

THE HATCHER GROUP

CONNECTING NON-PROFIT ORGANIZATIONS TO POLICYMAKERS AND THE MEDIA

MEDIA COVERAGE ON THE RISE OF BALTIMORE HOME FORECLOSURES

Baltimore area residents have been facing an increasing threat of foreclosure on their homes. In recent months, The Hatcher Group has been working with the Baltimore Homeownership Preservation Coalition (BHPC) to raise awareness about the issue and strategies to address the problem. On September 27, 2006, BHPC held a press conference to announce a special hotline where homeowners can call for foreclosure assistance. The following week, on October 5th, the Coalition sponsored a forum on home foreclosure issues that was attended by more than 150 city officials, advocates, reporters, researchers, funders, and others. This document provides a compilation of the media outreach and coverage for both events.

**PREPARED BY:
THE HATCHER GROUP
OCTOBER 27, 2006**

Baltimore Homeownership Preservation Coalition
COMPLETE RECORD OF MEDIA COVERAGE

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BALTIMORE
HOMEOWNERSHIP
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COALITION

www.preservehomeownership.org

MEDIA ADVISORY

Contact: Tom Waldron: 410-323-5966
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**Mayor and New Coalition to Announce Assistance to
Homeowners Facing Threat of Foreclosure**
Study reveals new information on Baltimore foreclosure trends

Where: 4300 block of Parkside Drive, Baltimore, Md. 21206
at corner of Kavon Avenue, in Belair-Edison

When: Wednesday, September 27, 10:30 a.m.

Editors' Note: Baltimore homeowners who have struggled to keep ownership of their homes will be available for interviews.

Baltimore residents facing the threat of foreclosure on their homes will receive new assistance through an initiative being announced at a Sept. 27th press conference by Mayor Martin O'Malley and representatives of local and national nonprofit groups, including NeighborWorks[®] America, a leading foreclosure prevention and community development organization.

Officials also will release a new report detailing the troubling extent of the foreclosure problem in Baltimore. The report prepared by The Reinvestment Fund shows that Baltimore's foreclosure rate is extremely high. The report was funded by Baltimore's Goldseker Foundation.

Mayor O'Malley will announce new counseling support available to city residents spearheaded by the St. Ambrose Housing Aid Center in coordination with national nonprofit organizations. The mayor and other speakers will detail additional steps to help Baltimoreans avoid losing their homes.

The new counseling assistance grows out of work by the Baltimore Homeownership Preservation Coalition, a partnership between the city government, local foundations and nonprofits, businesses, NeighborWorks[®] America, and the Homeownership Preservation Foundation. The coalition was formed recently to reduce foreclosures, which hurt families and communities across the city.

Speakers at the news conference will include:

- Paul T. Graziano, commissioner, Baltimore Housing
- Baltimore Mayor Martin O'Malley
- Marietta Rodriguez, director of NeighborWorks[®] Center for Foreclosure Solutions, NeighborWorks[®] America, Washington D.C.

- Colleen Hernandez, president, Homeownership Preservation Foundation, Minneapolis
- Mary Louise Preis, vice president for community relations, CitiFinancial, and former Maryland commissioner for financial regulation.
- Vincent P. Quayle, executive director, St. Ambrose Housing Aid Center, Baltimore.

NOTE: *New Mexico Gov. Bill Richardson also will attend the press conference and offer remarks on foreclosure issues.*

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BALTIMORE
HOMEOWNERSHIP
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FOR IMMEDIATE RELEASE

Contact: Tom Waldron
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**New Assistance through 311 to Help Baltimore
Homeowners Facing Threat of Foreclosure**

*Mayor O'Malley and new Coalition
join forces to combat foreclosures*

New study analyzes Baltimore's high foreclosure rate

BALTIMORE (Sept. 27, 2006) – Mayor Martin O'Malley, nonprofit groups, and private foundations and lenders today launched an unprecedented three-year Homeownership Preservation Initiative to greatly reduce the number of home foreclosures in the city.

As part of the initiative, Baltimore City homeowners facing the threat of foreclosure can now call 311, the City's One Call Center, where operators will connect them to trained nonprofit counselors available 24 hours a day to provide assistance and information, a service sponsored by the national nonprofit Homeownership Preservation Foundation.

Threatened homeowners also will be referred by the One Call Center to the St. Ambrose Housing Aid Center, a leading housing support organization in Baltimore, which is significantly expanding its foreclosure prevention counseling and outreach efforts as part of the initiative. (Homeowners who live outside Baltimore City can call the hotline directly: 1-888-995-HOPE.)

The initiative is the work of the newly formed Baltimore Homeownership Preservation Coalition (BHPC), which has brought together city agencies, local and national foundations, private lenders, and a leading national community development group to reduce foreclosures in the city.

"For the first time in 30 years, Baltimore is growing again," said Mayor Martin O'Malley. "And we can't allow a high rate of foreclosures to slow us down. This new initiative will help families retain their homes and keep our neighborhoods strong."

Coalition leaders stressed that foreclosures affect the entire city, not just the families who lose their homes. "Foreclosure hurts everyone – the family involved, mortgage lenders, the neighborhood surrounding the lost house, and the city as a whole, because foreclosures drive down the value of

properties,” said Marietta Rodriguez, director of the NeighborWorks® Center for Foreclosure Solutions. “Today, Baltimore joins several other communities around the country that are aggressively tackling problems with foreclosures.”

The mayor and representatives of the Coalition announced the new initiative today at a news conference in the Belair-Edison neighborhood of northeast Baltimore, an area that has had a significant number of home foreclosures.

At the event, the Goldseker Foundation released a study by The Reinvestment Fund (TRF) detailing the city’s foreclosure rate. The study found that although the number of foreclosures in Baltimore declined by 8.5 percent between 2000 and 2004, the rate of foreclosures compared to the number of homeowners in the city remains a major concern.

For example, Baltimore’s rate of just over 30 foreclosures for every 1,000 owner-occupied houses is almost twice as large as that of Philadelphia, which also was recently studied by TRF. The study also found that the median time between home purchase and foreclosure is a relatively short three years and that foreclosures are largely concentrated in neighborhoods that have a majority of African American families.

Overall, TRF estimates that foreclosures have cost Baltimore approximately \$1.8 billion in reduced property values of homes lost to foreclosure or nearby homes in the last two years.

The Baltimore Homeownership Preservation Coalition, made up of the Baltimore City government, key local philanthropic groups such as the Abell and Goldseker foundations, NeighborWorks® America, the Homeownership Preservation Foundation, nonprofit service providers and private lenders such as CitiFinancial, has launched the campaign to urge homeowners to waste no time before seeking help to avoid foreclosure.

The Coalition also is sponsoring a community forum on the topic of foreclosures Thursday October 5, 2006, at the University of Baltimore’s Merrick School of Business from 8:30 a.m. to 5 p.m.

The initiative has garnered nearly \$800,000 in support from its partners:

- Baltimore City is dedicating \$400,000 in federal assistance to battle foreclosures, with nearly half being used to support the work of St. Ambrose, \$100,000 to train housing counselors and \$75,000 to publicize counseling resources to the community.
- The Goldseker Foundation has committed \$150,000 to a variety of initiatives, including housing counselor training, anti-predatory lending and foreclosure prevention efforts of Belair-Edison Neighborhoods Inc. (BENI) in Northeast Baltimore, and the TRF research.
- The Abell Foundation has committed close to \$200,000 to anti-foreclosure work by St. Ambrose and BENI, and legal work by Civil Justice Inc. to prevent fraud by companies providing foreclosure “rescue” services.

