

Homeowners fight foreclosure injustice

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BALTIMORE—Louis Beverly, an ACORN leader here, used a bolt cutter to break the lock on Donna Hanks foreclosed home so she could move back into the house in east Baltimore she lost in foreclosure. Baltimore police issued a warrant for their arrest on “burglary” charges Feb. 24 and both have surrendered and are now awaiting trial.

ACORN calls the project “Homesteading,” an emergency measure in the absence of the moratorium on foreclosures the grassroots community organization is demanding.

Hanks owed \$260,000 on the modest home with a monthly payment of \$1,600, ruinous given her income of about \$1,200 a month as a hotel employee. She had fallen more than \$7,000 behind in her mortgage payments.

Joe Cox, a leader of the Baltimore Chapter of the Association of Community Organizations for Reform Now (ACORN) told reporters, “People say we’re breaking the law but we don’t see how putting a person back in an abandoned property is hurting anyone.”

ACORN is expanding the homesteading project to 22 cities. It has enlisted 500 volunteers to serve as “home defenders,” blocking evictions and disrupting auctions of foreclosed properties. An estimated 2.3 million homeowners have lost their homes in foreclosures in 2008. Another 9 to 11 million foreclosures are forecast in 2009.

Rep. Marcy Kaptur (D-Ohio), distressed at how many of her Toledo constituents were being foreclosed, urged them to stay put. “You be squatters in your own homes,” Kaptur thundered in a speech on the House floor. “Don’t you leave!”

Kaptur pointed out that the mortgage market is so tangled that no one knows for sure who legally owns tens of thousands of foreclosed properties in Ohio. A judge in Cleveland refused to proceed with several foreclosures because the banks could not certify which financial institution owned the mortgages.

While lobbying for foreclosure relief on Capitol Hill recently, Phoenix ACORN President Alicia Russell greeted Kaptur’s “squatter” proposal.

“I think it is a good idea,” she told the World. “The banks have sold and resold these mortgages so many times that no one knows who actually owns them. The banking industry is out of control. These are families that do not want to be homeless.” Phoenix, she said, is the sixth hardest hit city in the foreclosure crisis.

President Barack Obama traveled to Phoenix to unveil his \$275 billion package aimed at stabilizing the housing market and helping 11 million homeowners keep their homes. ACORN hailed Obama’s initiative.

Art Perlo, chair of the Economics Commission of the Communist Party USA also greeted Obama’s plan but stressed it is only a first step. “Too much is voluntary, not compulsory, starting with an indefinite moratorium on evictions,” Perlo said.

Homeowners shouldn’t have to declare bankruptcy and depend on a bankruptcy judge’s whim for relief. The principal of loans (not just interest rates) “should be written down to a level that reflects realistic home values and families’ ability to pay,” he continued. This should be done universally, not on a case-by-case basis by courts which are in no position to deal with 10 million individual cases.

Perlo assailed bailouts of the banks. “The plan should have less carrot and more stick,” he said. “Instead of spending billions to bribe them to make changes in mortgages, the executives and managers of these banks should be told to modify ALL loans favorably if they want to escape doing serious jail time for fraud, conspiracy, and economic terrorism.”

The plan ameliorates the crisis “but does not alter that 10 million to 20 million families are so burdened by mortgage debt that it dominates their lives” and leaves them at risk of losing their homes.”

As for squatting and homesteading, “These actions will have to be multiplied a hundred-fold in order to overcome this crisis,” he told the World. Indeed, the financial meltdown is so catastrophic that nationalization is openly proposed by mainstream economists as the only remedy.

ACORN warned that a moratorium on foreclosures is urgently needed. Many major lenders have already agreed to abide by a voluntary moratorium. Yet these voluntary moratoriums “only cover a small portion of the troubled loans that may slip into foreclosure in the immediate future,” said ACORN CEO Bertha Lewis.

Lewis pointed out that the banks voluntary moratorium covers only the loans they “own.” That leaves the vast majority of at-risk homeowners without protection. Take for example Wells Fargo. They “own” only 6 percent of the mortgages they deal with. Fully 94 percent of the mortgages they “service,” i.e. collect homeowner payments on, are owned by some other financial entity.

“Especially worrying is the vast majority of the subprime loans at the heart of the foreclosure crisis,” Lewis continued. “At least 75 percent of these subprime loans were securitized and sold to investors rather than held onto by the banks....so none of the announced moratoriums will protect those borrowers stuck with subprime loans from losing their homes in the coming weeks and months.”