



**COUNTY ADMINISTRATOR**  
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TO: Barbara Levin Bergman, Chair  
Ways & Means Committee

THROUGH: Robert E. Guenzel  
County Administrator

FROM: Nancy Thelen, MSU County Extension Director  
Catherine McClary, Washtenaw County Treasurer  
Mary Jo Callan, Community Development Director

DATE: June 4, 2008

SUBJECT: Mortgage Foreclosure Prevention Specialist I/II/III

**BOARD ACTION REQUESTED:**

The creation of 1.0 FTE Mortgage Foreclosure Prevention Specialist I/II/III position to be located within Washtenaw County MSU Extension and to work in coordination with the Washtenaw County Treasurer to be funded with funds from the City of Ann Arbor for budget years 2008-2009, contingent upon receiving funding from the City of Ann Arbor.

**BACKGROUND:**

Recorded mortgage foreclosures in Washtenaw County totaled 1,151 in 2007 and 703 in 2006. There have already been 355 recorded mortgage foreclosures in the first four months of 2008. Delinquent real property taxes are a leading indicator of mortgage foreclosure and 2007 delinquent taxes turned over to the County Treasurer for collection in 2008 increased 23% county-wide. However, in the City of Ann Arbor 2007 delinquent real property taxes increased 43%.

Once mortgage foreclosure is initiated, the family has only 4 weeks to prevent a sheriff's sale. After the sheriff's sale, their options for modifying the mortgage loan or arranging a workout agreement are eliminated. The family has only 6 months to redeem the entire amount of the mortgage or to find other housing. Every home that is abandoned, or boarded up by the mortgage company, reduces the property values on the block by approximately \$6,700. This creates blight, making it more difficult for neighbors to maintain the value of their homes, and means that less money is collected in tax revenue for government operations.

The County Treasurer initiated very successful tax and mortgage foreclosure prevention programs due, in part, to the social worker positions authorized by the County Board of Commissioners. The Treasurer's successful program, documented with numerical data, helps attain County goals to prevent homelessness and retain affordable housing. This proposed position is to be established in the Office of MSU Extension as it is designated as a HUD

(Housing and Urban Development) certified counseling agency and already has one position funded by the Board of Commissioners with Housing Contingency funds.

### **DISCUSSION:**

There are 7 basic components for a successful mortgage foreclosure prevention program:

- Outreach
- Triage and Referral
- Direct Services
- Financial Literacy Education and Prevention
- Fund-Raising/Grant Writing
- Volunteer Recruitment and Training
- Documentation to meet data driven goals

The person hired for this position will assist customers in jeopardy of losing their homes due to mortgage foreclosure. Such services may include, but are not limited to: financial literacy and community education and prevention efforts, home visits, debt and budget assistance to develop a sustainable plan for continued mortgage payments, referral to and advocacy with various social work, mental health, legal services, or other help agencies, documentation for and preparation of loan and grant documents for payment of mortgage arrearages, negotiating workout plans and other refinancing options with their mortgage company, and enrollment in the Washtenaw Health Plan.

Preventing mortgage foreclosure is very time intensive work and the existing positions cannot meet the demand for services. Developing sustainable plans with customers, advocating with mortgage companies and loan servicers, and assisting customers with implementation of their plans is very time consuming. Furthermore, with housing values dropping, many mortgages cannot be saved. In addition, we propose utilizing an Intake Specialist model. This individual will provide the first contact with many customers, triage customers to the appropriate counselor after completing release of information and other paperwork, and make sure that data collection is accurate and complete. We hope this model will leverage the efforts of the Mortgage Foreclosure Prevention Specialists.

### **IMPACT ON HUMAN RESOURCES:**

This action would create one 1.0 FTE Mortgage Foreclosure Specialist I/II/III position to be located within Washtenaw County MSU Extension and to work in coordination with the Housing Bureau Foreclosure Prevention Taskforce, the current Mortgage Foreclosure Specialist at MSU Extension and the Washtenaw County Treasurer to be funded with funds from the City of Ann Arbor for budget years 2008-2009, contingent upon receiving funding from the City of Ann Arbor:

### **IMPACT ON BUDGET:**

This action would create one Mortgage Foreclosure Specialist I/II/III position to be located within Washtenaw County MSU Extension and to work in coordination with the Housing Bureau Foreclosure Prevention Taskforce, the current Mortgage Foreclosure Specialist at MSU Extension and the Washtenaw County Treasurer to be funded with funds from the City of Ann Arbor for budget years 2008-2009, contingent upon receiving funding from the City of Ann Arbor. MSU Extension has agreed to allocate an existing workstation computer for this position.

The Treasurer has agreed to assist with recruitment and hiring and to provide ongoing technical assistance and training.

**IMPACT ON INDIRECT COSTS:**

None

**IMPACT ON OTHER COUNTY DEPARTMENTS OR OUTSIDE AGENCIES:**

A number of County Departments and independent organizations currently collaborate specifically to prevent tax and mortgage foreclosure. The following outside agencies and County Departments have collaborative arrangements with the Treasurer's Office specifically to the implement this program and to assist mutual customers. These agencies and Departments include:

- Michigan Department of Human Services (DHS),
- University of Michigan Housing Bureau for Seniors,
- Legal Services of South Central Michigan,
- University of Michigan Credit Union,
- Employment, Training and Community Services (ETCS),
- Veteran's Services,
- Washtenaw Health Plan (WHP),
- Barrier Busters.

