

**RECEIVERSHIP ACT (EXCERPT)**  
**Act 16 of 2018**

**554.1017 Appointment of receiver; objection; requirements; disqualifications.**

Sec. 7. (1) If a court determines there is good cause to appoint a receiver, the court shall select the receiver in accordance with this section. A receiver selected by the court must have sufficient competence, qualifications, and experience to administer the receivership estate.

(2) The party moving for the appointment of a receiver may request, or the parties may stipulate to, the selection of a receiver. The moving party shall describe how the nominated receiver meets the requirements of this section.

(3) If the nonmoving party does not file an objection to the moving party's nominated receiver within 14 days after the complaint or motion is served, or if the parties stipulate to the selection of the receiver, the court shall appoint the receiver nominated by the party or parties, unless the court determines that a different receiver should be appointed. All of the following apply to an objection to a receiver:

(a) The party filing an objection to a nominated receiver shall submit an alternative nominee for appointment as receiver and serve the objection on all parties, as required by the court rules, with a notice of hearing.

(b) If the court appoints a different receiver under this section, within 14 days after the appointment, any party may file an objection to the receiver and submit an alternative nominee for appointment as receiver.

(c) An objecting party shall describe how the alternative nominee meets the requirements for a receiver under this section.

(d) The court may, in its discretion, with or without motion or notice, order the period for objection to a receiver reduced. If the court exercises this discretion, the court shall identify and show good cause for the reduction.

(4) If the court appoints a different receiver under subsection (3), or if a party objects to a receiver and nominates a new receiver under this section, the court or objecting party shall state its rationale for selecting that particular receiver after considering all of the following factors:

(a) The experience of the receiver in the operation or liquidation of the type of assets to be administered.

(b) Relevant business, legal, or receivership knowledge of the receiver.

(c) The receiver's ability to obtain the required bonding if more than a nominal bond is required.

(d) Whether the receiver is disqualified under this section.

(e) Any other factors the court determines to be appropriate.

(5) Except as otherwise provided in subsection (6), a person is disqualified from appointment as receiver if 1 or more of the following apply:

(a) The person is an affiliate of a party.

(b) The person has an interest materially adverse to an interest of a party.

(c) The person has a material financial interest in the outcome of the action, other than compensation the court may allow the receiver.

(d) The person has a debtor-creditor relationship with a party.

(e) The person holds an equity interest in a party, other than a noncontrolling interest in a publicly traded company.

(6) A person is not disqualified from appointment as receiver solely because 1 or more of the following apply:

(a) The person was appointed receiver or is owed compensation in an unrelated matter involving a party or was engaged by a party in a matter unrelated to the receivership.

(b) The person is an individual obligated to a party on a debt that is not in default and was incurred primarily for personal, family, or household purposes.

(c) The person maintains with a party a deposit account as defined in section 9102 of the uniform commercial code, 1962 PA 174, MCL 440.9102.

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