WAYNE COUNTY TREASURER'S OFFICE

TAX FORECLOSURE PREVENTION GUIDE

AN ILLUSTRATED GUIDE TO HELP WAYNE COUNTY RESIDENTS STAY IN THEIR HOMES

WAYNE COUNTY TREASURER'S OFFICE | OCTOBER 2020

A resource for helping Wayne County residents

STAY IN THEIR HOMES

INTRODUCTION

Facing property tax foreclosure may be overwhelming. This year, many residents from all over Wayne County are at risk of losing their homes. However, there are many resources available to assist homeowners. The Wayne County Treasurer's Office, the City of Detroit, and a few other partnering organizations offer several programs, all with the main goal of keeping residents in their homes.

This guide can serve as a resource to homeowners and renters. It provides clear information about the tax foreclosure process and can connect individuals to the most appropriate resources for their unique situation.

Current residents should stay in their homes while they continue to learn more about their options.

How are property taxes determined?

CALCULATING PROPERTY VALUES AND ASSESSED TAXES

All property owners in Wayne County must pay annual property taxes, which are divided into summer and winter payments. The property tax money pays for public services such as schools, streetlights, city services and other special funds, such as the Detroit Institute of Arts. Taxable value is determined by the "market value" and the "assessed value" of the property.

The amount of money owed for each property is based on the taxable value of the property. However, the word “value” can have several different meanings when referring to properties.

The **market value** is the price a property would sell for in the open market. Sales from foreclosures or transfers to family members at below-market prices are not considered.

The **assessed value** is 50% of the market value of a property. The city assessor determines and sets this value.

After the city sets an assessed value, the state treasurer reviews the amount and confirms that it is 50% of the market value. After it has been confirmed, this is called the **State Equalized Value (SEV).** Generally, the assessed value and the SEV are the same.

The **taxable value** determines the amount of a property owner’s tax payment. The taxable value can never be more than the SEV (50% of the market value of a property). Generally, the taxable value of a property increases at either the rate of inflation or 5%, whichever is lower. However, when a property is sold, its taxable value resets to the current SEV.

Example of calculating Taxable Value (Market Value of $50,000)

MARKET VALUE (NEW PURCHASE)	ASSESSED VALUE	STATE EQUALIZED VALUE
$50,000	$50,000 x 50%	The state reviews the city’s assessed value amount and confirms that it is 50% of the market value. The assessed value and the SEV are usually the same.
Taxable Value can never be more than 50% of the SEV.	$25,000 Taxable Value	

RESIDENTIAL PROPERTY TAX RATES

Mills are the unit used to calculate taxes owed on a property. One mill is equivalent to one-tenth of one cent, or $.001. The current millage rate in Detroit is 87.62. This means that for every $1,000 of taxable value, a homeowner pays $87.62 in taxes.

Homeowners who occupy their property as a main residence qualify for the **Principal Residence Exemption (PRE).** This exemption lowers tax rates by 18 mills, or 21% of all property taxes owed.

To apply for the PRE, complete the online affidavit form found at **www.michigan. gov/documents/2368f_2605_7.pdf**, and file with the local Assessor's office. In the City of Detroit, the affidavit should be filed with the **City of Detroit's Assessment Division** (2 Woodward Ave., Suite 804, Detroit | 313-224-3011). The affidavit must be filed before June 1 to receive the exemption for summer taxes, or before November 1 to receive the exemption for winter taxes.

Homeowners do not need to reapply once they have received the PRE.

Example of calculating property taxes for a home with a taxable value of $25,000 (market value of $50,000)

STANDARD RESIDENTIAL TAXES	RESIDENTIAL TAXES CLAIMING PRE	
$25,000.00	$25,000.00	Taxable value
X 0.001	X 0.001	One mill
25	25	Taxable thousands
X 87.62*	X 69.62*	Millage rate
$2,190.50	$1,741.50	Annual taxes owed

*Source: State of Michigan Department of Treasury website; Property Tax Estimator Tool

How does foreclosure work?

