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As foreclosures rise, new help for homeowners

BY DAN CROWLEY STAFF WRITER

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SPRINGFIELD- More than a dozen homes across this city were scheduled for the auction block Wednesday, foreclosures that might have been avoided, according to area housing experts.

Now, help is on the way for the dozens, perhaps hundreds of property owners, who are still at risk of defaulting on their mortgages and losing their homes this year in the Valley.

A small army of local and state officials, including Northampton Mayor Clare Higgins, gathered Wednesday on the steps of Springfield City Hall to announce the debut of the Western Massachusetts Foreclosure Prevention Center, one of 10 such centers opening statewide to assist homeowners on the brink of losing their homes.

The situation is less severe in communities north of Springfield, but the numbers of people losing their homes is rising, nevertheless.

Hampshire County foreclosures more than tripled, from nine to 31 foreclosures in the first quarter of this year over last year, while in Franklin County the number of people losing their properties to foreclosure rose from 13 to 19.

The center is funded through the Massachusetts Division of Banks and Department of Housing and Community Development as a collaboration of 15 nonprofit groups, including the Valley Community Development Corp. in Northampton, which has begun foreclosure-prevention counseling for Hampshire County residents through a \$10,000 grant.

Many Hampshire County families are struggling, said Michele Morris, homeownership director at the Valley CDC. She notes that the resetting of

adjustable-rate mortgages is the single biggest problem - 'but it's one problem among many,' she said.

Predatory lenders - particularly loan originators who worked solely on commissions - are a major reason for the mortgage crisis that has hit families across the commonwealth, she said.


'The lousier the loans, the bigger the incentives,' Morris said. 'We have a

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lot of new immigrants (in Massachusetts) who were definitely targeted and given stacks of loan documents that no one could read.'

The opposite is true for local brick-and-mortar banks, which have begun foreclosure proceedings on few if any homes in the past year in Hampshire County, and where subprime lending products that have plagued homeowners nationally do not exist.

Center said needed

Springfield Mayor Dominic Sarno said the new center will fill a big need.

'This initiative will stop the spread of the cancer that's occurring in these neighborhoods,' he said.

The foreclosure-prevention center is being administered by HAP Inc., the region's housing partnership and the Massachusetts Fair Housing Center.

Its resources are available to homeowners of all incomes from the four counties of western Massachusetts. Area housing officials say homeowners in financial trouble should seek assistance with their mortgages as soon as possible.

'We want homeowners to call as soon as they identify that they might be facing a problem with their mortgage - whether it be now, next month or next year when their interest rate will reset,' said Marie Burkart, of HAP Inc, and the center director. 'Our primary message is 'Don't wait.'

According to Daniel Crane, undersecretary of the state Department of Consumer Affairs, the state is engaged in an aggressive campaign to tackle the foreclosure crisis in Massachusetts, from tightening licensing standards for loan originators to creating a new foreclosure database that will help identify predatory lenders, among other initiatives.

Crane said the state Division of Banks took more than 100 enforcement actions against loan originators last year.

Reaching out

Gov. Deval L. Patrick has sent recent letters to homeowners with adjustable-rate mortgages that will soon reset with sharply higher rates. He urges them to contact lenders to discuss options to avoid mortgage defaults.

'For some homeowners, the new higher payments are more than they can handle,' Patrick states in his letter. 'I am extremely concerned about both the stress and the financial loss many homeowners and their families are facing. I am also concerned about the destabilizing effect on neighborhoods when large numbers of homes are foreclosed upon, as vacancies increase, property values decline.'

Foreclosure rates rose in every county in the state this year over the same period last year, nearly tripling in the first quarter of the year, from 1,186 to 2,827, according to The Warren Group, which tracks such data.

In a recent statement, Timothy J. Warren Jr., CEO of The Warren Group, said that the number of people losing their homes to foreclosure 'shows no sign of abating.'

The Springfield area is among the hardest-hit pockets. Actual foreclosures in Springfield doubled from 122 in the first quarter of 2007 to 245 in the first three months of this year, according to The Warren Group.

Morris said it is important for people to take advantage of the Valley CDC's first-time homebuyer program, which can help new homeowners avoid getting tangled up with bad mortgages that result in foreclosure.

'People can still get lousy loans, and that's why we feel it's important to educate folks and help them figure out if it's the right time to buy,' she said.

Peter Gagliardi, executive director of HAP Inc., said the Western Massachusetts Foreclosure Prevention Center has a threefold mission.

In addition to counseling homeowners facing possible mortgage defaults and foreclosures, the program also will provide education for the next generation of homebuyers about the home-buying process.

The goal is to enable them to avoid inappropriate loans, understand mortgage terms and perhaps purchase foreclosed properties. The counseling is free and confidential.

The center also is committed to developing a strategy to address the rise of vacant and abandoned properties in neighborhoods hit hard by foreclosures. Local housing officials say the foreclosure-prevention center is funded for the next six months, though state agencies have indicated they will provide money to keep the center open through 2009.

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