Pathways to Trouble

Homeowners and the Foreclosure Crisis in Los Angeles Ethnic Communities

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EXECUTIVE SUMMARY

The recent Great Recession and foreclosure crisis devastated homeowners and communities across the United States. Although the largest wave of foreclosures has passed, many homeowners are still at risk of losing their homes. Understanding why homeowners got into trouble, what they did to resolve their troubles, and why some were successful and others were not is key to making homeownership more sustainable in the future, particularly for the immigrant and Latino, African American, and Asian American families that were hardest hit by the crisis. This research uses surveys and in-depth interviews with homeowners and the non-profits that tried to help them to explore the pathways families took on their way to default and foreclosure in four ethnically distinct communities in Los Angeles.

There were a handful of commonalities across the ethnic communities that we studied. Families of diverse backgrounds bought homes for economic and emotional reasons. Consistent with existing research, some understood the risks that they undertook in originating a loan, others blindly trusted the guidance of their realtors, brokers, relatives, and friends. Employment disruptions made it difficult for homeowners across the communities to make payments. Troubleshooting missed payments by pursuing a loan refinance or modification was a confusing, frustrating and, at times, predatory experience for the homeowners. Loan modification scams requiring large upfront payments were prevalent in the ethnic communities.

We build upon other literature by exploring the unique experience of immigrant homeowners, which we define as speaking a primary language other than English at home. These families got into homeownership and tried to resolve missed payments differently from the other homeowners that we interviewed. They disproportionately relied on co-ethnics for home buying and troubleshooting advice. They formed multigenerational households as a strategy to achieve and sustain homeownership and turned to their social networks for financial support when they had difficulty making payments. When foreclosure was imminent, their pursuit of loan refinance and modification was slowed and at times thwarted by language and cultural barriers, especially when transactions were conducted only in English.

This report also identifies challenges faced by non-profits that tried to help troubled homeowners during the recession. Assisting homeowners in refinancing or modifying their loans was a time- and resource-intensive undertaking for the housing counselors and community-based organizations that we spoke with, especially for those that had a large number of clients that were immigrants or from vulnerable populations (e.g. seniors

or persons with disabilities). Many felt that resources available through the U.S. Department of Housing and Urban Development and other sources to fund foreclosure counseling fell short in covering their expenses. The organizations struggled to expose predatory modification and refinancing scams and convince homeowners to take advantage of their free services rather than pay for help.

A handful of strategies would help homeowners and the non-profits that serve them better weather future economic crises. These include investing in:

A) comprehensive homeowner education and counseling,

B) linguistically and culturally competent lending,

C) legislation to protect homebuyers, and

D) affordable rental housing and homeownership alternatives.

Free and widely available homeowner education programs are needed to help immigrants and vulnerable groups get into and sustain homeownership. Education is needed at different stages, from pre-purchase counseling to save for and buy a home, to post-purchase counseling on how to budget to pay the mortgage, to foreclosure counseling on how to refinance or modify a mortgage, to post-foreclosure counseling on how to find alternative housing and resolve debt and credit issues. Importantly, lending and counseling must be linguistically and culturally competent to benefit non-English speaking and immigrant households. Supporting non-profits to provide translation and cultural brokering is a first step. Requiring that lenders allow homeowners to communicate with a linguistically and culturally competent intermediary when they are purchasing a home and at risk of foreclosure would go even further in leveling the playing field. Broader legislative changes also are needed to illegalize manipulative tactics used by lenders and servicers that make navigating the loan refinance and modification process difficult. In California, the Homeowner Bill of Rights, which was implemented in January 2013, prevents lenders from going forward with a foreclosure if they are also attempting to modify a borrower's loan, among other reforms. Changes to the law are needed to close remaining loopholes. For instance, servicers use vague definitions of what constitutes a "complete" loan modification application to avoid helping homeowners. Further clarifying terms and imposing sanctions on the most pernicious tactics used by lenders and servicers would help to increase loan refinance and modification success rates.

Fundamentally, preventing future foreclosures requires addressing the structural roots of the crisis. Foreclosures were the result of not only poor choices made by financially uneducated homebuyers and unscrupulous lenders and servicers but also growing inequalities in access to income, wealth, and affordable housing. Investments in affordable rental housing are needed to help families recover their finances after foreclosure. Alternatives to traditional homeownership, such as community land trusts, would help make homeownership sustainable for diverse households.

INTRODUCTION

The U.S. is recovering from its second worst foreclosure crisis in its history. Close to four and a half million homeowners lost their homes between September 2008 and May 2013 alone (CoreLogic 2013). In early 2010, one in ten homeowners with a mortgage was delinquent and at risk of losing their home (Joint Center for Housing Studies 2013). Although the largest wave of foreclosures has passed, homeowners are still in trouble. In the first quarter of 2014, about 340,000 homes were in the process of foreclosure (RealtyTrac 2014).

Foreclosures happen because of diverse circumstances. Understanding why families bought homes during the recent housing boom and what put them at risk of foreclosure are important in knowing how to make homeownership more sustainable in the future. This is especially the case for immigrant and Latino, African American, and Asian American homebuyers, who were among the most affected groups (Bocian et al. 2010a, 2010b, 2011; Kochhar et al. 2011). This research uses surveys and in-depth interviews with homeowners and the community-based and housing counseling organizations that served them to explore the pathways that families took on their way to default and foreclosure in four ethnically distinct communities in Los Angeles.

The families in our study bought homes for economic and emotional reasons. While some understood the risks that they undertook in originating a loan, most did not, trusting the guidance of their realtors, brokers, relatives, and friends. Consistent with existing research, employment disruptions were key events that made it difficult for homeowners of diverse backgrounds to make payments. Most attempted to refinance or modify their loan. The interviewed homeowners described the process as confusing, frustrating and, at times, predatory. Establishing a single point of contact with a lender was especially difficult, even with the support of an experienced housing counselor. Loan modification scams requiring large up-front payments were prevalent in the ethnic communities.

We build upon the existing literature by exploring the unique experiences of homeowners coming from the immigrant experience, which we define as those speaking a primary language other than English at home. Homeowners from the immigrant experience disproportionately relied on co-ethnics for home buying and troubleshooting advice. Co-ethnic realtors, mortgage brokers, and attorneys were at once essential, helping immigrants navigate unfamiliar legal and cultural real estate processes, and predatory, selectively sharing information and extracting exorbitant fees. Homeowners from the immigrant experience formed multigenerational households as a strategy to achieve and sustain homeowner-

ship and turned to their social networks for financial support when they had difficulty making payments. When foreclosure was imminent, language and cultural barriers slowed and at times thwarted loan refinance and modification, especially when transactions were conducted only in English. Some of the homeowners from the immigrant experience that we interviewed described the prospect of walking away from the home as shameful, a sign of having failed to achieve the "American Dream."

This report also provides insight into qualitative factors that may enable community-based and housing counseling organizations to better help homebuyers in diverse communities in the future. When facing trouble, some homebuyers paid for costly and at times predatory legal services, in part because they viewed the free support provided by non-profits as being of poorer quality. It is critical for community-based and housing counseling organizations to reach out to troubled homebuyers and dispel their misconceptions about the quality of the services they provide. In turn, requiring translation into other languages for not only loan marketing but also loan remediation materials and services would level the playing field for immigrant homeowners and save counselors' time. Translation should be available in multiple languages and dialects and not just the most common languages spoken in Los Angeles County.

Helping homeowners refinance or modify their loans was a time- and resource-intensive undertaking for the organizations that we spoke with, especially for those that had a large number of immigrant clients or clients from vulnerable populations (e.g. seniors or persons with disabilities). This made it difficult for staff to attend U.S. Department of Housing and Urban Development and other professional development opportunities that are important in keeping up to date on best practices and legislation changes affecting troubled homeowners. Providing greater funding would enable these organizations to increase their capacity and more efficiently serve clients. Making information about refinancing, modification, and other procedures available through a more flexible format, such as through a webinar or downloadable file, would help staff stay up to date while serving large caseloads.

In what follows, we review expectations from existing research on factors affecting homeowners' chance of default and foreclosure. We explore ways that the circumstances and outcomes of immigrant homeowners may differ from the native-born. Next, we introduce Los Angeles, our case study site, and discuss the research methodology. The bulk of the report addresses the diverse circumstances and conditions that shaped homeowners' experiences of default and foreclosure in Los Angeles ethnic communities. We conclude by drawing recommendations to help troubled families and the non-profits that serve them.

LESSONS FROM EXISTING RESEARCH

What factors affect whether a homeowner will experience and resolve a mortgage loan default? A growing literature identifies the role of personal, household, institutional and structural factors in driving homeowners' outcomes. An overarching characteristic related to foreclosure is race: families and communities of color were disproportionately affected by foreclosure. Immigrants, many of them of color, are an understudied group. Factors that may differentiate their experience include their limited English ability, cultural conceptions of lending, propensity to form multigenerational households, and their reliance on co-ethnic social networks.

A) PERSONAL AND HOUSEHOLD CHARACTERISTICS

Personal and household characteristics that shape homeowners' propensity to foreclose include: their motivation for becoming a homeowner and financial education, income, health, and family disruptions, and social network characteristics. These factors interact to influence outcomes.

Motivation and financial education

The choice to become a homeowner is at once an economic and an emotional decision. On the one hand, people enter into homeownership to build wealth, have space for a growing household, and better their neighborhood school quality and safety. On the other hand, people become homeowners to reach a life-cycle milestone and to achieve "the American Dream." Policymakers historically have promoted both of these reasons for homeownership through subsidies such as the mortgage interest tax deduction and campaigns to get low-income and minority families into homeownership (Saegert et al. 2009).

Financial education varies widely within American society (Fox et al. 2005; Lyons et al. 2006). A prospective homeowner may be aware of the financial risks that they are undertaking in deciding to originate a loan or be relatively unaware of these risks. Families that enter into homeownership more for emotional reasons may be less educated about its risks and more prone to accepting loan terms that could make them vulnerable to foreclosure.

Income, health, and family disruptions

Household dynamics related to income, health, and family composition affect homeowners' capacity to make mortgage payments. A loss of income from a change in employment is a primary threat to homeownership. Data from the National Suburban Survey found that homeowners experiencing foreclosure between the fall of 2007 and 2010 were more likely to experience unemployment (Niedt and Martin 2013). A study by the National Council of La Raza (NCLR) of 25 Latino families that un-

derwent foreclosure nationwide found that the loss of income was the primary factor leading to foreclosure. Commonly, this also was the "final straw" in a series of misfortunes, including health problems or an increase in the mortgage payment (Bowdler et al. 2010). At times, discord developed in the family because of the loss of income, which led to disruptions in personal relationships, such as divorce or separation. These further strained family finances and compounded difficulties making payments (Bowdler et al. 2010).

Income, health, and family disruptions came up frequently in a study of low- and moderate-income homeowners' experiences of default and foreclosure in five cities nationwide (Saegert et al. 2009; Libman et al. 2009). The study also found that these individuals were often the most stable within their social networks, meaning that they "shouldered the burdens of others" by giving out loans, providing services, and taking in friends and relatives to live with them. This further strained their finances and diminished their ability to make mortgage payments (Saegert et al. 2009: 307). Health problems, including going into debt paying for health care, are also precursors to foreclosure (Libman et al. 2012). A survey of over 100 homeowners in default in four states found that health problems were the most frequently cited issue contributing to difficulty making payments (Robertson et al. 2008). Problems included falling ill or experiencing an injury, struggling to pay medical bills, or taking care of sick family members or friends (Robertson et al. 2008). Like Bowdler et al. (2010), these authors found that a health problem was often part of a "perfect storm" of issues, such as a job loss or family disruptions (Robertson et al. 2008: 68). Over half of the respondents, for instance, also experienced a change in their family size, such as through a birth or a death, which strained the household's finances (Robertson et al. 2008).

Increasing income by taking on additional work, borrowing money, using credit cards or draining savings are strategies that troubled homeowners use in trying to become current on their payments (Bowdler et al. 2010). Others budget their expenses, which sometimes means delaying health care. A study of Philadelphia homeowners found that those undergoing foreclosure were more likely to visit the emergency room and miss a scheduled appointment and less likely to see their primary care physician prior to leaving their home (Pollack et al. 2011).

Social networks

Homeowners' social networks affect their chance of foreclosure and their ability to resolve missed payments. The level of support from family and friends affected troubled homeowners' options in the NCLR study. Most of the twenty-five participants borrowed money from family or friends in attempt to avoid foreclosure, typically about $3,300 (Bowdler et al. 2010). In turn, most had moved in or were planning to move in with family members after foreclosure. Some planned to stay with family temporarily while they searched for rental housing; others had plans to stay for the long-term (Bowdler et al. 2010). In all, family and friends provided a "critical safety net" for homeowners threatened with foreclosure (Bowdler et al. 2010: 3). Low- and moderate-income homeowners, however, may have fewer people to reach out to, since they may be the most stable and affluent in their social networks (Saegert et al. 2009).

B) HOUSING AND LOAN CHARACTERISTICS

Much of the existing research on the causes of the foreclosure crisis focuses on the roles that risky loan products combined with declining home values play in foreclosure (Saegert et al. 2009). This happens in part because information on troubled homeowners' loan characteristics is easier to obtain than information on their personal or community characteristics. Studies based on interviews with troubled homeowners find that resetting mortgage

payments and declining home values are important but supplementary factors leading to foreclosure. Participants in the NCLR study reported job loss as the primary contributor to stress leading to foreclosure and increases in mortgage payments as a secondary contributor (Bowdler et al. 2010). Typically, a family had trouble making payments when an increase in mortgage payments coincided with an income disruption (Bowdler et al. 2010). Changes in mortgage payments were also a secondary contributing factor to borrower distress in the Robertson et al. (2008) survey of troubled homeowners, with about one-third of the participants citing this as contributing to their default.

C) INSTITUTIONAL CHARACTERISTICS

Institutional factors shaping homeowners' outcomes include characteristics of the loan servicer and local social support organizations. These institutions shape homeowners' ability to remedy missed payments.

Servicers

How responsive a servicer is to a troubled homeowner's request to refinance or modify their loan shapes their vulnerability to undergoing foreclosure. When communication barriers develop between servicers and borrowers, delays in the refinance and modification process may occur. Poor communication and disruptions in receiving and processing refinance or modification documents from lending institutions were widely experienced by Latino families that underwent foreclosure in the NCLR study (Bowdler et al. 2010). None of the interviewed families received a meaningful change in their loan terms that made avoiding foreclosure a reality (Bowdler et al. 2010). Similar issues were also widely reported by the low- to moderate-income troubled homeowners interviewed by Saegert et al. (2009).

Local social support organizations

The availability of help from local community-based, housing counseling, and other social service organizations also affects troubled homeowners' vulnerability to undergoing foreclosure. A lack of access to help from culturally and linguistically competent organizations and a lack of capacity at accessible ethnic organizations disadvantaged Southeast Asian troubled homeowners in California's Central Valley (National CAPACD 2011). According to Saegert et al. (2009), non-profits that homeowners reached out to were at times "overwhelmed" with clients. The availability of local food stamps and utility bill waivers helped some participants make do as they struggled to accumulate funds for their payments (Saegert et al. 2009). If scammers—organizations or actors that promise to help with loan refinance or modification but require cash payment up front, rather than after work is completed — are present in a community, this can further impoverish already struggling households, while not helping to delay the foreclosure (Bowdler et al. 2010).

D) STRUCTURAL FACTORS

Broader structural factors also affect homeowners' outcomes. These include racism and growing income inequality. Homeowners of color, particularly African Americans and Latinos, have experienced historical segregation in the housing market (Massey and Denton 1993). Segregated communities of color were targeted by predatory lenders for risky loans (Hernandez 2009; Immergluck 2009). Families of color also have less wealth than non-Hispanic whites, henceforth called whites (Kochhar et al. 2011). These conditions have led to concentrated foreclosures and loss of wealth in communities of color, further entrenching existing spatial patterns of residential racial segregation and inequality (Hernandez 2009; Rugh and Massey 2010; Kochhar et al. 2011). Nationwide, Latinos lost about one half of their home equity, while Asian Americans lost one-third. This compares to declines of about one-quarter and one-fifth among African Americans and whites (Kochhar et al. 2011). Close to half of Latino and Asian American households live in Arizona,

California, Florida, Michigan, and Nevada—the states that were hardest hit by declining home values and foreclosures (Kochhar et al. 2011). Median home equity declined by 72% and 43% for Latinos and Asian Americans in these states respectively (Kochhar et al. 2011).

Housing affordability crises in inner city areas, in turn, compelled families of color to move to formerly fast growing exurbs where housing was cheaper, often on the backs of subprime and other risky loans (Pfeiffer 2012; Schafran and Wegmann 2012). These communities also were hard hit by foreclosures, causing some scholars to question whether a new space of urban inequality is emerging—"slumburbia" (Schafran 2013a, b).

E) FORECLOSURE CRISIS AND IMMIGRANTS

Immigrants have comprised a growing share of the for-sale and rental markets. Nationwide, immigrants accounted for two-thirds of rental housing growth and one-fifth of owner-occupied housing growth during the 1990s. In gateway states like California and New York, they contributed to 100% of rental housing growth and over half of growth in owner-occupied housing (Myers and Liu 2005). Little research exists on immigrants' susceptibility to foreclosure relative to the native-born. Since large portions of immigrants are Latino and Asian American, we can examine trends among these groups to gain insight into effects on immigrants.

Latinos were hard hit by the recent foreclosure crisis. Subprime lenders marketed risky loans to African American inner city communities in the early to late 1990s (Immergluck 2009). During the 2000s, they began to target Latino communities, in part to tap into the large immigrant market (McConnell and Marcelli 2007; Rivera et al. 2008; Hernandez 2009; Schmidt and Tamman 2009; Prior 2011). Latinos, some of them foreign-born, were disproportionately likely to receive subprime loans and undergo foreclosure during the 2000s. While about 11% of mortgage originations were to Latinos nationwide from 2005 to 2008, they accounted for 16% of foreclosures from 2007 to 2009 (Bocian et al. 2010b). Data from the National Suburban Survey found that people undergoing foreclosure from the fall 2007 to 2010 were more likely to be Latino, controlling for other demographic and socioeconomic characteristics (Niedt and Martin 2013).

Asian Americans, on the other hand, were less likely to receive subprime loans, and their share of foreclosures was similar to their share of originations (Bocian et al. 2011; Bajaj and Fessenden 2007). Yet, there are dramatic differences among Asian American ethnic groups, as well as among regions. Pacific Islanders were more likely to undergo foreclosure nationwide (Bocian et al. 2010b). In a handful of zip codes in Queens, NY in 2008, South Asians comprised between one-quarter and one-half of homeowners undergoing foreclosure and default even though they typically represented about one-tenth of the population (Chhaya CDC 2009). In the Central Valley of California, Southeast Asians were more likely to live in concentrated foreclosure communities (National CAPACD 2011). In Los Angeles County, Ong, Pech, and Pfeiffer (2013) estimated that Filipinos, Koreans, and Cambodians were hardest hit by foreclosure among Asian American ethnic groups, with about one in ten undergoing foreclosure compared to one in twenty-five of all Asian Americans (Ong et al. 2013).

Few studies address the relationship between nativity status and a homeowner's chance of foreclosure. Examining troubled mortgages in Minneapolis from mid-2006 through mid-2008, Allen (2011) found that foreign-born Latinos who purchased a home were more likely to undergo foreclosure compared to native-born whites. Those who refinanced a home, however, were less likely to foreclose, which the author attributes to the timing of the refinance or characteristics of those that chose

to refinance (Allen 2011). According to Allen, foreign-born Asian Americans did not have higher foreclosure rates on home purchase or refinance loans. Minneapolis, however, has a relatively low foreign-born, Latino, and Asian American population, so it is unclear how generalizable these findings are to traditional immigrant destinations like Los Angeles.

F) IMMIGRANTS' PATHWAYS TO FORECLOSURE

How might immigrants' pathways to foreclosure differ from those of the native-born? Their limited English ability, cultural conceptions of lending and homeownership, propensity to live in multigenerational households, and reliance on co-ethnic social networks may have shaped their experiences during the recent foreclosure crisis.