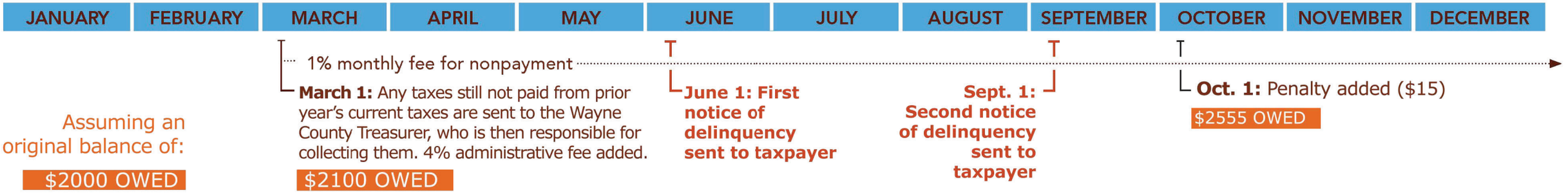
WHAT IS PROPERTY TAX FORECLOSURE?

Property Tax foreclosure is the result of a three-year process by which the foreclosing unit takes ownership of a property because the property owner has not made their payments. The process is designed so that governments can ensure that all delinquent property taxes are being collected, but it never anticipated the widespread hardship that many residents are facing. The Wayne County Treasurer's Office has implemented programs to address these hardships and avoid foreclosures.

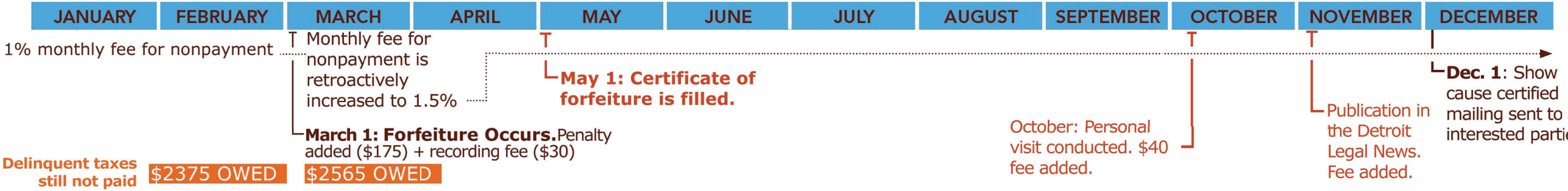
The Tax Foreclosure Process

In order to clearly show how tax foreclosure works, this guide follows one example through every step of the process. The taxes and penalties are all based on a house with a taxable value of $25,000 (market value $50,000).

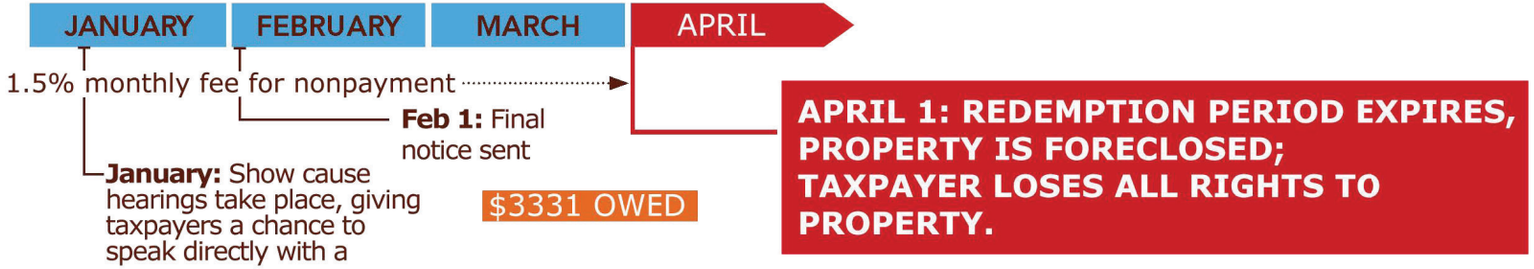
YEAR 1 — EXAMPLE OF TAX FORECLOSURE PROCESS



YEAR 2



YEAR 3



Forfeited taxes still not paid $2989 OWED

After **April 1st** of the third year, the Wayne County Treasurer takes the deed to the foreclosed property and holds the legal title to the property. While residents may still be able to work with the Wayne County Treasurer to pay back their taxes, it becomes much more difficult due to time constraints and the urgency of the upcoming tax auctions, as the Treasurer must follow state law.

