



Helping Michigan's Hardest-Hit Homeowners  
A step forward when you're a step behind



# WEBINAR TO BEGIN MOMENTARILY

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MEETING AND CONFERENCE CALL

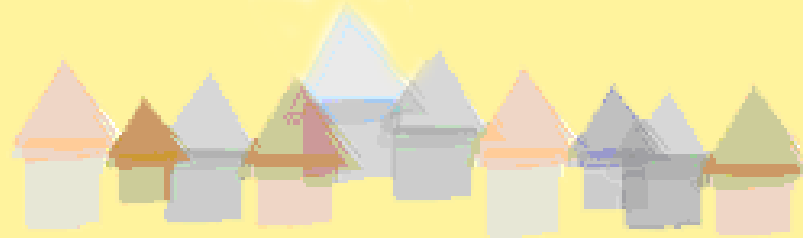
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# STEP FORWARD MICHIGAN

## JANUARY 2013



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# HISTORICAL SUMMARY

2010 - U.S. Department of the Treasury established the Hardest Hit Fund® to provide targeted aid to families in eighteen states hit hard by the economic and housing market downturn

Michigan received a total of \$498.6 million in *Emergency Economic Stabilization Act (EESA)* or *Troubled Asset Relief Program (TARP)* funds to operate its Hardest Hit Fund® loan program



# HISTORICAL SUMMARY

The Michigan Homeowner Assistance Nonprofit Housing Corporation (MHA) was created by the Michigan State Housing Development Authority (MSHDA) to oversee the distribution of the Hardest Hit Funds® in Michigan

In July 2010, Michigan was the first state to award and disburse Hardest Hit Funds® through its program called ***Step Forward Michigan***

By January 2013, over 40,000 homeowners have initiated a Hardest Hit Funds® application on Michigan's website:  
[www.stepforwardmichigan.org](http://www.stepforwardmichigan.org)



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# TERMS OF ASSISTANCE

**Up to \$30,000** in assistance is paid directly to participating mortgage servicer and/or county treasurer for application to the homeowner's mortgage loan or property taxes

The MHA records subordinate mortgage lien on property

The MHA Note has a **0% interest** rate, requires **no payments**, and the **principal amount of assistance is forgivable** over a 5-year term at 20% per year

Non-forgiven portion of the principal is due only if there is a transfer of the property or if the property ceases to be the homeowner's principal residence



# BASIC HOMEOWNER ELIGIBILITY

- Qualifying Involuntary Hardship
- Named On Title and Spouse of Individual Named On Title and All Individuals Obligated On Mortgage Note Must Participate
- Cash Reserve Asset Balances Must Meet Program Guidelines
- Ability to Sustain Ongoing Mortgage and/or Tax Payments
- Compliance With Dodd-Frank
- Ability to Execute MHA Mortgage Lien and Note



# BASIC PROPERTY ELIGIBILITY

- Mortgage Lien With Participating Lender/Service or Located In County With A Participating Treasurer For Tax Assistance
- Property Located In State Of Michigan
- Occupied as Primary Residence
- One Individual Obligated On The MHA Note Must Occupy Property
- 1-4 Unit Property – If One Unit Is Primary Residence
- Foreclosure Sale Not Completed



# OTHER ELIGIBILITY REQUIREMENTS

## Mortgage Loan Assistance

- Mortgage Note With Participating Lender/Service
- Mortgage Loan Balance Equal To or Less than \$729,250
- Mortgage Foreclosure Sale Has Not Been Completed

## Property Tax Assistance

- Lender Ability To Escrow or Located In Participating County
- Outstanding Local or County Property Tax
- Tax Foreclosure Has Not Been Completed





# UNEMPLOYMENT MORTGAGE SUBSIDY (UMS)

- Maximum Household Reservation of \$30,000
- Homeowner Must Be Receiving Michigan UIA Benefits
- Mortgage Payment Subsidy For 12 Months  
Equal To 50% up to \$1,000
- Full Payment Sent Monthly By MHA to Lender/Service
- Homeowner To Reimburse Unsubsidized Portion To MHA  
(Must Be 45% or Less Than Household Income)
- Up-Front Reinstatement Using Remaining Reservation Funds



