



## State News

# MICHIGAN: PENDING LEGISLATION AND BANKRUPTCY RULE CHANGES

**I**t has been a relatively slow year in Michigan with regard to legislation that affects lenders and mortgagees. However, there have been some amendments to the recording statutes that have become law. Specifically, the acts require that any instrument sent for recording with the register of deeds have the first five digits of a mortgagor's social security number removed. This would include mortgages, assignments, deeds and affidavits. (See: 2007 PA 53, amending MCL 565.491 et seq.; 2007 PA 54, amending MCL 565.451; 2007PA 55, amending MCL 565.581; and 2007 PA 56, amending MCL 565.201 et seq).

However, there is pending legislation before the Michigan legislature that lenders should be keeping an eye on. HB 5340, introduced October 2007, would effectively put a moratorium on foreclosures in Michigan. Specifically, the bill would prohibit a mortgagee from accelerating the debt if less than 18 months have passed since the first default. Since the debt could not be accelerated during the first 18 months, the default could only include actual installments that had not been paid.

This bill is still in the legislature and there has been little movement on it at this time.

Amendments to the **Eastern District of Michigan's Local Bankruptcy Rules** took effect on May 5, 2008. Mortgage lenders may wish to note the following changes.

**2015-5** Creditors have 30 days from the date of the Trustee's final report to object to the report. Most mortgage claims continue beyond the life of the plan however, this is an important deadline to note if a deficiency claim has not been paid.

**3001-2** Payment adjustments must be filed with the court and must be served on the trustee and debtor's counsel 45 days prior to a payment change. Debtor then has 21 days to object to such change. This rule primarily pertains to changes in mortgage payments due to interest rate and escrow adjustments.

**3003-1** Proof of claims are due within 90 days of the first 341 hearing.

**9013-5** A statement of corporate ownership must be filed in any contested matter where a corporation is a party. This is a statement which must be filed when a motion is filed on behalf of a corporation. A motion for relief is considered a "contested matter". The statement identifies any corporation that directly or indirectly owns 10% or more of any class of the corporation's equity interests.

**9014-1** A moving party must seek concurrence of opposing counsel before a motion is filed and the motion shall affirmatively state that such concurrence was requested on a specified date. Furthermore, if a response is filed, a motion may only be withdrawn upon stipulation of the moving and responding parties.



Information provided by Rose Marie Brook, Esq. and Jonathan Engman, Esq., Fabrizio & Brook. They can be contacted at [rosemarie@fabriziobrook.com](mailto:rosemarie@fabriziobrook.com) and [jonengman@fabriziobrook.com](mailto:jonengman@fabriziobrook.com),

respectively.