

## STATE OF MICHIGAN



JOHN ENGLER, Governor

**DEPARTMENT OF TREASURY**

MARK A. MURRAY, State Treasurer

September, 1999

**TAX REVERSION REFERENCE GUIDE**

Tax reversion is the process by which delinquent property taxes are collected, or in lieu of collection, the process which governs the disposition of real and tangible personal property upon which property taxes remain unpaid. On July 22, 1999, Governor Engler signed into law Public Acts 123, 132, and 133, which made significant changes to the Michigan tax-reversion process. A section-by-section summary of the significant provisions of each Act is presented below.

**PUBLIC ACT 123****1. Tax-Lien Sale Cancellation**

Section 60 authorizes county treasurers to cancel the 2000 tax-lien sale and the 2001 tax-lien sale not sooner than April 30, 2000, and April 30, 2001, respectively if there are no county delinquent tax revolving fund notes or bonds outstanding. If a county treasurer cancels the 2000 tax-lien sale or the 2001 tax-lien sale, then 1997 delinquent taxes or 1998 delinquent taxes will be subject to forfeiture and foreclosure.

**2. Property Subject to Cancelled Sale**

Section 60a provides that if a tax-lien sale is cancelled, delinquent taxes on the property will be subject to a 4 percent county property tax administration fee and noncompounded interest at a rate of 1 percent per month computed from the March 1 that the taxes were returned delinquent.

**3. Delinquent Taxes as Liens**

Section 60a (4) provides that delinquent taxes constitute a valid lien in the name of the State with enforcement rights as a preferred or first claim.

**4. Environmental Liens**

Section 67c provides that property offered at tax sale or that is bid off to the State remains subject to liens recorded pursuant to the Natural Resources and Environmental Protection Act and to any other liens recorded by the State. Such liens are extinguished upon sale or transfer of the property.

**5. Legislative Finding**

Section 78 (1) provides that the Legislature finds the powers granted under the General Property Tax Act relating to the return of property for delinquent taxes constitute the performance by the State or political subdivisions of essential public purposes and functions.

## 6. Legislative Intent

Section 78 (2) provides that the Legislature intends the provisions of the General Property Tax Act relating to the return, forfeiture, and foreclosure of tax-delinquent property to satisfy the minimum requirements of due process under the State and United States Constitutions and that those provisions are not to be construed as creating a claim or cause of action against the State or a political subdivision unless the minimum requirements of due process under the State Constitution or the United States Constitution are violated

## 7. County Participation

Section 78 (3) provides that, not later than December 1, 1999, the county board of commissioners of a county, with the written concurrence of the county treasurer, and of the county executive if any, may elect not to participate in the foreclosure and sale of tax-delinquent property within the county. Counties which elect not to participate in the foreclosure and sale of tax-delinquent property will remain responsible for collecting delinquent taxes and for sending notices prior to forfeiture. At any time during December 2004, the county board of commissioners of a county, with the written concurrence of the county treasurer, and of the county executive if any, may revisit its initial decision.

## 8. State Mandate

Section 78 (4) provides that the foreclosure of forfeited property by a county is voluntary and not an activity or service required of units of local government by the State for purposes of Section 29 of Article 9 of the State Constitution.

## 9. County-Local Government Agreements

Section 78 (5) authorizes a county and any unit of local government within the county to enter into an agreement for the collection of property taxes or the enforcement and consolidation of tax liens within the unit of local government. Units of local government are prohibited from establishing a delinquent tax revolving fund.

## 10. Foreclosing Governmental Unit Defined

Section 78 (6) defines a “foreclosing governmental unit” as one of the following:

- (a) The treasurer of a county.
- (b) The State, if a county has elected not to participate in the foreclosure and sale of tax-delinquent property.

## 11. Forfeiture Defined

Section 78 (6) also defines “forfeited” or forfeiture” as meaning that a foreclosing governmental unit may seek a judgment of foreclosure if property is not redeemed as provided under the Act.

## 12. Delinquent Taxes Applicable

Section 78a (1) provides that the forfeiture, foreclosure, and sale provisions of the Act apply to delinquent taxes levied after December 31, 1998.

## 13. Return of Delinquent Taxes

Section 78a (2) provides that on March 1 each year, taxes levied in the immediately preceding year that remain unpaid shall be returned as delinquent.

