



## California Faith Groups Fight Banks on Foreclosures (Update2)

By Ari Levy

Oct. 27 (Bloomberg) -- For almost a year, Luis Flores has been lobbying mortgage lender IndyMac Federal Bank FSB to cut his house payments. They have doubled since he refinanced his home loan in 2005 and he can't afford them, Flores says.

"Every time I call them they say they can't help," said Flores, 31, a graphic designer and bartender in Contra Costa County, California, where one in every 146 homes is in foreclosure. "They tell you the solution is that they take Visa or MasterCard."

Now Flores has a new ally: the Antioch, California-based [Contra Costa Interfaith Supporting Community Organization](#), one of a growing number of religious and community groups pushing lenders to renegotiate troubled loans so owners can stay in their homes.

Some in Congress have called for measures to slow the foreclosure process and force banks to renegotiate mortgage terms with borrowers, and states such as California and North Carolina have passed such laws.

Still, more homeowners are turning to groups such as the Contra Costa organization for help in the early stages of mortgage problems, before they result in foreclosures. An affiliated group called the [PICO National Network](#), based in Oakland, California, says it is working with hundreds of families in Contra Costa County and plans to help as many as a million homeowners nationwide.

### National Tour

PICO, short for People Improving Their Communities Through Organizing, is kicking off a national tour tonight in Flores's hometown of Antioch, where 500 clergy and community leaders are due to meet with representatives from Bank of America Corp. and the Federal Deposit Insurance Corp.

The group says it will then move to Kansas City and three other cities before traveling to Washington for a meeting with House Financial Services Committee Chairman [Barney Frank](#). Washington Mutual Inc., now part of JPMorgan Chase & Co., Wells Fargo & Co. and Wachovia Corp. are other lenders the group is trying to sway.

"It's a local issue in terms of impact on families and communities but this needs a national response," said Tim Lilienthal, PICO's communications coordinator. "We need to move from a case-by-case way of doing things to a more systematic approach."

### Wells Fargo

Wells Fargo, the biggest bank on the U.S. West Coast, is not attending today's event, spokesman Kevin Waetke said in an e-mail. PICO said that discussions with Wells Fargo about the event were initiated six weeks ago and the group had expected the San Francisco-based bank to send a representative, according to a statement today.

PICO has 20 local affiliates in California. Other faith-based groups like the [Gold Cross of America](#) in Deltona, Florida, are offering assistance to homeowners as they negotiate with mortgage companies.

U.S. foreclosure filings surged 71 percent in the third quarter from a year earlier, to the highest on record, according to an Oct. 23 report from RealtyTrac. California accounted for 210,845 of the filings, or 27 percent, with one in every 189 properties in foreclosure, said RealtyTrac, which started collecting the data in 2005.

As part of a settlement this month with attorneys general in 11 states, Charlotte, North Carolina-based Bank of America agreed to work with about 395,000 customers to rework loans, including 124,000 in California, said spokeswoman [Jumana Bauwens](#).

The accord resulted from loans issued by Countrywide Financial Corp., the Calabasas, California-based lender that Bank of America bought in July. Bauwens said the bank is attending over two dozen events this month similar to PICO's.

### 'Reaching Out'

"Whenever we deem it as an event that can help our borrowers, we go out there with teams of people," Bauwens said. "We find them an effective method of reaching out to our borrowers in their local area."

Wells Fargo, the second-biggest U.S. mortgage lender, is acquiring Wachovia, which was the leading seller of option-ARMs, some of the riskiest mortgages issued during the housing boom. Waetke said the bank participated in an event staged by the Contra Costa group on Oct. 18 and will participate in others.

"Wells Fargo is working actively at a national level with loan investors on solutions that will help a broad base of at-risk homeowners across the country," the company said today.

### Exploding Rate

Flores refinanced his mortgage through IndyMac, the Pasadena, California-based company that was seized by the FDIC in July. Two months after his loan was issued near the end of 2005, it adjusted from 1.5 percent interest to about 9 percent, Flores said. That lifted his monthly payment to \$3,700 from \$1,700 and covered only the interest. He said his home is worth \$255,000 today and he owes about \$480,000.

"I want a payment that I can afford, and I want to feel like I'm making payments toward the house," said Flores. He's told the bank in e-mails and phone calls that he can pay \$2,300 to \$2,500 a month, he said.

FDIC Chairman Sheila Bair told the Senate Banking Committee last week that the government's \$700 billion financial-rescue plan enacted this month allows the government to set standards for mortgage changes and offer guarantees for loans that meet the standards. Bair has been pressing mortgage servicing companies that collect and process payments to accelerate modifications by lowering interest rates. She said the FDIC has mailed more than 15,000 proposals or reworked loans to IndyMac borrowers.

### 'Streamlined Process'

"We have introduced a streamlined process to systematically modify troubled home mortgages owned or serviced by IndyMac," Bair told the Senate committee on Oct. 23.

FDIC spokesman David Barr said the regulator is contacting customers and has identified 40,000 IndyMac loans for potential changes. Flores, meanwhile, said he has received no such proposal.

Arlonda Pirtle, a real-estate broker in Stockton, California, filed for bankruptcy in June after her business ground to a halt, leaving her unable to pay her mortgage. She now helps other struggling homeowners through a PICO-related group called [People and Congregations Together](#). After burning through her life savings to try and keep her home, she says she's relieved to see the government and private lenders finally stepping up.

"They weren't doing jack at first," said Pirtle, 44, who now rents a home in Stockton. "We're teaching people that there are different options out there, especially now that the government is helping people to stay in their home."

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