

Information Every Homeowner Should Know

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Ingham County Register of Deeds

Foreclosure

- A legal process spanning 150-415+ days, by which a creditor (bank, mortgage company, etc..) takes ownership of a property to satisfy a debt (mortgage, second mortgage or home equity loan).

Foreclosure Process Timeline

DAY	1	16-30	45-60	90-105	150-415+
STEP	A	B	C	D	E

A Borrower misses monthly payment.

B Mortgage servicer assesses late fees & attempts to contact owner, concerning missed payment.

C Letter sent to homeowner stating they have breached terms of mortgage due to continued non-payment.

D Servicer refers loan to foreclosure department. Attorneys are hired to initiate foreclosure proceedings.

E House sold at sheriff's sale and sheriff's deed is filed at Register of Deeds. Michigan homeowners have a 6 month period of time redeem their property after the sheriff's sale.

Types of Loans/Mortgages

- Conventional, **Rural Development**, FHA - Federal Housing Administration, **VA - Veterans Administration**, MSHDA - Michigan State Housing Development Authority, **Option ARM Loans - Adjustable Rate Mortgage**, Variable Interest Rate Loans, **Fixed Interest Rate Loans**, Balloon Payment Loans, and **Interest Only**
- The type of loan or mortgage you have will determine the options available to you during the foreclosure process.

Keeping Your Home

- **Advancement of Claim:** On a conventional mortgage (insured with private mortgage insurance), the insurance company can advance the money needed to cover the missed payments, sometimes without interest charges. You can defer the repayment of this advancement until after the mortgage has been paid off.

Keeping Your Home

- **Forbearance:** The lender increases the monthly payment amount (often 1 ½ original), so the homeowner will become current with their payments, sometimes, in 12-18 months. Lenders will often require a large payment upfront before agreeing to this new payment schedule.

Keeping Your Home

- **Modification:** A lender may agree to change the terms of the mortgage to reduce the interest rate and/or extend the term of the loan to lower your monthly payments.

Keeping Your Home

- **Partial Claim:** Similar to an advancement of claim in a conventional mortgage, the mortgage servicer can make the homeowner current with their payments by adding the amount past due to the loan as a “sleeping lien”, which the homeowner will repay once the current mortgage has been satisfied.

