The Michigan Association of REALTORS®

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MAR Mission Statement

MAR is the recognized public policy and legal advocate for private property rights and for the real estate industry and the recognized statewide resource (clearinghouse) for professional development, knowledge exchange and business services.

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What is the impact of housing on the economy?

15% of GDP

Over $40,000 in additional economic activity

2 Home Sales = 1 Job created

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The Importance of Housing…

- Creates wealth
- Stabilizes communities
- Encourages civic participation
- Promotes education achievement
- Benefits health

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Homeowner Options

- Refinance
- Cash at closing
- Lender workout
- Short sale
- Deed in lieu
- Foreclosure
- Walk away

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Short Sale

- Last resort before foreclosure when all other home retention activities have been exhausted
- Lien holder agrees to release their lien for an amount less than what is owed
- Determined on a case-by-case basis
- Forgiven debt is currently not taxable under the Mortgage Debt Forgiveness Act

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Short Sale Benefits

- Preservation of home's value
- Preservation of neighborhood values
- Responsibility for the home
- Reduced effect on borrower's credit
- Mitigates loss to the lender
- Stabilize local revenues

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Issues with Short Sales

- They take a looooooong time (But it's getting better)
- Unrealistic expectations of sellers and buyers
- Lingering deficiency
- Multiple lien holders
- Schemers

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Tracking the foreclosure process

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

Division of Homeownership

Understanding the Foreclosure Process

Day 1 to 15	Day 16 to 30	Day 45 to 60	Day 90 to 105	Day 150 to 155	Redemption Period
Payments due on the 1st Late fee after the 15th day Begin communication by contacting your Lender Contact a MSHDA approved lender for refinance options	Late charges are assessed Loan is in default at 30 days Lender sends notice of delinquency Negotiate a work out plan "what are my options?"	Lender attempts phone contact Lender sends "demand" or "breach" letter to the borrower pointing out that terms of the mortgage have been violated Once the "demand" letter goes out all delinquent payments are due Partial payments are not accepted	Lender hires local attorney or other firm to initiate foreclosure proceedings Adds about $1,500 to $2,500 to your costs Interest continues to accumulate Public Notification - Notice of Foreclosure at the local courthouse, details of the debt published in local paper for 4 consecutive weeks and notice posted on the home Sheriff Sale - House sold at foreclosure sale or auction	Title transferred subject to Redemption Rights of the owner The "sheriff's deed" list the last date the property can be redeemed Redemption period is generally six months, but can be up to 12 months if property is over 3 acres or there is more than 50% equity in the property. Warning: If you vacate the home the Lender can accelerate or shorten the redemption period **To get the property back you must pay:** Mortgage + interest + late fee + court costs + attorney fees.	**LIVE** in the house ➢ No payment ➢ Maintain utilities ➢ Maintain insurance ➢ General upkeep **EVICTION** - At the end of the Redemption Period you will receive an **eviction** notice **LEGAL NOTICE**: You will be served with legal notice of action. You can appear in court Date is set to actually have the Sheriff move your belongings to the curb

As soon as possible contact a LINKS Certified Housing Counselor @ http://www.michigan.gov/mshda

During this time if you can make a **partial payment** – make it

Don't commit to a workout plan if you cannot maintain it or make the payments.

In most cases, the **collection and foreclosure process continues** while your request for a workout is under review

Make sure you are **communicating** with someone who has the authority to do a workout and get it in **writing**

Refinance - If you have an Adjustable Rate Mortgage (ARM) or if you have late payments find out if you are eligible for MSHDA's "SAVE THE DREAM" Refinance Programs or the FHA Secure Product

Payments can be made beyond the 15 days, but 30 days late raises a red flag and can hinder your ability to refinance

Be Realistic – If you cannot afford to keep your home, list it with a reputable Realtor and sell it

To SELL the house – you must pay everything listed above or in the case of a short sale, get permission and a waiver of deficiency from the bank.

Save Your Money to help you move

Avoid Rescue Scams

- **Don't give someone money who says they can prevent a Foreclosure**
- **Don't sign paperwork you aren't familiar with**

Become Informed of YOUR OPTIONS and COMMUNICATE! COMMUNICATE!

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Current Stats

In 2011, there were 63,969 units sold. Short sales made up 14.11% of the market, while foreclosures made up 41.91% of the sales. The remainder of the sales were conventional transactions.

In 2012, there were 69,194 units sold. Short sales made up 12.10% of the sales, while foreclosures made up 38.50% of the market. The remainder of the sales were conventional transactions.

The average sales prices for a foreclosed property in 2011 was $57,056, In 2012, that number increased to $61,328.

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Current Stats

The average sales price for a short sale in 2011 was $91,664. In 2012, that number decreased to $86,209. Short sales are still taking a significant time to complete.

The average days on market (from listing to pending status) for a short sale in 2011 was 149 days and in 2012, that number decreased to 143 days.

(All information above was provided by Realcomp MLS.)

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Certainly Uncertain

Sunset of the 90 Day Law

New Consumer Financial Protection Bureau guidelines

Homepath

Lender programs

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Thank You

Questions?

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