

Michigan's New Delinquent Property Tax Law

Michigan
Public Act 123 of 1999

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Public Act 123

Questions & Answers

Q. If I don't pay my property taxes, will I really lose my house and/or property?

A. Yes. Property owners who had delinquent taxes under the old law could also lose their property, but they had at least four (4) years to pay. Under the new law, if your taxes are delinquent for two (2) years, your property is foreclosed and you lose title to it.

Q. What is a delinquent tax?

A. A delinquent tax is a tax that has been forwarded to the county treasurer for collection on March 1 of the year after it was originally due. For example, taxes that are billed by your local township, village or city treasurer in 1999 will become delinquent on March 1, 2000.

Q. What happens after a property is forwarded to the county treasurer for collection?

A. The county treasurer adds a 4% administration fee and interest of 1% per month. After one (1) year, the property is forfeited to the county treasurer. For example, the 1999 taxes that are still unpaid as of March 1, 2001 will be forfeited to the county treasurer.

Q. What does it mean for my property to be forfeited? Does that mean that I lose my property?

A. No. Forfeiture is not foreclosure. If your property is forfeited, you still have a year before it will be foreclosed. However, the interest and fees will be substantially higher. When a property is forfeited, the interest rate is increased from 1% per month to 1½% per month retroactive back to the date the taxes originally became delinquent. A \$175.00 forfeiture fee is added and a lien is filed against the property with the county register of deeds.

Q. What happens after my property is forfeited?

A. After a property has been forfeited for one (1) year, it will be foreclosed by the State of Michigan in a circuit court proceeding. For example, 1999 property taxes will be foreclosed by March 2002.

Q. What happens after my property is foreclosed? How do I get it back?

A. You cannot get your property back after it has been foreclosed. Foreclosure is final. Property that has been foreclosed by the State of Michigan will be sold at public auction.

Q. I still owe property taxes from 1997 and 1998. What should I do about those?

A. Pay them as quickly as you can.

Q. What if I can't come up with all the money right now?

A. Even if you can't pay all of your taxes at once, you can still make partial payments of either 10% of the amount due or a minimum of \$50.00. Make your check payable to the Mason County Treasurer. To ensure proper credit, please write your property identification number

and the tax year you are paying in the memo section of your check or money order. Our mailing address is 104 Mason County Courthouse, 304 E. Ludington Avenue, Ludington, Michigan 49431-2121.

If you can't pay all of your taxes before foreclosure, consider contacting the Mason County office of the Lake-Mason Family Independence Agency located at 915 Diana Street in Ludington, telephone: 231 845-7391, for possible financial assistance.

Q. Will I receive notification before my property is foreclosed?

- A.** Yes. Five (5) notifications will be made. Two (2) will be by first class mail, two (2) by certified mail and the last notification by personal service if you live within Michigan. In addition to these notifications, names and addresses of delinquent property owners may be published in the newspaper.

Q. I guess I really don't have to worry about losing my property until 2002. Why not wait and pay my taxes then?

- A.** Don't wait! You may have to pay as many as two years taxes at once (1997 & 1999) in order to keep your property. And, it can be expensive too. A \$1,000 1999 tax will cost \$1,600 plus costs to redeem just prior to foreclosure in March 2002. Remember, foreclosure is final.

Q. Where can I obtain additional information?

- A.** Information concerning the new forfeiture and foreclosure procedures, as well as the current payoff amounts for delinquent taxes, may be obtained from:

Mason County Treasurer
104 Mason County Courthouse
304 E. Ludington Avenue
Ludington, MI 49431-2121
Telephone: 231 843-8411

Information on foreclosure procedures, as well as the status of an individual foreclosure proceeding, may be obtained from:

Michigan Department of Treasury
Local Property Services Division
Treasury Building
Lansing, MI 48922
Telephone: 517 334-8911

Some Important Information for Property Owners

Michigan Public Act 123 of 1999, which took effect October 1, 1999, amends the Michigan General Property Tax Act of 1893 and shortens the amount of time property owners have to pay delinquent real property taxes before losing their property. Under the new Act, property owners with property taxes that are two (2) years delinquent will lose title to their property to the State of Michigan through circuit court foreclosure proceedings and the subsequent sale of their property at a public auction. For example, property owners who fail to pay their 1999 property taxes will lose title to their property through foreclosure in March 2002.

Beginning with the 1999 property taxes, the amount of time to pay taxes has been reduced from a minimum of four (4) years to two (2) years. Property owners who have multiple tax years delinquent may have to pay as many as two (2) years taxes by March 2002 to avoid losing their property. Unpaid 1997 taxes will either be sold at the 2000 annual tax sale or foreclosed with the 1999 taxes if the tax sale is cancelled. Similarly, unpaid 1998 taxes will either be sold at the 2001 annual tax sale or foreclosed with the 2000 taxes if the tax sale is cancelled.

Property owners also now face higher interest and fees for not paying their taxes. Taxes that are more than one (1) year delinquent will have a substantially higher interest rate of 1½% per month applied retroactive to the original date of delinquency plus a \$175.00 forfeiture fee and other administrative costs added to them.

The new law does not affect the collection of delinquent personal property taxes which will still be collected in the same manner by local township, village and city treasurers.

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Property Foreclosure Timeline

for

1999 Property Taxes

- **July and/or December 1999:** 1999 taxes are billed by local township, village or city treasurers. (*Property taxes within the City of Ludington are billed in September and December 1999*).
- **March 1, 2000:** All unpaid 1999 property taxes on real property together with interest and/or penalties on unpaid summer taxes are forwarded to county treasurer as delinquent at settlement. (*Summer village taxes for the villages of Custer, Fountain and Free Soil are collected by the county treasurer after September 14, 1999*). The county treasurer adds a 4% administration fee and 1% per month interest.
- **October 1, 2000:** County treasurer adds a \$15.00 notice fee to each delinquent parcel.
- **March 1, 2001:** Delinquent property is *forfeited* to county treasurer who files a lien against the property with the county register of deeds. The county treasurer adds a \$175.00 forfeiture fee and interest is increased from 1% to 1½% per month retroactive back to March 1, 2000.
- **March 2002:** The circuit court enters a *judgement of foreclosure*. From the date of judgement, property owners have 21 days to pay the taxes or lose their property. Afterwhich, clear title to the property passes to the State of Michigan and the property is sold at public auction.