



Helping Michigan's Hardest-Hit Homeowners

MICHIGAN HOMEOWNER ASSISTANCE NONPROFIT HOUSING CORPORATION (MHA)
STEP FORWARD MICHIGAN
PO BOX 30632, LANSING, MICHIGAN 48909-8132
PHONE: (866) 946-7432 FAX: (517) 636-6170
WWW.STEPFORWARDMICHIGAN.ORG

Frequently Asked Questions

1. What is the Michigan Hardest Hit Fund® loan program?

Michigan's Hardest Hit Fund® loan program, also known as *Step Forward Michigan*, is a federally funded loan program designed to help eligible homeowners who are struggling with their mortgage, condo association fees, and/or property taxes retain ownership of their primary residence. Learn more by reviewing the [ABOUT THE PROGRAM](#) summary and the [DO I QUALIFY](#) worksheet provided at www.stepforwardmichigan.org.

2. What are the homeowner eligibility requirements for Michigan's Hardest Hit Fund® program?

- Homeowners must meet all of the following requirements:
- Be a Michigan resident
- Have an ownership interest in the property and be able to authorize new mortgage lien on property
- Occupy the property as their primary residence, presently and at the time of the qualifying involuntary hardship event
- Have experienced a qualifying involuntary hardship (see FAQ #12) that caused the delinquency
- Have income necessary to sustain ongoing mortgage, condo association fees, and/or property tax payments (see FAQ #9 & 13)
- Have limited cash reserves no greater than \$10,000 (see FAQ #10)

Homeowners are **NOT** eligible if they have:

- A conviction within the last 10 years on a financial-related felony; including larceny, theft, fraud, forgery, money laundering and/or tax evasion

3. What are the property eligibility requirements for Michigan's Hardest Hit Fund® program?

Homeowners' primary residence must be located in Michigan and can be any of the following types of structures:

- A single-family home
- A single-family condominium (attached or detached)
- A manufactured or mobile home (single or doublewide) on a foundation, permanently affixed and taxed as real estate (a recorded Affidavit of Affixture of Manufactured Home may be requested)
- 1-4 unit residential properties are eligible if one unit is occupied as primary residence of homeowner
- Not currently listed for sale or have a pending purchase agreement

The property is **NOT** eligible if; currently or at the time of the qualifying hardship event is

- A vacation property or second home
- An investment property (except 1-4 unit residential properties as listed above)
- Abandoned, vacant, or condemned property
- A commercial property
- A mobile home located on rented land or in a mobile/manufactured home park
- Not owned by the person applying for assistance
- Held in Trust or held in a business name
- Has an active land contract
- The property has been foreclosed. This is the Sheriff Sale date for non-judicial foreclosure or the date a Foreclosure Judgment is entered for judicial foreclosure actions.
- Secured by a senior lien that is not current or cannot be brought current using program funds
- Secured by a lien that has been charged off



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4. What are the requirements for the debt(s) being paid by Michigan's Hardest Hit Fund® program?

Homeowners may be eligible for a Hardest Hit Fund® loan if the entity to be paid is:

- A mortgage servicer, county treasurer, or condo association listed on the Participating Partner list and agrees to receive program payments
- The unpaid mortgage principal balance must be equal to or less than \$729,750
- The debt being paid must not be in a charged off status

Homeowners are NOT eligible if the debt:

- Is a land contract transaction or privately held mortgage
- Is not active or is a charged off debt
- Has been foreclosed. This is the Sheriff Sale date for non-judicial foreclosure or the date a Foreclosure Judgment is entered for judicial foreclosure actions

5. Are Michigan's Hardest Hit Fund® programs limited to homeowners who are delinquent?

Yes, the program can provide funds to help a homeowner catch up on a delinquent mortgage, property taxes, or condo fees.

6. Is there a minimum or maximum delinquency required?

Any amount that is outstanding/past due to a Participating Partner can be considered, up to the program maximum of \$30,000.00.

