

Faith-based effort to avert foreclosures

Carolyn Said, Chronicle Staff Writer

Tuesday, October 28, 2008

(10-27) 21:12 PDT -- About 500 congregants and clergy from Bay Area churches packed into Holy Rosary Parish hall in Antioch on Monday night for a spirited town hall meeting to demand a broad-based approach to helping people avoid foreclosure.



"Our purpose is to stand up for real change," said Raul DeAnda, a church member addressing the packed room of men, women and children, many waving colorful flags with slogans in English and Spanish, such as "families first" and "good business sense." A strong desire for action was palpable in the prayers and testimony from foreclosed homeowners. There was also some anger stemming from a backlash against the massive bailout bill enacted by Congress this month. While the \$700 billion legislation assists financial institutions, it does not include specific provisions for struggling homeowners.

The theme of helping families, not just bankers, underlay many of the evening's speeches.

The meeting, which was Webcast to supporters in 20 cities, kicked off a national, faith-based campaign by PICO National Network, an affiliation of 1,000 congregations nationwide based in Oakland.

PICO, which stands for People Improving Communities Through Organizing, calls for a systematic approach to modifying problematic mortgages instead of treating them on a case-by-case basis. With 1.2 million homes nationwide already lost to foreclosure and another 2.2 million at risk over the next year, it is urgent to "stop the bleeding," both to save homes and to help stabilize the housing market, PICO says.

Similar events are planned in Missouri, Florida, New York and Massachusetts, to be followed Nov. 17-19 by a meeting in Washington with leaders from Congress, the Treasury Department and the Federal Deposit Insurance Corp.

"In November, hundreds of people will go to Washington, D.C., with one common message: Work with us," said Gloria Cooper, an organizer with a PICO affiliate in San Diego, to the cheers of the crowd. "We want to keep our families in their homes."

The group wants Treasury to require banks that receive bailout money to adopt protocols that would keep more people in their homes, such as lowering interest rates and reducing balances to make payments affordable.

A growing chorus

The faith-based groups join a growing chorus calling for streamlined modification of troubled mortgages. FDIC Chair Sheila Bair has championed the idea in testimony on Capitol Hill. Bair used such an approach for borrowers of IndyMac Bank after the FDIC took it over this summer. Congressional Democrats now say other banks should follow that example.

Despite the groundswell of support, mass loan modifications still face obstacles, including the inability of some borrowers to make payments of any reasonable size, and the fact that most loans have been divided into complex financial instruments owned by many investors.

"This is the first real gathering of the faith community on this issue, but it also includes community organizations and people affected at the grassroots level," said Adam Kruggel, director of Contra Costa Interfaith Supporting Community Organization, an affiliation of 25 congregations, which co-sponsored the event. After meetings throughout the county over the past year, his group identified "foreclosure as the most important and urgent issue we needed to work on," he said.

"I've heard countless stories of families whose mortgage payments ballooned out of control; they could not contact their lender; they could not renegotiate to stay in their home," Kruggel said.

Contra Costa County, particularly the eastern section, where rampant overbuilding occurred, has been hit hard by the foreclosure crisis. More than 3,660 Contra Costa homes were repossessed by banks in the third quarter, the most of any Bay Area county. Another 4,100 households received notices that they were in default on their mortgages in the same time period.

Crime increasing

"It is devastating," said Contra Costa Supervisor Federal Glover, speaking before the event. "We have a lot of people that have done well for years that are now finding themselves homeless because they've been foreclosed on. We also see an increasing crime rate and blight in communities."

Glover and other county officials pledged to pressure banks "to be creative and find ways to help people stay in their homes."

A representative from Bank of America/Countrywide was greeted with cheers when he took the microphone to say that his bank would try to work with borrowers.

Kevin Stein, associate director of the California Reinvestment Coalition, said the growing momentum behind the idea of streamlined loan modifications comes in tandem with the continued growth of foreclosures and their ripple effect.

"For more and more people, reality is starting to set in that foreclosures just keep increasing and this is having devastating consequences," he said, speaking before the event.

Paul Leonard, director of the California office of the Center for Responsible Lending, said the involvement of the faith-based community is "natural and welcome."

Besides the FDIC's example at IndyMac, the recent settlement between state attorneys general and Bank of America/Countrywide provides another model for policymakers to consider in crafting better approaches to stemming foreclosures, Leonard said.

In that settlement, announced early this month, BofA said it would provide up to \$8.4 billion in interest rate and principal reductions on as many as 400,000 mortgages nationwide plus more than \$200 million in aid for those who have suffered or face foreclosure.

"The fact that the federal government is investing so much money without an apparent clear focus on the need of preventing foreclosure draws a clearer picture of what is needed for many who are worried about the broader economic consequences of foreclosures as well as the neighborhood and personal tragedies," he said.

To learn more

For more information about the campaign by People Improving Communities Through Organizing, go to www.piconetwork.org or www.ccisco.org.

E-mail Carolyn Said at csaid@schronicle.com.