## LOAN RESCUE PROGRAM (LR)

- Maximum Household Funding of \$30,000
- Homeowner Has Qualifying Involuntary Hardship
- Funds Can Be Used To Assist In Three Scenarios:
  - 1) Reinstate Delinquent 1<sup>st</sup> Lien Mortgage
  - 2) Reinstate Delinquent 1<sup>st</sup> Lien Mortgage and Provide Contribution Toward Outstanding County or Local Property Taxes\*
  - 3) Reinstate 2<sup>nd</sup> Mortgage Lien or Property Taxes Only\*, If 1<sup>st</sup> Lien Is Current



## LOAN RESCUE PROGRAM (LR) – CONTINUED

- Ongoing Mortgage Payment and/or Tax Must Be Sustainable  
(45% or Less Than Gross Household Income)
- If Lender Can Establish An Escrow Account, Amount Needed For  
Past Due Property Taxes Can Be Included In Reinstatement
- If No Mortgage or Lender Can Not Establish An Escrow Account,  
Funds Can Be Paid Directly To Participating County Treasurer

$$\text{Estimated Monthly Tax Payment} = \frac{\text{Most Recent Summer Tax} + \text{Most Recent Winter Tax}}{12}$$

$$\text{Sustainability} = \frac{\text{Monthly Mortgage} + \text{Estimated Monthly Tax Payment}}{\text{Gross Household Income}}$$



## MODIFICATION PLAN PROGRAM (MP)

- Maximum Household Funding of \$30,000
- Monthly Payment Exceeds 45% Of Household Income
- Homeowner Has Qualifying Involuntary Hardship
- Funds To Be Applied To Buy Down Delinquency or Applied To Buy Down Negative Equity Amount
- Lender/Serviceicer Must Agree To Modify Loan Terms To Provide a Lower, Sustainable Monthly Payment
- Terms Of Modification Determined By Lender/Serviceicer  
Re-Amortization and Recast Modifications are eligible



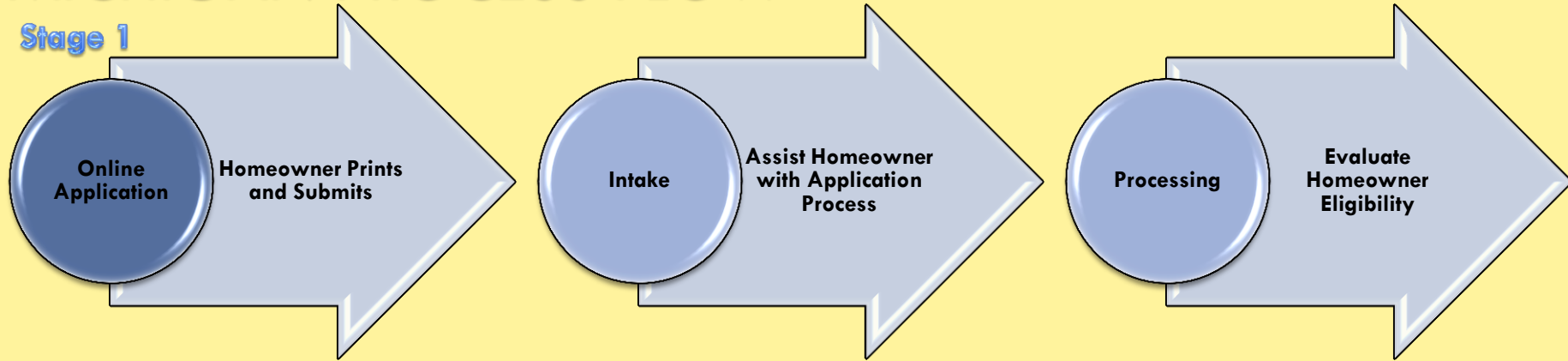
# PRINCIPAL CURTAILMENT PROGRAM (PC)

- Maximum Household Funding of \$10,000
- Homeowner Has Qualifying Involuntary Hardship
- Property Must Have Negative Equity
- Lender/Service Provider Must Provide Minimum 1 to 1 Match
- Lender/Service Provider Must Agree To Modify Loan Terms
  - To Provide a Lower, Sustainable Monthly Payment
- Modified Loan Balance Can Not Create Less than 100% CLTV
- Available For Junior Lien If Senior Lien(s) Are Current



