

SUBSEQUENT SALE PROCEDURE

If the taxes are not paid by the redemption deadline, and any post judgment challenge to the foreclosure process is unsuccessful, the treasurer will attempt to sell the property. The sale process includes a series of auctions in which the property is offered to the state, local and county governments and then to the general public, first for certain minimum bids, and then if still not sold, without a minimum bid.

PROTECT YOURSELF NOW

Tax Notices

It is essential that you receive tax notices so you are aware of the status of your property taxes. If you are not receiving copies of tax bills, contact your county treasurer immediately. Persons other than owners may also receive notices of tax delinquencies by paying a \$5.00 fee to the county treasurer by February 1 each year.

Homestead Property Tax Credits

Homestead Property Tax Credits are available from the State of Michigan to offset some of the burden of property taxes to low income homeowners. Form MI-1040CR for these credits is in the state income tax booklet. The credits may be obtained for the 5 most recent years.

Financial Hardship Exemptions

Low income homeowners may be eligible for a financial hardship exemption of all or part of their current year's property tax under programs managed by local governments' Assessment Board of Review.

Other Resources

If you are at risk of tax foreclosure, there may be sources of financial assistance available to you in your community. Ask your county treasurer's office about financial assistance programs available in your area.

**THIS BROCHURE CONTAINS ONLY
A GENERAL DESCRIPTION OF YOUR
LEGAL RIGHTS AND
RESPONSIBILITIES.
IF YOU HAVE QUESTIONS OR NEED
SPECIFIC INFORMATION, SEEK
LEGAL ADVICE.**



**REAL PROPERTY LAW SECTION
STATE BAR OF MICHIGAN**

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State Bar of Michigan

DELINQUENT PROPERTY TAXES



YOU MAY LOSE YOUR HOME FASTER THAN YOU THOUGHT

In Michigan, most private property owners must pay taxes on their property. Property taxes support local governments and schools, and are determined by a property's value and the local tax ("millage") rate.

If you do not pay your property taxes on time, you may eventually lose your property. Under Michigan law, a homeowner has a fairly limited period of time to pay back taxes once the county begins foreclosure proceedings. For example, if you fail to pay property taxes billed in 2007, ***in most cases your last chance to pay and keep your home will be in March 2010.***

Under the law, a court hearing will be scheduled in early 2010. If the court finds that the taxes are owed, you will probably only have a short time to pay the taxes (including fees, penalties and interest) before you will lose all rights to keep or redeem your home.

FORECLOSURE AND REDEMPTION PROCEDURES

The following is a brief outline of the tax foreclosure process in Michigan, using 2007 property taxes as an example. (Note that at any time prior to entry of a court judgment of foreclosure – typically in March of the 3rd year after the taxes should have been paid – a property owner may “redeem” the property by paying all delinquent taxes plus all interest, penalties and fees.)

YEAR 0 [2007]

Real property taxes are billed to the property owner. (The billing schedules for Winter and Summer Taxes vary throughout the state.)

YEAR 1 [2008]

March 1: Any unpaid taxes from the previous year are returned as “delinquent” to the county treasurer for collection. A county property tax administration fee of 4% and interest at 1% per month are added to the total unpaid tax amount.

June 1: A first notice of the total amount of delinquent taxes must be sent by 1st class mail to the property owner. This notice will include a statement that, unless the taxes (including interest, penalties and fees) are paid by March 31 following the entry of a court judgment of foreclosure, absolute title to the property will pass to the county treasurer.

September 1: A second notice of delinquent taxes must be sent by 1st class mail. The notice must state that if the taxes are not paid by October 1, a \$15 fee will be charged.

YEAR 2 [2009]

February 1: A third notice of delinquent property taxes must be sent by certified mail, and if it has not already been sent to the property address, it must be sent to the “occupant” of the property by 1st class mail.

March 1: Properties which still have unpaid taxes “forfeit” to the county treasurer. At this point, a \$175 fee is added to each parcel of property and an *additional 1/2%* interest per month is added to the total amount of taxes due.

April 15: The treasurer must file a forfeiture certificate with the county register of deeds stating that title to the property will pass to the treasurer if the taxes are not redeemed either (a) by March 31 of the year immediately following the entry of a court judgment of foreclosure (if uncontested), or (b) within 21 days after entry of a court judgment of foreclosure (if contested).

May 1: The treasurer must perform a title search to identify the owners of an interest in the property, and must also take steps to determine addresses for such persons.

June 15: The treasurer must file a petition for foreclosure in the county circuit court, and **may withhold** from the petition property held by a person who is a minor heir, is incompetent or without means of support, or is undergoing “substantial financial hardship.” If you meet one of these requirements, request a withholding!

On or before mid-December (at least 30 days before the “show cause” hearing): A fourth notice of delinquent taxes must be sent by

certified mail, and the treasurer must personally visit the property to deliver or post the notice. If the occupant appears to lack the ability to understand the situation, the Department of Human Services should be notified or information about local assistance agencies should be provided to the occupant.

YEAR 3 [2010]

By mid-January (at least 7 days before the court foreclosure hearing): The treasurer must hold a “show cause” hearing to allow certain limited challenges to the foreclosure.

By late January: The circuit court foreclosure hearing must be held. Only limited challenges are allowed, but the court may also withhold a property from foreclosure for the same reasons listed above (see *Year 2–June 15*; request a withholding if you might qualify!).

By March 10: Court enters final judgment of foreclosure after which an owner will have until March 31 (if uncontested) or 21 days (in a contested case) to pay the taxes. **If the taxes (including interest, penalties and fees) are not paid by those deadlines, the owner will probably lose all rights to the property, including possession, unless the owner can show that notice of the foreclosure process was not received by the owner.**