

Pacoima priest leads push to save parishioners from housing foreclosures

By Tony Castro, Staff Writer | Posted: 06/18/10, 12:01 AM PDT |

No stranger to the divine, Father John Lasseigne says he's on a holy mission to save not only the souls of his parishioners in Pacoima, but their homes as well.

That mission is a \$1 million city pilot program aimed at helping troubled homeowners in the Northeast San Fernando Valley where one out of every nine homes is in foreclosure.

The money will be used to coax lenders to write down loan balances and answer the prayers of homeowners who owe far more on their houses than they're worth.

"It's the Holy Grail of our foreclosure prevention loan modification program," says Lasseigne, of Mary Immaculate Church in Pacoima.

For the past year and a half Lasseigne has been working with city officials and housing advocates to hammer out the deal with lenders.

Next month, that pilot program will go into effect. Thirty Northeast Valley homeowners will get no-interest loans from the city Community Redevelopment Agency that will be paid directly to lenders who have agreed to reduce the mortgage principal to current market value.

But it has not been a slam-dunk achievement.

"The biggest impediment was that banks don't want to do principal reduction," said Yvonne Mariajimenez, deputy director of Neighborhood Legal Services, which was involved in negotiating the deal with lenders.

Mariajimenez worked with Tom Holler, lead organizer for One L.A., a countywide public interest group affiliated with the Industrial Areas Foundation, to organize hundreds of homeowners in the Pacoima area and track their loan modification applications with lenders.

"We were able to unmask the fact that (banks') foreclosure strategy (and) modification strategy weren't working," said Holler. "And once we were able to do that, then we had them in a position to say now let's talk about something that will work.

For the banks, he said, the program will be better than them receiving nothing in a foreclosure.

"This result of this strategy is that it will be \$1 better than them foreclosing."

Bank of America will be the lender participating in the pilot program, according to Holler and Mariajimenez, but the actual homeowners who will benefit are still being screened.

Bank of America spokesman Rick Simon emphasized that the pilot program is limited in funding level and geographic area and not open to all homeowners.

"Even when the program is implemented, it will be a proactive program," Simon said in an e-mailed comment. "Borrowers will not need to call to be considered for it."

The 30 homeowners who will eventually be helped out in righting their upside-down mortgages will receive up to \$75,000 in "silent second" mortgages that will be administered by the Los Angeles Housing Department.

The loans will not have to be repaid until the homeowner sells his house at which time the lender and the city will receive a portion of the profit.

If the program succeeds, Holler and Mariajimenez said, it will give additional life to other attempts at homeowner mortgage principal reductions, including future programs using \$700 million allocated to California under the Troubled Asset Relief Program (TARP).

Holler said Lasseigne is not overselling the program by likening it to the Holy Grail.

"I think he's accurate," said Holler. "As a matter of fact, the secretary of HUD (Housing and Urban Development) and high-ranking figures at the U.S. Treasury Department have said similar things. They've said, 'Boy, if this could work, this could really be used big time.'"

The homeowners to be helped by the pilot program all live in the Northeast Valley's 7th council district represented by Councilman Richard Alarcón.

"We have the largest problem of foreclosures for single-family homes in the city of Los Angeles right here," said Alarcón, who authored the council measure implementing the pilot program.

"This pilot program provides the needed incentives for a bank to reduce the homeowner's mortgage balance to reflect the real value of the home, saving families from the pain and heartache of foreclosure and saving communities from the devastating impact of so many empty homes."

Meanwhile, the launch of the pilot program marks a political triumph for Lasseigne and a nucleus of two dozen Latino families in his heavily immigrant parish who have become a vanguard against the foreclosure crisis enveloping their community.

For more than a year, those families have organized local homeowners, lobbied elected officials and compiled detailed records of loan modification dealings with lending institutions.

Their mentor and driving force has been their bilingual parish priest, who graduated from law school before entering the seminary.

Lasseigne, 45, had previously lived in San Antonio, Texas, where he joined the Missionary Oblates of Mary Immaculate who work worldwide with the poor.

He arrived in Pacoima two years ago to discover his parishioners in the jaws of a foreclosure crisis.

"We began calling upon our parishioners (to see) if they were at risk of losing their homes," recalled Lasseigne.

"Hundreds of them came forward. We began interviewing them. We learned how they had been taken advantage of by the banks: Given false information, information in language they couldn't understand, not qualified for the loans that they badly wanted but they really weren't qualified for."

It was the human toll that most moved him.

"We also learned of the effects on them and their families," Lasseigne said. "Their children were suffering from depression because they feared their house could be lost. Their grades were going down. Their moms and dads were suffering from depression and stroke."

It set off a quest for what else? The Holy Grail.

"He called it that?" Alarcón said. "I guess if anyone would know, it would be Father John."