- NeighborWorks® America, a leading foreclosure prevention and community development organization, is providing advice, logistical support and financial assistance, including \$42,500 for the launch of the initiative, St. Ambrose operations and the October 5th forum on foreclosure prevention.
- The Baltimore Neighborhood Collaborative has committed \$125,000 to support anti-foreclosure efforts.
- The Annie E. Casey Foundation has supported several initiatives, including a review of Maryland lending and foreclosure laws by the Maryland Consumer Rights Coalition to be presented at October 5th forum.
- CitiFinancial has committed \$75,000 to support the anti-foreclosure work of St. Ambrose. The company has stepped forward as a national leader in fostering anti-foreclosure efforts in Chicago and other cities.

“We are very pleased to be a part of this new coalition to reduce home foreclosures,” said Mary Louise Preis, CitiFinancial’s vice president for community relations and the former Maryland commissioner for financial regulation. “Any time a lender has to foreclose on a home, it represents a loss not only to the homeowner, but also the lender.”

Baltimore callers to 311 will be referred to the national counseling hotline operated by the Minneapolis-based Homeownership Preservation Foundation.

“Baltimore homeowners can now take advantage of the help that this hotline is already providing to homeowners throughout the country,” said Colleen Hernandez, the foundation’s president and executive director. “Homeowners sometimes have nowhere to turn for help or basic information about their options. This hotline now fills that need for Baltimoreans.”

One key strategy of the Coalition is to assist prospective homeowners, especially those who are most at risk of defaulting, in receiving independent counseling from qualified and objective nonprofit housing counselors and lawyers *before* committing to a mortgage. Nonprofit counselors help people be ready for homeownership as well as avoid abusive or fraudulent real estate practices.

“Owning a home is a worthwhile goal, but it’s critical that families are prepared for the financial costs of homeownership,” said Vincent P. Quayle, executive director of the St. Ambrose Housing Aid Center. “We have to make sure that buyers are both qualified and prepared to take on that commitment. If we do that, we will certainly reduce the number of foreclosures in Baltimore.”

The Coalition will continue to publicize the new 311 service in coming months using bus advertisements, mailings to 40,000 households in neighborhoods with high foreclosure rates and targeted outreach to religious institutions, community groups, developers and other organizations.

For more information and to register for the Oct. 5th community forum on foreclosures, visit www.preservehomeownership.org.

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The Baltimore Homeownership Preservation Coalition brings together public and private funders, lenders and nonprofit practitioners to develop and implement key programs and policies to reduce the incidence of foreclosure in Baltimore. The Coalition's aim is to preserve and increase the assets of families, which in turn supports the revitalization of the neighborhoods in which they live and the city as a whole. For more information, please go to www.preservehomeownership.org.

The NeighborWorks® Center for Foreclosure Solutions, an initiative of NeighborWorks® America, was created to preserve homeownership by convening foreclosure intervention coalitions around the country. In conjunction with the Center's nonprofit, mortgage and insurance partners, the Center builds capacity among foreclosure counselors around the nation, conducts public outreach campaigns to educate delinquent borrowers regarding their options, and researches local and national trends to advise on strategic solutions. NeighborWorks America, working in more than 4,500 communities across America, has been a driving force to make homeownership a reality for low income and minority Americans since 1993. In the last five years alone, NeighborWorks organizations have generated more than \$10 billion in reinvestment and helped more than 780,000 families of modest means purchase or improve their homes or secure safe, decent rental or mutual housing. For more information, please go to www.nw.org/foreclosuresolutions.

Created in 1975 through the generosity and foresight of Morris Goldseker (1898-1973), the Goldseker Foundation supports nonprofit organizations helping communities and individuals in the Baltimore metropolitan area. For more information, please go to www.goldsekerfoundation.org.

The Homeownership Preservation Foundation is a Minneapolis-based 501(c) (3) nonprofit dedicated to reducing foreclosures and preserving homeownership for American homeowners. The Foundation was founded in September 2004 with a \$20 million seed contribution from GMAC-RFC, a subsidiary of Residential Capital Corporation, one of the nation's largest real estate finance companies. The Foundation partners with city, county and state governments; federal government agencies; community-based non-profit organizations; and mortgage companies to offer creative solutions to preserve home ownership. It also offers free foreclosure counseling for homeowners nationwide at 888-995-HOPE. For more information about the Homeownership Preservation Foundation, please visit www.hpfonline.org or our foreclosure counseling website at www.995HOPE.org.

Combining expert knowledge with innovation and determination, The Reinvestment Fund (TRF) identifies the point of impact where capital can deliver its greatest financial and social return. TRF's investments in homes, schools, and businesses reclaim and transform neighborhoods — driving economic growth and improving lives throughout the Mid-Atlantic. Since its inception in 1985 TRF has made over \$500 million in community investments. TRF's policy and research products have become highly regarded as sources of unbiased information and are frequently used to sharpen investment strategies for both TRF as well as other public and private investors. For more information, please go to www.trfund.com.

BALTIMORE
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**Oct. 5th Regional Forum to Highlight Problem of
Foreclosures in Maryland**

Report Analyzing State Anti-Predatory Lending Laws to be Released

WHAT: Forum on foreclosure and homeownership preservation in Maryland

WHEN: Thursday, Oct. 5, 2006, 8:30 a.m. to 5 p.m.

WHERE: University of Baltimore, Merrick School of Business

1420 N. Charles Street at corner of Mt. Royal Avenue, Baltimore, MD 21201

An Oct. 5th forum sponsored by the Baltimore Homeownership Preservation Coalition (BHPC) will present local and national experts who will address rising foreclosure trends, foreclosure causes and effective strategies for homeownership preservation in Baltimore, Maryland and the nation. The theme of the forum – the first of its kind in the Baltimore region – is “Everyone Pays: The Community Cost of Foreclosure,” highlighting the need for a community-wide response to the problem.

At the forum, the Maryland Consumer Rights Coalition will release a new study detailing how Maryland’s anti-predatory lending laws should be strengthened to protect borrowers. The report found that state lending laws lack key protections found in several other states.

The newly formed Baltimore Homeownership Preservation Coalition brings together city agencies, local and national foundations, private lenders, and a leading national community development group to reduce foreclosures in Baltimore City.

Speakers at the forum include:

Jeffrey Lubell, director, Center for Housing Policy, Washington, D.C.

John Taylor, CEO, National Community Reinvestment Coalition, Washington, D.C.

Marietta Rodriguez, director, NeighborWorks[®] Center for Foreclosure Solutions

Cheryl Hystad, advocacy director, Legal Aid Bureau Inc., Baltimore, MD., and
author of predatory lending report

Jonathan Miller, U.S. Senate Banking Committee, Washington, D.C.

Phillip Robinson, Civil Justice Inc., Baltimore, MD.

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Maryland Laws against Predatory Lending Lack Protections Available in Some Other States

New Report Calls for Action by General Assembly

Baltimore Forum Highlights City Foreclosure Problem and Identifies Solutions

BALTIMORE (Oct. 5, 2006) – A new report by the Maryland Consumer Rights Coalition (MCRC) shows that laws against predatory lending in Maryland lack important protections for consumers and are considerably weaker than those in several other states.

With foreclosures on the rise in Maryland, the report also calls for new state protections for homeowners who are going through the foreclosure process.

The report was released today at a community forum on preventing home foreclosures sponsored by the Baltimore Homeownership Preservation Coalition (BHPC). BHPC has not taken a position on proposals to change Maryland's lending laws.

The forum, *Everyone Pays: The Community Cost of Foreclosure* featured local and national experts addressing rising foreclosure trends, foreclosure causes and effective strategies for homeownership preservation.

One cause of foreclosure can be predatory and fraudulent real estate practices. Abusive or predatory loans include those that have high fees and onerous balloon payment provisions. Maryland law was changed in 2002 to put limits on some predatory lending practices in the state. However, the new MCRC report found that Maryland law still is relatively weak in some key areas, compared to other states such as North Carolina, New York and Massachusetts.

