

Press Release

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FOR IMMEDIATE RELEASE
Oct 16, 2009

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Senate Democrats Unveil New Tools to Fight Foreclosure

Plan reins in consultant “rescue” scams and requires more transparency for homeowners

LANSING—As new numbers reveal that home foreclosures continue to plague Michigan and the nation, Senate Democrats are preparing to unveil a new legislative package attacking “foreclosure consultant” scams and giving homeowners more transparency in the loan modification process. Despite efforts from both federal and state government agencies, the number of foreclosure filings nationwide hit a record high in the third quarter of 2009, according to a report issued yesterday.

“Reducing foreclosures is one way we can combat blight and the crumbling of Michigan’s once-thriving neighborhoods and stabilize property values and municipal revenues,” said Sen. Glenn S. Anderson. “There are still too many instances in which a person’s mortgage can get sold right out from under them and they may have no way of knowing who actually owns the rights to their home. That’s wrong and our legislation will fix it.”

The new bills being introduced will:

- Crack down on “foreclosure consultant” scams by establishing basic qualifications and regulations.
- Require companies to notify homeowners when a lender sells their mortgage to a third party.
- Require lenders to post their foreclosure and loan modification criteria online.

“Trying to avoid a foreclosure can be one of the most agonizing and complicated experiences and we must do everything in our power to protect consumers from scam artists and instead arm them with helpful and relevant information,” said Sen. Gretchen Whitmer. “In doing so, we can help stop foreclosure before it starts and keep families in their homes.”

Michigan has had one of the highest foreclosure rates in the nation over the last three years. Though Senate Democrats helped pass a new state law that went into effect in July that freezes foreclosure proceedings for 90 days, there is still much more that needs to be done to help protect homeowners. This legislation is intended to help homeowners avoid the pitfalls that can lead to home foreclosure altogether, and require

lenders and consultants to be completely open with consumers.

Over the third quarter of 2009, nearly 1 million homes received a foreclosure letter of some kind according to the RealtyTrac report. That translates to one home out of every 136 in the United States being foreclosed upon, which is 5% higher than the second-quarter and a 23% spike over the same third quarter of 2008. Michigan remains in the top ten states in the country for the number of foreclosures.

If Michigan homeowners believe they may have uncovered a foreclosure rescue scam, they can contact the Michigan Office of Financial and Insurance Regulation toll-free at (877) 999-6442 or online at www.michigan.gov/ofir.

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