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Boston Program Sets National Example For Helping Homeowners In Foreclosure

By George Hicks, June 22, 2010



A sign noting the foreclosure status of a single-family home tops the for sale sign in Denver, Co. (AP)

Amid record home repossessions nationwide, the SUN Initiative, a privately-funded program in Boston and Revere, aims to keep over 2,000 owners in their homes by buying them after foreclosure and selling them back to the owners with an affordable mortgage.

Bosee, a social worker who asked that we not use her full name, is one of the SUN Initiative's first clients. She bought a two-family house in Boston six years ago for \$390,000.

"We'd been renting all along," she said. "Our dream was owning our own home, which is the American dream."

But financing that dream with a subprime mortgage proved to be ruinous. Seeking to lower her monthly payments and draw on her equity to make repairs on the house, Bosee refinanced with a succession of subprime lenders, each time losing equity through substantial fees and inflated closing costs.

"We signed," she said. "We signed those papers, not knowing that they were not on our side." After six years, owing nearly \$520,000, Bosee and her family and tenant were facing foreclosure and eviction.

She began attending weekly meetings of the Bank Tenants Association at City Life/Vida Urbana, the community activist organization in Jamaica Plain. There, Bosee was referred to Boston Community Capital and the Sun Initiative.

According to Elyse Cherry, C.E.O. of [Boston Community Capital](#), the SUN initiative purchases properties after foreclosure, at a deep discount and sells them back to the foreclosed owners with a fixed-rate mortgage. Cherry says the SUN Initiative rigorously underwrites its clients to make sure they can afford the new mortgage.

“We need evidence that either the old mortgage was predatory, or someone lost a job or some other form of hardship occurred,” she said. We’re not in the business of assisting speculators.”

Cherry added that all borrowers must agree to share any appreciation in the value of their homes: the more they owed prior to foreclosure, the less they get when they sell. “Having homes occupied as opposed to vacant contributes substantially to the integrity and the stability of neighborhoods and families,” she said.

Since December the SUN Initiative has raised most of the \$50 million it needs—all from private investors. Recently, the Federal Reserve asked Boston Community Capital to provide a blueprint of the program, so that it might be replicated in other parts of the country where home prices have fallen sharply and neighborhoods are threatened by increasing foreclosures.