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Foreclosures Rise, Help on the Way?

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Staff Writer

Sprouting "for sale" signs on almost every block in the country, sometimes every other house in the Inland Empire, signal just how few neighborhoods have escaped what analysts describe as the worst mortgage meltdown since the Great Depression.

Last quarter, the banks took back nearly a quarter million homes as the imploding mortgage market drives families from wondering just how they'll make their escalating monthly housing payments to where they'll sleep at night.

RealtyTrak, a company that surveys national mortgages, reports that one of every 32 homes is in foreclosure in the Inland Empire.

The impact has been faster and more furious than anyone imagined.

Carolyn Debevec, with the San Bernardino County Community Action Partnership, said that most of their clients are renters, but the agency is seeing families impacted by foreclosure. Most recently they have had several renters come in, saying they were told to leave without notice.

One woman was in a house 16 years, and she has to get out.

"We have clients that have been paying their rent faithfully, and yet the landlord is being foreclosed on," she said.

She said the agency can only give out referral lists for low rent housing. They can also help out with the first month's rent if the person finds a place.

"Although we do get quite a few calls from people that have mortgage problems," she said. "There's nothing we can do, by the time they call in, they're already three to five months behind."

All of the existing resources the agency get goes to people coming in for food, gasoline cards; they don't have money left over to buy their kid's school clothes.

"Everything is going into the gas tanks," she said. "We're trying to make the same amount of money to address the needs of twice the number of people."

There is no place to send the homeless except to local homeless shelters, where women and children can stay for 90 days. Or, the agency gives motel vouchers good for two weeks if the person can show they have a plan for shelter after that.

In the works, a housing rescue bill expected to be signed this week by the President will help bail out Fannie Mae and

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Foreclosures Rise

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Freddie Mac corporations to ease the number of foreclosures in the futures.

But as usual, it takes time for the federal government to get bills into gear, and help may not come soon enough for families now in trouble.

That bill kicks in October 1. Meanwhile, agencies are telling people to hang on tighter to their homes, get a second job, go sell their jewelry, go to the food bank, anything to keep from being tossed to the street.

The HUD website on foreclosure recommends that homeowners contact the bank immediately when they're aware that they can't make the mortgage payment so they can possibly get pipelined to help.

Earlier this month, another bill at the state level, SB 1137, will try to hold back the tide of upcoming foreclosures by requiring servicers to work more closely with borrowers before filing notices of default.

Under that bill, tenants would be able to continue living in their foreclosed homes longer.

The bill, by Senate President Pro Tem Don Perata (D-Oakland) and Assembly Speaker Karen Bass (D-Los Angeles), was backed by ACORN, Center for Responsible Lending, California Labor Federation AFL-CIO, California Association of Counties, California Reinvestment Committee, and the Western Center on Law and Poverty, among others.

San Bernardino ACORN organizer Bobbi Jo Chavarria said that if someone is getting foreclosed on this week, chances are slim that help is available.

But if someone is still in their home, the organization can try to help through their Housing Help Program.

ACORN Housing works with nonprofit loan counselors and borrowers to help negotiate with the lender. However, while ACORN's numbers are among the best in the industry, they're only able to save about four out of 10 homes.

"We have folks come on Tuesdays and on weekends to begin the process of helping them work with their lender and get a good assessment of whether or not it's possible to stay in the home depending on what the homeowner wants," she said.

Scammers are coming out of the woodwork with so-called foreclosure counselors, some charging thousands of dollars promising to keep people in their homes. They discover later the bank was never contacted and the foreclosure is done.

If someone charges, she said question the process and look around for a free program.

"We're getting folks into our free program and helping them negotiate with their lenders and see if they can come up with better terms, and if they can't, at least get some time and let them know their options," she said.

San Bernardino Acorn, a HUD certified agency, said there are several good nonprofit organizations that are credentialed and qualified to help people save their homes, and are not charging money.

There's another problem lying in wait.

Kevin Stein, associate director of California Reinvestment Coalition, said a lot of people pulled out the equity in their home with second mortgages when the market was hot. Those rates will reset soon.

Helocs [Home Equity Lines of Credit] and also Option ARM loans are expected to be the next big wave.

"Most foreclosures now are the result of subprime loans, these 228s and 327s, people are seeing Option ARMs starting to reset this year, the next year, and the year after that. Certainly we're not at the end," Stein said.

For more help in loan modifications, call ACORN 909.806.4715.