“Maryland laws against predatory lending lack important provisions that are on the books in several other states,” said Cheryl Hystad, former director of the Maryland Consumer Rights Coalition and the author of the new report. “Borrowers are paying the price for this, through exorbitant fees and other charges that shouldn't be allowed in Maryland.”

The report, entitled “Protecting Homeownership: The Challenge of Preventing Abusive Lending and Foreclosure Practices,” showed that:

- Maryland lenders are allowed to charge borrowers points and fees totaling as much as 10 percent of the loan value, which can drive up costs sharply. There is also no prohibition against lenders rolling such fees into the loan, forcing borrowers to pay additional interest on those points and fees.
- Maryland mortgage brokers can charge fees totaling 8 percent of the loan value, which is more than in some other states.
- Maryland law and a ruling by the Court of Appeals have allowed many lenders to include large balloon payments in the terms of loans. These payments can pose extreme problems for many homeowners and can trigger a move toward foreclosure.

“The MCRC report highlights that as the laws catch-up with the evolving predatory real estate practices, advocates and policy makers need to remain diligent and dedicated to identifying and stopping the scams that strip away homeowners’ No. 1 asset,” said Phillip Robinson, executive director of Civil Justice Inc., a Maryland nonprofit that has worked to stop foreclosure-related fraud. “The law must continue to evolve to stop these practices as new scams are developed.”

In its recommendations, the report urges Maryland to enact a stronger predatory lending law that, among other things, covers more high-cost loans and limits the financing of points and fees.

The report also recommends that the state allow consumers who have been harmed by illegal lending practices to recover damages from the loan originator, even after the loan has been assigned to another entity. Currently, such recoveries are prohibited with some high-cost loans.

Foreclosures in Maryland have skyrocketed over the past 20 years, increasing 335 percent from 1998 to 2003. However, Maryland’s foreclosure laws have not been significantly updated since the 1800s and provide inadequate protection for borrowers facing the loss of a home.

In its recommendations, the report urges Maryland to:

- Improve the foreclosure process by providing better notice to homeowners and a meaningful opportunity to raise challenges to foreclosure sales.
- Require early referral of a delinquent homeowner for counseling and help provide adequate counseling resources.
- Provide financial help for those homeowners who are unable to pay their mortgage through no fault of their own.

“It’s clear that Maryland homeowners need more time and better assistance to respond to the threat of foreclosure,” Hystad said. “Foreclosures hurt families and entire communities, and state law should be strengthened to give homeowners a better opportunity to hold onto their home.”

The Oct. 5th forum was sponsored by the newly formed Baltimore Homeownership Preservation Coalition (BHPC), which has brought together city agencies, local and national foundations, private lenders, and a leading national community development group to reduce foreclosures in the city.

Among those speaking at the forum were two experts from Washington, D.C.: Jeffrey Lubell, director of the Center for Housing Policy; John Taylor, chief executive of the National Community Reinvestment Coalition; and Ira Goldstein, policy and research director, The Reinvestment Fund, Philadelphia.

BHPC members have committed significant financial support to pay for increased counseling and foreclosure prevention efforts through the St. Ambrose Housing Aid Center in Baltimore.

Last week, BHPC announced that it had worked with Baltimore City officials to establish a link through the 311 One Call Center that will connect stressed homeowners to counseling services available through a national hotline operated by the Homeownership Preservation Foundation.

The MCRC report on predatory lending and foreclosures was made possible by support from the Annie E. Casey Foundation in Baltimore. The forum was sponsored by a wide range of organizations, including: The Goldseker Foundation, Freddie Mac, the Annie E. Casey Foundation, the Baltimore Homeownership Preservation Coalition, and many others. For more information on the report, contact the report author, Cheryl Hystad, 443-286-3325 or the Executive Director of MCRC, Andrew Galli, mdconsumers@aol.com.

The report is available at www.mdconsumers.org or <http://www.twirlingdog.com/get/HOME PRES REPORT FINAL.pdf>

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The Baltimore Homeownership Preservation Coalition brings together public and private funders, lenders and nonprofit practitioners to develop and implement key programs and policies to reduce the incidence of foreclosure in Baltimore. The Coalition's aim is to preserve and increase the assets of families, which in turn supports the revitalization of the neighborhoods in which they live and the city as a whole. For more information, please go to www.preservehomeownership.org.

The Maryland Consumer Rights Coalition is a nonprofit consumer education and advocacy organization that promotes fairness and safety in the consumer marketplace. For more information: www.mdconsumers.org

NEWSPAPERS



STATE WARNS OF FORECLOSURE 'CONSULTANTS'

BY JAMIE SMITH HOPKINS

SUN REPORTER

SEPTEMBER 26, 2006

Vicki Randles, saddled with debt from breast cancer treatment and in danger of losing her Middle River home, thought she had signed a contract for a loan to get herself back on track. Instead, she'd signed away her home.

State regulators stepped in and managed what she thought would be impossible: They helped her get it back from the "foreclosure consultants" who had tricked her. Randles, 48, just received notice that her name is again on the deed after a yearlong ordeal.

But many people in similar situations have not been so fortunate. The state, which scheduled a press conference today about her case, is warning homeowners to be wary of so-called experts offering help. Some are con artists.

"If you go to these unscrupulous foreclosure consultants, they are going to take your equity, they're going to take your title to your home and you're going to be out in the cold," said Calvin Wink Jr., an investigator with the state Department of Labor, Licensing and Regulation's financial regulation enforcement unit who worked on Randles' case.

State legislators passed a law last year requiring foreclosure rescue firms, among other things, to clearly disclose terms, and Randles' attorney, Mike Morin, said it was critical in the effort to get her home back.

State officials are pursuing a cease-and-desist action against the company.

They declined to name the firm until the order is final.

But Morin and others worry that the problem will balloon in the next few years. Foreclosures are expected to rise as higher interest rates pinch more cash-strapped homeowners with adjustable-rate mortgages. The five-year housing boom that pushed values skyward in the Baltimore region only adds to the problem.

"There are so many people who are cash-poor but equity-rich in their homes," said Phillip R. Robinson, executive director of Civil Justice Inc., a nonprofit group in Baltimore that handles a lot of predatory real estate cases. "These kinds of schemes are increasing."

Randles said her experience was so stressful that she suffered from depression, panic attacks and a lagging recovery from the cancer. A bookkeeper by profession, she's still berating herself for getting scammed. She said she had no idea in July last year that she was signing a deed giving the company control of her house rather than a "deed of trust" necessary to use the home to secure a loan.

Randles had needed help. At the end of 2004, too ill to work, she lost her job. She fell behind in her mortgage payments and faced foreclosure proceedings.

The foreclosure-consultant company she picked out of the many that offered assistance gave her a bit more than \$20,000 to pay off her medical debts and past-due mortgage bills. She then sent her monthly mortgage payments to the consultants. It was only because they were late forwarding the money to her mortgage company that she took another look and discovered the bad news: She no longer owned the home, she was renting it - and if she didn't buy it back, she'd be on the street by the end of 2006.

She had less than \$60,000 left on the mortgage for her end-of-row brick townhouse, appraised for about \$180,000.

"I'm one of the lucky ones because I still have my home," said Randles, who bought it in 2000. "These kinds of people just feed off people in vulnerable situations."

Mortgage delinquency rates are lower here than in most states. Maryland homeowners were at least 30 days behind on payments on 3.3 percent of loans in the second quarter of this year, compared with 4.4 percent nationwide, according to the most recent numbers from the Mortgage Bankers Association.

But that's still more than 30,000 individuals or families who are behind, some portion of whom will eventually face foreclosure.

"I think that by this time next year, there are going to be a lot of people in that situation," said Wink, the investigator, who worries about homeowners with interest-only and other "exotic" mortgages.

