



Phillip J. Neuman Testified Before Senate Committee

Phillip J. Neuman, a partner at Couzens Lansky, testified on June 19, 2019, before the Michigan Senate Insurance and Banking Committee in support of House Bill 4226. This bill would cap the amount a foreclosure sale purchaser could charge for calculating the redemption amount following a mortgage foreclosure sale. Currently, there is no limit to the fee that can be charged for making the calculation.



At the time of the foreclosure sale, the successful bidder is required to record an affidavit setting forth the amount the borrower would have to pay in order to redeem the property from the sale. That amount can change over the course of the redemption period because of such things as accrued interest or payment of taxes and insurance. The foreclosure sale purchaser is allowed to designate a person who is responsible for making the calculation at the time the borrower is ready to make the redemption. The exact amount necessary for redemption is critically important because if the borrower doesn't pay the full amount owed, the redemption has failed and the borrower will lose the property. The designee is allowed to charge a fee for making the calculation, and that fee must be stated in the affidavit. In the past, exorbitant fees have been paid to designees for making this calculation. Mr. Neuman testified that recent Sheriff's Deeds recorded in Oakland County contained designee fees of between \$395 and \$795. He also pointed to a Sheriff's Deed recorded in 2017 in Wayne County that contained a \$3,500 fee for making the calculation. By statute, the Register of Deeds is not allowed to calculate the redemption amount except in Oakland and Macomb Counties. In these two counties, the Register of Deeds can charge up to \$50 for making the calculation.

House Bill 4226 would place a cap of \$250 on the amount a designee could charge for making the calculation of the redemption amount. The bill, which was introduced at Mr. Neuman's request by Representative Ryan Berman, passed the House on April 10, 2019, by a vote of 107 - 1. The Senate Insurance and Banking Committee is expected to vote on the bill at its next meeting. If approved, the bill will then be brought to the floor of the Senate for consideration at a later date.

If you want to know more about this bill or have questions about other real estate issues, contact [Phil Neuman](#) or any of our other [real estate attorneys](#).

