



Pung v. Isabella County


Know the facts




Supreme Court Challenge to Tax Foreclosure: **What Pung v. Isabella County Means for Investors, Governments, and the Future of the Industry**

- ▶ The Supreme Court is considering whether the county must compensate the homeowner for the resale value when the property is no longer distressed because of improvement and elimination of homeowner-imposed risks that depreciated its value.
- ▶ What the Record Shows: Notices, Hearings, and Sale Price
- ▶ *Pung v. Isabella County* oral argument is scheduled before the U.S. Supreme Court on February 25, 2026.
- ▶ This case builds on *Tyler v. Hennepin County* (2023) and may further reshape how the law addresses so-called “home equity theft” by municipalities.

Contact

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Case Facts, Noticing, and Timeline

▶ **Case Overview**

The Supreme Court case Pung v. Isabella County challenges the constitutionality of tax lien foreclosures and how property values are determined during those sales.

▶ **Background of the Dispute**

Michael Pung lost his property after failing to pay approximately \$2,200 in taxes, despite receiving multiple notices and opportunities to redeem the property over several years.

▶ **Equity Claim**

Pung claims he lost \$120,000 in equity when his property, assessed at \$194,000, sold for \$76,000 at a tax foreclosure auction, arguing this violated the Fifth Amendment's Takings Clause and possibly the Eighth Amendment's Excessive Fines Clause.

▶ **Supreme Court Focus**

The Court is examining whether the auction price reflected fair market value and whether Pung received just compensation for his property under constitutional standards

▶ **Notice and Due Process**

County officials demonstrated that Pung was provided with multiple notices of the delinquency before and during the foreclosure action and a one-month redemption window after judgment, ensuring due process was followed. Pung also took full advantage of the appellate options, taking his case to federal and state appellate courts, all of whom sustained the judicial sale of the property.

▶ **Redemption Opportunities**

Property owners receive several chances to pay delinquent taxes or redeem their property before foreclosure is finalized, countering claims of unfair seizure.

▶ **Timeline of Events**

The foreclosure process extended over six years, during which Pung repeatedly declined to pay taxes or file the required affidavit of primary residence, opting instead for litigation

▶ **Auction Process**

Tax foreclosure auctions sell properties "as is," often at reduced prices due to liens, lack of inspections, and buyer risk, which naturally lowers market value.

▶ **County's Position**

The Pung family received the auction's proceeds, minus the tax arrears due to Isabella County, distinguishing this case from earlier "home equity theft" cases like Tyler v. Hennepin County.

Impact to the Tax Sale Industry and Investors

▶ **Potential Restructuring of Tax Sales**

A ruling favoring Pung could force counties nationwide to overhaul tax sale procedures, increasing administrative complexity and costs.

▶ **Valuation Uncertainty**

The case raises questions about how “fair market value” should be determined for distressed or lien-encumbered properties, potentially complicating investor risk assessments.

▶ **Investor Risk Exposure**

If courts require compensation based on assessed rather than auction value, investors could face retroactive challenges to past purchases and reduced confidence in future auctions.

▶ **Operational Costs for Local Governments**

Counties may need to create new valuation divisions or adopt more rigorous appraisal processes, diverting funds from public services.

▶ **Market Stability Concerns**

Allowing former owners to claim post-sale appreciation could destabilize the real estate market and discourage investment in tax-delinquent properties.

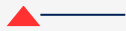
Timeline

1991



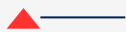
Timothy "Scott" Pung bought the subject property, located at 3176 St. Andrews Dr., Union Township, for \$125K. The property is a 3,000 sq. ft. house. He resided there with his wife, Donnamarie, and children Katie and Marc. He applied for and received a property tax credit known as a Principal Residence Exemption (PRE), which exempts owners from paying a local tax on their primary residences.

2004



Timothy "Scott" Pung died. Michael Pung became a representative of the estate but never deeded the property to the surviving family.

2010



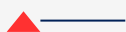
Tax Assessor denied the PRE for the Pung property for tax years 2007, 2008, and 2009, not being sure who owned the property after Timothy's death. Pung files protested to the Michigan Tax Tribunal.

2012



The Tribunal held that the Pung property qualified for the PRE for the tax years at issue. The written order did not address whether Pung had to file a new affidavit to claim the PRE.

