

FORECLOSURE TASK FORCE

The Michigan Foreclosure Task Force (MFTF) was formed in 2007 by the Community Economic Development Association of Michigan and its partners in response to the foreclosure crisis occurring across the state. The MFTF currently has over 150 members consisting of nonprofit housing counseling agencies, state and local government entities, legal service providers, lenders, private sector partners, and individuals.

The MFTF serves as an information hub for housing counselors, consumer advocates, legislators, homeowners, and renters for timely, reliable, foreclosure-related information. Additionally, the MFTF gives a unified voice to public policy issues concerning foreclosure and works to increase the capacity of the non-profit counseling agencies across Michigan. These activities are all conducted to reach the MFTF's goal of reducing the number of foreclosures in Michigan and softening the impact of those foreclosures that do occur to families, neighborhoods, and communities.

Policy Work

As Michigan has navigated its way through this crisis the MFTF has worked hard to strengthen the rights of homeowners. In 2009 the Michigan Legislature revised the existing foreclosure statute to add in what is called the 90-day Pre-Foreclosure Negotiation Law. This amendment allowed homeowners to opt-in to a 90-day process where their lender would be required to review them for a workout in order to avoid the foreclosure *prior to the sheriff sale date being scheduled*. This was a huge win for homeowners facing foreclosure in Michigan and the MFTF worked hard to help secure these additional rights. Since that time, the MFTF has successfully lobbied to extend this legislation, which was originally due to sunset in 2011, multiple times. The last extension was granted in July 2013 and the final sunset date will be January 2014.

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Q&A on Michigan's New Foreclosure Law

On July 3, 2013, the governor signed into law amendments to the Michigan foreclosure by advertisement statute. These amendments made significant changes to Michigan's pre-foreclosure negotiation provisions, otherwise known as the "90-day law." Of special significance is the amendments' creation of an inherent right for the purchaser at the sheriff's sale (usually a bank) to inspect the exterior and interior of the homeowner's entire property during the redemption period to determine if there is damage to the property. Frequently asked questions about the amendments follow:

Q. When does the new law begin?

A. The changes to Michigan's foreclosure law will become effective January 10, 2014.

Q. Are these permanent changes in Michigan's foreclosure law?

A. Yes. There are no expiration dates to these changes.

Q. Did the new law eliminate the 90-day pre-foreclosure negotiation process?

A. The new law amends the 90-day law to extend the sunset date from June 30, 2013 to June 30, 2014. However, the requirements of the 90-day law will not apply to foreclosures by advertisement initiated after January 9, 2014. As such, the 90-day pre-foreclosure negotiation process will only continue until January 9, 2014. Foreclosures that have been initiated prior to January 9, 2014 must continue to comply with the 90-day law through June 30, 2014.

After January 9, 2014, mortgage servicers will be required to comply with the new federal loss mitigation procedures implemented by the Consumer Financial Protection Bureau (CFPB). The CFPB rules will take effect January 10, 2014.

Q. Does the new law require any loss mitigation procedures similar to the 90-day law?

A. Yes, but these loss mitigation procedures only apply to five servicers. The five servicers are the five servicers who signed a consent judgment in the attorney general lawsuit that resulted in the national mortgage settlement. Effective January 10, 2014, before foreclosing by advertisement, these five servicers are required to designate an agent who can facilitate negotiations and attend meetings with the homeowners. These servicers are then required to send a written notice to the homeowner that contains: 1) the name, address, telephone number and email of the designated agent; and 2) a statement informing the homeowner that, within 30 days, the homeowner may contact

the designated agent, either directly or through a housing counselor, to request a meeting with the designated agent to attempt to work out a loan modification to avoid foreclosure.

If the homeowner requests a meeting, the servicer cannot initiate foreclosure proceedings unless the meeting has been held. However, if the homeowner does not schedule a meeting or does not attend a meeting, then the servicer can initiate foreclosure proceedings.

The five servicers are Ally/GMAC, Bank of America, CitiMortgage, JP Morgan Chase, and Wells Fargo. These loss mitigation procedures do not apply to any other banks including small servicers and community banks.

Q. What happens after the foreclosure sale?

A. The purchaser at the foreclosure sale has the right to inspect the exterior and interior of the homeowner's property and all ancillary structures after the sale and periodically throughout the redemption period.

Q. What happens if the homeowner does not consent to the inspection?

A. "If the inspection is unreasonably refused or if damage to the property is imminent or has occurred," the purchaser of the sale can immediately begin eviction proceedings to seek possession of the property and eliminate the homeowner's redemption period. The court will not enter a judgment for possession and extinguishment of the homeowner's right to redemption, if, before the hearing for possession, the homeowner repairs any damage to the property.

Q. What is considered "damage" to the property?

A. The new law defines damage as follows: "damage" includes, but is not limited to, any of the following:

- (a) The failure to comply with local ordinances regarding maintenance of the property.
- (b) A boarded up or closed off window or entrance.
- (c) Multiple broken and unrepaired window panes.
- (d) A smashed through, broken off, or unhinged door.
- (e) Accumulated rubbish, trash, or debris.
- (f) Stripped plumbing, electrical wiring, siding, or other metal material.
- (g) Missing fixtures, including, but not limited to, a furnace, water heater, or air conditioning unit.
- (h) Deterioration below, or being in imminent danger of deteriorating below, community standards for public safety and sanitation.
- (i) A condition that would justify recovery of the premises under [Michigan's summary proceedings].

