

**Testimony Before the  
Committee on Banking and Financial Services  
State of Michigan Housing of Representatives  
Hearing Scheduled for Wednesday, April 13, 2011, 9 a.m.  
PA 29-31 of 2009**

My name is Ted Phillips. I am the executive director of the United Community Housing Coalition in Detroit.

We work with nearly 2,000 homeowners annually in mortgage or tax foreclosure. Most of the homeowners we work with are low to moderate income. For many their home is their only major asset. For many they have either owned their home for 25 or more years or it has been in their family that long. I have met and counseled many people 40 years old and older who were born in the homes they were losing.

I say this because we seem to forget the purposes of the right to redeem. It is not just to provide time for homeowners to find funds to pay off the sheriff's sale amount, but it is also to give time for homeowners to be able to transition from homeownership, often to becoming renters.

We have worked with families that have needed every day of the 180 days that they were provided to redeem their homes. If they had only had 90 days they would not have been able to redeem. Low to moderate income families in foreclosure cannot refinance their homes. They cannot get personal loans. They don't have retirement funds to cash in to bail them out. If they had an IRA they already used it for the bad loan modification they were given by the bank. They don't have \$498 million dollars of hardest hit funds, even if THEY are the hardest hit persons in the state. They can't get help from the State Department of Human Services, or the Michigan State Housing Development Authority or any other state, city or federal agency.

They redeem by selling their possessions. Their car. Their jewelry. Their wedding rings. Their furniture. They beg their families and friends for help. They try to find additional work. They sell things that they never thought imaginable. They sell their blood. Why? Because they cannot imagine losing their home.

Occasionally, after they have raised all the funds that they possibly could, they stumble on a creative non-profit that can help them with the last amounts needed.

Some redeem, particularly when sheriff sale amounts are low due to the massive numbers of homes in foreclosure and other conditions. Are we not better off because they did? Between a home occupied by a homeowner who would give everything to save his home and a vacant home, aren't we better off with the occupied home? Between a home occupied by a homeowner who would give everything to save her home, and a rental property owned by a company in South Carolina whose investment in the community is 3 gallons of Sears cheapest, aren't we better off with the homeowner occupant?

And, what if after all the homeowner's efforts they are not able to redeem? Are we still not better off with a home that has been occupied for 6 full months than one that is vacant? Are we not better off with a homeowner who has had enough time to save some money and find a place to rent than having a homeowner with his possessions set on the curb by the bailiff and forced into a shelter? Have we no respect at all left for our hardest hit citizens? For our homeowners who have been the backbone of our communities?

In the most devastating economic time in most of our life times, there is no justification for being the only state in the country to reduce the time necessary to foreclose on homeowner occupied homes.

Michigan does not provide the longest time to foreclose.

This is not about homeowners leaving their homes BEFORE the six months redemption has expired and properties being vandalized. The current law already allows the lenders to shorten the redemption period in these cases and to secure the property.

This is not about homeowners staying in their homes the full six months and that costing the lenders money. Homes are not selling. Once the homeowner does move, after the six months redemption, the homes are still sitting vacant. When they are sold they are often sold to investors who intend to rent the homes. Generally, homes sold to investors are worth more if they are occupied.

This is not about homeowners WHO STAY THE 6 MONTHS destroying their homes. It doesn't take six months to do that. Most homes that are destroyed are done so once they are vacant, not while they are occupied. And, the chances of a disgruntled homeowner destroying a home is far greater if you reduce his rights to redeem than if you respect his rights. The homeowner who feels the law is no longer there to protect him is the one to fear far greater than the homeowner who feels the law treats everyone equally.

There is no justification for reducing the redemption period and I strongly urge you to reject doing so.

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