7. How do I apply for Hardest Hit Funds® assistance?

Apply online at www.StepForwardMichigan.org. This site contains a helpful [Do I Qualify](#) guide to help determine if the program is right for you. Click APPLY NOW and follow the step-by-step instructions. Once you complete the online questions, simply print and follow instructions to submit the application with required supporting documents. If you do not have access to a computer, you may contact our toll free number at 866-946-7432 for assistance.

8. Can someone help me complete the application?

Yes. Any third party may assist you with the application, however a fee cannot be charged to the homeowner for this assistance. The homeowner must sign the application documents and be available to answer any questions regarding their application. Written approval from the homeowner is required before the Program can share, release, or discuss any information about the application with a third party.

9. What documentation is needed to support the program income requirements?

Sufficient documentation must be submitted to show the monthly housing expense is sustainable.

Below is a list of various forms of income and examples of standard documentation that may be used;

- *Wages*: Recent paystub reflecting employer name, gross earnings, and year to date earnings
- *Self Employed Income*: Recent federal income tax return and as applicable, the business tax return, and profit/loss statement
- *Benefit or Pension Income*: Award statement showing amount and frequency, and recent bank statement showing deposits
- *Rental Income*: Recent federal income tax return and as applicable, the business tax return, current lease agreement, and recent bank statement showing deposits
- *Investment Income*: Recent investment statements and recent bank statement showing deposits
- *Alimony or Child Support*: Copy of divorce decree or court order and recent bank statement showing deposits
- *Supplemental Assistance*: Supplemental assistance program award statement, such as food or cash assistance, showing amount and frequency and recent receipt. This amount may be considered if homeowner is also receiving other income.

10. What documentation is needed to support the program asset requirements?

All applicants that sign the application must indicate the balance of any liquid cash reserves that are held in a depository account; such as certificates of deposit, checking, saving, money market, debit, demand deposit, and NOW accounts on the loan application. A recent statement from these account that reflects the financial institution's name, account number, owner(s) name, current balance, and a 30 day transaction history may be required. Additional supporting documentation or details may also be required to explain any transfers, withdraws, or large transactions shown in statements provided.



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11. What information is needed in the required hardship affidavit?

The hardship affidavit is a statement that clearly describes *how* a qualifying involuntary hardship reduced gross household income or led to a significant expense that impacted the homeowner's ability to pay and *caused* the delinquency. Using dates, amounts, and details of *what* happened and *when* it happened are critical to understanding how the involuntary hardship referred to in FAQ #12 caused the delinquency. Additional supporting documentation or details may be required to explain how the qualifying hardship was involuntary and how it directly impacted the homeowner's ability to maintain mortgage payments, property taxes, or condo fees.

12. What is a "qualifying involuntary hardship"?

A *qualifying involuntary hardship* is an unexpected event beyond the homeowner's control that caused the delinquency or has impacted the homeowner's ability to maintain payments. The date of the hardship event that caused a delinquency must be prior to and within 24 months of the onset of the delinquency. Below is a list of allowable hardships and the associated definition or documentation requirements:

| <u>Allowable Hardships</u> | <u>Definition/Documentation</u> |
|----------------------------|--|
| Unemployment | Loss of employment documented by proof of the receipt of Michigan UIA Benefits. |
| Underemployment | Documented 20% reduction of year to year gross household income. |
| Divorce | Significant reduction of gross household income due to a divorce. OR Significant out-of-pocket legal expenses due to a divorce. |
| Medical | Significant reduction of gross household income due to the medical condition of an applicant, spouse, child, parent, or legal dependent. OR Significant increase in out-of-pocket medical expense due to the medical condition of an applicant, spouse, child, parent, or legal dependent. |
| Death | Significant reduction of gross household income due to the death of a spouse, child, parent, or legal dependent. OR Significant out-of-pocket funeral related expenses due to the death of a spouse, child, parent, or legal dependent. |
| Other | Significant one-time, out-of-pocket critical expense due to one of the following; repairs necessary for the safety or livability of applicant's primary home, repairs to applicant's primary vehicle, or if applicant has been a victim of fraud. |



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13. What does Michigan's Hardest Hit Fund® program consider to be a "sustainable" monthly payment?