## 14. County Property Tax Administration Fee

Section 78a (3) provides that delinquent property is subject to a 4 percent county property tax administration fee and noncompounded interest at a rate of 1 percent per month computed from the March 1 that the taxes were returned delinquent.

## 15. Notice to Holders of Unrecorded Interests and Undischarged Mortgages

Section 78a (4) provides that any person with an unrecorded interest in property may receive notice of a tax delinquency by paying a \$5.00 fee to the county treasurer by February 1 each year. Any person who holds an undischarged mortgage may receive notice of a tax delinquency by paying a \$1.00 per parcel annual fee to the county treasurer.

## 16. Notice to Holders of Tax Liens

Section 78a (5) authorizes a person holding tax liens under the Michigan Tax Lien Sale and Collateralized Securities Act to request a list of tax-delinquent properties from a county treasurer. The tax-lien holder is required to pay the county treasurer the actual costs of the service of providing the list.

## 17. Municipal Charter Override

Section 78a (6) authorizes units of local government to foreclose on delinquent taxes after two years, notwithstanding a charter provision which precludes foreclosure on delinquent taxes until after three years. This provision also requires units of local government to treat unpaid taxes as delinquent on March 1 each year, except for delinquent taxes which are covered by payment plan contracts entered into before July 1, 1999.

## 18. Annual June Notice

Section 78b requires county treasurers to send a notice by first-class mail on June 1 each year to the following persons:

- (a) The person to whom the tax bill for delinquent property was last sent or to the person identified as the owner.

- (b) A person who paid a \$5.00 fee to receive notices.
- (c) Holders of tax certificates.

A notice must include all of the following information:

- (a) The date on which the property will be forfeited to the county treasurer.
- (b) A statement that a person holding a legal interest in the property may lose that interest as a result of the forfeiture and subsequent foreclosure proceedings.
- (c) A legal description or parcel number of the property, and the street address, if possible.
- (d) The names of the persons to whom the notice is addressed.
- (e) The unpaid delinquent taxes, interest, penalties, and fees due.
- (f) A statement that unless the taxes, interest, penalties, and fees are paid within 21 days after a foreclosure judgment is entered, absolute title will vest in the foreclosing governmental unit.
- (g) A statement of the person's redemption rights and notice that those redemption rights expire 21 days after entry of a foreclosure judgment.

#### 19. Annual September Notice

Section 78c requires county treasurers to send a second notice by first-class mail on September 1 each year. The September notice must include the same information contained in the June notice and be sent to the same persons entitled to receive the June notice.

#### 20. October Fee

Section 78d requires county treasurers to impose a \$15.00 per parcel fee on property for which delinquent taxes remain unpaid on the October 1 immediately after the March 1 on which taxes were returned delinquent.

#### 21. Forfeiture List

Section 78e (1) requires county treasurers on November 1 each year to compile a list of properties subject to forfeiture on the following March 1.

#### 22. December Record Search

Section 78e (2) requires county treasurers not later than December 1 each year to determine, to the extent possible, based exclusively on records contained in the office of the local assessor, local treasurer, and county treasurer, for property subject to forfeiture on the succeeding March 1:

- (a) The street address of the property.
- (b) The name and address of all of the following:
  - (i) The owners.
  - (ii) The holder of any undischarged mortgage, tax certificate, or other legal interest.
  - (iii) A subsequent purchaser under any land contract.
  - (iv) A person entitled to notice of the return of delinquent taxes under Section 78a (5).

### 23. Annual February Notice

Section 78f (1) requires county treasurers to send a notice by certified mail by February 1 each year. The third notice must include the same information contained in the previous two notices and be sent to the following persons:

- (a) The person to whom the tax bill for delinquent property was last sent.
- (b) The person identified as the owner, if different than the person to whom the tax bill for delinquent property was last sent.
- (c) The holder of any undischarged mortgage.
- (d) The holder of a tax certificate or other legal interest.
- (e) A subsequent land contract purchaser.
- (f) A person who paid a \$5.00 fee to receive notices.

### 24. Occupant Notice

Section 78f (2) requires that notice to be sent to the person occupying tax-delinquent property.

### 25. Newspaper Notice

Section 78f (3) authorizes county treasurers to insert one or more additional notices in a newspaper published and circulated in the county in which tax-delinquent property is located or, if no newspaper is published in that county, then in a newspaper in an adjoining county.