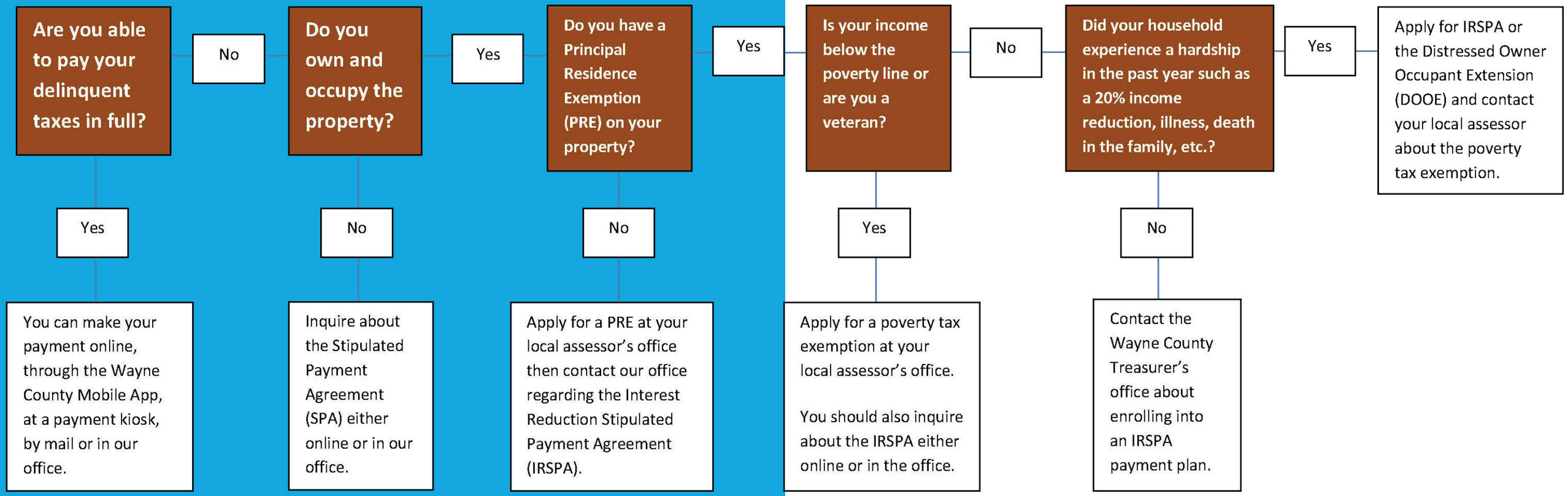
In July, any properties that the Wayne County Treasurer still holds title to will be offered to the State, the City/Township and County for purchase. In September any properties that the Wayne County Treasurer still holds title to will be offered at a public auction for the minimum bid which is the total amount of delinquent taxes and fees owed. If the property is not purchased in the first auction, the property enters the second auction in October where the starting bid is $500. If you lost your property to foreclosure, you cannot buy your property back at either auction.

What do I do to avoid foreclosure?

PROPERTY OWNERS TURN TO PAGE 18.

RENTERS TURN TO PAGE 20.

OPTIONS FOR PROPERTY OWNERS



Program descriptions are on page 21.
Agency contact information is on page 24.

OPTIONS FOR RENTERS RESIDING IN FORECLOSED PROPERTIES

Contact the **Wayne County Treasurer** to ask if the property you reside in has been removed from the tax foreclosure process.

Is the property still undergoing tax foreclosure?

- No → Tax issue is resolved
- Yes → **Are you interested in owning the property you live in?**
  - No → Monitor the parcel and if the parcel gets foreclosed on, begin looking for a new residence.
  - Yes → **Is your income below the poverty line?**
    - No → Contact **Michigan Legal Services** to learn about your options for purchasing the property
    - Yes → Contact **The Legal Aid and Defender Association** to learn about your options for purchasing the property

Agency contact information is on page 24.

Resources

Distressed Owner-Occupant Extension: Homeowners experiencing financial hardship can get a one-year extension on paying back taxes if the unpaid taxes go back no further than 2012 and is not currently in an unpaid plan.

Poverty Exemption: A tax exemption available to low-income owner-occupants by contacting the City Assessors Office or the Board of Review.