Hardest Hit Funds® can only be used if a homeowner can sustain their monthly payments. A *sustainable* payment is a monthly housing expense [monthly mortgage payments + the monthly condo fees (if any) + 1/12 of the annual property tax amount] that is less than or equal to 45% of the homeowner's gross household income.

14. Can homeowners qualify for more than one program loan?

No; homeowners can only be approved for one program loan. If homeowners had previously received Hardest Hit Fund® assistance, they cannot reapply.

15. Can Hardest Hit Fund® help with multiple debts?

Yes; multiple Participating Partners can be paid with Hardest Hit Funds® at the same time, using one Hardest Hit Fund® loan. For example; the program can assist simultaneously with a mortgage, property taxes, and condominium fees.

16. Can I apply again if I withdrew or never completed my prior application for a Hardest Hit Fund® loan?

Yes; homeowners that withdrew their prior application may reapply. To reapply, it is necessary to provide up to date information on your existing online application. Simply click "LOGIN" in the toolbar on the www.stepforwardmichigan.org website and login using the e-mail address you originally registered with us. You will need to print the updated application and submit it with updated documentation outlined on the application checklist.

17. Can I apply again if my prior application for a Hardest Hit Fund® loan was declined?

Yes; homeowners that were previously determined to be ineligible may reapply. To reapply, it is necessary to provide up to date information on your existing online application. You will need to print the updated application and submit it with updated documentation outlined on the application checklist. Because you were previously determined to be ineligible, an explanation and documentation that reflects how the declination reason is no longer applicable must be provided.

18. How do I apply for Property Tax Assistance?

You must complete the standard Hardest Hit Fund® application online and submit copies of your recent tax bills reflecting the amount owed and your parcel number. The program can pay amounts past due on current year taxes if the County Treasurer agrees to accept current year payments.

19. Who is required to sign the application?

All persons who own the property and their spouse, and all persons that have an obligation to pay the debt being considered for Hardest Hit Funds® assistance are considered to be "required applicants" and must jointly apply, sign, and provide required documentation.

20. Why do others have to apply and sign the Hardest Hit Fund® documents, if I am the only one on title or responsible for the debt?

Any individuals with an ownership in the property, marital interest in the property, or that have a financial responsibility for the debt that being paid with Hardest Hit Fund® are considered to be receiving a financial benefit from the Hardest Hit Funds® and must participate in the application process.

21. What happens once the online application is complete?

Once you have completed the online application, you must print the application package and submit it to us along with the supporting documentation; just follow the directions on the cover page of the application package. You will then be contacted by an advisor or counselor to review your request for assistance.



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22. How long will it take to consider my application?

We will work with you to make sure you have submitted everything we need to make a decision. Once you have submitted a complete application, you will be informed that we are contacting the Participating Partner to confirm they can accept you to the program. Although some cases may take more or less time because of the unique factors surrounding the application, the process typically takes about 30 to 90 days to complete.

23. Am I eligible if I have filed bankruptcy?

Yes, homeowners who have filed for bankruptcy protection may be considered for assistance if you receive authorization from the Bankruptcy Court or Trustee or if the case has already been dismissed or discharged, and if the Participating Partner agrees to accept Hardest Hit Funds® toward your delinquency. (See attached Information for Bankruptcy Clients)

24. How can I find out if my lender/servicer, condo association, or county treasurer is participating?

A list of Participating Partners that have signed our Participation Agreement is available on the website www.StepForwardMichigan.org.

