

STATE SENATOR • LIZ BRATER • 18TH DISTRICT

# Brater Press Release

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## **Brater Fights to Strengthen Foreclosure Protections**

*Amendments would provide assistance to foreclosure victims and prevent exploitation of borrowers by lenders*

LANSING - With Michigan's foreclosure crisis growing, Sen. Liz Brater (D-Ann Arbor) today acted to strengthen protections for families losing their homes. Her amendments would help foreclosure victims with legal aid services, and protect borrowers from exploitation by lenders. According to a recent RealtyTrac report, foreclosure rates in Michigan rose 10% between January and February of this year, and national foreclosure rates are up 30% from this time last year.

"The foreclosure crisis Michigan families are facing is urgent, and the watered-down Republican bills that came out of the Banking and Financial Institutions Committee are just not enough to address this dire situation," said Sen. Brater. "I introduced these amendments to add teeth to this legislation, providing real protection and relief to help keep people in their homes."

The measures Sen. Brater pushed for today would:

- Create a funding source for legal aid clinics that represent borrowers in foreclosure proceedings, helping them renegotiate their loans and stay in their homes. Lenders would be required to contribute 1% of the proceeds from the winning bid on a foreclosed home to this fund.
- Prevent a lender from suing a borrower for the difference between the amount owed on the mortgage and the amount made on a foreclosure sale.
- Require a foreclosing party to produce documents proving they own the loan before proceeding with the foreclosure.

The second two amendments apply when lenders refuse to renegotiate loans that are eligible for modification.

The Senate Republican substitutes for HB 4453-4455 passed today strip the judicial foreclosure provision that requires a lender to work with a borrower who qualifies for a loan modification under the FDIC workout program. Amendments introduced by Senate Democrats would have restored the original language in the House-passed version of the legislation that said that if lenders refuse to modify a loan for a qualifying borrower, a foreclosure proceeding would be converted to a judicial proceeding. These

amendments, along with Sen. Brater's amendments, were voted down today by the Republican majority.

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