

# MICHIGAN REAL PROPERTY REVIEW

**REAL PROPERTY LAW SECTION**

**STATE BAR OF MICHIGAN**

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Vol. 14, No. 2

Summer, 1987

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In no country perhaps in the world is law so general  
a study (as in America) . . . . This study renders men  
acute, inquisitive, dexterous, prompt in attack, ready  
in defense, full of resources.

- Edmund Burke

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A cumulative index of **Review** articles is printed annually in the Winter issue of the **Review**.

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**RECOVERY OF INTEREST OR FINANCE CHARGES  
IN CONSTRUCTION LIEN FORECLOSURE ACTIONS**

by

**Lawrence M. Dudek**

**Schlüssel, Lifton, Simon, Rands, Galvin & Jackier**

The Construction Lien Act requires that an action for enforcement and foreclosure of a construction lien be filed not later than one year after the date the claim of lien was recorded. MCL §570.1117. Contractors and suppliers will sometimes record a claim of lien and wait some months before taking action to enforce the lien in the hope that payment will be forthcoming. In some instances, the contractor or supplier may delay in filing suit for the entire one year period allowed for suit.

Once the complaint for foreclosure is filed in circuit court, statutory interest begins to accrue from the date of filing. Under MCL §600.6013 interest on complaints filed after January 1, 1987 is calculated pursuant to a formula based upon the average interest rate paid at auctions of 5-year United States Treasury Notes. This statutory interest is added to the judgment and payment of the interest will be secured by the construction lien.

The issue arises as to whether the construction lien claimant is entitled to recover interest for the period of time prior to the filing of a complaint. In some instances, such an award may be based upon express agreement for the payment of interest or finance charges. If no express agreement exists, an award of interest may be appropriate under MCL §438.7, which permits such an award from the date that a claim becomes liquidated or ascertained under an express or implied contract.

In **Price Bros v Rogers Const Co**, 104 Mich App 369 (1981), a subcontractor sought to recover finance charges from a surety based upon a contract which required payment of a service charge of 1½ percent per month on the unpaid balance after 30 days. The contract involved a public project and a bond had been posted by the general contractor as required by MCL §129.201 et seq.

The court in **Price Bros** distinguished between a separate loan used to finance a purchase and a time price differential. A separate loan would not form the basis for a construction lien. In contrast, a time price differential enables the buyer to purchase on credit and merely reflects an adjusted price for the prompt payment for the delivery of the goods. The adjusted price reflects the risk and greater costs for the seller when selling on credit. The time price differential is an integral part of the charge for labor and materials and is properly recoverable from the surety.

The court in **Price Bros** held that the provision of goods on credit without immediate or prepayment enhances the value of the property by allowing for the prompt and expeditious delivery of goods and provision of labor. Otherwise, the project would be stalled until another supplier willing to provide the materials could be found. The court held that the service charge was an integral part of the contract between the contractor and the subcontractor and properly collectible from the surety which issued the payment bond.

The court in **Price Bros** also stated that the public works bond statute is a substitute for the mechanic's lien statute which would apply to materials provided for a private project. In so stating, the court seems to indicate that finance charges in the nature of a time-price differential would be subject to recovery in an action for enforcement and foreclosure of a construction lien. Therefore, an express contractual provision for payment of a finance charge in the nature of a time-price differential may provide the basis for an award of pre-complaint interest in an action for enforcement and foreclosure of a construction lien.

In many instances the contract forming the basis for the construction lien will involve the sale of goods and be governed by the provisions of the Uniform Commercial Code. The Code provides that "A contract for sale of goods may be made in any manner sufficient to show agreement, including conduct by both parties which recognizes the existence of a contract." UCC 2-204(1), MCL §440.2204(1).

In many instances, a general contractor will place an order for materials with a subcontractor or a supplier, and the order will be accepted by delivery or a promise to deliver. UCC 2-206(1), MCL §440.2206(1). A contract will be formed between the parties, the terms of which will be determined by the writings of the parties and the provisions of the Uniform Commercial Code. UCC 2-207(3); MCL §440.2207(3).

The writings of the parties which evidence the sale will often consist of a purchase order from the buyer and a confirmation and/or invoice from the seller. The documentation may fail to fully set forth the terms of an agreement, and in such cases,

the UCC provides that the contract consists of the terms upon which the writings of the parties agree, together with any supplementary terms incorporated under any of the other provisions of the Code. UCC 2-207(3), MCL §440.2207(3).

A purchase order will often specify a quantity of goods at a given price and will not provide for finance charges on late payments. Invoices often do contain a provision for payment of a monthly finance charge on amounts past due. Whether the provision for a finance charge becomes a part of the contract will be determined by Section 2-207(2) of the Uniform Commercial Code, MCL §440.2207(2).

Section 2-207(2) of the Code provides that between "merchants" additional terms in an acceptance become part of the contract unless any of the following conditions exist: (a) the offer expressly limits acceptance to the terms of the offer, (b) the additional terms materially alter the offer, or (c) the additional terms are objected to. Comment 5 to UCC 2-207 offers examples of clauses which do not "materially alter" the contract; they become part of the contract unless notice of objection is seasonably given. Such an example includes "a clause providing for interest on overdue invoices or fixing the seller's standard credit terms where they are within the range of trade practice and do not limit any credit bargained for . . . ."

UCC 2-207(2) will only operate to include a term for payment of a finance charge if both parties are "merchants." A "merchant" includes one who deals in goods of the kind involved or who holds himself out as having knowledge or skill peculiar to the practices or goods involved. UCC 2-104(1), MCL §440.2104(1).

A general contractor which places orders for construction materials on a regular basis should be deemed a "merchant." Similarly a subcontractor or supplier which regularly supplies construction materials should be deemed a "merchant." On the other hand, an owner with little or no experience in the construction trade, will probably not be deemed a "merchant" in connection with an isolated construction project.

A confirmation providing for payment of a finance charge should enable a construction lien claimant to recover such charges if the other party to the contract is deemed a "merchant," the amount of the finance charge is within the range of trade practice, the offer does not expressly limit acceptance to the terms thereof, and the other party fails to give timely notice of objection to payment of the finance charge.

In **Rangen, Inc. v. Valley Trout Farms, Inc.**, 658 P2d 955 (Idaho 1983), the Idaho Supreme Court held, that the provision in the seller's invoice for late charges in an amount equal to 1½% per month was not a material alteration of the contract, and became part of the contract pursuant to UCC 2-207(2) when the buyer failed to object to the terms. The court held that the provision was enforceable as liquidated damages under UCC 2-718 because the seller was required to borrow its operating capital at 1% per month, and hence it was not unreasonable to impose the finance charge.

The court in **Rangen, Inc.** modified its opinion after rehearing and held that the provision was enforceable because the buyer had been specifically notified that future sales were subject to payment of the late charge, the buyer continued to make purchases and, on one occasion, the buyer had made payment of the late charge. The court concluded that the course of performance of the parties under UCC 2-208 resulted in a contract which required payment of a late charge.

If a Michigan court were to adopt the rationale of the initial decision in **Rangen**, a seller would be able to recover finance charges upon proof that the buyer failed to timely object to the term for payment of a finance charge; that the seller suffered actual damages, such as being required to borrow operating capital as a result of the failure of the buyer to make timely payment; and that the amount of the finance charge is within trade practices. If Michigan were to adopt the **Rangen** Court's rationale on rehearing a heavier burden would be imposed upon the seller requiring proof that the buyer was specifically advised that a finance charge would be imposed, and that the purchase was made with such knowledge. It would be insufficient to prove only that the buyer failed to object to the inclusion of such a term.

