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### **Bill could help Baltimore homeowners avoid foreclosure**

#### **Measure would grant time to modify mortgages, encourage lenders to negotiate**

By Gus G. Sentementes and Liz F. Kay

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The Baltimore City Council is considering a plan to slow the foreclosure process in hopes of stemming the tide of evictions, which city housing activists have tried to combat recently with protests and, in at least one case, allegedly illegal measures.

As the Obama administration moves on a national plan to tackle the mortgage crisis, City Council members Mary Pat Clarke and Bill Henry, both Democrats, have introduced a plan to extend the time between foreclosure and eviction from 14 days to 365 days to encourage lenders to negotiate with owners who are falling behind on loan payments.

The plan appears to have strong initial support on the council - 11 of 15 members are listed as co-sponsors. Council President Stephanie C. Rawlings-Blake and Mayor Sheila Dixon have yet to take a position.

The news conference at which Clarke and Henry announced the bill occurred about the time that an activist with the Association of Community Organizations for Reform Now turned himself in to city police to face a burglary charge related to a foreclosure protest last week.

Louis E. Beverly broke the padlock on a Southeast Baltimore home to help a woman reclaim the property she lost to a foreclosure. Local television stations broadcast the act, which ACORN activists call "homesteading." According to court records, a lender foreclosed on a Northeast Baltimore home belonging to Beverly last month.

The foreclosure bill, introduced at last night's City Council meeting, is meant to give homeowners a chance to work with lenders to modify their mortgages and to encourage lenders to negotiate, city officials said.

While the Obama administration is providing financial incentives for mortgage backers to change loans for homeowners, it is going to take time for those loans to be renegotiated, Clarke said. "We need to buy time for people to be able to negotiate modified mortgages."

No representatives of the banking or mortgage industries attended the news conference yesterday morning.

John Mechem, a spokesman for the Mortgage Bankers Association in Washington, which represents 2,400 companies, said in a telephone interview that the Baltimore bill could lengthen the housing downturn by creating "perverse incentives" to not pay mortgages if borrowers knew they had a year before they could lose their homes.

"I don't think that stretching out this process is the right public policy approach," Mechem said. "Lenders

already [have incentives] to work with borrowers as much as possible to avoid foreclosure."

Mayoral spokesman Scott Peterson said Dixon wants to monitor the council debate before taking a position on the bill. Ryan O'Doherty, a spokesman for Rawlings-Blake, said the council president wants to see whether the legislation can be targeted more specifically to owner-occupied properties.

Robert J. Strupp, director of research and policy for the Community Law Center, who helped write the Baltimore bill, said it dovetails with the Obama proposal, which calls for a lowering of interest rates, extending the term of loans and other incentives. Details of the bill will be released next week, he said.

Knowing that it would take longer before residents must vacate would encourage lenders to avoid foreclosure, he said.

"You've got the time now. You might as well try," Strupp said. There have been few third-party sales of foreclosed properties, he said.

"Some note-holders haven't been acting logically," Strupp said. "I've seen them turn down a modification at 50 or 60 cents on the dollar" only to wind up selling the property at auction for 30 cents on the dollar.

Homeowners who pay their mortgages on time would also benefit from the bill, because preventing foreclosures and home vacancies would prevent Baltimore home values from plummeting further, he said.

Henry described foreclosed homes as "starter homes of blight," left open to squatters, drug use and vandalism, and thus reducing neighborhood property values.

"It really is in everybody's best interest" to keep homes occupied, Strupp said. "The alternative is worse for everybody."

Such foreclosure legislation might help Cynthia Davis, who ACORN organizers are trying to help modify the loan on her Northeast Baltimore home. Davis lost her job as a corrections officer in 2008 but said that she and her husband could afford to pay toward their balance from disability and other income. But the lender has not responded to her requests, she said.

"They are just constantly harassing me for the payments but they're not trying to do anything to help me, even though I explained to them my situation," Davis said.

Last week's break-in by ACORN members brought national attention to foreclosures in Baltimore. Beverly, who calls himself an ACORN "foreclosure fighter," used bolt cutters to break the padlock Thursday on the former home of Donna Hanks, in the 300 block of S. Ellwood St. In a WJZ television report, Beverly was shown cutting the lock and saying: "This is our house now."

"We're actually trespassing. And so this is a way of civil disobedience," Beverly told the reporter. "Legally, it's wrong. But homesteading is the only means that she has left to stay in her house. We feel as though this is the right thing to do at this particular time to save this family."

Shortly after 10 a.m. yesterday, Beverly walked into the Southeastern District police station with his attorney, Justin Brown, and turned himself in on the fourth-degree burglary charge. He and his attorney declined to comment.

Anthony Guglielmi, a Baltimore police spokesman, said: "Congress and the [General] Assembly passed laws, and it's up to the Police Department to enforce them."

Stuart Katzenberg, lead organizer for ACORN's Maryland chapter, said in a statement: "We continue to take actions across the country in order to prevent unnecessary home foreclosures and stand in solidarity with our members who are resisting these foreclosure actions."

ACORN has recently increased its efforts to block foreclosures in Baltimore. In addition to last week's break-in, scores of members tried to block a foreclosure auction outside the Circuit Courthouse last month. Sheriff's deputies threatened them with arrest and the group dispersed.

Hanks bought her 1,300-square-foot rowhouse in 2001 for \$87,000, according to state property records. She filed for bankruptcy in July 2006, noting that she made about \$25,000 a year working for a Baltimore hotel and that she had an outstanding claim against an insurer for a house fire, records show.

When U.S. Bank, based in Minneapolis, foreclosed last year, Hanks owed more than \$262,000, court records show.

Hanks could not be reached for comment yesterday.



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