

<http://www.post-gazette.com/pg/08241/907528-28.stm>

## **Baldwin Township couple, among millions facing foreclosure in U.S., turn to nonprofit aid program**

Thursday, August 28, 2008

By Tim Grant, Pittsburgh Post-Gazette



John Heller/Post-Gazette

Cindy and Randy Balzer's Baldwin Township home, may be sold at sheriff's sale, unless the couple, can renegotiate the 15.9 percent interest rate on their loan.

After 20 years of living in the Baldwin Township home where they raised three children and poured their life's savings, Randy and Cindy Balzer are on the verge of losing everything they've worked for through a mortgage foreclosure.

"We just want to work this out," Mrs. Balzer said.

The three-bedroom, ranch-style brick home they bought in 1988 for \$50,000 is now valued at \$80,000 by the Allegheny County tax collector, but the Balzers now owe \$112,000 to their mortgage lender after refinancing the house several times.

Payments on their original fixed-rate mortgage of \$45,000 have shot up from about \$600 to more than \$1,800 a month due to the double-digit adjustable interest rates they are now being charged.

Wells Fargo Bank is foreclosing on the couple's house at 613 Donaldson Drive because they have made no payments on the mortgage since it adjusted to the higher rate of 15.9 percent in March 2007. The Balzers say the payments are too high and have pleaded with the company to readjust it to an amount they can afford.

Common Pleas Judge Ronald Folino recently ruled against the Balzers and granted a motion for summary judgement made by Wells Fargo to seize the house at a sheriff's sale that is set for Oct. 6.

"We're trying honestly to do all this stuff on our own because we can't afford an attorney to do this," Mrs. Balzer said. "Why bring an attorney in if we can work this out?"

The Balzers have sought help, however, from a national nonprofit organization called NeighborWorks.

NeighborWorks has since April been assisting them in getting their mortgage refinanced at a fixed rate of 7.95 percent through a state program called the Homeowners Equity Recovery Opportunity (HERO) program, which is offered through the Pennsylvania Housing Finance Agency.

"PHFA is negotiating with their current lender to get the principal reduced and any fees and penalties waived or reduced," said Kianna Herriott, a foreclosure mitigation counselor with NeighborWorks.

"[PHFA] would buy the note from the current servicer to become the new owner of the loan. The family would then make their payments directly to PHFA."

The HERO program has been in existence since October of 2007. As of May, homeowners in the metropolitan Pittsburgh area completed 534 applications for modified mortgage loans. Only 51 of those applications have been approved.

An application would be denied if counselors are unable to negotiate successfully with a mortgage lender or if the homeowner has no ability to pay the reduced mortgage.

Families such as the Balzers have the greatest chance of benefiting from the HERO program because although the Balzers cannot afford their mortgage at the high adjustable interest rate, they have a combined net monthly income of \$4,800 and could manage a house payment at a lower fixed rate.

"There is hope for this family," Ms. Herriott said, adding that their application had been expedited because of the looming sheriff's sale.

The rising number of foreclosures have inspired efforts by a growing number of government bodies to help families save their homes.

Several major cities have imposed moratoriums on foreclosures. A plan being sponsored by Allegheny County Sheriff William Mullen would require mortgage lenders to meet with homeowners to try to work out a compromise before a home goes to a sheriff's sale.

President Bush recently signed sweeping housing legislation that aims to prevent foreclosures by allowing homeowners to swap their mortgages for more affordable loans, but only if the lender

agrees to take a loss on the initial loan. That legislation is projected to help about 400,000 households.

But even with government help, nearly 2.8 million U.S. households will either face foreclosure, turn over their homes to their lenders or sell the properties for less than their mortgage's value by the end of next year, predicts Moody's [Economy.com](#).

The Balzers began their journey into the dark pit of debt about eight years after they purchased their home when they refinanced the \$45,000 mortgage for \$70,000.

They paid off the fixed-rate mortgage and used the \$25,000 left over to put an addition onto their house.

They refinanced again in December 2004 for \$77,000 at an adjustable rate that started at 12.19 percent, but which they understood would increase on Jan. 1, 2007. The Balzers planned to refinance again before the higher rate kicked in, however, they claim Option One Mortgage Corp. jacked their interest rate to 15.9 percent in March 2006 without warning.

The interest rate increase nearly doubled their monthly payments from \$810 a month to \$1,547 a month.

According to the lawsuit Option One filed against the Balzers, they made no payments to Option One after March 1, 2006.

"We didn't stop making payments," Randy Balzer said. "We kept sending them the \$810. They kept sending it back to us saying that's not the mortgage rate. I kept saying yes it is.

"If somebody keeps sending you \$810 back and you've got other bills you can pay off, what are you going to do?"

The Balzers say they aren't exactly living the high life. Randy, 47, works as a truck dispatcher. Cindy, 49, is a legal secretary. They have one vehicle, a 2001 F-150 Ford that costs them \$402 a month. They're paying tuition for a son, who is a freshman at Seton-La Salle Catholic High School, and another son who is a sophomore at Wheeling Jesuit University. Their daughter attends public school at Baldwin High.

Randy Balzer became unemployed for about five months while working as a construction worker in March 2007, and they fell seriously behind on all their utility bills. Those bills still are not caught up, but they've worked out payment plans. They say they have no credit cards or credit card debt.

In October, their mortgage was sold to Wells Fargo Bank. After a month of working through the company's red tape and negotiating a loan modification, Wells Fargo in November 2007 agreed to lower the Balzer's interest rate to 14.75 percent.

However, the new monthly payment jumped to \$1,808 because Wells Fargo required them to pay monthly escrow of \$394 for the life of the loan which by then had increased to \$112,928 due to interest, penalties and fees.

Tim Grant can be reached at [tgrant@post-gazette.com](mailto:tgrant@post-gazette.com) or 412-263-1591.  
First published on August 28, 2008 at 12:00 am