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House Bill 4799 (Substitute H-2 as reported without amendment)  
House Bill 4800 (as reported without amendment)  
Sponsor: Representative Graham Filler (H.B. 4799)  
Representative Kyra Harris Bolden (H.B. 4800)  
House Committee: Judiciary  
Senate Committee: Judiciary and Public Safety

### **CONTENT**

House Bill 4799 (H-2) would enact the "Michigan Uniform Assignment of Rents Act" to do the following:

- Create an assignment of rents by an assignment in either an enforceable security instrument that granted a security interest in rents or a document that granted a security interest in rents.
- Specify that the Act would not apply to an assignment of rent regarding an interest in real property improved by one to four dwelling units unless certain conditions applied.
- Allow a document creating an assignment of rents to be submitted for recording to the register of deeds in the same manner as any other document evidencing a conveyance of an interest in real property.
- Specify that a security interest in rents created by an assignment of rents would be fully perfected.
- Require a person to give a notification or a copy of a notification as prescribed in the Act.
- Allow an assignee to enforce an assignment of rents using one or more of the methods specified in the Act or any method sufficient to enforce the assignment.
- Specify that an assignee or receiver, as applicable, would be entitled to collect, from the first date of enforcement, rents that had accrued by remained unpaid on that date and rents that accrued on or after that date, as those rents accrued.
- Specify that an assignee would be entitled to the appointment of a receiver for the real property subject to the assignment of rents under certain circumstances.
- Allow an assignee to file a petition for the appointment of a receiver under certain circumstances.
- Prescribe rules that would govern priority among receivers.
- Allow an assignee to give an assignor a notice demanding that the assignor pay over the proceeds of any rents that the assignee was entitled to collect upon the assignor's default.
- Allow an assignee to give to a tenant of real property a notification demanding that the tenant pay to the assignee all unpaid accrued rents and all unaccrued rents as they accrued upon the assignor's default.
- Require an assignee that collected rents under the Act or collected upon a judgment in a civil action under the Act to apply the sums collected in the order prescribed in the Act.
- Specify that unless otherwise agreed by the assignee, an assignee that collected rents following enforcement would not need to apply them to the payment of expenses of protecting or maintaining the real property subject to the assignment.
- Specify that if an assignor collected rents that the assignee was entitled to collect under the Act, certain requirements would apply.

- Prescribe how an assignee's security interest in identifiable cash proceeds would be perfected.
- Prescribe the Act's applicability.

The bill would repeal Public (PA) 228 of 1925, which governs the assignment of rents and profits of property mortgaged under a trust mortgage or deed of trust, and PA 210 of 1953, which governs the assignment of rents accruing from existing leases as additional security to mortgage obligations

House Bill 4800 would amend the Chapter 32 (Foreclosure of Mortgages by Advertisement) of the Revised Judicature Act (RJA) to specify that, for the purposes of foreclosure by advertisement, an action or proceeding under the Michigan Uniform Assignment of Rents Act to enforce an assignment of rents would not be an action or proceeding to recover debt.

The bills are tie-barred. Each bill would take effect 90 days after its enactment.

MCL 600.3204 (H.B. 4800)

Legislative Analyst: Stephen P. Jackson

### **FISCAL IMPACT**

The bills likely would have no substantial fiscal impact on State or local government, and any impact likely would be indirect. The bills would not generate or appropriate revenue. While enactment of the bills could create additional motion filings in local courts, they also could provide procedural clarity for courts, assignees, property owners, and renters, which would reduce motion filings and could help prevent wasteful litigation.

Date Completed: 6-1-22

Fiscal Analyst: Michael Siracuse