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GREENLIGHT



Dispossessed in Sacramento

The home foreclosure crisis revisited

BY JEFF VONKAENEL / jeffv@newsreview.com

After the 2008 economic meltdown, Sacramento was one of the country's worst metro areas for home foreclosures. One out of every 63 households was in foreclosure in 2009.

Sacramento was also the place where Stanford professor Noelle Stout spent her childhood summers, living with her grandparents. So Sacramento was a natural choice for Stout's social anthropology study on the impact of foreclosures in three different neighborhoods.

Stout's interviews with numerous people from Oak Park, the Pocket and North Sacramento who lost their homes to foreclosure and then struggled through the government gauntlet of programs that were supposed to help them—along with interviews of Sacramento bank employees who were working at the loan adjustment call centers—provide a fascinating Sacramento perspective to the foreclosure crisis, in her new book *Dispossessed: How Predatory Bureaucracy Foreclosed on the American Middle Class*, published by University of California Press.

Spoiler alert: The banks and the federal government, which gave massive amounts of money to the banks to fix the bank-led disaster, do not come out looking very good in Stout's book. No surprise here. Much has been written about the 2008 housing crash and recession.

What is unique about Stout's book, besides the Sacramento focus, are her interviews with people desperately trying to keep their homes using the federal government's Home Affordable Modification Program (HAMP) and even more importantly, her interviews with the workers at the call centers.

In her book, Stout refers to the 2010 SN&R cover story by former editor Rachel Leibrock, telling how she and her husband unsuccessfully went through the painful, awful and ultimately unsuccessful process of trying to have their Coldwell Banker loan readjusted through HAMP.

Stout's interviews with the bank employees shed light on how the system was designed to mess with homeowners and to help the bottom line of the bank. According to Stout, Leibrock did not know that HAMP was being administered by the same banks that created the problem. So Leibrock was sending her HAMP check to Coldwell Banker, the same company that managed her loan and that kept providing her with misinformation about the loan.

What Stout found out from employees at the call center administering HAMP was that they routinely gave out incorrect information that benefited that bank at the expense of the homeowner. The system was designed to fail. Deadlines were confusing, and when homeowners missed these deadlines, the process would have to start over again. This was marketed as an easy process, but in reality for most people, it was impossible.

Stout calls this process "predatory bureaucracy." In a 2012 survey of counselors working at 50 nonprofit housing agencies, 88% reported that Bank of America "almost always delayed responses, lost documents, and gave homeowners inconsistent information."

Bank of America was so bad that the U.S. Department of Justice "acted against the corporate giant for defrauding HAMP," according to Stout. Unfortunately Bank of America was not an outlier. The survey also found that JPMorgan Chase, Wells Fargo, and Citibank had similar problems as well.

Stout concludes with a question: Why isn't there more outrage at the banks and the federal government's willingness to help the banks, at the expense of the average person?

Good question. □

Jeff vonKaenel is the president, CEO and majority owner of the News & Review.

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