Step Forward: A program designed to assist eligible homeowners with their property taxes to help them retain homeownership.

Show Cause Hearings: This year, the Show Cause Hearings will be held remotely, by appointment only. To make an appointment go to our website at www.treasurer.waynecounty.com and click on "Make an Appointment". You will then be transferred to our appointment page. In the "Choose Appointment" section click on "Show Cause", choose your date and time and follow the instructions on the page. At the show cause hearing, homeowners can seek to have the foreclosure overturned for reasons such as an erroneous assessment, the parcel was exempt, the legal description is incorrect, the owner is a minor, or limited other reasons.

Who can I contact for help?

Resources for Property Owners

City of Detroit

Principal Residence Exemption Complete the online form found at www.michigan.gov/documents/2368f_2605_7.pdf and file with:
City of Detroit Assessment Division
2 Woodward Avenue, Suite 804
Detroit, Michigan 48226
(313) 224-3011

Request a new assessment *in person* from the **City of Detroit Assessment Division** (contact information above). Requests must be made during the first two weeks of February.

Apply for a **Hardship Exemption** to alleviate taxes. The application is available online at http://www.detroitmi.gov/Portals/0/docs/legislative/propertyassessment/Hardship-RequestforApplication.pdf and at the **City of Detroit Assessment Division** (contact information above).

All other Municipalities

Contact your local assessor's office

Get into a payment plan

Wayne County Treasurer's Office
Apply online at treasurer.waynecounty.com or by email at WCTOPaymentPlans@waynecounty.com.
Apply in person BY APPOINTMENT ONLY:
400 Monroe Street, 5th Floor,
Detroit, Michigan 48226
(313) 224-5990
General Questions: taxinfo@waynecounty.com

Wayne Metropolitan Community Action Agency
7310 Woodward Avenue Ste. 800
Detroit, Michigan 48202
www.waynemetro.org
(313) 388-9799

Financial Empowerment Center
DetroitFEC@detroitmi.gov
Call (313) 322-6222

United Community Housing Coalition
2727 Second Avenue
Detroit, Michigan
www.uchcdetroit.org
(313) 405-7226

U-SNAP-BAC
14901 East Warren Avenue
Detroit, Michigan 48224
www.usnapbac.org
(313) 640-1100

Resources for Renters

United Community Housing Coalition
2727 Second Avenue
Detroit, Michigan
www.uchcdetroit.org
(313) **405-7726**

Michigan Legal Services
2727 Second Avenue
Detroit, Michigan 48226
milegalservices.org
(313) 964-4130

Legal Aid and Defender Association
613 Abbott, Suite 1
Detroit, Michigan 48226
(313) 967-5555

William Booth Legal Aid Clinic
3737 Lawton
Detroit, MI 48208
313-361-6340

Review the **Michigan Landlord Tenant Act** at www.legislature.mi.gov/publications/tenantlandlord.pdf

Resources for Veterans

Wayne County Veterans Services
400 Monroe Street, Suite 405
Detroit, MI 48226
(313) 224-5045

Michigan Department for Military & Veterans Affairs
3411 North Martin Luther King Jr.
Boulevard Lansing, Michigan 48906
(517) 481-7564
www.michigan.gov/dmva

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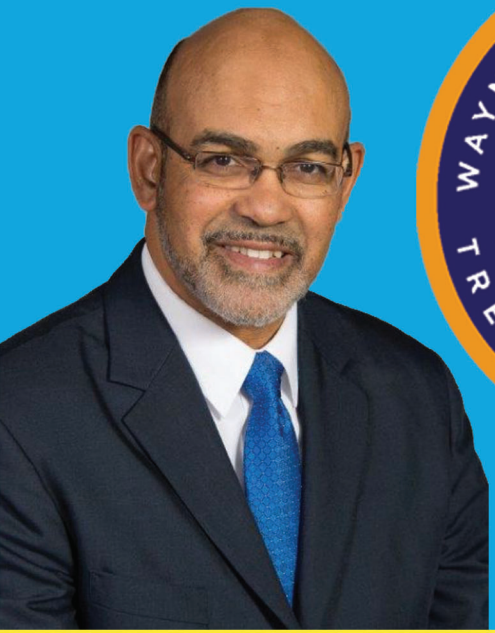

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