

# Press Release

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## **Detroit Senators Help Protect Residents from Foreclosure, “Save the Dream” of Home Ownership**

*New Legislation Passed to Stem State’s Foreclosure Crisis*

LANSING--Michigan residents will be better protected from foreclosure and receive more assistance to stay in their homes under bipartisan and bicameral legislation passed in the Michigan Senate today. Senate Democrats worked diligently with their colleagues across the aisle and in the House to draft and pass a package of bills implementing the Michigan State Housing Development Authority’s (MSHDA) Save the Dream campaign to combat the foreclosure crisis in Michigan.

“To keep our communities vibrant and our economy going, we must keep our neighborhoods full and homes occupied,” said Sen. Buzz Thomas (D-Detroit), a lead sponsor of the package. “Owning a home is an integral part of the American dream, and it’s being shattered by foreclosure for far too many Detroit residents. This package will help keep that dream alive and keep people in their homes.”

The purpose of the MSHDA package is to prevent families from losing their homes and help stabilize the housing market in this state. Some highlights of the package include:

- Senate Bill 948, sponsored by Senator Tupac A. Hunter (D-Detroit), gives MSHDA the authority to provide loan subsidies for the refinancing of home loans, not just for acquisition.
- Senate Bill 950, sponsored by Senator Hansen Clarke (D-Detroit), creates the Recapture Tax Fund. Money made available to the authority may be paid into the fund, and will then be used to reimburse homeowners for any taxes they paid when they acquired a home with a subsidized loan from MSHDA.
- Senator Buzz Thomas’ (D-Detroit) legislation, Senate Bill 951, adds a provision that explains the “spirit” of the MSHDA package and acknowledges the pressing need for the creation of programs to assist low and moderate income individuals with the refinancing of single family homes.
- Other legislation in the Save the Dream package establishes Appraisal Value Caps in the MSHDA Act, revises subsidy preferences based on income for single family homes, and extends a \$4.2 billion bond cap on MSHDA until November 1, 2011.

“Too many Detroit residents have had to worry about losing their home because of

these Adjustable Rate Mortgages,” said Sen. Hansen Clarke (D-Detroit). “This important legislation will help families stay in their homes by giving them a mortgage that they can actually afford.”

“Protecting the American dream of home ownership is critical to the future of our state,” Sen. Tupac A. Hunter (D-Detroit) said. “This bipartisan action will not only help Michigan move towards economic recovery, but it will quite literally help Save the Dream for many Michigan homeowners by helping keep families in their homes. And that is the ultimate goal.”

One of the main goals of the Save the Dream campaign is to establish an Adjustable Rate Mortgage (ARM) Refinance Program that will help homeowners switch to a lower-interest, fixed-rate loan. This legislation will make sure homeowners in this state can transition into a stable, long-term mortgage that they can actually afford. The Rescue Refinance Program, another important feature of the initiative, will assist individuals who have a delinquency on their mortgage and face foreclosure.

“I am so very pleased to see my colleagues come together to support this important legislation,” Sen. Martha G. Scott (D-Highland Park) said. “By supporting this legislation we are demonstrating our concern for those homeowners caught in the current mortgage crisis as well as our concern for the stability of the Michigan economy. I'm proud to be a part of it.”

In order to qualify for these new loan products, homeowners must meet the same income and sales requirements as other MSHDA programs. While homeowners will still be responsible for paying off the full value of their refinanced mortgages, these programs will be aggressively priced below market rates, benefiting the most at-risk families.

“This legislation is an aggressive step in protecting consumers and helping them keep their homes,” Sen. Irma Clark-Coleman (D-Detroit) said. “By approving this legislation, we are demonstrating our commitment to Michigan homeowners and our bipartisan efforts to spur and assure economic recovery.”

To learn more about MSHDA's Save the Dream campaign, log onto <http://www.michigan.gov/mshda> and click on the “Save the Dream” link. The site includes tips on how homeowners can avoid foreclosure, answers general questions about the process, provides links on who to contact for advice, and offers advice on managing credit. Also, current as well as prospective homeowners can contact MSHDA toll-free at 866-946-7432.

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