Limited English ability

Immigrants, particularly recent immigrants, are more likely to have trouble communicating in English. Currently, 85% of immigrants nationwide speak a primary language other than English in the home (U.S. Census 2012). Among this group, 60% speak English less than very well (U.S. Census 2012). Immigrants' limited English ability may have meant that they did not fully understand loan documents, making them more vulnerable to predatory lending and foreclosure (Allen 2011; National CAPACD 2011; Phetchareum 2012). Limited English ability also makes it difficult for immigrants to seek and receive help when they have difficulty making payments (National CAPACD 2011). In turn, ethnic organizations that work with troubled homeowners face challenges navigating government bureaucracies to help them due to their clients' limited English ability (National CAPACD 2011).

Cultural conceptions of homeownership

Immigrants' home buying and lending practices may differ from those of the native-born (Allen 2011). They may come from countries with limited institutional lending structures. As a result, they may be unfamiliar with U.S. lending processes and distrust mainstream banks and government institutions (National CAPACD 2011). A culture of aversion to or shame of being in debt also may arise from the absence of a formal banking sphere in the home country (Freddie Mac 2005). Before the crisis, a 2005 Freddie Mac study based on thirty focus groups with prospective and current homeowners from the six largest Asian American ethnic groups found that most participants did not understand the process of originating a loan. Chinese, Koreans, and Vietnamese were more debt adverse than Asian Indians and Filipinos (Freddie Mac 2005). Debt-adverse immigrants may put more money down when they buy a home, meaning they have more equity and less of a chance of becoming underwater with their mortgage (owing more than their home is worth). An overwhelming majority of the Chinese, Korean, and Vietnamese participants of the pre-crsis Freddie Mac study planned to put down at least 20% of the cost when purchasing a home.

Multigenerational households

A high proportion of immigrant families are multigenerational, meaning that they have two or more adult generations living under one roof. In 2009, about one in six households headed by an immigrant was multigenerational compared to about one in ten households headed by a non-immigrant (Kochhar and Cohn 2011). The 2005 Freddie Mac study found that multigenerational living arrangements were particularly acceptable and even desirable among Asian Indian, Southeast Asian and Filipino immigrants (Freddie Mac 2005). Southeast Asian immigrant families in California's Central Valley were more likely than other groups to combine their resources and purchase homes together (National CAPACD 2011).

A multigenerational living arrangement can strengthen and weaken a family's finances. On the one hand, more adults living in the home means more potential workers to pay bills, including the mortgage (Allen 2011). In

2009, foreign-born household heads living in multigenerational households only accounted for about 43% of total household income compared to about 80% for those living in non-multigenerational households (Kochhar and Cohn 2011). About one in ten residents living in immigrant multigenerational households were poor in 2009, compared to about one in five of those living in immigrant non-multigenerational households (Kochhar and Cohn 2011).

On the other hand, the greater the number of people living in the household, the larger the house needed and the bigger the mortgage and its potential financial strain on the household. Also, when adults in the household are not working, ill, or require special services, finances could be strained (Saegert et al. 2009; Robertson et al. 2008). Finally, remittance obligations may reduce resources in multigenerational households and frustrate their ability to build and maintain wealth over time. Prior research on Salvadoran, Filipino and Mexican immigrants found that families that earned more and were homeowners were more likely to send remittances (Menjivar et al. 1998; Marcelli and Lowell 2005).

Reliance on co-ethnic social networks

Immigrants' linguistic isolation, lack of experience with lending and potential distrust of formal lending institutions may cause them to rely on their co-ethnic social networks more in obtaining information about lending, funds to purchase a home, and troubleshooting difficulty making payments (Phetchareum 2012; Freddie Mac 2005). Ethnic social networks are a powerful safety net for immigrants. (Hagan 1998; MacDonald and MacDonald 1964; Portes and Sensenbrenner 1993; Portes 1995; and Schiller et al. 1992). There is a rich literature on their role in providing social welfare, employment, and financial support to newcomers to this country (Falcon 1995; Light and Bhachu 1993; Min and Bozorgmehr 2000; Sanders et al. 2002; and Waldinger et al. 1990). Less is known about the ways in which ethnic social networks may socioeconomically disadvantage immigrants. Evidence that Asian American immigrant businesses that are less profitable and more "failure-prone" rely more on social networks is suggestive of negative effects (Bates 1994).

Many of the Asian American participants in the 2005 Freddie Mac study claimed that they initially sought information from friends, family, and co-workers about the home buying process (Freddie Mac 2005). Family members or other co-ethnics may help translate in dealings with the lender (Phetchareum 2012). Ethnic newspapers and in-language fliers at ethnic stores also were sources of information (Freddie Mac 2005). Although most Asian Americans preferred working with co-ethnic relators, this varied by ethnic subgroups. Filipinos may have felt more comfortable working with other Filipinos, because they thought they would get better deals from co-ethnics (Freddie Mac 2005). A study of Cambodians, Laotians, and Vietnamese in California's Central Valley found that these ethnic groups tended to rely on brokers and agents from their same ethnic group (National CAPACD 2011). In the Freddie Mac study, Vietnamese participants were particularly likely to express ignorance about the home buying process and rely on the advice of their realtor (Freddie Mac 2005).

Immigrants also may turn first to co-ethnic social networks rather than housing counselors and other mainstream organizations when they are at risk of undergoing foreclosure (National CAPACD 2011). This could make them more vulnerable to predatory lending scams. Southeast Asian homeowners in California's Central Valley, for instance, commonly paid for loan modification and other services, even though mainstream organizations offered them for free (National CAPACD 2011).

STUDY SITE

As an epicenter of the housing downturn and a majority-minority region, Los Angeles is an ideal setting to explore pathways to foreclosure in diverse communities on the ground.

A) LOS ANGELES IN THE FORECLOSURE CRISIS

Los Angeles was hard hit by the recent economic downturn. Between September 2006 and 2008, median home sale prices fell 43% controlling for inflation as the housing bubble burst (California Association of Realtors 2013). By August 2008, Los Angeles had the 37th highest foreclosure rate among 358 regions nationwide, with about 122 foreclosures per 10,000 homes with a mortgage (Immergluck 2008). Within California, Los Angeles had the highest number of foreclosures among the state's regions from September 2006 through October 2009 (just over 200,000) (Bocian et al. 2010a).

Foreclosure rates rose in concert with unemployment and housing burdens during the recession. The percent of workers that were unemployed in Los Angeles County rose from about 5% to 12% from 2006 to 2011 (State of California 2013b). Home prices rose much faster than income during the mid-2000s, which led to high homeowner housing burdens, or the percent of income spent on housing costs. In 2007, 55% of homeowners with a mortgage paid more than 30% of their income on housing costs (U.S. Census 2007). During the recession, income declines combined with resetting mortgage interest rates, which led to higher payments, kept housing burdens high. By 2011, 54% of homeowners with a mortgage were still paying more than 30% of their income on housing costs (U.S. Census 2011b).

California is a non-judicial foreclosure state. This means that a foreclosure can happen quickly, as lenders are able to move forward with proceedings without going through the courts. The first step in the process is the issuance of a notice of foreclosure, also called a notice of default. Next, the lender sets a date and minimum bid price for the foreclosure sale and issues a notice of foreclosure sale. At the auction, if someone bids above the price, the title for the property is transferred to the highest bidder. If no one bids on the property, the title reverts to the lender, and it becomes a real estate owned (REO) property by the lender.

B) MULTICULTURAL LOS ANGELES

As a majority-minority county, Los Angeles has a plethora of ethnic communities. By 2010, about half of its population was Latino, followed by white (just over one-quarter), Asian American* (about one-seventh) and African American (just under one-tenth) (Spatial Structures in the Social Sciences 2011). While the Latino and Asian American populations grew

* OUR DEFINITION INCLUDES NATIVE HAWAIIANS AND PACIFIC ISLANDERS.

during the 2000s, the white and African American populations shrunk (Spatial Structures in the Social Sciences 2011). Between 2000 and 2010, the Asian American population grew 20%, faster than any other group (U.S. Census 2000; 2010). The Latino population also experienced strong growth over the decade (11%). In comparison, the African American population decreased by 5%, and the white population decreased by 8% (U.S. Census 2000; 2010).

Latino and Asian American population growth has coincided with the proliferation of majority Latino and Asian American communities. Latinos and Asian Americans have become more segregated in the region as they have grown. The typical Latino lived in a neighborhood that was 50% Latino in 1980 and 65% Latino in 2010. Asian American isolation more than doubled from 15% to just over 30% during this same period. In contrast, the number of majority white and African American communities has shrunk. White and African American neighborhood isolation declined from 72% to 52% and 60% to 29% respectively (Spatial Structures in the Social Sciences 2011).

Immigration was a key driver of Latino and Asian American population growth during the 2000s. By 2012, over one-third of Los Angeles County was foreign-born (U.S. Census 2012). About 70% of Asian Americans and 40% of Latinos were foreign-born compared to 18% of whites and 7% of African Americans (U.S. Census 2012). The vast majority of Los Angeles County immigrants (92%) speak a primary language other than English at home (U.S. Census 2012). This compares to about one-third of non-immigrants (U.S. Census 2012). Among immigrants speaking another language at home, two-thirds spoke English less than very well, compared to just over one in ten non-immigrants speaking another language at home (U.S. Census 2012).

Unemployment rates, housing burdens, and the decline in home values varied by racial and ethnic group during the recession. While about 9% of all workers were unemployed from 2006 to 2010, about 14% of African Americans and close to 9.5% of Latinos were unemployed. Asian Americans were less likely to be unemployed (about 7%) (U.S. Census 2010b). In 2007, 55% of Latino and 54% of African American homeowners were paying more than 30% of their income on housing costs. Asian Americans and white homeowners paid a much lower proportion (45% and 39% respectively) (U.S. Census 2007). By 2011, the gap in housing burdens among homeowners of color had narrowed, with 54% of Asian Americans, 60% of Latinos, and 62% of African Americans having high housing burdens. The proportion of white homeowners with high housing burdens remained lower (48%) (U.S. Census 2011b).

Declines in home values have made it difficult for households of color to build assets through home equity. From 2007 to 2011, Los Angeles County Latinos' median home values dropped 35%, compared to 33% among African Americans, 23% among whites, and 22% among Asian Americans (U.S. Census 2011b, 2007). Steeper declines in home equity among Latino and African American homeowners in Los Angeles County mirror nationwide trends (Kochhar et al. 2011). These conditions bode poorly for socioeconomic mobility among families and communities of color in the region in the 2010s.

METHODOLOGY

The purpose of this study is to build on knowledge about the pathways to default and foreclosure among diverse groups by obtaining information from homeowners and the community-based and housing counseling organizations that serve them. Participating homeowners came from four ethnically distinct communities in Los Angeles County and through referrals. Participating organizations came from across the county and served diverse ethnic populations. Information was collected through surveys and interviews. Content coding, manifest and latent analysis, and triangulation were the primary methods used to draw conclusions.

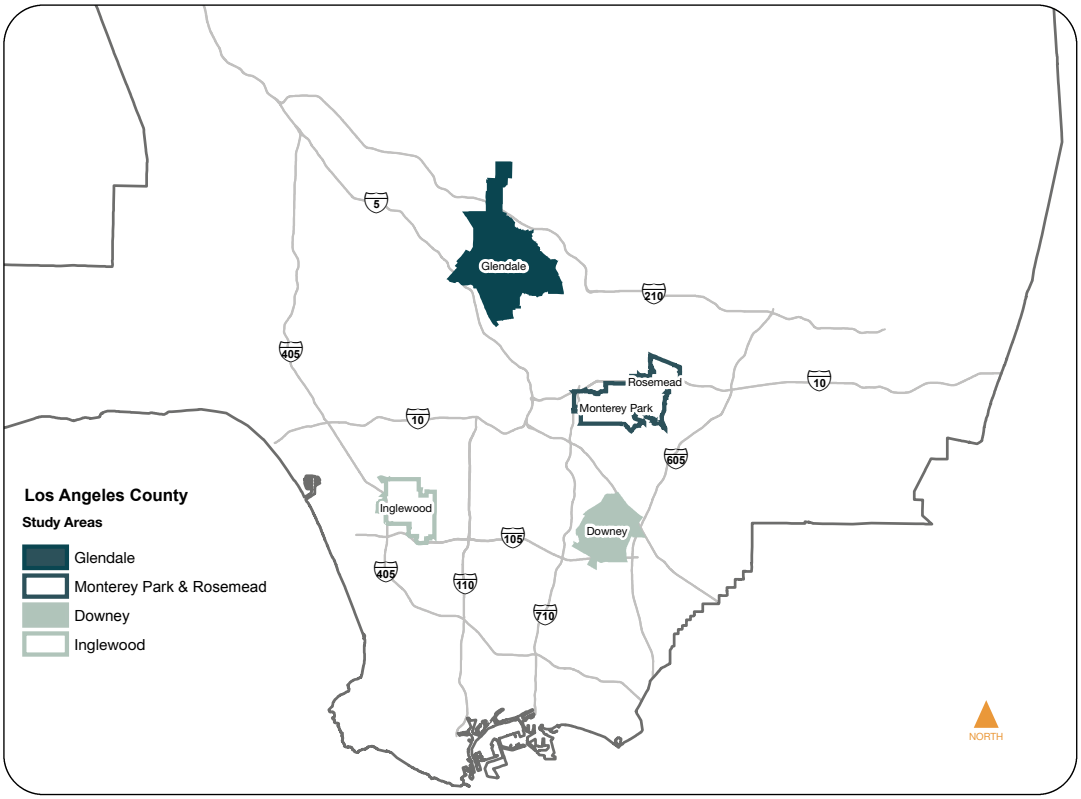
A) CASE STUDY COMMUNITIES

Four communities with varying racial/ethnic and foreign-born population proportions were selected as case studies. They included Glendale, Downey, Inglewood, and the east San Gabriel Valley cities of Rosemead and Monterey Park. Glendale is majority white, with a large Armenian population. Large minorities of the population are Asian American and Latino. Downey is majority Latino, with a large minority white. Inglewood is about half Latino and just under half African American. Monterey Park and Rosemead are majority Asian American, with a large Latino population. The majority of people were immigrants in Glendale, Monterey Park, and Rosemead. A large minority was foreign-born in Downey and Inglewood. Glendale and Inglewood are majority renter-occupied; Downey, Monterey Park, and Rosemead are majority owner occupied. Inglewood and Rosemead have lower median household incomes than the county; the others have similar median incomes. All of the case study areas had higher percentages of multigenerational households than the county overall with the exception of Glendale, which has a majority white population (U.S. Census 2010c, 2011a, see Figure 1).

B) HOMEOWNER SURVEY

Stratified random sampling primarily was used to reach potential homeowner participants. Addresses of the 5,702 homeowners facing default between 2006 and 2012 in the four case study communities were acquired from the County Recorder. Surname matching was used to identify potential Latino homeowners in Downey, Asian American homeowners in Monterey Park and Rosemead, African American homeowners in Inglewood, and white homeowners in Glendale. Some homeowners were excluded for having incomplete addresses. A total of 609 homeowners in the case study communities who received a Notice of Default for their mortgages and had surnames of specific racial/ethnic groups received a mailing inviting them to participate in a screening survey. This survey included questions on their

FIGURE 1. CASE STUDY COMMUNITIES



Data Source: Census 2010 | Shapefile: 2010 Tigerline | C.Pech | July 2013

10 Miles

experience of homeownership during the recent housing boom and recession. The survey also collected information on households' demographic and linguistic characteristics.

Bilingual Spanish-English invitations were sent to prospective participants in Downey; those in the east San Gabriel Valley received bilingual Mandarin Chinese-English invitations. Participants were given the opportunity to complete the survey on paper or online. Of the invitations sent, about 25% were returned to sender. This likely occurred because the recipient had moved, possibly because of undergoing foreclosure. A greater proportion of surveys sent to Glendale were returned to sender

TABLE 1. KEY DEMOGRAPHICS

	DOWNEY	GLENDALE	INGLEWOOD	MONTEREY PARK	ROSEMEAD	LA COUNTY
People	111,772	191,719	109,673	60,937	53,764	9,818,605
Households	33,936	72,269	36,389	19,963	14,247	3,241,204
% Owners	51%	39%	36%	55%	51%	48%
Median Home Value	$522,800	$635,100	$419,300	$495,600	$470,700	$508,800
Median Household Income	$59,674	$54,677	$43,460	$52,159	$46,706	$55,476
% Foreign-Born	36%	55%	28%	54%	57%	36%
% Asian American	7%	16%	2%	66%	60%	14%
% African American	3%	1%	43%	0%	0%	8%
% Latino	71%	17%	51%	27%	34%	48%
% Non-Hispanic white	18%	62%	3%	5%	5%	28%
% Multigenerational Household with 3+ Generations	10%	5%	9%	9%	15%	8%

Sources: U.S. Census 2010c; 2011a

(33%), followed by Inglewood (27%), Downey (26%), and the San Gabriel Valley (17%).

Twenty-five respondents completed a survey that was mailed to them. A 4% response rate is similar to other studies that have attempted to survey troubled homeowners through the mail (ex. Robertson et al. 2008). Nine additional participants that bought homes inside and outside of the case study communities were recruited through snowball sampling based on the social networks of the interviewed homeowners, organizations, and the research staff. This brought the total number of respondents to 34.

Figure 2 provides information on the demographics of the survey respondents. Eleven of the 34 participants bought homes in Downey; only two bought in Glendale. Close to equal proportions of the participants (about one-third each) identified as Latino or Asian American. Only seven and five identified as African American and white respectively. Over two-thirds of the respondents primarily spoke English in the home. Four of the participants primarily spoke Spanish, three spoke Chinese, and four spoke other languages. Most of the participants (25 of 34) sought help from a housing counselor when they had difficulty making payments. A majority (21 of 34) were still making payments on their mortgage.

C) HOMEOWNER INTERVIEWS

Homeowners that completed the survey were invited to further discuss their experiences in an interview. Twenty-five of the respondents expressed interest in participating in an interview. Of these, 12 were interviewed. The interviews were conducted by culturally and linguistically competent UCLA faculty and graduate students over the phone or in-person during the summer and fall of 2013. They lasted about forty-five minutes and were audio recorded. Homeowners were asked about their decision to become a homeowner, financial assistance obtained, their experience of default and foreclosure, what was happening with their family at this time, and where they moved after foreclosure, among other issues.

The interviewed homeowners originated from diverse neighborhoods. Four had purchased homes in Downey, two had purchased in Inglewood, one purchased in Glendale, and one purchased in the San Gabriel Valley. Four of the interviewees had purchased outside of the study communities. Five of

FIGURE 2. DEMOGRAPHICS OF SURVEY RESPONDENTS

	Number of Participants
LOCATION OF HOME	
Downey	11
Inglewood	7
San Gabriel Valley	6
Glendale	2
Other	8
RACE/ETHNICITY	
Asian American	10
Latino	11
African American	7
Non-Hispanic white	5
Other	2
PRIMARY LANGUAGE SPOKEN AT HOME	
English	26
Spanish	4
Chinese	3
Other	4
HELP SEEKING BEHAVIOR	
Received help from housing counselor	25
Did not receive help from housing counse	9
STATUS	
Making mortgage payments	21
Not making mortgage payments	12
No response	1
TOTAL	34

Sources: UCLA Foreclosure and Homeownership Survey

Note: Respondents could select multiple races/ethnicities and languages

the interviewed homeowners identified as Latino, three identified as Asian American, and three identified as African American. Only one person identified as white.

We did not ask participants if they were foreign-born. Asking about nativity status is a sensitive issue in Southern California, especially if someone is undocumented and at risk of deportation. Instead, we considered participants to come from an "immigrant experience" if they spoke a primary language other than English in the home, an approximation used in other research (Allen 2011). Half of the participants only spoke English in their home; half spoke a primary language other than English. These included Spanish (2), Vietnamese (2), Chinese (1), and other languages (2). Three of the participants spoke multiple primary languages in the home, with two interviewees speaking English and another language and a third interviewee speaking two other languages.

Brief descriptions of the interviewees, grouped by whether or not they come from the immigrant experience, are listed below. We changed their names to protect their privacy.