### 26. Publication of Street Address

Section 78f (4) authorizes county treasurers to publish the street address of the property and the name of the person to whom the last tax bill was sent and, if different, the name of the person identified as the owner.

## 27. Forfeiture and Forfeiture Fee

Section 78g (1) provides that on March 1 each year, property upon which taxes were returned delinquent the previous March 1 and upon which the taxes remain unpaid forfeits to the county treasurer of the county in which the property is located. A county treasurer has no right to possession of the property until 21 days after entry of a foreclosure judgment. A \$175.00 fee attaches to each parcel of forfeited property.

## 28. Forfeiture Certificate

Section 78g (2) requires county treasurers, within 45 days after forfeiture, to file with the register of deeds a certificate placing parties on notice that property has forfeited and that title to the property will be lost 21 days after entry of a foreclosure judgment. A county treasurer must forward a copy of each certificate to the State Treasurer if that county elects to have the State foreclose on tax-delinquent property within that county.

## 29. Redemption and Additional Interest

Section 78g (3) provides that forfeited property may be redeemed at any time before 21 days after entry of a foreclosure judgment on the property by paying all of the following:

- (a) The total of unpaid taxes, interest, penalties, and fees for which the property was forfeited.
- (b) Additional interest at a noncompounded rate of 0.5 percent per month, computed from the March 1 that the taxes were returned delinquent.
- (c) All recording, service of process, and notice fees.

## 30. Interest Acquired Through Redemption

Section 78g (4) provides that a person with a legal interest in property who redeems the property acquires no greater interest than what he or she would have had if the property had not forfeited. A person other than the owner who redeems property is entitled to a lien for the redemption amount. A lien for a redemption amount must be recorded with the register of deeds within 30 days.

## 31. Redemption Certificate

Section 78g (5) requires county treasurers to issue a redemption certificate when property is redeemed. One copy of the certificate must be provided to each of the following:

- (a) The person who redeemed the property.
- (b) The county treasurer.
- (c) The register of deeds.

(d) The Michigan Department of Treasury.

### 32. Circuit Court Foreclosure Petition

Section 78h (1) requires foreclosing governmental units, not later than June 15 each year, to file with the circuit court of the county in which forfeited property is located a petition listing all property forfeited and not redeemed. The petition must seek a judgment in favor of the foreclosing governmental unit vesting absolute title in the foreclosing governmental unit without further rights of redemption.

### 33. Redemption Occurring After Foreclosure Petition

Section 78h (2) requires foreclosing governmental units to request that the circuit court remove from the foreclosure petition any parcels which are redeemed after the petition is filed.

### 34. Property Withheld from Foreclosure Petition

Section 78h (3) authorizes foreclosing governmental units to withhold property from a foreclosure petition for one of the following reasons:

- (a) The property is held by minor heirs or persons who are incompetent or without means of support until a guardian is appointed to protect that person's rights or interests.
- (b) The property is held by a person undergoing substantial financial hardship.

### 35. Status of Withheld Property

Section 78h (4) provides that withholding a parcel of property from a foreclosure petition does not prejudice the foreclosing governmental unit's lien or its right to include the property in a subsequent foreclosure petition.

### 36. Foreclosure Hearing Date

Section 78h (5) requires the circuit court clerk to schedule a hearing date not more than 30 days before the following March 1.

### 37. Title Searches

Section 78i (1) requires foreclosing governmental units, commencing not later than May 1 after a forfeiture, to conduct a title search to identify the owners of an interest in the forfeited property entitled to notice of the administrative show cause hearing and of the judicial foreclosure hearing. Foreclosing governmental units may enter into a contract with one or more title insurance companies or agents licensed to conduct business in this State.

### 38. Appropriate Address

Section 78i (2) requires foreclosing governmental units, or their authorized representative, to determine that address reasonably calculated to apprise owners of an interest in tax-delinquent property concerning the pendency of the administrative show cause hearing and the judicial foreclosure hearing.