Additional agencies needed for future collaboration would include:

- Washtenaw Housing Alliance (WHA)
- Habitat for Humanity
- Power, Inc.
- Community Housing Alternatives
- HomePlace Community Land Trust
- MI State Housing Development Authority (MSHDA)

**CONFORMITY TO COUNTY POLICIES:**

Yes – this proposal meets the following Guiding Principles:

#3: Enhance customer service.

# 6: Focus on the root causes of problems that affect the quality of life of County citizens by aggressively pursuing prevention strategies.

# 7: Provide leadership on intragovernmental, intergovernmental and intersectoral cooperation and collaboration aimed at improving services to County citizens.

Data will be collected on the extent of the problem and the number of customers assisted and the number of successful interventions. The goal is to document the impact of the position by decreasing mortgage foreclosures in Washtenaw County, giving priority to lower income City of Ann Arbor residents with priority to very low income City residents.

**ATTACHMENTS/APPENDICES:**

The Resolution is attached.

A RESOLUTION AUTHORIZING THE CREATION OF ONE MORTGAGE FORECLOSURE PREVENTION SPECIALIST I/II/III POSITION WITHIN WASHTENAW COUNTY MSU EXTENSION AND AUTHORIZING THE CREATION OF AN INTAKE SPECIALIST MODEL (TEMPORARY AND INTERNSHIP POSITIONS) TO BE FUNDED WITH FUNDS FROM THE CITY OF ANN ARBOR FOR BUDGET YEARS 2008-2009, CONTINGENT UPON RECEIVING FUNDING FROM THE CITY OF ANN ARBOR

WASHTENAW COUNTY BOARD OF COMMISSIONERS

JUNE 4, 2008

WHEREAS, mortgage foreclosures are a serious and growing problem in all parts of Washtenaw County;

WHEREAS, recorded mortgage foreclosures totaled 1,151 in 2007 and 703 in 2006 in Washtenaw County; and

WHEREAS, there have already been 355 recorded in the first four months of 2008; and

WHEREAS, mortgage foreclosures have been driven historically by individual financial setbacks such as job loss or illness; and

WHEREAS, the current economic climate has limited the viability of selling one's property or refinancing to avoid foreclosure; and

WHEREAS, mortgage foreclosure can lead directly to homelessness for the former owner and family members; and

WHEREAS, foreclosed properties often sit vacant and are at higher risk for arson, vandalism, and other crime; and

WHEREAS, foreclosures depress property values for neighbors and communities; and

WHEREAS, depressed property values ultimately reduce assessed values and property tax revenue; and

WHEREAS, delinquent real property taxes are a leading indicator of mortgage foreclosure and 2007 delinquent taxes turned over to the County Treasurer for collection in 2008 increased 23% county-wide; and

WHEREAS, 2007 delinquent real property taxes from the City of Ann Arbor turned over to the County Treasurer for collection in 2008 increased 43%; and

WHEREAS, the County Treasurer initiated partnerships with MSU Extension and Community Development to prevent mortgage foreclosure and to offer supportive services for those foreclosures that cannot be prevented, and

WHEREAS, there is an emergent need in the City of Ann Arbor for individual mortgage foreclosure prevention counseling and intervention and community financial literacy education; and

WHEREAS, the City of Ann Arbor has agreed to provide funding; and

WHEREAS, this effort meets County goals to prevent homelessness and retain affordable housing; and

WHEREAS, the individual hired in this position will work exclusively with customers in jeopardy of losing their homes due to mortgage foreclosure and will assist in a variety of ways including financial literacy and community education and prevention efforts, home visits, budget assistance, referral to and advocacy with various social work, mental health, legal services, or other help agencies, documentation for and preparation of loan and grant documents for payment of mortgage arrearages, negotiating work-out plans and other refinancing options with their mortgage company, and enrollment for the Washtenaw Health Plan; and

WHEREAS, this matter has been reviewed by Washtenaw County MSU Extension, the County Treasurer, Community Development, Corporation Counsel, the Finance Department, Human Resources, the County Administrator's Office, and the Ways & Means Committee; and

WHEREAS, Washtenaw County MSU Extension, the County Treasurer, and Community Development requests the creation of one Mortgage Foreclosure Prevention Specialist I/II/III position within Washtenaw County MSU Extension to be funded with funds from the City of Ann Arbor for budget years 2008-2009, contingent upon receiving funding from the City of Ann Arbor.

NOW THEREFORE BE IT RESOLVED that the Washtenaw County Board of Commissioners hereby authorizes the creation of one Mortgage Foreclosure Specialist I/II/III position to be located within Washtenaw County MSU Extension and to work in coordination with the Washtenaw County Treasurer to be funded with funds from the City of Ann Arbor for budget years 2008-2009, contingent upon receiving funding from the City of Ann Arbor:

Position #	Title	Grade	Group	Create
1973-0002	Mortgage Foreclosure Prevention Specialist I/II/III	19/21/23	11	1.0

BE IT FURTHER RESOLVED that the Washtenaw County Board of Commissioners hereby authorizes the creation of an Intake Specialist model (temporary and internship positions) coordinated jointly by the Washtenaw County Treasurer and County MSU Extension to be funded with funds from the City of Ann Arbor for budget years 2008-2009, contingent upon receiving funding from the City of Ann Arbor.