Immigrant Experience:

1. Boupha – a Southeast Asian American woman from South Los Angeles County
2. Chien – a Southeast and East Asian American man from the San Gabriel Valley
3. Luis – a Latino man from Downey
4. Nadifa – an African woman from Inglewood
5. Paula - a Latina woman from the San Fernando Valley
6. Wen – a Chinese American woman from the San Gabriel Valley

Non-Immigrant Experience:

1. Carl – an African American man from a city near Glendale
2. Guillermo – a Latino man from Downey
3. Marcelo – a Latino man from Downey
4. Teresa – a Latina woman from Downey
5. Tiffany - an African American woman from Inglewood
6. Walt – a white man from Glendale

All of the interviewees experienced difficulty making their mortgage payments and most underwent default. Two of the participants underwent foreclosure, with one selling their property in a short sale. A short sale occurs when the property is valued less than the amount owed on the mortgage; the lender agrees to sell the property and accept a sum that is lower than the amount owed on the loan. Most of the interviewees wanted to participate in the research to help others (7 out of 12). Paula said, "I think it's important for people to tell their stories…In order to help others who may be going through the same thing." Others wanted to relay their frustrating experiences with loan refinance and modification, a theme we explore in this report.

D) ORGANIZATION INTERVIEWS

We conducted interviews of community based organizations (CBOs) and housing counseling agencies (HCAs) that offered services to homeowners at risk of foreclosure to provide broader context about conditions leading to trouble. Using the U.S. Department of Housing and Urban Development (HUD) list of housing counseling agencies and referrals from our networks, we contacted about 26 CBOs and HCAs. Of these, 13 were interviewed. The interviews, which were audio recorded, were

conducted over the phone or in-person during the summer and fall of 2013. They lasted on average 45 minutes. Organizations were asked about their services offered, characteristics of their clientele, and factors driving their clients to default and undergo foreclosure.

The interviewed organizations work with diverse geographic and ethnic communities countywide. Targeted cities and neighborhoods included Koreatown, downtown Los Angeles, east Hollywood, and the northeast San Fernando Valley in the City of Los Angeles, the San Gabriel Valley, and Inglewood in South Los Angeles, East Los Angeles, and Long Beach. Four of the organizations work in multiple states or nationally. Five of the organizations primarily targeted Asian Americans, with a focus on clients of Korean, Southeast Asian, and Pacific Islander descent. Four focused on Latinos, and four had a diverse clientele, including African Americans. Nine of the organizations had obtained housing counseling funding from HUD. Organizations contacted but not interviewed tended to be larger national housing counseling operations.

Almost all of the organizations provided homebuyer education courses for first-time homebuyers,* financial education, and foreclosure counseling. Some organizations worked with banks to sponsor large homeownership or foreclosure fairs with tables staffed by representatives from different lenders and organizations. Other organizations offered smaller workshops for their clients about the homebuying or foreclosure process. Typically, the organizations interviewed had only one to three housing counselors on staff who worked part-time on other programs. Some of the larger organizations had between four to fifteen housing counselors. One national HCA had about 50 staff persons (which included counselors and other staff). Larger HCAs had assisted thousands of clients and reduced their loans by millions of dollars. Smaller HCAs had hundreds of clients, often with specific needs, such as immigrants, seniors, and persons with low English proficiency or educational attainment. A few CBOs admitted that they were only able to help a few clients because their frustrations dealing with lenders overwhelmed staff capacity, a theme we elaborate upon later in the report.

Most of the organizations interviewed offered other services besides housing counseling. These ranged from housing, community development, and social service programs. A few advocated for homeownership and affordable housing. Others developed affordable housing, a natural next step in remedying their clients' housing issues.

The staff members that we spoke with typically worked long hours addressing their clients' needs and serving as a liaison between their clients and lenders and other real estate actors. Helping a client meant progressing through a series of stages: 1) responding to inquiries, 2) obtaining information from the client, 3) educating clients through courses and trainings, 4) one-on-one counseling to help clients purchase or retain a home, 5) follow up meetings with clients and real estate professionals, and 6) offering referrals (from legal services to rental apartments, etc.). Navigating these stages required "dozens of hours of work," according to one national housing counseling organization.

E) ANALYSIS

The audio recordings were summarized with illustrative quotes transcribed in full. Transcripts were coded using a deductive and inductive method. Themes were derived from existing research and from the interviews. Themes from the literature included unemployment as a reason for facing trouble and language barriers as a condition preventing homeowners from receiving help, among others. Those from the interviews included equating free with poor quality services and seniors' vulnerability in the face of foreclosure, among others. A master list of themes was developed and verified by the research staff. Coded

** HUD CERTIFIED HOUSING COUNSELORS OFFER A REQUIRED 8-HOUR HOMEOWNERSHIP COURSE.*

sections were reviewed for internal consistency, and codes were revised if necessary.

The coded sections were analyzed for manifest and latent content. This entailed counting theme frequencies and comparing themes across differences among the respondents. Of key interest were differences between homeowners that do and do not come from the immigrant experience. We triangulated data among the homeowners and organizations and between the homeowners and organizations in drawing conclusions. Members of our advisory board also commented on a draft version of the research, which increased its internal validity.

F) LIMITATIONS

Our findings are limited in several ways. First, they do not represent the experiences of the population of homeowners that defaulted or underwent foreclosure in Los Angeles County or the organizations that served them. Rather, they illustrate the range of experiences, as well as differences among homeowners with different demographics, particularly those coming from and not coming from the immigrant experience. Second, approximating people that have gone through the immigrant experience solely by speaking a language other than English in the home accounts for how assimilated they are into English-speaking American society but not their nativity status. Foreign-born persons who have long lived in the U.S. may primarily speak English in the home. Native-born persons who live and work in segregated ethnic communities may speak a language other than English in the home. Finally, some of the activities that the organizations engaged in were funded; others were not. In the interviews, the organizations may have spent more time talking about their funded activities.

PATHWAYS TO TROUBLE

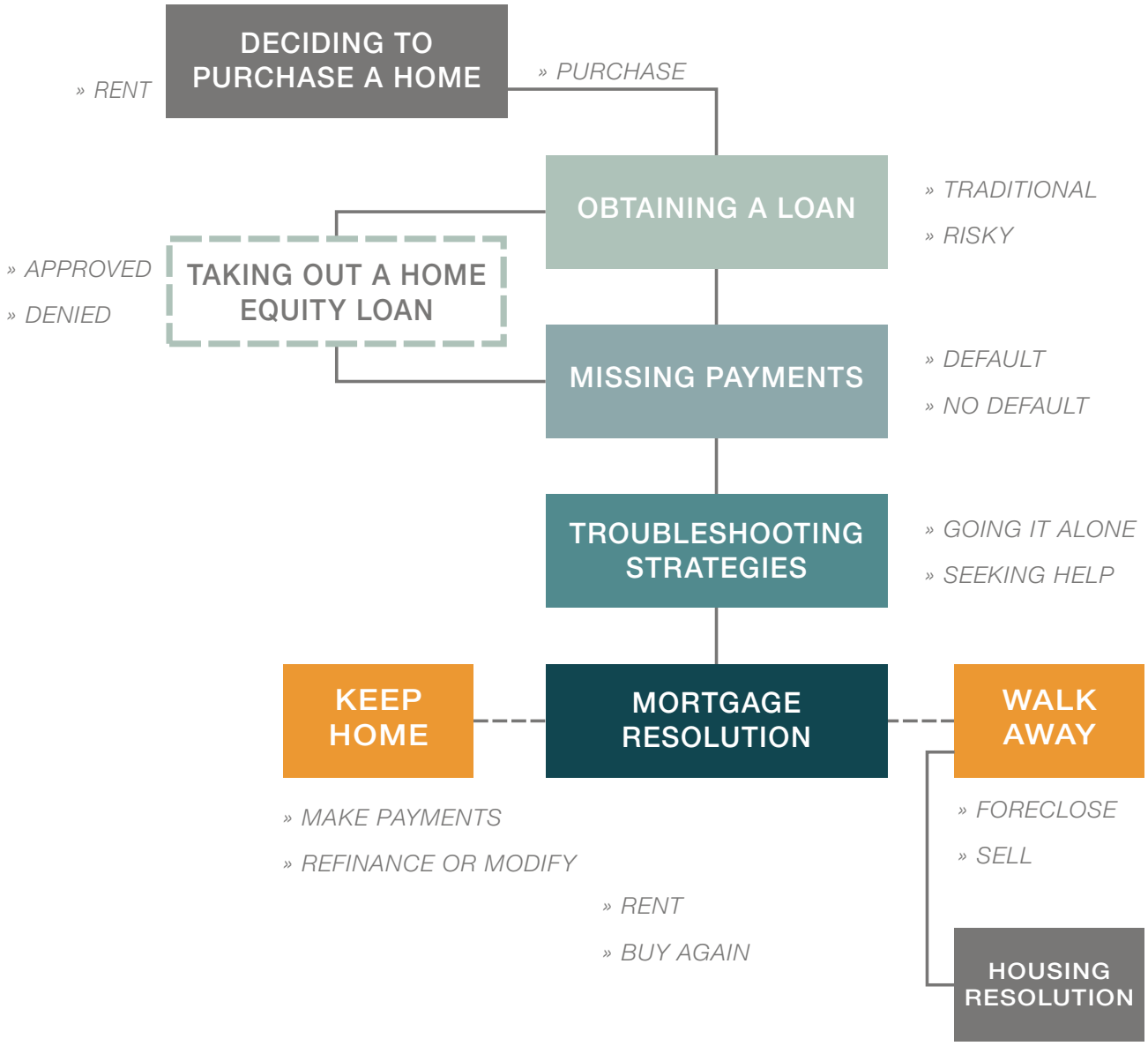
Homeownership is a dynamic state. We describe the pathway to homeownership and foreclosure and the various outcomes at different phases in Figure 3. The process starts with the decision to purchase a home and, for most, obtain a loan. While some are motivated by the potential for wealth building, others are motivated by the promise of living in a bigger house or better neighborhood. Another motivation is achieving a major milestone in American society. The desire for homeownership can stem from a household's needs and be cultivated by relatives, friends, co-ethnics, and social institutions. When searching for a home and a loan, a prospective homeowner can look for advice and resources from within or outside of their social network. They may obtain a loan with traditional, constant terms or one with risky, variable terms.

While living in their home, a household may experience changes in their financial situation, living arrangements, or mortgage terms, among other conditions. They may take out a home equity loan to help meet expenses or embark on new opportunities. Changes in equity, loan terms, or financial resources may lead its members to have difficulty making mortgage payments, which puts their homeownership at risk. During this stage, a household may make adjustments to how they live and use resources to remain in homeownership. These may include increasing income by getting another job or decreasing expenses by delaying health care. A household may try to refinance or modify their loan. They may try to get back on track through their own volition or reach out to their relatives, friends, co-ethnics, and social institutions for help. These strategies will either be successful, enabling them to resolve their missed payments, or unsuccessful, causing them to undergo foreclosure.

Households that experience foreclosure may either sell their home in a short sale or have their home repossessed by their lender. They face an additional choice: where to live. In the short-term, they may become renters or move in with family. In the long-term, they may remain renters or living with family or decide to buy again.

Homeowners from the immigrant experience may make different choices than those from the non-immigrant experience on their pathway to trouble. They may be more likely to rely on co-ethnic social networks in searching for a home, obtaining a loan, and remedying missed payments. They may be more likely to live in multigenerational households as a strategy to attain and sustain homeownership. They may face issues with linguistic and cultural competence in interacting with mainstream institutions. As a result, it may be more difficult for them to obtain traditional, constant terms on their mortgage loans, as well as refinance or modify them when facing trouble.

FIGURE 3. PATHWAYS TO HOMEOWNERSHIP AND FORECLOSURE



In the following sections, we draw on our surveys and interviews with homeowners and CBOs and HCAs to illustrate the journeys that households' took in attaining and attempting to sustain homeownership in ethnically diverse communities of Los Angeles during the recent housing boom and recession. We focus on the ways in which the pathways of homeownership and foreclosure from the immigrant experience diverge from the native-born experience.

DECIDING TO PURCHASE A HOME

All of the interviewed homeowners purchased their homes between 1999 and 2008. The majority (7 of 12) bought during the housing boom between 2004 and 2006. Four bought during the pre-boom period from 1999 to 2003. One bought during the post-boom period after 2006. Seven of the 12 homeowners were first-time homeowners.

The homeowners' reasons for purchasing a home varied. Some wanted to take advantage of tax subsidies and rising property values to build wealth. This was particularly the case for the four participants who bought properties for investment purposes. Others experienced changes to their household due to marriage or divorce, having children, having parents or relatives live with them, or having an illness that required a change in living space. Many wanted to reach a lifecycle milestone and achieve the American dream of self-determination.

A) WEALTH BUILDING

For six of the 12 interviewed homeowners, becoming a homeowner was an economic decision. It was a way to afford more space, as well as "rent to yourself" and build wealth. During the mid-2000s, rents were rising. Median rents in Los Angeles County increased 25% between 2000 and 2012 while the median income declined by 9% (CHPC and SCANPH 2014). Apartments for larger families were in short supply and particularly expensive. Between 2008 and 2012, seven of the ten zip codes with the most overcrowding in the country were located in Los Angeles County (CHPC and SCANPH 2014).

Interest-only, limited or no down payment, adjustable rate and other loan products that made homeownership affordable in the short-term were prevalent. As a result, starting monthly mortgage payments often were cheaper than rents, especially for larger families. Homeowners from the immigrant experience were more likely to cite economic reasons for buying a home (four of the six were from the immigrant experience). Paula explained, "My family was living in a tiny apartment. We decided that, it was…cheaper to pay a mortgage than to try to rent a bigger apartment…It was more of like an investment." Housing a family of five in an apartment also was expensive for Luis. He recalled, "Rent takes half paycheck." He decided to buy an $180,000 home after he was laid off from a job at a bakery, using his severance pay as a down payment.

THE MAJORITY OF SURVEY RESPONDENTS (23 OF 34) WERE FIRST TIME HOMEBUYERS. MOST BOUGHT HOMES BETWEEN JANUARY 1999 AND DECEMBER 2006.

Other participants sought to build wealth through homeownership. Half of the interviewees thought that housing prices would go up and that their real estate would be an appreciating asset. Seven of the 12 thought that homeownership was a good investment. Some took advantage of the liberal loan terms to build wealth through purchasing investment properties. "I believe in real estate," Tiffany explained. "It's a solid investment. It increases." Growing up with parents who owned rental properties, Tiffany "was raised to own a home and buy real estate." Becoming a homeowner also was attractive to Tiffany because of the tax benefits you could claim. Las Vegas was a popular place of investment. Wen, for instance, saw that her friends were able to quickly build wealth flipping houses. A friend told her about properties in Las Vegas that she could invest in. She and her husband purchased homes to rehabilitate and resell for profit. Her husband owned a construction business, so they initially had the skills and resources to fulfill this dream. Chien bought a second home in Las Vegas in 2005. Buying a home also enabled homeowners to access a home equity line of credit that they could use to pay for basic needs or home improvements as well as further their children's education or start a business. One of the participants, for instance, described their mortgage as "free money."

Homeownership as a wealth building tool was widely expressed by the interviewed organizations. A multistate HCA described homeownership as "a huge wealth building tool for families." One Latino advocacy group representative stressed, "Owning a home is one of the most important tangible assets that a family can have. It's really one of the surefire ways to transfer wealth from genera-

tion to generation. Once you own your home you can leverage that to help someone go to school, to help finance your retirement. It's a sense of security, economic security that really makes a difference in helping promote [Latino homeowners] to the middle class." Rapidly increasing home prices during the mid-2000s also created a rush to enter into homeownership, according to some of the interviewed organizations. Families feared missing out on the window of opportunity to build wealth.

B) SPACE AND STABILITY FOR GROWING HOUSEHOLDS

Just under half of the interviewees (5 out of 12) wanted to become homeowners to have more space, largely because of household changes. These ranged from getting married or divorced, having children, or co-habitating with relatives. For example, Boupha's parents wanted more space for their new baby. Marcelo and his wife lived in a condominium and planned to buy a house when they had their first child. Nadifa had recently married and wanted to raise children in a home that they would inherit. Teresa, a single mother, wanted each of her three kids to have their own room. Homeownership made particular sense to multigenerational households, who need a home with enough space to enable adults to live together while also having enough rooms for their privacy. For others, homeownership provides tenure stability, which can help in elderly caretaking. Chien, for instance, viewed homeownership as a more stable living arrangement for himself and his parents, one of whom had a disability.

C) AMERICAN CULTURE

Homeownership is richly interwoven into American identity. Being a homeowner means being able to control your own destiny, shape your future. Culturally, it is also a stage in our lifecycle, a necessary step you have to take to become an adult. Half of the six participants that came from the immigrant experience became homeowners to fully be an American. This was the case for Nadifa and Chien. Nadifa explained, "I dreamed the American Dream." Homeowners from the non-immigrant experience more viewed homeownership as a lifecycle milestone. Marcelo and his wife, for instance, always planned on becoming homeowners after they finished college. As a homeowner, he explained, "you have a sense of accomplishment, and a sense of belonging." As Walt put it, "That's what you do….work hard [to buy a home]." For Guillermo, being a homeowner meant finally being able to be an independent adult, as it allowed him to live how he wanted with no one looking over his shoulder. "I knew [the house] was mine," he said, "no dependent on someone else's opinion. If I wanted to paint a room, I could." Luis explained, "When you're renting you can't do anything, not even a party. You are subject to what the landlord says, and that, I don't wish that to anyone."

Three of the 12 participants felt peer pressure from co-ethnics to become a homeowner. Two of these came from the immigrant experience. There was a sense during the mid-2000s that everyone was becoming a homeowner, so I should become one too. This was the case for Boupha's family. She recalled, "During that time a lot of [my mother's] friends had like houses and stuff. They were like, 'Oh you know, like, you should get one.' It was just kinda like a trend I guess like during that time that everyone was getting a house, and then they wanted one too."

D) TRADEOFFS OF HOMEOWNERSHIP

Many of the interviewees (7 out of 12) mentioned drawbacks to homeownership and reported making tradeoffs in deciding to become a homeowner. These included costly down payments, closing fees, and taxes; strict upkeep requirements from homeowners associations (HOAs) or local government; the cost of maintenance and repairs; and the feeling of being stuck in place. Many of the inter-

viewees also viewed homeownership as having benefits. These included more freedom, stability, security, and privacy. Some viewed homeownership as gaining access to more amenities and a better neighborhood, defined as having a swimming pool and faster police services, among other characteristics. Luis described how Downey was the kind of city that he aspired to live in: "This city; it's a beauty. I love Downey, a lot. There are parks, great schools, and there are very few other cities I would like besides Downey…I fell in love with Downey back then, and I dreamed with all my heart the day I would be able to rent here, look, rent, not even buy a house." With help from his brother, Luis found a place to rent in Downey and eventually bought a house there.

E) FINANCIAL STATE

Most of the interviewees (8 out of 12) described their financial situation as "stable" or "good" when they purchased their home. Two described their state as "so-so" and one described it as "not good" (one had no response). Most of the homeowners were working and had a solid income. Walt was a senior manager and was promoted several times. Chien and Nadifa said their financial situations were "okay." Nadifa said, "At least we could pay our bills." Tiffany described her financial situation as "fabulous." Carl admitted that he was "doing very well" and had "a good amount of money." A few had saved for a long time for a house. Most of the interviewees' financial situations, however, declined shortly after their home purchase, which we discuss in depth shortly.

OBTAINING A LOAN

After deciding to purchase a home, the participants sought different methods to originate a loan. Some relied on social networks; others sought loans from outside institutions. Some received loans with subprime, adjustable, and other risky terms; others received traditional 30-year fixed interest rate mortgages. Some of the participants willfully took risks in originating a mortgage. Others were victims of scams or predatory lending. Some of the interviewed homeowners had unrealistic expectations about what they could afford or what would happen with the real estate market. Many did not know what they were getting into, because they had a lack of financial knowledge. For homebuyers from the immigrant experience, co-ethnic realtors and lenders were at once beneficial, serving as linguistic and cultural brokers with mainstream institutions, and potentially predatory.

A) INSIDE VS. OUTSIDE SOCIAL NETWORK

The interviewed homeowners who sought advice prior to originating a loan typically looked within their social network. Six of the 12 interviewees asked friends or family for advice about the home buying process. In deciding to purchase a third home in 2006, Tiffany, for instance, relied on the expertise of her parents, who were veteran investors, and friends that were realtors. Her sister, who was an accountant, also provided guidance on tax benefits that she could claim. Four of the interviewees sought assistance from real estate agents, looked up information online, or contacted organizations such as Operation HOPE or the Neighborhood Assistance Corporation of America (NACA).

Interviewed homeowners coming from the immigrant experience tended to obtain advice and look for loan products among co-ethnics. Four of the six interviewees that sought advice within their social networks came from the immigrant experience. Boupha's mother's friend, who was one of the only Southeast Asian real estate agents that they knew and felt they could trust, advised Boupha's parents on the lending process. Marcelo's lender was a personal friend who explained everything in detail, and Paula's lender was a friend who helped her through the process.

