceeds with respect to the interest of another person if,
2 immediately before the effective date of this act, the interest of
3 the other person was enforceable and perfected, and that priority
4 was established.

5 Sec. 20. The following acts are repealed:

6 (a) 1925 PA 228, MCL 554.211 to 554.214.

7 (b) 1953 PA 210, MCL 554.231 to 554.233.

8 Enacting section 1. This act takes effect 90 days after the
9 date it is enacted into law.

10 Enacting section 2. This act does not take effect unless House
11 Bill No. 4800 of the 101st Legislature is enacted into law.