Already, Morin said, the Baltimore-Washington area is rife with mortgage fraud. It's to the point that he's seeing "hobby con artists," people doing it in their spare time.

Bob Adams, a foreclosure consultant in Owings Mills, said the industry isn't just con artists. He believes the law passed last year pushed out a lot of "shady" operators. Adams said he's never ended up with a client's home and offers his clients contracts that specifically state he will not purchase their property even if they decide to sell it.

Homeowners can also seek help from nonprofit housing counselors, said Robinson, with Civil Justice. The Maryland attorney general's office keeps a list of organizations, hoping to steer residents away from what it calls foreclosure sharks.

Randles, amazed and elated to have the deed to her house once more, hopes people in financial trouble learn from her travails. "Through all of this, my intention was not to let this happen to anyone else," she said.

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Link to the article: <http://www.baltimoresun.com/business/realestate/bal-bz.foreclose26sep26.0.5093748.story?coll=bal-realestate-headlines-1>



GROUP FIGHTS FORECLOSURE

New \$800,000 effort offers advice to city homeowners in trouble

BY ERIC SIEGEL

SUN REPORTER

SEPTEMBER 27, 2006

Baltimore homeowners who are having trouble meeting their mortgage payments will now be able to call the city's 311 number for referrals for assistance - part of an ambitious new initiative aimed at reducing the high number of foreclosures in the city.

The \$800,000 program will pay for publicity and education, as well as greatly expanded counseling and legal services, principally through the St. Ambrose Housing Aid Center and **Belair-Edison** Neighborhoods Inc.

The aim of the effort by the Baltimore Homeownership Preservation Coalition is to provide increased opportunities for an independent review of loan documents before prospective buyers commit to a mortgage - and to encourage homeowners with financial problems to seek help before they become so deeply in debt that there is no alternative to losing their house.

Besides the obvious damage to the lives of individuals, advocates say foreclosures are an impediment to efforts to revive some of the city's fragile neighborhoods, in part by stimulating homeownership.

"What dawned on us is we're filling up a big bucket of water with a hole in the bottom," said Carol Gilbert, a program officer with the Goldseker Foundation and co-chairwoman of the coalition. "We've been focusing on new homeowners and not in keeping the ones we have."

Separately, Maryland officials this week warned consumers about unscrupulous private "foreclosure consultants" who dupe homeowners into giving away their homes in the guise of providing help with delinquent mortgage payments.

Nationally and locally, concern is growing that foreclosures could rise as higher interest rates push up adjustable-rate mortgages and credit-challenged homeowners who bought houses with subprime mortgages get squeezed by higher energy bills and a slowing economy.

In Chicago, a three-year effort to preserve homeownership in the city's low- and moderate-income neighborhoods helped more than 1,300 families avoid foreclosure, according to the July final report of the Home Ownership Preservation Initiative.

Half of the money for the Baltimore effort will come from federal dollars funneled through the city, with the remainder made up from grants from local and national nonprofits and a private lender.

A public announcement about the initiative to reduce foreclosures will be made today on a street corner in **Belair-Edison** in Northeast Baltimore.

The neighborhood is one of the areas hardest hit by foreclosures over the last several years, according to a study paid for by the Goldseker Foundation and conducted by the Reinvestment Fund, a Philadelphia-based nonprofit that arranges financing for the revitalization of low-income communities and conducts research on housing markets.

There were more than 25,000 mortgage foreclosures in the city from 2000 through April of last year, the report said.

Though it said the number of foreclosures had declined by 8.5 percent between 2000 and 2004, the report described the ratio of properties in foreclosure to homeowners as "extraordinarily high" compared with other areas the group had studied. It said the number was nearly twice that of Philadelphia and nearly 2 1/2 times that of New Castle County, Del., which includes Wilmington.

The foreclosure rate in the city was in "stark contrast" to that of Maryland as a whole, which has one of the lowest foreclosure rates in the nation, the report said.

The report cited a number of possible factors leading to the city's high rate of foreclosure. These range from the large number of properties purchased with alternative financing methods such as adjustable-rate mortgages, to the property-flipping scams of the 1990s, to the high rate of default in the city's own aborted Settlement Expense Loan Program, which was started in 1993 as a way to aid first-time homebuyers and ended seven years later.

The report estimated that a disproportionate percentage of loans in foreclosure - 55 percent - were subprime, meaning they carry a higher interest rate because borrowers do not qualify for traditional mortgages. According to the report, subprime loans made up 49 percent of mortgages in the city.

A foreclosure is a legal filing taken by a lender when a property owner fails to make payments on his or her mortgage. While filing of a foreclosure does not necessarily lead to loss of property, the Reinvestment Fund study estimated that 70 percent of homeowners faced with foreclosure in the city eventually lost their house.

Two who were threatened with foreclosure but did not lose their homes were Wanda Watters and Stephan Schnell.

Both are first-time homeowners who bought their houses in the late 1990s, Watters in Chinquapin Park and Schnell in Gardenville in Northeast Baltimore. Both fell behind in their mortgage payments because of personal problems - in Watters' case, the serious illness of her son that caused her to miss work; in Schnell's, a divorce. Both were able to keep their houses by negotiating with their lenders through the staff of St. Ambrose.

"It was scary," said Watters, 42, an addictions counselor and single mother. "I didn't know if I was going to be homeless."

Schnell said his counselor was able to persuade his lender to adjust the terms of his loan, so that his delinquent payments would be added to his remaining ones, raising his monthly costs from \$998 to \$1,150 but allowing him to remain in his home.

"That's my first house - I'm not so educated in the legal situation," said Schnell, 48, a German immigrant and banquet chef. "When my mortgage company found out I had an agency working with me, they acted totally differently."

Lisa Evans, deputy director of St. Ambrose, said the nonprofit currently counsels about 600 people who are behind in their mortgage payments, and she estimates the agency is able to help a little over a third of them remain in their homes. She said the infusion of new funds will enable the agency to double the number of people it assists - and increase the number it can help avoid losing their homes.

"A lot of the folks we see come in much too late in the process," she said. "They're way behind or the auction's been scheduled."

"We'd love to see people who know their circumstances are changing ... or before they refinance," she added.

Callers to the city's 311 number - a clearinghouse for problems ranging from nonemergency police requests to scheduling bulk trash pickups - will be referred to St. Ambrose or, when St. Ambrose is closed, to a toll-free hot line operated by the Minneapolis-based Homeownership Preservation Foundation.

Other members of the Baltimore Homeownership Preservation Coalition include NeighborWorks America; the Abell and Annie E. Casey foundations; Baltimore Neighborhood Collaborative and CitiFinancial.

The Reinvestment Fund report noted that homes lost in foreclosure were often not immediately purchased by another homeowner. At least 14 percent of the properties lost after foreclosure were bought by an LLC or a company and another 24 percent were purchased by individuals acting as investors.

The loss of property values due to mortgage foreclosure citywide is \$1.8 billion, or about 10 percent of the value of the city's residential real estate, the report estimated. Though it said foreclosures were scattered throughout the city, the report found they were more concentrated in mostly African-American neighborhoods.

Barbara Aylesworth, executive director of Belair Edison Neighborhoods Inc., said 37 percent of the neighborhood's 6,400 properties have been in foreclosure over the past decade. Though the number of foreclosures last year was just over half the peak of 300 in 1999, and the median home price has nearly doubled in the past five years to \$112,000, Aylesworth said foreclosures are still too high. She said foreclosed properties hurt the neighborhood by being poorly maintained or bought by investors, who do minimal repairs and then rent them out.

"We are swimming upstream," she said. "Long-term, we don't want to be fighting these foreclosures."