25. What if my lender/servicer, condo association, or county treasurer is not participating?

Request to pay amounts owed to a non-participating lender/servicer, county treasurer, or condo association cannot be considered. Contact your lender/servicer, condo association, or county treasurer and let them know about the Hardest Hit Fund® loan program. Encourage them to contact us or visit our website to learn more about the program.

26. Are mortgage lenders/servicers, county treasurers, and condo associations required to participate in the Hardest Hit Fund® program?

No; their participation is voluntary. We can only consider your application if they have signed our Participation Agreement. The Participating Partners also have the option to accept or deny funds on a case-by-case basis based on their internal criteria for acceptance of Hardest Hit Funds. Contact your lender/servicer directly with any questions regarding their criteria for acceptance into the program.

27. How does my lender/servicer, condo association or county know that I have applied for assistance?

As we process your application for the Hardest Hit Fund® program, we will contact your lender/servicer, condo association or county directly to inform them. Your lender/servicer, condo association or county will determine on a case-by-case basis if they can accept you into the program. If accepted by their office, they will provide us with a quote of the total amount owed and other information necessary for us to make a final approval determination.

28. What can Hardest Hit Funds® be applied to by the lender/servicer, condo association or county?

Hardest Hit Funds® may be used to pay any amounts owed by the Homeowner to the Participating Partner except late charges and NSF fees. Such as; mortgage payments, escrow shortages, lender/servicer corporate advances, mortgage principal, delinquent condominium association fees, delinquent property taxes, and the interest, fees and cost associated with a property tax default. The servicer/lender must waive all accumulated late charges and non-sufficient funds (NSF) fees.

29. When does my lender/servicer, condo association or county receive payment and apply the Michigan Hardest Hit Funds®?

Approximately two weeks after you have been approved, signed, and returned the required Hardest Hit Fund® Mortgage and Note; we will schedule funds to be sent directly to your lender/servicer, condo association and/or county. The lender/servicer, condo association or county is required to apply funds timely; this typically occurs within 14 days; however, sometimes it may take longer for you to see it on your account. Contact your lender/servicer, condo association or county if you have questions regarding the application of funds.

30. How are payments sent to my lender/servicer, condo association or county?

All funds are sent electronically to the bank account established by the Participating Partner to accept payments and are usually sent as a one-time, lump sum payment.



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31. Who do I contact to confirm funds are applied to my mortgage or property taxes?

Contact your lender/servicer, condo association or county directly for confirmation of their receipt and application of Hardest Hit Funds®.

32. What are the terms of the Hardest Hit Fund® loan?

Homeowners must sign a Hardest Hit Fund® Mortgage and Note. The loan note is zero percent interest, requires no monthly payments, is a non-amortizing loan, and is forgivable over a five-year period at a forgiveness rate of 20 percent per year as long as you are occupying the property as your principal residence. The balance of the loan is due upon sale or transfer of the property, or when the property ceases to be your principal residence.

33. When do I have to pay back the Hardest Hit Fund® loan?

The terms of the Hardest Hit Fund® zero percent interest loan, requires no monthly payments, and the amount borrowed is fully forgivable as long as you continue to occupy the property as your principal residence for five years. At the end of the five years, our mortgage lien will be removed. If you stop occupying the property as your principal residence prior to the end of the five years, the remaining balance is no longer forgivable. When you sell or transfer ownership of the property the remaining balance is due. Information is available on the attached document titled "Payoff Request Form".

34. How are Hardest Hit Funds® assistance reported to the IRS?

The amount of mortgage assistance paid on your behalf is reported on IRS Form 1098. A copy of IRS Form 1098 will be mailed to you by January 31st in the year following our disbursement(s). Hardest Hit Funds® are issued in the form of a loan and are not considered to be taxable income. Contact the IRS or your tax preparer directly with any questions related to IRS codes, regulations, or guidance.