Invoices often include provisions for service charges in amounts of 1% or 1½% per month on the unpaid balance, which results in a rate in excess of the 7% per annum allowed under the general usury statute in effect in Michigan. MCL §438.31. The statute, however, applies only to loans of money and specifically excludes a time price differential charged for the sale of goods on credit. MCL §438.31. In **Silver v. International Paper Company**, 35 Mich App 469, 470 (1971), the court held that a time price differential is to be distinguished from a loan and is not subject to usury laws.

A lien claimant seeking to recover finance charges should include in its invoice and confirmation a provision, for example, that "A time price differential equal to 1½% per month will be charged on the unpaid balance hereunder after 30 days."

In the absence of an express or implied contract for payment of finance charges, an award of pre-complaint interest may be based upon MCL §438.7, which provides as follows:

In all actions **founded on contracts express or implied**, whenever in the execution thereof any amount in money **shall be liquidated** or ascertained in favor of either **party**, by verdict, . . . **it shall be lawful**, . . . **to allow and receive interest** upon such amount so ascertained or liquidated. . . . (emphasis added.)

Pursuant to MCL §438.7, a party may recover interest on a claim founded on contract from the date on which the claim is liquidated or ascertained in the party's favor. The purpose of awarding interest is to compensate a party who suffered the loss of the use of funds. *Militzer v. Kal-Die*, 41 Mich App 492, 496 (1972). *Central States Southeast v Hitchings Trucking*, 492 F Supp 906, 909 (ED Mich, 1980).

The earliest Michigan case relating to an award of interest on a mechanic's lien is *Smalley v. Gearing*, 121 Mich 190 (1899), which was decided under a predecessor statute to the current Construction Lien Act. The court in *Smalley* held that the lien claimants were entitled to recover interest from the date their claims become due. The court did so without reference to any statute or common law in support of its holding.

In *Merritt v. Pearson*, 76 Ind 44 (1881), the Indiana Supreme Court awarded interest to a lien claimant pursuant to a statute similar to MCL §438.7, which provided for an award of interest on money loaned or due or withheld by unreasonable delay of payment. The court held that "The interest, in a proper case for its allowance, is an incident of the debt, a part thereof, and the lien given to secure the debt should be deemed to secure the accruing interest." *Id.* at 46.

In *Hi-Way Electric Co. v. Pathman Construction Co.*, 404 F Supp 398 (ED Mich, 1971), an award of interest under MCL §438.7 was granted to a subcontractor on a government project who brought an action on a bond issued under the Miller Act.

The Michigan statute allowing pre-complaint interest makes reference to an amount which is "liquidated" or "ascertained" in favor of a party. In a construction lien action, the owner will, in many instances, assert defenses based upon defective or untimely performance of the construction work. Often there will exist other disputes regarding change order items and extras and the amount to be paid for such items. When such disputes arise the question becomes whether the debt can be said to be "liquidated" or "ascertained" so as to allow an award of pre-complaint interest.

In *Hi-Way Electric Co.*, *supra*, the court allowed interest pursuant to MCL §438.7 on the total amount due the subcontractor and specifically included amounts owed for change orders and extras. The court quoted with approval from *Currie v. Fiting*, 375 Mich 440, 454 (1965): "Where a claim accrues as of a certain time and can be ascertained or computed as of that date, we think the better rule is to award interest upon the claim from that date forward."

In *Ramada Development Co. v. U.S. Fid. & Guaranty Co.*, 626 F2d 517, 525 (CA 6, 1980), the court followed *Hi-Way Electric Co.*, *supra*, and awarded a general contractor interest pursuant to MCL §438.7 against a surety for a subcontractor which had failed to complete its contract. The court adopted a liberal standard in allowing recovery of interest to avoid inadequate compensation of a wronged party. The court held that liquidated damages are "those damages which are reasonably ascertainable at the time of the breach, measurable by a fixed or established external standard, or by a standard apparent from the documents upon which plaintiffs base their claim." *Id.* at 525, fn 11.

Decisions in Michigan and other jurisdictions provide support for an award of finance charges or pre-complaint interest in an action for enforcement and foreclosure of a construction lien. Such an award is based upon the rationale that the finance charge or interest represents a portion of the value of labor and materials provided to a project. In the absence of an express or implied agreement, such interest may be subject to recovery under the provision of MCL §438.7.

**THE LOCAL DEVELOPMENT FINANCE AUTHORITY ACT OF 1986 —  
MORE TAX INCREMENT FINANCING IN MICHIGAN**

by

**Fred M. Woodruff, Jr.**

**Dykema, Gossett, Spencer, Goodnow & Trigg**

The term "tax increment financing" refers to a procedure whereby a local municipal government designates a specific district area within its jurisdiction and creates an authority which captures some or all of the property taxes levied by all the taxing units which levy property taxes on property in the district area. The amount of the tax revenue that is captured by the authority is determined on the basis of the growth in the tax base that occurs within the district area after it has been designated. The authority uses the tax revenue to finance public facilities such as roads or water and sewer lines within the district area that would otherwise have to be financed by the municipal government through special assessments or general or special millage levies or by the developer.

In the final hours of the 1986 Session, the Michigan Legislature adopted two important pieces of legislation affecting tax increment financing in Michigan. The first, Public Act 280, puts an end to the creation of new Tax Increment Finance Authorities ("TIFAs") by cities under Public Act 450 of 1980, commonly known as the "TIFA Act," but breathes new life into the 75-plus TIFAs created in Michigan cities since 1980. The second, Public Act 281, enables cities, villages and "urban townships" after February 1, 1987 to create a Local Development Finance Authority ("LDFA"). This preserves the ability of those municipalities to use tax increment financing, although on a somewhat more limited basis, for public facilities needed to assist the development of new manufacturing, agricultural processing and certain "high tech" facilities.

Public Act 280 amends Act 450 to prohibit the creation of any new TIFAs or the expansion of any existing TIFA district boundaries after December 31, 1986. However, within its current district area, an existing TIFA can continue to operate and create new or amend existing tax increment financing and development plans as needed to assist development within its boundaries. In addition, for all existing TIFAs Act 280 also eliminates one of the major problems that plagued many TIFAs, the validity of the municipality's initial finding that the district area was characterized by a "decline in property values." Act 280 provides that any district area created prior to December 29, 1986 is valid even though a "decline in property values" could not be supported, if the city could have found when it created the authority that "in so doing it would serve to create jobs or promote economic development growth."

In the discussion of the provisions of Act 281 governing the operation of LDFAs which follows, this article will also review the key provisions of the TIFA Act and the Downtown Development Authority Act ("DDA Act") (the legislation that first introduced tax increment financing in Michigan in 1975) in order to help put the new legislation into perspective. In addition, a review and comparison of the three statutes is also relevant because many private developments will find it advantageous if the local municipality continues to utilize its existing TIFA and/or DDA in conjunction with creating an LDFA which overlaps the boundaries of the TIFA and/or DDA.

Act 281 incorporates many of the concepts that are also embodied in the DDA and TIFA Acts.

An LDFA can be created in any city, village or "urban township" (a township with a population of 20,000 or more or a population of 10,000 or more and located in a county with a population of 400,000 or more, which had adopted a master plan before February 1, 1987 and which provides water, sewer and other public services to all or part of the township). A DDA can be created in any municipality — city, village or township — so long as its district area encompasses the municipality's "business district" and an area of "deteriorating property values." A TIFA, on the other hand, could only be created in a city (not a village or township) in an area that was characterized by a "decline in property values," but, the area did not have to be the city's "business district."

As with a TIFA, only one LDFA can be created within a municipality, but, unlike a TIFA, the district boundaries of the LDFA need not be "continuous" and, unlike DDA, the district area does not need be the municipality's "business district." More importantly, there is no requirement that a LDFA district encompass an area of "declining" or "deteriorating" property values.

The LDFAs Board must include, along with 7 people appointed by the chief executive of the municipality: one person appointed by the county board of commissioners, one person appointed by the chief executive of the local community or junior college and two people appointed by the chief executive of each taxing unit which levies 20% or more of the total millage

levied during the year before the creation of the LDFA. A DDA or TIFA has only to consult with representatives of other taxing units.

