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Michigan Foreclosure Task Force Secures Relief for Distressed Homeowners

*Ninety-day pre-foreclosure mediation package will keep
more Michigan families in their homes*

Lansing – As Michigan’s families and communities continue to suffer from one of the highest foreclosure rates in the nation, the Legislature today provided much-needed relief to homeowners by approving a package of bills that will provide distressed borrowers with a 90-day pre-foreclosure mediation period in which to work with their lender to modify their home loan and secure an affordable monthly payment.

“This package of bills provides a crucial lifeline to families across Michigan who are struggling to avoid foreclosure and save their homes,” said Lorry Brown, Chair of the Public Policy Committee for the Michigan Foreclosure Task Force. “By giving homeowners the time necessary to work with a certified non-profit housing counselor and their lender on a loan modification, we create a win-win-win for families, lenders and communities by finding sustainable solutions to keep people in their homes.”

One of the first of its kind in the country, Michigan’s 90-day pre-foreclosure mediation package will provide distressed homeowners with the opportunity to connect with a free, certified non-profit housing counselor and request a 90-day mediation period to work with their lender on a loan modification.

“Nonprofit housing counselors have been the single most cost-effective tool in stemming the tide of this foreclosure crisis, providing invaluable expertise and support to families overwhelmed by the prospect of losing their home due to foreclosure,” said Tracie Coffman, a Steering Committee member of the Michigan Foreclosure Task Force. “As the demand for these services continues to increase, particularly with the passage of this groundbreaking legislation, we **must** find funding for

housing counseling agencies to expand and train their staff to meet the additional demand created by mediation.

Nonprofit foreclosure counseling has proven to be an extremely cost-effective strategy for keeping families in their homes. While most housing counseling agencies can provide free services to distressed homeowners facing foreclosure for less than \$1000, the costs of actually foreclosing on a home is far greater. According to the April 2007 Joint Economic Committee Special Report "Sheltering Neighborhoods from the Subprime Foreclosure Storm," the total combined cost of foreclosure to homeowners, lenders and servicers, local units of government, and neighbors' home values is estimated to exceed \$91,000 per home.

The Michigan Foreclosure Task Force is a statewide clearinghouse and unified voice to keep families, including both homeowners and renters, in their homes despite the foreclosure crisis currently plaguing Michigan's communities. With nearly 150 members from housing counseling agencies, legal service providers, nonprofit organizations, state and local government officials and agencies, and lenders, the Task Force is focused on strengthening foreclosure prevention and outreach efforts across the state; advocating for stronger consumer protection and foreclosure mitigation policies; and addressing the impacts of foreclosures on neighborhoods throughout Michigan.