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## Families losing homes organize in East Contra Costa to hold banks accountable for loan modifications

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Dominican Father Roberto Corral, pastor of Most Holy Rosary Parish in Antioch, leads persons facing foreclosures and their supporters in prayer, Sept. 28, during a press conference in a Bank of America parking lot.

JOVANA VASQUEZ PHOTO

By Gerald Korson  
Voice correspondent

Facing foreclosure of their Antioch home, Marcos and Carmen Hernandez have a deadline from their mortgage lender to decide whether to accept a loan-modification offer that would not significantly lower their monthly housing expenses. They have spent more than a year haggling with their bank in an effort to negotiate mortgage terms that they can afford.

Victor Urbina of Pittsburg feels he has been given the runaround by his bank, which he was told does not even have a loan-modification program. His house goes up for trustee sale in mid-October. Violeta Tapia, whose family also has mortgage troubles, said her parents "are negotiating with Bank of America to figure out something so that their dream doesn't crash."

These are just three of the many East Bay families who are struggling to keep their homes amid a national mortgage-loan crisis — a crisis that appears to be a long way from getting fixed.

They also are among the East Bay families who told their stories at a Sept. 28 press conference sponsored by the Contra Costa Interfaith Supporting Community Organization (CCISCO), a coalition of faith communities that includes 10 Catholic parishes.

Held in the parking lot of Bank of America at Somersville Road in Antioch, the gathering served as a warning shot across the bow to banks that are seen as not responding adequately to borrowers who seek to renegotiate their mortgage loans.

"We are here tonight because we are angry and frustrated with banks for not modifying the loans for people who qualify," Betty Espindola told the crowd of 50 supporters and members of the press. "Despite massive public outcry and billions of dollars in federal bailouts, people are still losing their homes, and families are ending up on the streets. . . . [But] together, we can hold them accountable."

California is regarded as "ground zero" of the foreclosure crisis, which was created by the subprime mortgage scandal and exacerbated by a generalized economic recession. As of June, there had been 365,000 foreclosures in the state since early 2007, and tens of thousands of new foreclosures continue to be filed each month.

In Contra Costa County, 5,894 homes have been foreclosed by banks, and another 6,708 home loans are presently in default and threatened with foreclosure, according to Realtytrac. Antioch and Richmond are among the hardest-hit cities; Antioch has 926 bank-owned foreclosures and 1,060 home loans in default, while Richmond has 1,103 bank-owned foreclosures and 788 home loans in default.

Along with the massive federal bailouts of financial institutions, lawmakers at both the state and local levels have taken steps to stop the foreclosure crisis. In March, the Obama administration implemented the Home Affordable Modification Program (HAMP) which provides financial incentives for banks to renegotiate mortgages to reduce monthly payments to 31 percent of income for qualifying homeowners who might otherwise default on their loan. The calculation of payment is to include principal, interest, property tax and insurance.

In June, the California Foreclosure Prevention Act went into effect requiring that lenders try to negotiate a loan modification before initiating foreclosure on a home, but it vaguely states that the new monthly payment should be "targeted" at 38 percent of the borrower's income. If the lender chooses not to negotiate, then it must give the homeowner 90 days' notice before taking possession of the home.

While both measures are steps in the right direction, critics say, neither has sufficient teeth: HAMP is not mandatory, and neither program has strict-enough standards or accountability. As a result, some banks appear to be ignoring the 90-day moratorium while others don't even have a loan-modification program in place.

"Congress and the Administration need to end their 'pretty please' approach to the banks and instead finally force lenders to work to keep people in their homes," said Kevin Stein, associate director of the watchdog California Reinvestment Coalition, in a recent critique of the HAMP plan.

#### **A paltry figure**

The U.S. Department of the Treasury reported Sept. 9 that through August just 12 percent of U.S. homeowners eligible for loan modifications under HAMP have had their mortgages renegotiated — up from 9 percent in July, but a paltry figure even in light of the large volume of applications filed.