Like DDAs and TIFAs, the LDFA has general revenue bond authority and the municipality can use its condemnation powers to acquire private property for transfer to the LDFA, which can in turn sell or lease the property to a private developer. However, the historic preservation requirements which apply to TIFAs and DDAs were not included in Act 281 for LDFAs.

Act 281 authorizes LDFAs like DDAs and TIFAs to enter into agreements with the taxing jurisdictions in the municipality with respect to sharing a portion of the captured assessed value of the district. In addition, Act 281 specifically provides that the collection and transmission of the amount of tax increment as specified in the LDFAs plan shall be binding on all taxing units levying ad valorem property taxes for specific local taxes against property located in the authority district.

The amount of tax increment bonds issued by a TIFA may not exceed the amount which 80% of the **estimated** tax increment revenues will support. The LDFA (as well as DDA) has no such bonding limitation.

Under all three statutes, the TIFA, DDA or LDFA is required to pay over to all taxing units, pro rata, all tax increment revenues that are "surplus" to the needs of the authority under its plan. However, Act 281 specifically authorizes the LDFA to retain tax increment revenues in excess of the **estimated** tax increment revenues, or in excess of the actual cost of projects specified in the LDFAs plan (i.e., funds which would otherwise be "surplus" to its needs) if the LDFA Board determines that retention is necessary to further the development program in accordance with the LDFAs plan. The same result can be achieved by a TIFA or DDA only by providing for contingencies in the original plan or by amending the plan to expand the use of tax increment revenues as they are determined.

The tax increment financing procedures, under Act 281 for LDFAs are essentially the same for DDAs and TIFAs. However, under Act 281 the local municipality does not have to form a "citizens district council" to review plans if there are more than 100 residents in the district area and Act 281 requires the State Tax Commission to prescribe the method for calculating the captured assessed value for an LDFA.

Act 281 also incorporates a number of new concepts that are not in the TIFA or DDA Acts. By and large these provisions have the effect of reducing the scope of tax increment financing by an LDFA as compared to a TIFA or DDA.

The first and most important is the concept that tax increment revenue is generated for a LDFA only by the growth of the tax base of "eligible property." Within a TIFA or DDA, tax increment revenue is created by the growth in the entire tax base of a district regardless of the nature of a project. Act 281 defines "eligible property" as real and personal property which comprise: "agricultural processing" facilities, traditional "manufacturing" facilities and so called "high technology" facilities — those facilities which have as their "primary purpose . . . research, product development, engineering, laboratory testing or industrial technology." Thus, hotels, restaurants, retail stores, warehouses, housing and office buildings are not "eligible property." Even office buildings which house general administrative and management personnel owned by manufacturing companies which are eligible for tax abatement are not "eligible property" and will not produce tax increment revenues for an LDFA.

While the tax base of an LDFA is limited to "eligible property," the range of taxes paid on property which contribute to the tax increment revenues of an LDFA has been expanded to include taxes on projects which receive tax abatement under Act 385 (high tech facilities). A TIFAs or DDAs tax increment revenues from projects paying abated property taxes come only from taxes on projects which receive tax abatement under Act 255 (commercial facilities) and under Act 198 (industrial facilities). On the other hand, tax increment revenues paid to the LDFA do not include tax revenues collected on millage levied for voted or general obligation bonds of any taxing unit. Tax increment revenues collected for a TIFA or DDA includes all millage levied.

In addition to narrowing the tax base that creates tax increment revenues by the definition of "eligible property," Act 281 also narrows the uses to which tax increment revenues can be put by the LDFA. A LDFA can only use tax increment financing revenues to pay for "public facilities" which are "needed" for the "eligible property" in the LDFA district. Although this is a requirement which the TIFA and DDA do not have to meet, it would not appear difficult for the LDFA to meet this requirement for traditional "infrastructure" for agricultural, manufacturing or "high tech" facilities, such as roads, water or sewer facilities. Indeed, a "public facility" that can be financed by an LDFA if "needed" (but not, according to most bond counsel, by a TIFA or DDA) is the so-called "single user" public facility: a road, a water or sewer line which, although connected to or dedicated to be used by a public agency or for the public generally, is used by a single "eligible property."

However, an LDFA cannot use tax increment revenues to build other traditional “public facilities” such as a new city hall, cultural center or school building as a DDA or TIFA can with the tax increment revenues it captures. Like the TIFA or DDA, it is necessary that the public facility be located entirely within the LDFA district boundaries. But it need not be within the “eligible property” so long as it is required by traffic flows generated in the case of roads or, in the case of other utilities like sewers, needed to service the “eligible property” in the LDFA district.

Another new concept introduced by Act 281 is the “certified industrial park.” Whether or not a project is part of a certified industrial park will be important in many developments because, although the LDFA can be established, a tax increment financing plan cannot be developed and approved by the LDFA until a specific “eligible property” is identified, **unless** the area is part of a “certified industrial park” designated by the Michigan Department of Commerce. An area cannot be certified by the Department unless it contains more than 40 acres, is zoned **exclusively** for use by “eligible property,” has a site plan or plat approved by the municipality, and the developer has agreed to comply with such other requirements as may be imposed by the Department under its certified industrial park program.

The last and, in many cases, most important “new” provision that is in Act 281 but not in the DDA Act or TIFA Act is a “hostage” provision borrowed from the Industrial Facilities Tax Abatement statute. Act 281 provides that, in the event a project to be located in the LDFA will employ 50 or more full-time people that are being relocated from one or more other Michigan municipalities, each municipality which is losing 50 or more jobs must consent to the relocation of the employees in order for the project to be considered “eligible property.”

With the passage of Act 281 the Michigan Legislature has adopted yet another “economic development” tool enabling local municipalities to assist in the development of private facilities in the belief and hope that such assistance will create or retain jobs. For communities that have not created a TIFA, Act 281 is now the only “tax increment financing” tool available outside its “business district.” By establishing a LDFA, along with the Industrial Facilities Tax Abatement and Technology Park Facilities Tax Abatement programs, many Michigan municipalities can attract new facilities by reducing real and personal property tax burdens on those facilities by 50%. Then the LDFA can use the real and personal property taxes that are paid to finance the public infrastructure needed to serve the facilities. Thus, property tax abatement and tax increment financing continue to be a cornerstone of Michigan’s strategy for economic development in the foreseeable future. The focus has now narrowed to agricultural processing, manufacturing and certain related “high tech” facilities. These programs may become even more important in the future as Congress continues to attack the deficit by reducing or eliminating programs such as Community Development Block Grants, Urban Development Action Grants, Small Business Administration Grants and tax exempt revenue bond financing for commercial and industrial projects.

On January 28, 1987 the Governor and the Senate requested an opinion from the Michigan Supreme Court concerning the constitutionality of the tax increment financing authorized by all three statutes. An opinion is anticipated as this article goes to press. It is this author’s view that the Supreme Court’s opinion will confirm the validity of tax increment financing under the Michigan Constitution.

