



# Michigan Association of Registers of Deeds, Inc.

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## RESOLUTION IN SUPPORT OF MICHIGAN HOUSE BILLS 5152 AND 5153

**WHEREAS**, the Office of the Register of Deeds is charged with maintaining accurate, accessible, and secure land records that form the foundation of real property ownership, economic development, and public trust in local governments; and

**WHEREAS**, predatory practices have been identified where third-party firms target vulnerable residents who are facing mortgage foreclosure and convince them to sell either their property or their statutory rights to surplus foreclosure proceeds and redemption for a fraction of the true value, often stripping residents of tens of thousands of dollars in home equity; and

**WHEREAS**, House Bills 5152 and 5153 have been introduced in the Michigan Legislature to amend the Revised Judicature Act of 1961, providing critical protection for homeowners during mortgage foreclosure proceedings; and

**WHEREAS**, House Bill 5153 would directly stop this predatory model by making a mortgagor's right to surplus money and right of redemption non-assignable and non-transferable after a notice of foreclosure is recorded, except through legitimate testate or intestate succession; and

**WHEREAS**, House Bill 5152 would further protect homeowners by requiring a mandatory "Notice of Rights" for any conveyance of property after a foreclosure notice is recorded, ensuring the seller fully understands they are waiving their rights to redemption, occupancy, and surplus proceeds; and

**WHEREAS**, the Michigan Association of Registers of Deeds recognizes that one of the roles of the Register of Deeds Office is to protect the property rights of the public and recognizes House Bills 5152 and 5153 are securing said rights.

**NOW, THEREFORE, BE IT RESOLVED**, that the Michigan Association of Registers of Deeds fully supports House Bills 5152 and 5153, which will protect State of Michigan residents from foreclosure fraud, preserve home equity for families, and reduce the burden on local government resources.

**ADOPTED** on this, 16<sup>th</sup> day of December 2025.

Brandon Krause  
MARD President  
Bay County Register of Deeds

## COUNTY ADMINISTRATION

- County Administrator
- Personnel
- Corporate Counsel
- Community Corrections/  
Grants Administrator

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TO: Berrien County Board of Commissioners

FROM: Thaddeus J. Hackworth – Berrien County Corporate Counsel 

RE: Background and Legal Review on Resolution Supporting HB 5152 & HB 5153

DATE: October 31, 2025

As you know, the resolution before you supports House Bills 5152 and 5153. I wanted to provide some additional background for your review, as these bills aren't just abstract policy—they are the direct result of a multi-year effort by this office, the Sheriff, the Register of Deeds, and the Probate Court. This all started back in late 2023 when I referred a case to the Michigan State Police for criminal investigation, which was followed by a referral to the State Bar for the unauthorized practice of law.

The problem we've been trying to tackle is a systematic business model, run primarily by one entity, that exploits loopholes in the state's foreclosure laws to strip equity from our most vulnerable residents. The scheme, which we've documented in police reports and our own investigations, generally works in several ways.

First, they target homeowners who are in foreclosure *before* the foreclosure auction. They convince these owners to sign a quitclaim deed, often for a paltry sum of a few hundred dollars. The homeowners are misled about what they are signing away. That deed transfers *all* of their statutory rights, meaning they lose their right of redemption, their right to occupy the home, and crucially, their right to collect any surplus proceeds from the upcoming auction. In many instances, they are trading tens of thousands of dollars in home equity for just pennies on the dollar, and are forced to immediately leave a home that they may have otherwise had the right to stay in for up to a year while they worked to redeem it.

Second is the post-auction surplus fraud. The case I sent to the Michigan State Police is the clearest example. A property owned by a deceased resident went to auction and sold for a price that resulted in \$10,597.70 in surplus proceeds—money that legally belonged to the decedent's heir. *After* the auction, when this surplus was a known sum, the firm located the sole heir, a 73-year-old woman in poor health, and paid her \$100 in cash to sign away her rights to the entire \$10,597.70. She was adamant she was never told about the surplus, and it's hard to imagine that she would have accepted the bargain if she had.

Third is an insidious probate scheme. To get the rights from a deceased homeowner, where the property falls into foreclosure after the homeowner's death, the firm needs a Personal Representative (PR) appointed by the Probate Court. As I detailed in my State Bar referral, the firm's non-attorney agents find an heir, have them sign a pre-filled probate application, and then file it themselves, paying the court fees. The heir is often completely unaware they've just become a fiduciary for an estate. Once the firm gets the deed signed and secure the home's equity for themselves, they simply abandon the probate case, leaving it to clog the court's docket. Our records show this one firm has initiated at least a dozen of these "ghost" probate cases in the last couple of years.

Lately, aware of the scrutiny in my office, their tactic has shifted. They are now focusing on buying the properties outright *before* the auction, but the deception is the same. They mislead the sellers, convincing them to sign over the deed for a low-ball offer while failing to explain their crucial statutory rights: the right of redemption, the right to occupy the home during the redemption period, and the right to collect any and all surplus proceeds from the auction.

This legislative fix has been a long-term effort. After I sent the criminal referral in September 2023 and the UPL referral in November 2024, it became clear that prosecution alone wouldn't close these loopholes. So, in December 2024, I sent a formal bill draft request to Representative Andrews's office. We also received the full and eager support of Representative Brad Paquette's office, who worked with Representative Andrews to champion and co-sponsor this legislative package. After reviewing the first draft, I sent back critical revisions in May 2025—specifically, adding the surplus proceeds to the notice and, most importantly, requiring the foreclosure notice to be recorded with the Register of Deeds. That recording requirement is the key enforcement mechanism that ensures a title company will see it and demand the notice.

The two bills work as a package to, hopefully, shut all of this down. HB 5153 is the hammer: it makes the right to surplus money and the right of redemption non-assignable. The "asset" these firms are buying would no longer be a salable commodity. It also makes the fraudulent probate scheme pointless.

HB 5152 is the shield. It tackles the other method—buying the property outright. It makes any sale after a foreclosure notice is recorded invalid unless the homeowner signs a clear "Notice of Rights." This notice explicitly warns them they are waiving their right to redemption, occupancy, and any surplus proceeds. If read, it pierces the deception.

These bills are a direct, necessary, and, in my view, well-crafted response to documented fraud happening in our county. They will protect residents, preserve family equity, and reduce the administrative headaches for our own departments. I strongly recommend the Board adopt the resolution in support.