

STATE SENATOR • HANSEN CLARKE • 1ST DISTRICT

Clarke Press Release

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MORATORIUM NOW: SEN. CLARKE ANNOUNCES NEW FORECLOSURE LEGISLATION

Two-year 'foreclosure freeze' will help struggling consumers get back on their feet, keep their homes

LANSING—Senator Hansen Clarke (D-Detroit) was joined today by Rep. Shanelle Jackson (D-Detroit) and homeowners Timothy Jackson, Ruthie Williams, Rev. Steve Bell and Raymond Hintz at a press conference in Detroit to announce new legislation that will establish a two-year freeze on all mortgage and tax foreclosures in Michigan. Representatives from Michigan Legal Services, United Community Housing Coalition, Legal Aid and Defender Association and Motor City Blight Busters were on-hand for the event. The bill announced today would establish the longest period of foreclosure protection of any state in the country, while also providing important safeguards for the lending industry.

“Right now everyone is being affected by our state’s foreclosure crisis, as abandoned homes are decimating communities and driving down property values across the state,” said Sen. Clarke. “Under this legislation homeowners will still be required to work out an agreement with their lenders and continue making payments during the moratorium, otherwise the freeze will be lifted.”

Today Sen. Clarke also announced plans to introduce a companion bill that will allow the Michigan State Housing Development Authority (MSHDA) to issue bonds which can be used to guarantee residential mortgage payments during the foreclosure moratorium period. This would create an added layer of protection for lenders while they work with consumers to refinance mortgages.

During the Great Depression of the 1930s, the State of Michigan implemented a moratorium on foreclosures along with 25 other states. The Michigan Moratorium Act was enacted by the legislature and upheld by both the Michigan and United States Supreme Courts. It halted foreclosures for a period of five years, allowing consumers who were facing foreclosure to keep their homes.

In an effort to save farms from foreclosure during the 1980s, the State of Iowa implemented a law that gives the Governor the expressed power to declare a state of emergency to halt foreclosures on various types of property. Last April, the State of Massachusetts passed a law that put in place a 6 month moratorium on mortgage

foreclosures if people filed and claimed they were victims of unfair lending practices. This 'negotiation period' was designed to give homeowners time to negotiate better terms with their lender to prevent them from losing their homes. Two state senators in New York-one Republican and one Democrat-have also introduced a bill that would implement a one-year freeze on foreclosures.

“What I’m proposing today is not unprecedented in Michigan, and other states whose foreclosure crises aren’t even as bad as ours are already taking similar action,” said Clarke. “It’s time to get serious about this problem and offer relief to the people who need it most.”

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