

Still there, foreclosed no longer Nonprofits help occupants buy back homes

Thomas Quinn did something that most people who lose their homes to foreclosure can only dream about: He bought back his family's Hyde Park house.

Quinn, 48, a father of two teenage daughters, was forced to give up the deed to the 1920s bungalow last year after his wife died of cancer and he could no longer afford the payments on their subprime loan. But he refused to leave the property, outraged that his lender wouldn't rework the mortgage. And then, with the help of a local nonprofit, the fire pump salesman was able to repurchase his home and secure an affordable 30-year, fixed-rate mortgage nine months after the foreclosure.

"I'm a happy homeowner again with a payment I can live with," he said. "It is saving me over \$1,000 a month."

Quinn is one of a small but growing group of former owners who are not only staying in foreclosed homes but are buying them back, with the help of nonprofit groups and housing advocates. And in some cases, they are getting their homes at significant discount the second time around, because real estate values have plunged.



"I'm a happy homeowner again with a payment I can live with," said Thomas Quinn, with his daughter Hayley and his girlfriend, Pam

"We are in the process of helping a lot of people buy back their homes," said Zoe K. Cronin, a housing attorney for Greater Boston Legal Services. "There is not likely going to be another buyer. If there is someone willing to buy it back at a real value, that's probably the best option" for lenders, she said.

Boston Community Capital, a 25-year-old agency with a mission to help create healthy communities, is at the forefront of the effort, with about 30 borrowers - tenants and former homeowners - already in the process of purchasing their homes. In Quinn's case, the nonprofit bought his house from Wells Fargo Home Mortgage in February and weeks later sold it back to him for \$198,750 - about what he owed the bank.

Elyse Cherry, the nonprofit's chief executive, said it wants to keep residents in their homes and prevent foreclosures because abandoned homes fall into disrepair, scarring neighborhoods. Funded by private and public sources, Boston Community Capital has over the past 25 years invested more

than \$423 million to help low-income communities across the nation.

Without such help, former homeowners can find it daunting to buy a new home or buy back their old home. With damaged credit, it's nearly impossible for them to get another loan.

"The folks we are dealing with, they can't get any debt at all because their credit ratings are ruined," said Cherry. "Neighborhoods can turn back into blighted areas really quickly if the vacancy rate rises too much."

The effort comes as the number of foreclosed properties in Massachusetts mounts. Last year, foreclosures jumped to 12,430 - a 62 percent increase from the year before. During the first three months of this year, 2,755 homeowners lost their properties to foreclosure.

To address the problem, government officials, housing advocates, and banks are promoting loan modifications and refinancing for struggling homeowners - who have seen their incomes drop, property values plunge, or mortgage rates jump.

President Obama in February unveiled a \$75 billion plan to help 4 million homeowners modify loans and let another 5 million refinance into lower-cost loans.

But much of that help has not yet reached the streets, and many distressed homeowners still struggle to get assistance. Home values have dropped so low in some communities that borrowers simply are unable to refinance. In other cases, borrowers don't earn enough to meet a bank's income requirements.

Bruce Marks, chief executive of the homeownership organization Neighborhood Assistance Corporation of America, based in Jamaica Plain, said banks are flooded by requests for help and struggling with a growing portfolio of bank-owned homes. Marks said his corporation has even managed to persuade some banks to rescind foreclosures in other states.

"Banks are overwhelmed," he said. "They now recognize it is better to keep the existing homeowners or the existing tenants."

In Dorchester, a group of tenants living in a foreclosed property spent months trying to persuade Wells Fargo that it made financial sense to sell them the home at a reduced market value rather than force an eviction.

The Meyers family, three sisters and a brother, were taken by surprise when the three-decker they rented from their stepmother was foreclosed upon in 2007. The siblings decided to fight the eviction with the help of City Life/Vida Urbana, a Jamaica Plain-based tenant organization that grabbed media attention last year after members chained themselves to several foreclosed homes.

Allister Meyers, 29, said that Wells Fargo eventually agreed to sell the property back to the family and dropped the price after months of negotiations. Wells Fargo officials declined to discuss the case, citing confidentiality issues.

In November, Meyers bought the house for \$225,000, less than half the amount his stepmother had borrowed on the property two years before the foreclosure, according to public records.

"It must have been a miracle; our prayers came true," he said. "I woke up and said, 'You know what? This is my house. We are going to start doing work on it.'"

Sackie Freeman hopes Boston Community Capital will help him repurchase his foreclosed Dorchester home, which has been in his family for four decades. Freeman, a hip-hop DJ, inherited the property from his grandparents in 2004, but refinanced it partly to fund a juice bar and clothing store called All-Nite. When the business started to falter in 2007, Freeman had trouble paying his mortgage.

After foreclosure, Freeman refused to leave the home he shares with his 3-year-old daughter, his ailing mother, and an uncle.

"So we missed two or three payments, they are going to take my whole house?" he said. "Everybody deserves a second chance."

Like Freeman, Quinn doesn't understand why more banks don't help families in his situation.

He and his wife, Raquel, bought their house for \$160,000 in 1998. Five years later, Raquel was diagnosed with cancer. Nervous about money, she wanted to refinance. The couple signed a 15-year, adjustable-rate mortgage that folded in their car loan.

After his wife's death, Quinn took a sales job with a pay cut and less traveling so he could spend more time with his daughters. His mortgage payments increased from \$1,600 to more than \$2,000. Quinn said Wells Fargo rejected his request to refinance to a 30-year, fixed-rate mortgage.

Wells Fargo officials would not comment on Quinn's case, but said they do everything possible to help homeowners.

Nonetheless, the lender went ahead with the foreclosure last spring, and eviction proceedings soon began. Quinn contacted City Life to help him fight the eviction. That's when Boston Community Capital stepped in to help.

Cherry said Wells Fargo agreed to stop the eviction process and sell the property to the nonprofit to keep Quinn in his home.

"We are really delighted to have banking partners that are willing to step up to the plate that way," she said. "They need to clear out their inventory."

Quinn's is one of three mortgages - one for a tenant and two for former homeowners - the nonprofit has already financed. The company also is buying and financing the purchase of abandoned bank-owned properties.

To make sure homeowners who purchase properties at deep discounts don't unfairly gain from a future sale, the company will require them to share any equity appreciation with Boston Community Capital.

Despite the nonprofit's efforts, Cherry said, some people can't afford to buy back properties, even at a discount.

"We can't fix every problem, but we certainly can work very closely with residents with any loan we come to own," she said. "Unfortunately, the laws of economics still apply." ■