### 39. Personal Visit

Section 78i (3) requires foreclosing governmental units, or their authorized representative, to conduct a personal visit to each parcel of forfeited property. If a parcel of property appears to be occupied, a foreclosing governmental unit is required to do all of the following:

- (a) Personally serve notice upon the person occupying the property.
- (b) If personal service occurs, orally inform the person that the property will be foreclosed and the occupant will be required to vacate unless the taxes, interest, penalties, and fees are paid.
- (c) If the occupant appears to lack the ability to understand the advice given, notify the Family Independence Agency or supply the occupant with the names and telephone numbers of agencies which may be able to render assistance.
- (d) Post a notice on the property if it is not possible to personally meet with the occupant.

### 40. Proof of Service Recordation

Section 78i (4) requires foreclosing governmental units, or their authorized representative, to record proof of service of the notice of the administrative show cause hearing, the judicial foreclosure hearing, and the personal visit with the register of deeds.

### 41. Proof of Service Verification

Section 78i (5) requires foreclosing governmental units which enter into contracts with title insurance companies or agents to provide the company or agent with recorded proofs of service and requires the company or agent to notify the foreclosing governmental unit within 10 days of any deficiency of service.

### 42. Notice by Publication

Section 78i (6) requires foreclosing governmental units, or their authorized representative, to publish notice of the administrative show cause hearing and of the judicial foreclosure hearing if a foreclosing governmental unit, or its authorized representative, is unable to ascertain the address of a person entitled to notice or if the notice could not be served. Notice by publication must occur once a week for three successive weeks in a newspaper published and circulated in the county in which the forfeited property is located or, if no newspaper is published in that county, then in a newspaper in an adjoining county.



#### 43. Recordation of Interest Requirement

Section 78i (7) provides that the owner of an interest in forfeited property is entitled to notice of the administrative show cause hearing and of the judicial foreclosure hearing only if his or her interest can be identified before the date on which the county treasurer recorded the certificate of forfeiture from any of the following records:

- (a) The register of deeds.
- (b) The county treasurer.
- (c) The local assessor.
- (d) The local treasurer.

#### 44. Notice of Administrative Show Cause Hearing and Judicial Foreclosure Hearing

Section 78i (8) requires foreclosing governmental units to send by certified mail notice of the administrative show cause hearing and of the judicial foreclosure hearing. The notice must be sent at least 30 days before the date of the administrative show cause hearing and must include all of the following information:

- (a) The date on which the property was forfeited to the county treasurer.
- (b) A statement that the person notified may lose his or her interest in the property as a result of the foreclosure proceedings.
- (c) A legal description or parcel number of the property, and the street address, if possible.
- (d) The names of all persons to whom the notice is addressed.
- (e) The total taxes, interest, penalties, and fees due.
- (f) The date and time of the show cause hearing.
- (g) The date and time of the judicial foreclosure hearing.
- (h) An explanation of the person's redemption rights and notice that those redemption rights expire 21 days after entry of a foreclosure judgment.

#### 45. Limitation on Rights of Persons Served

Section 78i (9) prohibits an owner of tax-delinquent property who is properly served and who fails to redeem the property from asserting either of the following:

- (a) That the notice was insufficient or inadequate because another owner of an interest in the property was not served.
- (b) That the redemption period is extended because another owner of an interest in the property was not served.

#### 46. Administrative Show Cause Hearing

Section 78j (1) requires foreclosing governmental units to hold an administrative show cause hearing not less than seven days before a judicial foreclosure hearing. A foreclosing governmental unit may hold a combined hearing or separate hearings for different owners or persons with an interest in forfeited property.

#### 47. Show Cause Criteria

Section 78j (2) provides that an owner or persons with an interest in forfeited property can redeem the property or show cause why title should not vest in the foreclosing governmental unit for any of the following reasons:

- (a) No law authorized the tax.
- (b) The person appointed to decide whether a tax shall be levied under a law of this State acted without jurisdiction, or did not impose the tax in question.
- (c) The person or property assessed was exempt from the tax in question, or was not legally assessed.
- (d) The tax has been paid.
- (e) The tax was assessed fraudulently.

#### 48. Proof of Service Circuit Court Filing

Section 78k (1) requires foreclosing governmental units to file with the circuit court clerk proof of any notice, service, or publication before the date of the judicial foreclosure hearing.

#### 49. Judicial Foreclosure Hearing Criteria

Section 78k (2) provides that a person claiming an interest in forfeited property may appear at the judicial foreclosure hearing to contest the validity or correctness of the taxes, interest, penalties, and fees for any of the following reasons:

- (a) No law authorized the tax.
- (b) The person appointed to decide whether a tax shall be levied under a law of this state acted without jurisdiction, or did not impose the tax in question.