B) RISKY VS. TRADITIONAL LOAN TERMS

None of the participants reported originating loans with solely traditional conditions, such as a 30-year term, a 20% down payment, and a fixed interest rate, for the homes that they had trouble paying for. Making low or no down payments was common among the homeowners that we interviewed. Seven of the 12 interviewees made a low down payment (10% or less) or no down payment. For the loan on his first and primary residence in Rosemead, which he originated in 2003, Chien obtained 30-year fixed rate terms, but with only a 5% down payment. The loan for his second home had a higher down payment (10%), but an adjustable interest rate. It was easy for Chien to qualify for these terms. "The banks are very easy to approve you back then," he recalled. "You don't need to prove anything." To purchase her third home in 2006, Tiffany paid no money down and took out two loans with adjustable interest rates. Boupha's parents ended up taking out a loan of $600,000, which had no down payment. Interestingly, only one of the participants took advantage of the low down payment and interest rate loans backed by the Federal Home Administration (FHA).

Many of the participants eventually had adjustable interest rate loans, with some who originally had a fixed rate obtaining an adjustable rate upon refinancing or modification. Three-quarters of the participants originated adjustable rate mortgages. Even though some of the homeowners originally had fixed interest rate loans, a few of these eventually refinanced or modified to an adjustable rate. Marcelo and his wife, who were first-time homebuyers, took out two loans to purchase a $550,000 home in 2006, both of which had variable interest rates that ranged from 7% to 13.5% per year. Carl had a 30-year mortgage that was interest only for 3 years. His first loan was fixed, but the second loan was variable with only a 3% cap. Six of the participants only made payments on the interest to their loan. Walt originated an interest only primary loan with an adjustable rate second mortgage through Countywide. Guillermo, who had a career in real estate, had negative amortization adjustable rate loan. His interest rate would adjust monthly, but rather than paying the difference month-to-month, the amount would wrap back into the amount of the loan.

Subprime interest rates and other risky terms were widely given to the interviewed organizations' clients. The majority of the 13 HCAs said that between 70% and 90% of their clients had subprime loans, although several qualified that this percentage dropped in the past few years (e.g. 30%). Most of their clients did not know that their loan was subprime or that they could have qualified for a prime loan. Other risky terms commonly dealt with by the interviewed organizations included adjustable rate and interest only or negative amortization loans. Referring to the latter, the director of a Long Beach HCA lamented, "They're basically renting their mortgage."

Immigrants' tendency to borrow within their ethnic social networks may explain variation in the propensity of receiving a risky loan within ethnic groups. A representative from an Asian American advocacy organization noticed that banks serving the Chinese population offered subprime loans to their clients less often than those serving the Korean and Filipino population. While there was a sense in Chinese lending circles that "it's better to save up more money and get a better interest rate," he explained, there was a sense in the Korean and Filipino circles that "prices are going up so quick, better to buy now because you might be priced out of the market in two years." Housing market factors may have also shaped ethnic differences in subprime lending. High home prices in Koreatown, for instance, made it difficult for families to afford to purchase without risky terms. Median home sale prices in Koreatown rose from $279,000 in August 2004 to $582,000 in August 2008—a 109% increase (Zillow 2014). This was confirmed

by the director of an Asian American CBO with many Korean clients, who estimated that 70% of their housing counseling clients had subprime loans and did not know they could have qualified for prime loans. One representative from an Asian American CBO with many Pacific Islander, Latino, and Armenian clients, however, did not observe ethnic differences in receipt of subprime loans. We do not know whether ethnic or mainstream banks were giving homeowners risky loans, as we did not ask explicitly about this in the interviews.

C) UNREALISTIC EXPECTATIONS VS. LACK OF FINANCIAL KNOWLEDGE

The interviewees were variably knowledgeable about the home buying and lending process. Eight of the 12 participants claimed that they originated loans with a lack of financial knowledge—they did not understand the risks of the products they received. Others, such as Tiffany, Guillermo, and Wen, originated loans understanding the risks and had unrealistic expectations.

A common mindset was that building wealth through homeownership was less risky than through other investments. Half of interviewees bought homes under the assumption that prices had yet to peak or had bottomed out. After becoming a homeowner for the third time in 2004, Walt expected to hold onto it for five years, and then sell it and use the proceeds to buy a condominium. Walt said in late 2007 housing prices were still going up and his home was appraised at almost $1 million. He upgraded his house to increase the value, e.g. replaced the windows, kitchen, wiring, heating, ventilation and air conditioning (HVAC), etc. Then, he tried to refinance when housing prices started to decline, but he could not find a lender to combine his two interest only loans.

Some homeowners had unrealistic expectations about what they could afford or what would happen with the real estate market. These homeowners originated loans understanding their risks. Wen and her husband thought prices would continue to climb during 2006 and 2007. They were overextended in buying homes to rehabilitate and resell for profit. They had to refinance their primary residence to purchase the investment properties. They bought five homes in Las Vegas for about $2 million. As a real estate agency owner, Guillermo also understood the risks of originating an adjustable rate negative amortizing loan. He felt it was the best option given his loss of income after being hospitalized for a serious illness. He explained, "I opted for [a negative adjustable rate] because at the time I bought the house in pajamas. I had just gotten out of the hospital. That was the agreement with the doctor. I could not go back to [my home]. I had to show him I was moving to [another location], because I had no one to look after me. I told the bank what I made as opposed to showing documentation, so I was able to state my income prior to getting sick…Otherwise, I would not have been able to qualify for the loan because I didn't make any income in two and a half months."

Other homeowners originated mortgages without understanding their risks. When Nadifa and her husband were looking for homes in 2006, she admitted, "I don't know anything about purchasing a home…We did not know anything about the price of the house," she recalled, "We did not know anything about financing…We liked the house but did not mean to purchase that house at that time. All of a sudden all we know is [we] qualify for that home." They originated a $600,000 loan without providing any verification of their income and only $10,000 down. They also took out a second loan at an adjustable rate. Marcelo knew enough about lending through online research to catch that the first broker they contracted with to purchase their home was shady. The broker was young, and was going to be paid on the "back end" through the deal. But Marcelo ended up originated two variable interest rate loans through another broker recommended by his realtor without fully understanding the

risks. Boupha said her parents were also inexperienced homebuyers, "They were very new to everything," she explained. "They didn't go online. They don't know English that well too… they didn't go to any classes or anything…So they were practically clueless…"

Refinancing or taking out equity loans during the housing boom meant sometimes risky loans were tacked onto pre-existing risky loans. Teresa recalled, "The first one, I think it was an upside down one, I was paying only interest, or I don't remember but it was upside down…so I took out a loan, an equity loan, and then I did an 80/20, and I—still to this day, I don't know what an 80/20 is…The brokers, all they want is their part of their share but nobody sits down and explains to you what's an 80/20, or if you are going to be upside down, or it's going to go down in 5 years, or if it's going to go up—nothing like that…I went in there with my eyes closed."

Eleven of the 13 interviewed organizations felt that lack of financial knowledge prior to becoming a homeowner was widespread among those that later faced trouble. The deficiencies that clients came to a Long Beach HCA with "would make your head hurt," according to the director. "People don't have checking accounts, [they] don't understand how to read their credit report [or] understand a budget… things that you think would be commonsense they don't know, and they own a home." Lack of education was a factor contributing to homeowners' ignorance and the real estate industry's ability to take advantage of them. "You have got to also realize that these are people who may have not had the best education," the director explained, "may have not completed high school, that's not a requirement… all they see is what the person instructed them to do—the person who's licensed, so they put their trust in those individuals." Low literacy was an issue among some of their clients.

Relatively few financial education programs were available to prospective homeowners prior to the downturn. Only eight of the 13 organizations offered homebuyer education programs prior to 2007. A representative at Asian American advocacy group admitted, "There wasn't a lot of attention given to that…there were occasionally first-time homeowner programs…which were free to the public, and people could come then and learn the mechanics, you know what's involved in [homeownership], and of course you'd have a swarm of realtors, you know for their business, or real estate brokers who would just bring in their own clients to receive that information."

According to one multistate HCA, some clients did not feel they needed homebuyer education. "One of the things that we were finding were…people taking on a mortgage who did not have any type of pre-purchase education or first-time homebuyer education. They had no idea what they were getting into." They used the analogy of clients falling in love with a car and getting a car lease. "The people had fallen in love with homes and ended up buying too much home. And then they squeezed themselves into a mortgage, and many families had no idea how toxic the mortgage was." This multistate HCA representative lamented, "If we could have made these homeowners stop for a minute and go get the homebuyer eight-hour education before they make the biggest purchase in their lives--it could have prevented [many of their troubles]."

D) LANGUAGE AND CULTURAL BARRIERS

Language and cultural barriers contributed to homeowners originating loans without understanding their risks, particularly for those that came from the immigrant experience. For Boupha's parents, for instance, not knowing English was a barrier to researching the diversity of loan products on the market and understanding the risks of the loan they received. They were disadvantaged in that their lender did not speak their language, Khmer. Their loan documents were also in English.

Banks' practice of providing translated marketing materials to lure immigrants in but English-only loan documents was widespread, according to the interviewed organizations. Making loan documents in English-only discourages immigrants from asking questions and helps loan officers to "seal the deal" quicker. Just under half of the interviewed organizations mentioned a lack of translation services at origination as an issue facing their clients. A counselor at a San Gabriel Valley HCA explained, "[The banks] make their advertisements very 6th grade material, right? Very easy to understand…But when you look at the contracts that they're signing, it's even hard for an attorney to understand that… you [were] pushed [to originate the loan] in Spanish or Chinese or Cantonese, and all the sudden now you're signing a document that's in English. That's really hard for a client to understand…what they're getting themselves into."

The Asian American focused HCA with many Southeast Asian clients had similar experiences. The program director and counselor explained: "Most of our clients are monolingual Thai so they don't know how to read the contract. So then they do not know exactly what they entered into. And then when I read the contract for them, I told them that you know, the interest is really high and most of the time it is the ARM [adjustable rate mortgage] too, that it will keep on adjusting. And then sometime they also did not know they might have to pay the balloon for a certain period of time. They did not know. And it just makes me wonder, like you know, when you sign this contract, 'did you read it before?" And they say, 'no, because they cannot read English'." The director of another Asian American CBO with mostly Korean-speaking clientele estimated that fewer than 40% of their clients understood the terms of their mortgage. A lack of cultural competence among financial educators, realtors, and brokers also put borrowers from the immigrant experience at risk of receiving unaffordable loan terms. CBOs and HCAs targeting specific ethnic groups play an important role in brokering between their clients and mainstream lenders, as well as providing culturally competent financial education. As one counselor at a Asian American focused HCA with many Southeast Asian clients stated, "Since most of our clients are [Southeast Asian], they don't exactly understand the credit system in the U.S. because in [their home country] it is nonexistent…So we had to educate them about how to build, you know, good credit and how to understand, you know, when the banks offer them credit cards or loans that they understand exactly what they are getting themselves into." Another issue that they encountered with clients is balancing religious donations with having enough money in reserve to make mortgage payments or qualify for a loan modification. The counselor explained that Southeast Asians "spent a lot of money on donations…so we understand that it is a very sensitive issue. So actually [we] asked them to not completely eliminate that donation, but maybe for now like don't donate as much or just a temporary stop and you then…can return to your regular donations amount when everything you knows okay."

E) PREDATORY LENDING AND SCAMS

For homeowners from the immigrant experience, relying on ethnic social networks has both rewards and risks. While culturally and linguistically competent real estate agents, banks, and brokers may help limited English speaking families navigate the complex home buying process, they also may more easily gain families' trust and mislead them. Overall, four of the six homeowners from the immigrant experience mentioned relying on their social networks in deciding to purchase a home, compared to two of the six homeowners from the non-immigrant experience. In turn, just under half of the interviewed organizations mentioned tapping into ethnic networks as key strategy that their clients used in entering and trying to sustain homeownership.

Several of the interviewed homeowners from the immigrant experience felt that they were misled by co-ethnic realtors and lenders. Boupha's parents' Khmer realtor, who was a family friend, did not explain to them how taking out a loan for the entirety of their mortgage would affect their ability to pay. Boupha said, the lenders "kind of did everything for my parents 'cause my parents didn't know anything, they was just going to buy a house and since the lender was like, 'Oh yeah you don't have to put any down payment'…it was like, 'Oh okay, that's easy'." She added that "No downpayment sounded really good" at the time, but eventually "the high interest rate kind of came back [to hurt them]… I guess they didn't really think about the interest rate or anything. My dad said [he] kind of felt like tricked I guess. And it wasn't just happening to our family, it was like a lot of families were like that."

Luis took out a home equity loan in 2004 to have resources to improve his home. "I took like $50,000. I did a house extension, with a larger room, bathroom and everything… I built that wall and fence, and I bought other stuff, a cemetery plot for when I die and a small house…in my Mexico." To secure those resources, the lender, who was a co-ethnic, used the home's higher appraised value from 2002, and falsified his household income. He recalled, "They only said 'We are going to report you have a greater income than what you really perceive, so that it speeds the process' but they never took even three minutes to explain 'Hey, but this and this can happen if we do report that'…I had a monthly debt of $2,600," he lamented. "I wasn't well aware of this until I was already trapped."

Several HCAs described inter-ethnic scams, which were particularly rampant among immigrant communities. The representative of Asian American advocacy group recalled that subprime loans "were being promoted…in certain nationalities… communities [where] you had a certain kind of… network of real estate agents, mortgage lenders and brokers, people of that ethnicity that worked some of the major banks and loan companies, the escrow firms." The representative from an Asian American CBO with many Pacific Islander clients also observed co-ethnic exploitation happening in the home buying process among his clients. He explained, "Yes, communities of color have been exploited by kind of mainstream institutions and victims of predatory lending, but understanding the dynamics within the [ethnic] communities [is also important]…the sad thing is people using those community ties to then ultimately exploit their own." According to a national HCA, more than 70% of their clients over a seven to eight year period had experience with "Brown on Brown, Asian to Asian [risky or predatory lending]."

There was an assumption among the homeowners and organizations that we interviewed that co-ethnic real estate agents were unethical and knew what they were doing. Yet, putting their clients into risky loans may not always have been intentional. Some may not have fully understood the products that they were hawking, or may have been overly optimistic about clients' ability to sustain homeownership. In turn, it is important to understand that these co-ethnic brokers were often just the middlemen between clients and the larger financial system, where demand for risky products was cultivated.

Immigrant homebuyers, as well as those of color, were also preyed on by people and institutions from outside of their ethnic communities. Nadifa's realtor, for instance, chose their lender and recommended making a miniscule down payment (less than 2%). The realtor, they recalled, just asked them to "sign here, sign there." "We were vulnerable and the real estate person took advantage of the situation," she explained. Language and cultural barriers put immigrant homebuyers at higher risk. A Los Angeles HCA serving a diverse group of clients observed that Latinos were persistently more vulnerable to predatory lending. This Los Angeles HCA and a San Fernando Valley

HCA with many Latino clients stated that undocumented immigrants were particularly susceptible to unethical lending scams. A counselor in San Gabriel Valley HCA attributes the risky loan terms of many of her Spanish-speaking clients to the fact that they only received loan documents in English. "They say that they wish that they never got into these loans, and the person who gave them that loan didn't explain all the stuff to them, and all these changes. They just feel like they weren't really educated enough through the loan."

Two of the non-immigrant homeowners sought advice from their social networks in deciding to purchase a home, but they connected with lenders through their real estate agents and other professionals. They also felt that their lenders took advantage of them. Tiffany, for instance, received guidance from her parents, who were avid real estate investors, and her friends who worked in the industry. For her loan, though, she contracted with Countrywide, and relied heavily on the lender's advice in deciding what products to use. She admitted that it was "never easy to understand" the terms of her loan. Carl received a referral from a friend for a lender that could help him refinance his loan. He said that the loan broker "did a bait and switch" and increased the loan amount and "pushed hard on buying a second home," perhaps because this broker was motivated by the higher broker fees. He explained, "I assume my responsibility too, I mean I put my name on the dotted line…but I feel like [the lenders] waived [their fiduciary responsibility] for greed."

MISSING PAYMENTS

A precursor to foreclosure is having difficulty making and then missing payments. Eleven of the 12 homeowners interviewed had difficulty making payments. All but one of the participants that provided information on missing payments went into default, with the time period of default ranging from three months to five years. The interviewed homeowners used various troubleshooting strategies to get current with their payments. These ranged from increasing income, decreasing expenses, and refinancing or modifying their loans. Nine of the 12 participants sought outside help in finding ways to become current on their payments. These included going to a CBO or HCA, paying for legal services, or asking for help from their social network. Homeowners from the immigrant experience tended to look first to their co-ethnic social networks for troubleshooting advice.

Consistent with existing research, the homeowners and organizations that we interviewed stressed the role of financial problems, such as income loss or costly health issues, changing household conditions, and evolving mortgage terms and home values in contributing to their difficulty making payments. As a representative at a Latino advocacy organization described it, the downturn was "the perfect storm of economic problems that a family could be encountering," ranging from unemployment to rising health care costs.

AN OVERWHELMING MAJORITY OF THE SURVEY RESPONDENTS (29 OF 34) REVEALED THAT THEY EXPERIENCED DIFFICULTIES IN MAKING PAYMENTS ON THEIR HOME LOANS.

MOST OF THE TWENTY-EIGHT PEOPLE WHO PROVIDED INFORMATION ON MISSING PAYMENTS (90%) WENT INTO DEFAULT.

FOR THOSE THAT PROVIDED INFORMATION ON THIS ISSUE, AN AVERAGE OF 14 MONTHS OF PAYMENTS WERE MISSED.

A) FINANCIAL PROBLEMS

Eight of the 12 homeowners interviewed reported that their household income had declined since purchasing their home; only one reported that their income had increased.

OVER HALF OF THE SURVEY RESPONDENTS (19 OF 34) ESTIMATED THAT THEIR HOUSEHOLD INCOME DECLINED SINCE THE PURCHASE OF THEIR HOME. ONLY ONE QUARTER OF RESPONDENTS (8 OF 34) ESTIMATED THAT THEIR HOUSEHOLD INCOME INCREASED.

Unemployment or underemployment

All of the interviewed homeowners experienced unemployment or underemployment in their households during the downturn, which hindered their ability to make payments. In turn, all of the interviewed organizations had clients whose difficulty making payments originated from a job or income loss. Paula recalled, "The economy tanked and so did the business my husband was working [for]. And so the company, he stopped doing the outsourcing for them. It cut significantly to our income and so the company also started cutting their hours. So he had a loss of income and it was hard to make the payments sometimes." Teresa's husband was unemployed for two years—horrible timing given that their mortgage payment increased during this time from $1,600 to $2,100. Luis' and Chien's overtime hours were cut, which they needed to make the mortgage payment. Walt was laid off in 2009 from his senior management position at a software company. He had a good severance package for the following year and was able to continue making payments through December 2009. Then, he was able to make half payments for about six months. In mid-2010, he met with a bankruptcy attorney and stopped making payments. It wasn't until 2012 that he found another job, which paid just a fraction of his previous salary.

Self-employed and small business owners

One-quarter of the interviewed homeowners were self-employed or small business owners. Tiffany and Wen, who are both self-employed, struggled to make enough income during the recession. According to the interviewed organizations, immigrants from certain ethnic groups, such as Koreans or Latinos, were more likely to be working in small businesses when the recession came. This is supported by existing data. Between 2005 and 2007, Korean Americans were self-employed at twice the rate of the general population (22%). Other Asian American groups with high rates of self-employment were Vietnamese, Japanese, and South Asian (each 12%) (Tran and Poon 2011). Although whites were most likely to be self-employed among the major racial groups (12%), Asian Americans (11%) and Latinos (8%) were the two minority groups with the largest percentages of self-employment (Tran and Poon 2011). Further, between 1982 and 1992, Latino- and Asian American-owned businesses grew by over 200% (Fairlie 2004). These data underestimate the role of small businesses in Latino and Asian American communities, because they do not include the proportion of people who work for small businesses. This is a "common pathway to steady self-employment for Mexicans" in particular (Raijman and Tienda 2000; Headd 2000). The director of a Los Angeles Asian American focused HCA with many Korean clients estimated that about one-third of their target population was affiliated with small businesses, many of which lost business and income during the downturn. Small business owners sometimes understated their income to qualify for their mortgage, and then ran into problems when trying to refinance, according to the representative of one Asian American advocacy group. A San Gabriel Valley HCA had many Latino clients who are self-employed as brokers, real estate agents, insurance brokers, etc.—professions hard hit by the recession.

