

## **City will offer funds to assist families in foreclosure**

**By Jerri Stroud**

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Mayor Francis Slay plans to announce today that the city will make the first contribution to a "rescue fund" to help troubled borrowers stay in their homes.

The one-time contribution of \$500,000 will be used to make grants of up to \$1,500 to families that need help coming up with money needed to refinance, modify loans or bring their payments up to date, said Jeff Rainford, the mayor's chief of staff.

Rainford said the city hopes the funds will help as many as 1,000 city residents. Half of the money will come from the Affordable Housing Commission and half from general revenue. The Board of Aldermen gave preliminary approval for the funds on Friday.

To qualify for grants, families would have to demonstrate need and show that they have workable budgets that will permit them to make mortgage payments. The grants would be awarded to families working with one or more of five agencies that provide foreclosure counseling.

Rainford said the first step for people seeking assistance is to call the toll-free hot line for the Homeownership Preservation Foundation, 1-888-995-4673. Callers will get initial counseling from the hot line and then be referred to local agencies.

Agencies participating in the rescue fund include Beyond Housing, Catholic Charities Housing Resource Center, the Urban League of Metropolitan St. Louis, ACORN and Better Family Life. The agencies announced plans for the fund Thursday. They are seeking donations from foundations, lenders and local governments.

Chris Krehmeyer, president and chief executive of Beyond Housing, said the city's contribution should be a catalyst to bringing in more money that can be used across the area. The group hopes to raise \$2 million to \$3 million.

"It's obviously going to be a great boon to our work," he said.

Recipients would have to be 30 days or more past due on their mortgage, with income at or below 80 percent of the median for the area, and they would have to be current on their taxes and insurance, Krehmeyer said.

Rainford stressed that the money would be used to pay principal, interest, taxes, insurance and lender fees, and it would be awarded only in circumstances where the borrower would lose the house without direct assistance. If a situation is hopeless, no money would be awarded. The money would go directly to a lender or loan servicer.

"If the past is any indicator, the counselors believe that they'll be able to help about a

third of the people keep up with their mortgages" or get them modified, Rainford said. The city believes the rescue fund could help agencies cope with the growing foreclosure crisis locally.

Figures compiled by the Public Policy Research Institute at the University of Missouri-St. Louis show that foreclosures rose 52 percent in the city last year to 2,593. In St. Louis County, foreclosures were up 33 percent to 3,760.