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Senate Democrats Fight for Foreclosure Protection Amidst Debate on Business Tax

Bills would help homeowners and economy by placing moratorium on home foreclosures

LANSING - Today as the Senate debated repealing the Michigan Business Tax Surcharge, Senate Democrats made a push to add legislation that would keep homeowners facing foreclosure from losing their homes. Sen. Buzz Thomas (D- Detroit) proposed adding a package of bills to the MBT surcharge repeal that includes placing a moratorium on foreclosures, allowing struggling homeowners to stay in their homes and make reduced payments until they can get back on their feet.

“In these tough economic times, we need to help individuals as well as businesses,” said Sen. Thomas. “Foreclosure rates are hurting our economy, and we can’t ignore hard-working individuals struggling to stay in their homes when we’re looking at giving more tax breaks to business owners. Adding foreclosure protection legislation to the MBT Surcharge repeal would address two of Michigan’s greatest struggles at once: jobs and foreclosures.”

The foreclosure bills that Senate Democrats sought to move today were originally introduced during the last legislative session. SB 1306, the moratorium bill, was introduced in May and was sent to the Senate Committee on Banking and Financial Institutions, but it did not receive a hearing before the session ended in December. SB 1644 and SB 1645 require 90 days notice be given to a tenant if a landlord goes into foreclosure and require the new owner to hold to the terms of the tenant’s lease, respectively.

“The foreclosure situation isn’t just a symptom of Michigan’s economic crisis, it’s a cause of it,” said Sen. Hansen Clarke (D-Detroit), a lead sponsor of the bills. “When a home goes into foreclosure and a family is evicted, that home sits empty and falls victim to vandalism. Neighborhood property values fall, lenders lose money, and formerly vibrant communities crumble. And as the stock market falls due to investments backed by these defaulting mortgages, the value of 401Ks and other investment portfolios plummets dramatically and endangers the retirement funds of all hardworking citizens. We need to keep people in their homes, allow them to make reduced payments, and stabilize property values if we’re going to save Michigan’s economy.”

Unfortunately, the motion to attach foreclosure protections to the surcharge repeal failed on a party line vote, and the MBT surcharge repeal was passed with no amendments.

Federal foreclosure prevention programs have failed to slow the nation's rapidly growing foreclosure crisis. According to a RealtyTrac report issued this month, national foreclosure filings spiked by more than 81% in 2008. A total of 861,664 families lost their homes to foreclosure last year, and there were more than 3.1 million foreclosure filings, with one of every 54 households receiving a notice.

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