



September 9, 2011

Representative Marty Knollenberg  
Chairman, House Committee on Banking and Financial Services  
N-890 House Office Building  
P.O. Box 30014  
Lansing, MI 48909-7536

**Re: MFTF Support for SB44 Creating Sentencing Guidelines for Mortgage Fraud**

Dear Chairman Knollenberg:

On behalf of the Michigan Foreclosure Task Force, I would like to express our support for SB44 which establishes sentencing guidelines for mortgage fraud and is currently before the House Committee on Banking and Financial Services. The Michigan Foreclosure Task Force (MFTF) is a broad-based coalition of over 450 individuals representing 185 stakeholder organizations including banking, real estate, government, housing counseling, legal services, community based nonprofits and statewide advocacy groups. Our efforts are focused on preventing foreclosures, softening their impact on neighborhoods and communities and building the capacity of the nonprofit foreclosure counseling network throughout the state.

With nearly a quarter of a million homes lost to foreclosure between 2009 and 2010 and the Center for Responsible Lending's prediction of another 100,000 still to come before the end of 2012, Michigan's foreclosure crisis is still very much with us. Over the past four years, our state has the dubious distinction of consistently ranking in the:

- Top ten states for numbers of foreclosures
- Top five states for decline in property values (estimated at over 25% average loss in property value)
- Top five states for mortgage fraud and foreclosure rescue scams.
- Top five states for percent of homes "underwater" – owing more on their mortgage than their home is currently worth (estimated to be over 35%)

Since 2008, Michigan's foreclosure crisis has grown and expanded and, as a result, now touches *all* of us. What was initially a crisis driven by subprime loans and limited to large urban areas is now a crisis driven by unemployment, declined property values, underwater homeowners, and declining property tax revenues in urban, suburban and rural areas alike. The *impacts* of foreclosures have also spread. In addition to displacing a family, every foreclosure destabilizes the neighborhood, increases the number of vacant properties, reduces neighboring property values, erodes the local tax base we rely on for basic services and further depresses the housing market that underpins our economic recovery. According to the Joint Economic Committee of the U.S. Congress, the average cost of each foreclosure results in a \$1,508 loss in property value for the neighboring home owners and a \$19,227 loss in tax revenue for the local unit of government while preventing a foreclosure costs \$3,300.

We believe that SB44 which establishes sentencing guidelines for mortgage fraud will help stem the tide of illegal foreclosures and protect Michigan residents, neighborhoods and communities currently suffering from this type of fraudulent activity. We look forward to continuing to work with both the House and the Senate on efforts to combat every aspect of the foreclosure crisis in Michigan.

Sincerely,

A handwritten signature in black ink, appearing to read "Neeta Delaney".

Neeta Delaney  
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