



Department of Justice, Peace and Human Development  
Office of Domestic Social Development

**FORECLOSURE**  
**February 2011**

## **ISSUE**

Over three years after the housing bubble burst, the foreclosure crisis continues. According to RealtyTrac, an organization that tracks foreclosures, in 2010 a record-breaking 2.9 million homeowners received foreclosure notices. This exceeded the 2.8 million in 2009, which was also a record.

As 2011 begins, housing prices in many markets are not stabilizing. The Case-Schiller Index, the leading indicator of housing market health, showed earlier this year that home prices continue to fall in most U.S. cities. Millions of homeowners--25% by some estimates--are "underwater," meaning they owe more on their mortgages than the home is worth. An estimated 20% of all properties facing foreclosure involve rental properties. Renters risk eviction with little notice since they depend on their landlord to tell them about any foreclosure problem. Under a new law enacted in 2009, all tenants must get a 90-day notice before being evicted as a result of foreclosure. With some exceptions, tenants with leases can continue to live in their homes for the term of their lease. Section 8 tenants are also protected because the new owner at foreclosure must accept both the tenant's lease and voucher contract.

Additionally, housing and consumer lending advocates have long asserted--and have research and whistleblower accounts to support them--that mortgage lenders engaged in a practice of 'reverse redlining,' where minority and low-income communities were targeted for risky and subprime mortgages. These predatory practices targeted vulnerable communities and families precisely because they would have difficulty repaying, not because of some federal mandate. There is also evidence that some lenders participated in deceitful lending practices.

## **POLICY RESPONSES**

### *Home Affordable Modification Program (HAMP)*

The Obama Administration's Home Affordable Modification Program (HAMP) has helped over 500,000 homeowners with mortgage modifications, unfortunately this falls far short of the program goals as well as the extraordinary need throughout the country. Absent substantial improvements to HAMP, it will continue to fall short and foreclosures will accelerate.

### *Housing Counseling Programs*

Nonprofit housing counseling agencies approved by the Department of Housing and Urban Development (HUD)--many under the auspices of Catholic Charities agencies--have been vital to fighting the foreclosure crisis. Research has demonstrated that the personalized attention provided by counselors is an effective foreclosure prevention tool. Despite recent increases in funding, housing counseling programs remain severely underfunded and unable to meet demand.

## **USCCB POSITION**

The Catholic bishops of the United States have primarily addressed the foreclosure crisis through the Catholic Campaign for Human Development (CCHD), USCCB's domestic anti-poverty campaign. CCHD funds local and national community organizations dedicated to combating the foreclosure crisis and ministering to families at risk of foreclosure.

The Catholic community knows from everyday experience that too many families cannot find or afford decent housing, and millions of families must spend so much of their income for shelter that they forego other necessities, such as food and medicine.

In the past the USCCB has written, "Efforts to revitalize neighborhoods and to expand homeownership among low income families are being threatened by abusive lending practices. These practices termed, 'predatory lending,' trap far too many unsophisticated and vulnerable people, often the elderly" into high-cost loans that frequently lead to foreclosure after stripping any equity from the home. The Catechism of the Catholic Church condemns this sort of speculation, this usury, as "morally illicit." (2409)

## **ACTION**

Urge Congress to provide adequate funding to housing counseling programs and all other foreclosure prevention initiatives that protect families at risk of losing their homes.

Sign up for Action Alerts at <http://capwiz.com/catholicbishops/mlm/signup/> (be sure to check "Domestic Social Policy") and <http://www.catholiccharitiesusa.org/NetCommunity/Page.aspx?pid=1267> to keep updated on the most recent and urgent opportunities for housing and foreclosure prevention advocacy.

## **RESOURCES**

USCCB Department of Justice, Peace, and Human Development: [www.usccb.org/sdwp/](http://www.usccb.org/sdwp/)

Catholic Charities USA: [www.catholiccharitiesusa.org/](http://www.catholiccharitiesusa.org/); Housing Counseling Program:

<http://www.catholiccharitiesusa.org/NetCommunity/Page.aspx?pid=1577>

Statement of the Catholic Bishops of the United States, *The Right to a Decent Home*:

<http://www.nccbuscc.org/sdwp/national/dec.pdf>

## **FOR MORE INFORMATION**

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