

## Jackson County mortgage foreclosures on a downward trend

By Lisa Satayut on March 25, 2013



While the number of tax foreclosures in Jackson County has skyrocketed since 2008, the number of mortgage foreclosures has decreased in that same period of time. File photo

JACKSON, MI – While the number of tax foreclosures in Jackson County has skyrocketed since 2008, the number of mortgage foreclosures have been steadily decreasing. In 2012 there were 779 sheriff deeds recorded with the Jackson County Register of Deeds, according to Mona Webb, the chief deputy for the Register of Deeds office. In 2008, there were 1,252 — showing a 38 percent decrease in the four-year period. While the Register of Deeds does not track the actual number of mortgage foreclosures in the county, the department records the number of sheriff deeds. When a Jackson County homeowner fails to make mortgage payments over a certain period of time — it varies with each lender — the deed on their home is turned over to the Jackson County Sheriff's Office. "The sheriff (or a deputy) is more or less representing the court or lender at the sale," Webb said. That deed is then put up for sale at a public auction held in the lobby of the courthouse. Often times, the lender will show at the sale. If no one bids on the property, it goes back to the lender. There is also a six month redemption period where the homeowner could get their property back if they pay the mortgage and fees.

Neeta Delaney, the director of the Michigan Foreclosure Task Force said homeowners becoming more aware of programs that can help them avoid foreclosure is one reason the trend is turning around. In addition, she said the economy has started to recover since it went into crisis in 2005. Webb said she hopes to see the mortgage foreclosures continue to go down. "We're hoping things have turned around for people," she said. Delaney, who is based in Jackson, said nationwide the number of mortgage foreclosures has decreased but it is taking Michigan longer to catch up. "Michigan was hit earlier and harder and it is taking us longer to recover," she said. "Since the beginning of 2005, due to the crisis, Michigan has lost half-a-million homes and that's nearly twice as many homes that were lost in Katrina."

The task force is a group that advocates public policy to prevent foreclosures or soften the impact. Between 2011 and 2012 she said there were 74,000 foreclosures in the state. "In 2011 and 2012 we were still the third highest in the country," Delaney said. She attributes that to the unemployment rate in the state, and the underemployed. The Michigan unemployment rate for the month of January was 8.9 percent, according to the state department of Technology, Management and Budget. The Jackson County unemployment rate for January was 8.8 percent. Besides unemployment, some homeowners who are "underwater" on their mortgages become more susceptible to mortgage foreclosures. "Thirty-two percent of all mortgages are underwater meaning they owe more than the mortgage and more than what the home is worth. That's an important factor because it makes those people very vulnerable to foreclosure," Delaney said. She said there are different circumstances for homeowners who are "underwater." Some may have found a new job and left the area but are having a hard time selling their home. "Often you will see they will have to walk away from their home," she said. If this were to happen, the lender files an affidavit of abandonment with the county and the redemption period is shortened from six months to 30 days. The lender must prove to the county that the home was abandoned. Delaney said some are able to avoid foreclosures through what is called a "short sale." She is seeing more of this than in the past. This often happens during the redemption period. If the lender agrees, the homeowner can try to sell the home for less than what they owe. Delaney said most homeowners nationwide who are being foreclosed on rarely contact their lender. "They are intimidated and it can be hard to get the right

department, most don't even know who their mortgages are with. It's complicated, not like it used to be," she said. But, Delaney said in Michigan there was an amendment to the foreclosure law that can help. Under the law, the lender has to send a letter to the homeowner and include the names and contact information of all the certified foreclosure agencies in the state for counseling. In addition, the lender must meet with the homeowner if the homeowner requests it. The law will sunset at the end of June. "If a homeowner takes advantage of counseling they are twice as likely to get a loan modification and prevent foreclosure," Delaney said. Delaney offers some advice for homeowners who are facing a mortgage foreclosure. "Get yourself to a certified foreclosure counselor. Those counselors are the people who are up-to-speed on different programs that could help," Delaney said. The Community Action Agency which serves Jackson County has certified foreclosure counselors free-of-charge.

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 Michigan is considered one of the "hardest hit" areas. As a result, Jackson County received funds for the state's Step Forward Michigan program. The Michigan State Housing Development Authority announced this year for the first time the program has been expanded in an effort to help homeowners also facing tax foreclosures. In the past, this program was focused on mortgage foreclosures only. The change took effect Jan. 15. "We were one of seven states to receive funding because we are considered a hardest hit area for foreclosures," Farnum said.

Year	Number of recorded sheriff deeds
2012	779
2011	945
2010	1070
2009	990
2008	1252
2007	1227
2006	874
2005	582
2004	491
2003	481
2002	442
2001	282
2000	228
1999	194
1998	159
1997	95
1996	88

Source: Jackson County Register of Deeds

### Michigan Mortgage foreclosure timeline:

The state of Michigan is considered a "foreclosure by advertisement" state where the lender schedules a sheriff's sale to auction off the home and advertises the sale in a local newspaper for four weeks. In addition, there is also the "judicial foreclosure" where the lender takes the homeowner to court. But, in Michigan nearly all foreclosures are by advertisement.

1. Mortgage payments are due on the first of the month. If not paid by the 30th day of the month the loan is in default. When a loan is 60 days past due the lender warns that foreclosure is the next step.
2. After 90 days, a lender typically begins the foreclosure process. Some wait until 120 days.
3. Lender advertises four weeks in a row that the property is for sale by auction.
4. A Sheriff's sale (auction) is held on the published date.
5. Homeowner has 6 months (redemption period) to redeem the property, sell it on a short sale or find a new place to live.
6. If homeowner abandons the property, the owner can ask the court to reduce the redemption period to 30 days.

Source: Michigan Foreclosure Task Force