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Link to the article: http://www.baltimoresun.com/business/realestate/bal-md.foreclose27sep27_0.1297252.story?coll=bal-realestate-headlines-1



From the Baltimore Sun

Homes for keeps

September 29, 2006

A new effort to reduce foreclosures in Baltimore is a smart and forward-looking strategy to promote neighborhood stability and shore up the city's tax base. Although some neighborhoods have been harder hit than others, left unchecked, this trend could undermine revitalization efforts citywide.

Because several foreclosures in a neighborhood can lead to the decline of an entire area, finding ways to avoid them will also protect the city's efforts to reclaim and restore blighted neighborhoods and entice more people to move here.

The three-year initiative is the result of a partnership among the city, nonprofit groups, private foundations and lenders. This Baltimore Homeownership Preservation Coalition will provide city homeowners facing foreclosure with free legal advice, assistance negotiating with mortgage lenders and a host of other foreclosure counseling and prevention services. It will also help new and prospective homebuyers avoid bad real estate deals or mortgage loans they can't afford.

Residents in trouble can dial 311, the city's One Call Center, to be connected to a 24-hour counseling service and then referred to local agencies.

Baltimore residents are clearly in need of these services. Some 25,616 mortgage foreclosures were filed between January 2000 and April 2005, and 70 percent of them resulted in people losing their homes. While the rates have since declined, the ratio of properties in foreclosure to homeowners still remains high. In 2004, 30.6 foreclosures were filed for every 1,000 owner-occupied homes, almost twice the rate of Philadelphia, according to a new study done for the Goldseker Foundation, which supports local nonprofit organizations. The median time between home purchase and foreclosure was just three years.

The high foreclosure rate in the city is a worrisome anomaly in a state with the second-lowest foreclosure rate in the region, behind D.C., and the seventh-lowest rate nationally. In the last two years, foreclosures cost the city \$1.8 billion in reduced property values, according to the Goldseker study. Beyond these statistics lie equally troubling human stories. Many of those losing their homes are black, single mothers with modest incomes who viewed buying a home as a ticket to the middle class and a way to pass on property to their children. The foreclosure prevention plan could help more poor people hold on to that dream.

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<http://www.baltimoresun.com/news/opinion/bal-ed.foreclose29sep29,0,3807079.story?coll=bal-opinion-headlines>



LET'S HELP BALTIMOREANS HOLD ON TO THEIR HOMES

BY VINCENT P. QUAYLE

OCTOBER 15, 2006

Baltimore was once known as a city of homeowners.

That largely meant working families able to afford modest rowhouses, often financed by community-based savings and loans or backed by the federal government. Today, I worry that the city is becoming known not for homeownership but for its high rate of lost homes.

Quietly but tragically, we are in the midst of a foreclosure crisis that is costing us thousands of homeowners every year and destabilizing neighborhoods across the city. This crisis has prompted the creation of the Baltimore Homeownership Preservation Coalition, made up of nonprofits, foundations, private lenders and others. It's working to educate the public and push for much-needed support and policies to help people stay in their homes.

The work of the coalition, which is modeled on a similar effort in Chicago that is showing great promise, is critical and should be a priority for our elected leaders. As an important first step, stressed city homeowners who call 311 will now be patched through to immediate help from a "homeownership counselor."

How did we get here?

Through much of its four decades, St. Ambrose Housing Aid Center worked with three groups of homeowners facing foreclosure: those who had lost a job, had a serious health problem or had divorced.

In the 1990s, that began to change as aggressive real estate firms and unethical lenders set up shop in Baltimore, offering cheap houses and easy credit. The Federal Housing Administration, which offers better terms and protections for the borrower, and as recently as five years ago underwrote more than a third of the mortgages in the city, saw its share plummet to less than 5 percent.

The result was a flood of foreclosures that continues today. While the number of foreclosure filings has declined recently, the rate of those filings remains extremely high compared with other cities such as Philadelphia and Boston.

Every day, distraught people on the verge of losing homes stream into our office. Sometimes we can work with the mortgage holder and help them save their homes; many times we can only hold their hands as the complex and fast-moving process unfolds.

Sadly, many of our clients shouldn't have bought a home in the first place.

Most are young women, single mothers who earn modest incomes, often working in service jobs. They were drawn to homeownership as a way to better their living situations, but they remain vulnerable to even small financial misfortunes.

Some were placed in homes by well-intentioned government programs. Others were lured by a relatively small group of lenders eager to make a quick buck on unsophisticated borrowers.

Things are likely to get even worse. Many Baltimore homeowners are caught in unaffordable new mortgage "products" that are difficult and costly to refinance. One setback can point these families down the road to foreclosure. Many others are stuck with adjustable-rate mortgages and interest rates that have climbed steadily.

Across the city, unless we do something, families will continue to lose their homes and much or all of their equity. It's not just about them. Entire neighborhoods suffer as foreclosures create vacant homes or neglected rentals that keep property values down.

In a new study, the Reinvestment Fund estimates that foreclosures in Baltimore have depressed the value of real estate in the city by \$1.8 billion, which hurts homeowners and costs the city tax revenue.

The new homeownership preservation coalition is working to highlight the problem and seek solutions.

It could begin by passing stronger laws against predatory lending practices in Maryland and by strictly enforcing existing laws. We also need to stop selling homes to people who are not truly ready for the responsibility. That will require better counseling and screening of would-be homeowners.

This new coalition brings together many key players, including the city housing department, local foundations and national groups such as NeighborWorks America. Even CitiFinancial, a private lender, is helping to stop foreclosures because it knows that it, too, loses when a home is lost.

For so many years, Baltimore's miles and miles of brick rowhouses epitomized the city's proud record of homeownership.

I worry that unless we take action now, Baltimore will continue to be known for its rowhouses - but with foreclosure notices nailed to their doors.

Vincent P. Quayle is the executive director of the St. Ambrose Housing Aid Center in Baltimore. His e-mail is vinq@stambros.org.

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Visit <http://www.baltimoresun.com>



BUSINESS

New program will help stave off foreclosures

Kelly Carson, The Examiner
Sep 23, 2006 5:00 AM

BALTIMORE - Baltimore homeowners who face foreclosure have a new ally, thanks to a coalition working in conjunction with government groups.

Mayor Martin O'Malley on Wednesday will announce a counseling support group that will help financially troubled homeowners avoid foreclosure.

"It's not an unusual problem," said Carol Gilbert, program officer with the Goldseker Foundation, a 30-year-old Baltimore foundation that supports nonprofit organizations helping communities and individuals in the Baltimore metro region.

The Goldseker Foundation funded a report by The Reinvestment Fund that shows the depth of foreclosures in the area. That report and the counseling support group will be made public at 10:30 a.m. Wednesday when O'Malley hosts a news conference in the Belair-Edison neighborhood at the corner of Parkside Drive and Kavon Avenue.

Joining O'Malley will be Paul T. Graziano, commissioner with Baltimore Housing; Marietta Rodriguez, director of NeighborWorks Center for Foreclosure Solutions in Washington; Colleen Hernandez, president of the Homeownership Preservation Foundation in Minneapolis; Mary Louise Preis, vice president for community relations with CitiFinancial in Baltimore; and Vincent P. Quayle, executive director of the St. Ambrose Housing Aid Center in Baltimore.

Gilbert said 3,600 filings for foreclosures were made in 2005, down from the 2000 level of 5,000.

"That's still high," she said, though a filing for foreclosure does not mean the mortgage holder foreclosed a property.

kcarson@baltimoreexaminer.com
Examiner



LOCAL

Baltimore City to help prevent home foreclosures

Stephen Janis, The Examiner
Sep 28, 2006 5:00 AM

BALTIMORE - Baltimore Mayor Martin O'Malley announced a new program on Wednesday to help city homeowners avoid foreclosure.

"For the first time in 30 years, Baltimore is growing again," the mayor said in statement. "And we can't allow high foreclosure rates to slow us down."

