



## Walk the line -- or walk away

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Josefa Ramirez and her husband, Juan Carlos, both 43, spent 10 years moving in and out of San Francisco apartments before buying their two-bedroom, one-bath Antioch home in 2006 for \$375,000.

"It took almost two years to raise our credit score," she said, but finally they were approved for a loan. "We didn't care if the house wasn't big, we just wanted something warm."

They promised their son, Juan Carlos, Jr., 9, as soon as they bought a house so they could have a dog, a Chow-mix stray now named Doris they adopted from a shelter. There's also a contrary cat named Princess. Their daughter, Ana Kristina, 5, calls them both her sisters when she draws pictures of her family.

That meant paying \$2,700 a month for their "fixer" which required a new roof, wiring and landscaping. Their loan adjusted in June to more than \$3,200 a month. Ramirez, a hair stylist, said business has been slow and Juan Carlos was laid off from his construction job with a local contractor. Recent houses in their north Antioch neighborhood are now selling for around \$150,000. They stopped paying in February.

The Ramirezes met with other families at the Holy Rosary Church in Antioch to be part of the Contra Costa Interfaith Supporting Community Organization, a group that is trying to come up with solutions to the local foreclosure crisis. Using letters and face-to-face meetings, they are trying to modify existing loans in their community.

In Pittsburg, Jose Reyes said he had no choice.

He and his partner paid \$900,000 for their Highland Ranch home, more than 4,000 square feet and six bedrooms. When his partner died in early 2007, Reyes used the insurance money to keep paying the option-payment adjustable-rate mortgage while he tried for a year to sell it.

"When the real estate agent did the comps around the place, it was about half of what we paid," Reyes, a bank executive, said. His \$3,500 monthly mortgage payment wasn't even touching interest and a principal payment was more than \$6,000 a month. "I got a free consultation with an attorney and during that conversation he referred me to 'YouWalkAway.com,'" he said.

[YouWalkAway.com](#) offers a \$995 kit that has its "consultants" act as the homeowner's agent, has at least one lawyer offering legal advice and others offering support through a foreclosure. Reyes, 53, said that the company may even get the foreclosure off his credit report, but there are "no guarantees," he said. "It gave me sort of peace of mind."

Moody's [Economy.com](#) reported that around 9 million American homes, or 10.3 percent of all single-family homes are underwater, or owe more than their home is worth. About 43 percent of all subprime adjustable-rate home loans ended in foreclosure at the end of the year, the Mortgage Bankers Association said. There is little evidence that walking away from one's home is widespread

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and much of the statistics are anecdotal.

"When in March, I came to the full realization of the value of the house, there wasn't a question of 'Should I continue making a payment?'" Reyes, 53, said. Instead, he went to live in the 1800-square-foot house he and his partner had been renting out to help pay for the new home.

The idea of walking away makes little sense to those at the Department of Housing and Urban Development-approved counseling agencies who see about 150 new clients a month struggling to keep their homes.

"If people want to walk away . . . for some people it's the right choice," said Thomas LaFleur, executive vice president of Pacific Community Services Inc. in Pittsburg, a HUD-approved agency that counsels homeowners. "If that's the case, they don't need to pay anyone \$1,000. A deed-in-lieu can be arranged by any HUD-approved counseling agency for free."

Erik Kraft, a spokesman for [YouWalkAway.com](http://YouWalkAway.com) said that his service provides a relief and educational service. "We tell them they can do this for free," he said. "But we compare it to going to a restaurant and be served or to go cook at home."

But remember that's a \$995 steak. For two, it's \$1,049.

Kraft said the company has information supplied from certified public accountants and lawyers, ensuring it is accurate, and has helped 1,034 people in 22 states.

Dave Harris, a real estate attorney with Miller Starr Regalia in Walnut Creek, said that most people can walk away with little recourse. "About 99 percent of the time there's no obligation on behalf of the homeowner to pay the bank or lender the difference

between the loan and what they need sell the property for," he said.

Harris said that a lawyer is sometimes needed for advice, but neighborhood legal assistance groups can do this for free or at a nominal charge.


Kevin Stein, associate director of the California Reinvestment Coalition, said that tales of people walking away are exaggerated but it does illustrate the helplessness homeowners feel. "I think more importantly there are no real alternatives for people," Stein said. "As we're finding, these loan modifications are few and far between. ... By the time the beaten-up borrower gets to loss mitigation they have no hope the company is interested in working with them."

In Antioch, the Ramirez family await word that their lender is willing to modify their loan. The cable has been shut off, karate lessons canceled, belt-tightening is a way of life.

Both children are aware of the turmoil surrounding their house.

"We don't want to lose our home," said Juan Carlos, Jr.. "We don't want to lose our pets."

Ana Kristina shook her head. "I don't want (Doris and Princess) sent to a shelter."

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