- (c) The person or property assessed was exempt from the tax in question, or was not legally assessed.
- (d) The tax has been paid.
- (e) The tax was assessed fraudulently.

#### 50. Property Withheld from Foreclosure

Section 78k (4) authorizes the circuit court to withhold property from foreclosure if the court determines that the owner is:

- (a) A minor.
- (b) Incompetent.
- (c) Without means of support.

#### 51. Foreclosure Judgment

Section 78k (5) requires the circuit court to enter judgment in uncontested cases not later than 10 days after the March 1 immediately after the foreclosure petition is filed, and in contested cases not later than 10 days after the conclusion of the hearing. A circuit court judgment must specify all of the following:

- (a) The legal description, and if known, the street address and parcel number of the property.
- (b) That fee simple title to the property will vest in the foreclosing governmental unit, without any further redemption rights unless the taxes, interest, penalties, and fees due are paid within 21 days after entry of the foreclosure judgment.
- (c) That liens, except future installments of special assessments and liens recorded by the State or by the foreclosing governmental unit pursuant to the Natural Resources and Environmental Protection Act are extinguished unless the taxes, interest, penalties, and fees due are paid within 21 days after entry of a foreclosure judgment.
- (d) That the foreclosing governmental unit has good and marketable title.
- (e) That all existing recorded and unrecorded interests in the property are extinguished, except for a visible or recorded easement or right of way, private deed restrictions, restriction imposed pursuant to Natural Resources and Environmental Protection Act, or other governmental interests.
- (f) A finding that all those entitled to notice and an opportunity to be heard have been provided that notice and opportunity.

## 52. Appeal

Section 78k (7) provides that a foreclosing governmental unit or a person claiming an interest in a parcel of forfeited property may appeal the foreclosure judgment to the court of appeals. In order to appeal, a person claiming an interest in the property must pay the amount due in the foreclosure judgment within 21 days of the entry of that judgment.

## 53. Recordation of Judgment

Section 78k (8) requires foreclosing governmental units to record with the register of deeds either the foreclosure judgment or a notice of the foreclosure judgment.

## 54. Monetary Damages

Section 78l (1) provides that after a foreclosure judgment is entered, and recorded and unrecorded interests are extinguished, the owner of an interest in foreclosed property who claimed that he or she did not received any notice required under the General Property Tax Act may not bring an action to recover the property but may only bring an action for money damages.

## 55. Court of Claims

Section 78l (2) grants the court of claims exclusive jurisdiction to hear money damages claims.

## 56. Statute of Limitations

Section 78l (3) provides that an action for money damages must be brought within two years of entry of foreclosure judgment.

## 57. Determination of Damages

Section 78l (4) provides money damages must be determined as of the date of the foreclosure judgment and shall not exceed the fair market value as of that date.

## 58. Initial Governmental Purchases

Section 78m (1) provides that not later than the first Tuesday in July each year, or the first Tuesday in September if no sale is conducted in July, the State has a right of first refusal to purchase property from a foreclosing governmental unit for the greater of the fair market value of the property or the minimum bid. If the state does not exercise its right of first refusal, a city, village, or township may purchase property within the city, village, or township for a public purpose by paying the minimum bid to the foreclosing governmental unit. If a city, village, or township does not purchase property, the county in which the property is located may purchase the property by paying the minimum bid to the foreclosing governmental unit.

#### 59. July Minimum-Bid Sale

Section 78m (2) provides that, beginning on the third Tuesday in July each year, foreclosing governmental units may hold one or more property sales at one or more convenient locations. Notice of the sale must be published not less than 30 days before the sale in a newspaper published and circulated in the county in which the property is located or, if no newspaper is published in that county, then in a newspaper in an adjoining county. Parcels of property may be offered individually or as a group. A sale must be completed within 15 days. Not more than 30 days after the date of the sale, property must be conveyed to the person bidding the highest amount above the minimum bid.

#### 60. Subsequent Governmental Purchases

Section 78m (3) provides a city, village, or township may purchase property not sold at the July sale by paying the minimum bid to the foreclosing governmental unit. If a city, village or township does not purchase property, the county in which the property is located may purchase the property by paying the minimum bid to the foreclosing governmental unit. The foreclosing governmental unit must convey the property to the city, village, township, or county within 30 days.

