



Graphic: istockphoto.com/Lilli Day

Hope for Homeowners

Local and Gov. Agencies Turn Out to Help Advise Families During Housing Crisis

About five months ago, on average, the waiting period to see a counselor about saving your home from foreclosure at HomeFree USA's Gaithersburg office was four weeks.

Four weeks is an eternity in the universe that erodes your chances of keeping a roof over your head on a day to day basis once you've slipped on the mortgage payments. But for Alicia Acosta-Mahone, executive director of HomeFree USA, a support and advocacy agency for families facing foreclosure, the issue had reached the kinds of proportions that had lines of families on lengthy waiting lists, homes being lost in historic numbers and her counselors working so hard and hearing so much pain in their caseloads that they too were in need of counseling.

The mortgage crisis is not a new problem in Maryland but from Acosta-Mahone's perspective there is an angle of the issue that has to date been underrecognized: the impact of the crisis on the Latino community—nearly 96 percent of her clients are Latino. "Although the need is leveling off and we have brought in additional counselors, I believe there will be another wave of new clients because the 2005 resets are about to come in on the subprime mortgages" she says. "They will be the next to come in the door."

So when Kelly Vaughn, director of the Maryland Department of Housing and Community Development, saw the challenge, she put her energies into an interagency effort that would get everyone under one roof and on the same page. The day long workshop was held November 14

at Montgomery College's Performing Arts Center. The event was designed to give direct counseling, legal direction and additional forms of support to families struggling with foreclosure issues. Although it was the first of its kind aimed at the Latino community in the state, organizers were



PHOTO CREDIT: MYRIAM A. TORRICO
Learning from the Avelars, local families turned out en masse for counseling to learn how to remain in their homes

pleased to find that homeowners of all cultural and ethnic backgrounds were in attendance.

For the state, it was a historic first and a list of who's who in the homeownership/mortgage crisis management industry: the Maryland Department of Housing and Community Development, the Maryland Department of Housing and Community Affairs, pro bono legal organizations, non-profits and government commissions. Even the Secretary of Housing and Community Development Ray Skinner came out to lend an ear to families in need. [see "Help is on the way," page 31]

But for over 250 families in attendance, including Aris and Briseida Avelar, both 22, a young family with an 8-month-old daughter and their first home, the day was a first step in keeping their homes—a glimmer of hope in tough times.

"People are hurting, they need help, but more importantly, they need HOPE," says Vaughn. "There is no shame in asking for help, the shame may be in not asking."

The Avelars are not in trouble as far as keeping their home. But the recession has impacted the family's income and with a new baby, they see budget deficit trouble ahead and decided to attend the workshop. They are being proactive.

"We heard about today's workshop at our church in Prince George's County," Aris said. "We decided to come and get some help on this before it's too late."

The Avelars also brought their parents and other extended family members to the workshop. Like many close-knit Latino families, the Avelars, who hail from El Salvador, address problems as a collective. They say that they will make sure that they stay whole, that it's their first priority. "Some people say that the situation is embarrassing to talk about but I'm not going to sit around and lose my house because of what other people think when I speak up," he says. "We never thought that this would happen two years ago. But life happens. I would tell anyone else the same thing."

There is discussion of hosting a similar event in Prince George's with Del. Victor Ramirez.

Skinner: Through HAMP, Help is on the Way for Homeowners

Maryland Housing and Community Development Secretary Ray Skinner has his hands very full these days. A six-day workweek is not atypical for employees in his department in their efforts to keep families in their homes through the mortgage crisis which is now compounded by the worst economic recession the state has faced in decades.

But there are a few slivers of good news in the works.

"The 800 attorneys across the state giving their services in pro bono fashion have been a Godsend," he says from a green room chair at the November 14 foreclosure prevention workshop held at Montgomery College. Although it was a Saturday, the secretary routinely attends functions like this one to stay close to the details of the crisis and the effectiveness of the department's efforts.

"There are 30 non-profit housing counseling agencies working with the state on the issue." The governor's Bridge to Hope effort with its short term loans strategy is also working well.

The Home Affordable Modification Program—a \$75 billion endeavor designed to give lenders incentives to modify loans—is expected to have a significant positive impact on the crisis.

The Home Affordable Modification Program was established by President Obama in March 2009 using TARP funds. The aim is to help homeowners modify or adjust their mortgages so that they can attempt to keep their homes and not lose them to foreclosure.

The Federal Housing Administration (FHA) will repay a portion of a delinquent mortgage via the use of a partial claim which is essentially a subordinate mortgage backed by the federal government. This will permanently reduce a homeowner's mortgage. The subordinate mortgage will not be paid off until the first mortgage is paid off thus ensuring that the finance company has a motivation to treat the homeowner fairly.

The partial claim will reduce the principal owed and permits the homeowner a more affordable payment.

"Too often the problem is worsened to the

point where we are now trying to work with lenders, Skinner says.

"Now lenders are more receptive, the lines of communication are more fluid."

The national goal is to have 500,000 modifications done by Nov. 1, 2010.

In another effort to address the problem, Secretary Ray Skinner Gov. Martin O'Malley has drafted legislation that includes a law enforcing a mediation program that will force lenders to dialogue with borrowers and a mediator before being allowed to place a home in foreclosure. The proposal, to be brought before the 2010 state assembly, would be a valuable complement to an earlier legislative effort the governor launched that changed foreclosure from a 15 day process to 150 days.



Secretary Ray Skinner

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