B) CHANGING HOUSEHOLD CONDITIONS

Changes within homeowners' households also made it difficult to make payments. All of the participants experienced other personal changes that affected their ability to make payments. Most of these were issues pertaining to family dynamics or health. Marcelo's wife became pregnant with their second child, which led to a six-month maternity leave and thousands of dollars in health insurance bills, as well as additional costs from having a new baby. Guillermo was diagnosed with a serious illness that forced him to quit his real estate job and be hospitalized for over two months.

Four of the six interviewed homeowners from the immigrant experience lived in multigenerational households at the time they were having trouble making payments compared to two of the six non-immigrant experience homeowners. Consistent with our expectations, living in a multigenerational household was at once a financial strain and benefit. Luis' three adult children currently live with him and his wife in Downey. One of his sons got married in Mexico but moved back without a job. The other, which he described as "wandering around," helps out with the chores. His daughter still lives at home after graduating from school. Having four adult children at home that did not have jobs was a strain on the family when he had difficulty making mortgage payments. Boupha's family also faced financial strain from being a multigenerational household. In 2007, Boupha's father lost his job. At the time, his mortgage was $3,000. There were four kids, two of which were in college, two adults, and sometimes a grandparent to provide for. Chien, in part, became a homeowner to provide a more stable living situation for his father, who is blind. His brother and mother also lived with them. Chien had a hard time providing for his family and making mortgage payments when his wage as a casino worker was cut.

HALF OF THE SURVEY RESPONDENTS HAD A SPOUSE OR PARTNER LIVING IN THEIR HOUSEHOLD WHEN THEY WERE HAVING DIFFICULTY MAKING PAYMENTS (17 OF 34).

ONE-THIRD HAD CHILDREN OR GRANDCHILDREN (12 OF 34) LIVING IN THEIR HOME.

ONLY A FEW HAD PARENTS OR GRANDPARENTS (4 OF 34) OR OTHER FAMILY (3 OF 34) LIVING IN THE HOME. ONE IN FOUR HAD RENTERS (8 OF 34).

The departure of a working adult in a multigenerational household was a hardship for some of the immigrant families, according to the interviewed organizations. A program director from an Asian American focused HCA with many Southeast Asian clients explained, "A lot of Thai families rely on financial support from either their adult children, or their relatives, or even their parents. So I have seen in a lot of cases when the children would actually stay with their parents and help pay for household expenses and also, of course, help pay for the mortgage. But when the children decide to move out, that is like their loss of income as well. Because if they cannot find someone to replace the children, they have to find the funds to pay the mortgage." For instance, when the daughter of one client moved out, they needed to find a renter to meet the mortgage payment. Counselors from the Asian American focused HCA with many Southeast Asian clients and from a Los Angeles HCA with many Latino clients reported that an adult worker moving out also made their clients' vulnerable and was a primary reason for having difficulty paying the mortgage.

C) EVOLVING MORTGAGE TERMS AND HOME VALUES

Changes in monthly mortgage payments and home values affected the interviewed homeowners' ability (and willingness) to make payments. Borrowers with variable rate loan terms

were often caught off guard by the interest rate and mortgage payment increases. Teresa's mortgage payment was $1,600 a month when she bought her home in 1999. After refinancing in 2004, the payment eventually rose to about $2,100 ($2,500 with condo associated dues) by 2010. Similarly, the payments for Marcelo's home went up by $300 to $400 a month during the downturn. Combined with underemployment or unemployment, an increase in the monthly mortgage payment quickly made a home unaffordable for a household.

Home equity loans

Taking out home equity loans ballooned homeowners' mortgages and monthly payments, making them vulnerable to default. Half of the interviewed homeowners had home equity loans. Most (four of six) used the loan to finance home improvements. Two used the loan to pay off bills, and one used it to start a business. The interviewed organizations also observed that clients commonly took out home equity loans during the mid-2000s. According to one multistate HCA, at the start of the housing crisis, many of their clients "had taken all of the equity out of their home." The organizations reported a wide variety of uses for these loans. Some used the loans to make home improvements or pay off bills. A multistate HCA observed clients that were "living over their means" and buying motor homes and boats. One Asian American CBO with many Korean clients reported that some of their Korean clients were using the loan to pay for small business expenses. Immigrants at times used the money to help a relative or friend back in their home county. A representative from an Asian American advocacy group recalled, "Sometimes people…had somebody who got arrested and had hard times in another country…so they had to send a bunch of money back home."

JUST UNDER HALF OF THE SURVEY RESPONDENTS (16 OF 34) TOOK OUT A HOME EQUITY LOAN AFTER PURCHASING THEIR HOME. THEY AT TIMES USED THE LOAN FOR MORE THAN ONE PURPOSE.

THE MOST COMMON PURPOSE WAS HOME IMPROVEMENT (10 OF 16). OTHERS INCLUDED: PAYING FOR OTHER HOUSEHOLD EXPENSES (7 OF 16), SUCH AS BILLS OR COLLEGE TUITION, OR FINANCING A BUSINESS (3 OF 16).

THREE (OUT OF 16) RESPONDENTS MENTIONED OTHER REASONS, SUCH AS USING THE LOAN TO TRAVEL, BUY A CAR, OR BUY ANOTHER HOUSE.

Underwater mortgages

Property value declines were widespread during the recession. Three-fourths of the interviewed homeowners estimated that their home value had declined since purchase. Over half of them mentioned that their property was underwater. The difference between what these homeowners owned and what their property was worth ranged from between $20,000 and $800,000.

A MAJORITY OF THE SURVEY RESPONDENTS (25 OF 34) ESTIMATED THAT THEIR HOME VALUE DECLINED SINCE THEY PURCHASED THEIR HOME. ONLY A HANDFUL ESTIMATED THAT THEIR HOME VALUE INCREASED (5 OF 34).

With intentions to resell his home prior to 2010, Walt spent money on upgrades to increase its value. By 2008, the home was valued at close to $1 million, about $250,000 more than he had paid for it. Over the following years, however, his home's value dipped

$200,000 below the price he paid for it, which impaired his ability to modify his loan. Nadifa's property value dipped from $425,000 to $130,000 during the recession. Her lender gave her the option of doing a short sale at the current market value, but being liable for her $320,000 loan balance was untenable for her.

Underwater mortgages were widespread among the interviewed organizations' clients. A representative from an Asian American advocacy organization stated, "You also had people who just were underwater and were just seeing if there was any way they could get a break. I mean, they didn't necessarily have a loss of income, they weren't behind on their loans, but they just realized their house had lost $100,000 of value, and thought, 'If it's going to keep going down, do I really even want to stay here?' And asking for [housing counselors] to sort of talk them through assessing what their options might be." Housing counselors from a Los Angeles HCA with many Latino clients and a San Fernando Valley HCA felt that even if homeowners were able to get their payments reduced, their home values had gone down by so much, that they would still be liable for much of the amount of the original loan.

D) CHANGING RISK FACTORS

Several of the interviewed organizations stressed that the conditions leading families to default and foreclosure have changed over the course of the recession. The early wave of foreclosures came from households who had risky loans and did not have the income to cover their loan payments. Then, the latter wave came from those experiencing disruptions to their financial stability, such as through unemployment or a health crisis. At the beginning of the crisis in December 2007, unemployment was still low at 5% nationally. By October 2009, however, it had more than doubled to over 10% (Hurd and Rohwedder 2010).

An Asian American advocacy group representative recalled that in the beginning of the crisis, the typical client that they worked with was low-income and was given a mortgage that they could not reliably pay back. In the latter stages of the crisis, the typical client initially had the income to pay back the mortgage, but experienced a disruption to their finances, such as unemployment or health problems. A multistate HCA reiterated, "During the time of the crisis, there was a large number of people who had subprime loans...negative amortization mortgages, those who had...[a] variable rate mortgage, pick a pay, those were the first ones that we…helped…we are seeing less and less of that. What we are seeing more and more of…is situations where people have become unemployed or underemployed."

TROUBLESHOOTING STRATEGIES

The interviewed homeowners struggled to make their mortgage payments using different strategies. The majority tapped into savings, retirement funds, or sold off valuables (9 of 12), took on additional work (8 of 12), or delayed or stopped payment on other expenses (e.g. health insurance, childcare, etc.) (7 of 12). Half of the participants used credit cards to help meet expenses and free up funds to pay the mortgage (6 of 12). Less than half of them borrowed from friends or relatives (5 of 12), a strategy more common among interviewed homeowners from the immigrant experience (4 of 6). All but one of the participants attempted to refinance or modify their loan. All but two of this group found the process extremely slow, confusing, and frustrating—characterizations also made by all but one of the interviewed organization staff. All but two of the interviewees sought outside help in resolving their mortgage payment issues.

THE MAJORITY OF THE SURVEY RESPONDENTS (20 OF 34) TAPPED INTO SAVINGS, RETIREMENT FUNDS, OR SOLD OFF VALUABLES AS A STRATEGY TO BECOME CURRENT ON THEIR MORTGAGE PAYMENTS.

MORE THAN HALF (18 OF 34) TRIED TO INCREASE THEIR INCOME BY TAKING ON ADDITIONAL WORK.

A SUBSTANTIAL PROPORTION DELAYED OR STOPPED PAYMENT ON OTHER EXPENSES (E.G. HEALTH INSURANCE, CHILDCARE, ETC.) (15 OF 34), BORROWED FROM FRIENDS OR RELATIVES (14 OF 34), AND/OR USED CREDIT CARDS (13 OF 34).

ONLY SIX RESPONDENTS USED OTHER STRATEGIES TO MEET THEIR MONTHLY PAYMENTS. THESE INCLUDED USING THEIR SEVERANCE PAY UNTIL IT RAN OUT, RENTING OUT BEDROOMS, AND SEEKING CHAPTER 13 BANKRUPTCY PROTECTION.

A) USING SAVINGS AND CREDIT CARDS

Most of the interviewed homeowners tried to meet their monthly mortgage payments by using their savings or credit cards, which freed up funds to cover mortgage payments. Nine of the interviewees employed this strategy. Several of the participants tapped into money that they had saved for other purposes. This was the case for Paula's family. Chien liquidated part of his retirement to help make mortgage payments. Tiffany and Nadifa sold off valuables. Boupha said, "My dad kinda had a feeling that we just might kind of like lose the house. We didn't want to try to get more loans or anything but he did keep paying like with…our savings."

Another way that participants tried to increase their earnings was by taking on additional debt, either by charging to a credit card or obtaining another loan. Wen and her husband put $7,000 on their credit card to pay property taxes. Chien and Nadifa also charged expenses to their credit cards. According to the interviewed organizations, going into credit card debt to free up money to make mortgage payments was a common strategy used by their clients. Some clients also stopped paying their credit cards in order to pay off their mortgage.

B) BUDGETING AND TAKING ON ADDITIONAL WORK

The majority of the interviewed homeowners budgeted their expenses as a strategy to meet mortgage payments. This was one of the strategies that Wen, Paula, and Walt used to continue to make their payments. Sometimes basic needs like healthcare were slashed.

Over half took on additional work, often by getting a second job. Wen, for instance, took a retail job when her husband's construction business closed. Paula's husband took a "side job" when his hours were cut at work. Chien traveled to Las Vegas and New York in search of jobs when his wages were cut during the downturn. Nadifa started another job braiding hair. The strain of taking on additional work at times wreaked havoc on homeowners' mental and physical health. Marcelo, for instance, compensated for his wife's unemployment and the costs of a new child by working 16-hour days six days a week. "I'm dying here," he exclaimed. "I [am] working two jobs. This is not the way I want to live. I don't have time spend with my kids."

C) LEANING ON FAMILY AND FRIENDS

Family and friends were a critical source of support for a majority of the homeowners interviewed (9 of 12). Homeowners from the immigrant experience were slightly more likely to reach out to their social networks for help (5 of 6 compared to 4 of 6). They were substantially more likely to receive loans from their friends and family (4 of 6 compared to 1 of 6). The lack of a credit system or social welfare programs in immigrants' home countries and their distrust of non-ethnic institutions may have discouraged them from going to mainstream lending institutions for financial assistance. A director from an Asian American focused HCA with many Korean clients explained, "In your home country, if you are down and under, there's no one there to help you, maybe your immediate family members, but that's it. It's not like government programs that are going to come in. So for [immigrants] to come to America, they can't even imagine that someone would care about them and would want to help them."

This makes the work of the housing counseling organizations that want to serve immigrants more difficult, because these homeowners tend to come to ask for help (if at all) when a default or foreclosure is already well under way, making it sometimes too late to provide assistance. Another executive director of an Asian American CBO with many Korean clients said that her clients are often not sure of whom to trust and some do not like to attend big events, such as foreclosure fairs. Representatives from a multistate HCA said that some clients are ashamed or embarrassed about their situation and would prefer to receive assistance through the toll free telephone hotlines that they offer in different languages. Counselors at a San Fernando Valley HCA noticed that many of their Latino clients were victims of attorney scams and lost money without resolving their mortgage issues. Some of these clients had language barriers or issues with immigration so they were unsure of whom to turn to for help.

Instead, immigrants' informal social networks, comprised of relatives, friends, and co-ethnic professionals, substituted for mainstream lending institutions. Wen, for instance, obtained a $20,000 loan from her sister to help pay the mortgage on her primary residence when her investment properties were at risk of foreclosure. Guillermo's dad helped him pay the mortgage. Not all of the homeowners from the immigrant experience were successful in obtaining financial assistance from their social networks. Luis, for instance, looked first to his family for help, but explained, "My children didn't have jobs so I couldn't turn to them for money," he explained. "My brothers were also struggling economically, and I don't have a rich relative like a brother or an uncle who could lend me money. Not even a friend. So I was then looking for an office or company who could help me refinance."

The tendency for immigrants to look for help within the ethnic community first was also widely mentioned by the interviewed organizations. A representative of a national HCA observed Asian American and Latino families employing this strategy more than African American or white households. A counselor at an Asian American focused HCA said that her Southeast Asian clients "rely on financial support from either their adult children, or their relatives, or even their parents." The Korean clients of an Asian American CBO often asked their children or relatives to support them or they sold their property in Korea.

Others pooled resources with their family by forming multigenerational households. Again, interviewed homeowners from the immigrant experience were more likely to use this strategy, a finding consistent with research on the post-foreclosure experience of Latino homeowners (Bowdler et al. 2010). Chien's parents, for instance, also paid rent, which helped him to pay his mortgage. The interviewed organizations observed their clients doubling up within families, particularly among immigrants. The clients of a nationwide affordable homeownership organization sometimes converted garages (often illegally) so family members could live in them.

Not all of interviewed homeowners forming multigenerational families came from the immigrant experience. But a difference was that homeowners from the immigrant experience tended to live in multigenerational households prior to the economic downturn, whereas the non-immigrant multigenerational households came together because of it. In turn, those from the immigrant experience planned on staying multigenerational households after overcoming their financial difficulties, while the non-immigrant experience multigenerational households planned to separate when its adult members became more financially stable. Walt, a non-immigrant, had his nephew move in with him after he became unemployed in 2009. Walt's nephew paid him rent, which helped Walt to make mortgage payments for a few more years and supplemented his income. When the foreclosure became imminent, however, Walt warned his nephew that he may

need to find another place to live. His nephew chose to leave. In contrast, Luis had plans to keep his multigenerational household together in the near future. His monthly payments are much reduced after receiving a modification, and his home value has gone up. His next goal is to purchase a duplex so that his family can have more room but still live together.

D) LOAN REFINANCING AND MODIFICATION

Most of the participants tried to decrease their expenses by refinancing or modifying their loans. Refinancing changes the terms of the loan, such as the interest rate or the number of years that a homeowner has to pay. This makes monthly payments more affordable without altering the principal. Modification makes the loan more affordable by not only changing the terms but also reducing the principal. All but one of the homeowners interviewed attempted to refinance or modify their loan. Only six were successful. Assisting with refinancing and modification was one of the main services offered by the organizations interviewed.

AN OVERWHELMING MAJORITY OF THE SURVEY RESPONDENTS ATTEMPTED TO REFINANCE OR MODIFY THEIR LOAN (30 OF 34). YET, ONLY A MINORITY (11 OF 34) WAS SUCCESSFUL.

Dissatisfaction with the refinancing and modification process was widely expressed by the homeowners and organizations. Eight of the interviewed homeowners felt unfairly treated by their lender, including four of the six that eventually altered their loans and four of the six that were unsuccessful. All but one of the interviewed organizations observed their clients struggle to alter their loans or personally faced difficulties assisting them in this task. The most common complaints were: 1) difficulty establishing a single point of contact, 2) a lack of transparency about their process, and 3) dual tracking. Homeowners from the immigrant experience and the organizations serving them also widely reported issues with English literacy and a lack of translation services.

THE MAJORITY OF THE SURVEY RESPONDENTS WHO REFLECTED ON THEIR LOAN MODIFICATION OR REFINANCE PROCESS FELT THAT THEIR LENDER TREATED THEM UNFAIRLY (23 OF 30).

Establishing a single point of contact

Many of the interviewed homeowners and organizations pointed out the irony of how easy it was to obtain a loan but how difficult it was to refinance or modify it. Homeowners initially reported difficulty locating a single point of contact (SPOC), or main contact person, within the institution servicing their loan. A counselor at a San Gabriel Valley HCA described the typical back-and-forth that preceded connecting with the lender: "You'll have a SPOC, you leave them messages, but they're not available, because they're on a different time [zone]. And on top of that you leave them voicemails, so you end up pushing zero to try to talk to a representative. That representative reads the wrong notes, the wrong notes ends up costing you time because then you end up faxing them the wrong information...or you upload the wrong information. And that single point of contact, you never spoke to them throughout the whole modification process."

The program director of an Asian American focused HCA with many Southeast Asian clients recalled the rigmarole that she went through to process a non-English speaking Thai homeowner's modification request: "All of the sudden the homeowners received a letter of denial--citing the decision of the denial as incomplete packet. But the letter was dated in the same week that this SPOC was still requesting documents from me. Like we were still you know answering each other's emails. So I was very confused and the homeowners were really shocked, 'I thought, you know, we were in touch with them, and we [were] submitting documents they were asking.' So I tried to get a hold of my SPOC, but he was not there at all...about a week after the incident, the homeowners received another set of denial

letters dated you know like a couple of days after the first set. In that same set of mail, there were letters requesting for documents as if this whole thing was still going on—like as if… his application was not denied yet. So I was confused and the homeowners were confused. Were you denied or were you not denied. So we still cannot find [an] answer, because as of today, I still couldn't get a hold of my SPOC."

Difficulty establishing a SPOC was an outcome in part of the secondary mortgage market, with lenders selling off the loans that they originate to investors, who in turn sell them to other investors. A few of the interviewed homeowners had problems establishing a SPOC when their bank underwent bankruptcy or their loan was sold on the secondary market. Nationstar, IndyMac, and Ocwen were mentioned as particularly troublesome to work with. A manager at a Los Angeles HCA with many African American and other clients described the moment that a mortgage is sold as a state of "limbo" and she complained that "They have no kind of tags or flags that the loan has been modified...[Prior work] disappeared, just gone."

Lack of transparency

Once a SPOC was established, the process of refinancing or modifying was described as a "game" or a "scam" with rules that you learned by doing. One point of confusion was whether or not you had to miss payments to be eligible for a modification, and if so, how many payments. Guillermo exhausted his savings trying to keep up with his mortgage payments after he became ill and had to sell his real estate agency. When he asked for a modification, he was denied, because his payments were up to date. In response, he missed two payments. But when he called the lender, they still denied him, now because his payments were behind. He recalled the exasperation: "Wait a second, when I called you, you told me that my payment had to be behind. Now that it's behind, you tell me I can't [qualify]?" In response, he remedied his missed payments and tried again. Misinformation about whether you had to miss payments to be eligible for a refinance or modification was rampant, according to the interviewed organizations.

