

Nonprofit groups seek "rescue fund" for foreclosures

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Foreclosure counseling agencies Thursday asked St. Louis foundations, lenders and others to contribute to a "rescue fund" to help stem a tsunami of foreclosures expected in the next six months across the metropolitan area.

Chris Krehmeyer, president and chief executive of Beyond Housing, said the fund could help borrowers who can qualify for modifications of their mortgages but lack the funds needed to catch up with missed payments and other fees. He estimated that the average borrower needs about \$1,500 in addition to what he or she can scrape together.

A similar fund has helped Ohio keep families in their homes, Krehmeyer said. He estimated that \$2 million to \$3 million could make a significant difference in the St. Louis area over the next two years.

Krehmeyer is asking lenders, foundations and local governments to contribute to the fund, which would be used by the St. Louis Alliance for Home Ownership Preservation, a group of five agencies that provide mortgage counseling. Besides Beyond Housing, the agencies are Catholic Charities Housing Resource Center, Better Family Life, the Urban League of Metropolitan St. Louis and ACORN.

Jeff Rainford, chief of staff for St. Louis Mayor Francis Slay, said the city will offer funds from the Affordable Housing Commission. He declined to say how much it will contribute because the city is planning a news conference to announce its plans Tuesday.

Funds would be disbursed to lenders at the time a loan is modified or refinanced so that a family could stay in its house, Krehmeyer and Rainford said. Families would have to demonstrate that they have income and can keep up with new payment plans worked out with their lenders.

Krehmeyer and others at a foreclosure conference Thursday said \$130 million in federal funds will help thousands of families nationwide get help developing repayment plans with their borrowers. But those funds only pay for counseling.

Mike Duncan, information technology manager for the St. Louis County planning department, said he expects foreclosures to reach their peak here over the next six months because of the number of subprime mortgages that are due to have their interest rates reset. Subprime mortgages are loans made to borrowers with shaky credit. Many have a fixed rate for one to three years, but after that the rate resets every six months.

"The crisis is upon us with the resets," Duncan said. St. Louis County could have as many as 5,000 foreclosures this year. Foreclosures were up 32 percent last year in the county to 3,760. In the city, the number rose 52 percent to 2,593.

Duncan said his research shows that most of the borrowers facing foreclosure in St. Louis County have small houses built at least 40 years ago. He said he's seen concentrations of foreclosures in many North County communities, which have a high proportion of minority homeowners.

"It's people who are trying to move up in our economy who are getting hammered with this," Duncan said. "We've got people buying basic, affordable housing who are losing out."

Statistics released Thursday by the Mortgage Bankers Association showed 3.62 percent of mortgages were seriously delinquent nationwide in the fourth quarter last year, up from the year-earlier level of 2.95 percent. In Missouri, 3.04 percent were seriously delinquent, or 90 days past due; in Illinois, 3.98 percent.

The number of loans at least 30 days past due nationwide climbed to a seasonally adjusted 5.82 percent, up from 4.95 percent a year ago. State figures, which aren't seasonally adjusted, stood at 6.71 percent in Missouri and 6.12 percent in Illinois.