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Coming Together in a Crisis

Faith-Based Coalition Is Pushing for a Treasury Policy That Prevents More Foreclosures

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A national coalition of faith-based organizations has launched an effort to push the federal government for a more streamlined approach to handling troubled mortgages, with the aim of keeping more owners in their homes.

"Families are losing their homes and they're on the street, and that's just morally wrong," said Mary Rabon, a member of the Kansas affiliate of PICO National Network, an alliance of 1,000 U.S. congregations, based in Oakland, Calif.

More than 200 members of PICO, which stands for People Improving Communities Through Organizing, were in D.C. last week to meet with federal officials and stage a "prayer rally" outside the Treasury Building.

"This building behind us has the power to prevent another 2 million foreclosures," shouted the Rev. Lucy Kolin, a Lutheran pastor from Oakland.

"Wake up, Wake up," chanted the demonstrators. They say they want Treasury Secretary [Henry M. Paulson Jr.](#) to "wake up" to the reality of the foreclosure crisis and use the powers granted to him in the bailout legislation to stop "preventable" foreclosures.

Paulson opposes funding a plan championed by [Federal Deposit Insurance Corp. Chairman Sheila C. Bair](#) that offers loan modifications on standardized terms to as many borrowers as possible from the government's \$700 billion financial rescue fund.

But PICO members say the painfully slow, case-by-case loan workouts of those already in foreclosure, which is normal practice in the mortgage industry, are too little, too late. As congregation leaders watched foreclosures sweep through their communities, "it became clear to us that voluntary, case-by-case [loan workouts] wasn't going to cut it," said Gordon Whitman, PICO's director of policy.

Under the plan supported by PICO, every bank that accepts taxpayer bailout money would be required to accept the same set of loan-modification procedures, setting payments to no more than 34 percent of borrowers' incomes and, in some cases, reducing principles to reflect falling property values. Funding for the program would come from the \$700 billion bailout fund.

Many congregations are finding themselves on the front lines of the foreclosure crisis as members turn to houses of worship for help with their financial problems.

Even members of the clergy are not immune.

The Rev. Marvin Webb of Richmond, Calif., a Baptist pastor who came to Washington with the PICO alliance, has seen his adjustable-rate mortgage soar. He is struggling to pay his \$2,700-a-month payment, which is more than half his income.

"We want to keep our homes. We want to help our communities," Webb said.

In the Washington area, houses of worship are offering foreclosure workshops, emptying their food pantries to help those facing financial difficulties and scrambling to help those who have lost their homes find new housing.

"Churches are where people go," said Donna Hurley, executive director of Housing Options & Planning Enterprises, a [Prince George's County](#) nonprofit that counsels people facing foreclosure. Her group has held foreclosure workshops at area Catholic churches. "When things aren't going right, they go to the house of God to get answers," she said.

By networking 1,000 congregations, PICO is aiming beyond helping individual homeowners and trying to affect federal foreclosure policy.

While in Washington, members met with FDIC and Treasury officials, members of Congress and [Melody Barnes](#), who was named this week the director of President-elect [Barack Obama](#)'s Domestic Policy Council.

Whitman said PICO members are optimistic that Obama's Treasury Department will be more amenable to using some of the bailout money for the FDIC mass mortgage-modification process.

"We're hopeful, but we're not willing to wait until Jan. 20," Whitman said. "If we know what to do now, we should do it now."

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