"Banks currently receive \$1,000 per modification as part of the HAMP program and receive additional funding for each year that the loan is not in foreclosure, so most observers agree that capacity is not a barrier," said Adam Kruggel, CCISCO's executive director.

Given such a low percentage of loan-modification offers, he added, "It feels clear that banks are not acting in good faith."

That's the experience of Carmen Hernandez and Victor Urbina, members of Most Holy Rosary Parish in Antioch, who both stand to lose their house in coming weeks. They addressed the press conference in Spanish, and their statements were later translated by CCISCO staff.

Hernandez said she had tried for more than a year to negotiate a loan modification with Bank of America. When the lender finally responded in June, it offered a modification that lowered the couple's interest rate to 2.8 percent and set their monthly payment at 34 percent of income but did not calculate property taxes and insurance as part of the payment — contrary, she said, to the bank's own policies — which meant very scant savings for the Hernandezes.

#### **'Help us put pressure on the bank'**

"I want to tell all the families and all the people out there to help us put pressure on the bank to offer us something just and appropriate for us with a good mortgage payment," Hernandez told the Antioch gathering.

Urbina bought his house in 2003 and never missed a payment until early this year. "I had made my mortgage payments on time, making many sacrifices, working very hard, depleting my savings, until I reached a point where I couldn't make the payments," he said. "I spoke with the bank twice, but they never gave me an option that was affordable." He submitted paperwork for a loan modification, but was told a month later that his lender, Wachovia Bank, did not have such a program.

He recently received a "surprise" letter saying his house would be auctioned on Oct. 14. "The reality is that we are not getting any help, and it seems that nobody cares," Urbina said.

Wells Fargo Bank took over Wachovia last October and announced in January that it had begun offering its loan-modification program, which set a target payment of 38 percent of income, to Wachovia customers. However,

some homeowners who have attempted to negotiate with Wells-Wachovia have reported confusion and dissatisfaction with the bank's loan-modification process.

According to Marketwatch, Wells Fargo CEO John Stumpf said Sept. 16 that the bank is modifying several hundred loans daily and is seeing "positive early performance." The modification program for Wachovia's Pick-a-Pay mortgage is cutting homeowners' monthly payments by an average of 20 percent, he added.

At the parking-lot press conference, Violeta Tapia laid out CCISCO's strategy in the next several weeks for improving the system: A meeting with a senior official from the U.S. Department of the Treasury to discuss revisions in HAMP, training homeowners on applying for loan modifications and forming delegations to approach their banks, a community action meeting to ask public officials and bank representatives to take decisive action to stop the crisis, and a "counter-convention" to the upcoming American Bankers Association conference in Chicago.

#### **Prayer vigils and civil disobedience**

They will also meet to organize prayer vigils and even "civil disobedience at banks that refuse to work with our families," Tapia said.

There is also a legislative strategy in play, said CCISCO community organizer Nancy Marquez, who attends St. Anthony Church in Oakley.

"At the state level, we are asking the attorney general to litigate against the banks that aren't complying with the state and federal programs or don't have loan modification implemented," Marquez told The Catholic Voice.

"At the national level, we're asking for judicial loan modification, which would allow a family to go to bankruptcy court and have a judge establish the modified loan."

Dominican Father Roberto Corral, pastor of Most Holy Rosary Parish in Antioch, told the Antioch gathering that the saddest aspect of the nation's economic and foreclosure crisis is that it was "not simply the result of mistakes," but "the results of greed, lust for money and power, the results of unethical business practices."

Families are the basic structure of society, he said, and families need homes in order to achieve stability and provide proper care for their members. "It's not just a matter of displacing families: This crisis is affecting every school, every church, every business, and every form of government that we have, and it has to be stopped," said Father Corral.

"Whether we are people of faith or not, what matters most is that we do the right thing for the right reasons, and that we help those who are poor and most vulnerable in society," he said. "So we call upon our banks to do what is right."

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