Another point of confusion was the income that you had to earn to be eligible for a modification. Chien, for instance, was denied a modification because his income was too low in the early years of making payments but currently was too high. A third point of confusion was how declining home values affected eligibility. Walt recalled, "Bank of America dragged their feet asking more info, changing my customer relations manager. I went through, like, four of them in six months, different people, restarting again the amount of forbearance…" In the meantime, his home value dropped $200,000 below his original value. The bank was not willing to participate in the Home Affordable Modification (HAMP) program, which partially forgave underwater mortgages. As a result, the refinance process was stymied. In 2013, his loan was sold to NationStar, but they have not contacted him, and he does not even know his account number.

Confusion persisted after the loan was refinanced or modified. Even though payments were reduced, sometimes they were still not affordable, depending in part on what was happening in the homeowners' households. Teresa explained that her payments were reduced only for a short period of time, "I called the bank and asked if I could do a modification. They said…we will try it for 6 months. My payment went down to $1,245, and I did that with no problem … After the 6 months were up…I did get a letter saying… I had to make my regular payments, or pay all the back fees that I owed. I said I couldn't do that, why couldn't I just stay with the $1,245 that I was paying? That was perfect."

Most of the interviewed organizations were frustrated by the seemingly nonsensical complexity of the loan refinancing and modification process. This was particularly the case for smaller CBOs, as the larger, regional, and

national HCAs had more staff, standardized procedures, and connections with lenders to streamline the process. As one director of an Asian American focused HCA with many Korean clients stated, the banks "figure out constantly new games to play...we send faxes in, and they…said, 'we never received it.' And because we have nothing to prove. There's was no way to fight back…So in essence, it's like forcing the clients to have to resubmit and resubmit." A counselor at another Asian American focused HCA with many Southeast Asian clients described a particularly frustrating incident trying to convince a SPOC about a borrower's death. She explained, "I faxed bank statements, and paystubs, and the borrower's death certificate. My SPOC would receive everything except for the death certificate. And I was like I faxed you like three times. And then, you know, for this funny reason, she called me again and she said, 'The underwriter would like more proof of the death of the borrower, because his name still appears on the bank statements with his wife's name.' I'm like, 'Doesn't the death certificate tell you this persons is dead more than the bank statement?' She said, 'Oh no, because usually if the person is dead the person's name is not supposed to appear on the bank statement'...I had to fax her the death certificate about five times for her to actually like understand this person is dead."

In part because of the lack of rules, refinancing and modification success rates were low for many of the interviewed organizations. The policy coordinator at an Asian American advocacy organization explained, "Ten people would come in the door, maybe three or four people you never would see again. And of those…six [remaining]… you'd give them what they need for documents, and maybe three or four come back with some of the documents…then maybe one [would] actually get a modification. So the percentage is really quite low." An Asian American CBO with many Pacific Islander clients had an even lower success rate—only two of the 35 clients that they assisted received a loan modification. The organizations attributed their difficulty working with lenders and servicers in part to the banking industry's lack of capacity to handle the flow of troubled homeowners. But many of the interviewed organizations also admitted that they had capacity issues. The representative from an Asian American CBO with many Pacific Islander clients explained, "We weren't set up to do the work." "No one was equipped for this type of a crisis," the manager of a multistate HCA admitted. "It's almost like using a natural disaster as an example of how we all learned from all these horrific [events], whether they are awful flood or fires." At the foreclosure fairs, the banks' computers and software was from another generation. Many of the interviewed CBOs and HCAs did not start going to foreclosure fairs until late in the game.

The Asian American CBO with many Pacific Islander clients that reported a low loan modification success rate saw an improvement over time as the programs and regulations governing refinancing and modification evolved in the latter years of the 2000s. A few of the interviewed homeowners claimed that their experience of loan modification improved after the Obama Administration instituted the Home Affordable Refinance Programs (HARP) and HAMP in 2009. Others did not see improvement, which they attributed to deliberate obfuscation on the part of the banking industry. The director of an Asian American focused HCA with many Korean clients exclaimed, "The rules keep changing on us. And when we change the rules, [the banks] figure out to get around those rules." She admitted that all the back and forth and lack of clarity has made foreclosure counseling "really hard on our staff."

Dual tracking

Dual tracking was a persistent issue that troubled homeowners faced in Los Angeles County during the downturn, according to the interviewed organizations. This is when a lender would try to modify a homeowner's loan while also moving forward with foreclosure proceedings. A Los Angeles HCA with

many Latino clients recalled that "dual-tracking…was a huge issue that affected the Latino community, specifically in California." One housing counselor from a San Gabriel Valley HCA complained about the automated letters generated by lenders while homebuyers were going through the modification process. She said, "Seven out of ten letters are automated… they're getting these automated letters saying they're in default or going to go into foreclosure... I have to tell [the clients] that…they don't mean anything unless it's a notice of trustee sale." When a notice of trustee sale is issued, however, keeping the borrower in the home is difficult. The latter stages of foreclosure can proceed fast in a non-judicial foreclosure state like California, where lenders are able to foreclose without involving the courts.

English literacy and cultural competency issues

Language and cultural competency barriers disadvantaged immigrants during the loan refinance and modification process. Language translation was not available for all groups through the 1-800-HOPE helpline, which was an early source of support for troubled homeowners. This was particularly the case for Asian Americans who speak less common languages and dialects (e.g. Laotian, Khmer, Thai, Korean, etc.). The director of an Asian American focused HCA with many Korean clients remembers that the line "was hopeless" for their limited English clients. The director of an Asian American CBO serving many Korean clients estimated that only 20% of their clients contacted their loan servicer directly. Those who chose not to "didn't because they don't know what to do and how to do [it]. They cannot communicate with them."

The organizations that we interviewed dealt with language barriers by translating information into multiple languages. One multistate HCA had phone translation available in 160 languages. An Asian American advocacy organization advertised upcoming foreclosure fairs where troubled homeowners could receive assistance in Mandarin, Cantonese, Korean, and Tagalog. They also targeted ethnic newspapers.

Ethnic organizations also tried to remedy language barriers by providing culturally competent counseling. For example, attending large foreclosure fairs or housing counseling classes could be intimidating to troubled homeowners speaking English as a second language. In response, some of the interviewed organizations strove to provide a more culturally customized experience. A Latino advocacy group strove to provide "culturally appropriate services" in a "one-on-one" setting to "build the trust" between providers and clients. An Asian American CBO with many Korean clients also aimed for cultural-linguistic competence in service provision. The director explained, "Asian Americans rarely attend a big event, because culturally we don't want to show our hardship to others. So small scale one-on-one counseling is more effective than [a] big event." The multistate HCA that offers translation services in 160 languages by telephone believes it helps to overcome "the element of embarrassment" that borrowers from some ethnic groups face in seeking help in-person.

E) SEEKING OUTSIDE HELP VS. GOING AT IT ALONE

All but two of the interviewees sought help from a HCA or other organization when they were having difficulty making mortgage payments. Of the ten who sought help, eight relied on free services provided by a HCA or CBO. Nine paid for services from an attorney or real estate professional. Reasons for not seeking outside help included feeling that it was too late for help and not knowing who to trust.

WHILE HAVING DIFFICULTY MAKING MORTGAGE PAYMENTS, NEARLY TWO-THIRDS OF THE RESPONDENTS SOUGHT THE ASSISTANCE OF A HOUSING COUNSELOR OR ANOTHER ORGANIZATION (25 OF 34).

Finding help

The interviewed homeowners found out about organizations providing services to those in trouble through formal and informal methods. Some of the participants found out about refinancing or modification help through formal advertising through their favorite television program or in fliers around their community. Paula and her husband, for instance, initially contacted their lender when they wanted to modify their loan. After several months of no progress, however, they became frustrated. She recalled seeing a commercial on a Spanish-language television station, "We saw an advertisement for the Neighborhood Assistance Corporation of America (NACA)… They had an event at the convention center, and we saw it on Univision. And they were saying that it was [a] place where you could talk with representatives from the lender and have your loan modified on the spot, and so we decided to take that route. Working directly with the bank wasn't, you know, going anywhere." Luis similarly was frustrated by trying to work out a modification with his lender. "I first wrote a letter to the bank explaining 'I have less work hours, my children don't work, please lower my payments, I can't afford to pay this much,' he said. "But it did not go through… I think the bank did not want to help me." He heard about NACA on the radio, and also met with representatives at the LA Convention Center. His modification went through in 2009. They were able to reduce his payments from $2,600 to $1,300.*

Some of the interviewed homeowners went to counselors that were contracted with their lenders. After receiving his notice of foreclosure, Guillermo worked with F.A.I.R (Freedom Accountability Independence and Responsibility), a financial counseling and debt reduction program that was associated with his bank, Wells Fargo. They negotiated with the bank to extend the foreclosure sale and allow the property to be put on the market as a short sale. They also helped him find an apartment and secured $5,000 from the short sale for him to use to pay his security deposit. They spoke with the landlord, who agreed to accept the deposit after the short sale was finalized. Their assistance was invaluable during a time when he was recovering from a long-term hospitalization. "They bought me time," he explained. "That was the most important thing."

Others found out about organizations providing services through their social networks. Some of the HCAs and CBOs recruited clients solely by word-of-mouth and referrals. They simply did not have the budget to recruit clients through advertising. Many HCAs and CBOs had partnerships with governmental, non-profit, and for-profit organizations that helped them to spread the word about their services. Governmental and quasi-governmental agencies included HUD, the Los Angeles County Department of Consumer Affairs, FannieMae, and FreddieMac, among others. Non-profits included NeighborWorks America, HomeFree USA, the National Urban League, Alliance for Stabilizing Our Communities, United Way, food pantries, legal aid, and churches. Some CBOs and HCAs also had relationships with ethnic media, elected officials, real estate professionals, and banks. Larger, more established HCAs were more likely to have relationships with banks and tended to capture a larger share of clients. For example, one Los Angeles HCA serving many African Americans among others developed a partnership with Wells Fargo to obtain access to its computer system to prepare pre-approval paperwork for loan modifications.

Reasons for going at it alone

There were three primary reasons that homeowners went through the process of loan refinance and modification without the help of an organization or professional, according to those interviewed. First, some of the participants felt it was too late to receive help. Teresa tried unsuccessfully to modify her loan through the bank. Then she tried to do a short sale, but her home value had declined by more than half, and the bank claimed she was liable

** ALTHOUGH MANY HOMEOWNERS FOUND NACA TO BE HELPFUL, ONE HCA WAS CRITICAL OF THE ORGANIZATION. THE REPRESENTATIVE STATED, "NACA IS A REALLY BAD WORD WHEN YOU TALK TO US." THEY EXPLAINED THAT NACA DOES A "GOOD JOB WITH MEDIA, GETTING WORD OUT" BUT THEY ARE A LARGE ORGANIZATION THAT HAS "AN EXCLUSIVE CONTRACT WITH THOSE SERVICERS THAT DOESN'T ALLOW OTHER NON-PROFITS TO TALK TO THEM UNTIL THEY GET A WRITTEN LETTER SAYING THEY ARE NO LONGER NACA CLIENTS."*

for the $190,000 gap. She reached out to a real estate agent around this time, but they wanted $3,000 up front to help lower her payments and interest. She heard about housing counseling and other organizations from the news, but when she received a notice of foreclosure sale from the bank; she felt it was futile to seek help.

Another reason for not seeking help was homebuyers did not know whom to trust. Participants described being inundated with information on refinancing and modification services. They did not have a way to identify who was reputable and potentially predatory. Paula explained, "I think it's really hard to find a legitimate organization. There's all these advertisements, and we get tons of mailings. We still get tons of mailings, from private businesses trying to, you know, do their business, modify your loan, whatever. So it's kind of hard to pick and choose who you get help from." They were especially wary, because her brother-in-law "got ripped off" trying to modify their loan and in the end went through foreclosure.

A final reason for not seeking help is that families facing trouble did not know about CBOs or HCAs providing services to homeowners at risk of foreclosure. This is partly due to some organizations' tactic of recruiting clients by word-of-mouth.

Role of HCAs and CBOs

Most of the homeowners that sought outside help reached out to a HCA or CBO. The services provided by these organizations differed from those provided by the others in that they were more holistic. They would not only help clients with their refinance or modification but also work to educate them and change other aspects about their lives to enable them to become more economically self-sufficient. A Latino advocacy group representative said, "A lot of our housing counselors became de facto financial counselors, where they were dealing with not only the homeownership side of things but a family's entire household budget…[they] are…dealing with…all of the fallout that came from the housing crisis." A manager at a Los Angeles HCA with many African American and other diverse clients put it more bluntly: "They trust us...as soon as something happens...they don't call, they show up at the door. We're the front line."

The diversity of people seeking comprehensive help at times overwhelmed the interviewed organizations. Towards the end of the 2000s, they were no longer predominantly serving the most impoverished people who were traditionally targeted by government programs. Middle income, more "economically stable" people who did not traditionally receive social support comprised a growing proportion of these seeking assistance, as well as small business owners. As one national HCA described, they were "in full scale…emergency response mode." They had about 3,000 clients a month who were coming in for foreclosure counseling or mitigation assistance, and they would host large-scale weekend events with around 2,000 people attending.

Available funding constrained the interviewed organizations. All but one mentioned limited funding in the face of growing needs as a condition that hindered their ability to provide help. Early in the downturn, funding for housing counseling typically came from within the organization and their coalitions or through grants from assistance groups, like Neighborhood Housing Services. Later on, HUD provided funds for assisting troubled homeowners but compensation rates were low enough to discourage some organizations from continuing this work. Getting reimbursed from HUD for providing counseling was challenging for the interviewees. Sometimes organizations used their own funds to provide these services. A program director at an Asian American focused HCA described the dilemma they faced: "It has been very difficult for us to manage our budget...Most of the time, HUD asks us to submit our proposal…late in the year, like December or January, but the funding period has already started. So let's say HUD funding

is from October to September, but they ask us to submit proposal in December, and they wouldn't provide like an award until July or August. So we are operating without budget for nine months this year …How can we plan this? We can't…it impacts to our performance."

Not only was it difficult to obtain money from HUD, but also others mentioned the difficulty of finding new sources of support. The president of a nationwide HCA claimed, "No one's excited about giving money to foreclosure anymore …So the danger in that is that people may not get the help they need." Finding the resources to help struggling homeowners was especially difficult when homeownership assistance was not the primary focus of the organization, and the number of clients served was small.

The interviewed organizations responded to the funding shortage in various ways. Some fundraised and made new partnerships. Others "were laying off staff…reducing salaries across the board, and things like that," a representative of an Asian American advocacy group recalled. The director of an Asian American focused HCA with many Korean clients summarized, "We are doing this with such limited resources and really the industry is so messed up. I mean it really feels like you have a little bucket to fight a tidal wave. And you deal with one tidal wave but there's like 10 million other tidal waves that continue to come." A San Gabriel Valley HCA admitted, "We don't have enough funding...to make our workflow easier, faster, effective." Lack of funding affected staff morale and mental health. The director of a Long Beach HCA said, "I am tired…When our grants come in slow and we have to fight for our dollars that we've earned, it wears on you…I can't run this place and tell the owner of the building 'I don't have your money because we saved thousands of people's homes today.' So that's the reality of it."

Non-English speaking clients, as well as those from vulnerable populations (e.g. seniors, persons with disabilities, etc.), were more resource and time intensive to serve. A program director at an Asian American focused HCA serving many Southeast Asian clients illustrated how these issues surfaced in a recent case: "One of our clients she is totally, totally monolingual. But her husband speaks English you know pretty fluently, but…[the loan servicer] wouldn't speak with her husband because his name is not on the loan. So I actually helped them write a letter to submit to the bank saying that the wife authorizes her husband to speak on her behalf whenever the bank calls. But for some reason they…rejected that letter totally saying no, we are only going to use our interpreter. But then the interpreter that they hired is actually Laotian. Of course, they can speak Thai but it is not like a native Thai speaker you know. They are not Thai. There were a lot of miscommunication even with that interpreter, because she misinterpreted what my client was actually asking the agent from the bank."

Several of the organizations felt that funders were not sensitive enough to the challenges of serving a limited English speaking population in allocating funding. HUD specifies a maximum dollar amount to assist a client for counseling or group education. Yet, it often cost the interviewed organizations more funds than HUD allows, especially with the back and forth translation services and clarifications that came with a large limited English-speaking caseload. The director of an Asian American advocacy group observed that, as a result, many CBOs and HCAs that served these populations "had net losses."

Paying for help

Three-quarters of the interviewed homeowners resorted to hiring attorneys and other real estate professionals as a last ditch effort to save their homes. Walt worked with a bankruptcy attorney when he was unemployed and struggling to make payments on his two mortgages. Chien, Tiffany, Nadifa, and Guillermo also contacted an attorney after becoming frustrated with the loan modification process.

Some of the interviewed homeowners experienced positive results after paying for loan refinance or modification services. Nadifa, for instance, used her attorney to successfully modify her loan, lowering her principal by $150,000. But having a negative experience was more common. Marcelo, for instance, hired a lawyer whose ad he heard on KFI AM 640 radio. But after $6,000 in fees and minimal changes to his loan, he realized that it was a scam. Prior to finding the attorney, Nadifa sought the help of a real estate agent, but he wanted to charge her $3,000 upfront to help her lower the interest on her loan.

The majority of the interviewed organizations (9 of 13) believed that most of the private businesses and attorneys that their clients worked with to help refinance or modify their loans were scam artists, because they required fees to be paid up front and had little accountability. A multistate HCA explained how the scammers would prey on clients: "When a family goes into default, it's public. They get public notice. We are a non-judicial state, so it's filed with the counties. So we have scammers and people who are out there...looking at these lists, [and] buying this from the counties. And they would approach either clients through direct mail, direct phone." The director of an Asian American focused HCA with many Korean clients lamented, "The scammers put out a lot of noise out there to confuse and take advantage and abuse people." A counselor at a San Gabriel Valley HCA claimed that their clients typically lost from $1,000 to $10,000 in these schemes—services that matched the ones that they provided for free.

Interestingly, some homeowners perceived that the services offered by non-profits were of poorer quality than those offered by lawyers and other professionals for hire because they were free. There was a sense that "you get what you pay for." A program director at an Asian American focused HCA with many Southeast Asian clients explained, "For a lot people, when they see something as free service, then they think that it's not going to work. They think it's a scam. 'Oh, it's free, it must not be legit.' But this person is charging me $5,000--probably legit. So they actually want to pay."

The interviewed organizations tried to expose what they believed were scams and convince potential homeowners that they could be trusted. They appeared on ethnic television networks and other media to inform the public that there were alternatives to paying for help. They stressed that housing counseling is a legally mandated free service, and that lawyers should only bill you at the end after they have completed their tasks. They also reported lawyers that had shady practices to the state bar. The counselor at the San Gabriel Valley HCA said it is difficult for a small non-profit to compete with these scammers and their prolific advertising: "What's happening is we're getting beat out through advertisements by a law firm or these bigger organizations …we don't have that advertisement capability...the radio spiels, the media, the commercials. We're up against these big guys. For a non-profit like us, doing it for free, clients think that we're not as great as they are, because they're charging, and they are doing it faster...Spanish [television and radio], they completely saturate that media."

Just as immigrants were at times taken advantage of by co-ethnics in the process of originating a loan, so were they misled in the process of modifying it. Paying a fee up front to fund an attorney or other private entity was common among interviewed homeowners from the immigrant experience. Luis, a Mexican immigrant, was scammed out of $3,000 by a debt reduction company that he heard about on the radio. "I contacted one of those companies that claim to cut your debt by half," he recalled. "There was a lot of paperwork involved, and everything was dealt by phone only. So they kept telling me to fill a certain form and take it to the bank, then fill some other forms and much paperwork…I don't even think they have offices here, though, since everything was talked over the phone."

The stress of trying to refinance his mortgage mounted. "I was really feeling stressed and pressured because of the debt. The phone would not stop ringing; the bank was calling my home, and at one point I was going to the doctor three or four times a week, that's how bad it got. The doctor told me I was fine, but recommended [for] me to see a psychiatrist."

The attorneys and real estate professionals that immigrant homeowners contracted with were at times co-ethnics. A program director at an Asian American focused HCA with many Southeast Asian clients lamented that a few of these operations were run by "prominent figures in our community." The representative of an Asian American CBO with many Pacific Islander clients admitted that scams run by co-ethnics in the community were "the worst part." He explained, "We had Filipino real estate professionals who got these people in these horrible situations, sometimes fraudulently, sometimes using predatory practices. These are the same people who said, 'Oh, we can help you now that you are in foreclosure'…[they were] asking for money up front and all these other crazy scams."