35. Will this program impact my credit?

Your existing lender/servicer must continue to report factual information to the credit bureaus regarding the standing of your mortgage. We may obtain a copy of your credit report to validate your mortgage information, but we do not report to the credit bureaus.

36. Can I still refinance my primary mortgage if I am approved for this program?

Yes. We may consider subordinating our mortgage lien if you are approved by a lender for a new mortgage. If we are still actively making payments, our assistance will end once the old mortgage is paid off by the refinance transaction. Our assistance does not transfer to the new mortgage. You may choose to pay off the Hardest Hit Fund® loan when you refinance or request your lender to contact us with a subordination request. Information is available on the attached document titled "Subordination Request Instructions".

37. Can I get a Hardest Hit Fund® loan to assist with property taxes or other liens already due when I purchased the property?

No; Hardest Hit Funds® can only be used to assist with a mortgage lien, condo association fees or property taxes that became due since the homeowner purchased and began occupying the property. Liens or property taxes due prior to the purchase or that are owed by another individual must be paid in full before the current homeowner's application can be considered for assistance.

38. I previously had a Hardest Hit Fund® loan but no longer can afford to stay in my property, what do I do?

You can call your lender/servicer, condo association or county directly for assistance or visit the Michigan State Housing Development Authority's Help for Homeowners webpage at www.Michigan.gov/HelpforHomeowners to explore other options.

39. What assistance is available to homeowners who do not qualify for the Hardest Hit Fund® program?

You can call your lender/servicer, condo association or county directly for assistance or visit the Michigan State Housing Development Authority's Help for Homeowners webpage at www.Michigan.gov/HelpforHomeowners to explore other options.

40. Where can I find more information about the Hardest Hit Fund® program?

More information can be found by visiting the Michigan State Housing Development Authority Web site at www.michigan.gov/HardestHit or by calling toll-free 1-866-946-7432.



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Information for Bankruptcy Clients

This is a general letter for applicants who have or are considering filing for bankruptcy protection, but also would like to apply for a loan from the Step Forward Michigan program. This letter may be provided to their attorney and/or Bankruptcy Court to offer more information regarding the Step Forward Michigan program.

In 2010, the State of Michigan was awarded federal funds through the U.S. Department of the Treasury's Hardest Hit Fund® to provide financial aid to homeowners at risk of foreclosure. Through the Michigan State Housing Development Authority (MSHDA), a non-profit corporation was established called the *Michigan Homeowner Assistance Nonprofit Housing Corporation (MHA)* to design and oversee the Step Forward Michigan program.

Homeowners begin their application for Hardest Hit Funds® online at www.stepforwardmichigan.org. Homeowners may seek third party assistance with the application process, but cannot be charged a fee for that service. **Homeowners do not have to be delinquent on a mortgage to apply.** The program can assist with a combination of mortgage, property tax, or condominium delinquencies up to a combined \$30,000.00. Further program details and a list of participating mortgage, condo association, and county partners can be found online.

If approved for a Hardest Hit Fund loan, the funds must be paid directly to the Program Partner and applied toward amounts owed by the homeowner. Loan disbursements may be paid in one lump sum or a series of payments.

Homeowners must be able to execute a subordinate Mortgage Lien 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 property ownership 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 if the Program Partner agrees to accept Hardest Hit Funds® during a bankruptcy and one of the following is provided:

- 1) Acknowledgement from the Bankruptcy Court that the bankruptcy case has been dismissed or the debt has been discharged
- 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 that Hardest Hit Funds® assistance will be paid directly to the Program Partner

After receipt of the necessary Court documentation, the MHA will proceed with the homeowner's eligibility review. Authorization from the court itself does not guarantee program approval. If a homeowner is determined eligible, the MHA will contact the Program Partner to confirm the Partner's acceptance of the homeowner to the program. Once confirmed, the anticipated time needed for the debtor to execute the required lien documents and for the MHA to release Hardest Hit Funds® assistance is to the Program Partner 14 to 45 days.

