

Getting Your Home Back After Foreclosure

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It is widely acknowledged that lending companies are not negotiating in good faith towards loan modifications. In particular, they are refusing to lessen the principal owed, even though real value of the property has declined sharply. Since they can only sell for real value if they foreclose, how can banks take such a hard line? Homeowners feel they are in a position where they must do almost anything to avoid foreclosure, including accepting bad loan modification offers.

City Life's post foreclosure anti-eviction action interrupts this logic. The anti-eviction fight is on more favorable terrain.

- ❖ The Bank needs to get something from us, our possession of the premises. That changes the nature of the bargaining.
- ❖ It separates "eviction" from "foreclosure." This is certainly legally true, and eviction can be fought for a substantial amount of time. When legal defense is part of an organizing effort, people use their legal rights and do not move. Spread over many people, this presents an overwhelming problem for the banks.
- ❖ The fight against eviction brings "tenants" into the picture. Attempts at loan modification do not apply to absentee owners, for example. The only victims in those situations are the residents, the tenants. Their energy and resistance comes into play only in the anti-eviction fight.
- ❖ Eviction defense can be very public and collective. The Banks' aversion to bad publicity gives us another way to bargain. When banks are trying to evict occupants no-fault who are (1) willing to pay rent and/or (2) willing to buy the property at its real value, the Bank has a very bad public relations position.

Anti-eviction defense after foreclosure uses the methodology of "the sword and the shield". It combines legal defense with public protest. Legal defense gives the time and space for public pressure. Public pressure can take the form of rallies or City Life eviction blockades. But it can also be much more individual and modest. One example is the "public letter."

Public Letters and Presenting Your Story

Members of City Life's Bank Tenant Association are encouraged to write "public letters" to the Banks, or to the lawyers representing them. These letters present the family as human beings, with children, elderly, disabled members, as workers, as community activists and leaders, as victims of predatory loans. Copies of each letter are sent to a battery of public officials.

Each public letter also states what the resident of the foreclosed building wants. The standard demand is that the foreclosing institution should accept rent rather than evict no-fault. An additional demand is almost always that the bank should sell the property at real value, either to occupants (perhaps the former owner, perhaps tenant occupants if the owner was absentee) or to a non-profit that can create affordable rentals or cooperatives.

Intermediary Non-profits and Re-Purchasing Your Home

The demand to buy at real value is made more credible by the intervention of intermediary non-profits. Such non-profits have financed some Bank Tenant Assoc. members to repurchase their homes. They buy the property first and then resell to the occupant. The non-profit can hold the property very briefly before re-selling, but they also have the option to hold it for a longer period and make repairs or introduce green improvements with government NSP money.

City Life refers Bank Tenant members to such non-profits using the following steps:

1. The individual writes a public letter to the bank.
2. City Life interviews the occupant to determine roughly if they are able to afford a mortgage at the real value of the home (often half or less the loan value).
3. If they can afford that, we refer to the non-profit. Their underwriter will evaluate the occupant's potential as a borrower, emphasizing stable income rather than credit report in the case of former owners. If they feel they can finance the family, they make an offer to buy the property from the foreclosing bank and then resell it to the occupant.
4. If the occupant can't buy themselves, or does not want to buy, we refer the property to any of a number of non-profits that might be willing to create rental housing or a cooperative.

These methods of repurchase have obtained very good results.