

Contents

<i>Acknowledgments</i>	<i>page</i> xi
Introduction	1
Historical Background of Housing Policy	6
The Rise of Behavioral Economics	13
1 The Housing Crisis	18
Securitization Basics	18
Mortgage-Backed Securities, Fraud and Misrepresentation	20
The Borrowers' Role	25
Payment Option ARMs: The Worst of the Worst	29
Predatory Lending, Racial Targeting and Reverse Redlining	33
Deregulation's Contribution to the Crisis	35
Foreclosure Basics and the Explosion of 2006–10	36
The Mortgage Note, Robo-Signing and MERS	38
Document Creation and "Art Departments"	41
Responses to Robo-Signing and Other Reactions to the Crisis	48
2 The Breakdown of Mortgage Servicing and Loss Mitigation	50
Servicing and Securitization	50
Fraud and Servicing	53
Servicer Incompetence and Dysfunctional Bureaucracy	55
Servicing Transfers	59
Servicer Excuses and Defenses	61
Principal Reduction and Consequences of Failure to Take It	63
Foreclosure Mediation	67
Continuing Mortgage Servicing Issues, Conflicts of Interest and Banking Culture	74

3	Zombie Mortgages and Abandoned Properties	77
	Stalled Foreclosures	78
	Abandoned Foreclosures	79
	Zombie Mortgages	84
	Consequences of a Zombie Loan	91
	Strategic Default and Other Theories behind Abandoned Properties	94
4	The Benefits and Harms of Intervention	99
	The Federal Housing Finance Agency (FHFA)	99
	Mortgage Electronic Registration System (MERS)	105
	Distressed Asset Stabilization Program (DASP)	109
	Freddie Mac's Multifamily Small Balance Loan Securitization	112
	Small Banks and Small Loans	114
	Home Affordable Modification Program (HAMP)	117
	Home Affordable Refinance Program (HARP)	122
	The Consumer Financial Protection Bureau	123
5	Rethinking <i>Home</i>: Housing Post-Crisis	130
	The Changing Demographics of Homeownership	132
	The Affordability Crisis in Rentals	135
	The Resurgence of Contract Buying	140
	Homelessness in America	144
6	Foreclosure or a More Sustainable Mortgage?	146
	Brief History of Mortgage Law	146
	The Harms of Foreclosure	148
	Deficiency Judgments	155
	The Rise of Fast-Foreclosure Laws	160
	Tax Foreclosures	162
	Homeowner Association Foreclosures	168
	Some International Perspectives	169
7	Picking Up the Pieces and Revitalizing Neighborhoods	172
	Moving from Crisis to Recovery	174
	Community Development, Financial Institutions and Mortgage Acquisition	176
	Land Banks	180
	Renovation Innovation in Detroit	184
	Remaining Concerns	187

	<i>Contents</i>	ix
8	Where Do We Go from Here?	189
	Homeownership since the Crisis	189
	Private Mortgage Lending Reforms	192
	Shared Appreciation and Continuous Workout Mortgages	192
	Mortgage Insurance for Borrowers	194
	Servicing Reforms	195
	Policy Changes and Government Assistance	196
	More Support for Housing Counseling and Neighborhood Revitalization Efforts	198
	Legal Changes	199
	Housing as a Human Right	202
	Conclusion	207
	<i>Index</i>	209