If bankruptcy protection is filed after a homeowner has been already been approved for Hardest Hit Funds®, the Program Partner will need to determine the impact of the bankruptcy filing on the Partner's ability to accept and apply Hardest Hit Funds® to the debtor's mortgage loan. We encourage homeowners to contact the Program Partner directly to determine if the Partner will be able to continue to accept funds after a bankruptcy is filed.

10/01/2016



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Michigan Homeowner Assistance Nonprofit Housing Corporation (MHA) PAYOFF REQUEST FORM

Complete and return form to:

stepforward@michigan.gov Fax 517-636-6170

Subject Property Address: _____

Homeowner/Seller's Name: _____

Telephone Number: _____

Email Address: _____

Current Mailing Address: _____

Requester's Name/Company: _____

Telephone Number: _____

Email Address: _____

Date Homeowner/Seller vacated the property, if applicable: _____

Date of Foreclosure/Sale, if applicable: _____

Authorization to Release Information

I/We authorize you to provide the above Requester the Payoff Notice for our MHA Mortgage Lien.

Homeowner/Seller's Signature / Date

Homeowner/Seller's Signature / Date

Note: If this is a Short Sale transaction and there are insufficient funds to repay the MHA debt-in-full, please follow the Mortgage Release and Loan Settlement Request instructions.

6.1.2016



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SUBORDINATION REQUEST INSTRUCTIONS

The Michigan Homeowner Assistance Nonprofit Housing Corporation (MHA) may consider subordinating its lien position when a homeowner still occupies the property as their primary residence and is in the process of refinancing their existing mortgage (either a 1st and/or 2nd lien).

MHA will not subordinate its lien position if the homeowner is receiving cash back from the transaction OR if debt not secured by the subject property is being paid at closing.

MHA will review each request to subordinate its lien position, at no charge to the homeowner, and upon approval, will execute and return the Subordination Agreement provided.

Email the following required documents to stepforward@michigan.gov or fax to 517-636-6170. Approximate turn-around time is 5 to 7 business days from receipt of complete request package.

Items Needed:

- 1) Homeowner's signed Third Party Authorization (TPA)
- 2) Lender's Transaction Approval (Commitment letter, UW transmittal/1008, or AUS findings)
- 3) Loan Estimate/Closing Disclosure
- 4) Payoff Letter(s)
- 5) Title Commitment
- 6) Prepared Subordination Agreement with the following information:
Legal Name: **Michigan Homeowner Assistance Nonprofit Housing Corporation (MHA)**
Legal Address: **735 E Michigan Ave, Lansing, MI 48912**
Signor: **Katy Twining**
Title: **Authorized Agent**
- 7) Overnight Label or address for regular mail
- 8) Requester's name, company, telephone number and email address

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MORTGAGE RELEASE AND LOAN SETTLEMENT REQUEST INSTRUCTIONS

The Michigan Homeowner Assistance Nonprofit Housing Corporation (MHA) may consider accepting less than the total amount due to pay its outstanding loan balance and release its lien when the homeowner/seller is no longer able to remain in the subject property as their primary residence, such as, in a Short Sale, Sheriff Sale, or Deed-in-Lieu transaction.

Email the following required documents to stepforward@michigan.gov or fax to 517-636-6170. Approximate turn-around time is 5 to 7 business days from receipt of complete request package.

Items Needed:

- 1) Homeowner/Seller's signed Third Party Authorization (TPA)
- 2) Senior Lender's Short Sale Approval Letter or Payoff Letter
- 3) Homeowner/Seller's signed Hardship Letter stating what occurred after receipt of MHA assistance
- 4) Purchase Agreement, all addendums
- 5) Preliminary Closing Disclosure/Settlement Statement
- 6) Requester's name, company, telephone number and email address

Note: If there are sufficient funds to repay the MHA debt-in-full, please complete and send the Payoff Request Form.

6.1.2016