# MICHIGAN PROCESS FLOW

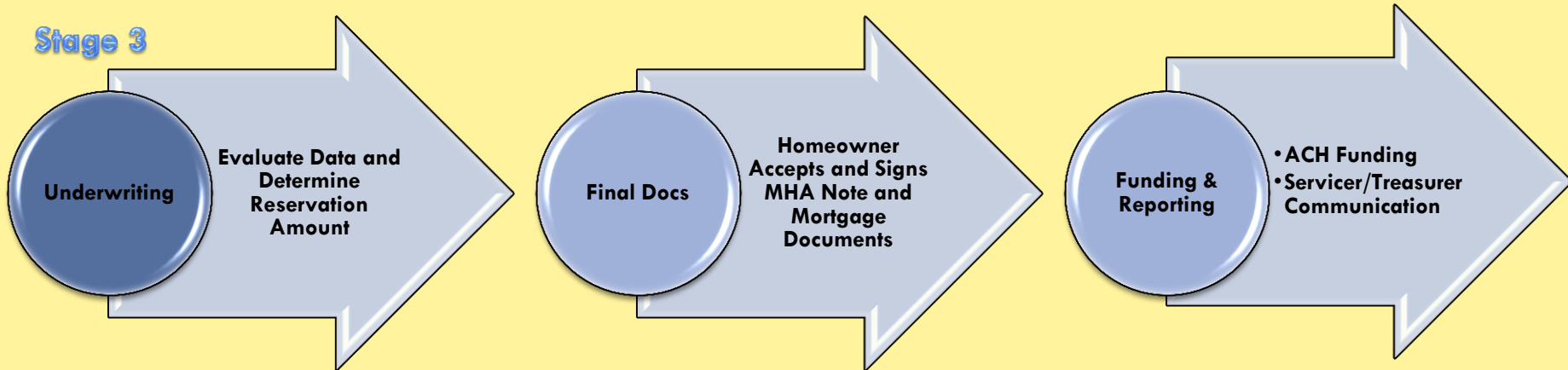
## Stage 1



## Stage 2

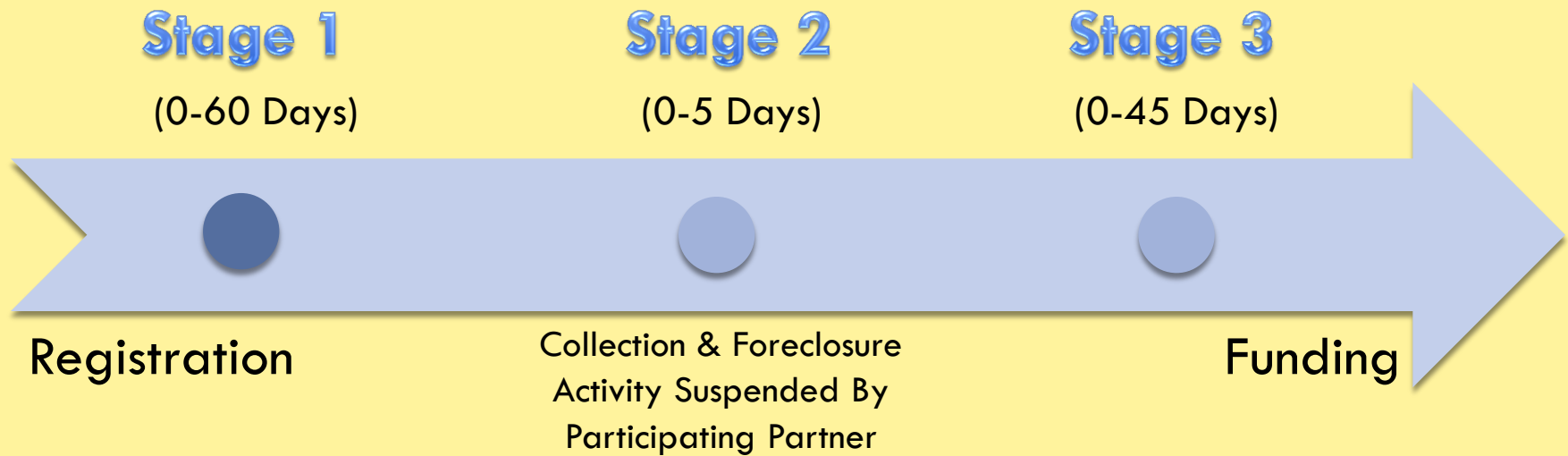


## Stage 3



# MICHIGAN PROCESS

## Standard Timeline



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[www.stepforwardmichigan.org](http://www.stepforwardmichigan.org)

## **NEW** DIRECT PAYMENT TO COUNTY TREASURERS

As of January 15, 2013, Michigan has been approved to fund directly to participating county treasurers through its Loan Rescue program for any outstanding county and local property taxes (including interest, fees and cost) when there is no mortgage or if the lender is unable to establish an escrow account.

Homeowner must meet all eligibility requirements for Loan Rescue Program.



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# NEW DIRECT PAYMENT TO COUNTY TREASURERS

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CONTINUED

- Homeowner Must Complete PROPERTY TAX ASSISTANCE FORM
- Homeowner Must Provide Most Recent Summer and Winter Local Tax Statement
- Homeowner Must Complete Standard Hardest Hit Funds®

Application Located at [www.stepforwardmichigan.org](http://www.stepforwardmichigan.org)

- Step Forward Michigan Will Determine Homeowner Eligibility
  - Less Than 1 ½ Times Annual Tax In Cash Reserves
  - Qualifying Involuntary Hardship Caused Tax Delinquency
  - Ability To Sustain Ongoing Mortgage and/or Tax Payments



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# NEW DIRECT PAYMENT TO COUNTY TREASURERS

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CONTINUED