**FEB
2013**



The Tax Assessor revoked the Pung property's PRE for the 2012 tax year. **Pung refused to pay 2012 or file a new affidavit. This led to a \$2,241.93 unpaid tax bill.**

**MAY
2013**



The County Treasurer sent first of many notices of tax delinquency. **Five mailed notices, posting a notice at the front door, and multiple pubs.**

2014



The County filed a foreclosure petition and continued to send foreclosure notices, including a notice of "show cause" hearing. Pung failed to answer or appear. **According to Pung, the County's pre-foreclosure tax assessment of the property was \$194K.**

**FEB
2015**



Foreclosure judgment date (state-court foreclosure)

**MAY
2015**



Pung moves to set aside the foreclosure judgment due to alleged lack of notice.

Timeline

2018



After state appeals, the foreclosure judgment is affirmed and reinstated. Pung files a federal action against the County.

2019



The property is sold at auction for \$76K. Per state law in effect at the time, the County retained the entire amount of sale proceeds.

**JUL
2020**



The Supreme Court of Michigan held in *Rafaeli, LLC v. Oakland County*, 952 N.W.2d 434 (2020) that, while the government had the power to seize owners' properties under GPTA to satisfy unpaid delinquent real-property taxes, the government's retention of surplus proceeds from tax-foreclosure sale was unconstitutional taking.

**SEP
2020**



The district court's decisions sustained Pung's claims under the Fifth Amendment and awarded him \$73,767.07 of the surplus funds generated by the foreclosure sale.

Legal timeline and factual background prepared by Bronster LLP with contributions from Leonid Krechmer, Of Counsel, and Andrew Kazin, Partner. This material is provided for informational purposes only and does not constitute legal advice or representation.

Tax Dispute

2025

▲ — The Sixth Circuit affirmed the decision.

As described by the Sixth Circuit in its decision dated January 28, 2025, which is on appeal here.

In March 2010, Appellee Patricia DePriest—the Union Township tax assessor— retroactively denied the PRE for the Pung property for tax years 2007, 2008, and 2009. DePriest was unsure who owned the property after Timothy’s death, as “there was no other person on the deed or on the [PRE] affidavit” and Union Township representatives “could never find anyone at the address.” DePriest Dep., E.D. R. 18-12, 447.

DePriest believed that the law required any new owner of a residence to file an affidavit to claim the PRE. Because there was no affidavit from Timothy Pung’s heirs on file, she denied the PRE for those three years. She did not apply the PRE to the property for the 2010 or 2011 tax years.

The Pungs appealed DePriest’s denial regarding the 2007, 2008, and 2009 tax years to the Michigan Tax Tribunal.

In the meantime, they refused to pay the extra taxes related to DePriest’s denial of the PRE for the 2010 and 2011 tax years.

The Pungs successfully challenged DePriest’s retroactive denial in the Michigan Tax Tribunal. After a hearing, the Tribunal granted the PRE to the Pung property. The Tribunal explained that Timothy Pung’s estate still owned the property, and that Donnamarie and Marc were beneficiaries and thus part owners of the estate. Thus, Donnamarie and Marc were not new owners. The Tribunal also found that Donnamarie and Marc resided continuously at the property after Timothy’s death. Since a property owner is entitled to the PRE as long as the property is the owner’s principal residence, the Tribunal held that the Pung property “qualified to receive [a PRE] under MCL 211.7cc for the tax years at issue.” Tribunal Order, E.D. R. 8-4.

During the hearing the presiding ALJ of the Tribunal said that the Pungs did not need a new affidavit— expressly rejecting DePriest’s reading of the law. The Tribunal entered the order in March 2012. Curiously, the written order did not address whether the Pungs had to file a new affidavit to claim the PRE.

In June 2012, Appellee Steven Pickens—the Isabella County Treasurer —initiated foreclosure proceedings related to the unpaid balance on the 2010 and 2011 taxes. Despite having reservations, DePriest complied with the ALJ’s oral representations and granted the 2012 PRE in December 2012. But DePriest did not let the matter rest. Notwithstanding the ALJ’s statements at the hearing, she was steadfast in her belief that every subsequent owner of a property was required to file a new affidavit to claim the PRE. She reached out to Appellee Peter Kopke—former Chief Clerk of the Michigan Tax Tribunal—who confirmed that she had to deny the PRE for the Pung property because a new affidavit was never filed.

On February 4, 2013, the Pungs moved to dismiss the foreclosure proceeding based on the tax tribunal’s ruling. On February 7, the County dropped the Pung property from its foreclosure petition and asked the court to deny as moot the Pungs’ motion to dismiss. On that same day, DePriest revoked the Pung property’s PRE for the 2012 tax year.

On February 15, the circuit court rejected the County’s mootness arguments and held that the Tax Tribunal’s ruling applied to the 2010 and 2011 tax years and declared the Pungs taxes fully paid. Thus, it dismissed the County’s foreclosure petition against the Pung property. The Michigan Court of Appeals affirmed that ruling in 2015.

