



Creating Opportunities

California

Human Development

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Celebrating Over 40 years of Creating Opportunities

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**American Recovery and Reinvestment Act –
Foreclosure Counseling – Saving Homes in this Economy**

Sonoma County's residents continue to suffer from home foreclosures and job losses. Stunned, newly homeless families and individuals are filling shelters, standing in food lines, and struggling to find their way back to stable housing. Preventing the loss of homes is the first line of defense assisting the community and California Human Development offers no-cost foreclosure counseling.

California Human Development Foreclosure counseling staff handles 60 clients. Many are in trouble due to income losses. Some have medical bills or have recently lost a spouse. All are desperate. About half the clients come from Santa Rosa. Most are Hispanic, speak only Spanish, and had been targeted by scam "rescue" artists who took up to \$5,000 and never delivered on their promises. Several had already lost their homes to scams. Recently one lady was told, even when getting nasty bank notices, that the company was on top of it and would save her home. Finally when her house was scheduled for foreclosure sale the company told her not to worry, their lawyer was flying up from Los Angeles to meet her at the courthouse steps and stop the sale. Of course that didn't happen and she lost her home. There are many stories like this.

Sometimes buyers offer "cash for keys" if the homeowner leaves the premises quickly and in good shape. Clients find a rental they can afford, get move-in costs in writing, and the program tries to get that paid. Some companies press for eviction despite promising to help however, and residents are evicted without assistance.

Hispanic and low-income clients were often pushed into predatory loans with high rates and constant readjustments even if they had good credit scores and could qualify for traditional loans.

California Human Development's Housing Department currently includes on staff two bilingual English/Spanish counselors certified in foreclosure intervention through the U.S. Dept. of Housing and Urban Development (HUD). Clients are accepted at any time and there are no minimum or maximum income limitations. We assist the client with the entire spectrum of foreclosure intervention and prevention needs: from requesting a loan modification through the lender because of a pending interest rate adjustment, to needing a



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loan modification to make the loan payments more affordable to the household, to applying for a possible refinance through the government-sponsored programs. Clients may also need assistance in negotiating with the lender for a short sale or other voluntary surrender of a home they no longer want or can afford to keep. Cash for keys, or moving expenses provided through the foreclosing lender or new investor, sometimes can be negotiated as well on behalf of the relocating family.

Our program is provided free of charge to the client. Although both counselors are based in the main Santa Rosa office, assistance can be provided to any household within California through the use of telephone, e-mails, fax machine and regular mail service. California Human Development subcontracts with the Senior Law Project of Lake and Mendocino Counties for the provision of limited legal services to persons 60 years of age or older in those two counties in preventing foreclosures and related housing issues.

Since October 1, 2009 the American Recovery and Reinvestment Act stimulus dollars have helped us stall or prevent foreclosure on 22 households (19 households with minor children and 3 adults-only households; the 22 total households represented 43 adults and 35 minor children).

Thirteen of the 22 households were Hispanic. Only 4 of those 22 households qualified for the federal government's Making Home Affordable program; most of the others had some form of subprime loan. Approximately 10 of those subprime loans might have been predatory loans. None of these families has so far lost the home to foreclosure, although 21 of these 22 households are still pending final loan modification or other disposition.

Here's just one success story:

Maria A. is married with two children. Both she and her husband lost half of their incomes because of drops in the local construction and hospitality industries. Their total household income is currently only 28 percent of the Sonoma County area median income. The family applied to us for foreclosure intervention counseling when it already was more than 4 months delinquent with its mortgage and had received a Notice of Default from CitiMortgage which starts the foreclosure process. The home was eventually saved from foreclosure when Citi offered the family a loan modification that converted its adjustable rate mortgage, over 8 percent interest when the family came to us, to a loan amortized over 40 years with a 2 percent rate for 5 years, then an adjustable rate for the remaining 35 years with a 5.04 percent cap. The new monthly payment of \$1,100, which includes taxes and insurance, is now affordable to the family.