**LEGISLATIVE STATUS REPORT**  
**ACTION ON LEGISLATION OVER LAST THREE MONTHS**  
 by  
**Gregory L. McClelland**

- HB 4016** Extends deadline for report on first enterprise zone to March 1, 1988 and allows certain modifications of enterprise zone boundaries — 1/27/87, Committee on Urban Affairs; 2/12/87, 2nd reading; 2/17/87, 3rd reading; 2/18/87, passed; 2/19/87, Committee on Criminal Justice, Urban Affairs & Economic Development; 3/3/87, general orders with amendment(s); 3/5/87, 3rd reading with amendment(s); 3/10/87, passed; 3/24/87, Senate amendment(s) concurred in as amended; 3/31/87, House amendment(s) concurred in; 3/31/87, ordered enrolled; 4/2/87, presented to Governor; 4/13/87, approved by Governor as Public Act No. 15.
- HB 4021** Allows taxpayer to file appeal with tax tribunal without filing with local board of review under certain circumstances — 1/27/87, Committee on Taxation; 2/25/87, 2nd reading with substitute; 3/10/87, 3rd reading with substitute; 3/11/87, passed; 3/12/87, Committee on Finance; 4/2/87, general orders; 4/7/87, 3rd reading; 4/8/87, passed; 4/8/87, ordered enrolled; 4/13/87, presented to Governor; 4/23/87, approved by Governor as Public Act No. 23.
- HB 4070** Allows modifications of condominium unit for handicapper accessibility notwithstanding prohibitions or restrictions contained in the condominium documents, and requires, submission of plans for such modification to homeowners association — 2/10/87, Committee on Urban Affairs; 3/12/87, 2nd reading; 3/17/87 3rd reading; 3/19/87 passed; 3/24/87, Committee on Local Government & Veterans; 4/28/87, general orders; 5/7/87, 3rd reading; 5/12/87, passed; 5/12/87, ordered enrolled; 5/18/87, presented to Governor.
- HB 4072** Amends the Michigan antitrust reform act to prohibit certain covenants not to compete — 2/10/87, Committee on Judiciary; 3/10/87, 2nd reading; 3/11/87, 3rd reading; 3/12/87, passed; 3/17/87, Committee on Judiciary.
- HB 4089** Provides general amendments to the uniform commercial code regarding investment securities — 2/11/87, Committee on Corporations & Finance; 2/25/87, 2nd reading; 2/26/87, 3rd reading; 3/3/87, passed; 3/4/87, Committee on Commerce & Technology; 4/1/87, general orders; 4/2/87, 3rd reading; 4/7/87, passed; 4/7/87, ordered enrolled; 4/10/87, presented to Governor; 4/23/87, approved by Governor as Public Act No. 16.
- HB 4110** Provides general amendments to solid waste management act — 2/12/87, Committee on Conservation & Environment; 5/11/87, 2nd reading with substitute; 5/13/87, 3rd reading with substitute; 5/19/87, passed; 5/20/87, Committee on Natural Resources & Environmental Affairs.
- HB 4151** Revises eligibility provisions for extended leases and eviction protection in conversion condominium projects — 2/18/87, Committee on Towns & Counties; 3/24/87, 2nd reading; 3/25/87, 3rd reading; 3/26/87, passed; 3/31/87, Committee on Human Resources & Senior Citizens.
- HB 4179** Increases penalties and interest for delinquent property taxes — 2/24/87, Committee on Taxation; 3/5/87, 2nd reading with substitute; 3/17/87, 3rd reading with substitute, passed; 3/18/87, Committee on Finance.
- HB 4199** Requires approval of state equalization by concurrent resolution of legislature, and, under certain circumstances, requires state to offer to purchase property at twice the state equalized value — introduced by Rep Gnodtke et al on 2/26/87 and referred to Committee on Taxation.
- HB 4206** Allows employer to deduct, overpayment of wages and fringe benefits from employee's subsequent wage payments without obtaining employee's written consent under certain circumstances — introduced by Rep DeLange et al on 2/26/87 and referred to Committee on Labor.
- HB 4209** Provides for assistance to minority business loan program — introduced by Rep J. Young, Jr. et al on 2/26/87 and referred to Committee on State Affairs.
- HB 4210** Establishes minority and women business enterprise loan act — introduced by Rep J. Young, Jr. et al on 2/26/87 and referred to Committee on Economic Development & Energy.

- HB 4211** Amends hazardous waste management act to prohibit the operation of a disposal facility or storage site located within a salt formation located under a populated area — introduced by Rep Varga et al on 2/26/87 and referred to Committee on Conservation & Environment.
- HB 4214** Provides increased enforcement powers and additional penalties for violations of hazardous waste management act — introduced by Rep Brown et al on 2/26/87 and referred to Committee on Conservation & Environment.
- HB 4215** Provides increased enforcement powers and additional civil penalties for violations of solid waste management act — introduced by Rep Brown et al on 2/26/87 and referred to Committee on Conservation & Environment.
- HB 4216** Revises penalties and remedies for water pollution — introduced by Rep Brown et al on 2/26/87 and referred to Committee on Conservation & Environment.
- HB 4217** Provides increased enforcement powers and additional civil penalties and fines for violations of air pollution act — introduced by Rep Brown on 2/26/87 and referred to Committee on Conservation & Environment.
- HB 4218** Establishes criminal penalties for the poisoning of water supply — introduced by Rep Brown et al on 2/26/87 and referred to Committee on Judiciary.
- HB 4219** Amends the environmental response act to impose strict liability and joint and several liability upon certain handlers of hazardous substances — introduced by Rep Brown et al on 2/26/87 and referred to Committee on Conservation & Environment.
- HB 4220** Allows group self-insurers to provide employer's liability insurance — introduced by Rep Brown on 2/26/87 and referred to Committee on Labor.
- HB 4229** Amends the public health code to extend the sunset date of section pertaining to right to know from April 1, 1987 to December 31, 1988 — introduced by Rep O'Connor on 3/3/87 and referred to Committee on Labor.
- HB 4230** Moves the deadline for the cutting of noxious weeds by property owners from June 1 to May 1 — introduced by Rep Griffin on 3/4/87 and referred to Committee on Towns & Counties.
- HB 4231** Amends the hazardous waste management act to require hazardous waste treatment facilities involved in recycling petroleum products to have operating permit — introduced by Rep Bennett et al on 3/4/87 and referred to Committee on Conservation & Environment.
- HB 4239** Amends the general property tax act to provide that seizure of personal property for delinquent taxes be permissible rather than mandatory — introduced by Rep L. Owen et al on 3/4/87 and referred to Committee on Taxation.
- HB 4351** Requires owners of industrial property to maintain certain records for property tax assessments — introduced by Rep Scott et al on 3/18/87 and referred to Committee on Taxation.
- HB 4364** Amends Michigan natural resources trust fund act to exclude projects designed primarily for the purpose of urban renewal from the definition of "public recreational facilities" — introduced by Rep Sikkema et al on 3/19/87 and referred to Committee on Appropriations.
- HB 4372** Creates private enterprise act to prohibit state agencies from participating in commercial activities unless authorized by legislature — introduced by Rep Stabenow et al on 3/19/87 and referred to Committee on Economic Development & Energy.
- HB 4374** Requires state tax commission to publish guidelines and to review procedures to aid assessors in assessing property and allows property examiner access to certain records — introduced by Rep Brown et al on 3/19/87 and referred to Committee on Taxation.

