



## Underwater, foreclosed, saved!

By K.C. MYERS

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ONSET - Mona Smead lovingly describes her neighborhood of small cottages in the center of this village, near Onset Beach with its bluff of green, grassy hills.

Nothing could shake her, she thought, from the home on Union Avenue that she bought in 1988 and where she raised her two children.

"This is home to me," she said. "This is where all the love is."

Yet she nearly lost the house in 2008 when her employer cut her full-time hours and her usually reliable overtime.

Then, about two weeks before her foreclosure date, Smead saw a TV news segment about Boston Community Capital's SUN (Stabilizing Urban Neighborhoods) Initiative.

Founded in 2009 by Elyse Cherry, a former partner with the Boston law firm of Hale and Dorr and the chief executive officer of Boston Community Capital, the SUN program is like no other in the country.

In a speech in 2011, Federal Reserve Board Chairman Ben Bernanke praised it as one of the few solutions to help low-income families at a time when the recession has blighted their neighborhoods with evictions, foreclosure auctions and boarded-up homes.

"Because we work in these neighborhoods, we saw this coming before most people," Cherry said of the housing crisis.

Smead, 47, who said she once had a high credit rating, found herself on the fast track toward a foreclosure auction in October 2011. By then, she had lived for three years with bankruptcy and with the threat of foreclosure.

She already had been scammed by a modification company called New Hope Modifications, which was shut down in 2010 by the attorney general in its home state of New Jersey.

The company took two months of mortgage payments, then its website disappeared and Smead never heard from it again, she said.

She also had applied for a modification of her mortgage through a program made available by President Barack Obama's Making Home Affordable Act. But Bank of America, which held her mortgage, denied her modification application.

Smead, 47, feared she'd lose the house in the winter and have nowhere to go with her two elderly dogs.

"You want to talk about stress and depression," Smead said. "I have not been living; I've been more like the living dead."

Though close to giving up when she saw the news program about SUN, she made one last call.

SUN convinced her to come to Boston to apply.

The SUN program was able to negotiate a sale price for Smead's house with Bank of America. It bought the house and sold it back to Smead for an amount that was 61 percent lower than her existing mortgage. Her monthly payments on the new 30-year fixed-rate mortgage are 58 percent lower than her previous payments, said Cherry. (Smead agreed to talk to the Times if specifics of her loan were not included.)

SUN adds a 25 percent markup that's folded into the new loan. And to avoid speculators using the program, homeowners must give back half the profit if they make one when they sell the home.

It's fair, Cherry said, "since you've only had to pay half the mortgage, you only get half of the appreciation."

For Smead, it's like a dream come true. "It's like when someone dies and people are afraid to talk to you. Well, now when people call, I have a really good story to tell," she said.

Boston Community Capital, a 27-year-old nonprofit organization, created SUN by asking foundations, wealthy donors and other sources to create a \$50 million loan fund. It created its own licensed mortgage lender, Aura Mortgage, to hold the loans as would a bank.

SUN's concept works on the principal that because values have dropped, many people can afford their homes at the current market price. They just cannot afford their current loan.

The idea was innovative enough to gain national attention - and not just from Bernanke. In 2010, Boston Community Capital won \$5.5 million in grants and low-interest loans from the MacArthur Foundation and other partner agencies and corporations.

"There are many efforts like this across the country, but this is a very promising one," said Debra Schwartz, director of program-related investment at the MacArthur Foundation in Washington, D.C..

SUN's creation of interlocking agencies to raise the money and carry the mortgages is an innovative approach to tackle a complicated process, Schwartz said.

The average SUN participant sees a 45 percent reduction in both the principal and the monthly mortgage payments, Cherry said.

Banks are willing to sell to Boston Community Capital because SUN pays the market rate, Cherry said.

Since 2009, SUN has helped 200 families and the program has the potential to expand. Only one of those clients has defaulted, she said.

"We work with responsible borrowers," Cherry said.

Applicants must be residents of Massachusetts, be in default or foreclosure, and have a stable income to support their new mortgage, Cherry said.

They also must come to the table with \$5,000 to put down at the time of the sale, she added.

SUN won't work for everyone. Sometimes, for example, the value of the property has not fallen low enough to make it affordable, Cherry said.

But for many struggling homeowners, it's worth a try.

"I fought for so long, and finally something really, really worked," Smead said.



## **Fitchburg, Registry of Deeds launch foreclosure program**

By Michael Hartwell  
May 20, 2012

FITCHBURG -- The Worcester Northern District Registry of Deeds and the city of Fitchburg are announcing a partnership designed to aid homeowners at risk of foreclosure to find programs that can help them keep their homes.

They are promoting the Stabilizing Urban Neighborhoods, or SUN initiative, which helps homeowners with financial problems reduce the amount they owe for mortgage payments.

"I see the faces of people when they come through the door looking for help, said Kathleen Reynolds Daigneault, Worcester Northern District's register of deeds. "I believe it's my job to do what I can do to help them."

Daigneault said her office is helping publicize the SUN program, which has been in place since 2009 and is open to all Massachusetts homeowners who meet certain qualifications.

SUN is a nonprofit run by Boston Community Capital. To qualify, homeowners need to have a stable income but can no longer afford their mortgage payments. SUN is funded by charitable loans and works by purchasing the home from the mortgage holder at a negotiated price. The foreclosure process is stopped and homeowners then make monthly payments directly to SUN at a lower amount, as much as a 40 percent reduction in some cases.

For Fitchburg homeowners in trouble, Daigneault's office is referring people to Ryan McNutt, the city's housing director to help apply for SUN or other programs.

"What these homeowners absolutely need is a principal reduction," said McNutt. Because so many people facing foreclosures purchased homes during the peak of the housing bubble, many of them are expected to make payments on an inflated principal, which is the original amount borrowed.

McNutt's office has begun mailing fliers promoting the SUN initiative to residents in the hopes of reaching those at risk of foreclosure.

"They don't really have the ability to do much outreach," said McNutt. He wants to assure residents with foreclosure risks that SUN is a legitimate program that can help them.

In addition to SUN, McNutt wants Fitchburg residents to know about other programs available in the city, such as the Home Owner Occupied Rehabilitation program, that provides cheap loans

for residents who want to fix up their homes and the Fitchburg Homeownership Program that helps low-income families afford homes in certain parts of the city.

Also, McNutt and Daigneault recommended anyone who receives a foreclosure notice attend a special class through the Twin Cities Community Development Corp. on foreclosure options. The next such class is scheduled for this Thursday evening.