

March 5, 2009

Dear Members of the House Banking and Financial Services Committee:

On behalf of our 344 member credit unions, the Michigan Credit Union League (MCUL) supports the Legislature's efforts to address the foreclosure problem in Michigan and the proposed framework for doing so in House Bills 4453, 4454, and 4455. The MCUL acknowledges that extraordinary measures must be taken to stem the tide of home foreclosures given the severity of the economic climate in Michigan resulting from several successive years of job losses in the manufacturing sector, and heightened by the recent announcements of significant automotive industry layoffs. Despite the fact that credit unions have not contributed to the surge in sub-prime mortgage loans that have initially fueled the rise in foreclosures, the present economic circumstances in Michigan would seem to suggest that drastic steps should be taken to assure that both homeowners and borrowers are communicating and working toward reasonable mortgage loan modifications where circumstances support such actions. Most credit unions are already working with troubled borrowers to keep them in their homes and avoid foreclosure.

We have greatly appreciated the opportunity to offer suggested changes to the legislation and are happy to see some of these concerns addressed in the most recent draft versions. We still continue to urge the Committee to consider some of the following provisions during this process:

- Shortening the redemption period on the back end of the process for those borrowers who are not eligible for a loan modification, which will help make up for the 90 day freeze up front.
- While we know the purpose of the counselor is to help facilitate the loan modification process, many of our members are already working directly with their borrowers on modifying mortgages. Therefore we have advocated that the counselor should be an optional component of the workout period, however, we know the bill as currently written states that a borrower who wishes to participate in negotiations for a modified loan starts the process by contacting a counselor.
- In HB 4455, under Sec. 3205C(1), all parties involved with the negotiation including a counselor, are required to calculate a modified payment amount, we recommend that the counselor be the party to calculate the modified payment amount as various options will necessarily be considered that ultimately would be agreed to by both the borrower and the lender. The counselor in a sense represents a neutral party as to any calculation based on the standards related to the FDIC Workout Program.
- We know the intent of the bill is that if the borrower is non-responsive to the service of process of the Notice required in Sec. 3205A that the lender may proceed to foreclose by advertisement as provided under current law. We would feel more comfortable if there was an affirmative statement in the language of the bill regarding this.

Again, the MCUL appreciates the opportunity to comment on this legislation and thanks Chairman Coulouris for the thoughtful process and participation accompanying the drafting of this legislation. Our members look

forward to working with this Committee, the Legislature and Governor in the laudable goal of keeping people in their homes.

Sincerely,

A handwritten signature in black ink that reads "Marcia Hune". The signature is written in a cursive, flowing style.

Marcia E. Hune  
Director of Legislative Affairs