

## Children & Foreclosure

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By STEPHANIE ARMOUR, USA Today

In many ways, Shelby Morrow is a typical 16-year-old. She likes hanging out with her friends, dreams of getting her own car and enjoys writing short stories in the bedroom of her wood-frame house in Palm Harbor, Fla.

But in the past few months, she's been grappling with a financial reality that most teens don't face. The home she shares with her mother, Melody, and younger sister, Lindsey, is falling into foreclosure. Some days, she watches as her mother cries over the stress.

"I completely understand what's going on, so I went out and got a job as a server at a nursing home," Shelby says. "I don't want to move. Sometimes, I blame my mom for it, but I know it's not her fault. I'm scared."

Shelby and millions of other young people have become the largely overlooked victims of a real estate crisis that's led to record foreclosures, sinking home prices and rising numbers of families straining to pay mortgage bills as adjustable-rate loans grow more costly and home equity shrinks. Children and teenagers are enduring a variety of consequences - forced to move and say goodbye to friends, leaving behind schools and teachers, and losing the ability to take family vacations or take part in summer camps because of the financial strain.

Some are giving away family pets or suddenly finding themselves in charge of babysitting siblings because parents can no longer afford child care. In the most drastic cases, some wind up living with relatives or even in temporary shelters for the homeless.

"This housing crisis is taking away the innocence of our kids," says Phillip Lovell, vice president of education policy for First Focus, a Washington, D.C.-based bipartisan advocacy group focused on families and children.

"Kids take their homes for granted, and when you lose that, there are long-term impacts. It cripples children. It affects their education, health and behaviors. These are low- and middle-income children. It runs the income gamut."

Researchers are beginning to study the impact of the current housing crisis on children, and their findings are bleak: An estimated 2 million children will be directly affected by the subprime mortgage crisis as their families lose their homes to foreclosures, according to an April report by First Focus.

That number is considered low, the group says, because the study didn't include families who were renters when they were evicted as a result of foreclosures on their buildings, or families who bought homes with prime mortgages.

The consequences of foreclosures and frequent moves can include behavioral problems, learning deficiencies such as declining performance in math and reading, health problems resulting from families' inability to keep health insurance, and emotional issues such as shame and anxiety, according to the report.

Earlier studies support the First Focus findings. Children who are frequent movers were 77 percent more likely than those who have not moved to display several behavioral problems, according to a 1994 General Accounting Office report.

Another study found that working families that spend more than half their income on housing have less money available than other families to pay for health care and other crucial needs, according to a July 2007 report by the Center for Housing Policy in Washington.

Melody Morrow, a sales rep for a semiconductor company, never thought foreclosure would strike her middle-class family. But as her employer struggled financially, Morrow, a divorced mother of three, says she had to absorb repeated pay cuts. Eventually, she couldn't pay her homeowners insurance. Then she put her home up for sale. She hasn't found a buyer, and now it's entering foreclosure.

"I'm trying so hard right now not to cry," says Morrow, 43. "My daughters are going through a lot. They're feeling the stress of everything. They ask questions out of frustration, like, 'Mom, why did you get us into this situation?' I just say, 'God, what lesson do you want me to learn from this?'"

"The girls are scared of what will happen. They don't want to leave their school and go to an apartment. There's a lot of guilt. I have days I cry and sob and say, 'Why is this happening?' and they see that."

Sense of stability important

Researchers at First Focus and the National Association for the Education of Homeless Children and Youth say that while younger children might not be able to articulate their distress, they are just as affected as teenagers. Birth to age 4 is a critical time in the brain development of children, and significant stress and upheaval can lead to higher rates of developmental delays and a lag in motor skills. Security and a sense of stability are vital to kids that age.

Ramona Garcia, 38, of Corona, Calif., says she did everything she could to ease the effects of her foreclosure on her young children, Sophia, 4, and Isabella, 5. Garcia and her husband, Dominic, both real estate agents, saw their business crash as the local housing market toppled.

The family struggled to pay their mortgage and moved to a rental after losing their home to foreclosure in November. In March, Ramona began selling jewelry as a sales rep for a company that she says gave her flexible hours so she could lend her girls some sense of security during a wrenching time for the family. Dominic, 41, found a job as a site-acquisition rep for cellphone companies.

The new job "lifted my spirits and gave me a sense of contributing again," Ramona says. "I was really focused on keeping the transition as smooth as possible for the children. We didn't even tell them we were moving until we were really close. We knew it wasn't going to be easy going from a big home with a pool to a smaller home."