- HB 4375** Provides further guidelines for determining “cash value” for large industrial properties and establishes guidelines for use of model or replacement facilities — 3/19/87, Committee on Taxation; 3/25/87, 2nd reading; 4/1/87, 3rd reading, defeated; 4/7/87, vote reconsidered, passed; 4/8/87, Committee on Finance.
- HB 4379** Requires taxpayer to include good faith estimate of true cash value and approaches used for valuation and provides for assessor-taxpayer conference — 3/24/87, Committee on Taxation; 3/25/87, 2nd reading with amendment(s); 4/1/87, 3rd with amendment(s); 4/7/87, amended, passed; 4/8/87, Committee on Finance.
- HB 4380** Requires certain materials to be made available to support good faith estimate of true cash value and prohibits tribunal from lowering value except in certain rehearings — 3/24/87, Committee on Taxation; 3/25/87, 2nd reading with amendment(s); 4/1/87, 3rd reading with amendment(s); 4/7/87, amended, passed; 4/8/87, Committee on Finance.
- HB 4381** Amends liquor control act to define “professional account” and delete definition of “citizen” — 3/24/87, Committee on Liquor Control; 4/2/87, 2nd reading; 4/8/87, 3rd reading; 4/9/87, passed; 4/9/87, Committee on Regulatory Affairs.
- HB 4382** Provides general amendments to drain code of 1956 and raises assessment limit for maintenance of drains — introduced by Rep Gnodtke on 3/24/87 and referred to Committee on Towns & Counties.
- HB 4397** Deletes certain repeal dates in worker’s disability compensation act of 1969 — introduced by Rep Watkins on 3/25/87 and referred to Committee on Labor.
- HB 4398** Amends single business tax act to clarify meaning of “fairly represent” — 3/25/87, Committee on Taxation; 4/1/87, 2nd reading; 4/2/87, 3rd reading with amendment(s); 4/8/87, passed; 4/9/87, Committee on Finance.
- HB 4404** Includes wood-burning cogeneration facilities in definition of “industrial property” for purposes of eligibility for certain tax abatements — introduced by Rep Ouwinga et al on 3/25/87 and referred to Committee on Economic Development & Energy.
- HB 4412** Amends act levying severance tax upon all producers engaged in the business of severing oil and gas from the soil to requires that 25% of revenues be returned to the county of origin, and that 50% of such amounts be given to the county road commission, and the other 50% to other local units within the county for use in road construction and repairs — introduced by Rep Giese et al on 3/25/87 and referred to Committee on Taxation.
- HB 4418** Amends nonprofit corporation act to establish immunity from certain civil liability suits for board members and officers of certain charitable organizations — introduced by Rep Muxlow et al on 3/31/87 and referred to Committee on Judiciary.
- HB 4426** Eliminates requirement to file assumed name certificate for limited partnerships at county clerk’s office — introduced by Rep Gire et al on 3/31/87 and referred to Committee on Corporations & Finance; 4/8/87, 2nd reading with amendment(s); 4/14/87, 3rd reading with amendment(s); 4/15/87, passed; 4/28/87, Committee on Commerce & Technology.
- HB 4430** Amends nonprofit corporation act to provide immunity for directors, officers and volunteers in certain circumstances — introduced by Rep Bankes et al on 3/31/87 and referred to Committee on Judiciary.
- HB 4433** Amends business corporation act to delete requirement that corporations furnish statement of corporate assets and liabilities — introduced by Rep Nye on 4/1/87 and referred to Committee on Corporations & Finance.
- HB 4436** Prohibits foreclosures by advertisement on residential property — introduced by Rep Ciaramitaro on 4/1/87 and referred to Committee on Consumers.
- HB 4437** Amends mobile home commission act to provide for transfer of title after execution of warehouse lien — introduced by Rep Bennane et al on 4/2/87 and referred to Committee on Urban Affairs.

- HB 4438** Creates mobile home warehouse lien act, and provides for the rights and duties afforded holder of a mobile home warehouse lien — introduced by Rep Bennane et al on 4/2/87 and referred to Committee on Urban Affairs.
- HB 4441** Amends workers' disability compensation act of 1969 to include architects, professional engineers and land surveyors with regard to a construction project within the definition of "employer" — introduced by Rep Johnson et al on 4/2/87 and referred to Committee on Labor.
- HB 4447** Amends revised judicature act of 1961 to require notice of sale of foreclosed property to include street address or the relationship of the property to major streets or roads — introduced by Rep Brown et al on 4/7/87 and referred to Committee on Consumers.
- HB 4448** Amends state housing development authority act of 1966 to require notice of sale of foreclosed property to include street address or relationship of property to major streets and roads — introduced by Rep Brown et al on 4/7/87 and referred to Committee on Consumers.
- HB 4462** Amends general property tax act to prohibit assessor from including the value of residential dwelling for assessment purposes until the dwelling is occupied — introduced by Rep Griffin on 4/8/87 and referred to Committee on Taxation.
- HB 4476** Amends general sales tax act to provide for exemption of first \$2,500 of sales for nonprofit tax exempt organizations — introduced by Rep Hayes on 4/13/87 and referred to Committee on Taxation.
- HB 4479** Provides general amendments to air pollution act — introduced by Rep Brown et al on 4/14/87 and referred to Committee on Conservation & Environment.
- HB 4485** Amends property tax exemption for senior citizens to expand definition of "housing" — introduced by Rep Berman on 4/15/87 and referred to Committee on Taxation.
- HB 4486** Provides general amendments to property tax act; provides for tax lien transfers and revises foreclosure procedures — introduced by Rep Brown et al on 4/15/87 and referred to Committee on Taxation.
- HB 4505** Provides general amendments to state housing development authority act of 1966 and provides for the creation of subsidiary authorities for certain purposes — introduced by Rep Saunders et al on 4/15/87 and referred to Committee on Urban Affairs.
- HB 4506** Amends housing receivership provisions of housing law of Michigan — introduced by Rep Murphy et al on 4/15/87 and referred to Committee on Urban Affairs.
- HB 4508** Requires asbestos abatement contractors to have liability insurance — introduced by Rep Hickner et al on 4/15/87 and referred to Committee on State Affairs.
- HB 4516** Provides general amendments to environmental response act — introduced by Rep Bandstra et al on 4/15/87 and referred to Committee on Conservation & Environment.
- HB 4517** Amends solid waste management act to provide that a municipality or county may impose a surcharge on the disposal of solid waste and sets forth the purposes for which the surcharge may be expended — introduced by Rep Kosteva et al on 4/15/87 and referred to Committee on Conservation & Environment.
- HB 4518** Provides general amendments to hazardous waste management act, revises certain penalties and provides for limited storage facility fee — introduced by Rep Kosteva et al on 4/15/87 and referred to Committee on Conservation & Environment.
- HB 4519** Revises provisions in hazardous waste management act pertaining to the siting of certain hazardous waste facilities — introduced by Rep Sparks et al on 4/15/87 and referred to Committee on Conservation & Environment.

- HB 4527** Allows cities or villages which have a population of less than 10,000, by resolution, to have any of the following boards serve as its planning commission: Board of Directors of an Economic Development Corporation, Board of a Downtown Development Authority, or Board created under the Tax Increment Finance Authority — introduced by Rep Van Singel et al on 4/15/87 and referred to Committee on Towns & Counties.
- HB 4528** Amends downtown development authority act to provide place on agenda for planning commission business — introduced by Rep Van Singel et al on 4/15/87 and referred to Committee on Urban Affairs.
- HB 4529** Amends economic development corporations act to provide place on agenda for planning commission business — introduced by Rep Van Singel et al on 4/15/87 and referred to Committee on Economic Development & Energy.
- HB 4530** Amends tax increment finance authority act to provide place on agenda for planning commission business — introduced by Rep Van Singel et al on 4/15/87 and referred to Committee on Economic Development & Energy.
- HB 4553** Amends single business tax act to permit reduction for increases in export sales — introduced by Rep Law on 4/30/87 and referred Committee on Taxation.
- HB 4555** Amends general property tax act to provide that assessor shall not consider construction of a new residential dwelling on real property for assessment purposes for a certain period — introduced by Rep Scott on 4/30/87 and referred to Committee on Taxation.
- HB 4574** Requires advance notice of rent increases for certain residential premises — introduced by Rep Bowman on 4/30/87 and referred to Committee on Consumers.
- HB 4576** Amends the environmental response act to require notice on property title of sites of environmental contamination — introduced by Rep Martin et al on 4/30/87 and referred to Committee on Conservation & Environment.
- HB 4577** Requires notice on property titles of certain sanitary landfills and open dumps obtaining grants for closure or regarding closure under the Clean Michigan Fund Act — introduced by Rep Martin et al on 4/30/87 and referred to Committee on Conservation & Environment.
- HB 4578** Amends solid waste management act regarding notice on property title of use as certain solid waste disposal area — introduced by Rep Martin et al on 4/30/87 and referred to Committee on Conservation & Environment.
- HB 4580** Amends single business tax act to exclude workers' compensation and unemployment compensation from the definition of "compensation" — introduced by Rep Law et al on 4/30/87 and referred to Committee on Taxation.
- HB 4587** (Same as SB 265) Amends general property tax act to expand exemption for senior citizen housing — introduced by Rep Pridnia et al on 5/7/87 and referred to Committee on Taxation.
- HB 4592** Amends urban cooperation act of 1967 to authorize tax revenue sharing agreement — introduced by Rep Brown et al on 5/7/87 and referred to Committee on Taxation.
- HB 4601** Exempt persons appraising, offering to appraise, or testifying concerning value in connection with proceedings before the tax tribunal, from real estate licensing section of occupational code — introduced by Rep Gilmer et al on 5/11/87 and referred to Committee on State Affairs; 5/19/87, 2nd reading; 5/20/87, 3rd reading; 5/21/87, passed.
- HB 4605** Amends general property tax act to permit local tax collecting unit by resolution of the legislative body to provide for and apply the 10/20 homeowner tax credit as a reduction in property taxes — introduced by Rep Stabenow et al on 5/11/87 and referred to Committee on Taxation.
- HB 4613** Amends income tax act of 1967 to provide for the 10/20 homeowner tax credit for certain taxpayers (equal to the first ten mills on the first \$20,000 market value) — introduced by Rep Hunter et al on 5/11/87 and referred to Committee on Taxation.

