



# Michigan Foreclosure Intervention

## Know Your Options

### What if you can't make your house payment?

#### Act Immediately!

It is in your best interest to face your situation and deal with it immediately. The earlier you address the financial issues you are experiencing, the more likely you will be to recover from them. To prevent foreclosure, strategize how to reduce your expenses and make your dollars stretch while you recover from the current situation.

#### Here are some tips:

- Make an appointment with a certified HUD housing counseling agency to review your situation, strategize your budget and develop a recovery plan.
- Cut out unnecessary expenses.
- Identify alternative sources of income.
- Identify community resources that can help stretch your dollars.

- Seek support from community agencies such as Michigan Works! That can help you look for work and provide supportive counseling services.
- Contact your lender and let them know that you are experiencing financial difficulty and are seeking help to overcome it. If you miss a house payment or are late, notify the lender immediately. If you become delinquent on your mortgage payment, do not avoid phone calls or letters from your mortgage company.
- Visit: [MakingHomeAffordable.gov](http://MakingHomeAffordable.gov) for additional resources

*Be Realistic* – If you cannot afford to keep your home, sell it. List your home with a reputable Realtor who is familiar with “short sales” if you owe more than your home is worth. A short sale requires your lender’s approval. Always ask for a waiver of deficiency from the lender.

*Free foreclosure education and counseling is available to assist homeowners in understanding the process of foreclosure, to provide the education a homeowner must have to assess their situation and to work with a lender to obtain a loan modification. All MSU Extension counselors are MSHDA Certified & HUD Approved.*

**Help is available! Call Today!!**

Phone numbers on reverse



MICHIGAN STATE UNIVERSITY | Extension

**You're Not Alone!:** Median household income in Michigan remains below the national average: \$49,847 vs. \$53,657  
Michigan's poverty rate is higher than the national average: 16.8% vs. 15.4%

#### **BUT...**

In February this year, foreclosure filings in Michigan had dropped such that it was no longer among the top 10 states for foreclosure in the country. Foreclosure filings had dropped by roughly 50% from a year earlier. In December, the number of homes in foreclosure in Michigan, 1 in 1476 housing units, was 13% lower than the national average of 1 in 1278

housing units. (Sources: [quickfacts.census.gov](http://quickfacts.census.gov), [www.realtytrac.com](http://www.realtytrac.com))

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**Alert:** New laws affecting foreclosure and the redemption period took effect Jan. 10, 2014. Mortgages serviced by Ally/GMAC, Bank of America, CitiMortgage, JP Morgan Chase and Wells Fargo are especially affected.

### Where are you on the foreclosure timeline?

1. If your mortgage is due on the first day of the month, you are delinquent on the second.
2. The first notice of delinquency is mailed on the 16th of the month. You are charged a late fee.
3. The first notice of delinquency must be a LIVE (in person or over the phone) contact to inform about loss mitigation options. This must occur between day two and day 36 of the first missed payment.
4. By day 45 after the first missed payment the lender must assign a single point of contact to the homeowner AND provide written notification of delinquency and loss mitigation options. During this time you can work with the lender to obtain a loan workout, a loan modification or other loss mitigation options.
5. After 121 days past due, foreclosure can begin. In Michigan, the most common foreclosure is by advertisement.
6. The attorney for your lender advertises the property for sale in a newspaper for 4 weeks in a row. The Sheriff's sale is generally held on the 5<sup>th</sup> week.
7. A Sheriff's sale is held on the published date. A deputy conducts the auction and the highest bidder wins the property (usually the lender). If the sale is adjourned (delayed), a notice is posted at the sale location and in the newspaper.
8. After the sale, the highest bidder gets a "Sheriff's deed." It lists the last date the homeowner can redeem (take back) the property. This is usually 6 months to 1 year from the Sheriff's sale date.
9. During the redemption period, you have three options. You can:
  - Raise the necessary money to get the property back by getting a new mortgage. To get the property back, you must pay off the previous mortgage, interest, late fees, court costs, attorney fees, title, appraisal fees, taxes and insurance.
  - Sell the property. You must sell the property at a price that will allow you to pay everything listed above or, in the case of a short sale, get permission from your lender to sell the property for less than what you owe.
  - Live in it for free until the end date of the redemption period. To live in the home until the end of the redemption period (usually six months), you must pay the utilities and maintain the property as your principal residence until the end date, at which point you must leave the property.

### MSU Extension's

#### Financial & Homeownership Education Team

(District and Base County)

- 01 - Beth Waitrovich (Dickinson)  
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- 08 - Brenda Long / Jim Buxton (Ionia)  
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