



'Ethical Lenders' Offer Hope to Homeowners

Long-Term, Fixed-Rate Mortgages Help Some Chicago Residents Out of Foreclosure Nightmare



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In a foreclosure-plagued neighborhood on Chicago's South Side, Teresa Moore's story is a ray of hope.

Just a year after buying her first home, her husband lost his job and their adjustable-rate mortgage jumped to an unaffordable 11 percent. Six missed payments later, the bank foreclosed.

Sitting in her living room with tears in her eyes, Moore described almost losing her house.

"[It was] very close," she said. "All the way to the end."

At the last minute, Moore found Neighborhood Housing Services of Chicago and counselor Sandra Wells.

"She told me 'I want to keep my house,'" Wells said, sitting in the home she helped save, "and that's all I needed to hear."

Neighborhood Housing Services is a nonprofit organization and just one of a growing number of so-called "ethical lenders." In neighborhoods like Moore's, these lenders are thriving even though they work with the same low-income borrowers who are at the heart of the financial crisis.

How do they do it?

The trick is offering 30-year mortgages, at fixed interest rates, which their clients can afford.

"We've been profitable, but we're not profit-maximizing," Mark Pinsky, CEO of Opportunity Finance Network, another lender providing financial services to struggling households and communities, told ABC News.

"We don't go out and say, 'How do we make the most profit off of a transaction?'" Pinsky said.

In recent years, groups like Neighborhood Housing Services have lent more than \$2 billion. Much of the money comes from private investors and banks and nearly all of their low-income borrowers — 98 percent of them — pay on time.

Mike van Zalingen, director of home ownership services at Neighborhood Housing Services, says the

on-time payment rate is "huge."

"It tells you it's not the borrower, it's the loan," he said.

The ethical lending movement began with nuns who were willing to invest some of their retirement savings to provide loans to the working poor.

Sister Corinne Florek, fund coordinator for the Mercy Partnership Fund, which has invested in several nonprofit housing developers, says she has witnessed the success of ethical lending.

"When I invest in you, we are now in a relationship with each other, because I'm asking you to pay that back, so now your good and my good are linked," Florek said.

It is a good thing for Moore, whose affordable new mortgage rescued her family's home.

"When you first buy a home, it's a good feeling," Moore said. "But when you almost lose it, and get it back, it's a great feeling."

Visit the Neighborhood Housing Services Web site (for cities across the nation) [HERE](#) and the Opportunity Finance Network Web Site [HERE](#).

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