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Michigan Legislature Poised to Put Lenders Before Families, Threaten Fragile Recovery

The Michigan House of Representatives is expected to pass a package of bills on Tuesday, June 18, that would dismantle homeowner protections during the foreclosure process. Michigan's House Financial Services Committee passed the package of bills on June 12.

Bills HB 4765, HB4766, SB 380 and SB383 would:

- * Repeal Michigan's pre-foreclosure negotiation law requiring all lenders to have someone with the authority to modify the loan meet with the homeowner to avoid a foreclosure;
- * Give lenders the authority to eliminate Michigan's longstanding 6-month redemption period and immediately foreclose upon a home if the lender decides that the home or a secondary structure needs repairs;
- * Permit lender representatives to show up unannounced as often as they want to inspect the interior and exterior of the home.

"These bills put an inordinate amount of power in the hands of the lenders," said Michigan Foreclosure Task Force Director Neeta Delaney. "Let's say a homeowner facing foreclosure has one boarded-up window. The lender could determine that the property is at risk of imminent damage, do away with the 6-month redemption period and evict the homeowner right away. Without the redemption period, the homeowner has no time to challenge an illegal or fraudulent foreclosure, come up with the money to save the home, sell the home at a loss, or find an affordable place to live. This not only puts homeowners at risk, it puts neighborhoods at risk."

"The Michigan legislature is taking away homeowners' right to due process and tempting lenders to abuse their power," stated Frank Woodruff, Director of the National Alliance of Community Economic Development Associations. "If the foreclosure crisis taught us anything, it's that unregulated foreclosures can be disastrous for our economy, bad for neighborhoods, and unfair to working families. It's surprising the Michigan legislature would reverse efforts to prevent foreclosures and risk dragging down the state's economy."

The National Alliance of Community Economic Development Associations (NACEDA) represents 30 state and regional community development associations in 26 states, touching more than 2,200 community-based organizations nationwide. For additional information, visit www.naceda.org

The Michigan Foreclosure Task Force is a broad-based statewide coalition including housing counseling agencies, legal services attorneys, financial institutions, local units of government, statewide advocacy organizations and others working together to prevent foreclosures and soften their impact on families, communities and the state. For additional information, visit www.foreclosure.cedam.info.