

RECEIVERSHIP ACT (EXCERPT)
Act 16 of 2018

554.1016 Appointment of receiver; circumstances; appointment without prior notice or hearing; security.

Sec. 6. (1) The court may appoint a receiver as follows:

(a) Before judgment, to protect a party that demonstrates an apparent right, title, or interest in property that is the subject of the action, under either of the following circumstances:

(i) The property or its revenue-producing potential is being subjected to or is in danger of waste, loss, dissipation, or impairment.

(ii) The property or its revenue-producing potential has been or is about to be the subject of a voidable transaction.

(b) After judgment for any of the following reasons:

(i) To carry the judgment into effect.

(ii) To preserve nonexempt property pending appeal or when an execution has been returned unsatisfied and the owner refuses to apply the property in satisfaction of the judgment.

(c) If a receiver may be appointed on equitable grounds.

(d) During the time allowed for redemption, to preserve property sold in an execution or foreclosure sale and secure its rents to the person entitled to the rents.

(2) In connection with the foreclosure or other enforcement of a security agreement or lien, the court may appoint a receiver for the property under any of the following circumstances:

(a) Appointment is necessary to protect the property from waste, loss, transfer, dissipation, or impairment.

(b) The person that granted a lien in the property agreed in a signed record to appointment of a receiver on default.

(c) The owner agreed, after default and in a signed record, to appointment of a receiver.

(d) The property held by the secured party is not sufficient to satisfy the secured obligation.

(e) The owner fails to turn over to the secured party proceeds or rents the secured party was entitled to collect.

(f) The holder of a subordinate lien obtains appointment of a receiver for the property.

(3) The court may condition appointment of a receiver without prior notice under section 3(2)(a) or without a prior hearing under section 3(2)(b) on the giving of security by the person seeking the appointment for the payment of damages, reasonable attorney fees, and costs incurred or suffered by any person if the court later concludes that the appointment was not justified. If the court later concludes that the appointment was justified, the court shall release the security.

History: 2018, Act 16, Eff. May 7, 2018;—Am. 2020, Act 210, Imd. Eff. Oct. 15, 2020.