#### 61. September Minimum-Bid Sale

Section 78m (4) provides that, beginning on the third Tuesday in September each year, foreclosing governmental units must hold one or more property sales at one or more convenient locations. A September sale is subject to the same requirements which govern a July sale.

#### 62. November Non-Minimum Bid Sale

Section 78m (5) provides that, beginning on the third Tuesday in November each year, foreclosing governmental units must offer for sale property not previously sold at the July or September sales. A November sale is subject to the same requirements which govern the July and September sales, except that no minimum bid is required.

#### 63. Unsold Property

Section 78m (6) requires foreclosing governmental units on December 1 each year to transfer a list of unsold property to the clerk of the city, village, or township in which the property is located. On December 30 each year, foreclosing governmental units are required to transfer unsold property to the city, village or township in which the property is located unless the city, village, or township objects in writing to the transfer of a given parcel of property.

#### 64. Retained Property

Section 78m (7) requires foreclosing governmental units to retain unsold property which is not transferred to a city, village, or township.

#### 65. Sales Proceeds

Section 78m (8) requires foreclosing governmental units to deposit sales proceeds in a restricted account segregated by year of sale to be used by the foreclosing governmental unit for the following purposes in the following order:

- (a) Reimbursement of delinquent tax revolving funds.
- (b) All costs of selling property for the year in question.
- (c) Any costs of foreclosure for the year in question, including costs of mailings, publication, personal service, and outside contractors.
- (d) Any unpaid costs of selling property for a prior year.
- (e) Any costs incurred by the foreclosing governmental unit in maintaining the property including the cost of environmental remediation.
- (f) If the foreclosing governmental unit is the State, any remaining balance to the land reutilization fund.

#### 66. Joint Sales

Section 78m (9) authorizes two or more county treasurers of adjacent counties to hold joint sales at a location outside the county in which the property is located.

#### 67. Minimum Bid Defined

Section 78m (10) defines “minimum bid” to include all of the following:

- (a) All delinquent taxes, interest, penalties, and fees due.
- (b) Expenses of administering the sale, including sale preparation.

If a city, village, or township purchases property, the minimum bid does not include any taxes levied by the city, village, or township nor any interest, penalties, or fees due on those taxes.

#### 68. Land Reutilization Fund

Section 78n establishes a land reutilization fund in Michigan Department of Treasury which may be used to pay for one or more of the following purposes:

- (a) Contracts with title insurance companies.
- (b) Costs of determining addresses, service of notices, and recording fees.

- (c) Defense of title actions as determined by the State Treasurer.
- (d) Other costs incurred in administering the foreclosure and disposition of property forfeited for delinquent taxes.

69. Prescribed Forms

Section 78o requires the Michigan Department of Treasury, one year after the effective date of the Act, to prescribe the form of the following:

- (a) Notice and proof of service.
- (b) The affidavit of publication.
- (c) The foreclosure judgment.

70. Fee Adjustment

Section 78p (1) requires the State Treasurer to adjust all of the following fees not later than March 1 of each year:

- (a) The \$15.00 per parcel October fee.
- (b) The \$175.00 per parcel foreclosure fee.

71. Fee Adjustment Sunset

Section 78p (1) provides that the State Treasurer cannot adjust the \$15.00 per parcel fee and the \$175.00 per parcel fee after December 31, 2002.

72. Annual Expense Report

Section 78p (3) requires county treasurers to submit a report by December 31 each year to the State Treasurer detailing the expenses incurred in the administration of the Act and the adequacy of the fees imposed in relation to the expenses incurred.

73. Status Report

Section 78p (4) requires a committee of county treasurers to submit a report not later than December 1, 2003, to the House Committee on Local Government and Urban Policy and to the Senate Committee on Local, Urban, and State Affairs concerning the collection of delinquent taxes under the General Property Tax Act. The report must contain, but need not be limited to, the following:

- (a) The potential successes and areas for improvement of the delinquent tax collection process.
- (b) The adequacy of the fees established under the Act.

#### 74. County Treasurer Salary Supplement

Section 87c (16) provides that a county treasurer is not eligible for payment for services as agent of the county unless that county treasurer held office on the effective date of the Act.