Q&A provided by Lorry S.C. Brown, Michigan Poverty Law Program, for the Michigan Foreclosure Prevention Project.

THE MFTF SERVES AS AN INFORMATION HUB

for housing counselors, consumer advocates, legislators, homeowners, and renters for timely, reliable, foreclosure-related information.

Over the years, homeowners and housing counselors across the state have attested to the benefits of this legislation and the fact that without it more foreclosures would have occurred.

As this legislation comes to an end and the mortgage foreclosure numbers across Michigan begin to slowly decrease, the MFTF is committed to being a centralized hub of information and advocacy regarding foreclosure. It is important to remember that although down, foreclosure numbers across the state still remain at historic levels and the number of *tax foreclosures are actually increasing* in many communities. Michigan was hit earlier and harder than many other states across the country, so our recovery is expected to be slower and take longer.

Michigan Foreclosure Prevention Corps

As part of the MFTF, the Michigan Foreclosure Prevention Corps was started. This is an initiative to link AmeriCorps members to HUD- and MSHDA-approved foreclosure counseling agencies in an effort to increase their capacity to serve homeowners in need. Currently, there are 16 members placed across the state, and in October 20 new members started their placements. Each member serves a one-year term at their assigned agency, with a focus on foreclosure prevention and intervention activities, including:

- foreclosure intake and triage;
- marketing and outreach;
- education;
- implementation of the 90-day pre-foreclosure negotiation law; and
- tracking/mitigating neighborhood impacts of foreclosure.

Community Foreclosure Response Toolkit


In 2012, the MFTF realized that its members, communities and individuals were in need of a place where they could go to get information on all of the best foreclosure response practices that were taking place throughout the state. So, CEDAM released the Community Foreclosure Response Toolkit (miforeclosureresponse.org). The toolkit is a one-stop-shop; it pulls together in one place, the information, resources, strategies, and best practices needed to effectively respond to the foreclosure crisis. It is searchable, interactive, and continually updated with information on:

- laying the groundwork for a community response to the foreclosure crisis;

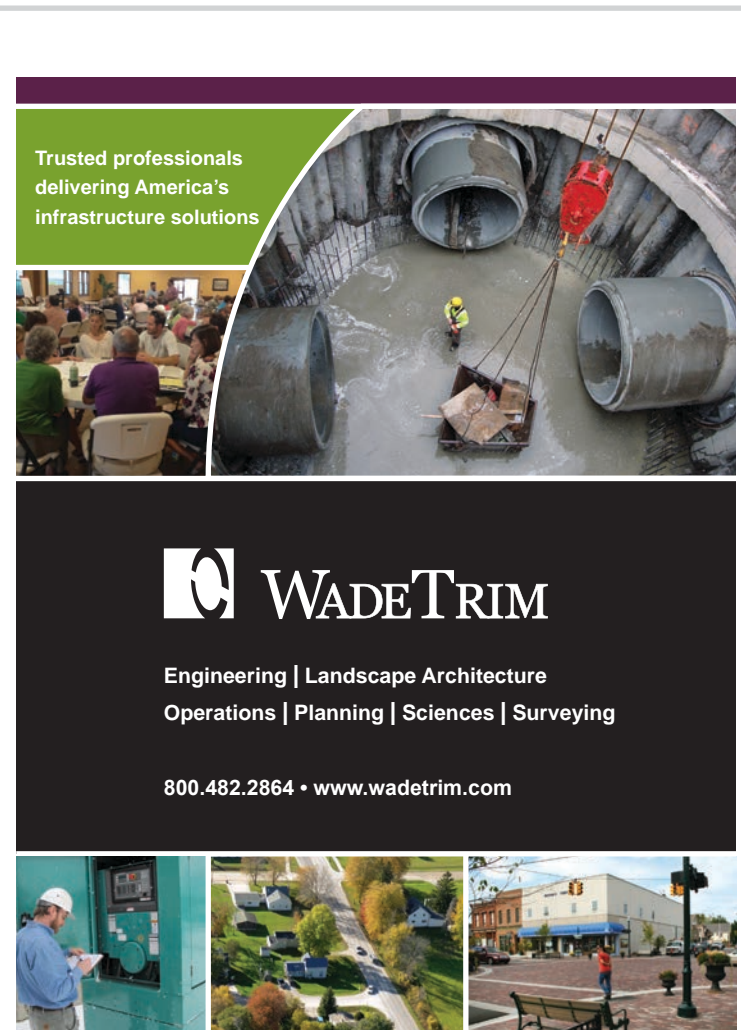
- preventing mortgage foreclosures;
- preventing tax foreclosures;
- responding to the aftermath of both mortgage and tax foreclosures; and
- moving beyond the crisis to build a platform for future community development.

Since its launch, nearly 7,000 Michigan residents and community leaders have taken advantage of this one-of-a-kind Michigan-specific resource.

Get Involved

Membership to the MFTF is free, and anyone is welcome to join after agreeing to a set of core beliefs that guide the MFTF's work. The application is online and can be found on CEDAM's website at www.foreclosure.cedam.info. The MFTF holds two statewide meetings annually, with the physical meeting taking place in Lansing, with a conference call line available for others to join. The next meeting is scheduled for November 7 from 1-3 pm at the MSHDA office in Lansing. 

Tracie Coffman is the coordinator for the Foreclosure Task Force. You may contact her at 517-485-3588 or coffman@cedam.info.



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