Language barriers may have discouraged immigrants from directly working with their loan servicer, relying instead on private (and sometimes predatory) loan refinance and modification services. The director of an Asian American CBO serving the Korean community estimated that 40% of their clients relied on private companies, including co-ethnic lawyers, largely because of difficulties communicating directly with mainstream lenders. "But the experience was not that good," the director explained, "-- mostly scams." Ethnic newspapers and radio programs were complicit in running ads by predatory companies.

Most perniciously, scammers at times targeted borrowers through their family members. Seniors were particularly vulnerable to being victimized in this way. A typical scheme was to get a senior on a fixed income to refinance into what would turn into an unaffordable mortgage. For example, a senior receiving less than $1,000 monthly in Social Security would pay $10,000 to be refinanced into a $500,000 loan. A manager at a Los Angeles HCA with many African American and other clients estimated that 80% of their senior clients were victims of predatory refinancing. She explained, "Seniors, they don't know. Because some family member, some person that was close to them, that they trusted…had them signing documents that they had no idea they were signing. Houses almost paid off, or house paid off, and [they] receive a [foreclosure] notice on their door…" A foreclosure could rapidly diminish a senior's quality of life. The manager continued: "[Many seniors] have been in their house 20 plus years, and this is the only home they know. If you move them out of the atmosphere or area that they are comfortable with, it is very hard." The manager has seen seniors become homeless, have a stroke or heart attack, or pass away in the middle of a trying to right their mortgage. She admitted, "Personally, I have been to hospitals to deliver flowers to seniors, and it breaks my heart."

COMING TO A RESOLUTION

The troubleshooting strategies that homeowners undertook resulted in one of two resolutions: staying in the home and continuing to make payments or leaving the home as a result of a foreclosure or short sale. Eight of the 12 interviewed homeowners had reached a resolution; four were still in the limbo state of not making payments. Of the eight, six were still in their homes and making payments. Some of the homeowners that were making payments, however, were still at risk of default. Chien, for instance, is barely making his monthly payment. He is not sure if it is worth the effort. The time and resources that it takes to make the monthly payment has curbed his social life and diminished his savings. Two of the interviewed homeowners were no longer living in their homes. Boupha's family underwent foreclosure, and Guillermo

sold his home in a short sale. In addition, two interviewees, Chien and Wen, sold or underwent foreclosure on investment properties.

MORE THAN HALF OF THE SURVEY RESPONDENTS (21 OF 34) WERE STILL MAKING MORTGAGE PAYMENTS.

The interviewed organizations' estimates of the proportion of their clients that underwent foreclosure varied widely, from 20% to 90% of those that sought help. Some clients opted for a short sale. Although not all of the organizations had data on the number of short sales, several HCAs estimated that approximately 15% to 30% of their clients went through a short sale.

A) STAYING IN THE HOME OR LEAVING

Some of the interviewed homeowners made an explicit decision to keep or lose their house. Others felt that their resolution was a product of outside forces. Regardless of their outlook, the process of striving to become current with payments or preparing to leave the home caused physical and emotional distress. Several of the interviewed organizations noticed ethnic differences in whether clients stayed in or left the home.

Making a decision

The majority of the interviewed homeowners described making an explicit choice to stay in their homes. The reasons for doing so were at once pragmatic and emotional. Paula, Luis, and Marcelo were motivated by pragmatic reasons. After receiving a modification that still left them financially strapped, Paula and her husband researched what was happening to rents in the region. "We did think about walking away," she admitted. "We were just wondering if it's just worth it to keep putting our money, our savings, everything that we have worked for, into this house. But…rent went up, so again it was either renting or buying and… rent was just as much as paying for the mortgage payment. So we decided not to [leave]." Providing for a family gave an extra push to some of the homeowners to find a way to stay in their home. Luis' and Marcelo's decisions to stay in their homes rather than walk away were driven by their desire for upward socioeconomic mobility for their families. "I have two sons and my daughter," Luis explained, "so [the reason] was to stay together, to help them succeed so they can buy their own houses…" Marcelo's dream is to "pay that home off and pass it off to my kids when we die."

Marcelo, Tiffany, Nadifa, and Walt were motivated by emotional reasons to stay in their homes. Marcelo's decision to stay in his home also was influenced by the possible shame of having to foreclose. "We were actually embarrassed," he admitted. "We were not proud of going through that situation and did not want our friends to know. It would have been a very devastating for us as a married couple…I would have felt as a big failure, to not be able to provide for my wife and my family." Tiffany, Nadifa, and Walt were emotionally attached to their homes and described themselves as "fighters" in the process of saving them. Tiffany's home is underwater, and she has struggled to obtain a modification. When asked why she has stayed, she exclaimed, "I love my home." Similarly Nadia, who is also underwater, felt obligated to keep her promise to pay for her house and "still believed in [the American] dream." Walt also was determined to save his home. He kept pressuring the bank to give him a loan modification, which they claimed he was ineligible for because he had previously denied one that he had never seen. "I was doing everything that I could. I started writing letters to my Congressman. He started sending letters from his office on my behalf… It was one of the most devastating things… …after fighting for over three years and doing everything I could, to walk up to my door and find this [foreclosure notice] taped onto my front door."

Accepting what's out of your control

A minority of the homeowners felt that whether they stayed or walked away was de-

termined by outside forces. Wen had a more fatalistic attitude about how her situation resolved. Of her investment properties in Las Vegas, three went through a short sale and one was foreclosed. She was able to refinance the first loan on her primary residence, reducing the monthly payment from $2,700 to $1,800. She summarized her situation: "Life is like this. If you earn money, you enjoy. If you lose money, it's sad. But what can you do?" Guillermo also felt that many conditions were out of his control. He found out he had a serious illness, which caused him to leave a lucrative career in real estate. His home value declined by more than half, preventing him from selling it. Being underwater and trying unsuccessfully to modify her loan and short sell her home, Teresa, also felt that her fate would be determined by outside forces. "When they kick us out," she said, "they kick us out…no one can give me an answer at the bank…they give me a number, then another number, then another number, and I said you know what? Forget it. I'll just leave when they tell me to leave."

Ethnic group differences

Differences in residential segregation and community attachment among ethnic groups may have influenced whether homeowners stayed in or left their homes. A director at an Asian American advocacy group felt that since Asian Americans were more geographically dispersed and connected to institutions outside their neighborhoods than Latinos, they were more likely to walk away. "Latinos," he explained, "more closely identified with their kids who were at this school. They were good friends with the neighbors. They felt harder about moving…than an Asian who felt like, 'As long as I'm in this general part of east San Gabriel Valley, you know, there's other places,' whereas other [ethnic groups] felt more rooted to like their church that was down the street, and things like that."

Three other staff from organizations that served Latinos mentioned that they may have been more emotionally invested in homeownership than other ethnic groups. A counselor at a San Gabriel Valley HCA said that for her Latino clients, "It can be a cultural thing" or "a status situation." They explained, "They're trying to compete. Like the home that they had before and the lifestyle that they lived before. Let's say somebody had been laid off, and they are still trying to live up to that status, and it's not working…they are still living in this huge home that they can't afford. It's a status symbol…they still want to keep it up." A director at Asian American CBO with many Korean clients also felt that Koreans and Korean Americans may be more invested in maintaining homeownership than other groups. They explained, in "the Korean culture, home is very important. [It has a] very high value for our community members."

Health effects

The threat (and for some the realization) of foreclosure wreaked havoc on the interviewed homeowners' physical and emotional health. Teresa, who is still in her home but not making payments and is underwater with her mortgage, said, "I got sick. I think I got diabetes because of all the worrying that I went through." Carl, who was in the same situation, explained, "There's the stress of being alone in the process. Not knowing who to turn to or what to do is incredible...there's the sleeplessness, the insomnia that comes with it. I was worried about what's going to happen and where you're going to be, that's tough."

Health problems were common among the interviewed organizations' clients. The director of a Long Beach HCA watched people become seriously ill, suicidal, or even die during this process. A few of the counselors perceived their role as not only helping their clients navigate the logistics of the loan refinance, modification, and foreclosure process, but also restoring balance to their physical and mental health. Part of this involves getting clients to understand that the events were out of their control. The representative of a multistate HCA would tell clients, "You're not a failure

because you had a financial setback. You had a circumstance out of your control, maybe job loss, bought a home, you didn't understand the terms, whatever the situation. There's hope going forward." They get them to think about the future, such as "how much will it cost to rent a smaller home in your neighborhood" and other logistics. The representative added, "That's where our counseling has really helped—[to] restore hope and stability to families."

B) WORKING TOWARDS A NEW BEGINNING

Whether or not the homeowners ended up staying in or leaving their homes, they went through many changes after the experience. Homeowners that left had the initial task of finding another place to live. All worked to regain financial stability.

Transitioning to a new home

An immediate stress faced by homeowners that undergo foreclosure or sell their home through a short sale is finding another place to live on bad credit. Walt has not yet undergone foreclosure, but it is imminent. In the meantime, he rented an apartment and is saving the money that he would have put towards the mortgage payment. The two interviewed homeowners that left their homes were also living in rentals. Guillermo transitioned to an apartment with the help of a housing counselor. His receipt of Social Security disability pay advantaged him in the apartment search process. About two-thirds of his benefits, however, go to rent. Boupha explained that it was hard for her family to find a place to rent because no one would co-sign for them. Her dad even considered bankruptcy. Three other interviewees, Paula, Chien, and Carl, also were concerned about high rents, when they were considering leaving their homes.

THE MAJORITY OF THE SURVEY RESPONDENTS (23 OF 34) CURRENTLY OWN A HOME. AMONG THE TEN THAT NO LONGER OWN THEIR HOME, THREE WERE LIVING IN THEIR HOME, AND SEVEN WERE RENTING A HOME OR APARTMENT.

NO RESPONDENTS WERE LIVING WITH FAMILY OR FRIENDS OR WERE HOMELESS.

According to the majority of the interviewed organizations, clients who leave their homes most often become renters. A concern among the representatives was that their clients' monthly rental payments often exceeded their mortgage payment after foreclosure. This happened in part because heated demand for rentals exerted upward pressure on rents in the region, as previously discussed. Homeowners that have undergone foreclosure and do not become renters may move in with family. Some of the interviewed organizations expressed that this was more prevalent among Latinos and Asian Americans. At worst, families who underwent foreclosure may become homeless. The director of a Long Beach HCA that served 5,000 people over the past four and a half years estimated that about 15% of those that lost their home became homeless.

There may be nativity status and ethnic differences in whether households who underwent foreclosure planned on becoming homeowners again. Seven out of the 13 organizations interviewed said that they felt the majority of households that foreclosed wanted to become homeowners again. "The dream of homeownership is alive and healthy in the Latino community for sure," exclaimed a representative from a Latino American advocacy organization. To prepare for the wave of homebuyers that have undergone foreclosure but are planning on purchasing again once their credit is repaired, some of the organizations are shifting their resources away from foreclosure counseling to homebuyer education.

In contrast, a few of the organizations, such as the Asian American focused HCA with many Southeast Asian clients, observed more hesitation from clients about becoming a homeowner again. A representative from a multistate HCA said, "For a moment, [the foreclosure crisis] left a sour taste in our mouth." The director of a Long Beach HCA, for instance, estimated that 70% of her clients are not planning on purchasing another home, because they are too "dismayed" and "jaded."

Recouping finances

All of the interviewed homeowners strove to regain their financial stability. Most of the interviewees felt that their household's current financial situation was "okay" or "good." Their situation improved because they started working again, finished school, or received financial aid from the government and other entities. One program mentioned as particularly helpful by the interviewed organizations was the Cash for Keys program. National Mortgage Settlement payouts, on the other hand, were considered a "joke" by one of the interviewed organizations, because the funds were too low to enable a household that has undergone foreclosure to get back on their feet.

For the remainder that still felt financially unstable, a lack of savings, damaged credit, and persistent unemployment in the household were among the contributing factors. As a manager of a multistate HCA stated, "We can't tell you how many homeowners we talked to [that] haven't made a mortgage payment for 24 months. And we're like, 'Well, what have you been doing with that money?' A lot of families have been unemployed, and what little bit money [they can bring in] they [are] literally paying for food and things like that…other families have some interesting things going on with their lifestyle--maybe there's been a divorce, so instead of two breadwinners in the household, there's only one. But the other person can't account for what they have done with any of that arrearage money--it's just gone."

RECOMMENDATIONS AND CONCLUSIONS

In the remainder of the report, we highlight promising strategies to remedy persistent issues with the lack of understanding of loan terms and linguistic and cultural barriers. In addition, we suggest ways to aid CBOs and HCAs in providing holistic counseling to troubled homeowners, particularly those coming from the immigrant experience. We also address recent legislative changes to help homeowners in California, as well as potential interventions to remedy structural causes of the foreclosure crisis. We conclude by summarizing the primary contributions of the research.

RECOMMENDATIONS

A) COMPREHENSIVE HOMEOWNER EDUCATION AND COUNSELING

This research reiterates the importance of homebuyer education and counseling in fostering sustainable homeownership. Both the interviewed homeowners and organizations stressed its positive effects. Education and counseling are needed at different stages: pre-purchase (to save and buy a home), post-purchase (to budget to pay the mortgage), default or foreclosure (to refinance or modify a mortgage), and post-foreclosure (to resolve debt and credit issues). Free and widely available homeowner education programs are a great way to empower immigrants and other vulnerable groups in the process of obtaining or modifying a loan. Eight of the 13 interviewed organizations offered these services prior to the housing bust. Promisingly, nine of the organizations offered them after the bust.

Demand for homebuyer education is high within the immigrant community in particular. For instance, the majority of the participants in the 2005 Freddie Mac study of Asian attitudes toward homeownership wanted to have more information about the homebuying process (Freddie Mac 2005). Emerging research shows that troubled homeowners that received counseling through the National Foreclosure Mitigation Counseling program in the late-2000s received lower monthly payments after loan modification and were 70% less likely to eventually undergo foreclosure than those who had not received counseling (Mayer et al. 2011). Counseling may be particularly critical to sustaining the homeownership of immigrant households, who may be less familiar with U.S. home lending and legal processes.

Even though CBOs and HCAs providing counseling are at the foundation of sustainable homeownership, our interviews reveal two challenges that these organizations face in helping homebuyers. The first is a lack of funding to provide holistic guidance to homeowners. All but one of the interviewed organizations claimed that they did not have enough resources to get the work done. Those who had a

large immigrant clientele felt available resources were especially inadequate, since providing language translation and serving as cultural brokers were more time intensive. Meeting HUD's requirement to serve a specified number of clients pending the funding received was particularly onerous for those targeting immigrants. Compounding this issue that serving clients was so time consuming, several of the interviewed counselors did not have the extra time or money to attend HUD trainings. As a result, these counselors were not able to keep up with the latest best practices and legislative changes affecting troubled homeowners.

To overcome these challenges, we recommend that HUD relax the maximum hours/funding per client requirements for organizations serving a majority immigrant clientele. Holding trainings and other professional development opportunities online through webinars and other forms rather than in-person would enable more small-scale, non-profits to benefit from them while remaining financially solvent. This format would also allow counselors to participate in these opportunities on their own time, enabling them to put their clients first. One of the organizations that we spoke with mentioned the webinars run by the National Council of La Raza (NCLR) that addressed state-level variation in legislation as a successful model that HUD could learn from and adapt.

New funding sources are also needed to help non-profits remain solvent, particularly those serving immigrants. These could come from public and private sources. HUD could create a special booster grant targeted to non-profits providing language translation and cultural brokering to a majority immigrant clientele. The Community Reinvestment Act could be expanded to allow banks to meet the requirement of lending in the communities where they are taking deposits by giving grants to linguistically and culturally competent non-profits to support comprehensive homeowner education and counseling in these communities.

The second challenge that organizations face in providing holistic counseling to clients is competing with attorneys and real estate professionals who guide homeowners through loan refinance and modification for profit. A theme was that homeowners, particularly those from the immigrant experience, viewed the services provided by for-profit organizations as higher quality than those provided by non-profits. Relying on for-profit organizations disadvantaged troubled homeowners in two ways. First, to the extent that they required their services be paid up front, it took away from financial resources available to pay the mortgage and may have made homeowners more vulnerable to default and foreclosure. Second, most of the interviewed organizations felt that these actors were scamming homeowners, because they were not held accountable for seeing their loan refinance or modification through.

There are two interventions that CBOs and HCAs are able to undertake to remedy these issues. First, they could offer a nominal fee for their services as a way to convince clients of their worth. The Long Beach HCA that we spoke with, for instance, asked clients to bring in canned goods as payment for their services, which they contributed to their food pantry. Another option is giving clients the opportunity to donate to the organization after they received services. These nominal contributions may help to minimize the potential stigma of receiving "free" or "donation-based" help and increase clients' sense of self-worth at a time of tremendous self-doubt by enabling them to give back to their community.

Second, this research reveals the roles of word-of-mouth and co-ethnic social network marketing in guiding homeowners' troubleshooting strategies, particularly among those from the immigrant experience. CBOs and HCAs should strive to integrate themselves into these social networks further to reveal the rewards of receiving free or cheap counseling and loan refinance and modification help

and the risk of working with expensive (and potentially dishonest) attorneys and other real estate professionals. In addition to advertising in ethnic and other media, tactics could include giving announcements at community events such as religious services and parent teacher association (PTA) meetings and distributing in-language fliers to area homes and posting them at the businesses that residents frequent (e.g. grocery stores, libraries, etc.).

B) LINGUISTICALLY AND CULTURALLY COMPETENT LENDING

Another theme in this research is the special communication challenges faced by homeowners from the immigrant experience in obtaining and troubleshooting their mortgage loans. The majority of the interviewed organizations served clients that had difficulty reading loan origination, refinancing, or modification documents or speaking with their lenders or servicers. Often times, these organizations would take the time to translate documents and serve as cultural brokers between clients and lending industry professionals. Nine of the 13 organizations stressed the importance of having linguistically and culturally competent staff in serving clients. Yet, sometimes homeowners from the immigrant experience would turn to co-ethnics—people in their community who spoke their language and understood their culture—in seeking help. Co-ethnic lending networks were at once an easy-to-access form of support for immigrants and a breeding ground for scams and predatory services that could put them at risk of default and foreclosure. In these ways, they may be helping or widening persistent inequalities in wealth building through homeownership among the foreign- and native-born in the U.S. The fact that immigrants who rely on co-ethnic professionals do not reach out to the organizations that we interviewed made it difficult to assess these outcomes.

Going through a foreclosure has devastating impacts on immigrant families and communities. Most importantly, foreclosures siphon away wealth. The National Council of La Raza study found that a foreclosure led to an average loss of $90,000 among the twenty-five Latino families interviewed (Bowdler et al. 2010). If immigrants live in multigenerational households or pool resources among families to purchase homes, foreclosures strip entire extended families of their wealth (Kochhar and Cohn 2011; National CAPACD 2011). A foreclosure not only harms an immigrant family but also nearby immigrant homeowners, to the extent that immigrants cluster together and foreclosures depress property values and increase neighborhood crime (Allen 2011; ex. Clark and Blue 2004; Immergluck and Smith 2006a, b; Niedt and Martin 2013; Kingsley et al. 2009).

Foreclosures also threaten immigrants' assimilation. In the U.S., homeownership is synonymous with citizenship. Although there are burgeoning social movements to increase acceptance for renting, to date, these remain small. Consistently, surveys still reveal that Americans overwhelming prefer owning to renting (National Association of Realtors 2011). To the extent that language barriers are leading immigrants to have unequal access to homeownership, they prevent their full incorporation within American society. This may further racial, ethnic, and class divides in socioeconomic mobility, educational opportunity, and wealth and eventually lead to social unrest.

One solution to this issue is to provide immigrant and limited English speaking and reading native households access to linguistically and culturally competent services at all stages of homeownership, from loan origination to troubleshooting. Supporting non-profits to provide translation and cultural brokering is one strategy, as previously mentioned. But a simpler strategy is to require that lenders and servicers give homeowners the option of communicating in the language that they feel most comfortable speaking and reading. For instance, just as most commercial phone services give you the option to "press 1" if

you would like to communicate in another language, so should lenders and servicers enable prospective and existing homeowners the option to select another language before originating a loan or starting a refinance or modification process. However, our research indicates that there have been communication problems when clients speak less common languages and dialects. Thus, homeowners should be given the option to communicate with a linguistically, and even better, culturally competent person when they are having trouble making payments on their loans.