The program, which will allow homeowners facing foreclosure to call 311 for referrals to credit counseling, is a partnership between the city and the Baltimore Home Ownership Preservation Coalition. Coalition spokesman Tom Waldron said foreclosures have cost Baltimore \$1.8 billion in reduced property values in the past two years.

"When a house is foreclosed on, it loses its value and affects property values throughout the neighborhood," he said.

Waldron said studies have shown that foreclosures have a ripple effect, causing property values to drop in nearby homes. The coalition, Waldron said, will be working with several local nonprofits and the city government to spread the word that help is available.

"The biggest problem is getting people in arrears on their mortgage to get help," he said. "Sometimes they are in denial, but we want them to know if they seek help they'll get it."

Callers to the city's 311 line will be referred to Saint Ambrose Housing Aid center for credit counseling and foreclosure prevention counseling.

Funded by \$800,00 in federal grants and private donations, Waldron said the program has worked in other cities, including Chicago.

sjanis@baltimoreexaminer.com
Examiner



BUSINESS

Groups, advocates look for solutions to prevent foreclosure

Kelly Carson, The Examiner
Oct 3, 2006 4:00 AM

BALTIMORE - There may be help on the horizon for residents whose security is being threatened by foreclosure.

A coalition of public organizations and advocacy groups will come together Thursday in an effort to develop a strategy to help stem the tide of rising foreclosure rates in the state.

"The objective is to bring those organizations that care about the issue of rising foreclosure rates together to look at trends ... and find solutions," said Doug Robinson, a spokesman for NeighborWorks America, a national nonprofit created by Congress to provide financial support, technical assistance and training for community-based revitalization efforts.

Among the speakers scheduled to appear are Jeffrey Lubell, director of the Center for Housing Policy in Washington, D.C.; Cheryl Hystad, advocacy director of the Legal Aid Bureau Inc. in Baltimore and author of a report on predatory lending practices; Jonathan Miller, a staff member for U.S. Sen. Paul Sarbanes of Maryland, the ranking Democrat on the Senate Banking and Urban Affairs Committee; and Phillip Robinson, executive director of Civil Justice Network Inc. in Baltimore.

Phillip Robinson said his Civil Justice Network is just one of several community organizations that are joining together to focus attention on community problems related to foreclosure.

"From a legal prospective, foreclosure is a judicial action and the only action that the defendant doesn't have to be served with process," he said.

This week's forum comes on the heels of an announcement last week by Baltimore Mayor Martin O'Malley of a program that encourages homeowners threatened with foreclosure to call the city's 311 line for referrals to credit counseling and foreclosure prevention counseling.

The referral program is a partnership between the city and the Baltimore Home Ownership Preservation Coalition.

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Examiner



EDITORIALS

Editorial: Baltimore needs to lower property taxes

The Baltimore Examiner Newspaper, The Examiner
Oct 4, 2006 5:00 AM

BALTIMORE - New census figures released Tuesday show rent and mortgage payments eating up a larger portion of household income in Baltimore city than just a few years ago.

In 2002, the earliest available date for the information, 37 percent of Baltimore renters spent 30 percent or more of their income on housing. By 2005, that figure jumped to 52 percent. Statewide, about 45 percent of renters spent 30 percent or more on housing costs in 2005.

For homeowners in Baltimore, the number spending more than 30 percent of household income on their mortgages rose from 31 percent in 2002 to 34 percent in 2005, the third highest in the state. Throughout Maryland, the percent of homeowners spending 30 percent or more of their household income on a mortgage rose from 25 percent in 2002 to 31 percent in 2005.

Economists say spending 30 percent or less of monthly income on housing is affordable.

Those figures make Baltimore's onerous property taxes — twice as high as surrounding jurisdictions — even more of a burden than they were a few years ago.

Mayor Martin O'Malley recently launched a program to help city homeowners avoid foreclosure — a problem that has cost the city \$1.8 billion in reduced property values over the past two years, according to a study for the Goldseker Foundation, which supports local charities. (Residents can call 311 for referrals to credit counseling.)

While welcome, the better solution would be to prevent the situation altogether by making home ownership more affordable in the city. That means dropping property tax rates to levels more on par with surrounding counties and cutting municipal operating payrolls and other costs to allow for the tax cut.

Maybe then the city could boast a growing population instead of one that's now almost leveling off.

And those struggling to make rent payments, the young people we're trying to both keep and attract, could invest in buying a home and be able to make payments and pay taxes.

Examiner

City's high foreclosure rate spurs hotline, counseling

Baltimore Business Journal - September 28, 2006

by [Robert J. Terry](#)

Staff

Even as the number of foreclosures in Baltimore dropped more than 8 percent over a four-year span, according to a new study, the rate of foreclosures compared to the number of homeowners in the city was almost twice that of Philadelphia, a trend that has cost the city \$1.8 billion.

And that's cause for concern among city agencies, housing groups, lenders and nonprofits, which on Wednesday launched a new initiative to help people facing foreclosure and sustain Baltimore's momentum in boosting its roster of homeowners.

Prospective homebuyers will get access to independent counseling on the costs of homeownership and spotting fraudulent real estate practices as part of the effort launched by Mayor Martin O'Malley and a new group called the **Baltimore Homeownership Preservation Coalition**. Homeowners threatened with foreclosure will be able to call 311, the city's **One Call Center**, where operators will connect them to trained counselors and refer them to housing aid organizations.

The group unveiled the initiative in a news conference in the Belair-Edison neighborhood, which has seen a significant number of foreclosures.

The **Goldseker Foundation** released a study by The Reinvestment Fund (TRF) showing that the number of foreclosures in Baltimore declined by 8.5 percent between 2000 and 2004. However, Baltimore has a rate of about 30 foreclosures for every 1,000 owner-occupied homes, the study found, far outpacing Philadelphia, which TRF also studied.

TRF estimates foreclosures have cost Baltimore roughly \$1.8 billion in reduced property values.

"For the first time in 30 years, Baltimore is growing again," O'Malley said in a statement. "And we can't allow a high rate of foreclosures to slow us down. This new initiative will help families retain their homes and keep our neighborhoods strong."

Threatened homeowners who call the city's 311 line will be referred to the **St. Ambrose Housing Aid Center**, which is expanding its foreclosure prevention counseling and outreach efforts as part of the initiative launched Wednesday. The Baltimore Homeownership Preservation Coalition is also sponsoring a community forum on foreclosures Oct. 5 at the **University of Baltimore's Merrick School of Business**.

The group has pulled together almost \$800,000 from its partners for the effort. That includes \$400,000 in federal assistance to Baltimore City and \$200,000 from the **Abell Foundation**, which will help fund foreclosure work by St. Ambrose and legal groups.

"Foreclosure hurts everyone -- the family involved, mortgage lenders, the neighborhood surrounding the lost house, and the city as a whole, because foreclosures drive down the value of properties," said Marietta Rodriguez, director of the **NeighborWorks Center for Foreclosure Solutions**, in a statement. "Today, Baltimore joins several other communities around the country that are aggressively tackling problems with foreclosures."



Foreclosure Program Launched in City

By Leonard Sparks

AFRO Staff Writer

On the heels of a new report showing that Baltimore has an extremely high foreclosure rate, the city announced on Sept. 27 a new initiative aimed at helping residents threatened with the loss of their homes.

Gathered under an awning in Herring Run Park in Northeast Baltimore, Mayor Martin O'Malley -- joined New Mexico Gov. Bill Richardson and officials from the Goldseker Foundation and area banks -- said homeowners will now be able to call 311 to receive counseling assistance through the St. Ambrose Housing Aid Center.

"Baltimore is the foreclosure capital of the country," said Vincent Quayle, executive director of St. Ambrose. "We have been throughout all the '90s. This thing is so big, and it's hitting African-American single moms. She is the one in her family that's getting clobbered by this."

