

Helping Michigan's Hardest-Hit Homeowners
A step forward when you're a step behind

Notice For Bankruptcy Clients

This is a general letter for applicants seeking assistance from Michigan's Helping Hardest Hit Homeowners program, otherwise known as Step Forward Michigan. If an applicant is currently in an active bankruptcy, this letter may be provided to the Bankruptcy Court to offer information regarding the Step Forward Michigan program.

The State of Michigan was awarded 498.6 million dollars from the US Treasury's Hardest Hit Funds® program to develop a statewide strategy aimed at helping homeowners who are at high risk of default or foreclosure.

Through the Michigan State Housing Development Authority (MSHDA), the State developed the *Michigan Homeowner Assistance Nonprofit Housing Corporation (MHA)* to implement several programs for homeowners who have experienced an involuntary hardship affecting their ability to pay their mortgage.

Homeowners begin their application for Hardest Hit Funds® online at www.stepforwardmichigan.org. Homeowners do not have to be delinquent on their mortgage to apply. Further program details and a list of participating mortgage lenders/servicers can be found online.

If approved, the awarded funds must be paid directly to the mortgage lender and applied to the mortgage account receiving assistance. Hardest Hit Funds® may be paid in one lump sum or over a twelve month period.

Homeowners must be able to execute a subordinate Mortgage and Note in favor of the MHA. The Note will have a 0% interest rate, require no payments, and the principal amount of assistance is forgivable over a 5-year term at 20% per year. During that time, any non-forgiven portion of the principal is due only if there is a transfer of the property or if the property ceases to be the homeowner's principal residence.

Homeowners who have filed for bankruptcy protection may be eligible for Hardest Hit Funds® assistance in Michigan if their lender/servicer agrees to accept Hardest Hit Funds® and the following is provided:

- 1) Acknowledgement from the Bankruptcy Court that the bankruptcy case has been dismissed or discharged, or
- 2) Authorization from the Bankruptcy Court or Trustee permitting the debtor to:
 - a) Execute the MHA Note (terms outlined above)
 - b) Execute and record a MHA Mortgage Lien on the principal residence
 - c) Accept Hardest Hit Funds® assistance that will be paid directly to the mortgage lender

After receipt of the necessary Court documentation, the MHA will proceed with the homeowner's eligibility review. If the homeowner is determined eligible, the MHA will contact the mortgage lender/servicer to confirm the lender/servicer's ability to accept the homeowner into the program. Some lenders/servicers may not be able to accept a debtor into the program. Once accepted, the anticipated time needed for the debtor to execute the required MHA lien documents and for the MHA to release Hardest Hit Funds® assistance to the lender is 14 to 45 days.

If a homeowner is considering filing for bankruptcy protection after they have been approved for Hardest Hit Funds® the mortgage lender/servicer will need to be contacted to determine the impact of the bankruptcy filing on the lender/servicer's ability to accept and apply Hardest Hit Funds® to the debtor's mortgage loan.

12/01/12

Michigan Homeowner Assistance Nonprofit Housing Corporation (MHA) is acting through the Michigan State Housing Development Authority



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