Lenders and servicers will not voluntarily make changes that do not increase their profits. A case in point is how many have translated marketing materials and English-only loan information sheets, contracts, and loan remediation counselors. Most perniciously, several of the interviewed organizations mentioned that lenders would not accept a hardship letter from their clients unless it was in English. The expense of hiring linguistically competent staff and a lack of inertia to change automated tracking systems will be deterrents. To compel lenders and servicers to undertake these changes and narrow (rather than widen) existing wealth and homeownership gaps by nativity status, we will need to pass new legislation.

A role that CBOs and HCAs can play is to identify state and federal politicians that represent large immigrant districts and would be sympathetic to these issues. The CBOs and HCAs should advocate for these elected officials to propose new legislation requiring translated loan informational material and contracts and linguistically competent origination and remediation services in state legislatures and Congress. Several of the organizations that we interviewed were already engaged in this work. One was working with other counseling agencies across the nation to require banks that provide in-language marketing materials to also provide in-language services for all stages of the borrowing process. The California Department of Consumer Affairs has a foreign language translation of consumer contracts requirements in accordance with Civil Code Section 1632. As of May 2012, "A person in a trade or business, who negotiates primarily in the Spanish, Chinese, Tagalog, Vietnamese, or Korean language in the course of entering into a contract with a consumer, must give the consumer a written translation of the proposed contract in the language of the negotiations."

C) LEGISLATION TO PROTECT HOMEBUYERS

Broader state and federal legislative changes also are needed to illegalize manipulative tactics used by lenders and servicers that make it difficult for troubled borrowers to understand and receive prompt feedback in the loan refinance and modification process. In California, the Senate Banking, Finance and Insurance Committee and the Assembly Banking and Finance Committee have authority over lending regulation. Legislation affecting neighborhood foreclosure rates has focused on slowing the foreclosure process down as a strategy of keeping homeowners in their homes and shoring up concentrated vacancies. In September 2008, the legislature implemented Senate Bill 1137 (SB 1137), which among other requirements added 30 days to the foreclosure process so that had homeowners had more time to understand their options and become current on their payments (Blomquist 2013). In January 2013, a more aggressive and comprehensive piece of legislation, the Homeowner Bill of Rights, was implemented, which in part prevents lenders from going forward with a foreclosure if they are also attempting to modify a borrower's loan (State of California 2013a). It also requires that servicers be clear about who is the SPOC within the organization.

With the passage of the Homeowners Bill of Rights, the interviewed organizations largely agreed that dual tracking is less of an issue. But loopholes in the system remain. An interviewed Los Angeles HCA with many Latino clients, for instance, brought up the fact that

the Bill requires a servicer to have a complete application packet before they can stop a foreclosure. But the Bill does not define what "complete" entails. As a result, servicers will use errors in the submission process to say there was "this one piece of paper that you didn't fill out right or a date or you wrote LA instead of Los Angeles...nitpicking things on certain documents where they could say the packet is not complete and therefore they continue with the foreclosure process, where they have 99.9% of what they need to move on with the modification." Clearly, revision to the original legislation is needed to close these loopholes.

Non-profits also have stepped in to hold lenders and servicers accountable and make it easier for organizations to help clients avoid foreclosure. An example is the Hope LoanPort (HLP), which is a web-based portal to allow quicker and more transparent communication between housing counselors and loan servicers. About 6,000 HUD-certified housing counselors currently use the system (Hope LoanPort 2014). Several of the interviewed HCAs, however, felt that improvements to the system were needed. Another issue was that some smaller servicers did not utilize the system. Stronger oversight of existing legislation is necessary, or new legislation should be enacted to ensure ethical lending while protecting homebuyers.

D) AFFORDABLE RENTAL HOUSING AND HOMEOWNERSHIP ALTERNATIVES

Foreclosures were the result of not only poor choices made by financially uneducated homebuyers and unscrupulous behavior by lenders and servicers but also growing inequalities in access to income, wealth, and affordable housing in American society. Real median family income fell for all age groups from 2007 to 2010, but families of color experienced larger percentage declines than whites (10% compared to 3%) (Bricker et al. 2012). On whole, median family net worth declined 40% during this period (Bricker et al. 2012). But breaking down declines by income, the median net worth of the richest 10% of families increased by $20,000 (Bricker et al. 2012).

When declines in income and net-worth coincide with increases in housing costs (ex. through mortgage interest rate resets or rising rents), families' housing burdens increase. During the 2000s, the number of households paying more than half of their income on housing rose by close to 7 million, a 50% increase (Joint Center for Housing Studies 2013). Rising transportation costs due in part to the migration of families out to the urban fringe in search of affordable housing helped to fuel this trend (Center for Neighborhood Technology 2010).

The non-profit and banking industry have adopted innovative programs and products to help families bridge income disruptions and build wealth. These include the Second Chance Program, Individual Development Accounts (IDAs), and reverse mortgages. But these primarily bottom up initiatives put the burden on families to prepare for economic uncertainty. In turn, to the extent that they are temporary (e.g. IDAs), they do not help families remain economically stable over the long-term.

Investments in affordable rental housing in urban and suburban job centers would help families to become more economically self-sufficient over the long-term. New affordable rental housing is needed to house families that do not have the income or savings needed to pay for maintenance and other costs that come with homeownership. Housing trust funds at local and state levels, sustained by real estate fees among other sources, are one way of increasing the affordable rental housing stock.

But alternatives to traditional homeownership also are needed for those that can afford it. For instance, in traditional homeownership, the risks and rewards of property ownership are borne by one household. In alternatives, such as the community land trust model, the risks and rewards are shared by

the broader community. The benefits of alternative models are clear coming out of the foreclosure crisis. Homeowners in community land trusts, for instance, had a delinquency rate of 1% compared to close to 9% among owners in the conventional market (Thaden 2011). In turn, homeowners in community land trusts had a foreclosure rate of less than one half a percent compared to 4% in the conventional market (Thaden 2011). Yet, few community land trusts exist nationwide, only just over 200 in 2011 (Thaden 2011). Understanding the barriers to scaling up this strategy, which include resistance from the lending industry and difficulty land banking, is an important direction for further investigation.

CONCLUSIONS

This research has shown the diverse pathways that homeowners in distinct ethnic communities take in purchasing homes and struggling to make their mortgage payments. We bolster findings from existing research on homeowners' experience of the foreclosure crisis. Consistent with existing research, we show that originating risky, variable rate loans without understanding their terms made homeowners vulnerable to undergoing foreclosure. Unemployment or underemployment made it difficult for a household to stay current with their mortgage payments. Loan refinance and modification processes were roundly viewed as a "scam" or "game" that participants and their counselors learned by doing.

We add to previous research by revealing the unique conditions faced by homeowners from the immigrant experience and the challenges incurred by CBOs and HCAs serving troubled homeowners. We show that language and cultural barriers were primary factors affecting the ability of homeowners from the immigrant experience to understand the terms of their loan. They were more likely to live in multigenerational households, which made them more resilient and vulnerable to financial disruptions. In turn, relying on co-ethnic social networks in researching, originating, refinancing, and modifying mortgage loans was a double-edged sword. On the one hand, co-ethnics served as language and cultural brokers between those from the immigrant experience and the larger financial system. On the other hand, co-ethnics more easily gained their trust, making it easier to take advantage of them.

We also reveal the challenges that CBOs and HCAs in the Los Angeles region faced in serving troubled homeowners. The evolving nature of the foreclosure crisis meant that both lenders and servicers and CBOs and HCAs were learning by doing, which led to confusion in the process and issues with capacity in helping homeowners to refinance and modify their loans. The interviewed organizations provided a holistic approach to not only helping homeowners remedy their mortgage issues but also attaining financial stability. This approach was resource and time-intensive, particularly when helping homeowners who spoke English as a second language. Yet incentives provided by HUD and other funders rewarded organizations that served more homeowners rather than provided more comprehensive services to homeowners. In turn, CBOs and HCAs competed (at times unsuccessfully) with for-profit attorneys and real estate professionals who worked for hire to help troubled homeowners refinance or modify their loans. Some homeowners equated paying for a service with higher quality service. The interviewed organizations, on the other hand, largely felt they were scams.

The concurrent housing and economic crises devastated homeowners and their communities. Although foreclosure actions have fallen in recent years, hundreds of thousands of homeowners are still at risk of losing their homes. In turn, new home construction and sales have picked up in many regions, with real estate experts and housing policymakers left wondering whether we are repeating the housing boom and bust cycle once again. We have identified a handful of promising strategies in this report that would help homeowners and the

organizations that serve them weather future economic crises. These range from providing more funding to organizations serving immigrants to compelling lenders and servicers to offer linguistically and culturally competent services at all stages of the borrowing process to investing in affordable rental housing and new models of sustainable homeownership. The time for making these changes is now.

GLOSSARY

ALLIANCE FOR STABILIZING OUR COMMUNITIES

The Alliance for Stabilizing Our Communities (ASC) is a non-profit working to help communities at risk of foreclosure through assistance programs. According to its website, through a grant given by Bank of America, ASC provides critical resources such as additional foreclosure and mortgage counselors in local markets, enhanced counselor training, multi-language outreach materials to educate at-risk borrowers, and a resource guide to help communities respond to foreclosure challenges that their local area may be experiencing.

Retrieved from: http://www.needhelppayingbills.com/html/alliance_for_stabilizing_our_c.html

CASH FOR KEYS PROGRAM

Cash for Keys is a way for homeowners in foreclosure – or for tenants who are victims of foreclosure – to receive cash in exchange for giving up the keys of the property and vacating. Banks generally reach an agreement with the occupants of a foreclosed home, which stipulates the home will be left in good condition. The agreements typically set forth a specific date that the home will be left vacant, including a promise from the occupants that they will not vandalize it in any way.

Retrieved from: http://www.bills.com/cash-for-keys-and-foreclosure/

COMMUNITY LAND TRUST

A community land trust (CLT) is a non-profit, community-based organization that helps to ensure community stewardship of land. CLTs are used for various community developments projects but primarily provide for long-term affordable housing. The trust will acquire land without the intention of ever selling. Homeowners are able to enter a long-term lease and will obtain only a portion of the increased value if they sell their property. The trust obtains the rights to the remainder of the sale. By separating land ownership and housing, the trust is able to preserve the affordability of housing for future low- and moderate-income families. CLTs play a role in building community wealth by allowing low-and moderate- income families to build equity, avoid foreclosures and displacement from land speculation and gentrification.

Retrieved from: http://community-wealth.org/strategies/panel/clts/index.html and http://en.wikipedia.org/wiki/Community_land_trust

COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES

The Community Redevelopment Agency of the City of Los Angeles (CRA/LA) is a public agency established to attract private investment into economically depressed communities; eliminate slums, abandoned or unsafe properties and blight throughout Los Angeles; revitalize older neighborhoods through historic preservation and new development; build housing for all income levels; encourage economic development; create and retain employment opportunities; support urban design, architecture and the arts; and seek the broadest possible citizen participation in its activities.

Retrieved from: http://www.calredevelop.org/Office-Development-Schools/Community-Redevelopment-Agency-of-the-City-of-Los-Angeles-15

CONSUMER FINANCIAL PROTECTION BUREAU

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 established the Consumer Financial Protection Bureau (CFPB). As stated on the website, CFPB provides consumers information to understand their terms of agreements with financial companies. With the goal of protecting consumers, CFPB carries out federal consumer financial protections laws. Responsibilities of CFPB include: establish rules, supervise companies, enforce federal consumer financial protection laws, restrict unwarranted practices, promote financial education, research consumer behavior, address consumer complaints, and outlaw the discrimination and unfair treatment of consumers.

Retrieved from: http://www.consumerfinance.gov/the-bureau/

FANNIE MAE

The Federal National Mortgage Association (FNMA), commonly known as Fannie Mae, is a government-sponsored enterprise. The corporation's purpose is to purchase loans from mortgage lenders to ensure that families can buy, refinance, or rent a good home. It is the leading source of residential mortgage credit in the U.S. secondary market. Fannie Mae helps families retain their homes or avoid foreclosure – it engaged in 1.5 million workout solutions, including more than 1 million loan modifications from 2009 through December 31, 2013. It works with mortgage servicers to reach at-risk homeowners early, helping them stay in their homes.

Retrieved from: http://www.fanniemae.com/portal/about-us/company-overview/about-fm.html and http://en.wikipedia.org/wiki/Fannie_Mae

FEDERAL HOME ADMINISTRATION (FHA)

The Federal Home Administration is the government agency that insures home loans made by FHA- approved banks and other private lenders. FHA offers easier mortgage qualification requirements, low down payment options, and lower interest rates. FHA neither provides financing nor sets the interest rates on the mortgages it insures. An FHA insured mortgage may be used to purchase or refinance a new or existing 1-4 family home, a condominium unit or a manufactured housing unit (provided the manufactured housing unit is on a permanent foundation).

Retrieved from: http://portal.hud.gov/hudportal/HUD

FREDDIE MAC

Freddie Mac was chartered by Congress in 1970 with a public mission to stabilize the nation's residential mortgage markets and expand opportunities for homeownership and affordable rental housing. Freddie Mac's mission is to provide liquidity, stability and affordability to the U.S. housing market. According to its website, it is making homeownership possible for one in four homebuyers and is one of the largest sources of financing for multifamily housing. By continuing to provide access to funding for mortgage originators and, indirectly, for mortgage borrowers and through their role in the federal Making Home Affordable program, they are working to meet the needs of the mortgage market by making homeownership and rental housing more affordable, reducing the number of foreclosure, and helping families keep their homes and obtain more sustainable mortgages.

Retrieved from: http://www.freddiemac.com/corporate/company_profile/?intcmp=TNAU

HOME AFFORDABLE MODIFICATION PROGRAM (HAMP)

The Home Affordable Modification Program (HAMP) is a loan modification program introduced in 2009 to promote stability in the housing market. HAMP was aimed at helping homeowners who were directing more than 31% of their gross income toward mortgage payments. Eligible homeowners can receive adjustments to the mortgage principal, interest rate, or payments in order for the percentage of income for payments to be below 31%. HAMP is designed to help financially struggling homeowners avoid foreclosure by modifying loans to a level that is affordable for borrowers now and sustainable over the long term. The program provides clear and consistent loan modification guidelines that the entire mortgage industry can use. The Home Affordable Modification Program includes incentives for borrowers, servicers and investors.

Retrieved from: https://www.hmpadmin.com/portal/programs/hamp.jsp

HOME AFFORDABLE REFINANCE PROGRAMS (HARP)

The Home Affordable Refinance Program, also known as HARP, is a federal program of the United States, set up by the Federal Housing Finance Agency in March 2009, to help underwater (when the home value is less than the mortgage amount) and near-underwater homeowners refinance their mortgages. Unlike the Home Affordable Modification Program (HAMP), which assists homeowners who are in danger of foreclosure, this program benefits homeowners whose mortgage payments are current, but who cannot refinance due to declining home prices.

Retrieved from: http://harpprogram.org/

HOME FOR USA OR HOMEFREE USA

HomeFree-USA is a non-profit public benefit organization that specializes in homeownership development, foreclosure intervention, and financial empowerment. It is a United States Housing and Urban Development (HUD) approved intermediary that delivers services across the country through its nationwide network of more than 66 faith- and community-based non-profit partners. The HomeFree-USA network represents the interests of 4 million homeowners and homebuyers. More than 25,000 homeowners have been helped to prevent foreclosure since 2008.

Retrieved from: http://homefreeusa.org/ht/d/sp/i/10412/pid/10412#sthash.XTPSL4be.dpuf

HOPE LOANPORT (HLP)

The Hope LoanPort (HLP) is non-profit providing technology to increase transparency and accessibility of information regarding foreclosure and home loans in underserved markets. According to its website, "HLP's secured web-based portal includes real time messaging between counselors and servicers, status updates, and electronic document storage." Its web-based system is used by more than 6,000 non-profit HUD certified housing counselors (at over 1,100 agencies nationwide) who can submit foreclosure alternative applications to approximately 2,000 registered mortgage company users.

Retrieved from: https://www.hopeloanportal.org/

INDIVIDUAL DEVELOPMENT ACCOUNT (IDA)

An Individual Development Account (IDA) is an asset building tool designed to enable low-income families to save towards a targeted amount usually used for building assets in the form of home ownership, post-secondary education, and small business ownership . IDAs are savings for low-income households with matching funds from a variety of private and public sources.

Retrieved from: http://en.wikipedia.org/wiki/Individual_Development_Account

NATIONAL FORECLOSURE MITIGATION PROGRAM

The National Foreclosure Mitigation Counseling (NFMC) Program was launched in December 2007. NFMC was Congressionally funded to address the nationwide foreclosure crisis by dramatically increasing the availability of housing counseling for families at risk of foreclosure. This program funds NeighborWorks America which distributes funds to competitively selected grantee organizations, which in turn provide the counseling services, either directly or through sub-grantee organizations. Grants are also being made to fund legal assistance to homeowners and to train foreclosure counselors. According to its website, more than 1,700 counseling agencies operate under the program.

Retrieved from: http://www.nw.org/network/foreclosure/nfmcp/

NEIGHBORHOOD ASSISTANCE CORPORATION OF AMERICA (NACA)

The Neighborhood Assistance Corporation of America (NACA) is a non-profit, community advocacy and homeownership organization that assists low- and moderate-income people in achieving homeownership. NACA provides housing counseling, assists persons with credit problems, and works with homeowners to refinance predatory loans to obtain better terms. The organization has $10 billion in funding commitments. NACA has over 30 offices nationwide with its headquarters located in Boston, MA.

Retrieved from: https://www.naca.com

NEIGHBORWORKS

NeighborWorks America is a congressionally chartered non-profit that is working in affordable housing and community development. NeighborWorks America created the NeighborWorks Center for Foreclosure Solutions. The Center is a partnership between leading non-profits as well as state, local and federal agencies and members of the mortgage lending and servicing sectors that involves a comprehensive, multi-faceted approach to the foreclosure crisis. From 2005 to 2010, the NeighborWorks organizations have generated more than $8.5 billion in reinvestment and helped more than 500,000 families purchase or improve their homes or secure safe, decent rental or mutual housing. In June 2011 the U.S. Department of Housing and Urban Development in partnership with NeighborWorks America, launched the Emergency Homeowners' Loan Program to assist homeowners across the country at risk of foreclosure.

Retrieved from: http://www.nw.org/network/aboutUs/

OPERATION HOPE

Operation HOPE, Inc. (HOPE) is a non-profit that was founded after the 1992 Rodney King Riots in South Central Los Angeles. The organization offers financial literacy programs for youth and promotes banking and financial capability for communities. According to its website, HOPE has also directed more than $1.5 billion in private capital to America's low-wealth communities. The organization currently operates in more than 300 U.S. cities, as well as South Africa, Saudi Arabia, Morocco, and the United Arab Emirates.

Retrieved from: http://www.operationhope.org/

REVERSE MORTGAGES

A reverse mortgage allows homeowners to convert part of the equity of the home into cash without having to sell the house or pay additional monthly bills. In a reverse mortgage, the homeowner receives money from the lender without having to pay it back while the owner is still living in the home. The loan is repaid when the home is sold, the residence is not the primary residence anymore, or when the owner dies. Reverse mortgages are tax free and often do not have income restrictions. There are three types of reverse mortgages: 1) "single-purpose reverse mortgages that are offered by some state and local government agencies and non-profit organizations," 2) "federally-insured reverse mortgages, known as Home Equity Conversion Mortgages (HECMs) and supported by the U. S. Department of Housing and Urban Development (HUD)," and 3) "proprietary reverse mortgages, private loans that are backed by the companies that develop them."

Retrieved from: http://www.consumer.ftc.gov/articles/0192-reverse-mortgages

SECOND CHANCE

There were several non-profit programs called Second Chance. Some of these were targeting youth to combat poverty through job readiness and life skills training. Other programs provided re-entry services for former prisoners. Some Second Chance programs focused on programs and services for recovering drug and alcohol addicts.

Retrieved from: http://www.secondchanceprogram.org/ and http://ffscinc.org/

80/20 LOAN

An 80/20 mortgage is a pair of loans used to purchase a home. The first loan covers 80 percent of the home's price, while the second covers the remaining 20 percent. Both loans are included in the closing costs and will require you to make two monthly mortgage payments. With this type of loan, a home can be 100% financed because neither the 80 nor 20 loan requires a down payment, since they are both incomplete loans. This type of loan is considered more risky because of variable interest rates and constant change in home value.

Retrieved from: http://homeguides.sfgate.com/80-20-mortgage-loan-7591.html

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