Many children who are forced to move because of foreclosures often wind up leaving their neighborhoods and school districts, which can threaten their educational progress. Third-graders who have changed schools frequently are more likely to repeat a grade than their peers are, according to a Government Accountability Office report.

More than 300 school districts in the USA have reported a rise in homeless children because of the foreclosure crisis, according to a soon-to-be-released report by the National Association for the Education of Homeless Children and Youth and First Focus. Areas that are absorbing the biggest surges include Michigan, California (California Foreclosure), Florida, parts of Illinois and the suburbs around Houston. As of April 1, Cleveland schools enrolled more than 2,100 homeless students, a 30 percent increase from last year.

Under federal law, children who meet the definition of homelessness can stay in their school district if it's determined to be in their best interests, though many school districts and families are unaware of the legislation. Under the law, the district determines what's best for the child.

But children who move to rentals or to homes in other school districts aren't typically allowed to stay in their original schools, even if it's in the middle of the school year.

The consequences can be hugely disruptive. If children move too frequently, especially when their families are forced to, "They become detached. They don't want to make friends," says Barbara Duffield of the National Association for the Education of Homeless Children and Youth.

"In one school, a second-grader who had lost his home just put his head on his desk and cried all day," Duffield says. "Schools are seeing the impact of (foreclosures) on children firsthand."

Parents afraid of further traumatizing their children don't always inform school districts of the change in residences and try to conceal their family's financial distress, Duffield says. In one case, she says, a mother who had moved to a motel was discovered by the school district in Mobile, Ala., to be living beyond the school boundary after her car broke down and she couldn't drive her child to school.

Several districts, facing a wave of homeless students or children living beyond the district lines, are having staffers or private investigators check for families using false addresses. Palm Beach County, Fla., set up an anonymous tip line that residents can call to report families who might be improperly enrolling students.

In Los Angeles, the school district has lost 8 percent of its enrollment over the past few years as many families who can't afford to stay in their homes have moved out of the area, says Monica Carazo, a spokeswoman at the Los Angeles Unified School District. A number of high schools had to let teachers go. Before, schools were so crammed, some children didn't even have desks.

Trying to be a kid

For children, there are other consequences from mortgage-related financial crises. Some are losing their health insurance because parents cut back on that expense to try to keep up with mortgage payments.

Some say they're simply trying to focus on still being a kid even though they're dealing with grown-up concerns.

Zoe Esslinger, 15, says she tries not to think about losing her home. In October 2005, her parents bought a house in the

countryside just outside Neenah, Wis., with plans to sell their home in the city of Neenah. But six weeks after moving to the country home, her father moved out, and her parents ultimately got divorced. Her father signed the country home over to her mother, Tracy, 42, a creative services manager for Fox World Travel.

Eventually, Tracy and her children moved back to their city home and tried to sell the one in the country. Receiving no offers, Tracy cut the price from more than \$660,000 to \$580,000 in January. The country house, bought with a subprime adjustable-rate loan that now carries a \$5,000 monthly payment, became too much for Tracy to afford. She is now facing the final stages of foreclosure.

Her secondary lender, First Magnus, still could seek repayment of what Tracy owes. That would likely require Tracy to try to sell the family's home in Neenah to cover the expenses. If Tracy files for bankruptcy-court protection, the Neenah home could be seized as an asset.

"I am trying to take responsibility for the situation, avoid hurting my children further and pursue the best possible outcome based on the circumstances," Tracy says. "I have a 15-year-old daughter, and I don't want her to be the kind of woman who walks away from mistakes.

"My kids have seen me get tearful and frustrated, and I tell them, 'This is a mistake we were drawn to with the belief it would make our lives better. I wish we would have understood it and asked more questions.'

"I tell all three of the kids, 'We need to focus on the positive, like our health, family and all of the good aspects of our life.' I don't want to consume their childhood and compromise their future with this adversity."

But Zoe understands what's happening, and it's affecting her.

"Before, I went on tons of trips and didn't worry about expenses," she says.

"Now, my mom cries a lot, and it bothers me. It's us three kids, and we can't do anything. We see her cry, and we worry. My mom couldn't afford a nanny, so now I watch the kids. We love our house, and I worry what my friends will think of me. They'll see me different."

Her 13-year-old brother, Quinn, bikes to Dairy Queen and plays football with his friends, trying like his older sister not to dwell on the situation, but he also says it feels as if life is on hold. He wants a dog, he says, but his mother has said they have to wait to find out what will happen with their home.

The younger daughter, Lyric, 11, says she's finding herself fretting about money and about her mother. "I don't like seeing my mom upset," she says. "We don't get to go on many trips, like my aunt's wedding. I worry. I ask Mom what's wrong. We just have to sacrifice."

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