Tax Dispute

The record is unclear whether Pung received written notice of the 2012 PRE denial as required under Michigan law. DePriest (Tax Assessor) claims that she sent a notice letter as a matter of standard practice; Pung claims that he never received a letter. Pung nevertheless received verbal notice of the revocation when he was trying to pay his tax bill in late February 2013. Pung immediately wrote the Tax Tribunal requesting the enforcement of its 2012 order for the years 2010–12. Kopke (Chief Clerk of the Michigan Tax Tribunal) refused, stating that the Tax Tribunal order only applied to years 2007–09. Pung wrote again, reiterating his demand to enforce the Tribunal order. Kopke replied that he could not address Pung’s demand, and Pung should have filed an official appeal with the Tribunal or the Union Township Board of Review. Pickens (County Treasurer) was aware of the controversy surrounding the Pung property. When DePriest denied the PRE for 2012, which resulted in additional property taxes, Pung’s attorney had asked Pickens to “abate” the taxes. Since Pickens had no power to do so, he reached out to the Tax Tribunal to get a clarification on the impact of the Tax Tribunal’s order. Pickens also recalls discussing the issue with Kopke at a Treasurer’s Association conference; according to Pickens, Kopke said that Pickens was supposed “to do exactly what the order said, no more, no less.” **Eventually, Pung refused to pay the balance tax caused by the removal of the PRE for 2012. This led to a \$2,241.93 unpaid tax bill, and Pickens initiated foreclosure proceedings for tax delinquency in June 2014.**

**FEB
2026**



Pung v. Isabella County oral argument is scheduled before the U.S. Supreme Court on **February 25, 2026.**

History of Sales

Current Assessed Value: \$160,300 | Taxable Value: \$128,807

Date	Sales Price	Grantor	Grantee	Terms of Sale
09/26/2025	\$342,000	KING MARK	GREENHAGEN JESSE RYAN & KRISTINA	03-ARM'S LENGTH
03/28/2025	\$348,000	CAMPBELL AARON L & KATELYN	KING MARK	03-ARM'S LENGTH
12/21/2020	\$195,000	STREBOL EQUITIES LLC	CAMPBELL AARON L & KATELYN	03-ARM'S LENGTH
07/16/2019	\$76,008	ISABELLA COUNTY TREASURER	STREBOL EQUITIES LLC	13-GOVERNMENT
06/12/2018	\$0	PUNG TIMOTHY S ESTATE	ISABELLA COUNTY TREASURER	21-NOT USED/OTHER
03/31/2014	\$0	PUNG TIMOTHY S	ISABELLA COUNTY TREASURER	21-NOT USED/OTHER

Notice Facts

This timeline shows how many notices, what type, and when.

The state-court record describes **multiple notice attempts** across mail, posting, and newspaper publication, including several mailed notices (some with signed receipts), an on-site posting following a personal visit, and multiple published notices.

Date	Notice method (as described in the record)	What the notice conveyed (high level)
MAY 2013	Mailed notice to “Timothy S Pung” at Michael Pung’s address Nonpayment would result in loss of the property	Nonpayment would result in loss of the property
AUG 2013	Mailed notice to the same address	Same warning about nonpayment and loss of property
JAN 2014	Mailed notice with return receipt (signed by “Thomas Ducheny,” per record)	Same warning about nonpayment and loss of property
JAN 2014	Notice also appears mailed to the property address and addressed to “current resident”	Notice relating to delinquency/foreclosure status
NOV 2014	Personal visit to the property; no answer; notice posted in a “bright red packet” on the front door; photo referenced in record	Pending forfeiture/foreclosure-related notice
DEC 2014	Two additional notices via certified mail to Michael Pung’s address addressed to “Timothy S. Pung” and “Michael Pung”; both signed as received by “Allison Pung”	Foreclosure-stage notices (certified mail)
JAN 2015	Newspaper publication (The Morning Sun)	Foreclosure list publication including parcel and hearing schedule
JAN 2015	Newspaper publication (The Morning Sun)	Same as above
JAN 2015	Newspaper publication (The Morning Sun)	Same as above

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About the NTLA

The National Tax Lien Association (NTLA) was founded in 1997 as the only national non-profit trade association dedicated to America's tax sale industry. As the industry's centralized voice, we promote the benefits of tax lien and tax deed sales as reliable income for municipal, county, and state budgets while steadfastly remaining dedicated to assisting in the growth and success of our members and industry partners.



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