#### 75. Collateralized Liens

Section 107 authorizes the holder of city tax liens under the Michigan Tax Lien Sale and Collateralized Securities Act, for taxes levied after December 31, 1996, to purchase county liens for the same property and to enforce those liens as a secured or first claim on the property.

#### 76. Environmental Liens

Section 131 (2) provides that a deeds issued under Section 131 remain subject to any restrictions or notices approved by the State or a foreclosing governmental unit which is recorded with the register of deeds pursuant to the Natural Resources and Environmental Protection Act.

#### 77. Retroactive Effect

Sections 131e (1) through (5) are given effect retroactively to October 25, 1976.

#### 78. Limitation on Rights of Persons Served

Section 131e(5) prohibits an owner of tax-delinquent property who is properly served and who fails to redeem the property from asserting either of the following:

- (c) That the notice was insufficient or inadequate because another owner of an interest in the property was not served.
- (d) That the redemption period is extended because another owner of an interest in the property was not served.

#### 79. Effective Date

Enacting Section 2 provides that 30 sections of the Act take effect on October 1, 1999.

#### 80. Repealed Sections

Enacting Section 3 repealed two sections of the General Property Tax Act immediately. Those sections concerned certified special residential property and the sale of certified special residential property, respectively.

Enacting Section 4 repeals 20 sections of the General Property Tax Act on December 31, 2003. Those sections concern various aspects of annual tax lien sales such as the compilation of lists of lands subject to sale, notice and publication requirements, the filing of court petitions, the vesting of title to lands in the State, cancellation of sales, and the issuance of tax deeds.



Enacting Section 5 repeals 37 sections of the General Property Tax Act on December 31, 2006. Those sections concern redemption and annulment, suits alleging illegal taxes, loss of sale certificates or deeds, miscellaneous provisions (such as rejected taxes, deeds to deceased persons, and land office commissioner provisions), inspection and disposition of tax-delinquent property held by the State, various redemption periods, and various provisions governing tax lien purchasers.

## **PUBLIC ACT 132**

Public Act 132 of 1999 is referred to as the “Certification of Abandoned Property for Accelerated Forfeiture Act.” The Act defines “abandoned property” as tax-delinquent property containing a structure that is vacant or dilapidated, that is open to entrance or trespass, and that is determined to be abandoned under the act.

### **1. Declaration of Accelerated Forfeiture**

Section 3 authorizes a city, village, or township by October 1 of any tax year to declare by resolution an accelerated forfeiture of abandoned property. A resolution must contain substantially the following information:

- (a) That parcels of abandoned tax-delinquent property exist in the unit of local government.
- (b) That the property contributes to crime, blight, and decay within the unit of local government.
- (c) That certification of abandoned tax-delinquent property as certified abandoned property will result in the accelerated forfeiture and foreclosure of such property and its return to productive uses, thereby reducing crime, blight, and decay within the unit of local government.

### **2. Inspection**

Section 4 (1)(a) requires a unit of local government by February 1 following adoption of a resolution to conduct an inspection of property covered by the resolution to determine whether the property is abandoned.

### **3. Posted Notice**

Section 4 (1)(b) requires a unit of local government to post a notice on the property at the time of inspection indicating that if taxes levied on the property are returned delinquent, the property will be subject to accelerated forfeiture.

### **4. Mailed Notice**

Section 4 (1)(c) requires a unit of local government to send by first class mail a copy of the notice to the owner of the property or to the taxpayer of record.

## 5. Occupied Property

Section 4 (2) prohibits a unit of local government from certifying a parcel of property as abandoned if the unit of local government determines that the property is occupied by the owner or by a person with a legal interest in the property.

## 6. Affidavit

Section 5 (1) provides that a person claiming a legal interest in property covered by a resolution may file an affidavit claiming that the property is not abandoned. The affidavit may be filed with the unit of local government before taxes are returned delinquent or with the county treasurer after taxes are returned delinquent.

## 7. Effect of Affidavit

Section 5 (2) provides that if an affidavit is filed before the date of an administrative show cause hearing, the property will not forfeit on the immediately preceding March 1 (the date on which taxes were returned delinquent) but on the immediately succeeding March 1.

## 8. Certification of Abandoned Property

Section 6 provides that a unit of local government which complies with Sections 3 and 4 of the Act may certify property as certified abandoned property if the owner or a person with a legal interest in the property does not respond to the notice.