- HB 4618** Establishes property tax credit for the totally disabled — introduced by Rep DeLange et al on 5/11/87 and referred to Committee on Taxation.
- HB 4619** Amends the economic development corporation act to provide that “prevailing wage” shall be determined pursuant to federal Davis-Bacon act — introduced by Rep DeLange et al on 5/11/87 and referred to Committee on Economic Development & Energy.
- HB 4652** Permits agreement regarding payment of delinquent taxes to county — introduced by Rep Kosteva et al on 5/18/87 and referred to Committee on Taxation.
- HB 4661** (Same as SB 148) Includes bed and breakfast establishments within act limiting liability of innkeeper for guests property — introduced by Rep Alley et al on 5/21/87 and referred to Committee on Tourism & Recreation.
- HB 4662** (Same as SB 145) Exempts bed and breakfast establishments from food service establishment law if 15 rooms or less — introduced by Rep Gagliardi et al on 5/21/87 referred to Committee on Tourism & Recreation.
- HB 4663** (Same as SB 146) Exempts bed and breakfast establishments from hotel law — introduced by Rep Pridnia et al on 5/21/87 and referred to the Committee on Tourism & Recreation.
- HB 4664** (Same as SB 147) Includes bed and breakfast establishments within act giving hotelkeepers a lien for goods and services — introduced by Rep Allen et al on 5/21/87 and referred to Committee on Tourism & Recreation.
- HB 4665** (Same as SB 149) Removes bed and breakfast establishments from commercial hotel construction codes and defines as private residences — introduced by Rep. Bartnik et al on 5/21/87 and referred to Committee on Tourism and Recreation.
- SB 3** Provides for fine of not more than \$500 or imprisonment for not more than 90 days, or both, for removal or destruction of signs warning of hazardous waste or hazardous waste sites — 1/15/87, Committee on Natural Resources & Environmental Affairs; 2/19/87, general orders with amendment(s); 2/24/87, 3rd reading with amendment(s); 2/25/87, passed; 2/25/87 Committee on Conservation & Environment.
- SB 18** Allows articles of incorporation for profit corporations to exculpate directors from certain damages and provide for indemnification of certain expenses — 1/27/87, Committee on Commerce & Technology; 1/28/87, general orders with amendment(s); 2/5/87, 3rd reading with substitute; 2/5/87, passed; 2/10/87, Committee on Judiciary; 2/25/87, 2nd reading with amendment(s), 3rd reading with amendment(s), passed; 2/26/87, House amendment(s) concurred in, ordered enrolled; 2/26/87 presented to Governor; 2/27/87, approved by Governor as Public Act No. 1.
- SB 40** Amends the state revenue sharing act of 1971 to include certain special assessments within the definition of “local taxes” — 2/10/87, Committee on Finance; 2/11/87, general orders; 2/12/87, 3rd reading; 2/17/87, passed; 2/17/87, Committee on Appropriations; 3/12/87, 2nd reading with substitute; 3/19/87, 3rd reading with substitute, passed; 3/26/87, House substitute nonconcurrent in; 4/9/87, referred to Conference Committee.
- SB 67** (Same as HB 4152) Provides general amendments to worker’s disability compensation act — 2/18/87, Committee on Human Resources & Senior Citizens; 3/18/87, general orders with substitute; 3/25/87, 3rd reading with substitute as amended; 3/25/87, amended, passed; 3/25/87, Committee on Labor; 5/6/87, 2nd reading with substitute; 5/7/87, 3rd reading with substitute, passed; 5/12/87, House substitute concurred in as substituted; 5/12/87, Senate substitute concurred in as substituted; 5/13/87, House substitute nonconcurrent in; 5/14/87, refer to Conference Committee; 5/14/87, Conference report adopted; 5/14/87, Conference report adopted; 5/14/87, ordered enrolled; 5/14/87, presented to Governor; 5/14/87, approved by Governor as Public Act No. 28.
- SB 77** Establishes uniform law on notarial acts — 2/24/87, Committee on Judiciary; 5/12/87 general orders; 5/13/87, 3rd reading; 5/19/87, passed; 5/19/87, Committee on State Affairs.
- SB 78** Provides for cutoff date of common law rule against perpetuities — 2/24/87, Committee on Judiciary; 5/12/87 general orders, 5/13/87, 3rd reading; 5/19/87, passed; 5/19/87, Committee on Judiciary.

- SB 79** Provides for uniform statutory rule against perpetuities — 2/24/87, Committee on Judiciary; 5/12/87, general orders with amendment(s); 5/13/87, 3rd reading with amendment(s); 5/19/87, passed; 5/19/87, Committee on Judiciary.
- SB 86** Amends the occupational code to provide for the transferability of associate broker licenses — introduced by Sen Fessler et al on 3/3/87 and referred to Committee on State Affairs, Tourism, & Transportation.
- SB 90** Increases penalties and remedies for water pollution — introduced by Sen Pollack et al on 3/3/87 and referred to Committee on Natural Resources & Environmental Affairs.
- SB 91** Amends the environmental response act to impose joint and several strict liability against certain handlers of hazardous substances — introduced by Sen Pollack et al on 3/3/87 and referred to Committee on Natural Resources & Environmental Affairs.
- SB 92** Establishes the unlawful release of hazardous substances as a felony — introduced by Sen Pollack et al on 3/3/87 and referred to Committee on Judiciary.
- SB 93** Prohibits the development of new solid waste landfills within five miles of an existing site — introduced by Sen J. Hart et al on 3/3/87 and referred to Committee on Natural Resources & Environmental Affairs.
- SB 94** Requires certification of owner of property on sign permits and permits court actions to resolve disputes — introduced by Sen J. Hart on 3/3/87 and referred to Committee on State Affairs, Tourism, & Transportation.
- SB 97** Revises powers and duties of Michigan employment security commission and permits return of solvency tax revenues to employers under certain conditions; provides other general amendments — introduced by Sen Cruce on 3/4/87 and referred to Committee on Human Resources & Senior Citizens.
- SB 139** Allows township planning commission to adopt plan for less than entire township in certain circumstances — 3/17/87, Committee on Local Government & Veterans; 4/7/87, general orders; 4/8/87, 3rd reading; 4/9/87, passed; 4/9/87, Committee on Towns & Counties.
- SB 140** Amends township, rural zoning act to require compliance with other townships planning documents before approval of township site plan — 3/17/87, Committee on Local Government & Veterans; 4/7/87, general orders with amendment(s); 4/8/87, 3rd reading with amendment(s); 4/9/87, passed; 4/9/87, Committee on Towns & Counties.
- SB 145** (Same as HB 4662) Exempts bed and breakfast establishments from food service establishment law if 15 rooms or less — 3/18/87, Committee on Local Government & Veterans; 4/28/87, general orders with amendment(s); 5/6/87, 3rd reading with amendment(s); 5/12/87 passed; 5/12/87, Committee on Public Health.
- SB 146** (Same as HR 4663) Exempts bed and breakfast establishments from hotel law — 3/18/87, Committee on Local Government & Veterans; 4/28/87 general orders; 5/7/87, 3rd reading; 5/12/87, passed; 5/12/87, Committee on Tourism & Recreation.
- SB 147** (Same as HB 4664) Includes bed and breakfast establishments in act giving hotelkeepers a lien for goods and services — 3/18/87, Committee on Local Government & Veterans; 4/28/87, general orders; 5/7/87, 3rd reading; 5/12/87, passed; 5/12/87 Committee on Tourism & Recreation.
- SB 148** (Same as HB 4661) Includes bed and breakfast establishments within act limiting liability of innkeeper for guests property — 3/18/87, Committee on Local Government & Veterans; 4/28/87, general orders; 5/7/87, 3rd reading; 5/12/87, passed; 5/12/87 Committee on Tourism & Recreation.
- SB 149** (Same as HB 4665) Removes bed and breakfast establishments from commercial hotel construction codes and defines as private residences — 3/18/87, Committee on Local Government & Veterans; 4/28/87, general orders; 5/7/87, 3rd reading; 5/12/87, passed; 5/12/87, Committee on Tourism & Recreation.

