

## COA Opinion: Nonparty who ultimately established its right to the real property was responsible for the receivership expenses.

13. April 2011 By Aaron Lindstrom

In *Estate of Darryl Houston Price*, the Court of Appeals affirmed the trial court's imposition of receivership costs on the appellant, despite the fact that the appellant (a bank) neither consented to nor objected to the receivership. The original parties in this case stipulated to the appointment of a receiver over certain real property. While the bank was not one of the original parties and thus was not aware of the receivership order before beginning the foreclosure process, it learned of the order before the foreclosure sale, when it purchased the property at the foreclosure sale for \$169,312.50. The property later appraised at \$245,000. After the appellee was not able to redeem the property, the bank moved to dissolve the receivership. The trial court essentially granted the motion by placing a lien on the property to be paid whenever the property is sold. The bank appealed the lien on the grounds that it was not an original party and did not consent to the appointment of the receiver.

The Court of Appeals noted that the primary purpose of a receivership is to preserve and protect the property involved in the controversy. *Fisk v Fisk*, 333 Mich 513; 53 NW2d 356 (1952). The Court relied on *Fisk's* rationale that he who ultimately establishes his right to the property benefitted from the property having been protected and preserved and accordingly should be responsible for the receiver's expenses and compensation. Because appellant ultimately established its right to the property, the Court of Appeals affirmed the trial court's imposition of the lien on the property to cover the receivership costs.