Under the program, homeowners can call the city's One Call Center 24 hours a day and be connected with housing counselors at St. Ambrose. Funding for the \$800,000 initiative includes \$400,000 in federal money from the city, \$150,000 from the Goldseker Foundation and \$200,000 from the Abell Foundation. The money will be used to train counselors, advertise the new service, buttress anti-predatory lending efforts and combat fraud by companies offering foreclosure "rescue" services.

The program's backers said the goal is to not only keep people in their homes, but to also stabilize neighborhoods. "For the first time in 30 years, Baltimore is growing again," O'Malley said. "And we can't allow a high rate of foreclosures to slow us down. This new initiative will help families retain their homes and keep our neighborhoods strong."

A study prepared for Goldseker by The Reinvestment Fund, a Philadelphia-based community redevelopment organization, said that while the number of foreclosures in Baltimore fell by 8.5 percent between 2000 and 2005, the ratio of foreclosures to homeowners remains significantly high.

In 2004, according to the report, 30.6 foreclosures were filed for every 1,000 owner-occupied households in Baltimore, compared to 16.1 percent in Philadelphia, Pa., and 12.2 percent in New Castle County, Del. The report also found that foreclosures are concentrated in communities with a high percentage of African Americans and that, in Baltimore, the average time from home purchase to foreclosure is just three years. Reasons cited in the report include the high rates on Federal Home Administration-insured loans and a lack of home equity at the time of purchase.

In Baltimore, the report said, 55 percent of the homeowners in foreclosure had purchased their home with a loan that was equal to or greater than the sales price. The rate of foreclosure is also being fueled by the use of "creative" financing tools, such as adjustable rate mortgages and multiple loans, and the increasing number of home purchases by people younger than 35.

Quayle said many of those hit by foreclosure were ill-prepared when they purchased their home, but were faced with a lack of rental options. "It used to be people got sick, they lost their job or their marriage failed," he said. "More and more, in the last 10 years, we've seen people who really shouldn't have gotten into that situation in the first place. They really could not afford that monthly payment."

Stephan Schnell said he bought a five-bedroom Victorian in Gardenville when he moved to Baltimore from Germany in 1997. Two years later, he said, financial problems and a divorce left him four months behind on his \$998 mortgage payments. "I was so embarrassed. I thought I was going to lose my mind, lose my house and everything," he said.

Schnell, a 48-year-old banquet chef, said he eventually overcame feelings of shame and called St. Ambrose on the recommendation of a friend. While his attempts to contact his mortgage company had failed, he said St. Ambrose was able to intercede for him. "When the mortgage company found out I had an agency to help me with my situation, I felt that then, they started to respond," Schnell said.

With a \$1,500 balloon payment and a revised mortgage amount that is just \$62 more than his original payment, Schnell said he's now on sound footing and earning extra income by renting out bedrooms in his house. "Those people have been very wonderful," he said. "They helped me very, very much."

Richardson said he's going to bring a similar initiative to New Mexico and said he expects Baltimore's program to "go national."

"This is a huge problem. There's a stigma. Working families are really hurting," he said. "And what I believe is, this gives families hope. It gives them an option to keep their homes. I'm going to take it to New Mexico."



City residents now receive assistance with foreclosures

by Nakia Herring

Baltimore Times

Originally posted 10/6/2006

The Goldseker Foundation recently released a study by The Reinvestment Fund (TRF) that shows the rate of foreclosures on homes in Baltimore dropping by 8.5 percent between 2000 and 2004, but Baltimore still has 30 foreclosures per every 1,000 owner-occupied homes. The estimated foreclosures have cost the city \$1.8 billion in reduced property value.

Foreclosure is defined as a situation in which a homeowner is unable to make principal and/or interest payments on his or her mortgage, so the lender, be it a bank or building society, can seize and sell the property as stipulated in the terms of the mortgage contract.

Mayor Martin O'Malley and the Baltimore Homeownership Preservation Coalition want to prevent that from happening to the residents of Baltimore City.

They have created an initiative where homeowners can call 311, the city's One Call Center, and speak to an operator who will connect them to a trained counselor. The counselor will refer them to a housing aid organization.

The new initiative will also teach prospective homebuyers about the cost of homeownership; how to prevent fraudulent real estate practices; provide free legal advice; and assistance in negotiating with mortgage lenders.

"Foreclosure hurts everyone-the family involved, mortgage lenders, the neighborhood surrounding the lost house, and the city as a whole, because foreclosures drive down the value of properties," said Marietta Rodriguez, director of the NeighborWorks Center for Foreclosure Solutions.

"Now, Baltimore joins several other communities around the country that are aggressively tackling problems with foreclosures," she stated.

Homeowners that are threatened with foreclosure who call 311 will be directed to the St. Ambrose Housing Aid Center, which has their own foreclosure prevention counseling and outreach efforts.

The Baltimore Homeownership Preservation Coalition has already received over \$800,000. The Abell Foundation gave \$200,000 and another \$400,000 came from federal assistance. All monies will fund the work done by St. Ambrose and other groups.

"For the first time in 30 years, Baltimore is growing again," Mayor Martin O'Malley said. "And we can't allow a high rate of foreclosures to slow us down. This new initiative will help families retain their homes and keep our neighborhoods strong."

The three-year initiative comes as much needed help for the 25,616 foreclosures that were filed between 2000 and 2005. Over 70 percent of those foreclosures filed resulted in residents losing their homes and someone immediately purchasing the property.

Carol Gilbert, a program officer with the Goldseker Foundation and co-chairwoman of the coalition, says it is time to focus on those who are in need of saving their homes.

"What dawned on us is, we're filling up a big bucket of water with a hole in the bottom," says Gilbert. "We've been focusing on new homeowners

and not in keeping the ones we have.”

The Baltimore Homeownership Preservation Coalition consist of NeighborWorks America; the Abell and Annie E. Casey Foundations; Baltimore Neighborhood Collaborative and CitiFinancial; St. Ambrose Housing Aid Center and Belair-Edison Neighborhoods Inc.

For more information on The Baltimore Homeownership Preservation Coalition call 410-369-3237.

THE WALL STREET JOURNAL.

House Talk Blog: New Study Compares Global Home Prices

By June Fletcher

From [The Wall Street Journal Online](#)

Baltimore's Foreclosure Rate Higher than Neighboring Cities

Baltimore homeowners face a higher rate of foreclosure than other nearby cities, according to a new report by [The Reinvestment Fund](#), supported by the Goldseker Foundation.

The report shows that there were 30.6 foreclosures for every 1,000 owner-occupied households in the city, compared to 16.1 in Philadelphia and 12.2 in New Castle, Del. Many of those who are losing their homes are young, with little cash and poor credit. Once their homes are lost, they often aren't resold to other young families -- increasingly, they're being bought by investors.

To help families facing foreclosure keep their homes, Baltimore Mayor Martin O'Malley announced today (Sept. 27) a new initiative that includes counseling services. The initiative was spearheaded by a new coalition of government and non-profit groups called the Baltimore Homeownership Preservation Coalition.

TELEVISION



WBAL – TV, Channel 11 – Local NBC affiliate in the Baltimore area. Aired a story on the press conference on September 27, 2006 during the 5pm broadcast.



WMAR – TV, Channel 2 – Local ABC affiliate in the Baltimore area. Aired a story on the press conference on September 27, 2006 during the 5:30pm and 6pm broadcasts.



TBA



TV-25, Mayor's Office of Cable and Communication – Aired the entire press conference in its entirety beginning on Sept. 27th and lasting for another week, 2-3 times/day.