- County Treasurer To Provide Quote For Outstanding County and Local Property Taxes Owing (PROPERTY TAX QUOTE REQUEST FROM)
- Amount(s) Provided From County Treasurer Will Be Use To Determine Total Hardest Hit Funds® Reservation For Homeowner
- Funds Will Be Reserved To Assist With 1<sup>st</sup> Mortgage Lien Reinstatement , If Any, and Remaining Reservation Amount Will Be Available For Direct Property Tax Payment To Treasurer
- County Treasurer To Provide Receipt Indicating Application Of Funds and Forward Funds As Necessary To Local Taxing Authorities



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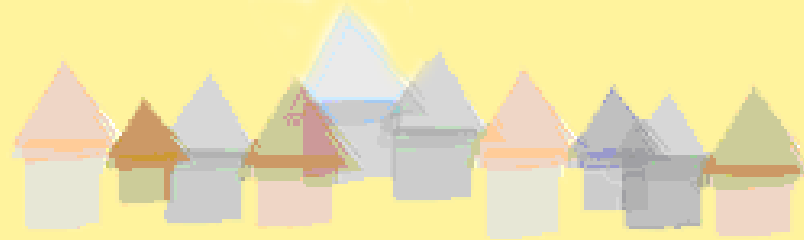


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## WANT TO SHARE THIS INFORMATION?

- YouTube Videos: <http://www.youtube.com/user/MSHDAvideo>  
Video # 1 Foreclosure Prevention Help  
Video # 2 Not Out of Options
- Website: [www.stepforwardmichigan.org](http://www.stepforwardmichigan.org)  
Program Information and Answers to Frequently Asked Questions are available
- Request Marketing Material : [stepforward@michigan.gov](mailto:stepforward@michigan.gov)  
Program Posters, Flip Cards, Door Hangers are available





## Helping Michigan's Hardest-Hit Homeowners

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### **Program Website**

[www.stepforwardmichigan.org](http://www.stepforwardmichigan.org)

### **Mailing Address**

Step Forward Michigan - MSHDA  
PO BOX 30632  
Lansing, MI 48933 -1555

**Phone:** (866) 946-7432

**Fax:** (517) 636-6170

**E-Mail:** [StepForward@michigan.gov](mailto:StepForward@michigan.gov)

### **Key Program Contacts**

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