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LANSING

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Protecting Michigan's Citizens and Their Pocketbooks

Since taking office, Governor Jennifer M. Granholm has worked to protect Michigan's families by safeguarding their neighborhoods and their pocketbooks. In this time of economic challenge, when more and more families are feeling squeezed by rising prices and falling wages, we must do even more. And in these difficult days, we must make sure that our most vulnerable citizens – the young, the old, and the hurting – are not allowed to slip through the cracks of our health, education, and financial systems.

In her State of the State address, Governor Granholm outlined additional measures her administration will take this year to protect Michigan families.

Helping Michigan Families Keep their Homes

While the foreclosure crisis is not unique to Michigan, too many of our families are facing the unthinkable: the loss of their home. Close to 91,000 Michigan families could face foreclosure in the next two years. A rising foreclosure rate threatens both our families' economic security and our state's economic well-being.

Michigan needs new tools to protect against foreclosure, including more effective outreach to homeowners in trouble, safeguards against predatory lending practices, and help for neighborhoods hit hardest by the foreclosure crisis.

It is vital that we strive for consistency in foreclosure prevention initiatives nationwide. In the coming months, we will work closely with the Obama administration to find solutions at the national level, but we must take steps now to prevent more Michigan families from losing their homes.

Governor Granholm has asked the Legislature to pass the Michigan Home Foreclosure Prevention Act to help homeowners with subprime mortgages avoid foreclosure. The new law will provide a freeze on foreclosure proceedings for up to 90 days and require the lender and borrower to participate in mediation if there is any possibility of finding a workable solution.

The Michigan Home Foreclosure Prevention Act will:

- require borrowers of subprime loans to receive at least 45 days written notice before foreclosure proceedings can begin;
- authorize the Office of Financial and Insurance Regulation (OFIR) to extend the filing date for a foreclosure for up to 90 days and/or require the lender and borrower to participate in mediation;
- encourage lenders to find ways to help borrowers stay in their homes; and
- identify and contact troubled borrowers to inform them of resources available to assist them, including connecting them to a Michigan State Housing Development Authority (MSHDA)-approved mortgage counselor.

We also must pass new laws to prohibit the predatory lending practices that contributed to this crisis and to strengthen protections for consumers. We cannot allow lenders to make loans without regard to a borrower's ability to pay.

Helping At-Risk Energy Customers

The gap between energy costs and energy affordability is larger than it has ever been. The fate of an elderly man who froze to death in his home after his power was turned off reminds us all that utility company shut-offs can have tragic consequences. In a time of severe economic challenge, we must act immediately to protect the health and safety of our most vulnerable households.

Governor Granholm has asked the Public Service Commission (PSC) to quickly enact a ban on utility shut-offs for seniors, people with disabilities, and low or no-income households for the remainder of this winter. The governor also asked the Legislature to ensure that this protection extends to customers of municipal utilities that are not subject to the PSC's authority. The new rules will:

- ban winter shut-offs for all senior and other vulnerable utility customers, such as those who are physically or mentally challenged in the state;
- expand the winter protection program to include low or no-income households, up to 200 percent of the poverty level;
- ensure that the unemployed are offered Winter Protection Plans – affordable payment agreements negotiated to avoid shut-offs; and
- require all utilities in the state to participate in the Gatekeeper Program in which utility workers help identify and refer isolated, at-risk elderly citizens who might be in need of extra assistance.

Reforming Auto Insurance

Affordable auto insurance is critical to growing strong cities and a thriving economy. But at a time when we can least afford it, Michigan consumers are paying among the highest auto insurance rates in the nation. As a result, auto insurance rates in Michigan have increased 69 percent since 1989.

Michigan consumers deserve the same protections drivers in other states enjoy. Governor Granholm has called on every auto insurance company to freeze rate increases for 12 months to allow the legislature time to enact comprehensive insurance reform. Michigan's Insurance Consumer Advocate is expected to announce recommendations to preserve No Fault's essential health care benefits while expanding consumer choice and strengthening insurance industry oversight. The governor called on lawmakers to act on the Insurance Consumer Advocate's recommendations to make Michigan insurance rates more affordable and hold insurance companies increasingly accountable.

The governor also directed OFIR to take necessary administrative action to strengthen oversight and accountability of the insurance industry to ensure that rates are set fairly if voluntary rate freezes are not enacted.

Keeping College Affordable

Governor Granholm has called on the state's universities and community colleges to freeze tuition for the 2009-2010 academic year. With families across Michigan making do with less, we cannot allow tuition hikes to make college even more unaffordable for our students – especially when we are pressing for more kids to go to college. The governor will include the freeze on tuition in her executive budget recommendation later this month.

Maintaining the Safety Net

In the face of repeated budget deficits totaling more than \$6 billion, Governor Granholm has refused to take the easy way out by denying health care to our most vulnerable citizens. The governor has insisted on tough cuts, but she has not cut health care to a single child, senior citizen, or person with disabilities.

In her State of the State address tonight, the governor reaffirmed that although we face another budget challenge this year, she will continue to protect health care for the vulnerable. Denying health care to a fragile few only shifts the costs to those fortunate enough to have health care coverage.