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Distressed Homeowners Facing Foreclosure Can Find Help

Recently, the St. Louis area has been hit with a firestorm of foreclosures as a result of job losses, subprime mortgages, and other reductions in income. Last year approximately 6,353 families in the St. Louis metropolitan area have lost their homes. In 2007, Missouri ranked 13th nationwide in properties entering some stage of foreclosure and St. Louis ranked 36th among cities with the highest foreclosure rates, according to RealtyTrac, Inc. Unfortunately the steady rise of foreclosures continues with 1,179 homes already being foreclosed upon in the St. Louis area in 2008.

A majority of these losses are coming as a result of subprime and adjustable rate mortgages that were made in 2006 that are due to increase their interest rates this year. A sub-prime mortgage is a loan that carries a significantly higher interest rate and/or an adjustable interest rate with payments that increase beyond a homeowner's income level in a short period of time. In the African-American community, the foreclosure rates are even more staggering with more than 52% of subprime mortgages being made to African American families in 2006, according to the Centers for Responsible Lending. Due to these and other factors, African American families are more than three times as likely to face foreclosure as white families.

In an effort to curb future losses, U.S. Senator Christopher "Kit" Bond R-MO met with members of the St. Louis Housing Alliance for Homeownership Preservation, NeighborWorks America, the Federal Reserve Bank of St. Louis, City of St. Louis and St. Charles government officials on March 19 to address the foreclosure crisis in Missouri. Senator Bond is the co-author of the Security Against Foreclosures and Education Act which helps struggling families maintain homeownership throughout the foreclosure crisis by providing loan counseling and other assistance to those who are most in need.

As a result of this act, approximately \$180 million in foreclosure counseling funds have been allocated to state and local counseling agencies through NeighborWorks America, a national network of more than 240 community development and affordable housing organizations. Through the National Urban League and Neighborworks, the Urban League of Metropolitan St. Louis has received a grant for \$161,699 to provide foreclosure prevention counseling to those in need of assistance. The Urban League currently offers housing counseling, foreclosure intervention and homeownership education to families facing foreclosure.

In 2007, the League provided default/foreclosure counseling to 227 homeowners. Through this counseling, we helped 127 families keep their homes. In an effort to assist even more families, the Urban League of Metropolitan St. Louis has become a member of the St. Louis Alliance for Homeownership Preservation. This alliance is an exciting collaboration between ACORN, Better Family Life, Beyond Housing, Catholic Charities Housing Resource Center and the Urban League that offers extensive one on one counseling and foreclosure intervention

services for homeowners in the St. Louis region. Recently, Mayor Francis Slay announced that the City of St. Louis will donate \$500,000 to the St. Louis Alliance for Homeownership Preservation for counseling services and grants of up to \$1,500 to St. Louis City homeowners needing help in restructuring their mortgages. We are thankful to be a part of this alliance and look forward to helping many families sustain their homes during these tough economic times. If there is anyone in need of mortgage assistance or foreclosure prevention, please do not hesitate to call 1-888-995-HOPE.