

# Foreclosing on Christmas

**For one Boyle Heights family, the mortgage meltdown has brought tough choices this yuletide.**

By Robert J. Lopez, Los Angeles Times Staff Writer  
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For the Debora family, the holiday season usually means making tamales and opening presents under the Christmas tree.

But there's no Christmas tree this year. Probably no tamales either.

The four family members are trying to save their Boyle Heights home from foreclosure.

"It doesn't feel like Christmas," Maria Debora said in Spanish on a recent afternoon, as she stacked presents on her living room table.

To make ends meet, the 53-year-old grandmother is baby-sitting in the morning and working afternoons as a teacher's aide at a nearby preschool. At night and on weekends, she cuts hair at a beauty shop. She also sells shoes, making a \$4-dollar profit per box.

"We're trying whatever we can do," said the woman, who lives with her two adult children and a nephew.

The family's plight is similar to that of many families caught in the nationwide mortgage meltdown, especially those in heavily Latino neighborhoods.

Nearly half of the Latinos who purchased homes in 2005 relied on sub-prime and near-prime loans, compared with about one-fifth of white home buyers, according to a study last year by the Federal Reserve.

"It only makes sense that they are harder hit," said Kathleen Day, a spokeswoman for the Center for Responsible Lending, based in Washington, D.C.

The Deboras were renters for more than 30 years. But as home prices were peaking in June 2005, a well-dressed man knocked on their door one day. He was a real estate agent.

They were wasting their money, he said; they could combine their paychecks to buy a home with no down payment. He had the perfect place: a three-bedroom, two-bath home that needed a little work.

"He painted a pretty picture," said son Dario Debora, 27, who pitched in money with his mother and cousin to cover \$5,000 in closing and other costs for the faded stucco home, wedged on a hillside near Whittier Boulevard.

They were advised to get two loans on the home, for which they paid \$340,000. The first required a monthly interest-only payment of \$1,436, and the second \$655. Maria Debora said she asked whether two loans was a good idea, but the agent told them not to worry because they could refinance in just six months.

Because Maria's nephew, Miguel Lopez, had the best credit, he signed the loan papers.

"We were so happy. We never had our own house," Maria Debora said.

About a year after moving in, they tried to get a new loan but were told they didn't qualify. Still, they didn't worry. They could cover the mortgage -- or at least they thought they could.

About five months ago, they began receiving letters warning them that they were not making their full payments. "We kept getting late charges," Dario Debora said.

He said they thought it was a mistake. After calling the lender, he understood: The larger of the two loans had an adjustable-rate mortgage.

Family members said the agent never explained that the payments would increase. They turned to another agent, who advised them to sell the home for \$390,000 and use the profit to buy a new place.

They tried, but there were no takers.

Unable to make the combined \$3,000 mortgage payment and in default on the adjustable-rate loan, the family now faces foreclosure.

The number of default notices and foreclosures in Boyle Heights remains lower than in some other parts of Los Angeles. But six homes here have gone through

foreclosure so far this year, according to DataQuick Information Systems, and 76 had received notices of default through October, according to RealtyTrac, an Irvine-based real estate information firm. No foreclosures occurred in Boyle Heights last year.

Experts say that any foreclosure here is devastating because the neighborhood has one of the city's lowest rates of homeownership and has few available rental units.

"It has a deeper impact because the housing situation overall is already in a crisis," said Isela Gracian, who directs organizing for the nonprofit East L.A. Community Corp., which conducts workshops to help residents avoid foreclosure.

Stucco and cinder-block starter homes are for sale on many streets. Some are vacant, their yards overrun by weeds, marked by signs proclaiming, "*O% de enganche*": no down payment.

A reporter calling to interview an agent about one home was repeatedly interrupted and asked whether he wanted to be "pre-qualified" to purchase the property for little or no down payment. "You sure you don't want to buy it?" the agent asked.

The Bush administration recently announced a plan asking lenders to voluntarily freeze low introductory rates for borrowers who are not behind on mortgage payments. And the Federal Reserve is proposing stricter oversight of lenders.

But these measures won't help the Debora family because they are late on their payments, and any plan will not be finalized for at least several months.

Dario Debora said he was laid off from his job as an X-ray technician last month. His cousin is trying to fill the gap by sending money from Texas, where he is working temporarily as a truck driver. Maria Debora is working her four jobs.

Records show that the family owes nearly \$10,000 in back payments on the adjustable-rate loan, which has been turned over to a collection agency.

The family has until about the first week of February before a trustee sale is scheduled.

A spokeswoman for Litton Loan Servicing, which is overseeing the loan, said in

an interview that the company would be willing to work with the family.

"Not all hope is lost just yet," said Donna Marie Jendritza. "We'd love to talk to them."

Maria Debora said the family would like to work out a deal but is worried that the financial slide is unstoppable at this point.

"Of course we want to keep it," she said. "But it depends on what they offer."

Meanwhile, her 8-year-old grandson wanted to know why she didn't have a Christmas tree this year.

"You want a tree? Or you want tennies for Christmas?" she replied.

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