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Clarke Press Release

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Senate Dems, Governor Present Initiatives to Help Families Avoid Foreclosure

Refinancing options protect homeowners, combat foreclosure crisis

LANSING—State Senators Hansen Clarke (D-Detroit) and Buzz Thomas (D-Detroit) along with Governor Jennifer M. Granholm and House Democrats today announced legislation that will help protect homeowners from foreclosure. They presented two new refinancing programs that will give individuals who have fallen victim to the foreclosure crisis options for refinancing so that families can stay in their homes and help stabilize the Michigan housing market.

“The threat of foreclosure is real, and the effect on our economy is overwhelming,” said Senator Thomas. “These new mortgage products will help protect families from extreme mortgage payments so that they do not lose their homes.”

In September, Michigan ranked fourth-highest in the country in the number of foreclosures, with 14,242 filings. Recently, Default Research reported that Wayne County had the fifth highest foreclosure rate among metro areas with 7,410 filings, or one foreclosure for every 113 households.

“In this tough economy we need to assist hard-working Michigan families who are falling victim to mortgage foreclosures,” Granholm said. “These initiatives will protect families from losing their homes, and work to stabilize Michigan’s housing market.”

The Michigan State Housing Development Authority (MSHDA) has sponsored two programs that will help individuals facing foreclosure into more manageable loans. The Adjustable Rate Mortgage (ARM) Refinance Program will assist homeowners, who have an ARM, in refinancing to a lower-interest fixed-rate loan. The Rescue Refinance Program will assist individuals who have a delinquency on their mortgage and who are at risk of losing their home.

“For far too many Michigan citizens, it is a daunting and challenging task just to get their family into a home,” said Senator Clarke. “Legislators from both sides of the aisle should be able to agree on the importance of protecting the homes of our citizens, and this package is a step in the right direction.”

To qualify for one of the new loan products, homeowners must meet the same income and sales

price limits as other MSHDA loan products require. Household income must be under \$72,250 and the purchase price of the home cannot exceed \$216,750. The initiatives will be funded by taxable bonds and homeowners will be responsible for paying off the full value of their refinanced mortgages. Rates for the programs will be aggressively priced, ensuring below industry market rates.

“Protecting the American dream of home ownership is critical to the health of our economy,” said Senator Tupac A. Hunter (D-Detroit). “This legislation will help people save their houses by creating the opportunity for manageable mortgages.”

Senate Democrats also sponsored legislation this week that would register and regulate mortgage loan officers and protect consumers from unfair lending practices.

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