Maryland Newsline -Capital News Service of the University of Maryland – covered the forum on Oct. 5th and their story, which included interviews with Carol Gilbert, program officer with the Goldseker Foundation, Lisa Evans, deputy director of St. Ambrose Housing Aid Center and Cheryl Hystad, director of advocacy for Legal Aid Bureau, Inc., aired later that evening on the public cable channels of Montgomery and Prince George’s counties.

RADIO



THE MARC STEINER SHOW

Tuesday, October 3rd

Noon - 1:00

Baltimore City has a high number of foreclosures and, often times, many people in danger of losing their homes don't speak to their bank or lender until it's too late. Marc and his guests **Paul Graziano**, City of Baltimore Housing Commissioner, **Carol Gilbert**, Program officer with the Goldseker Foundation and **Vincent Quayle**, Exec. Director St. Ambrose Housing Aid Center discuss new programs and initiatives to help stave off foreclosures.

[The Goldseker Foundation](#)

Symphony Center
1040 Park Avenue, Suite 310
Baltimore, MD 21201
410-837-5100

[St. Ambrose Housing Aid Center](#)

321 E 25th Street
Baltimore, MD 21218
410-366-8510

[HABC/HCD](#)

Office of Communications
417 E Fayette Street
Baltimore, MD 21202
410-396-3237



WEAA-FM, 88.9 – Non-commercial news/talk/jazz station owned by Morgan State University. Interviewed Carol Gilbert of the Goldseker Foundation; Vincent Quayle of St. Ambrose Housing Aid Center; Rahn Barns, vice president and community development director of Provident Bank; and Roy Miller, homeownership coordinator with Belair-Edison Neighborhoods, Inc.

Blogs, Newsletters & Other Sources



E-NEWSLETTER FROM THE OFFICE OF MAYOR MARTIN O'MALLEY



From: Mayor Martin O'Malley
Sent: Friday, September 29, 2006 10:30 AM
Subject: Taking Care of Business: September 29, 2006

September 29, 2006

[Helping City Residents Protect Their Most Valuable Investment](#)

Help is on the way fighting foreclosure.

[TCB Brief: Free Fall Baltimore](#)

What's good for Baltimore is great for business.

[Quote of the Week](#)

Dear Business Leader,

Every Baltimore family faces tough times at some point in their lives. Whether it's the loss of a loved one, the loss of a job or a sudden illness – the problems we face often present challenges that seem insurmountable. That's why I was so happy to join the Baltimore Home Ownership Preservation Coalition and Housing Commissioner Paul Graziano yesterday to announce the launch of the "Call 311 – Every Minute Counts Campaign."

As interest rates and energy prices continue to rise, many homeowners in Baltimore are concerned about losing their homes – and a study just released by the Goldseker Foundation has found that Baltimore's relatively low foreclosure rates of the past may be on the rise. That's why the "Call 311 – Every Minute Counts Campaign" is so vitally important to the progress we're making in so many neighborhoods around the City.

Citizens facing foreclosure, for whatever reason, can now receive local homeownership preservation assistance through the City's 311 Call Center that will help them protect what

is the most important investment that many of them will ever make – their homes. Just call 311 to get the details.

Our homes are so much more than just bricks and mortar – they are the heart and soul of our City – and we put so much hard work into the places where our children grow and our families come together. I believe it's important that we are there to help our citizens protect their homes in case of foreclosure, and I'm proud to be Mayor of a City that steps up and offers what we can when bad things happen to good people.

TCB Brief: Free Fall Baltimore - What's Good for Baltimore is Great for Business

I've always believed that one of the best ways we can nurture Baltimore's burgeoning business community is to get both residents and out-of-towners buzzing about all there is to do in our great City. We're home to cultural, historical, musical and artistic attractions that dazzle the eye and stimulate the imagination – and in many ways, Free Fall Baltimore is about leveraging those strengths in ways that empower our businesses.

For the next couple of months, our City will be offering residents and visitors alike the opportunity to experience all that Baltimore has to offer at no cost. There will be art shows, concerts, film screenings, theatrical performances and much more going on in every corner of Baltimore City – and I believe that each and every one of these events is an opportunity to enhance our City's image as the region's leader in fun and exciting ways to spend free time.

Go to www.freefallbaltimore.com to get all the details.

Quote of the Week

"That is true culture which helps us to work for the social betterment of all." – Henry Ward Beecher

BELIEVE

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[Homeowners facing foreclosure can dial 3-1-1](#)

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Community programs offer education, counseling

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[Inman News](#)

Baltimore residents in danger of falling behind on their house payments can now dial 3-1-1 for advice from a mortgage education and counseling program.

A similar 3-1-1 program in Chicago helped 1,304 families stay in their homes, saving banks an estimated \$77 million in foreclosure costs, according to a [report](#) on the three-year Home Ownership Preservation Initiative.



Baltimore's \$800,000 program is spearheaded by the Baltimore Homeownership Preservation Coalition, and will offer education, counseling and legal services. Half of the program's cost is being covered by federal money administered by the city; grants from nonprofits and a private lender are picking up the rest of the cost.

Homeowners with mortgage problems will be able to dial 3-1-1 and talk to city operators who handle nonemergency police calls and other requests for services like bulk trash pickup, the *Baltimore Sun* [reported](#). Calls for mortgage assistance will be referred to BHPC member St. Ambrose Housing Aid Center.

In addition to encouraging debtors in financial trouble to seek help before it's too late to keep them in their homes, the program will also help prospective buyers review loan documents before they commit to a mortgage.

A [report](#) released today by a Philadelphia-based nonprofit, The Reinvestment Fund, looked at 25,616 foreclosures in the city between January 2000 through April 2005. The report found Baltimore's foreclosure rate was nearly twice as high as Philadelphia's, and stands in "stark contrast" to the state as a whole. Maryland has one of the lowest foreclosure rates in the nation.

Factors behind the high rate of foreclosure may include property-flipping scams, the widespread use of nontraditional loans such as adjustable-rate mortgages, and the city's own defunct first-time home buyer program, which had a high rate of default, the report said.

Nearly one in 10 properties in foreclosure were purchased with assistance from the city's Settlement Expense Loan Program, which provided second mortgages for 4,000 buyers between 1993 and 2000. Nearly half of those properties — 1,826 — were in foreclosure at some time during the period studied in the report.

"It is a historical fact that the SELP program was problematic," the report noted. "The city recognized the difficulties with the program, ended it and established a revised program requiring home-ownership counseling."

A high proportion of homes in foreclosure — 32 percent — were purchased with FHA-insured mortgages.

The report estimated that subprime loans made up 55 percent of loans in foreclosure, compared with 49 percent of mortgages in the city overall. One in four properties in foreclosure were originally purchased with two or more loans, and 13 percent of loans in foreclosure had adjustable rates or balloon payments.

The areas with the most foreclosures tended to have higher percentages of African-American households, the report said. The typical home in foreclosure was a single-family row home with a current average assessed value of \$49,600.

Most of the homes in foreclosure, or 55 percent, were purchased with no equity — the loans were equal to or greater than the sales price of the home. An estimated 38 percent of homes in foreclosure had been used as collateral for home equity or refinance loans.

The Reinvestment Fund report also looked at the economic impacts of foreclosure. Foreclosures have reduced property values in Baltimore by \$1.8 billion, or 10 percent of the total assessed value of all residential real estate, the report estimated.

The report found investors — individuals or companies — snatched up more than a third of homes in foreclosure. While just 5 percent of foreclosed properties were purchased by limited liability companies (LLCs) in 2000, by 2005 LLCs were buying 17 percent of foreclosed homes.

Barbara Aylesworth, executive director of Belair Edison Neighborhoods Inc., told the *Sun* that investors who purchase foreclosed homes often do minimal repairs and rent them out, hurting property values. She said 37 percent of the 6,400 homes in the neighborhood have been in foreclosure in the last decade.

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