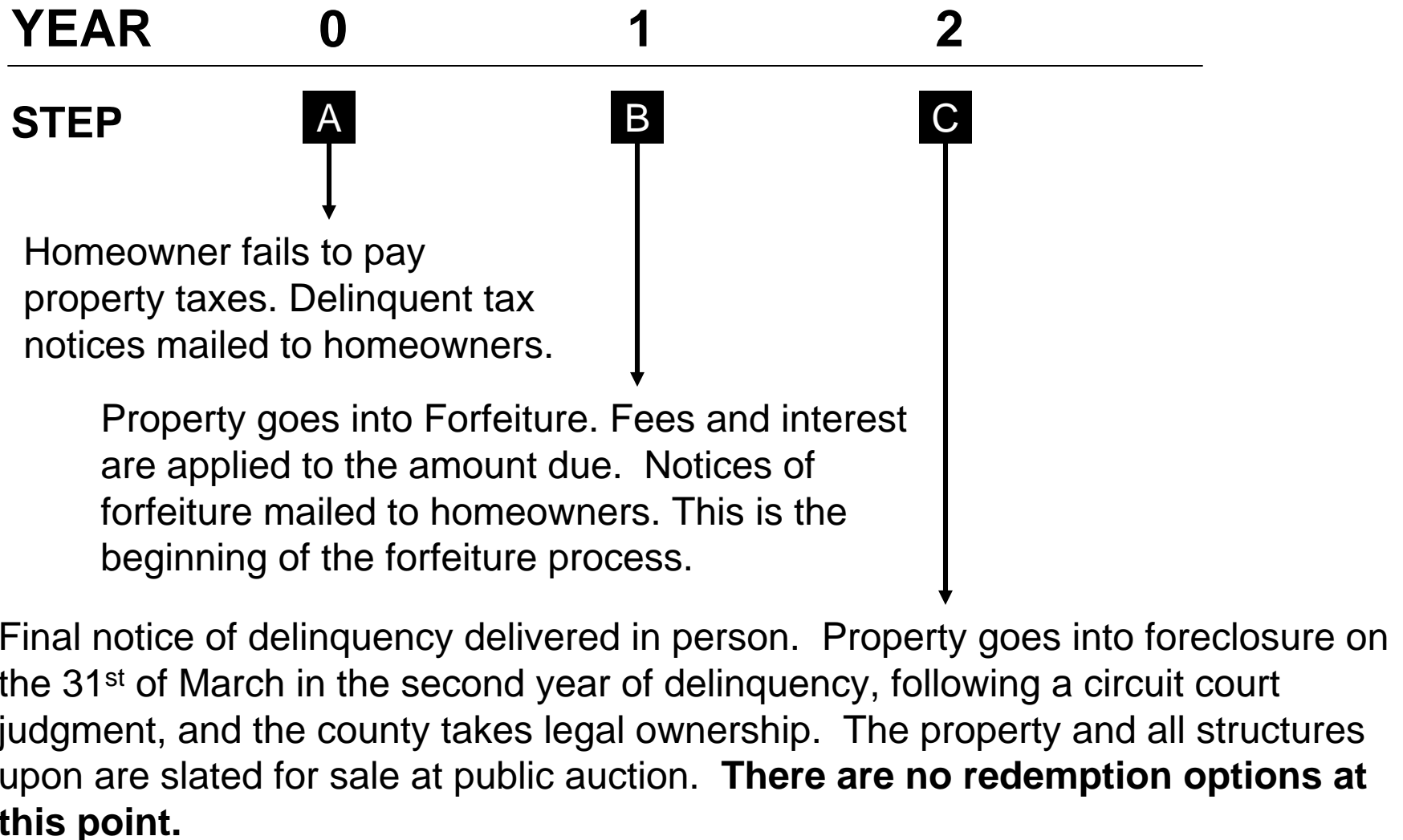
Keeping Your Home

- **Refinance:** This lowers your monthly payment by changing the terms of your loan. The cost effectiveness of this depends greatly on your payment history, equity, terms of your original mortgage, and the type of refinancing you choose. Many lenders do not inform borrowers of the additional, long-term costs that can be incurred from some methods of refinancing.

Keeping Your Home

- **Repayment Plan:** If a homeowner experiences a period of financial trouble, a repayment plan may be scheduled to prevent foreclosure. This will schedule a future period of higher payments, to cover the payments missed.

Tax Foreclosure



Foreclosure Scams

- Offers involving a fee, membership, or subscription charge prior to service. (illegal in Michigan)
- Calls asking for you SS#
- Signing any contract by anyone other than a HUD or MSHDA approved organization/counselor
- Claims to immediately stop/end the foreclosure process.
- If you have been a victim of such a scam Call 877-FTC-HELP and file your complaint online at www.michigan.gov/ag or call 1-877-765-8388

Foreclosure Scams

- Do not deed your property to anyone offering you foreclosure assistance
- Do not make loan payments to anyone but your lender
- Do not pay money to a foreclosure counselor before receiving service
- Do not sign any documents from private companies without reading them or having them examined first
- Only speak to HUD or MSHDA certified counselors and confirm their certification.

Financial Counseling

- **You do not need to pay for adequate counseling or assistance.** There are many non-profit organizations in mid-Michigan, approved by the United States Department of Housing and Urban development (HUD) and the Michigan State Housing Development Authority (MSHDA), which provide counseling to the public **free of charge.**

Speak to Your Mortgage Servicer

- If you become unable to make your monthly payments, immediately contact your mortgage servicer. Do not wait to receive past due notices.
- Be polite and explain why you are, currently, unable to make your payments.
- Respond to all communication from your mortgage service and try to cooperate with them.
- Inform them that you do not intend to default on your loan and are working to become current with your payments.

Foreclosure Counseling

- A foreclosure counselor will want to see: a complete copy of your primary mortgage and any secondary mortgage or home equity loan, proof of current income (pay stub, W-2 form, social security statement), and you current household budget (all expenses including billing statements).
- Ask the counselor to call your mortgage servicer with you after reviewing your situation.