# **PUBLIC ACT 133**

Public Act 133 of 1999 amended the General Property Tax Act to permit holders of tax deeds on abandoned property to institute quiet title actions. The bill applies to taxes levied after December 31, 1998.

## 1. Foreclosure (Quiet Title Action) Requirements

Section 79a (1) authorizes a tax deed holder to quiet title to abandoned property if all of the following occur:

- (a) The tax deed holder, or his or her authorized agent, conducts a title search of the property.
- (b) After the title search, the tax deed holder, or his or her authorized agent, sends notice by certified mail to the owner and all persons with a legal interest in the abandoned property. Notice by publication is required if the notice cannot be delivered to the owner or to persons with a legal interest in the property. Notice by publication must occur once a week for four successive weeks in a newspaper published and circulated in the county in which the abandoned property is located, or if no newspaper is published in that county, then in a newspaper in an adjoining county.

- (c) The tax deed holder requests that the building inspector of the municipality in which the property is located inspect the property and issue an affidavit attesting that the property is vacant, dilapidated, or open to entrance or trespass.
- (d) Not less than 90 days before bringing a foreclosure action, the tax deed holder, or his or her authorized agent, posts a notice on the property.
- (e) The notice must include all of the following information:
  - (i) The legal description, parcel number, and if known, the street address of the property.
  - (ii) A statement of the total amount required to be paid to the county treasurer to redeem the property within 90 days of receiving the notice.
  - (iii) A statement of the person's redemption rights and notice that those redemption rights expire 90 days after the person receives notice by mail or publication.
  - (iv) A statement that unless the taxes, interest, penalties, and fees are paid before the 90-day redemption period expires and judgment is entered, title to the property will vest in the tax deed holder.
- (f) If abandoned property is not redeemed by the owner or by a person with a legal interest in the property, a tax deed holder may institute a quiet title action in the circuit court in which the property was located. The tax deed holder must provide the court with all of the following:
  - (i) The affidavit from the municipal building inspector.
  - (ii) The title search that identifies all owners and persons with a legal interest in the property as determined by records maintained by the register of deeds, the county treasurer, and the State Treasurer.
  - (iii) Proofs of service of notice.
  - (iv) An affidavit from the county treasurer certifying the nonpayment of taxes during the 90-day redemption period.

## 2. Foreclosure Judgment

Section 79a (2) requires that a circuit court foreclosure judgment specify all of the following:

- (a) The legal description, and if known, the street address and parcel number of the property.
- (b) That fee simple title to the property is vested in the tax deed holder, without any further redemption rights.

- (c) That, as of the date of the judgment, all delinquent property taxes, demolition liens, and all other municipal liens of any kind, except future installments of special assessments, are extinguished.
- (d) That all existing recorded and unrecorded interests in the property are extinguished, except for a visible or recorded easement or right of way.
- (e) That the tax deed holder has good and marketable title.

### 3. Monetary Damages

Section 79a (3) provides that after judgment is entered, and recorded and unrecorded interests are extinguished, the owner of such an interest may not bring an action to recover the property but may only bring an action for money damages within two years of the circuit court judgment, with the damages to be determined as of the date of the judgment.

### 4. Property Considered Abandoned

Section 79a (4) provides that property will be considered abandoned if all of the following requirements are satisfied:

- (a) If, within 30 days before bringing foreclosure proceedings, a tax deed holder sends by certified mail a notice to the owner of the property and to all persons with a legal interest in the property indicating that the property is abandoned and that the tax deed holder intends to foreclose it.
- (b) Before bringing foreclosure proceedings, the tax deed holder files an affidavit with the register of deeds stating both of the following:
  - (i) A notice of abandonment and intent to foreclose has been mailed to the last known address of the owner and persons with a legal interest in the property and that the owner or persons with a legal interest in the property have not been responded to the notice.
  - (ii) The tax deed holder, or his or her authorized agent, has made a personal inspection of the property which did not reveal that the owner or persons with a legal interest in the property is occupying or intends to occupy the property.
- (c) The tax deed holder before bringing foreclosure proceedings sends by certified mail to the owner and to persons with a legal interest in the property a copy of the affidavit filed with the register of deeds.
- (d) Before the foreclosure judgment is entered, the owner of the property or any person with a legal interest in the property does not provide an affidavit to the tax deed holder and to the register of deeds that they are occupying or intend to occupy the property.