

Jackson County foreclosures for non-payment of taxes up more than 400 percent in five years

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Since 2008 the number of parcels foreclosed on in Jackson County for non-payment of taxes has risen an astonishing 435 percent. If taxes are not paid by March 31, the parcels will become property of the county treasurer and sold at a public auction. File Photo

JACKSON, MI – Since 2008 the number of parcels foreclosed on in Jackson County for non-payment of taxes has risen an astonishing 435 percent. "It's something I've never seen before," said Jackson County Treasurer Karen Coffman. In 2008 there were 55 tax foreclosures. In 2009 that number almost doubled to 104. In 2011 there were 226 foreclosures and in 2012 there were 294. There are currently 753 properties in the county that could foreclose at the end of March if the taxes are not paid by March 31. This does not include mortgage foreclosures.

Coffman said the "significant" increase could be tied to mortgage companies or banks that used to pay delinquent taxes for homeowners. After 2008, some mortgage companies and banks stopped paying. That's also when the county started seeing the number of tax foreclosures almost double. "I've never seen the mortgage foreclosures impact tax foreclosures as it did in 2009 through 2011," she said. "We saw an increase on our end of either people not paying their mortgage company or the mortgage company not paying the taxes," Coffman said.

Delinquent Property Tax Timeline for 2010 taxes

The process starts with delinquency where unpaid 2010 taxes are considered delinquent on March 1, 2011 and payable to the county treasurer. At this point a 4 percent administrative fee and 12 percent interest begins to accrue.

October 1, 2011: A \$15 fee is added.

November 1, 2011: Parcel is added to the preliminary forfeiture list

February 1, 2012: Mortgage lenders and banks might be notified.

March 1, 2012: A minimum of \$195 in fees is added to bill and the property is forfeited to the county treasurer. At this point the 12 percent interest rate moves to 18 percent per year retroactive to March 1, 2011.

June 2012: A foreclosure petition is filed in Circuit Court.

Between June 1 2012 and January 31 2013: Title research is conducted by the department to research and identify owners and lienholders, personal visits are made to the property and mortgage lenders banks and other lienholders are notified.

January 2013: Show cause hearing is held

February 2013: Court hearing is held and a judge signs foreclosure order

March 31, 2013: Redemption rights expire if taxes are not paid and property-ownership transfers to the Jackson County Treasurer.

July through November 2013: The property is sold at auction. The prior owners do not receive any of the proceeds.

Source: Jackson County Treasurer

In Michigan there is a three-year forfeiture and foreclosure process. Parcels are forfeited to the county treasurers when the real property taxes are in the second year of delinquency. Real property taxes which remain unpaid as of March 31 in the third year of delinquency are foreclosed upon by the county treasurer.

Out of the 753 potential foreclosures this year, 344 are located in the city. Homeowners have until March 31 to pay their tax bill before the parcel becomes property of the county and is sold at a public auction. The county has two tax foreclosure auctions every year, usually in August and September. “We won’t know the hard numbers until we foreclose at the end of the month but they are definitely higher than in the past,” Coffman said.

The Community Action Agency is a nonprofit agency that runs more than 70 programs from adult education to foreclosure counseling. CAA program operations manager Tami Farnum said it isn’t cheap for a lender to foreclose on properties. “They look at the property itself and see if it’s worth it to pay the property taxes and keep their investment,” she said. If it’s not worth it, she said they don’t pay the taxes. “That’s what we are seeing more of,” she said. “Some banks are paying, but not like they first were.” Historically, the city had more tax foreclosures than townships, but Coffman said that trend is turning around. Most likely, it can be attributed to more people choosing to live in townships than the city, she said. Columbia Township has the highest number out of potential foreclosures in Jackson County’s townships with 64 parcels. Summit Township comes in second with 56 possible foreclosures.

The Michigan State Housing Development Authority announced this year for the first time its Step Forward Michigan program has been expanded in an effort to help homeowners facing tax foreclosures due to non-payment of taxes. In the past, this program was focused on mortgage foreclosures only. The change took effect Jan. 15. “MSHDA has given money to help taxpayers, we have not had dollars to this extent since the Obama stimulus,” Coffman said. “It’s a much more structured program.” The CAA is the agency that homeowners would contact about the program. “We were one of seven states to receive funding because we are considered a hardest hit area for foreclosures,” Farnum said. She said the funds originally come from the U.S. Department of Treasury. They are funneled to MSHDA and then local agencies like the CAA helps homeowners fill out the MSHDA application.

Farnum said there are multiple programs available but homeowners must qualify. Through the program the state will make a payment to the mortgage company (if applicable) and a separate payment to the county treasurer for up to a total of \$30,000. The funds are available through MSHDA’s Loan Rescue Fund Program. Homeowners must have experienced an involuntary hardship that lead to their inability to pay the mortgage payments or the property taxes. But, homeowners must be able to sustain their mortgage and tax payments going forward. Properties that have already been foreclosed on are ineligible.

Farnum recently worked with a woman who was not able to make tax payments after her husband died. “Her employer was struggling and she worked four months the previous year and got behind in property taxes and wasn’t able to pay. This program is going to help her so she won’t go into foreclosure,” Farnum said.

For more information on the Step Forward Michigan program and eligibility requirements call the Community Action Agency at (517) 784-4800.

Name of township	Number of potential foreclosures
Columbia	64
Summit	56
Blackman	49
Leoni	49
Napoleon	44
Spring Arbor	18

Norvell	16
Waterloo	15
Parma	14
Springport	13
Grass Lake	11
Sandstone	11
Henrietta	11
Liberty	10
Hanover	8
Rives	7
Concord	6
Pulaski	5
Tompkins	2