Mid-Michigan Resources

FINANCIAL HELP IS FREE IN MICHIGAN CALL 211

- **Center for Financial Health**
2400 West Road
East Lansing, Michigan 48823
517-319-1309
- **Franklin Street Community Housing Corporation**
618 Seymour Street
Lansing, Michigan 48933
517-482-8708
- **Lansing Affordable Homes, Inc**
6810 South Cedar Street
Suite #15
Lansing, Michigan 48911
517-694-6284

Legitimate Resources

U.S. Housing and Urban Development
(HUD) Interactive Voice Response
System: (800) 569-4287

For information on buying a home, renting,
loan default, foreclosure, credit issues,
fraud reporting, FHA loans, and a list of

HUD approved counselors

Visit: www.HUD.gov

Legitimate Resources

- The Michigan State Housing Development Authority (MSHDA)

735 E. Michigan Ave

P.O. Box 30044

Lansing, Michigan 48909

(517) 373-8370

www.michigan.gov/mshda

- Financial and technical assistance through public and private partnerships to create and preserve safe and decent affordable housing.

Tips For Avoiding Foreclosure

Don't ignore the problem.

The further behind you become, the harder it will be to reinstate your loan and the more likely that you will lose your house.

Contact your lender as soon as you realize that you have a problem.

Lenders do not want your house. They have options to help borrowers through difficult financial times.

Open and respond to all mail from your lender.

The first notices you receive will offer good information about foreclosure prevention options that can help you weather financial problems. Later mail may include important notice of pending legal action. Your failure to open the mail will not be an excuse in foreclosure court.

Tips for Avoiding Foreclosure

Know your mortgage rights.

Find your loan documents and read them so you know what your lender may do if you can't make your payments. Learn about the foreclosure laws and timeframes by contacting the State Government Housing Office.

Understand foreclosure prevention options.

Valuable information about foreclosure prevention (also called loss mitigation) options can be found at www.HUD.gov.

Contact a HUD-approved housing counselor.

The U.S. Department of Housing and Urban Development (HUD) funds free or very low cost housing counseling nationwide. Housing counselors can help you understand the law and your options, organize your finances and represent you in negotiations with your lender if you need this assistance. Find a HUD-approved housing counselor near you or call (800) 569-4287.

Tips for Avoiding Foreclosure

Prioritize your spending.

After healthcare, keeping your house should be your first priority. Review your finances and see where you can cut spending in order to make your mortgage payment. Look for optional expenses-cable TV, memberships, entertainment-that you can eliminate. Delay payments on credit cards and other "unsecured" debt until you have paid your mortgage.

Use your assets.

Do you have assets-a second car, jewelry, a whole life insurance policy-that you can sell for cash to help reinstate your loan? Can anyone in your household get an extra job to bring in additional income? Even if these efforts don't significantly increase your available cash or your income, they demonstrate to your lender that you are willing to make sacrifices to keep your home.

Tips for Avoiding Foreclosure

Avoid foreclosure prevention companies.

You don't need to pay fees for foreclosure prevention help-use that money to pay the mortgage instead. Many for-profit companies will contact you promising to negotiate with your lender. While these may be legitimate businesses, they will charge you a hefty fee (often two or three month's mortgage payment) for information and services your lender or a [HUD approved housing counselor](#) will provide free if you contact them.

Don't lose your house to foreclosure recovery scams!

If any firm claims they can stop your foreclosure immediately if you sign a document appointing them to act on your behalf, you may well be signing over the title to your property and becoming a renter in your own home! Never sign a legal document without reading and understanding all the terms and getting professional advice from an attorney, a trusted real estate professional, or a [HUD approved housing counselor](#).

Mortgage Fraud

- FBI studies have ranked Michigan #3 out of the top ten states affected by mortgage fraud since the subprime mortgage crisis began.
- For the top ten cities affected by this fraud, Detroit was ranked #3 and Dearborn #10.

How Identity Theft Can Cost You Your Home!

- Individuals obtain a homeowner's personal information through various means (dumpster diving, phone/mail scams, etc..)
- This information is used to obtain new forms of ID and use them to transfer ownership of the property for profit or take out a second mortgage (pocketing the money).

How Identity Theft Can Cost You Your Home!

- The legal owners of the home are completely unaware of this process, as it goes on behind the scenes.
- The FBI recommends homeowners, periodically, check the status of their property with their local register of deeds.

Property Reporting System

- The Ingham County Register of Deeds is developing a Property Reporting system that will notify registered users (via email) of any new activity involving their property. This will allow you to track activity concerning your property and notify you of any tax or construction liens filed against you. **Property owners will have to sign up for this free service at ingham.org.**