

## Center on homeowners' side

Kathy Coffey | Sep. 1, 2009



Mai Quach, director of employment programs for Lao Family Community Development, works with a client. (Photos by Breck Sargent)

### Ministries

Welcome signs to Lao Family Community Development are printed in eight languages: Thai, Chinese, Bosnian, Mien, Arabic, Spanish, Vietnamese, English -- and that's just the beginning. This Oakland, Calif., office houses the energy and diversity of Pentecost. The works of mercy are practiced here daily.

Originally founded 28 years ago to help war refugees from southeast Asia, the nonprofit now provides advocacy for crime victims, financial counseling, income tax preparation, computers for job searches, an individual account program that matches a refugee's savings with federal funds, and youth services. The initial emphasis on negotiating a strange culture in a foreign language, while still in place, has been eclipsed by housing needs.

In a region hard-hit by the economic downturn and the foreclosure crisis, Lao has become what reporter Matt O'Brien calls "a triage center for homeowner distress." Director of the Multilingual Homeownership Center, Sean Coffey (full disclosure: the author's son) fields phone calls daily from people desperately afraid of losing their homes. Prior to the subprime meltdown, Lao's housing counselors helped aspiring homeowners to find down payment assistance and become responsible homeowners. But 90 percent of the people who call Lao Family Community Development now are desperately worried about losing their homes.

The center has helped several dozen people avoid foreclosure, but their efforts are complicated by sleazy opportunists who prey on the vulnerable. Since default is a matter of public record, these scammers search the databases, then send out official-looking letters offering help. Bosnian refugee Izet Tudzinovic, father of two, fell for one scheme. He paid \$3,000 to a group offering to negotiate with his lender and modify his loan. Promising a full money-back guarantee, they told him not to call his lender or pay monthly payments.

Meanwhile, the lender began foreclosure proceedings because Tudzinovic hadn't paid. Only when his story was broadcast on NPR did the bank act. With help from Lao's housing counselors, the bank agreed to postpone the sale of his house and modify his mortgage. So far they have only been able to recover \$1,200 paid to the phony negotiators, though they are hopeful that an investigation by the Department of Real Estate will force the

scammers to return the money.

In another display of blatant greed, a mortgage broker doctored a loan application to make it look like the 28-year-old applicant made \$10,500 a month as a construction supervisor. She didn't know about the lie; in fact she made \$28,000 a year as a pharmacy assistant at Target.

Yet another scam: Homeowners receive a letter informing them they need to pay \$200 to have their property taxes lowered. They may not know that they can petition to have property taxes reassessed on their own, for free. Attorneys general for several states are taking on these frauds, but have a hard time keeping up with all the complaints.

Pressure from the media, instigated by the Lao staff, seems to be an effective strategy for countering sleazy practices. Lenders who dragged their feet for months suddenly sprang into action when an exposé appeared in *Business Week*. Its Feb. 12 cover story featured first-time homeowner Ocha Kelete, an Eritrean refugee and naturalized U.S. citizen. He had two janitorial jobs and bought a condo with a \$3,600-a-month payment. Losing one of his jobs and unable to replace it in a faltering economy, he could no longer make payments and the lender refused to work with him -- until the publicity.

### **Building trust**

Chery Cheung, one of Lao's housing counselors, speaks four languages. Because of her ability to conduct a pre-purchase class in Chinese, her clients trust her. Even if they understand English, they are far more confident operating in their native language. She explains that Asians are afraid to ask for help. "They'll share happiness, but not hardship," fearing shame, Cheung said. Some Asian cultures are intensely private; they only gradually build trust with a financial counselor.



But in gratitude for the free services at Lao, they spread the word. "We

hardly need to do outreach," Cheung admits. "I go with clients to their closing, organize their documents the way the bank wants them, translate terms into Cantonese and explain the interest rate. They are so thankful, they send me their friends and family." A homeowner recently contacted Cheung with a familiar story: Their home, purchased in 2005 when prices soared, lost 30 percent of its value by 2009. Laid off from her job and with a new baby, she turned to Lao. After Cheung negotiated a lower payment, the grateful homeowner thanked her charmingly if ungrammatically: "You're not only save our home but most important, you save us from offering a wonderful childhood for our son."

Cheung speaks modestly of a similar success for a Hispanic family struggling to pay their mortgage. With Cheung's assistance the bank agreed to modify the mortgage to a fixed rate for 40 years at 4.87 percent. She'll work through their budget, highlight where expenses can be cut and help them make lower payments now so they can afford higher ones later. She also applies pressure to slow-moving lending institutions: "You've had these documents four months and they're not in your system yet? I am so *peesed*!"

A refugee herself at the age of 15 in 1981, Cheung recalls with embarrassment how she sent her first teacher a

Christmas card -- "For Grandma." With no money to finish high school, she earned an accounting certificate through Job Corps. Although she wrote letters for her dad at the age of 8, she didn't know she could apply for financial aid in the United States. After completing a GED, Cheung got her first job in 1985, was quickly promoted because of her intelligence and skill, and soon bought a car and home. "Sometimes the dream comes true," she mused.

Sean Coffey explains the difficult situations he's encountered while working with distressed homeowners. "I feel nauseous explaining to a senior citizen on a fixed income that they need to find another job, or cut expenses when I know that they're already operating on a bare-bones budget." A week after Coffey attended a training session on predatory lending, an African-American family showed him a mortgage packed with every predatory feature covered at the training: adjustable rate, balloon payment and pre-payment penalty. The homeowners had paid over \$26,000 to receive this "toxic asset" packed with junk fees and a kickback to the mortgage broker.

Laura Lepe coordinates Lao's Individual Development Account program and is a trusted source of information within the community. Participants in the program promise to save money each month towards a goal of education, a small business or a home and at the end of the program their savings are matched dollar for dollar (up to \$2,000) by a grant from the Office of Refugee Resettlement. As part of the program, participants also learn financial skills from Lepe. She helps people start small businesses. "They may know how to sell tamales from a cart, clean or landscape a house, but not how to apply for a loan, write a check, read a credit report, pay taxes or grow the business," she said. Lepe also helps participants with their first car purchases, checking the Blue Book and mileage, preventing the purchase of lemons and watching the loan interest rate. Why? "Once you test-drive it, you're gone," she smiles, the wise reality check.

It's common now for families in California to owe \$100,000-\$200,000 more than their homes are worth. Coffey, who researched the foreclosure crisis for his master's degree in public policy, points out that it's in the lender's best interest to negotiate with hard-working, well-meaning families. If the homeowner walks, both parties lose everything. If the loan is modified, the bank might retrieve something. Unfortunately, for loans that were chopped up by Wall Street, many modifications are either refused or offer so little relief that homeowners logically opt for letting go of the home.

In the Lao office, a U.N.-like swirl of activity is typical. Most poignantly, at the center of this vortex sits a 76-year-old couple who speak only Cantonese. They are bowed with grief, frightened by a totally new setting. Their daughter who invited them to the United States has vanished; they are aching alone.

The scene would break the heart, except one suspects they are in good hands. Someone at Lao will speak their language, find them housing, direct them toward help. The wind of Pentecost blows; the fire of compassion is kindled again.

*Kathy Coffey gives retreats and workshops nationally and internationally. Her latest book is The Art of Faith (Twenty-Third Publications).*

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