

# Save Detroit—Save Our Homes

## The Federal Government Must Act in This Emergency

Saving Detroit means putting a stop to the storm surge of foreclosures that is forcing families from their homes, decimating the city's tax base and accelerating the downward spiral of blight and abandonment.

Predatory lending, foreclosure fraud, and mass unemployment have produced the “perfect storm” in Metro Detroit— a hurricane without water unmatched in any other urban area:

- **Mortgage Fraud:** Detroit leads the nation in the default-rate of sub-prime loans that Countrywide and other predatory lenders foisted on African-American, Hispanic, and elderly homeowners. (Comptroller of the Currency, *Worst Ten in the Worst Ten*)
- **Underwater Homes:** 39% of homeowners in Wayne County owe more on their mortgage than the house is worth— nearly double the national rate of 21%. In Detroit's hardest hit neighborhoods, 50-70% of homeowners are underwater and 10-15% are falling behind on their mortgages. (Zillow Real Estate, Oct. 2013)
- **Foreclosure Rate:** The foreclosure rate in Metro Detroit is triple the national average, forcing more than 130,000 families from their homes since April of 2009. Of the 70,000 foreclosed homes in Detroit, 45,000 are vacant. (HUD, *Spotlight*, Jan. 2013)

*The federal government can throw Detroit's working families a lifeline by changing policy at Fannie Mae & Freddie Mac, the federally run mortgage giants that own or guarantee more than half of all U.S. mortgages*

### **1) Stop Foreclosures and Evictions from Owner-Occupied Homes**

In a city saddled with bankruptcy proceedings and emergency management, homeowners are threatened with yet another wave of layoffs, service cutbacks, pension reductions, and wage concessions. Fannie Mae and Freddie Mac have declared moratoriums on foreclosure and eviction in areas devastated by Hurricane Sandy. We need that helping hand in Detroit, where vacant homes are targeted by scavengers who strip the home and leave it a worthless hulk.

### **2) Reduce Mortgage Principal on Underwater Homes**

The speculative and fraudulent practices of the mortgage banking industry caused the collapse in home values. Fannie Mae and Freddie Mac should modify mortgages by resetting principal at market value to help families struggling with unemployment, rising medical bills and other hardships. According to the Congressional Budget Office, principal reduction will lower the default rate on loans held by Fannie and Freddie, saving taxpayer's money. (CBO, May 2013)

### **3) Sell Repossessed Homes to Owner Occupants at Market Value**

Instead of selling foreclosed homes to investors and speculators for a fraction of their worth, Fannie and Freddie should first offer to sell repossessed homes at market value to owner-occupants, either directly or through non-profit intermediaries.

*For more information, call uaw local 600, 313-429-5009*