- SB 174** Amends liquor control act to provide for additional tavern licenses under certain circumstances and to extend delay of the effect of 1980 census on number of licenses that may be issued in a city — introduced by Sen Faxon on 3/25/87 and referred to Committee on Regulatory Affairs.
- SB 175** Provides for regulation of fugitive dust from industrial sources — 3/25/87, Committee on Natural Resources & Environmental Affairs; 3/25/87, Committee on Criminal Justice, Urban Affairs & Economic Development; 4/2/87, general orders with amendment(s); 4/7/87, 3rd reading with amendment(s); 4/8/87, amended, passed; 4/8/87, Committee on Conservation & Environment; 4/13/87, 2nd reading with substitute; 4/15/87, 3rd reading with substitute, passed; 4/28/87, House substitute concurred in, ordered enrolled; 4/28/87, presented to Governor; 4/30/87, approved by Governor as Public Act No. 25.
- SB 182** Creates regional water authority act and establishes southeastern Michigan water authority — introduced by Sen DiNello et al on 3/31/87 and referred to Committee on Commerce & Technology.
- SB 184** Amends property tax act to alter property tax calendar — introduced by Sen Posthumus et al on 4/1/87 and referred to Committee on Finance.
- SB 198** Amends business corporation act to eliminate requirement that businesses file certain financial information with the corporations and securities bureau — 4/7/87, Committee on Commerce & Technology; 5/21/87, general orders.
- SB 201** Enacts title insurance act as amendment to the insurance code of 1956 — introduced by Sen Posthumus et al on 4/7/87 and referred to Committee on Commerce & Technology.
- SB 203** Provides general amendments to tax tribunal act — introduced by Sen Shinkle et al on 4/7/87 and referred to Committee on Finance.
- SB 204** Amends general property tax act to clarify definitions of “real property” and “personal property” for assessment purposes and phases out tax on personal property — introduced by Sen Shinkle et al on 4/7/87 and referred to Committee on Finance.
- SB 205** Amends general property tax act to create independent appraisal district for property tax assessment purposes — introduced by Sen Pollack et al on 4/7/87 and referred to Committee on Finance.
- SB 206** Creates state appraiser’s board from state assessor’s board; provides for qualifications, powers and duties of same and amends powers and duties of state tax commission — introduced by Sen Dingell et al on 4/7/87 and referred to Committee on Finance.
- SB 207** Establishes state tax commission as a division of the department of treasury and amends functions and duties of same — introduced by Sen Carl et al on 4/7/87 and referred to Committee on Finance.
- SB 208** Provides general amendments to general property tax act — introduced by Sen Carl et al on 4/7/87 and referred to Committee on Finance.
- SB 209** Eliminates assessment duties of township supervisors — introduced by Sen Shinkle on 4/7/87 and referred to Committee on Finance.
- SB 210** Eliminates assessment duties of city supervisors — introduced by Sen Shinkle et al on 4/7/87 and referred to Committee on Finance.
- SB 211** Amends state board of equalization act to change duties of counties to appraisal districts — introduced by Sen Shinkle et al on 4/7/87 and referred to Committee on Finance.
- SB 227** Provides that certain non-profit research and development enterprises be exempt from ad valorem real and personal property taxes — 4/28/87, Committee on Finance; 5/13/87, general orders; 5/21/87, 3rd reading with amendment(s).

- SB 232** Provides procedure for acceptance of federal cession of jurisdiction over federal lands to state — introduced by Sen Kelly on 4/29/87 and referred to Committee on State Affairs, Tourism & Transportation.
- SB 233** Eliminates requirement that limited, partnerships file assumed name certificate at county clerk's office — 4/29/87, Committee on Commerce & Technology; 5/7/87, Committee on Judiciary; 5/12/87, general orders; 5/14/87, 3rd reading; 5/19/87, passed; 5/19/87, Committee on Corporations & Finance.
- SB 236** Requires interest on tenants, security deposit and provides procedures therefor — introduced by Sen Faxon et al on 4/29/87 and referred to Committee on Criminal Justice, Urban Affairs & Economic Development.
- SB 237** Prohibits clause in rental agreement prohibiting activities of tenant organizations — introduced by Sen Faxon et al on 4/29/87 and referred to Committee on Criminal Justice, Urban Affairs & Economic Development.
- SB 255** Provides general amendments to banking code of 1969 — introduced by Senator Posthumus et al on 4/30/87 and referred to Committee on Commerce & Technology; 5/13/87, general orders with substitute; 5/14/87, 3rd reading with substitute; 5/19/87, passed by  $\frac{2}{3}$  vote; 5/19/87, Committee on Corporations & Finance.
- SB 258** Provides general amendments to savings and loan act of 1980 — introduced by Senator Posthumus et al on 5/5/87 and referred to Committee on Commerce & Technology; 5/7/87 general orders with amendment(s); 5/14/87 3rd reading; 5/19/87 passed; 5/19/87, Committee on Corporations & Finance.
- SB 265** (Same as HB 4587) Amends general property tax act to expand exemption for senior citizen housing — introduced by Senator Sederburg et al on 5/5/87 and referred to Committee on Finance; 5/13/87, general orders; 5/19/87, 3rd reading with amendment(s); 5/21/87 passed; 5/26/87 Committee on Taxation.
- SB 268** Regulates escrow and trust accounts for entities acting in fiduciary capacity with respect to real estate closings — introduced by Senator Fessler et al on 5/5/87 and referred to Committee on Commerce & Technology.
- SB 272** Permits agreements regarding payment of delinquent taxes to county — introduced by Sen Carl et al on 5/12/87 and referred to Committee on Finance.
- SB 278** Prohibits industrial facilities exemption certificates after December 31, 1987 — introduced by Sen Shinkle et al on 5/12/87 and referred to Committee on Finance.
- SB 279** Extends indefinitely property tax credit for persons receiving AFDC or general relief payments — introduced by Sen Shinkle et al on 5/12/87 and referred to Committee on Finance.
- SB 292** Increases maximum property tax credit — introduced by Senator Faxon et al on 5/13/87 and referred to Committee on Finance.
- SB 297** Creates a low-level radioactive waste authority and defines its duties — introduced by Sen Cherry et al on 5/20/87 and referred to Committee on Natural Resources & Environmental Affairs.
- SB 299** Provides procedures for return of ownership of abandoned railroad rights-of-way to original grantor or successor in interest — introduced by Sen Cropsey et al on 5/20/87 and referred to Committee on Energy.

