

## **MI HB 4226 PROPOSES TO CAP FEE TO PROCESS MICHIGAN REDEMPTIONS**

**By Caleb Shureb | Oct. 30, 2019 | News and Alerts**

MI HB 4226 introduced earlier this year has been working its way through the MI House and Senate and appears poised to become law. The bill would amend the statute controlling redemption in Michigan's non-judicial foreclosure process by limiting the fee that maybe charged to process the redemption. For a link to the bill: [Click Here.](#)

Michigan is one of the few remaining states in the country that provides a right of redemption to a mortgagor facing mortgage foreclosure. The statute allows the mortgagor to redeem by paying the amount bid at the foreclosure sale along with interest and other fees and costs as set forth in MCL 600.3240. In Michigan the redemption period can range from thirty days to up to one year after the foreclosure sale depending on the type of property, amount of debt in some cases and status of occupancy.

In the past, the responsibility for computing redemption quotes and processing the funds fell to the Register of Deeds in the county where the subject property was located. In an effort to shift the potential liability that came with handling redemption funds, the statute controlling redemption was previously amended to require the successful purchaser of a non-judicial foreclosure to include an affidavit appointing a designee when submitting the Sheriff's Deed for recording. The designee thereafter became responsible for computing and processing the redemption quotes/funds on behalf of the purchaser (with the exception of Oakland and Macomb counties who also may lawfully compute and process redemption funds). Presently, the operative statute, MCL 600.3240, is silent as to the amount that can be charged for this service (stating only that designee may charge a fee as stated in the affidavit). The proposed legislation, MI HB 4226 would place a cap of \$250 on the fee assessed to a redeeming party should funds be tendered. It is not anticipated that this will notably impact the mortgage banking default servicing community as current designees already assess a fee equal to or less than the proposed cap. Successful third party purchasers, however, routinely seek an amount in excess of \$250 which may result in claims that attempts to redeem have been unlawfully frustrated should the proposed bill become law.

For any questions please contact the undersigned.

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