**RECENT DECISIONS**  
by  
**Joseph Lloyd**  
**Lloyd, Rutzky & Dodge**

**Sindlinger v Paul**, \_\_\_\_\_ Mich \_\_\_\_\_; \_\_\_\_\_ NW2d \_\_\_\_\_ (No 77266, May 1, 1987)

Land Contracts — Acceleration after tender

The question before the Supreme Court was whether a land contract vendor could accelerate the unpaid balance owed by the Vendee if the Vendee had tendered payment of the delinquent installments before the Vendors had elected to accelerate.

The Supreme Court noted that, absent contract provisions to the contrary, the Vendor was not required to provide the vendees with notice or to allow them any period of time in which to bring their payments current before acceleration. It held, however, that where sufficient performance was tendered to bring the contract current prior to that actual acceleration, that prevented the acceleration and foreclosure.

**Moore v City of Detroit**, \_\_\_\_\_ Mich App \_\_\_\_\_; \_\_\_\_\_ NW2d \_\_\_\_\_ (No. 76710, April 9, 1987)

Public Nuisance,

The City of Detroit enacted an ordinance which permitted the City to identify vacant houses that are public nuisances. The ordinance authorized the City to enter into contracts with third-party non-owners who could occupy and repair the house while the City took whatever steps were necessary to obtain title to the property through actions to quiet title or through delinquent tax proceedings. The question presented to the Court of Appeals on remand from the Supreme Court was whether the ordinance unconstitutionally deprived the original owners of their property without due process or just compensation.

The Court of Appeals held that the ordinance was constitutional, even though it did not require any compensation to the original property owner. The court examined the purposes behind the ordinance and found that the ordinance relied on the police power, to provide for “the public peace and health of the citizenry,” rather than on the power of condemnation, permitting a taking for a “public purpose.” The court considered the reasonableness of the ordinance and found that, where the City could grant only temporary occupancy to a third party and where it required the City to take all the necessary steps actually to quiet the title, the ordinance was reasonable.

**Margita v Diamond Mortgage**, \_\_\_\_\_ Mich App \_\_\_\_\_; \_\_\_\_\_ NW2d \_\_\_\_\_ (No. 91488, April 7, 1987)

Mortgages — Debt Collection Procedures — Intention Infliction of Emotional Distress

The Plaintiff obtained a mortgage from the Defendant, arranged through Diamond Mortgage Corporation. Although the mortgage was on the Plaintiff's residence, the proceeds were used to purchase a rental property. The Plaintiff/borrowers made timely payments on the mortgage. They nonetheless began to receive phone calls and letters indicating their payments were late. They took steps to rectify this misinformation. It was alleged in the complaint, however, that they were repeatedly the victims of “threatening, abuse and profane language” by agents of the lender. The Plaintiff brought suit for intentional infliction of emotional distress and for violation of the debt collection practices act.

The Defendants brought a motion for summary disposition, which was eventually granted in the trial court. The court found that the loan had a business purpose and the debt collection practices act therefore did not apply. It further found that the conduct of the defendant was not so extreme and outrageous as to support an action for the intentional infliction of emotional distress. On appeal, the Court affirmed as to the collections practices act, but reversed and remanded for further proceedings on the count pertaining to intentional infliction of emotional distress. The court found that repeated harrassment of the borrower by abusive phone calls and letters over a two year period, when the borrower was not in default, could be construed as “extreme and outrageous,” and “intentional or reckless.”

**Richard v Ryno**, \_\_\_\_\_ Mich App \_\_\_\_\_; \_\_\_\_\_ NW2d \_\_\_\_\_ (No. 86427, March 16, 1987)

Tax Title — requirement of notice

The Plaintiff purchased tax title to a parcel of land in Montcalm County. The defendants were children of the deceased last grantees of the property. In a quiet title action, the trial court found that some of the children of the deceased had actual notice of the sale. There was nothing in the record, however, to indicate that the sheriff had made careful inquiry to ascertain the whereabouts of the heirs and give them notice as required in MCLA 211.140; MSA 7.198. The question before the court was whether strict compliance with the statute regarding notice to interested parties was required or whether actual notice would suffice.

On appeal, the Court of Appeals found that many of the heirs could have been located by any reasonable inquiry and held that strict compliance with the Statute was required. The court further found that the claim of the defendants was not barred by laches.

**REPORT OF THE COMMITTEE ON CONTINUING LEGAL EDUCATION**

by  
**Stephen E. Dawson**  
Chairman

It's not too late! The 1987 Summer Conference will be held at the Grand Hotel on Mackinac Island from Wednesday, July 29 through Saturday, August 1, 1987. We have 100 registrants already, but limited space is still available. The Chairperson of the Conference, Al Schwartz, has put together a great program. The schedule is as follows:

Wednesday, July 29	3:00 p.m. — Check-in - Grand Hotel
	6:00 - 7:30 p.m. — Opening Reception
Thursday, July 30	9:00 a.m. - 12:30 p.m. — Introductions, New Cases and Legislation, Avoiding Malpractice in Real Estate
	6:00 - 7:00 p.m. — Reception
	7:00 - 9:00 p.m. — Section Dinner
Friday, July 31	8:00 a.m. - 9:00 a.m. — Breakfast meeting of RPLS Council members and incoming committee chairpersons
	9:00 a.m. - 12:30 p.m. — Selected Current Federal Income Tax Developments, Negotiations of a Purchase and Sale Agreement
Saturday, August 1	8:00 a.m. - 9:00 a.m. — Breakfast meeting of RPLS Council members
	9:00 a.m. - 12:30 p.m. — Environmental Due Diligence, Negotiations of a Retail Lease

This is an event that you won't want to miss, and it's our last trip to the Grand Hotel for several years. Please call Arlene Rubinstein at (313) 644-7378, if you're interested.

The 1988 Winter Conference will be held on St. Maartens Island from Saturday, March 5 through Wednesday, March 9, 1988. More details will follow early this fall, but please plan to join us.

The 1987-88 Homeward Bound Series programming has almost been concluded. Tom Simpson has again graciously consented to be responsible for the Series. This year, for the first time, in cooperation with the Institute of Continuing Legal Education, we will videotape three of the presentations for showing in Ann Arbor and the Midland/Bay City/Saginaw area. We are excited about the prospect of expanding Homeward Bound outstate and, if it proves successful, further expansion is likely.

Have a great summer.

**COURSE CALENDAR**

Set forth below is a schedule of continuing legal education courses sponsored or co-sponsored by The Real Property Law Section through September, 1987:

Key: HB = Homeward Bound

ICLE = Courses co-sponsored by The Institute of  
Continuing Legal Education

<u>Date</u>	<u>Location</u>	<u>Program</u>	<u>Topic</u>
June 9	Holiday Inn East Grand Rapids	ICLE	Usury '87
June 23	Holiday Inn Southfield	ICLE	Usury '87
July 29 - August 1	Grand Hotel Mackinac Island	Summer Conference	Various Topics
August 25	Southfield (video replay)	ICLE	Building a Real Estate Practice
August 26	Grand Rapids (video replay)	ICLE	Building a Real Estate Practice
August 28	Ann Arbor (video replay)	ICLE	Building a Real Estate Practice

## SECTION NEWS

### About the authors:

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**Fred M. Woodruff, Jr.**, who authored the article on The Local Development Finance Authority Act of 1986, is a partner in the Detroit office of Dykema, Gossett, Spencer, Goodnow & Trigg. Mr. Woodruff secured his B.A. with honors in Economics in 1966 and his J.D. in 1971 from the University of Michigan.